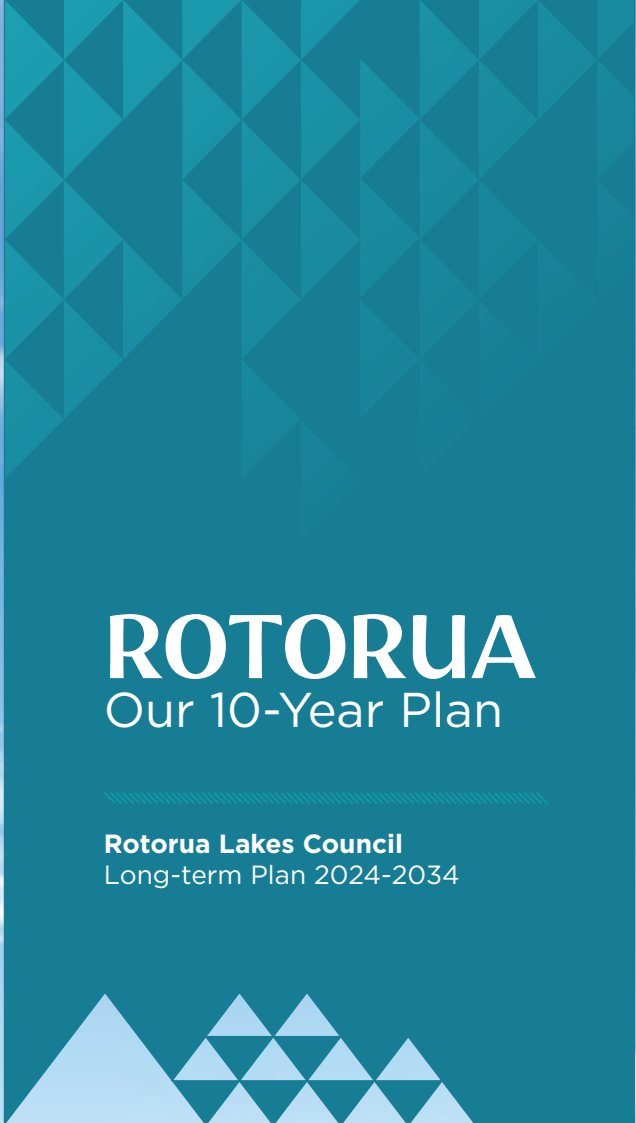




ROTORUA

Our 10-Year Plan

Rotorua Lakes Council
Long-term Plan 2024-2034

This document includes:

- an overview of the outcomes and priority areas we are working towards
- a description of our services and key projects
- how we will track performance against outcomes and performance targets for services
- supporting and financial information on what it costs to deliver those services.

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Te Kupu Whakataki Introduction

Mihi

Mā ngā huruhuru ka rere te manu
Mā te hau ka rere te waka
Mā te whāriki ka rere te kaupapa
E te hāpori nui e, nei te whāriki o te kaupapa e hora ake nei.
Tihei Mauriora e!

Feathers allow the bird to fly
Wind allows the boat to sail
Ground covering allows the Project to flourish
To the Community as a whole, we have woven a mat that
intertwines us all.
Behold there is life!



Introduction

Mayor's Message

Our vision is to make Rotorua a better place for all.

Tēnā koutou,

Our vision is to make Rotorua a better place for all.

We have listened to our community feedback and set out a plan for the next ten years for smart investment in the things that matter to you, while helping to minimise the financial impact on our community.

I also acknowledge feedback that change is required to ensure Council delivers projects on budget so that we can have positive and affordable results moving forward. I am pleased to have recently appointed our new chief executive Andrew Moraes who will be leading council staff to deliver the best value for the rates that our people and businesses will contribute.

Our focus over this Long-term Plan will be delivering essential services and projects well. And we've delayed or stopped spending on non-essential services and projects until a time when our community can more comfortably afford it.

You'll see the majority of our spending is going into critical services. It's important that we don't stop investing to provide reliable infrastructure that protects the health and safety of our people, our environment, and supports growth. And it's also important that we protect and enhance the things we love about Rotorua such as our public facilities, culture and heritage, and active spaces.

There is no doubt that Rotorua, and our country, have had a challenging few years which have contributed to an increase in prices and uncertainty. Although we can't control this, we can control the decisions we make to manage it. In this document we set out the plan and pathway to not only succeed through challenges, but also to be able to have confidence in achieving our community outcomes for our district and our future.

We thank the community of Rotorua for sharing your valuable feedback, it has helped to shape this document and ensure that we're making the right decisions for our future.

Ngā mihi nui,



Tania Tapsell
Mayor of Rotorua



**"Our vision is to make
Rotorua a better
place for all."**



Introduction

Elected Members

Rotorua Lakes Councillors



From left to right:

Tania Tapsell - Mayor of Rotorua; Deputy Mayor Sandra Kai Fong; Cr Gregg Brown; Cr Robert Lee; Cr Conan O'Brien; Cr Don Paterson; Cr Fisher Wang; Cr Lani Kereopa; Cr Trevor Maxwell MNZM; Cr Rawiri Waru; Cr Karen Barker

 General Ward

 Māori Ward

 Rural Ward



Rotorua Lakes Community Board



From left to right:

Phill Thomass (Chair), Nick Chater (Deputy Chair), Peter MacMillan, Jennifer Rothwell

Rotorua Rural Community Board



From left to right:

Colin Guyton, (Chair), Ben Hollier (Deputy Chair), John Atkinson, Rachel Clarke



Introduction

Partnerships

In a fully functioning Treaty relationship, local government and iwi are natural partners. Both are intimately concerned with the wellbeing of people and places, and both have intergenerational responsibilities.

At Rotorua Lakes Council, our approach is genuine partnerships with Māori. This partnership approach is one of a range of mechanisms we use to broaden input into decision making, thereby leading to more robust and enduring outcomes.

Our focus on partnership arises for a number of reasons, we have statutory obligations, and fundamentally because effective working relationships are necessary in order to deliver council's work programme for the whole of our community.

Māori and iwi organisations in our district are important contributors as tāngata whenua with hundreds of years of history, whakapapa and mātauranga.

They comprise more than 40% of our district population, are users of council services and are local developers, business owners and rate payers. Māori also hold significant resources as owners, managers and kaitiaki for land, water and natural resources, that council seeks to secure public access and use (for example, the Whakarewarewa forest and the lakes).

The Local Government Act 2002 (LGA) requires councils to have good systems for engaging with Māori.

Section 81 of that Act requires councils to establish and maintain processes for

Māori to contribute to decision making, as well as to plan for how to support Māori capacity to contribute. Section 77 of the LGA requires that when councils are making significant decisions, they must take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.

In addition to the general obligations that apply to all councils, there is specific Treaty settlement legislation that applies to the Rotorua Lakes Council and imposes obligations:

- [Te Arawa Lakes Settlement Act 2006](#)
- [Affiliate Te Arawa Iwi and Hapū Claims Settlement Act 2008](#)
- [Central North Island Forests Lands Collective Settlement Act 2008](#)
- [Ngāti Tūwharetoa, Raukawa, Te Arawa River Iwi Waikato River Act 2010](#)
- [Raukawa Claims Settlement Act 2014](#)
- [Ngāti Rangiwewehi Claims Settlement Act 2014](#)
- [Tapuika Claims Settlement Act 2014](#)
- [Ngāti Rangiteaorere Claims Settlement Act 2014](#)
- [Ngāti Rangitahi Claims Settlement Act 2022](#)

Relationship/Partnership Agreements with iwi and hapu

Over the years, previous Councils have entered into agreements with mana whenua that require regular, formal meetings between the governance of the mana whenua groups and Council. Council staff report on our relevant activities at these meetings. These meetings are a good forum to raise awareness of an issue or project.

Those agreements and protocols include:

- Joint Management Agreement (JMA) with Raukawa. This JMA has legislative effect requiring joint decision-making for specific Resource Management Act planning decisions.
- JMA with Te Arawa River Iwi, which has similar effect to the Raukawa JMA
- Protocol agreements with Ngāti Rangiwewehi, Tapuika and Ngāti Rangiteaorere, which were all negotiated as part of their respective Treaty settlements. These require regular meetings of iwi and council leadership.
- Tūhourangi Agreement. This is an early agreement negotiated outside of Treaty settlement. It requires regular meetings and is an important leadership mechanism because of the range of council projects affecting Tūhourangi (currently including the Tarawera reticulation network, public mountain-bike trails across their lands, and upgrades of council lakeside reserves affecting their lands and taonga).
- Gifted Reserves Protocol with Ngāti Whakaue. In 1994, the Crown agreed to return reserves to Ngāti Whakaue if those reserves are no longer needed for their gifted purpose. The Gifted Reserves Protocol was agreed in 1995, and requires that Council (as manager of the reserves) seek Ngāti Whakaue approval before any lease, easement or similar transaction is entered into over the reserves.
- Kauae Cemetery. Ngāti Whakaue have vested a large portion of their land for use as a public cemetery. The Trustees of the cemetery are appointed by Ngāti Whakaue and Council.

Te Arawa Partnership Agreement/Te Tatau o Te Arawa

The Te Arawa Partnership Agreement was signed in December 2015, between Te Tatau o Te Arawa and Rotorua Lakes Council. The partnership model was proposed by Te Arawa, and then subject to extensive consultation.

Te Tatau is an independent charitable trust established by Te Arawa that Council makes a funding contribution to alongside many other funding agencies. As part of its Te Arawa 2050 vision, Te Tatau invests in a range of projects.

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.





Lake Tikitapu, Rotorua

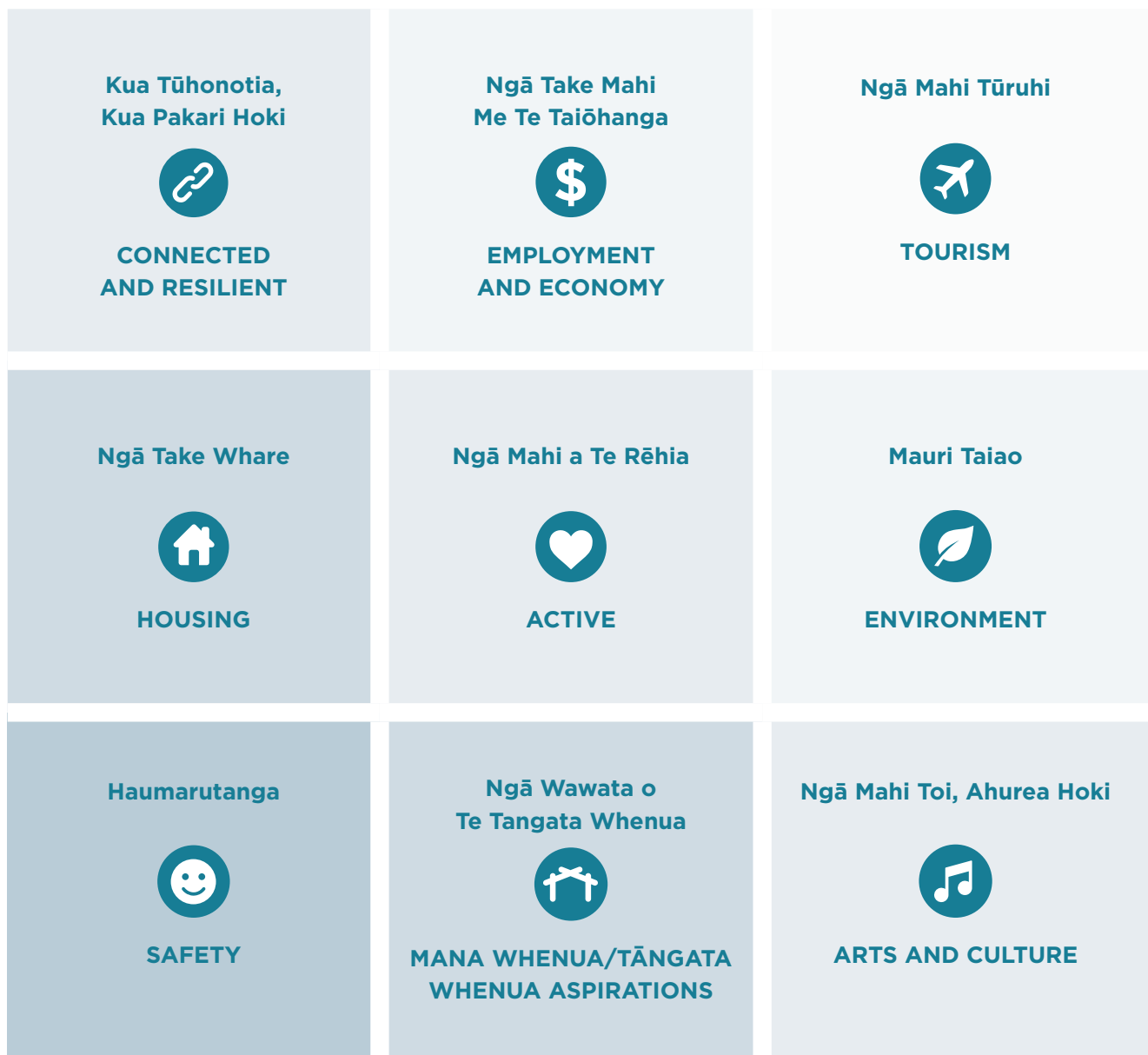
Introduction

Vision for Rotorua

A Better Rotorua for All

Council has a vision for a “better Rotorua for all”. What Council delivers and how during the next 10 years will help to realise the vision.

The focus of Council’s work programme in this Long-term Plan is focused on 9 key outcomes:



	Connected and Resilient	Kua tūhonohono te hāpori, ā, kua rite ki ngā putanga nui o te huringa āhuarangi me ngā aituā māori, mā te pakari o ngā mahi tūānuku ka eke ka ora. Our communities are cohesive and prepared for the effects of climate change, natural hazards and we invest in safe and reliable infrastructure.
	Employment & Economy	Ka whakakahangia ngā pakihi kia tupu tūturu ai. Mā te nui a ngā whaiwāhitanga haumi ka eke ka roto ora. Ka kite i te putaputa mai o ngā whiwhinga mahi e wātea ana ki te tangata. We enable businesses to grow with confidence through increasing investment opportunities. There are employment options across a range of sectors.
	Tourism	He wāhi pakari tēnei e hiahiatia ana e te ao te tae atu, he pokapū whakarawera, kua rongo nui tōna ingoa. We are a world class destination, with a vibrant inner city and a positive reputation.
	Housing	E wātea ana ki te kainoho o te tāone he whare tuawhiti e taea ai e rātau te noho haumarū, te noho marutau e pai ai tana oranga. All residents have access to a range of housing options that ensures they can live in quality homes that are safe and healthy.
	Active	Kua tūhera katoa ngā rotomoana, ngā ngahere, me ngā papa wātea, ā, ko te kōunga o ngā whare rēhia, ka toro atu ngā ringa ki te tangata, māna tōna oranga e whakahī, e whakahā ia te rā. The accessibility of our lakes, forests, open space networks and the quality of our facilities create opportunities for everyone to be active throughout their lives.
	Environment	He arotahinga ki te whakapaipai, ki te tiaki hoki i ngā roto moana, i ngā arawai, me ngā ngāherehere. We are committed to protecting and improving our lakes, waterways and forest environments.
	Safety	Kua korowaihia ā tātau hāpori, ngā pakihi, me ngā manuhiri ki te korowai o marutau huri āwhio i te takiwā. Our communities, businesses and visitors feel safe across our district.
	Mana Whenua / Tangata Whenua Aspirations	E kitea ana, e taunakitia ana e mātau ko wā te tangata whenua e manakotia ana. Ka noho mātau hai hoa haere ki te whakatupu rau ōhanga, ki te whakapuare kūaha pāpori hoki rā hei painga mō te katoa. We recognise and support the aspirations of Tangata Whenua/Mana Whenua and partner to grow economic and social opportunities and benefits for everyone.
	Arts and Culture	Ko te ahurea tuakiri o Rotorua, he motuhake, koia hoki te papa whakapoapoa i te tangata kia tae atu ki ngā manomano pātanga. Ka oreore te takiwā, ka kōkiritia ngā kaupapa ōhanga me ngā hua ki te hāpori i roto tonu i ngā taupuni me te rohe whānui. Our district's unique cultural identity is the foundation for attracting and delivering a diverse range of events, increasing vibrancy and activity and driving economic and community benefits within our facilities and for our district.

Introduction

Challenges

Council continues to face some critical challenges...

While most are not unique to Rotorua at this time, the challenges have had a strong influence on the decisions made by Council concerning what can be delivered within the constraints of the current environment.

There is a lot that is outside of Council's control but what Council can control is ensuring that we deliver quality, essential infrastructure and services and this is what we are striving to achieve.

Inflation and interest rates

Inflation has risen higher than was previously predicted and the impact of this is being felt across the organisation with budgets under pressure as the price of goods and services has increased.

Pricing increases are a result of recovery efforts following COVID-19, supply chain disruption and geopolitical shocks. Central banks around the world have been forced to raise interest rates to combat this inflation.

This means Council needs to look at alternative delivery solutions, find savings or reprioritise work to keep within the budgets set.

While not historically high, interest rates remain higher than they have in recent history with wholesale interest rates that dictate council borrowing at an approximately 15-year high. Indications are that interest rates will stay at this level for some time.

The expected continuation of a higher official cash rate (the interest rate set by the Reserve Bank of New Zealand) will keep inflation rates higher for longer.

Resilience of service provision

Resilience is the ability to recover or cope with a challenge or a challenging situation. The resilience of our services is threatened by a challenging employment market with skills shortages in key areas and higher staff turnover than we've previously experienced. This is the case across the country and presents a risk in terms of being able to deliver on priorities. It's difficult to recruit talent in a market where the employee can name their price. To minimise staff losses and associated impacts on essential service delivery, ensure council remains an attractive organisation to work for, and to recognise the value of our people, we need to ensure salaries are competitive.

Reputation of Rotorua

A positive reputation encourages growth and creates the potential for generating revenue through markets and events. Council is working closely with its council-controlled organisation RotoruaNZ regarding marketing of the district and welcoming back tourists. While challenges exist, so do opportunities and RotoruaNZ continues to advise and help existing businesses to be adaptable and attract visitors.

Resilience of infrastructure

Council is responsible for ensuring infrastructure-based services are safe and reliable and that the assets supporting these services stay in a stable condition to meet current and future needs. To ensure our infrastructure remains fit-for-purpose, we need to understand the condition of our assets and plan for changes like new technologies, environmental considerations (like carbon neutrality), new regulatory standards and community expectations, projected population growth/increasing demand and emerging patterns of use. We need to take into account the effects of climate change and the need to ensure environmental sustainability, as well as the need for critical infrastructure to withstand, and recover from, emergencies. At the same time, we also need to deal with staffing challenges to ensure we maintain institutional knowledge, skills, competency and capability.

Climate change risk

Climate change is a long-term occurrence with outcomes that are hard to accurately predict. As extreme weather events increase, there is an increasing likelihood of flooding. Council must be able to anticipate and respond to climate change in its planning to ensure a level of preparedness for any future implications, impacts and associated costs. Council builds this into its 30-year asset management planning and in the event of an extreme weather event, is prepared to respond through implementation of business continuity plans that ensure critical services can continue. Ongoing investment to make sure we have a safe, reliable and stable infrastructure network remains key to tackling the challenges presented by climate change and Council's Climate Action Plan identifies further mitigations and adaptations for Council and the community.

Introduction

What you said

Council consulted with the district 3 April – 10 May 2024.

The following summarises how we consulted on our Long-term Plan 2024–34 and the feedback we received before decisions were made by the Council.

4,658 Unique visitors to LTP website homepage	240 Downloads of full or part of the consultation document	193 individuals presented
8,689 page views on LTP website	387 requests to make an oral submission	1474 submissions (differentiated by individuals and organisations)
32 hours of hearings	7 young people events	27 total engagement events

Te Whakarāpopototanga o te mahere

Summary of the plan



Summary of the plan

Plan at a glance

Council will invest \$2.4 billion on services and projects in the district, this includes capital and operating costs. Of that, \$1.92 billion is funding by rates.

Total investment

over **10** yrs



\$2.4 billion

\$1.92

BILLION

funded by rates

5.7%

average rates increase across 10 years

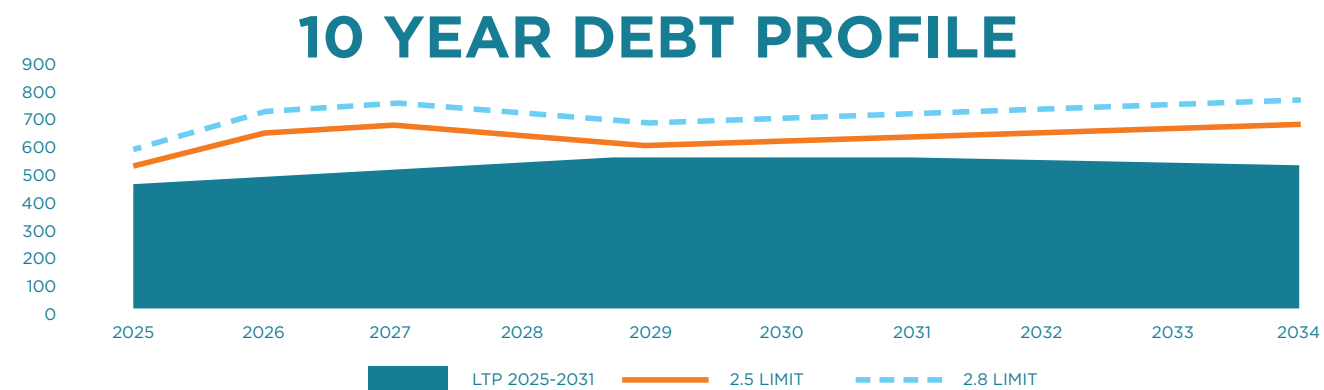
Peak debt:

\$574M*

*this is the highest our debt will get and will happen at the top of our investment cycle, in year 2028/29.

Debt by 2034

\$540M



Council's debt level is determined by deciding on a prudent level of borrowing that can be serviced without putting pressure on Council's finances. Council has determined a prudent level of debt based on a multiplier of not more than 2.5x (250%) of its revenue. This self-imposed limit is lower than legislated by the Local Government Funding Agency (LGFA) of 2.8x (280%) of Council's revenue.

Council's debt peaks in 2029 at \$574m. At this level, Council has ensured it has sufficient borrowing capacity/head room (\$37m) available should it need to respond to any unforeseen event; eg a local civil defense emergency. The self-imposed level also means that Council if it really needed to so, could borrow an additional \$110m based on the legislated borrowing limit.

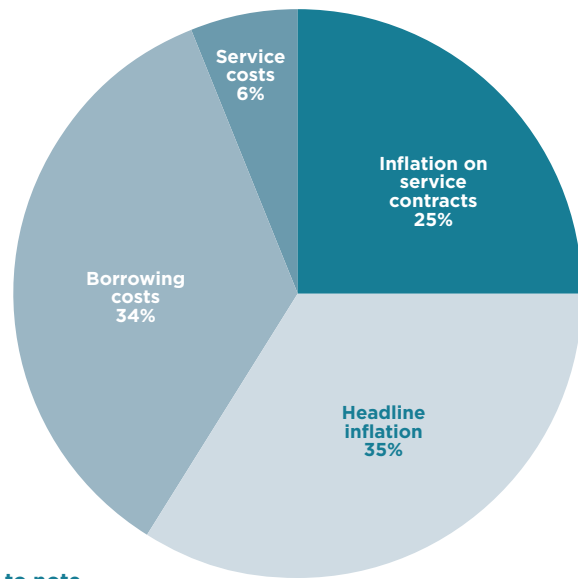
Average rates increase Year 1

11.4%

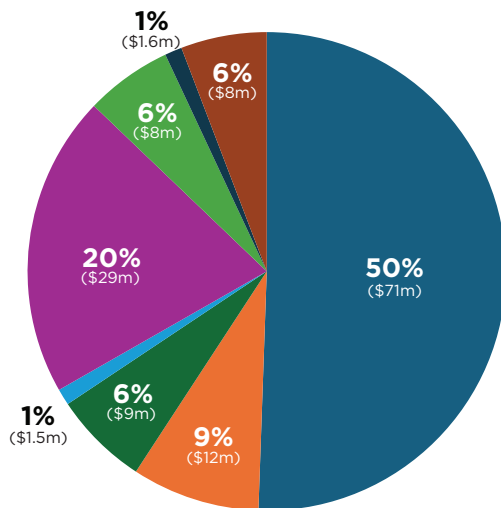
Note:

- Headline inflation is the overall cost increase applied to Council's cost base. For more information refer to page 244 (Significant Forecasting Assumptions - cost growth).
- Inflation on service contracts is the increase of costs in line with contractual obligations to deliver our core services such as sewerage disposal and waste collection.
- Borrowing costs are finance/interest costs paid on Council's debt. Increased debt due to Council's capital works programme and higher interest rates have driven up the cost of borrowings. For more information refer to page 246 (Significant Forecasting Assumptions - interest on borrowing).
- Service costs relate to the increasing of costs to deliver services. These relate to increasing compliance costs and legislative changes.
- For more information on rates increases over the 10 years, refer to page 295.

MAKE UP OF YEAR ONE RATES INCREASE (11.4%)



Refer to note



Year 1 Rates by rating type

- General Rates
- Uniform Annual General Rate
- Business and Economic Development Rate
- Lakes Enhancement Rate
- Sewerage Disposal Rate
- Waste Collection Rate
- Sewerage Capital Scheme Rate (Including Rotoiti/Rotoma)
- Water Rate

For more information on rates specific to your property, refer to the pages below:

Rates type	Page number reference
General Rates	192
Uniform Annual General Rate	193
Business and Economic Development Rate	193 - 195
Lakes Enhancement Rate	193
Sewerage Disposal Rate	198 - 199
Waste Collection Rate	195 - 196
Sewerage Capital Scheme Rate (Including Rotoiti/Rotoma)	199 - 201
Water Rate	196 - 198

Note: For definitions of the rates type refer to the revenue and financing policy on page 182 - 183.

Summary of the plan

What Council decided upon following feedback

The Council considered all of the feedback received during the consultation at Council meetings on 6 and 7 June.

In summary, the Council decided that the final plan should include the following:

Building our reputation and economy

Council is working with its council-controlled organisation (CCO) RotoruaNZ, which is the district's tourism promotion and economic development agency, to rebuild the district's reputation and support and create opportunities to build on our local economy.

Council aspires for Rotorua to be the tourism capital of New Zealand and a place that offers good business and employment opportunities – Council wants the district to be an attractive place for people to live, work, do business and visit.

There has been no funding increase for several years for RotoruaNZ. This has limited the scope of its work, including how much it has been able to invest in large scale marketing campaigns. Recognising this, Council has increased the base funding to RotoruaNZ by 5%.

In addition to this inflationary adjustment, Council is providing targeted funding of \$450,000 per year to RotoruaNZ to support the delivery of a plan to promote Rotorua and rebuild its reputation.

RotoruaNZ has been working to align itself further with the council outcomes, especially economy and employment and tourism, starting with the launch of Mai Rotorua in May 2024. Mai Rotorua is an initiative widely supported by the local business community, aimed at reinvigorating local pride in place, and increasing awareness of the significant contribution businesses make to Rotorua. It is a set of digital platforms to share news and positive community stories that will re-energise our communities and create positive change. RotoruaNZ has also launched MyCard which provides local business deals and discounts for local residents.

Other elements of a reputation rebuild include community events and activations, a Rotorua locals publication, a robust national PR strategy, a flagship Matariki event for 2025 and the hosting of tourism business event TRENZ25.

Inner city revitalisation

Making sure the inner city has a master plan to realise opportunities and incentives for business and residential investment is a key component of rebuilding the reputation of

Rotorua.

Council will continue the foundational work needed to provide the basis for development of a master plan that can then be consulted on. Council has given itself time to complete the plan and to get it right before it starts any delivery of improvements.

A key foundational piece has been the development of a framework that pulled together common elements from previous plans for the inner city and identifies opportunities for future improvement.

Work to date has already involved some key stakeholders like iwi and the business community, however there is more to be done. Once a draft master plan has been developed, Council will seek wider community feedback before finalising it and approving investment.

In the meantime, Council has included \$60,000 per year in each of the 10 years of the Long-term Plan for inner city renewals and has allocated \$3.3m per year in years 4, 5 and 6 to deliver improvements that will be set out in the master plan.

Inner City Skate park

In 2018 Council committed to providing funding for design of a skate park and pump track in Kuirau Park, and initial seed funding for the development. It was recognised that the current inner city skate park, at Sheaf Park, is in poor condition and has been reduced in size as aged equipment has had to be removed. Council has already spent \$94,000 to date to undertake some design work and pre-loading of the Kuirau Park site.

The Rotorua Action Sports Charitable Trust was formed to raise funding needed from other funding sources for the project. Council has committed \$650,000 in year 3 of the Long-term Plan towards construction. The funding is subject to

the community fundraising the balance of approximately \$1.8m which is based on an initial project estimate of \$2.5m. Fundraising efforts may need to be higher if the project costs more.

Aquatic Centre Revitalisation – Stage 3

Council has set aside \$200,000 in year 1 of the Long-term Plan and \$2.8m in year 2. In the first year, council will undertake a revision of the scope, explore partnerships and other funding options and undertake consultation with the community. At the same time, council will appeal to the Department of Internal Affairs to allow it to redirect \$2.5m of funding towards a wastewater or core infrastructure project/s. If this is not achieved by 30 September 2024, council will use this funding to proceed with implementation of the revised Aquatic Centre stage 3 scope.

Pensioner Housing

Council has agreed to continue to investigate the potential to enter into a lease arrangement(s) with a community housing provider to improve the provision of pensioner housing. The 152 units will remain in the ownership of Council and while under a lease arrangement could reduce the financial burden on Council and more importantly, provide opportunities for tenants to access a wider range of support services. Leasing options will over time also enable a greater level of investment into maintenance and renewals.

East Rotoiti/ Rotomā sewerage scheme

Council committed to a reticulated sewerage scheme for East Rotoiti/Rotomā in 2017/18. The project is part of Rotorua's contribution to the Rotorua Te Arawa Lakes Programme which aims to improve lakes water quality, protect public health and respects the traditional cultural values and broader community expectations.

The scheme has a capital cost of \$56,214,000 (ex GST). In line with all the other district sewerage schemes (14 individual schemes to date), households within the reticulation scheme are responsible for paying the balance of the scheme, less any subsidies from the government and council.

During the Long-term Plan consultation period, the Ministry for the Environment confirmed a loan of \$10m as additional funding towards the scheme. Repayment of the loan will be made through the Lakes Enhancement Rate, which is charged to all properties within the district that are also within the Bay of Plenty Region (excludes properties within Waikato Regional Council boundaries). The Lakes Enhancement Rate will therefore increase by \$37 per year per ratepayer to repay this loan.

Council has committed to increasing the council subsidy for the scheme from \$1,500 to \$2,700 per household. This will increase the council's overall borrowing by \$924,000.

Council has also committed to reducing the overall cost to the individual property owner by removing \$4.5m related to scope change, cost and time delays. In turn, recasting the additional costs of the scheme across all the ratepayers in the district. Recovering the \$4.5m would be added to the sewerage targeted rate. Everyone in the district who receives the service will contribute to the scheme through an additional \$15.50 per ratepayer per year, to be paid over 25 years.

Funding the scheme	
Total scheme	\$56,214,000 (GST excl)
Funding	
Ministry for the Environment	\$11,500,000
Ministry for the Environment (loan)	\$10,000,000
Ministry of Health	\$4,460,000
Bay of Plenty Regional Council	\$8,619,000
Rotorua Lakes Council	\$2,079,000
Rotorua Lakes Council	\$4,500,000
Balance to be funded by residents (whole)	\$15,056,000 (GST excl)
Resident funding per property	\$19,553.25 (GST excl)
Resident funding per property	\$22,486.24 (GST incl)

Repayment options

	Payment frequency	Payment (GST excl)	Payment (GST incl)
Lump sum	One-off	\$19,553	\$22,486
Payment Plan	Annual	\$1,558	\$1,791
Payment Plan	Quarterly	\$389	\$448

Short term accommodation

A challenge for Rotorua is to strike the right balance between support for commercial accommodation providers, short-term rental providers, housing (rental and market purchases) and the reputation and promotion of Rotorua as a great place to visit.

Growth in the short-term rental accommodation from approximately 2018 has caused a fragmented visitor accommodation model across Rotorua. It has also taken properties that could otherwise be rented to or purchased by Rotorua people out of the market, adding to the impacts of our housing shortage.

The short-term accommodation sector provides an effective and alternative product offering to motels and hotels. What needs to be monitored is a balance between the products and a fairness and equity approach applied to ensure good outcomes for the Rotorua district as a whole.

Council has agreed to introduce a rating policy that will see short-term accommodation providers running a business contributing their fair share. The policy will introduce the 'business and economic development targeted rate' on properties that:

- Are advertised (available) for 60 days or more /year
- List the whole dwelling on a property
- Single room/ spare bedrooms/granny flat excluded
- General rate remains as residential

Community Funding

A funding allocation of \$295,000 per year has been approved.

Community Board devolved funding

The devolved funding has been confirmed at \$125,000 per board (Lakes and Rural) per year.

Lakes Infrastructure enhancements

Improvements to the district's lakeside reserves and boat ramps/jetties are funded by debt. While there is a programme of works that needs attention, there is a high probability these can't be completed even if funding were readily available, due to the high water levels of our lakes.

A pause is needed to see if the lakes return to more normal levels and/or to assess what a new "normal" is. In the meantime, the prudent thing is to stop planned improvements and re-assess what's required once we have more information.

There will be no funding set aside within this plan for lakes enhancement.

Maintenance and renewal of existing infrastructure will still occur.

Rural street improvements

About 75% of the district's roading network, which totals about 1000km, services the rural sector. Most of the rural roading network has no footpaths, lighting and/or traffic safety engineering facilities and this funding pool is dedicated to providing enhancements like footpaths, pedestrian crossings, railings, lighting and traffic controls within or near rural villages/centres with guidance from our Rural Community Board and the wider rural community.

Council has committed to funding this programme at \$140,000 per year from year 4 of the Long-term Plan.

Urban street improvements

Council's mainstream roading infrastructure budgets are dedicated to maintenance and renewal of existing assets like road surfaces, footpaths, lights, signage and markings. Improvements to surface features including new or wider footpaths, new types of paving, street furniture, new kerbing, new parking facilities etc within suburban areas are not part of the mainstream infrastructure budgets.

The programme is dedicated to providing opportunities for small scale improvements to suburban areas, in collaboration with communities.

Council has committed to funding this programme at \$210,000 per year from year 4.

Māori roadlines and unformed roads

Many parcels of land within the district are Māori whenua with multiple owners. These are often known as "paper roads". As land is gradually developed and the need for better access to these increases, the "paper road" needs to be converted into actual formed roads. Because of the complexities of multiple ownership, it is challenging to progress these, and this constrains housing provision. This budget allocation is dedicated to enabling council to collaborate with Māori whenua owners to transition paper roads by sharing costs and benefits.

Council has committed to funding this programme at \$120,000 per year from year 1.

Rural seal improvements

About 125km of our roads are unsealed. As these sections of roading generally serve small numbers of rural properties and/or form part of access to farms and forests these improvements have a cost/benefit ratio that does not meet Government's (NZTA) funding assistance criteria, which means the entire capital cost is carried by ratepayers.

Council has committed to funding this programme at \$630,000 per year from year 1.

Walking and cycling improvements

This programme is dedicated to creating a shared (pedestrian/mobility/cycling) path network to encourage more people to use alternative ways to get around our city. In recent years, this programme has created about 60km of new wider shared paths targeting main corridors to schools and/or community activity centres.

Council has committed to funding this programme at \$820,000 from year 4 (\$353,000 funded by RLC, approx \$467,000 by NZTA).

Tarawera sewerage scheme repayment period

Council, at the request of the Tarawera community who were faced with the need to comply with Bay of Plenty Regional Council's Maintenance Zone 2017 (OSET) rule, agreed to collaborate and support a wastewater reticulation scheme as many of the properties would not be able to meet the OSET rules due to slope, geology and the size of their sections.

The local community has explored a range of implementation options, finalising a preferred option in 2022. The total project cost is now estimated at \$29m. The project has sourced funding from Rotorua Lakes Council, Bay of Plenty Regional Council and Ministry for the Environment, in total \$8,075m.

The remaining projected \$20,925,000 (ex GST) needs to be funded by the residents through a capital rate, to be introduced once the scheme is completed. Based on current project estimates, a lump sum repayment would be about \$50,091 (incl GST). Council will continue to seek additional funding from the regional council and government.

In line with the increase in the Rotorua Lakes Council subsidy to the East Rotoiti/Rotoma scheme, Council will also increase the per household subsidy for this scheme from \$1,500 to \$2,700. No further decisions on the scheme are required at this time.

Vacant land rates remission

Properties in the district with no dwelling on them receive a 50% remission for water, waste collection and sewage collection services. This will continue for the present, especially due to challenges like increases in inflation and interest rates driving barriers into the cost of goods and services needed to undertake land development.



"The Financial Strategy enables Council to invest in the future of the district while also balancing delivery with affordability..."

Summary of the plan

Financial Strategy Summary

Council's Financial Strategy is the cornerstone for Council to achieve the goal of living within its means and ensuring sufficient funding is available for key projects over the coming ten years.

The Financial Strategy outlines key financial parameters and limits within which the Council will operate within, provides insight into Council's current financial health and provides clarity on how this will be managed.

The objectives of the Financial Strategy are:

- Maintaining existing infrastructure so it is fit-for-purpose now and into the future
- Providing infrastructure to accommodate a growing district
- Investing in the future of our district to deliver community outcomes
- Being good stewards of our assets
- Balancing delivery with affordability
- Managing debt

The Financial Strategy enables Council to invest in the future of the district while also balancing delivery with affordability. Recent increases in inflation and interest rates have meant that the cost to deliver Council services has risen significantly, which has meant that Council's revenue requirement has increased in order to meet these funding challenges. Subsequently, there will be an approx. average 11.4% rates increase in the first year. This increase will fund the community investment throughout the district, retain and attract the best talent for pursuing and delivering goals, finance debt and cover depreciation. It will also cover maintenance and renewal costs, provide investment into transforming technological systems ensuring a modern and fit for purpose operating platform as well as provision to invest in our core essential services such as transportation infrastructure, waste and 3 waters.

Recognising that Rotorua has a shortage of housing; recognising that investment in infrastructure to enable growth and new housing opportunities has increased significantly \$205million of growth capital expenditure is planned over the ten years. This is funded through increased development contributions, external funding from Central Government and a degree of investment by Council. A break down of externally funded projects can be found on page 252.

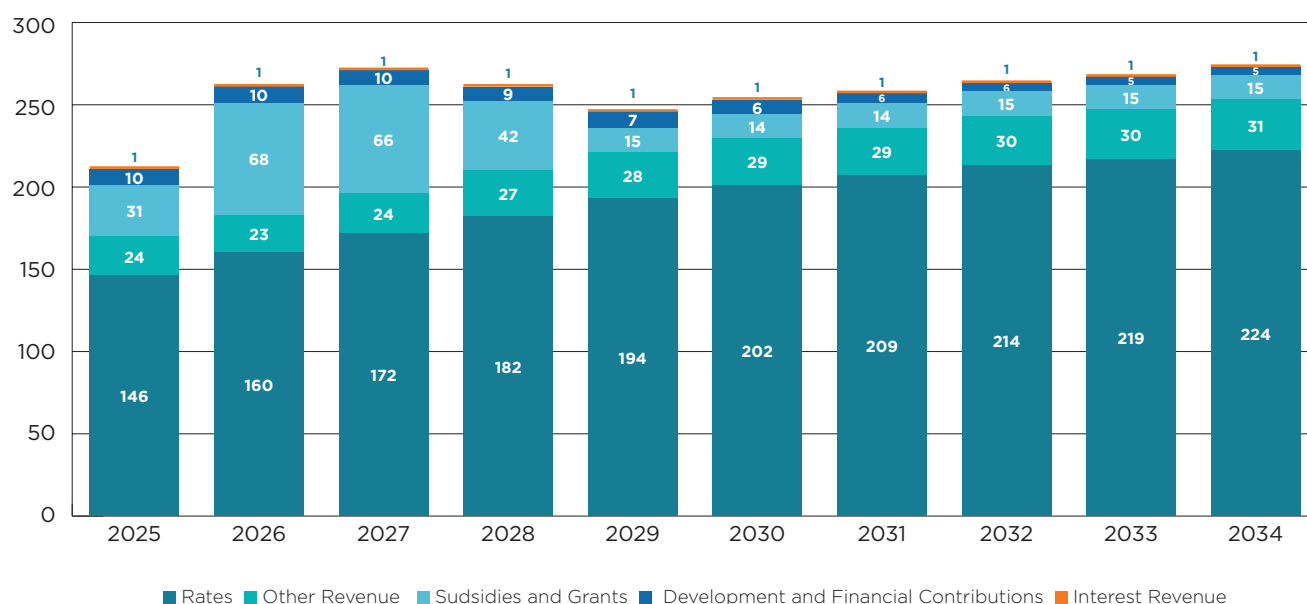
Debt will increase from a 2024 forecast year end position of \$453million to over \$540million in ten years. This increase does not breach any legislated limits. The increase in debt will be monitored closely and is considered financially viable, due to expected population growth in the district (an increase of close to 3,000 properties) and the predicted stabilisation of finance costs as inflation subsides.

Funding operations - Revenue

Funding the Council to deliver services across the district comes largely from four sources.

- Rates (general and targeted rates)
- Fees and charges
- Subsidies and grants
- Development Contributions

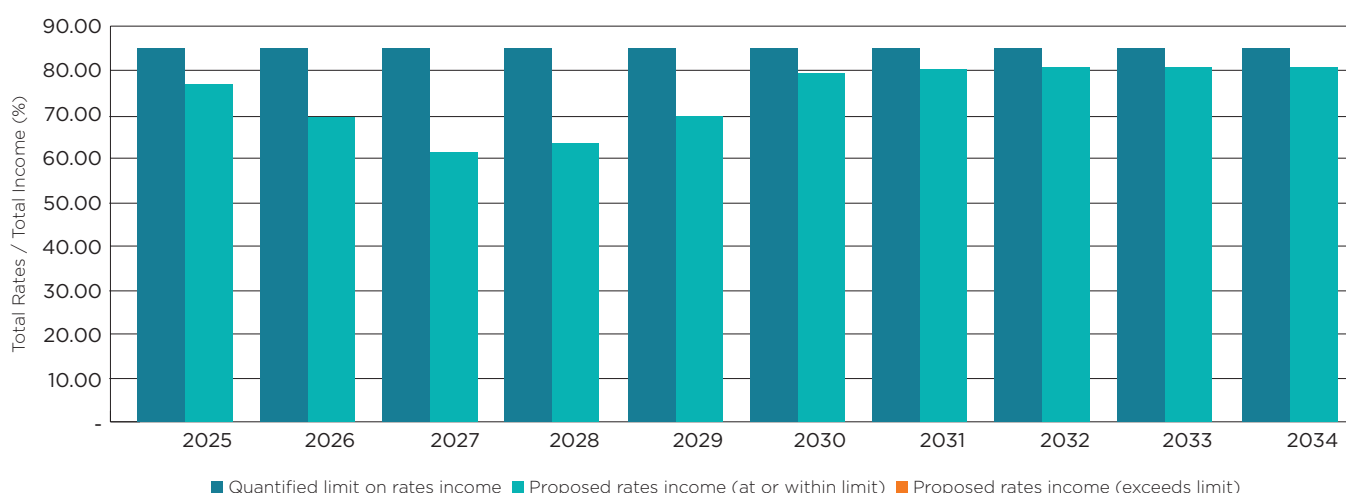
Funding Sources (millions)



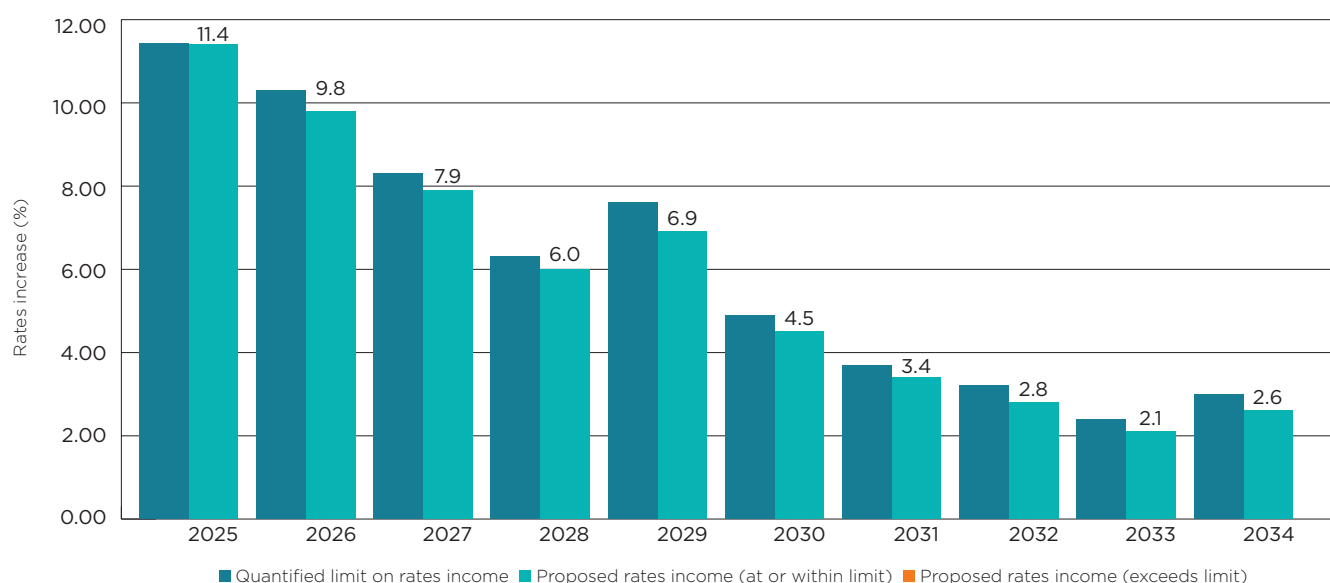
Rates

To provide certainty to ratepayers regarding their rates, increases are set at a rate that matches the increase to Council's cost base. Changes to Council's cost base are mainly driven by the expectations to deliver on solutions to the district's confronting challenges, increases in compliance and regulation, inflation and depreciation related to capital expenditure in the ten-year plan.

Limits on rates increases



Rates increases



Rates limits/increases are an average across existing ratepayers. Increases to individual ratepayers may be impacted by future changes to property valuations and the introduction of any new-targeted rates such as those for new sewerage schemes.

Proposed rates increases have been developed in line with a predicted increase of an average of 295 new households per year resulting from growth. These additions to the ratepayer base provide a mechanism to spread rates increases over a growing population to ensure rates affordability.

Fees and Charges

Revenue from fees and charges comes from things such as admission and hiring rates for venues and facilities, liquor licenses, dog registration, building and resource consents and parking management etc.

User fees and charges budgets are set with the principles of establishing the beneficiary of the service, the level of public good being provided and affordability.

Recognising that there is an affordability balance between charging user fees for Council services and levying rates, a target limiting rates revenue to no more than 85% of total revenue has been set within the ten years of the Long-term Plan. This assists to drive a balance between user fees and other revenue sources to compliment rate revenue in paying for the services that Council provides.

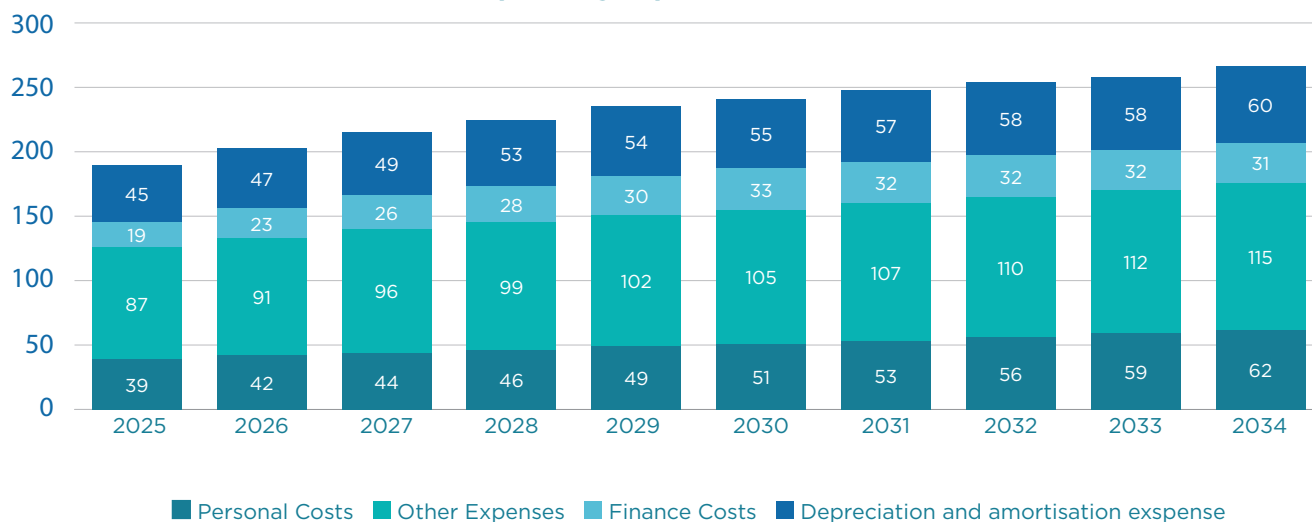
Delivering services and projects - Expenditure

Council spending is generally split into two types – operating and capital

1. Operating expenditure is used to deliver on strategy and community priorities including all the services council provides.
2. Capital expenditure is project-based investment to replace and renew assets (eg reseal roads, replace/upgrade water and stormwater pipes) or for new place-making projects.

Operating expenditure Y1-Y10

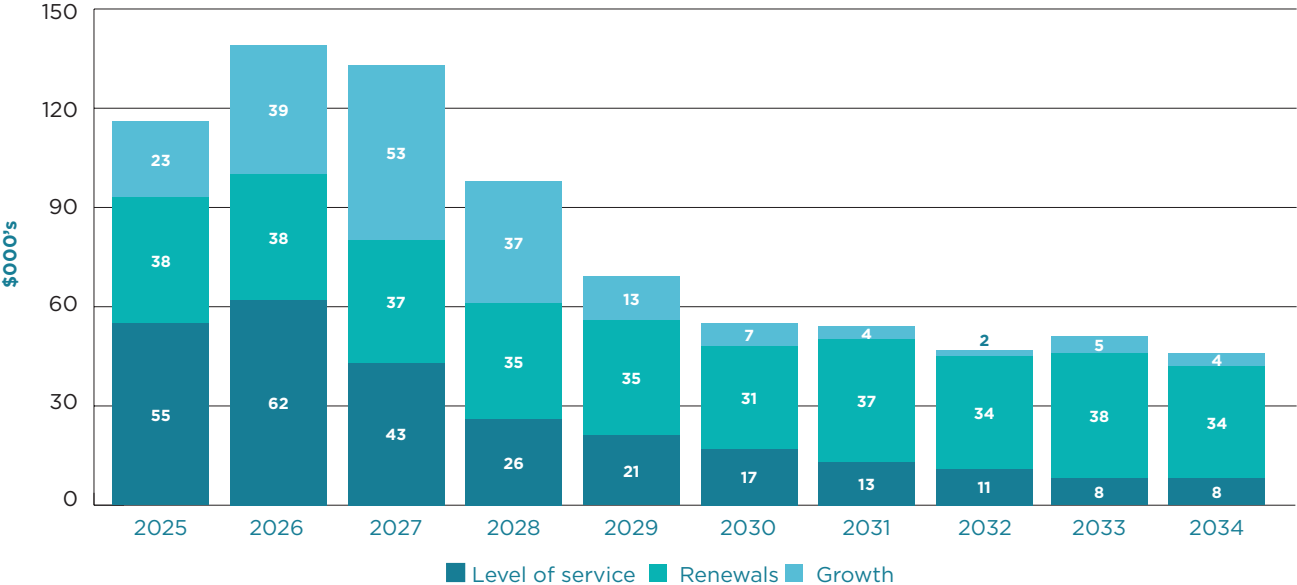
Operating Expenditure (millions)



Capital expenditure Y1-Y10

During the ten years, Council will invest \$809 million to support improving services, renew exiting assets and support growth.

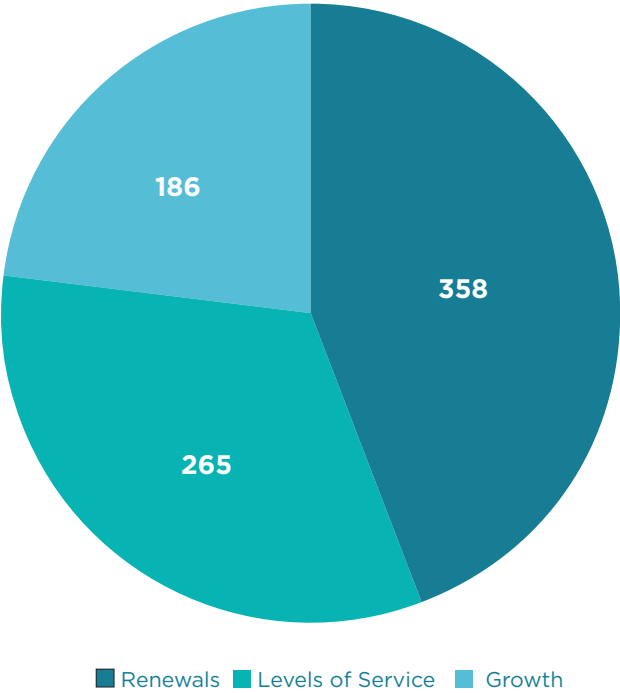
Capex Split by Type



uninflated

Capex spend by type

Capex spend by type (millions)



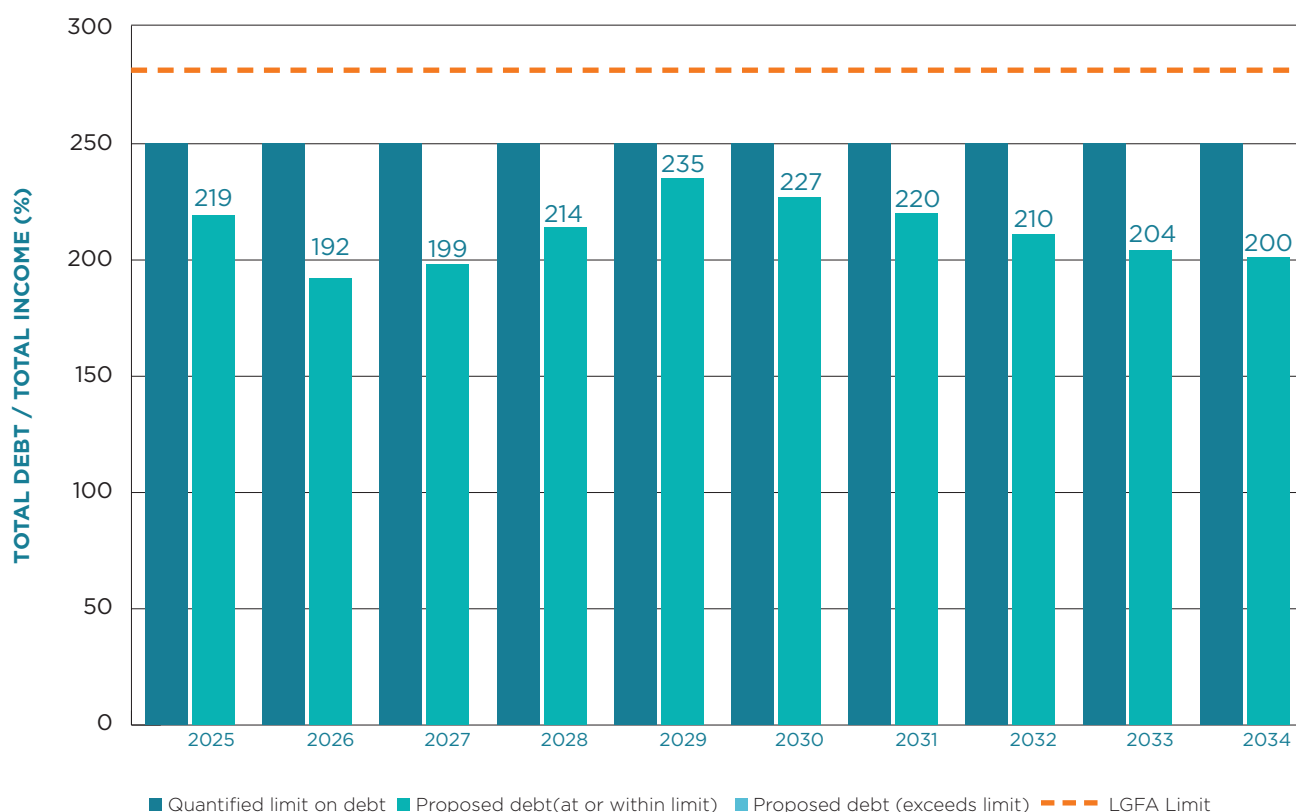
uninflated

Debt

Council only borrows money from lending agencies (LGFA – Local Government Funding Agencies and banks) to grow and improve existing facilities and infrastructure. Council does not borrow to renew existing facilities and infrastructure.

Unlike residential and business borrowing, which is secured against assets, Council borrowing is secured against its revenue, in particular its ability to rate. Over the course of the 10 years of the Long-term Plan debt will increase by \$131.8 million. Across the same period debt will not exceed the limit.

Council's debt level is determined by deciding on a prudent level of borrowing that can be serviced without putting pressure on the Council's finances. Council has determined a prudent level based on a multiplier of not more than 2.5x (250%) revenue. The maximum the limit can be set is 2.8 times the total revenue Council receives. The difference between the limits called "head room" is a safe guard should the Council need to borrow funds in an emergency for example to deal with the implications and recovery of a local civil defence emergency.



Debt Gap to borrowing limit (\$millions)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
250% of revenue	66	151	140	94	37	57	78	105	125	150
280% of revenue	129	229	221	172	110	132	155	185	206	233



"The health and wellbeing of the Rotorua district is closely related to and reliant on the natural environment..."

Summary of the plan

Environment and Climate Change Summary

The health and wellbeing of the Rotorua district is closely related to and reliant on the natural environment. The people of Rotorua rely on the forests, rivers, lakes, the air we breathe and water we drink for our health, happiness and prosperity.

Our environment is highly valued by our local residents and mana whenua. We have unique natural assets such as forests, geothermal, and 18 lakes which also attract visitors from all over the world. Council plays a crucial leadership role in planning for and ensuring the protection and enhancement of our environment through safe and reliable infrastructure.

Draft Environmental Strategy 2024

Council has adopted Draft Environmental Strategy 2024-2054. It provides a 30-year blueprint to ensure Council will meet current environmental obligations by preserving what we have today for the future.

The strategy encompasses previous work undertaken in the Council’s Climate Action Plan 2021 and Waste Management Minimisation Plan to guide actions to deliver upon the Environmental Strategy.

By taking a holistic approach that considers the protection, enhancement and restoration of our natural environment, we can contribute to delivering on Council’s community outcomes and a safer and healthy environment for all. Central Government, Regional Council, Iwi, Hapū , individuals and Rotorua Lakes Council all have a role to play in environmental management.

The strategy is focused on four strategic themes to ensure we are meeting our current and anticipated future legislative obligations in relation to environmental risk mitigation and delivering outcomes for our current and future communities in a way that contributes to environmental wellbeing.

Strategic Themes, Actions and Change			
Working together and connecting people to enhance biodiversity and restore ecosystems in public places	Mitigating public infrastructure impacts on the environment	Promoting and enabling waste minimisation	Mitigating Council’s carbon footprint and improving climate resilience

Challenges

- Clearly defining Council's role in environmental management
- Degraded open spaces and waterways in public spaces
- Poor surface water quality
- Delivery of the Climate Action Plan with tangible, cost-effective actions
- Local flooding and high lake levels
- Invasive weeds and low levels of biodiversity in public spaces
- Knowledge and data gaps in order to inform the extent and areas to prioritise actions
- Potential non-compliance with changing environmental standards with increasing penalties for environmental non-compliance
- Planning tools not aligned to meet environmental obligations
- Increased volumes of waste production
- Limited control or ability to change environmental challenges such as water quality, agricultural emissions.

The Environmental Strategy sets a number of actions across the 30 years. These are adaptive and will be evaluated every three years. (Refer to the full Environmental Strategy)

This Environmental Strategy reflects the best, current understanding of the challenges the Rotorua district will face over the next 30 years. Knowledge will evolve as the strategy is implemented, and indeed as the district develops over time.

Climate Action Plan 2021

Council adopted its Climate Action Plan, in February 2021. Guided by the Zero Carbon Act, it has been developed in partnership with stakeholders and the wider community. The Climate Action Plan is the blueprint for combating climate change in the district. Many of the actions required are reflected within the Environmental Strategy and 30-year Infrastructure Strategy.

Our goal is to position Rotorua in a low carbon economy and to ensure we work towards establishing ourselves as a resilient community that can adapt to the changes in climate. In addition to reducing the impacts of climate change, there are other benefits associated with mitigation, including health and wellbeing gains from warmer homes, walking and cycling; cost savings to households and businesses through energy efficiency; affordable public transport services; and, opportunities to grow the resilience of the Rotorua economy through high-value, low-emissions products and services. (Refer to the full Climate Action Plan 2021).

A photograph of a salmon swimming in a shallow, rocky stream. The water is clear, revealing the smooth, brown and orange stones on the riverbed. The salmon is in the center of the frame, moving towards the right. On the left side of the image, there is a teal-colored vertical bar with a geometric pattern of triangles at the top and bottom. Inside this bar, there is a quote in white text.

**"The Climate
Action Plan is
the blueprint
for combating
climate change
in the district..."**

“Infrastructure must be safe, reliable and in a stable condition to meet current and future demand and the expectations of residents...”



Summary of the plan

30 Year Infrastructure Strategy Summary

Council leads and is responsible for providing key services that support residents' daily lives, this includes our water, waste water, stormwater and transportation infrastructure. This infrastructure must be safe, reliable and in a stable condition to meet current and future demand and the expectations of residents.

To do this, Council must understand and plan for how infrastructure will need to change over time, so that it remains fit-for-purpose. Change may be required to adjust to new technologies, environmental considerations like carbon neutrality, new statutory requirements or regulatory standards, or changing community expectations and emerging patterns of use.

Council must also consider how our population is growing and changing and what impact this may have on demand for our infrastructure.

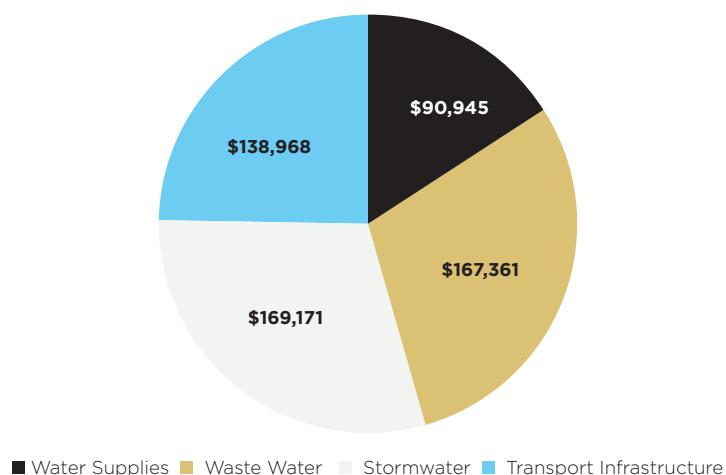
The 30-year Infrastructure Strategy outlines the investment programmes required to ensure Council meet community wellbeing obligations in a planned and affordable way. This investment will also help to stimulate the local economy.

Council has identified seven strategic district infrastructure challenges that need to be at the forefront of long-term infrastructure planning and decision-making:

- Maintaining assets in a stable, reliable, and safe condition
- Meeting future demands on infrastructure services
- Managing the impacts of increased performance standards arising from legislative and policy change
- Embedding cultural values and responses into the way we manage our infrastructure
- Climate change effects and the need to ensure environmental sustainability
- Resilience of critical infrastructure to withstand and recover from emergencies
- Maintaining institutional knowledge, skills and capability (our people resilience).

Ten-Year Capital Infrastructure Investment

Ten year Capital Infrastructure Investment ('000)

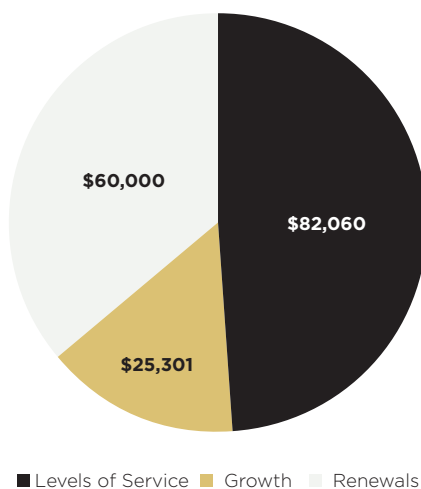


**Across 2024-2034 we will invest \$566 million into core infrastructure to renew and upgrade our assets to meet current demand and future growth expectations.*

Wastewater

Council is responsible for the collection, treatment and disposal of wastewater from Rotorua City, Ngongotahā and eastern suburbs, as well as some rural lakeside communities. The public wastewater network protects public health and receiving environments from the adverse effects of wastewater and by-products. Two wastewater treatment plants currently service properties through approximately 24,786 connections.

Waste Water ('000)



**410KM
OF GRAVITY
PIPELINES**



**164KM
RISING
MAINS**



Services three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) and some rural lakeside communities

**2 WASTEWATER
TREATMENT
PLANTS**



**81 WASTEWATER
PUMP
STATIONS**



Challenges

The district faces critical challenges in maintaining the stability, reliability and safety of wastewater assets. Currently, the Council's knowledge of underground asset conditions is limited, prompting a focused short-to-medium-term survey to inform a renewal programme, anticipating a significant capital investment.

Legislative and policy changes, particularly in resource consents, pose challenges. The once-viable practice of irrigating treated wastewater through Whakarewarewa Forest is no longer sustainable due to cultural and practical reasons. Engaging with stakeholders, including iwi, is underway to explore alternative, sustainable disposal methods. The resource consent for the upgraded Rotorua Wastewater Treatment Plant and a new discharge point has been approved, with works starting over the next three years.

Environmental sustainability, especially regarding lake water quality, remains a concern. Lakeside communities serviced by private wastewater systems pose risks to the health of our lakes and communities. To address this, Council is progressing with sewerage schemes aimed at mitigating adverse impacts on lake water quality.

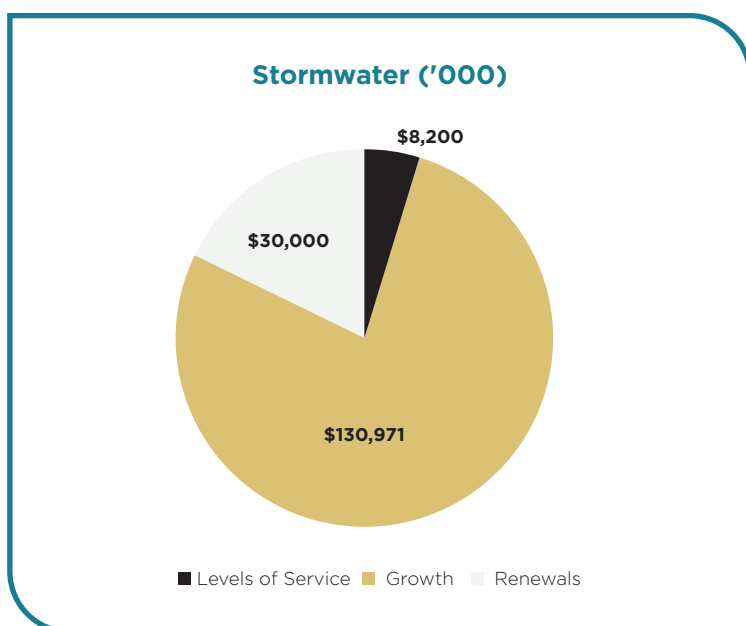
In addition, the Bay of Plenty Regional Council's Lake Rotorua Nutrient Management Plan Change 10 introduced rules limiting nitrogen input into Lake Rotorua from various sources, including the district's wastewater treatment plant. The wastewater treatment plant upgrade is designed to enhance nitrogen removal.

Council will need to further investigate options to offset nitrogen increases. These could involve buying or transferring nitrogen discharge allocations, directly reducing nitrogen input, and implementing an inflow/infiltration program.

The increasing demands on the district's infrastructure, fuelled by population growth projections and the need to service small communities with private systems, necessitate a multifaceted approach. This includes installing bulk infrastructure, extending service areas and providing council reticulation and treatment plants.

Stormwater

Stormwater is the runoff of rainwater which requires management and safe disposal using various drainage systems which also protect people and property from flood damage and minimises adverse effects of stormwater discharges into lakes and waterways.



**244
KM**

**URBAN
RETICULATED
PIPELINES**

**154
KM**

**OF STORMWATER
CHANNELS**

**Serves three urban
areas of Rotorua
(Ngongotahā, city
and eastern suburbs)
Reporoa land
drainage scheme**

Challenges

Maintaining stormwater assets in a stable, reliable and safe condition has traditionally been reactive in comparison to water supply and wastewater services. Stormwater infrastructure lacks comprehensive asset condition information. Council are moving from reactive responses to a proactive regime of planned condition surveys which aims to improve what is known about the state of the stormwater assets, ensuring stability, reliability and safety.

The Bay of Plenty Regional Council requires that the district has a “Comprehensive Stormwater Resource Consent” for urban areas. Significant work has gone into the preparation and lodgement of this. The consent is currently undergoing public submissions.

There is a need for substantial investment in stormwater infrastructure, storage and conveyance to enable land development and to address the growing impacts of climate change.

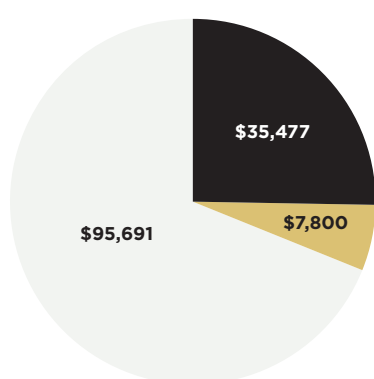
Existing stormwater systems at the bottom of the catchment are inadequate for the effects of urban growth. Council are planning for and constructing stormwater detention dams in urban areas. Investment in bulk stormwater infrastructure is crucial to accommodate development and cope with bigger rain events that are occurring due to climate change. Existing stormwater assets, built over the years, are not big enough for these new demands, which increases the risk of localised flooding.

Transportation Infrastructure

Transportation Infrastructure supports the District's economy providing access for utilities; supporting the facilitation of events and other activities; promotes road safety; and encourages the use of other sustainable forms of travel.

Rotorua is in the heart of the North Island and its transport system plays a key role in connecting the central and upper North Island.

Transportation Infrastructure ('000)



■ Levels of Service ■ Growth ■ Renewals

1,007KM
OF ROADS - 889 KM
SEALED AND 118 KM
UNSEALED

80 ROAD
BRIDGES

28 MAJOR
CULVERTS

383KM
OF FOOTPATHS

52KM OF CYCLING
ROUTES

144 BUS
SHELTERS

Challenges

Addressing road-related fatalities, serious injuries, and ensuring overall road network safety are multifaceted challenges that demand strategic and efficient solutions. Implementing targeted safety programmes, improving pedestrian crossings and planning speed reduction initiatives are pivotal actions.

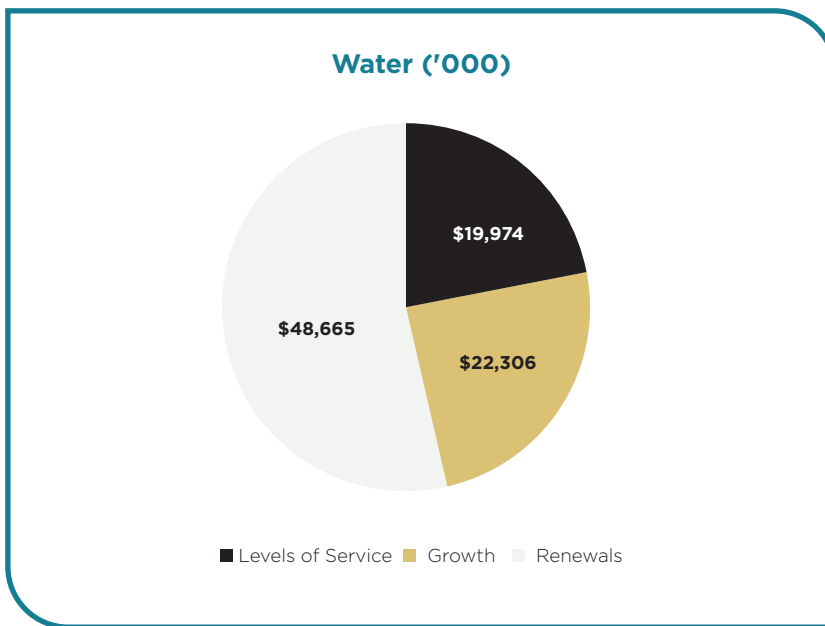
Council are faced with needing to find a balance between meeting asset needs and maintaining desired levels of service in a cost-effective way. The Council's main focus is on maintaining an appropriate level of investment to ensure ongoing functionality and safety of transport assets.

A significant challenge is reducing vehicle kilometres travelled (VKT) in cars. Strategies include promoting alternative modes of transport, in collaboration with the New Zealand Transport Agency (Waka Kotahi) and Bay of Plenty Regional Council. Offering more transport options also aligns with changing demographics, increased cycling demand and evolving user expectations.

Meeting diverse demands for transport infrastructure, including cycling facilities, mobility access, and improved public transport, underscores the need to address user concerns regarding the reliability and efficiency of public transportation. This ensures a more streamlined and effective response to the challenges facing our land transport activity.

Water

Public water supply is provided to domestic, commercial, industrial and rural properties to ensure public health. Commercial, industrial and rural water users are metered. The three urban schemes (Central, Eastern and Ngongotahā) supply 78% of the district's total water demand, of that the Central scheme accounts for 58% of all district water supplied.



10

DEFINED SUPPLY
AREAS INCLUDING
THREE URBAN AREAS

11

 WATER SOURCES

9

 WATER SUPPLY
TREATMENT
PLANTS

APPROXIMATELY
761KM
OF PIPELINES

15

 WATER SUPPLY
TREATMENT
PLANTS

Challenges

Renewing water infrastructure remains a key concern. Despite the relatively young and well-maintained water supply network, adopting a proactive and risk-based renewal strategy is crucial. Initiatives include ongoing asset condition surveys, underground pipe break analyses and development of risk-based renewal programmes.

Meeting future demands on infrastructure involves preparing for projected growth and assessment of the impact of Council's Future Development Strategy on the current water supply network.

Impacts of legislative and policy changes are reflected in potentially restrictive consent conditions, with many water take consents expiring in the next decade. If water take limits are reduced, alternative sources such as groundwater may need development.

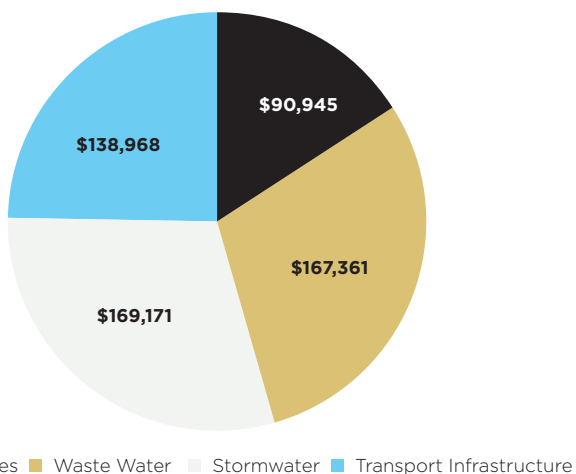
Resilience of critical infrastructure is a key focus and an integrated approach, aligned with the water supply master planning process, addresses growth, consenting requirements and risk reduction. Improvements to strengthen resilience, especially between Central and Eastern supply areas, are under investigation. Seismic-resistant materials are considered during critical asset replacements.

Climate change and environmental sustainability emphasise the need to manage the water supply network sustainably to minimise wastage. Initiatives include a water demand management programme with network pressure reduction and an ongoing leak detection programme. While universal metering is not currently adopted, it may be considered in the future for its industry-best practice and strong environmental benefits.

A 10-year view

Giving effect to the challenges within the 30 Year Infrastructure Strategy, Council will invest \$566 million across water, waste water, stormwater and transportation infrastructure.

Ten year Capital Infrastructure Investment ('000)



Investment comparison 2021-31 vs 2024-34

Stormwater assets reflect the most significant level of increased investment compared to the 2021-2034 plan. This reflects the need for substantial investment in storage and conveyance to enable land development and to address the growing impacts of climate change e.g. flooding risk.

2021-2031	
Waste water	\$163m
Transportation Infrastructure	\$124m
Storm water	\$75m
Water supplies	\$51m

2024-2034	
Waste water	\$167m
Transportation Infrastructure	\$139m
Storm water	\$169m
Water supplies	\$91m

Mahi Whakarato Service Delivery



Service Delivery

Delivering our services

In each chapter you'll find information about the work we do, the reasons for doing that work and our goals in relation to it, any new proposals and key projects, and outcomes we are working towards.

Activity Areas:	
Community Leadership	Council is seen as a trusted leader, partner and advocate for the communities of Rotorua
Community Safety	Ensuring Rotorua is a place where people feel safe in our public places, spaces and Central Business District through partnerships, visibility and enforcement.
District Development and Growth	Planning to support growth and enabling a regulatory environment to ensure building activity in Rotorua supports safe, sustainable housing and commercial solutions.
Spaces, Places and Recreation	Creating a sense of place by providing and promoting Rotorua's spaces and places for recreation to connect and engage our community.
Stormwater	Managing the drainage of excess rainfall so that property and people are protected from flood damage, and mitigating the adverse effects of stormwater run-off on the Rotorua's lakes and waterways.
Transportation Infrastructure	Providing a safe and efficient transport network that supports the Rotorua economy, promotes road safety and encourages the use of other sustainable forms of travel.
Waste Water	Protecting and promoting public health in Rotorua and minimising the impact of our communities on the environment.
Waste and sustainability	Providing for the collection, reduction, reuse, recycling, and disposal of Rotorua's waste sustainably.
Water	Protecting and promoting public health in Rotorua. Ensuring fire-fighting water supplies are available in specific areas and enabling businesses to operate and grow.

Community Leadership

Community leadership is about setting the future direction and priorities for the district through good governance, partnerships, community advocacy and informed and inclusive decision making.

Our leadership is underpinned by services that support to facilitate the effective and efficient delivery of all Council services.

Outcomes Indicator	Wellbeings Indicator
 Connected and Resilient	 Social
 Employment & Economy	 Cultural
 Tourism	 Economic
 Housing	
 Active	
 Environment	
 Safety	
 Mana Whenua / Tāngata Whenua Aspirations	
 Arts and Culture	

Corporate Planning, Governance and Engagement

We work alongside Council to facilitate momentum around the development of Council's vision for the district. We ensure elected members are supported to lead, advocate and partner with communities, regional and national entities to ensure good local outcomes for Rotorua. We support our elected members' keeping them informed and up-to-date to enable good decision making. The Mayor and Councillors demonstrate leadership in an open, transparent and effective way. We encourage residents to be involved in shaping our district. This activity area also leads corporate planning across the organisation, co-ordinating strategy and policy that is aligned to the district vision.

Marketing and Communications

We provide two main outcomes within the organisation that benefit the community. We communicate to share knowledge and information across the community about what is being delivered in the district and plan and implement behaviour change campaigns for e.g. recycling, one tag dog registration, positivity and pride in Rotorua. In undertaking this we aim to do so using a reo mārama / simple language approach.

Customer Solutions

We provide a first point of contact for our community, listening to our customers and acting on their feedback in a timely and efficient manner. We aim to make it easy for people to access information and to relay messages to us that may require an action or follow up. We pride ourselves on providing advice and information that is current and accurate. We strive for single contact resolution of greater than 80% and customer satisfaction of greater than 80%.

Finance and Business Performance

We work to develop and deliver the financial strategy, ensuring it supports the delivery of our community outcomes by providing high level reporting and analysis internally and to our community. We ensure our financial systems and policies are set to ensure accuracy, timeliness and community confidence and ensure the council organisation has the revenue streams available to deliver on its outcomes. We also support the organisation through best practice project management, risk mitigation and procurement, providing expert advice to the organisation in these areas to drive transparency, accountability and sound decision-making that leads to effective outcomes aligned to the district's vision.

Property

We provide the stewardship and asset management for council properties. The property portfolio includes the Civic Centre, community halls, pensioner housing, library building, Vaughan Road depot, recycling centre etc. This service includes managing the maintenance and renewal of buildings, sale and purchase of property and tenancy and lease management.

Kaitiaki Māori

Our approach is genuine partnership with Māori and this approach is one of a range of mechanisms we use to broaden input into decision-making for more robust and enduring outcomes. We support Council to work in bi-cultural ways via policies and advice to staff and Council. Working this way reduces barriers and discomfort for Te Arawa and all Māori, increasing Council's ability to work effectively with them. We support engagement between Council and Māori communities, marae, runanga, iwi, hapu and whānau and facilitate Māori input into council decision-making.

Organisation Enablement

We provide support to business units within Council to enable and support organisational efficiency by providing appropriate future proofed technology, systems and processes that ensure continuous access to reliable information, facilitate effective ways of working, anywhere, anytime, anyplace. This activity is also responsible for the recruitment of qualified applicants into a diverse workforce, talent acquisition, HR policy development and administration, performance and remuneration, administration of employee benefits, workplace wellbeing, employee and industrial relations, incorporating all aspects of employment, employee assistance programme, learning and development, HR strategy and health and safety management.

Community support and funding

We work collaboratively with the social sector, community and neighbourhood groups to build a thriving, socially cohesive community with strong wellbeing. The team works with all ages and stages of people to help create connected and resilient communities. The team lead and develop the Youth Council and administer the application of policy that supports community organisations to assist in delivering on the Council's community outcomes.

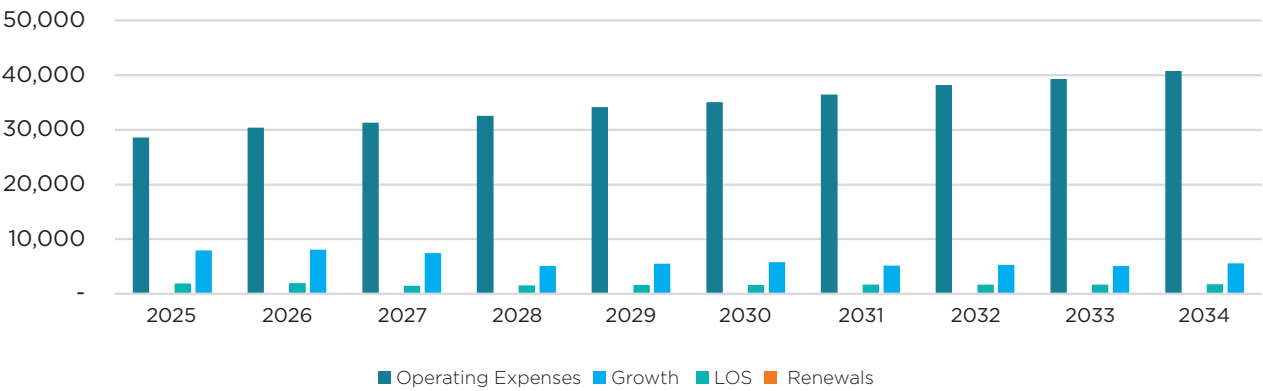
What you can expect from us:

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

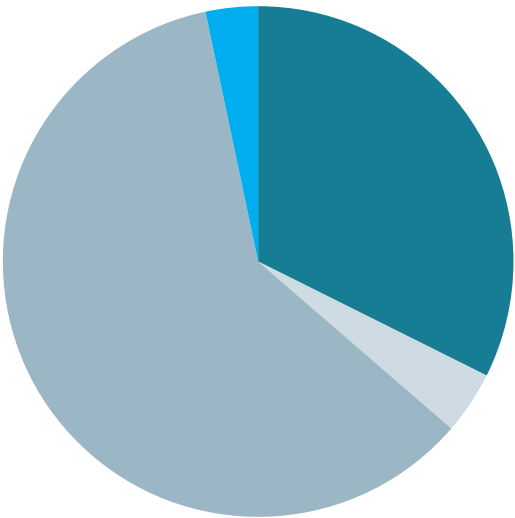
Level of service	How will it be measured? (Measures)	Current Performance 2022/23	Data source	2024/25 Target	2025/26 Target	2026/27 Target	2027 to 2034 Target
Provide opportunities for the community and individuals to participate	Percentage of residents who are satisfied with the Let's Talk platform - quality, reliability and value (Measure under review)	74%	Let's Talk survey	75%	80%	85%	85%
Demonstrate robust debate and decision making for matters that impact upon the Rotorua District	No decision is overturned by judicial review	Zero	Decision-making index	Zero	Zero	Zero	Zero
Customer satisfaction	Percentage of residents that agree with how the decisions made by the Council represent the best interests of the District	New measure	Residents Experience Monitor	≥ 50%	5% increase from prior year	5% increase from prior year	5% increase from prior year
	Percentage of residents that are very/fairly satisfied with how the Council keeps the community informed	New measure	Residents Experience Monitor	≥ 50%	5% increase from prior year	5% increase from prior year	5% increase from prior year

The cost to deliver this activity

Community Leadership



How we will fund this activity



Community Leadership

- General rates, uniform annual general charges, rates penalties
- Fees and charges
- Internal charges and overheads recovered
- Local authorities fuel tax, fines, infringement fees, and other receipts

Capital Expenditure

Project Type	Project Name	2024/25	2025/26	2026/27	2028-34
Level of Service	CCTV enhancements	100,000	100,000	100,000	700,000
Level of Service	CCTV strategic roadmap - enhancements	60,000	60,000	60,000	420,000
Level of Service	Corporate strategic projects - new initiatives fund	80,000	80,000	80,000	560,000
Level of Service	Devolved funding	250,000	250,000	250,000	1,750,000
Level of Service	IT enhancements	263,000	248,000	263,000	2,296,000
Level of Service	Pensioner housing	1,100,000	1,100,000	590,000	4,130,000
Renewals	Civic Centre renewals (Including geothermal)	2,405,000	3,065,000	2,265,000	7,863,000
Renewals	Community halls renewals	200,000	200,000	200,000	1,400,000
Renewals	Digital customer enhancements	1,609,665	902,274	1,137,184	9,583,797
Renewals	Fleet purchases	1,195,000	1,185,000	1,158,000	718,000
Renewals	Information service module upgrades	1,118,000	793,000	993,000	5,551,000
Renewals	Buildings renewals	300,000	300,000	300,000	2,100,000
Renewals	Internal CCTV renewals	50,000	50,000	50,000	350,000
Renewals	iSite renewal	400,000	100,000	100,000	700,000
Renewals	IT renewals	387,000	1,052,000	694,000	3,756,000
Total		9,517,665	9,485,274	8,240,184	41,877,797

Significant negative effects

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community and district. A negative effect could be physical or a perception.

Negative effects/issue and risks:	Wellbeings:				Mitigation:
Interest groups may dominate the decision-making process.	✓	✓			Wider consultation with under-represented groups, including going to source and targeted surveys.
Low community resilience and connectedness has significant negative effects especially in emergencies.	✓	✓		✓	Education. Ensuring everyone in the community understands what they need to do before, during and after emergencies and that the key principle of community resilience is being prepared.
Inability to meet customer demand and changing expectations.	✓	✓		✓	Introduction of new programmes and technology to ensure that the service stays ahead of expectations or can readily adjust services to provide for changing demands.

**Rotorua District Council: Funding Impact Statement for 2024 - 2034
for Community Leadership**

Community Leadership: Funding Impact Statement	Annual Plan 2023/24 (\$000)	Long Term Plan 2024/25 (\$000)	Long Term Plan 2025/26 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	13,205	12,521	13,240
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,615	1,597	1,738
Internal charges and overheads recovered	19,165	22,375	23,807
Local authorities fuel tax, fines, infringement fees, and other receipts	1,170	1,355	1,384
Total operating funding (A)	35,155	37,847	40,169
Applications of operating funding			
Payments to staff and suppliers	26,773	28,615	30,415
Finance costs	1,897	1,940	2,242
Internal charges and overheads applied	1,453	1,605	1,707
Other operating funding applications	-	-	-
Total applications of operating funding (B)	30,123	32,159	34,364
Surplus (deficit) of operating funding (A-B)	5,032	5,688	5,805
Sources of capital funding			
Subsidies and grants for capital expenditure	300	555	563
Development and financial contributions	-	-	-
Increase (decrease) in debt	250	1,204	4,552
Gross proceeds from sale of assets	-	3,484	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	550	5,243	5,115
Applications of Capital Funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	2,171	1,914	1,940
• to replace existing assets	4,071	7,918	8,073
Increase (decrease) of investments	(660)	1,100	906
Increase (decrease) in reserves			
Total applications of capital funding (D)	5,582	10,931	10,920
Surplus (deficit) of capital funding (C-D)	(5,032)	(5,688)	(5,805)
Funding balance ((A-B)+(C-D))	-	-	-

Long Term Plan 2026/27 (\$000)	Long Term Plan 2027/28 (\$000)	Long Term Plan 2028/29 (\$000)	Long Term Plan 2029/30 (\$000)	Long Term Plan 2030/31 (\$000)	Long Term Plan 2031/32 (\$000)	Long Term Plan 2032/33 (\$000)	Long Term Plan 2033/34 (\$000)
13,521	14,002	14,575	14,760	15,160	15,820	16,024	16,479
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,670	1,708	1,858	1,782	1,818	1,974	1,889	1,925
24,899	25,794	26,765	27,797	28,747	29,717	30,717	31,766
1,416	1,449	1,481	1,512	1,542	1,573	1,603	1,633
41,506	42,953	44,679	45,852	47,267	49,084	50,233	51,803

31,318	32,526	34,118	35,080	36,406	38,168	39,258	40,772
2,487	2,669	2,768	2,929	2,913	2,878	2,841	2,813
1,788	1,854	1,926	2,003	2,075	2,148	2,225	2,304
-	-	-	-	-	-	-	-
35,593	37,050	38,813	40,011	41,393	43,195	44,324	45,890

5,914	5,903	5,866	5,840	5,873	5,889	5,910	5,913

563	357	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,278	780	1,544	1,502	882	792	750	1,120
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,841	1,137	1,544	1,502	882	792	750	1,120

-	-	-	-	-	-	-	-
1,450	1,556	1,590	1,623	1,656	1,689	1,721	1,754
7,449	5,091	5,496	5,781	5,198	5,308	5,127	5,593
855	394	325	(62)	(99)	(315)	(188)	(313)
9,755	7,040	7,410	7,342	6,756	6,682	6,659	7,034

(5,914)	(5,903)	(5,866)	(5,840)	(5,873)	(5,889)	(5,910)	(5,913)

-	-	-	-	-	-	-	-

“ We ensure elected members are supported to lead, advocate and partner with communities...”



Service Delivery

Community Safety

To ensure people feel safe in public spaces and places through partnerships, visibility and enforcement to support a thriving central business district. Safety is about ensuring Rotorua is a place where people feel safe and are protected from risks to their health and wellbeing. We want to make sure our public places are safe for the people who use them and legal standards are met. We aim to meet our legal obligations to residents' safety by ensuring compliance with public health and safety regulations.

Outcomes Indicator	Wellbeings Indicator
 Employment & Economy	 Social
 Tourism	 Cultural
 Safety	 Environmental
 Mana Whenua / Tāngata Whenua Aspirations	 Economic

Community Safety

We work with a range of other agencies to deter anti-social behaviour in the central city, look for opportunities to prevent crime, support the homeless or vulnerable and to enhance perceptions of safety. Services we provide include CCTV cameras, graffiti removal and Safe City gaurdians. We continue to look at ways to improve CCTV monitoring services in terms of the cameras, analytics capability and links with different parts of our organisation to build cohesiveness and efficiency of operations that support safety services.

Animal Education and Control

The aim of this activity is to reduce the risk of danger and nuisance from dogs and roaming stock and cattle. Dog registration ensures we are aware of all known dogs in the district and that owners are being responsible dog owners. We investigate offences under the Dog Control Act 1996 and provide education to schools, businesses and community groups about safety around dogs.

Environmental Health and Alcohol Licensing

We monitor and enforce standards for businesses selling food and liquor, respond to health nuisances and deal with environmental pollution issues such as noise control and contaminated sites.

Emergency Management

We provide leadership, advice, planning and resources to enable the community to respond to and recover from any significant disaster that could affect the area. Through emergency management, we work to help the community be resilient and ready to deal with an emergency. We support the Bay of Plenty Region Civil Defence and Emergency Management Group to meet legal requirements, minimise potential effects of emergencies, prepare our people to respond to emergencies and help communities recover as quickly as possible after an emergency.

What you can expect from us:

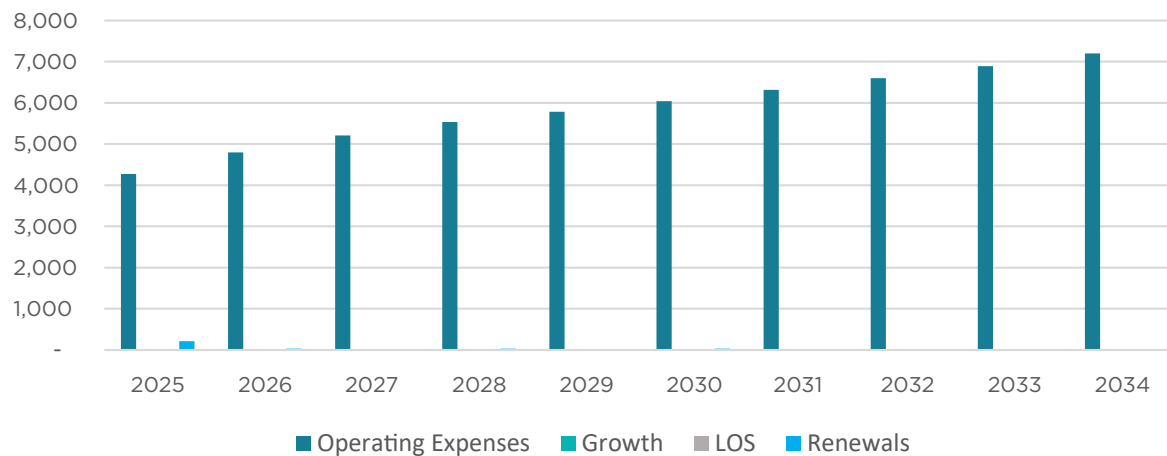
Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Level of service	How will it be measured? (Measures)	Current Performance 2022/23	Data source	2024/25 Target	2025/26 Target	2026/27 Target	2027 to 2034 Target
Ensure a prepared and effective response to emergencies	Annual audit conducted by Emergency Management Bay of Plenty. Audit reviews the: • Emergency operations centre staffing levels with appropriate qualifications • Practice operations of activated emergency operations centre • Procedures reviewed within last three years	New measure	Annual Emergency Management Bay of Plenty audit.	Pass the audit	Pass the audit	Pass the audit	Pass the audit

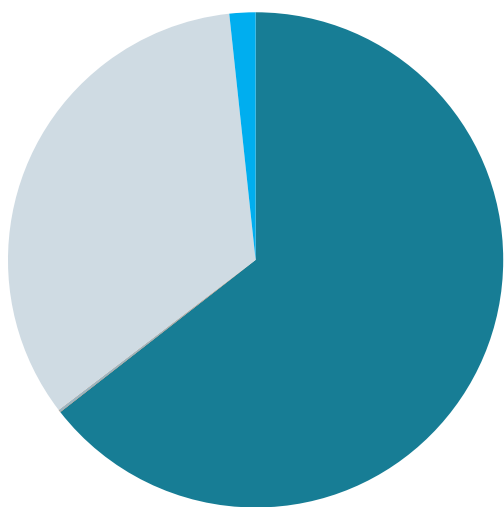
Managing animal welfare and public safety	All urgent animal requests are responded to within 60 minutes where there is an ongoing risk to safety.	New measure	Animal Control Database	≥99%	≥99%	≥99%	≥99%
	Percentage of residents rating Council's animal control service as good to excellent	New measure	Residents Experience Monitor	≥50%	5% Increase from prior year	5% Increase from prior year	5% Increase from prior year
	Percentage of all known dogs registered with Council annually or owners infringed	New measure	Animal Control Database	100%	100%	100%	100%
Safeguarding public health	All new food control plans are inspected within 6 weeks after opening for trade	New measure	Licensing Database	100%	100%	100%	100%
	Percentage of residents rating Council's food control service as good and excellent	New measure	Residents Experience Monitor	≥75%	≥75%	≥75%	≥75%
	Percentage of licensed premises inspected annually.	New measure	Licensing Database	85%	85%	85%	85%
	Percentage of residents rating Council's alcohol licensing service as good and excellent	New measure	Residents Experience Monitor	≥ 50%	5% Increase from prior year	5% Increase from prior year	5% Increase from prior year
Creation of safe public premises	Percent of Buildings with a Building Warrant of Fitness (BWOFF) audited	New measure	Building Consents	25%	25%	25%	25%
	100% monitoring of CBD via CCTV network during peak hours. Sun - Wed 0800hrs - midnight. Thurs-Sat 0800hrs-0400hrs	New measure	CCTV roster	Achieved	Achieved	Achieved	Achieved

The cost to deliver this activity

Community Safety



How we will fund this activity



Community Safety

- General rates, uniform annual general charges, rates penalties
- Subsidies and grants for operating purposes
- Fees and charges
- Local authorities fuel tax, fines, infringement fees, and other receipts

Capital Expenditure

Project Type	Project Name	2024/25	2025/26	2026/27	2028-34
Renewal	Animal control asset renewals	200,000	25,000	-	50,000
Total		200,000	25,000	-	50,000

Significant negative effects

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community and district. A negative effect could be physical or a perception.

Negative effects/issue and risks:	Wellbeings:				Mitigation:
					
Public safety in and around council owned and operated buildings					Key priority areas identified. Develop and implement plans to eliminate and minimise hazards, train staff, monitor ongoing and new risks.
Perceived increase in crime – vehicle, theft and assault resulting from increased numbers of people in and around venues during events.					Mitigated by adequate levels of security staffing, full involvement of Police in planning, and specific event initiatives where clear risks are identified and quantified.
Failure of dog owners to exercise responsible dog control has the potential for dog attacks and acts of aggression and barking.					Continue with proactive patrolling regime and increase the presence of staff in those areas that the public identify as having “too many wandering dogs”.

Rotorua District Council: Funding Impact Statement for 2024 - 2034 for Community Safety

Community Safety: Funding Impact Statement	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	1,441	3,200	3,691
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	11	11
Fees and charges	2,090	2,208	2,315
Internal charges and overheads recovered	15	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	110	114	116
Total operating funding (A)	3,656	5,533	6,134
Applications of operating funding			
Payments to staff and suppliers	2,530	4,275	4,791
Finance costs	24	90	103
Internal charges and overheads applied	1,066	1,131	1,203
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,620	5,496	6,097
Surplus (deficit) of operating funding (A-B)	36	37	37
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(23)	170	(10)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	(23)	170	(10)
Applications of Capital Funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	13	207	26
Increase (decrease) of investments	-	-	-
Increase (decrease) in reserves	-	-	-
Total applications of capital funding (D)	13	207	26
Surplus (deficit) of capital funding (C-D)	(36)	(37)	(37)
Funding balance ((A-B)+(C-D))	-	-	-

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
4,116	4,436	4,686	4,952	5,223	5,507	5,806	6,122
-	-	-	-	-	-	-	-
11	12	12	12	12	13	13	13
2,368	2,422	2,476	2,528	2,578	2,630	2,680	2,731
-	-	-	-	-	-	-	-
119	122	124	127	130	132	135	137
6,614	6,992	7,298	7,619	7,943	8,281	8,634	9,003

5,210	5,536	5,784	6,042	6,312	6,594	6,889	7,198
107	109	112	118	117	115	114	112
1,260	1,310	1,365	1,423	1,478	1,535	1,594	1,656
-	-	-	-	-	-	-	-
6,578	6,956	7,261	7,583	7,907	8,245	8,597	8,966

37	37	37	37	37	37	37	37

-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(37)	(9)	(37)	(8)	(37)	(37)	(37)	(37)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(37)	(9)	(37)	(8)	(37)	(37)	(37)	(37)

-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	28	-	29	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	28	-	29	-	-	-	-

(37)	(37)	(37)	(37)	(37)	(37)	(37)	(37)

-	-	-	-	-	-	-	-



“Ensuring that our people feel safe in public spaces and places...”

District Growth and Development

District development is about planning that supports district growth through infill and new suburbs, while ensuring Rotorua’s unique environment is protected. We aim to meet our regulatory requirements to ensure building activity in the district supports safe, sustainable housing and commercial solutions in response to Rotorua’s growing population. We want to ensure developers have accurate advice and information to help them through the regulatory processes.

Outcomes Indicator	Wellbeings Indicator
 Connected and Resilient	 Social
 Employment & Economy	 Cultural
 Tourism	 Environmental
 Housing	 Economic
 Environment	
 Safety	
 Mana Whenua / Tāngata Whenua Aspirations	

Growth and Development

To ensure future growth happens in the right way, in the right places and at the right time, Rotorua Lakes Council is guided by the 30-year Future Development Strategy (FDS). This will help ensure a well-functioning urban environment (the city including Ngongotahā) that provides for the social, economic and cultural wellbeing of its people. Supporting the direction of the FDS happens via management and monitoring of the District Plan that sets guidelines for how and where the district will grow while also ensuring natural and physical resources are managed sustainability.

To support the sustainable growth and development of Rotorua we support developers through Council processes, identifying opportunities for Council land holdings, researching, planning and designing economic strategies. We work closely with developers, providing information and advice, and process land-use and subdivision consent applications.

We also make sure our inner city is up to expected standards and provides opportunities and incentives for business and residential investment as a key component of rebuilding the reputation of Rotorua.

We market our destination with a focus on increasing our value proposition in tourism, strengthening our position nationally and internationally and developing strategies to improve sector resilience. We enable new projects and investment that will build on our cultural strengths and the environment.

Consenting

We provide information and advice for those planning developments and process applications for land use and subdivision consents.

Building Control

We issue building consents, inspect buildings under construction, audit building warrants of fitness and provide advice to make sure Rotorua buildings are safe, healthy and durable.

What you can expect from us:

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Level of service	How will it be measured? (Measures)	Current Performance 2022/23	Data source	2024/25 Target	2025/26 Target	2026/27 Target	2027 to 2034 Target
Support and enable growth by unlocking housing development opportunities	Number of net new dwellings	415 Benchmark for 2023 calendar year	Final inspections	420	450	470	500
Support and enable development by processing LIM requests	We will provide a Land Information Memoranda (LIM) service in the ten day statutory timeframe	100%	LIM Service	100%	100%	100%	100%

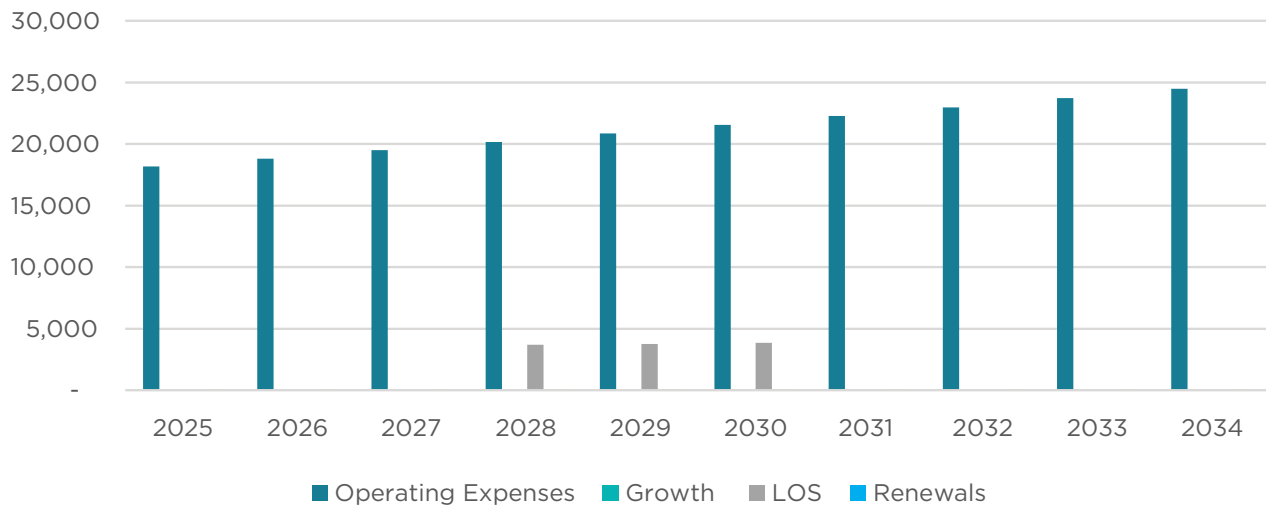
Support and enable development by processing Resource and Building consents	Percentage of non-notified resource consents processed within statutory timeframes (Land Use)	61.6%	Resource Consents	70%	80%	90%	100%
	Percentage of non-notified resource consents processed within statutory timeframes (Subdivision)	50.9%	Resource Consents	70%	80%	90%	100%
	Percentage of consents processed within statutory timeframes (Building Consents)	94.5%	Building Consents	≥95%	≥95%	≥95%	≥95%
	Percentage of residents rating Council's building consents service as good and excellent	New measure	Residents Experience Monitor	≥50%	5% increase from prior year	5% increase from prior year	5% increase from prior year

Major projects

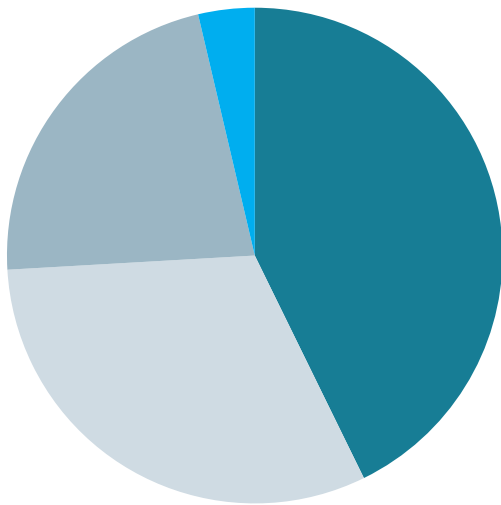
What is planned?	Background	Year 1	Year 2	Year 3	Year 4-10
Inner city improvements	While the Inner City Master Plan is finalised a budget for renewals of \$60k has been set aside to tidy up street scape areas.	\$60,000	\$60,000	\$60,000	\$420,000
Inner city Master plan delivery	Delivery of the Inner City Master plan following consultation and approval.				\$9,990,000

The cost to deliver this activity

District Growth and Development



How we will fund this activity



District Growth and Development

- General rates, uniform annual general charges, rates penalties
- Targeted Rates
- Fees and charges
- Local authorities fuel tax, fines, infringement fees, and other receipts

Capital Expenditure

Project Type	Project Name	2024/25	2025/26	2026/27	2028-34
Renewal	Inner City renewals	60,000	60,000	60,000	420,000
Level of Service	Inner City master plan	-	-	-	9,990,000
Total		60,000	60,000	60,000	10,410,000

Significant negative effects

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community and district. A negative effect could be physical or a perception.

Negative effects/issue and risks:	Wellbeings:				Mitigation:
					
Increasing compliance costs resulting from the transfer of Central Government responsibilities to local authority.					To seek appropriate funding from Central Government to meet costs of additional responsibilities.
Changes in legislation that will have resultant effects on levels of planning services provided.					Ensure opportunities are taken to influence regional and national policy making through submission phases, and where necessary appeal provisions.
Resource consent decisions, development and delivery of information on District Plan can have a significant effect on the social, cultural, economic and environmental wellbeing of the community.					Council addresses this by ensuring that staff have adequate access to all relevant information and are appropriately trained and qualified to make robust decisions to ensure that effects are kept to a minimum.
The cumulative effects of subdivision, land use and development can have significant negative environmental and social effects.					Adopted Future Development Strategy (FDS) with Implementation Plan being developed. FDS gets reviewed every 3 years, with a new FDS developed every 6 years.
The costs of city growth must be met by development.					Development Contribution Policy in place. Policy will require regular review, to ensure it is not a disincentive to development should fees be set too high.
Ongoing wave of global and or national economic downturn.					Focus on productivity improvement in business, workforce upkilling and skill gap fulfilment.
Increased economic development can have significant social and environmental negative effects.					Ensuring support for economic development has regard for social and environmental sustainability

Rotorua District Council: Funding Impact Statement for 2024 - 2034 **for District Growth and Development**

District Development and Growth: Funding Impact Statement	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	9,789	8,488	8,963
Targeted Rates	6,335	7,421	7,633
Subsidies and grants for operating purposes	-	-	-
Fees and charges	5,001	5,177	5,290
Internal charges and overheads recovered	76	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	385	853	874
Total operating funding (A)	21,586	21,939	22,760
Applications of operating funding			
Payments to staff and suppliers	18,380	18,169	18,822
Finance costs	550	854	875
Internal charges and overheads applied	2,094	2,354	2,502
Other operating funding applications	-	-	-
Total applications of operating funding (B)	21,024	21,377	22,199
Surplus (deficit) of operating funding (A-B)	562	562	562
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(2,499)	(1,900)	(1,898)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	(2,499)	(1,900)	(1,898)
Applications of Capital Funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	63	62	63
Increase (decrease) of investments	(2,000)	(1,400)	(1,400)
Increase (decrease) in reserves	-	-	-
Total applications of capital funding (D)	(1,937)	(1,338)	(1,337)
Surplus (deficit) of capital funding (C-D)	(562)	(562)	(562)
Funding balance ((A-B)+(C-D))	-	-	-

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
9,415	9,866	10,577	11,343	11,999	12,505	13,041	13,607
7,796	7,928	8,055	8,177	8,264	8,340	8,411	8,499
-	-	-	-	-	-	-	-
5,412	5,536	5,658	5,777	5,893	6,010	6,125	6,241
-	-	-	-	-	-	-	-
896	917	938	957	976	993	1,011	1,028
23,519	24,248	25,228	26,255	27,132	27,849	28,587	29,375
19,497	20,176	20,863	21,556	22,265	22,986	23,723	24,490
841	791	910	1,061	1,054	939	824	724
2,619	2,720	2,828	2,942	3,051	3,163	3,278	3,400
-	-	-	-	-	-	-	-
22,958	23,686	24,600	25,560	26,370	27,088	27,826	28,614
562	562	628	695	761	761	761	761
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,897)	1,784	1,799	1,813	(2,091)	(2,089)	(2,088)	(1,547)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(1,897)	1,784	1,799	1,813	(2,091)	(2,089)	(2,088)	(1,547)
-	-	-	-	-	-	-	-
-	3,679	3,760	3,839	-	-	-	-
65	66	68	69	71	72	73	75
(1,400)	(1,400)	(1,400)	(1,400)	(1,400)	(1,400)	(1,400)	(860)
-	-	-	-	-	-	-	-
(1,335)	2,345	2,428	2,508	(1,329)	(1,328)	(1,327)	(785)
(562)	(562)	(628)	(695)	(761)	(761)	(761)	(761)
-	-	-	-	-	-	-	-



“ Safe, sustainable housing and commercial solutions in response to Rotorua’s growing population...”

Spaces, places and recreation

Spaces, Places and Recreation is about the creation of a sense of place, building identity and pride. These services bring our people together, enhancing activity and promoting the social and cultural wellbeing of our district. We aim to provide a range of activities and experiences in our district to contribute to a thriving community.

Outcomes Indicator	Wellbeings Indicator
 Employment & Economy	 Social
 Tourism	 Cultural
 Active	 Environmental
 Environment	 Economic
 Mana Whenua / Tāngata Whenua Aspirations	
 Arts and Culture	

Open Spaces and Recreation

We manage the district's network of parks and reserves and the assets in them to provide opportunities for play, active recreation and sport in our community. In delivering this we also aim to protect the cultural, ecological and heritage values of these spaces. We also manage recreation in other significant areas like Whakarewarewa Forest through partnerships with iwi.

Major Events and Venues

We provide a range of activities, events and experiences that connect and engage our community. We aim to continue to deliver events that support local business opportunities, stimulate our economy and promote our district. Major events and venues are about showcasing and leveraging event venues, attractions and services in Rotorua. Our major venues include the Sir Howard Morrison Centre and the Energy Events Centre.

Community Facilities

Our facilities bring our people together to connect with one another, to participate, belong and to learn, building social cohesion and contributing to building a sense of pride in the district. Our facilities include the Aquatic Centre, Te Aka Mauri (library and child health hub), the Museum and the Stadium.

What you can expect from us

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Level of service	How will it be measured? (Measures)	Current Performance 2022/23	Data source	2024/25 Target	2025/26 Target	2026/27 Target	2027 to 2034 Target
Creation of vibrant, energised experiences with loads of activity	The number of event days that the Sir Howard Morrison Centre is occupied from total possible available days using booking information	New measure	Booking System	Establish Baseline	5% Increase from prior year	2.5% Increase from prior year	2.5% Increase from prior year
	The number of people attending events at the Sir Howard Morrison Centre	New measure	Booking System	Establish Baseline	2.5% Increase from prior year	2.5% Increase from prior year	5% Increase from prior year
	The number of event days that the Energy Events Centre is occupied from total possible available days using booking information	New measure	Booking System	Establish Baseline	5% Increase from prior year	2.5% Increase from prior year	2.5% Increase from prior year

	The number of people attending events at the Energy Event Centre	New measure	Booking System	Establish Baseline	2.5% Increase from prior year	2.5% Increase from prior year	5% Increase from prior year
	The percentage of Aquatic Centre customers surveyed who are satisfied with their overall experience	New measure	CLM Leisure Management	80%	82%	85%	90%
	Number of customer interactions with Library core services (literacy and digital resources)	New measure	Library door counter and online visitor website data	440,000	1% Increase from prior year	1% Increase from prior year	= to 2026/27 result
	Number of people participating in Library and partnership programmes and events	New measure	Programme registration database	31,000	2.5% Increase from prior year	2.5% Increase from prior year	= to 2026/27 result
Provide for and develop a sustainable open space network	The percentage of Parks Survey respondents who agree the facilities in our parks and open spaces are easily accessible	New measure	Yardstick Park User Survey	80%	82%	85%	90%
	Percentage of users very/fairly satisfied with Council's open space network	94%	Yardstick Park User Survey	95%	95%	95%	95%
	The visitor experience satisfaction rating for security in open space locations	92%	Yardstick Park User Survey	95%	95%	95%	95%
Safety	Number of lessons in Learn to Swim School programmes per term	9892	CLM Leisure Management Admissions/enrolment to programmes	≥18,000	≥18,000	≥19,000	≥20,000

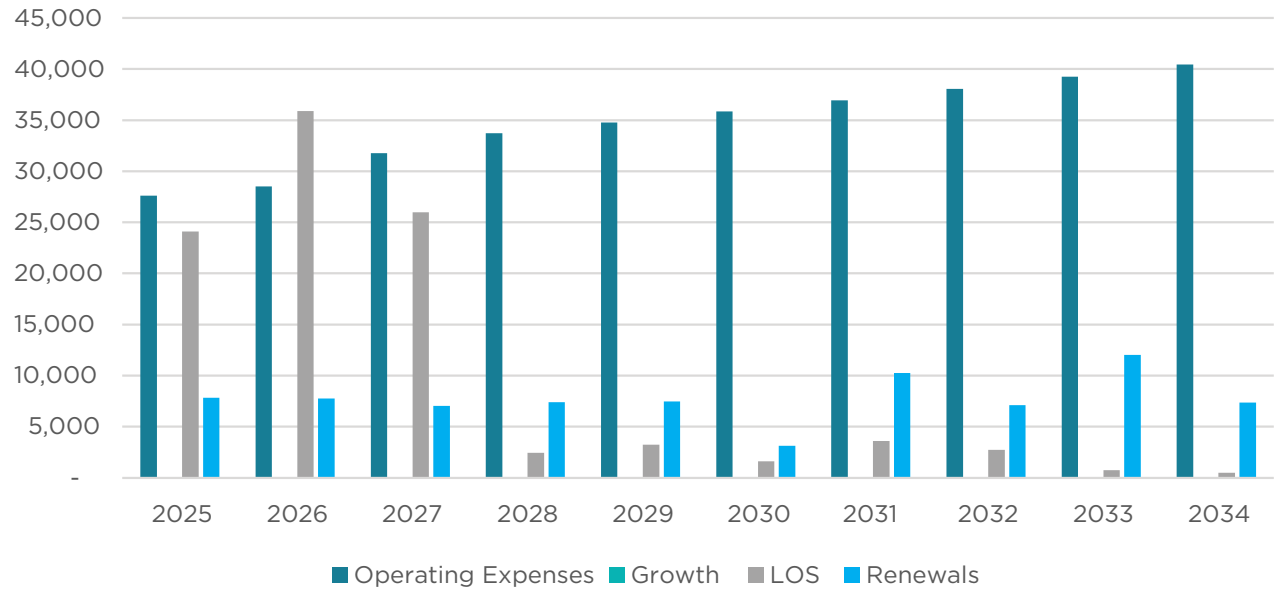
Major projects

What is planned?	Background	Year 1	Year 2	Year 3	Year 4-10
Aquatic Centre – Stage 3	Council has allocated \$200,000 in year one and \$2.8m in year two. Council will undertake a revision of the scope, explore partnerships and other funding options and undertake consultation with the community. At the same time, Council will appeal to the Department of Internal Affairs to allow it to redirect \$2.5m of funding towards a wastewater or core infrastructure project/s. If this is not achieved by 30 September 2024, council will use this funding to proceed with implementation of the revised Aquatic Centre stage 3 scope. The \$3.0m is made up of Better Off funding of \$2.5m, and \$500,000 from Council.	\$200,000	\$2,800,000		
Sala Street Chapel	The existing chapel needs to be redeveloped. There is a proposal being developed to enter into a joint venture (50/50) with an operator to build a new fit for purpose chapel	\$500,000	\$1,000,000	\$1,000,000	
Titoki Place	Rotorua has identified that there is a deficit in terms of sports fields. More work is required however in the meantime available land located at Tikoki Place can be developed to provide 2 new sports fields.	\$1,000,000	\$1,000,000		
Rotorua Museum Project	Construction for the earthquake strengthening and re-opening as a Museum commenced in June 2024. The community of Rotorua is contributing \$15.5m towards the overall cost of the project. The balance of the project is being successfully funded by Government and other funding agencies.	\$17,900,000	\$25,500,000	\$18,700,000	
Rotorua Museum Exhibition	A master plan for the development of the exhibition to go inside the new Museum is being completed. The budget set aside will provide for the design, build and installation of the exhibition within the completed new Museum	\$2,286,536	\$3,245,841	\$2,772,220	
Inner city skatepark	In 2018 Council committed to providing funding for design of a skate park and pump track in Kuirau Park, and initial seed funding for the development. It was recognised that the current inner city skate park, at Sheaf Park, is in poor condition and has been reduced in size as aged equipment has had to be removed. Council has already spent \$94,000 to date to undertake some design work and pre-loading of the Kuirau Park site.			\$650,000	

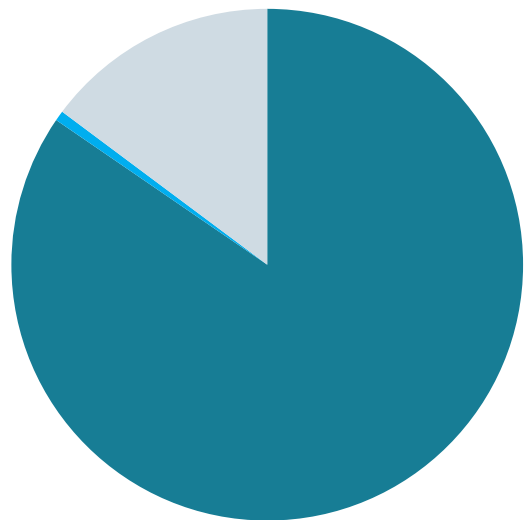
What is planned?	Background	Year 1	Year 2	Year 3	Year 4-10
	The Rotorua Action Sports Charitable Trust was formed to raise funding needed from other funding sources for the project. Council has committed \$650,000 in year 3 of the Long-term Plan towards construction. The funding is subject to the community fundraising the balance of approximately \$1.8m which is based on an initial project estimate of \$2.5m. Fundraising efforts may need to be higher if the project costs more.				

The cost to deliver this activity

Spaces Places and Recreation



How we will fund this activity



Spaces, Places and Recreation

- General rates, uniform annual general charges, rates penalties
- Subsidies and grants for operating purposes
- Fees and charges

Capital Expenditure

Project Type	Project Name	2024/25	2025/26	2026/27	2028-34
Level of Service	Active recreation enhancements	250,000	250,000	250,000	1,750,000
Level of Service	Aquatic Centre Stage 3	200,000	2,800,000	-	-
Level of Service	Chapel - Sala Street	500,000	1,000,000	1,000,000	-
Level of Service	Reserve enhancements	-	-	500,000	10,126,000
Level of Service	Inner city skate park	-	-	650,000	-
Level of Service	Reserves erosion control	150,000	150,000	150,000	1,050,000
Level of Service	Rotorua Museum exhibition	2,286,536	3,245,841	2,772,220	-
Level of Service	Rotorua Museum project	17,900,000	25,500,000	18,700,000	-
Level of Service	Street flag replacement	34,000	36,000	38,000	-
Level of Service	Titoki Place sportsfield improvements	1,000,000	1,000,000	-	-
Level of Service	Whakarewarewa Forest	1,000,000	-	-	-
Renewals	Aquatic Centre renewals	100,000	100,000	100,000	700,000
Renewals	Energy Event Centre renewals	2,785,000	2,470,000	1,500,000	6,200,000
Renewals	International Stadium renewals	150,000	150,000	150,000	1,050,000
Renewals	Cemetery renewals	90,000	40,000	40,000	280,000
Renewals	Library renewals	1,000,000	750,000	300,000	2,100,000
Renewals	Museum renewals	317,410	253,410	306,148	1,113,000
Renewals	Park Structures renewals	2,400,000	2,900,000	3,400,000	26,950,000
Renewals	Public Toilet renewals	423,164	423,164	423,164	2,962,148
Renewals	Recreation Buildings renewals	75,000	75,000	75,000	525,000
Renewals	Renewals Arts and Culture	30,000	30,000	30,000	210,000
Renewals	Sir Howard Morrison Centre renewals	75,000	75,000	75,000	525,000
Renewals	Sports event equipment renewals	-	20,000	-	20,000
Renewals	Tea Rooms and historic house renewals	100,000	50,000	100,000	3,885,000
Renewals	Waikite Valley Thermal Pools renewal	33,050	36,709	26,986	194,081
Total		30,899,160	41,355,124	30,586,518	59,640,229

Significant negative effects

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community and district. A negative effect could be physical or a perception.

Negative effects/issue and risks:	Wellbeings:				Mitigation:
					
The cost of establishing and maintaining sports fields and sports facilities versus the number of the participants in each sporting code.					Undertake a 5-yearly review assessing sports fields and sports facilities with user numbers for each sport and forecasted trends in user numbers.
Increased light spill, traffic congestion in peak periods and noise pollution from sports fields due to equipment and usage.					Ensure appropriate measures to mitigate the effects of light spill, traffic congestion and noise are taken and monitored through the required planning and/or resource consent processes.
Increasing demand on boat ramps, jetties and associated facilities such as car parking surrounding these facilities					Regularly review existing and new sites to assess potential for expansion. Possibly investigate user pays to manage demand
Increased traffic congestion, restricted access to public facilities and noise issues arising from major events at venues.					Council works with event managers and affected parties to minimise these negative effects wherever possible
Perceptions of Rotorua not having a culturally rich and diverse arts scene. Stories of our history being lost.					Establish clear direction on the contribution that arts and culture can make to the future of our district and the role that Council has in this. Identify the most effective model of delivery. Consider collaboration, partnerships, new initiatives that contribute to the arts and culture scene in Rotorua
Digital shift means that libraries may become less relevant, which may have significant social and economic negative impacts					Library will continue to review its offerings and methods of service delivery including the introduction of new programmes and technology to ensure that services stay ahead of expectations or can readily adjust services to provide for changing demands.

Rotorua District Council: Funding Impact Statement for 2024 - 2034 for Spaces, Places and Recreation

Spaces, places and recreation: Funding Impact Statement	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	35,845	39,610	43,462
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	274	351	359
Fees and charges	5,818	5,949	6,078
Internal charges and overheads recovered	22	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	495	514	526
Total operating funding (A)	42,455	46,423	50,424
Applications of operating funding			
Payments to staff and suppliers	25,148	27,617	28,526
Finance costs	5,314	5,744	6,925
Internal charges and overheads applied	5,765	7,048	7,502
Other operating funding applications		-	-
Total applications of operating funding (B)	36,227	40,409	42,954
Surplus (deficit) of operating funding (A-B)	6,228	6,014	7,471
Sources of capital funding			
Subsidies and grants for capital expenditure	7,846	13,831	23,250
Development and financial contributions		-	-
Increase (decrease) in debt	23,144	12,064	12,927
Gross proceeds from sale of assets		-	-
Lump sum contributions		-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	30,990	25,895	36,178
Applications of Capital Funding			
Capital expenditure			
• to meet additional demand		-	-
• to improve the level of service	18,005	24,088	35,881
• to replace existing assets	19,212	7,821	7,768
Increase (decrease) of investments		-	-
Increase (decrease) in reserves		-	-
Total applications of capital funding (D)	37,217	31,909	43,649
Surplus (deficit) of capital funding (C-D)	(6,228)	(6,014)	(7,471)
Funding balance ((A-B)+(C-D))	-	-	-

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
48,363	48,864	51,516	53,404	54,576	56,163	57,542	58,876
-	-	-	-	-	-	-	-
367	376	384	392	400	408	416	423
6,695	9,527	9,736	9,939	10,137	10,339	10,536	10,735
-	-	-	-	-	-	-	-
539	552	565	577	590	602	614	626
55,964	59,318	62,200	64,313	65,703	67,512	69,107	70,661
31,778	33,704	34,766	35,845	36,942	38,077	39,244	40,446
7,764	8,256	8,672	9,087	9,080	9,206	9,292	9,322
7,845	8,119	8,415	8,731	9,018	9,311	9,612	9,928
-	-	-	-	-	-	-	-
47,387	50,080	51,853	53,663	55,041	56,594	58,148	59,697
8,577	9,238	10,347	10,650	10,662	10,919	10,959	10,964
15,339	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,102	609	356	(5,919)	3,212	(1,083)	1,809	(3,121)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
24,441	609	356	(5,919)	3,212	(1,083)	1,809	(3,121)
-	-	-	-	-	-	-	-
25,993	2,443	3,249	1,600	3,610	2,729	725	492
7,025	7,405	7,455	3,132	10,265	7,107	12,043	7,350
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
33,018	9,848	10,704	4,731	13,875	9,836	12,768	7,842
(8,577)	(9,238)	(10,347)	(10,650)	(10,662)	(10,919)	(10,959)	(10,964)
-	-	-	-	-	-	-	-



“ A sense
of place, identity
and pride...”

Service Delivery

Stormwater

To manage the drainage of excess rainfall so that properties and people are protected from potential flood damage and to mitigate the adverse effects of stormwater run-off on the district’s lakes and waterways.

Outcomes Indicator	Wellbeings Indicator
 Connected and Resilient	 Social
 Environment	 Cultural
 Mana Whenua / Tāngata Whenua Aspirations	 Environmental
	 Economic

Stormwater

Stormwater systems manage rainwater run-off and its disposal using various drainage systems, protecting people and property from potential flood damage. It also minimises the adverse effects of stormwater discharges into waterways. The council is responsible for 244km of urban reticulated pipelines and 154km of open drains.

What you can expect from us:

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Level of service	How will it be measured? (Measures)	Current Performance 2022/23	Data source	2024/25 Target	2025/26 Target	2026/27 Target	2027 to 2034 Target
System adequacy	The number of flooding events that occur in a territorial authority district.	0	Request for Service Database	≤ 2	≤ 2	≤ 2	≤ 2
System adequacy	For each flooding event, the number of habitable floors affected. (Expressed per 1000 properties connected to the territorial authority's stormwater system) .	0/1000	Request for Service Database	≤ 0.5 / 1000 rated properties	≤ 0.5 / 1000 rated properties	≤ 0.5 / 1000 rated properties	≤ 0.5 / 1000 rated properties
Discharge compliance	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.	0	Resource consent database	0	0	0	0
Response times	The median response time to attend a flooding event, measured from the time that the territorial authority receives notification to the time that service personnel reach the site.	0	Request for Service Database	≤ 60 minutes	≤ 60 minutes	≤ 60 minutes	≤ 60 minutes

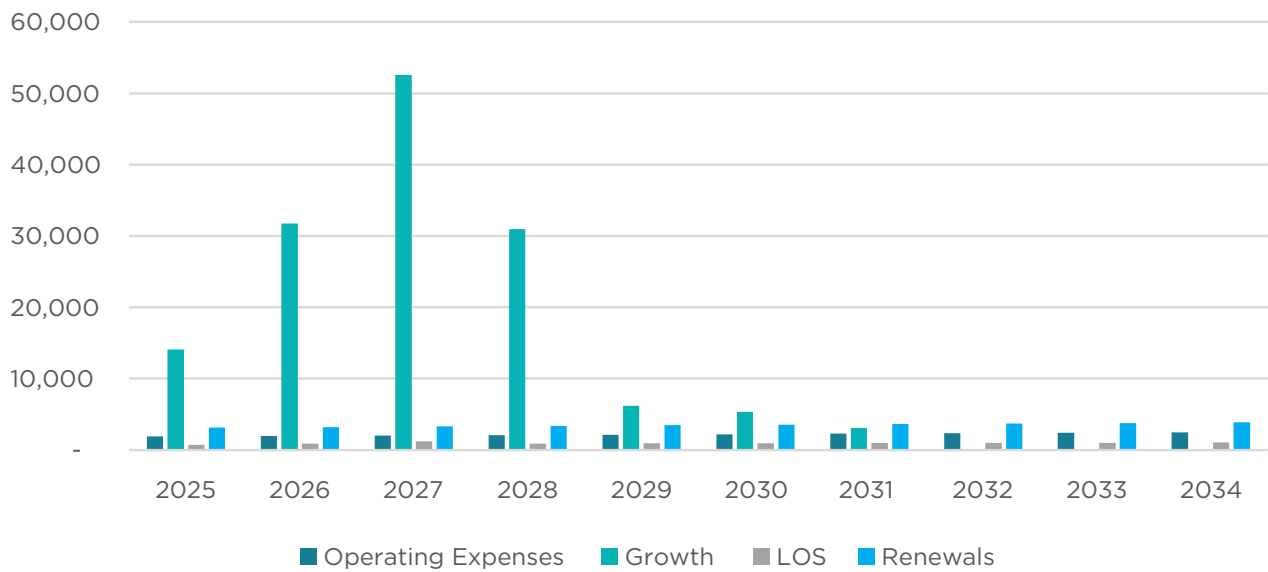
Customer Satisfaction	The number of complaints received by a territorial authority about the performance of its stormwater system, expressed per 1000 properties connected to the territorial authority's stormwater system.	3.6	Request for Service Database	≤ 20 / 1000 rated properties	≤ 20 / 1000 rated properties	≤ 20 / 1000 rated properties	≤ 20 / 1000 rated properties
Customer satisfaction	Percentage of residents that are very/fairly satisfied with Council's storm water network	New measure	Residents Experience Monitor	≥50%	+5% increase from prior year	+5% increase from prior year	+5% increase from prior year

Major projects

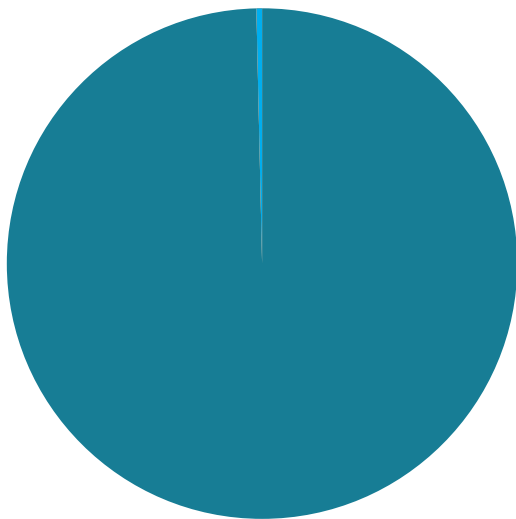
What is planned?	Background	Year 1	Year 2	Year 3	Year 4-10
Stormwater enhancements.	As development occurs there is a need to ensure that stormwater is diverted away from houses and that existing houses are protected from water run-off from development up stream. Successful funding from the Infrastructure Acceleration Fund means Council are able to deliver infrastructure to protect houses from the effects of water run-off and flooding across the ten year plan. Without the funding this work could have taken upto 30 years to deliver.	\$13,483,811	\$29,681,318	\$47,894,831	\$39,910,998

The cost to deliver this activity

Stormwater



How we will fund this activity



Stormwater

- General rates, uniform annual general charges, rates penalties
- Fees and charges

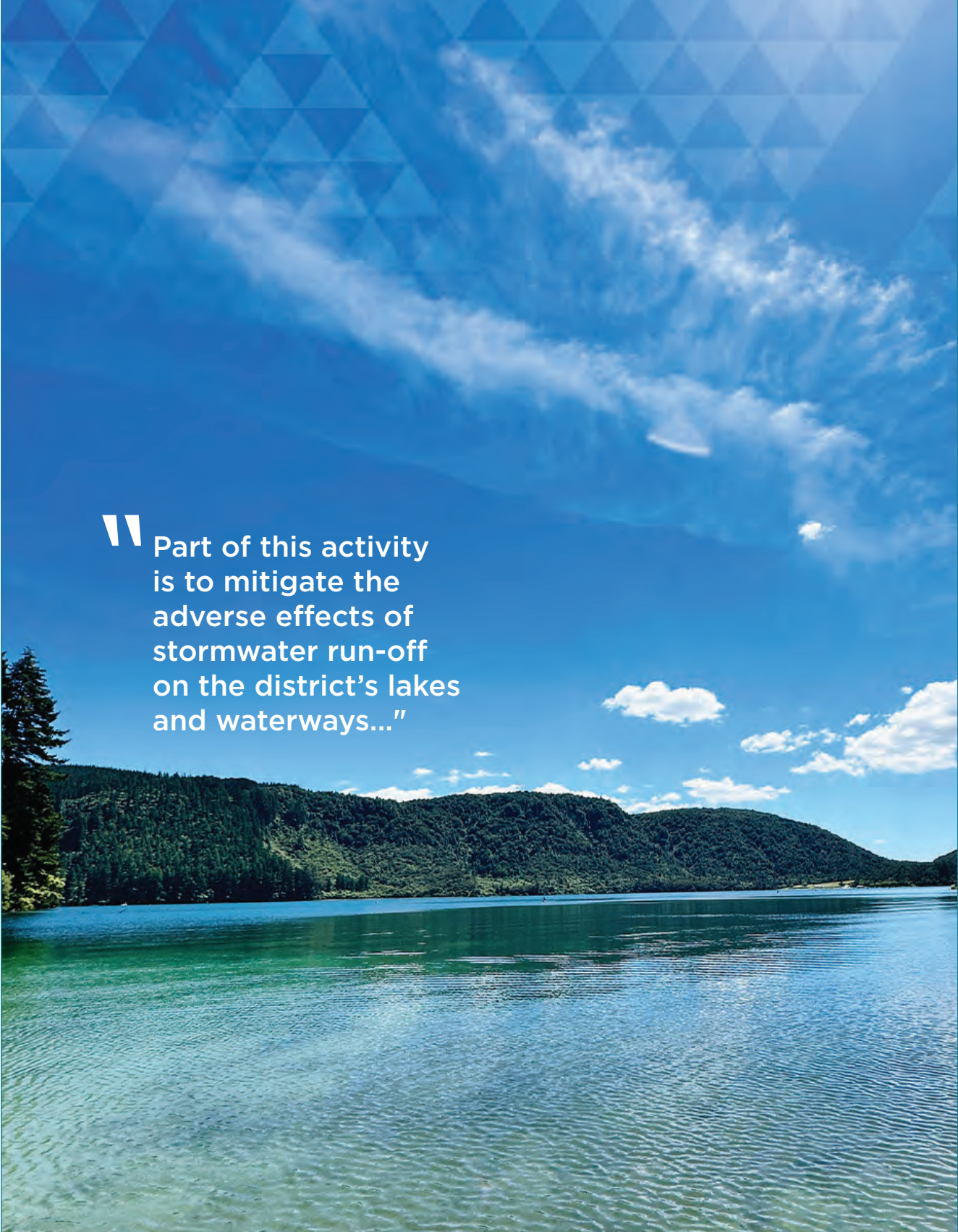
Capital Expenditure

Project Type	Project Name	2024/25	2025/26	2026/27	2028-34
Growth	Stormwater master plan projects (IAF funded)	6,708,811	27,696,318	43,954,831	25,850,998
Growth	Stormwater network expansion	3,675,000	1,985,000	3,940,000	14,060,000
Growth	Stormwater network expansion - Wharenuī	3,100,000	-	-	-
Renewal	Stormwater network renewal	3,000,000	3,000,000	3,000,000	21,000,000
Level of Service	Stormwater network enhancements	700,000	800,000	1,100,000	5,600,000
Total		17,183,811	33,481,318	51,994,831	66,510,998

Significant negative effects

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community and district. A negative effect could be physical or a perception.

Negative effects/issue and risks:	Wellbeings:				Mitigation:
					
Developers drive/influence where system upgrades are needed due to where development occurs.					Work closely with planning departments during resource consent stage of new developments.
Climate change, in particular increased rainfall impacts on stormwater infiltration and the risk of escalating frequencies of untreated or partially treated wastewater overflows.					The management of inflow and infiltration is a critical factor in the performance of the network and is an ongoing response consideration. As the assets have long lives, predicted rainfall effects and best practice are being included in the design standards to maximise the optimised replacement of assets. This should assist with the future proofing of wastewater services.
Increased capacity demands as a result of growth, intensification and infill development.					Main trunks in these areas will need to be assessed for capacity augmentation in advance of actual development to ensure that pollution risk is contained.
Climate change - increased rainfall patterns and ground water levels increase the quantity and frequency of flooding.					Flood hazard maps are produced through the Catchment Management Plans. Council has a statutory obligation to make such information available to interested parties. Every PIM (property information memorandum) or LIM (land information memorandum) produced by Council includes this information.
Increasing expectations from the public, Government and the Regional Authority regarding fresh and marine water quality.					Significant future planning for the possible collection and treatment of stormwater runoff is required with associated water quality protection costs. On-going participation in the development of such standards to ensure realistic objectives are been set. Programmes to gather water quality information through sampling and contaminant monitoring.



“Part of this activity is to mitigate the adverse effects of stormwater run-off on the district’s lakes and waterways...”

Variation between the Long-term Plan and the assessment of water and sanitary services

Stormwater services proposals in this plan are generally consistent with those contained in the Water and Sanitary Services Assessment. There are no significant variations between this plan and the Assessment.

Rotorua District Council: Funding Impact Statement for 2024 - 2034 for Stormwater

Stormwater: Funding Impact Statement	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	5,073	6,543	7,813
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	34	35	36
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	5,107	6,578	7,848
Applications of operating funding			
Payments to staff and suppliers	1,697	1,898	1,954
Finance costs	714	1,741	2,417
Internal charges and overheads applied	994	1,220	1,296
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,404	4,859	5,666
Surplus (deficit) of operating funding (A-B)	1,702	1,719	2,182
Sources of capital funding			
Subsidies and grants for capital expenditure	10,182	835	18,207
Development and financial contributions	2,104	4,842	4,738
Increase (decrease) in debt	5,124	10,527	10,667
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	17,410	16,204	33,613
Applications of Capital Funding			
Capital expenditure			
• to meet additional demand	15,437	14,064	31,732
• to improve the level of service	525	730	855
• to replace existing assets	3,150	3,129	3,207
Increase (decrease) of investments	-	-	-
Increase (decrease) in reserves	-	-	-
Total applications of capital funding (D)	19,112	17,923	35,795
Surplus (deficit) of capital funding (C-D)	(1,702)	(1,719)	(2,182)
Funding balance ((A-B)+(C-D))	-	-	-

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
9,061	10,232	11,290	12,527	12,751	13,158	13,095	13,054
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
37	38	39	40	41	41	42	43
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,098	10,270	11,329	12,567	12,792	13,199	13,138	13,097

2,016	2,077	2,140	2,201	2,264	2,327	2,391	2,457
3,097	3,486	3,663	3,988	4,036	3,939	3,759	3,596
1,351	1,394	1,439	1,488	1,531	1,574	1,619	1,665
-	-	-	-	-	-	-	-
6,464	6,957	7,242	7,677	7,831	7,841	7,769	7,718

2,635	3,313	4,087	4,890	4,961	5,358	5,369	5,379

36,844	28,319	889	-	-	-	-	-
4,589	4,376	3,343	3,072	2,863	2,705	2,602	2,291
13,023	(777)	2,242	1,879	(137)	(3,369)	(3,179)	(2,777)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
54,456	31,918	6,474	4,950	2,725	(665)	(577)	(487)

52,589	30,950	6,173	5,351	3,094	-	-	-
1,208	901	924	945	967	988	1,009	1,030
3,294	3,380	3,464	3,544	3,626	3,705	3,783	3,863
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
57,090	35,231	10,561	9,840	7,686	4,693	4,792	4,893

(2,635)	(3,313)	(4,087)	(4,890)	(4,961)	(5,358)	(5,369)	(5,379)

-	-	-	-	-	-	-	-



Transportation Infrastructure

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.

Outcomes Indicator	Wellbeings Indicator
 Connected and Resilient	 Social
 Employment & Economy	 Cultural
 Tourism	 Environmental
 Environment	 Economic
 Mana Whenua / Tāngata Whenua Aspirations	

Transport

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

Council owns and manages land transport assets including more than 1,000km of roads (sealed and unsealed), 80 road bridges, 383km of footpaths, 52km of shared paths, 5,056 streetlights, more than 54km of culverts, 517km of kerb and channel and 10,963 signs.

The Rotorua transport system plays a key role in connecting the central and upper North Island with key routes that connect primary industry with the Port of Tauranga. Rotorua is also a tourist destination and provides tourism links to Taupō, Waikato and Auckland.

The bus service in Rotorua is provided and managed by Bay of Plenty Regional Council. Central Government, through NZTA/Waka Kotahi, partners with us in operating the State Highways running through Rotorua, as well as co-investing in local transport infrastructure and services. Planning for future development, growth, trends in network use and asset management needs is also a significant focus.

Parking

Parking management involves setting guiding principles and policies for the management and supply of on-street and Council-controlled off-street parking in a way that equitably supports wider transport and urban form outcomes such as mode shift and urban amenity improvements. We have a focus on encouraging efficient utilisation of parking resources and managing demand through compliance and enforcement activities.

What you can expect from us:

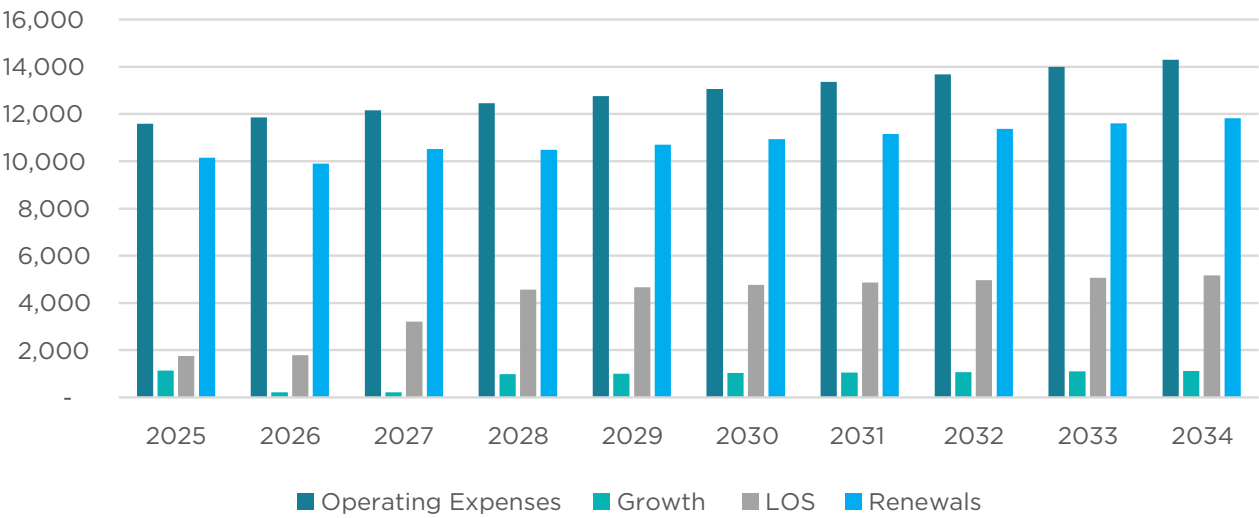
Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Level of service	How will it be measured? (Measures)	Current Performance 2022/23	Data source	2024/25 Target	2025/26 Target	2026/27 Target	2027 to 2034 Target
Safety	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.	-1	Accident Database	≤ -1	≤ -1	≤ -1	≤ -1
Condition	The average quality of ride on a sealed local road network, measured by smooth travel exposure.	90%	RAMM Management System	≥75%	≥75%	≥75%	≥75%
Maintenance	The percentage of the sealed local road network that is resurfaced.	5.2%	RAMM Management System	≥7-9%	≥7-9%	≥7-9%	≥7-9%
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.	99.6%	RAMM Management System and Request for Service Database	≥98%	≥98%	≥98%	≥98%
Response time	The percentage of customer service requests relating to roads and footpaths which are responded to within five (5) working days.	86%	RAMM Management System and Request for Service Database	≥90%	≥90%	≥90%	≥90%

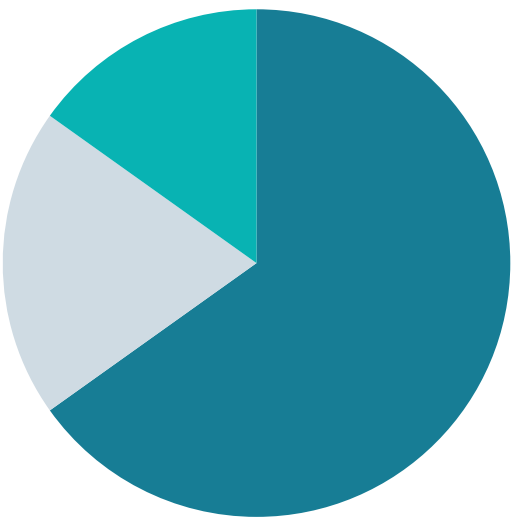
Customer satisfaction	Percentage of residents that are very/fairly satisfied with Council's roading, cycleways and footpaths network	New measure	Residents Experience Monitor	≥50%	+5% increase from prior year	+5% increase from prior year	+5% increase from prior year

The cost to deliver this activity

Transportation Infrastructure



How we will fund this activity



Transportation Infrastructure

- General rates, uniform annual general charges, rates penalties
- Subsidies and grants for operating purposes
- Local authorities fuel tax, fines, infringement fees, and other receipts

Capital Expenditure

Project Type	Project Name	2024/25	2025/26	2026/27	2028-34
Growth	Support for growth	1,100,000	200,000	200,000	6,300,000
Level of Service	Cycleways projects				5,740,000
Level of Service	Urban street improvements				1,470,000
Level of Service	Maori roadlines and unformed roads	120,000	120,000	120,000	840,000
Level of Service	Rural seal improvements	630,000	630,000	630,000	4,410,000
Level of Service	Rural street improvements				980,000
Level of Service	Land acquisition	52,000	55,000	55,000	385,000
Level of Service	Minor safety improvements	900,000	900,000	2,180,000	15,260,000
Renewals	Parking building renewals	15,000	15,000	15,000	105,000
Renewals	Transport operation renewals	9,610,939	9,185,939	9,540,539	65,003,498
Renewals	Unsubsidised renewals program	220,000	220,000	220,000	1,540,000
Total		12,647,939	11,325,939	12,960,539	102,033,498

Significant negative effects

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community and district. A negative effect could be physical or a perception.

Negative effects/issue and risks:	Wellbeings:				Mitigation:
					
Air quality	✓	✓	✓		Minimise congestion and maximise efficiency - plus traffic demand management measures
Lake water quality	✓	✓	✓		Treatment of road runoff - targeting risk with level of treatment.
Noise	✓		✓		Manage through the District Plan.

Vibration	✓		✓		Optimise commercial traffic on key routes and minimise on local roads.
Effects during construction – energy use, noise, vibration, nuisance, sediments, pollutants, disruptions, the use of non-renewable resources, public and site staff safety issues and production of waste.			✓		Design projects around economies of scale, control of construction site issues, safe traffic management, use of recycled resource materials, integration and responsible waste disposal.
Delays in major projects because of funding.				✓	Lobby government for funding for key projects that currently are affecting economic growth.
NZTA subsidised renewals and maintenance.				✓	Review to ensure no decreased levels of service across the network.
Limited transport network capacity. There is increasing demand for road space due to economic activity, infill development and car ownership trends.	✓	✓	✓	✓	Addressed through a combination of plans such as demand management, active modes, regulations, activity controls and improved signals. Influencing NZTA corridor development.
Conflict between transport modes and land use.	✓	✓	✓	✓	Development of a hierarchy of road use including bus services, cycle lanes and pedestrian corridors with associated construction and maintenance standards.
Climate change leading to higher intensity rainfall events will cause flooding, slips, coastal erosion and the need for urgent mitigation works.			✓	✓	Identification of critical assets to maintain access during and post an emergency event. Ongoing and systematic funding of activities to mitigate known risks such as renewing retaining structures, strengthening bridges, improving stormwater protection and waterproofing road surfaces through regular reseal programmes.
Increasing community expectations and demand that expensive surface treatments such as asphaltic concrete is used more widely.	✓	✓	✓	✓	Apply surface treatments in line with the roading network hierarchy that reflects the significance of a road corridor in terms of traffic volume and economic activity.
Noncompliance with statutory requirements such as the RMA, Transport, CDEM, Health, etc.	✓	✓	✓	✓	Identification through business planning of all relevant statutes and compliance actions and processes required. Implement compliance assurance controls

Rotorua District Council: Funding Impact Statement for 2024 - 2034 **for Transportation Infrastructure**

Transportation Infrastructure: Funding Impact Statement	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	11,323	12,234	12,910
Targeted Rates	-	-	-
Subsidies and grants for operating purposes	4,644	4,786	4,891
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	3,562	3,678	3,757
Total operating funding (A)	19,529	20,698	21,559
Applications of operating funding			
Payments to staff and suppliers	11,534	11,581	11,847
Finance costs	2,042	2,562	2,948
Internal charges and overheads applied	2,382	2,791	2,996
Other operating funding applications	-	-	-
Total applications of operating funding (B)	15,958	16,933	17,791
Surplus (deficit) of operating funding (A-B)	3,570	3,765	3,768
Sources of capital funding			
Subsidies and grants for capital expenditure	8,273	6,201	6,081
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,788	3,074	2,061
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	12,061	9,275	8,142
Applications of Capital Funding			
Capital expenditure			
• to meet additional demand	914	1,134	210
• to improve the level of service	6,934	1,755	1,793
• to replace existing assets	7,783	10,151	9,907
Increase (decrease) of investments	-	-	-
Increase (decrease) in reserves	-	-	-
Total applications of capital funding (D)	15,631	13,040	11,910
Surplus (deficit) of capital funding (C-D)	(3,570)	(3,765)	(3,768)
Funding balance ((A-B)+(C-D))	-	-	-

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
13,409	17,293	17,788	18,440	19,957	20,369	20,805	21,318
-	-	-	-	-	-	-	-
5,004	5,119	5,231	5,341	5,448	5,557	5,663	5,770
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
3,844	3,932	4,018	4,103	4,185	4,269	4,351	4,433
22,256	26,344	27,038	27,884	29,591	30,195	30,818	31,521
12,148	12,457	12,764	13,067	13,367	13,675	13,989	14,301
3,196	3,381	3,574	3,846	3,883	3,893	3,903	3,913
3,144	3,265	3,405	3,554	3,690	3,829	3,972	4,122
-	-	-	-	-	-	-	-
18,488	19,103	19,743	20,466	20,941	21,397	21,865	22,337
3,768	7,240	7,295	7,417	8,650	8,798	8,953	9,184
7,237	7,760	7,931	8,098	8,268	8,433	8,602	8,765
-	-	-	-	-	-	-	-
2,938	1,041	1,168	1,223	155	183	207	151
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,175	8,801	9,099	9,321	8,423	8,616	8,809	8,916
215	990	1,012	1,033	1,054	1,075	1,097	1,118
3,211	4,573	4,673	4,771	4,867	4,964	5,063	5,160
10,517	10,478	10,709	10,933	11,152	11,375	11,603	11,823
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,943	16,041	16,394	16,738	17,073	17,414	17,763	18,101
(3,768)	(7,240)	(7,295)	(7,417)	(8,650)	(8,798)	(8,953)	(9,184)
-	-	-	-	-	-	-	-

Service Delivery

Wastewater

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

Outcomes Indicator	Wellbeings Indicator
 Connected and Resilient	 Social
 Housing	 Cultural
 Environment	 Environmental
 Mana Whenua / Tāngata Whenua Aspirations	 Economic

Waste Water

We are responsible for the collection, treatment and disposal of wastewater from the three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) as well as some rural lakeside communities. The public wastewater network consists of approximately 410km of gravity mains and 164km of rising mains that protect public health and receiving environments from the effects of wastewater and by-products. Two wastewater treatment plants service properties through approximately 23,681 connections.

What you can expect from us:

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

Level of service	How will it be measured? (Measures)	Current Performance 2022/23	Data source	2024/25 Target	2025/26 Target	2026/27 Target	2027 to 2034 Target
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.	2.15/1000 connections	Request for Service Database	≤ 5 / 1000 connections	≤ 5 / 1000 connections	≤ 5 / 1000 connections	≤ 5 / 1000 connections
Discharge compliance	"Compliance with the territorial authority's resource consents for discharge from its sewerage system measured by the number of: a) abatement notices b) infringement notices c) enforcement orders d) convictions received by the territorial authority in relation to those resource consents.	0	Resource Consent Database	0	0	0	0
Fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median attendance time from the time that the territorial authority receives notification to the time that service personnel reach the site.	32 Minutes	Request for Service Database	≤60 minutes	≤60 minutes	≤60 minutes	≤60 minutes

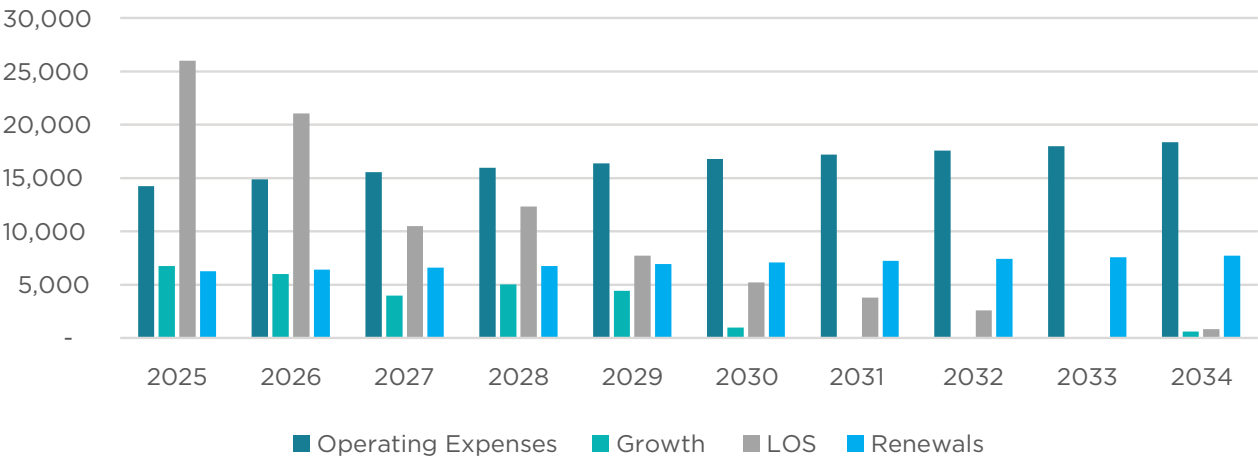
Fault response times	Where the territorial authority attends to sewerage overflows resulting from a blockage or other fault in the territorial authority's sewerage system, the median resolution time from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.	100 minutes	Request for Service Database	≤ 180 minutes	≤ 180 minutes	≤ 180 minutes	≤ 180 minutes
Customer satisfaction	The total number of complaints received by the territorial authority about any of the following: • sewage odour • sewerage system faults • sewerage system blockages, and • the territorial authority's response to issues with its sewerage system, expressed per 1000 connections to the territorial authority's sewerage system	24.8/1000	Resource Consents Database	≤ 30 / 1000 connections	≤ 30 / 1000 connections	≤ 30 / 1000 connections	≤ 30 / 1000 connections
Customer satisfaction	Percentage of residents that are very/fairly satisfied with Council's reliability of the waste water service	New measure	Residents Experience Monitor	85%	≥85%	≥85%	≥85%

Major projects

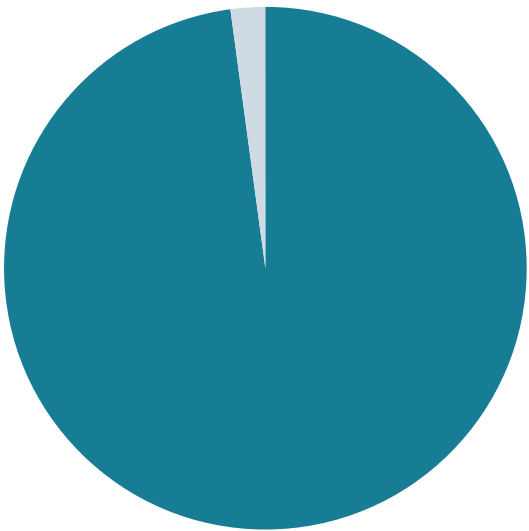
What is planned?	Background	Year 1	Year 2	Year 3	Year 4-10
Wastewater treatment plant upgrade	First constructed in the 1960s the in-town wastewater treatment plant needs to be upgraded to meet the future demands of a growing district. The project will support upgrades to the treatment and include for additional future capacity to be built into the system.	\$23,750,000	\$14,750,000	\$6,800,000	\$17,600,000

The cost to deliver this activity

Wastewater



How we will fund this activity



Wastewater

- Targeted Rates
- Fees and charges

Capital Expenditure

Project Type	Project Name	2024/25	2025/26	2026/27	2028-34
Growth	Wastewater network expansion	250,000	2,319,000	1,552,000	15,496,000
Level of Service	District sewerage scheme enhancements	1,150,000	1,978,000	4,816,000	4,400,000
Level of Service	Tarawera wastewater plant	6,250,000	6,250,000	-	-
Level of Service	Wastewater treatment plant upgrade	23,750,000	14,750,000	6,800,000	17,600,000
Renewals	Wastewater network renewals	6,000,000	6,000,000	6,000,000	42,000,000
Total		37,400,000	31,297,000	19,168,000	79,496,000

Significant negative effects

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community and district. A negative effect could be physical or a perception.

Negative effects/issue and risks:	Wellbeings:				Mitigation:
					
Greater quantities of sewage and sludge due to increasing population and business activity.	✓	✓	✓	✓	Ongoing asset and activity management planning to ensure infrastructure has the required capacity.
Environmental impact of sewage on lake water quality.	✓	✓	✓	✓	Ongoing management and capital works to ensure that Resource Consent conditions are met.
Sewage overflows during wet weather.	✓	✓	✓	✓	Planned replacement and/or upgrades of pipework and infrastructure.
Odour from wastewater treatment plant sludge.	✓	✓	✓	✓	Ensure that parameters within odour management plan are complied with.
Significant intolerance from the community is influencing consenting authorities regarding wastewater management and disposal. Manifested through the RMA process and evidenced by more onerous demands/conditions set. Especially IWI cultural sensitivities and the efforts to improve the quality of water in the District's lakes.	✓	✓	✓	✓	Proactively identifying ways of engaging more with regional staff and the public to enable more dialogue and understanding of infrastructural issues and the effects of Council services. This includes meeting with Regional Council staff, meeting with residents association officials, attending public gatherings and seeking to explain Council's approach to issues associated with waste water management.
Inability to provide a waste water disposal system within the district's topography constrains whilst mitigating the abhorrence to the Tangata Whenua of the discharge of sewage to water courses.	✓	✓	✓	✓	Significant options discussion and influencing work needs to be undertaken to address through partnering such concerns.

Variation between the Long-term Plan and the assessment of water and sanitary services

The proposals in this plan are generally consistent with those contained in the Water and Sanitary Services Assessment. However, following ongoing work with iwi and land owners, an original proposal that would dispose processed water from the proposed upgraded Rotorua Wastewater Treatment Plant into Lake Rotorua will now in the medium term continue pumping it to Whakarewarewa Forest and dispose of it via a yet-to-be-designed rapid infiltration process. This change is the result of continued consultation since the assessment was adopted in 2019.

Rotorua District Council: Funding Impact Statement for 2024 - 2034 for Wastewater

Waste Water: Funding Impact Statement	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted Rates	24,843	31,088	33,294
Subsidies and grants for operating purposes	-	-	-
Fees and charges	650	773	792
Internal charges and overheads recovered	438	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	10	10
Total operating funding (A)	20,729	31,871	34,096
Applications of operating funding			
Payments to staff and suppliers	13,006	14,232	14,868
Finance costs	2,557	4,822	5,982
Internal charges and overheads applied	3,257	3,308	3,511
Other operating funding applications	-	-	-
Total applications of operating funding (B)	18,820	22,362	24,361
Surplus (deficit) of operating funding (A-B)	1,909	9,509	9,735
Sources of capital funding			
Subsidies and grants for capital expenditure	6,417	3,781	14,102
Development and financial contributions	669	3,607	3,530
Increase (decrease) in debt	37,947	22,111	6,093
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	45,032	29,499	23,725
Applications of Capital Funding			
Capital expenditure			
• to meet additional demand	-	6,733	6,002
• to improve the level of service	46,304	26,018	21,043
• to replace existing assets	5,839	6,258	6,415
Increase (decrease) of investments	-	-	-
Increase (decrease) in reserves	-	-	-
Total applications of capital funding (D)	52,143	39,008	33,460
Surplus (deficit) of capital funding (C-D)	(7,111)	(9,509)	(9,735)
Funding balance ((A-B)+(C-D))	-	-	-

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
-	-	-	-	-	-	-	-
35,822	37,458	41,345	43,006	44,137	44,353	44,459	45,254
-	-	-	-	-	-	-	-
814	835	856	875	895	915	934	954
-	-	-	-	-	-	-	-
10	10	11	11	11	11	12	12
36,646	38,303	42,212	43,892	45,043	45,280	45,405	46,220

15,557	15,975	16,390	16,785	17,189	17,588	17,978	18,378
6,551	7,130	7,723	8,125	7,825	7,414	6,907	6,361
3,664	3,785	3,914	4,052	4,175	4,300	4,428	4,563
-	-	-	-	-	-	-	-
25,772	26,890	28,026	28,962	29,190	29,301	29,313	29,302

10,874	11,413	14,185	14,930	15,853	15,979	16,092	16,918

-	-	-	-	-	-	-	-
3,419	3,260	2,490	2,288	2,132	2,015	1,938	1,706
6,754	9,423	2,388	(3,942)	(6,964)	(8,014)	(10,399)	(9,476)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
10,173	12,682	4,879	(1,653)	(4,832)	(5,999)	(8,460)	(7,770)

3,968	5,023	4,427	966	-	-	66	586
10,490	12,314	7,709	5,223	3,771	2,569	-	837
6,588	6,759	6,928	7,088	7,251	7,411	7,566	7,725
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
21,046	24,096	19,064	13,277	11,022	9,980	7,632	9,148

(10,874)	(11,413)	(14,185)	(14,930)	(15,853)	(15,979)	(16,092)	(16,918)

-	-	-	-	-	-	-	-

Service Delivery

Waste and Sustainability

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

Outcomes Indicator	Wellbeings Indicator
 Connected and Resilient	 Social
 Housing	 Cultural
 Environment	 Environmental
 Mana Whenua / Tāngata Whenua Aspirations	 Economic

Waste Services

Waste activities provide a weekly refuse collection service for residential and some rural properties, manage and provide recycling and re-use services and plans and provide and manage waste disposal facilities.

What you can expect from us:

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

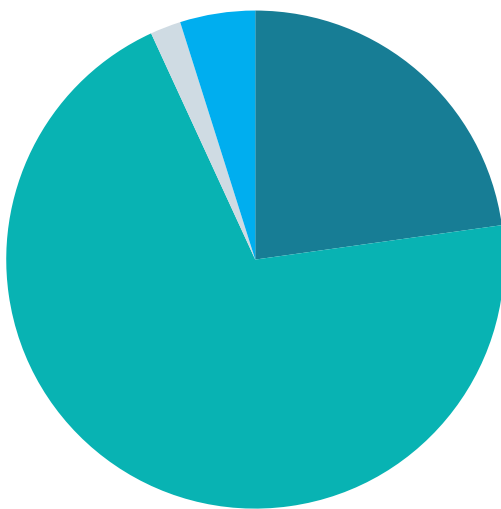
Level of service	How will it be measured? (Measures)	Current Performance 2022/23	Data source	2024/25 Target	2025/26 Target	2026/27 Target	2027 to 2034 Target
Sustainability	Reduction in the amount of waste being sent to the landfill.	New measure	Waste Database	≤ 212.5 kg / Per capita	1% decrease from prior year	1% decrease from prior year	1% decrease from prior year
Sustainability	Reduce the amount of rubbish/waste that is collected from kerbside collection per capita.	211.2	Waste Database	≤ 210 kg / capita Per Year	≤ 210 kg / capita Per Year	≤ 210 kg / capita Per Year	≤ 210 kg / capita Per Year
Compliance	Compliance with resource consent conditions at the landfill	100%	Consents Database	100%	100%	100%	100%
Sustainability	Reducing the percentage of contaminants in kerbside recycling collection across the Rotorua District.	23%	Waste Database	<20%	<20%	<20%	<20%
Customer satisfaction	Percentage of residents that are very/fairly satisfied with Council's rubbish and recycling kerbside collection service	New measure	Residents Experience Monitor	80%	≥80%	≥80%	≥80%

The cost to deliver this activity

Waste and Sustainability



How we will fund this activity



Waste and Sustainability

- General rates, uniform annual general charges, rates penalties
- Targeted Rates
- Subsidies and grants for operating purposes
- Local authorities fuel tax, fines, infringement fees, and other receipts

Significant negative effects

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community and district. A negative effect could be physical or a perception.

Negative effects/issue and risks:	Wellbeings:				Mitigation:
					
Leakage of contaminants from Landfill to surrounding environment					Provision of emergency overflow with back up. Upgrade of leachate disposal system
Greenhouse gasses produced by the Landfill					Provision of gas collection system and flare
Illegal dumping and tipping of waste					Combination of education, enforcement and provision of affordable disposal facilities
Litter creating unsightly nuisance					Combination of provision of facilities, clean ups, education and community involvement

Variation between the Long-term Plan and assessment of the waste management plan

Council has a Waste Management Plan focused on reducing waste and increasing recycling through community education and engagement. The plan focuses on various options to achieve this such as options for kerbside recycling, weekly collections of rubbish and potentially organic waste collection if the community wants this. The outcomes of the Waste Management Plan are believed to be reflected in this Long-term Plan.

**Rotorua District Council: Funding Impact Statement for 2024 - 2034
for Waste and Sustainability**

Waste and Sustainability: Funding Impact Statement	Annual Plan Budget 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	2,495	2,684	3,262
Targeted Rates	7,990	8,336	10,105
Subsidies and grants for operating purposes	290	300	306
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	652	1,732	537
Total operating funding (A)	11,427	13,052	14,211
Applications of operating funding			
Payments to staff and suppliers	9,950	12,034	13,158
Finance costs	-	-	-
Internal charges and overheads applied	955	727	765
Other operating funding applications	-	-	-
Total applications of operating funding (B)	10,905	12,761	13,923
Surplus (deficit) of operating funding (A-B)	522	291	288
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(523)	(291)	(288)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	(523)	(291)	(288)
Applications of Capital Funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	-	-
Increase (decrease) of investments	-	-	-
Increase (decrease) in reserves	-	-	-
Total applications of capital funding (D)	-	-	-
Surplus (deficit) of capital funding (C-D)	(523)	(291)	(288)
Funding balance ((A-B)+(C-D))	-	-	-

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
3,448	3,543	3,689	3,880	4,048	4,237	4,445	4,633
10,672	10,958	11,382	11,961	12,470	13,048	13,681	14,252
314	321	328	335	341	348	355	362
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
456	723	737	751	769	783	797	812
14,890	15,545	16,136	16,926	17,628	18,416	19,278	20,059

13,806	14,433	15,013	15,772	16,444	17,198	18,022	18,769
-	-	-	-	-	-	-	-
799	832	867	904	940	978	1,017	1,058
-	-	-	-	-	-	-	-
14,606	15,266	15,881	16,676	17,384	18,175	19,039	19,827

284	279	256	250	245	241	238	231

-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(284)	(279)	(256)	(250)	(245)	(241)	(238)	(231)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(284)	(279)	(256)	(250)	(245)	(241)	(238)	(231)

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

(284)	(279)	(256)	(250)	(245)	(241)	(238)	(231)

-	-	-	-	-	-	-	-

Service Delivery

Water

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

Outcomes Indicator	Wellbeings Indicator
 Connected and Resilient	 Social
 Housing	 Cultural
 Environment	 Environmental
 Mana Whenua / Tāngata Whenua Aspirations	 Economic

Water

We 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. The reticulated schemes are a network of about 761km of pipes supplying properties with water through approximately 24,786 connections. We undertake work to assess and where appropriate, plan for, water supply provision to other areas of the district.

Our public water supply is provided to domestic, commercial, industrial, and rural communities to ensure public health. Our commercial and industrial water users are metered as well as the rural users. The three urban schemes (Central, Eastern and Ngongotahā) supply a total of 78% of all water demand within the district.

What you can expect from us:

Council will measure its achievements towards the objectives by monitoring the following set of performance measures and targets:

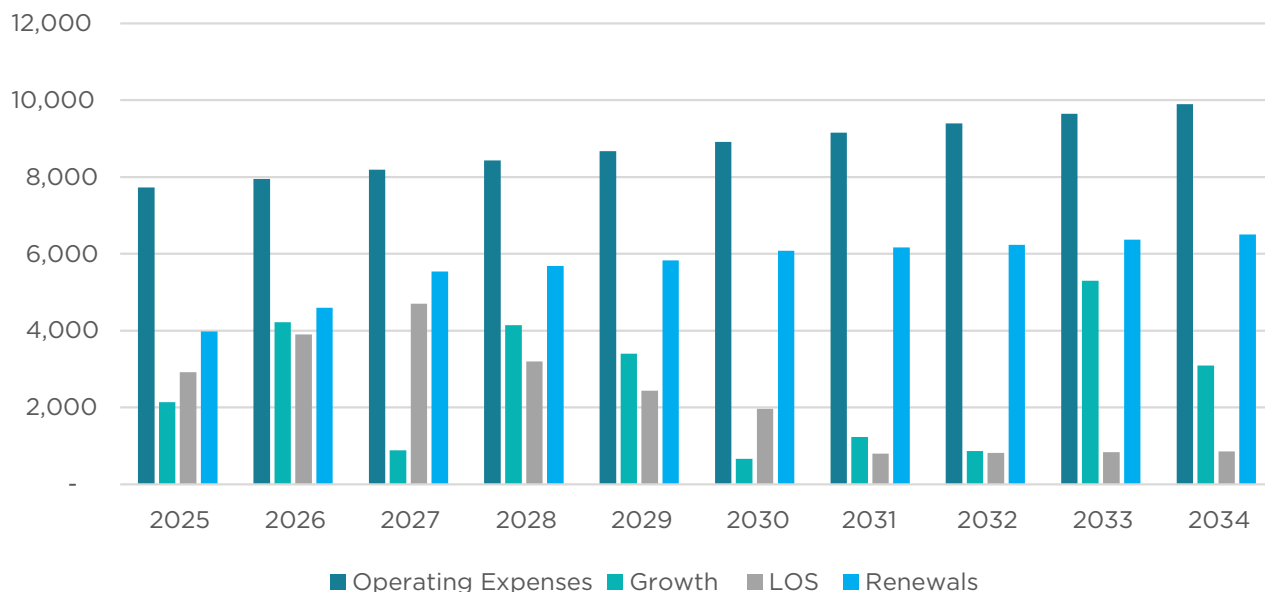
Level of service	How will it be measured? (Measures)	Current Performance 2022/23	Data source	2024/25 Target	2025/26 Target	2026/27 Target	2027 to 2034 Target
Safety of drinking water	The extent to which Council's drinking water complies with: Part 4 of the drinking-water standards (bacteria compliance criteria).	Achieved for all supplies	Drinking Water Online	Achieved for all supplies	Achieved for all supplies	Achieved for all supplies	Achieved for all supplies
Safety of drinking water	The extent to which Council's drinking water supply complies with: Part 5 of the drinking-water standards (protozoal compliance criteria).	Achieved for all supplies	Drinking Water Online	Achieved for all supplies	Achieved for all supplies	Achieved for all supplies	Achieved for all supplies
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).	33%	Water NZ water loss benchmarking methodology - Current Annual Real Losses. This measure combines all 10 water supplies (Urban and Rural)	≤ 30%	≤ 30%	≤ 25%	≤ 25%
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.	34 minutes	Request for Service Database	≤ 60 minutes	≤ 60 minutes	≤ 60 minutes	≤ 60 minutes

Fault response times	In response to a fault or unplanned interruption to its networked reticulation system, the following median response times measured: resolution of urgent call-outs: from the time that the local authority receives notification to the time that service personnel confirm resolution of the fault or interruption.	95 minutes	Request for Service Database	≤ 210 minutes	≤ 210 minutes	≤ 210 minutes	≤ 210 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.	45 hours 40 minutes	Request for Service Database	≤ 2 business days	≤ 2 business days	≤ 2 business days	≤ 2 business days
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.	74 hours 50 minutes	Request for Service Database	≤ 4 business days	≤ 4 business days	≤ 4 business days	≤ 4 business days

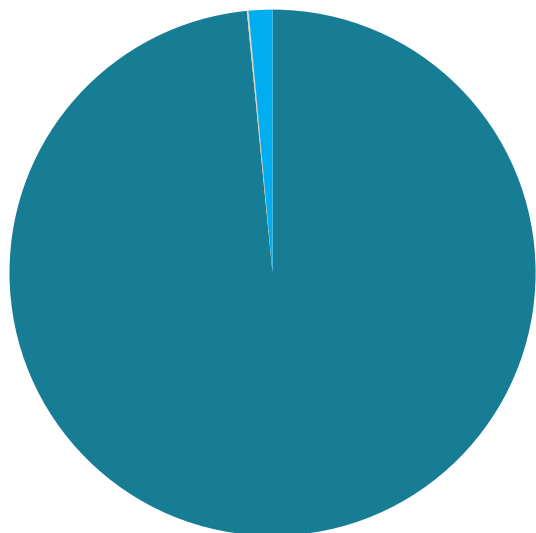
Customer satisfaction	The total number of complaints received by the local authority about any of the following: • drinking water clarity • drinking water taste • drinking water odour • drinking water pressure or flow • continuity of supply, and • the local authority's response to any of these issues expressed per 1000 connections to the local authority's networked reticulation system.	7.8/1000 connections	Request for Service Database	≤ 10 / 1000 connections	≤ 10 / 1000 connections	≤ 10 / 1000 connections	≤ 10 / 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)	234 litres per person per day	Consumption from Water Billing	≤ 320 litres per person per day	≤ 320 litres per person per day	≤ 320 litres per person per day	≤ 320 litres per person per day
Customer satisfaction	Percentage of residents that are very/fairly satisfied with Council's water supply service	New measure	Residents Experience Monitor	≥65%	+5% increase from prior year	+5% increase from prior year	+5% increase from prior year

The cost to deliver this activity

Water



How we will fund this activity



Water

- Targeted Rates
- Fees and charges
- Local authorities fuel tax, fines, infringement fees, and other receipts

Capital Expenditure

Project Type	Project Name	2024/25	2025/26	2026/27	2028-34
Growth	District water supply expansion	2,050,000	3,950,000	800,000	15,506,000
Level of Service	District water supply enhancements	2,500,000	3,650,000	4,280,400	9,244,000
Level of Service	Water consents	300,000			-
Renewals	District water supply renewal	3,500,000	4,250,000	5,000,000	35,150,000
Renewals	Laboratory renewals	315,000	50,000	50,000	350,000
Total		8,665,000	11,900,000	10,130,400	60,250,000



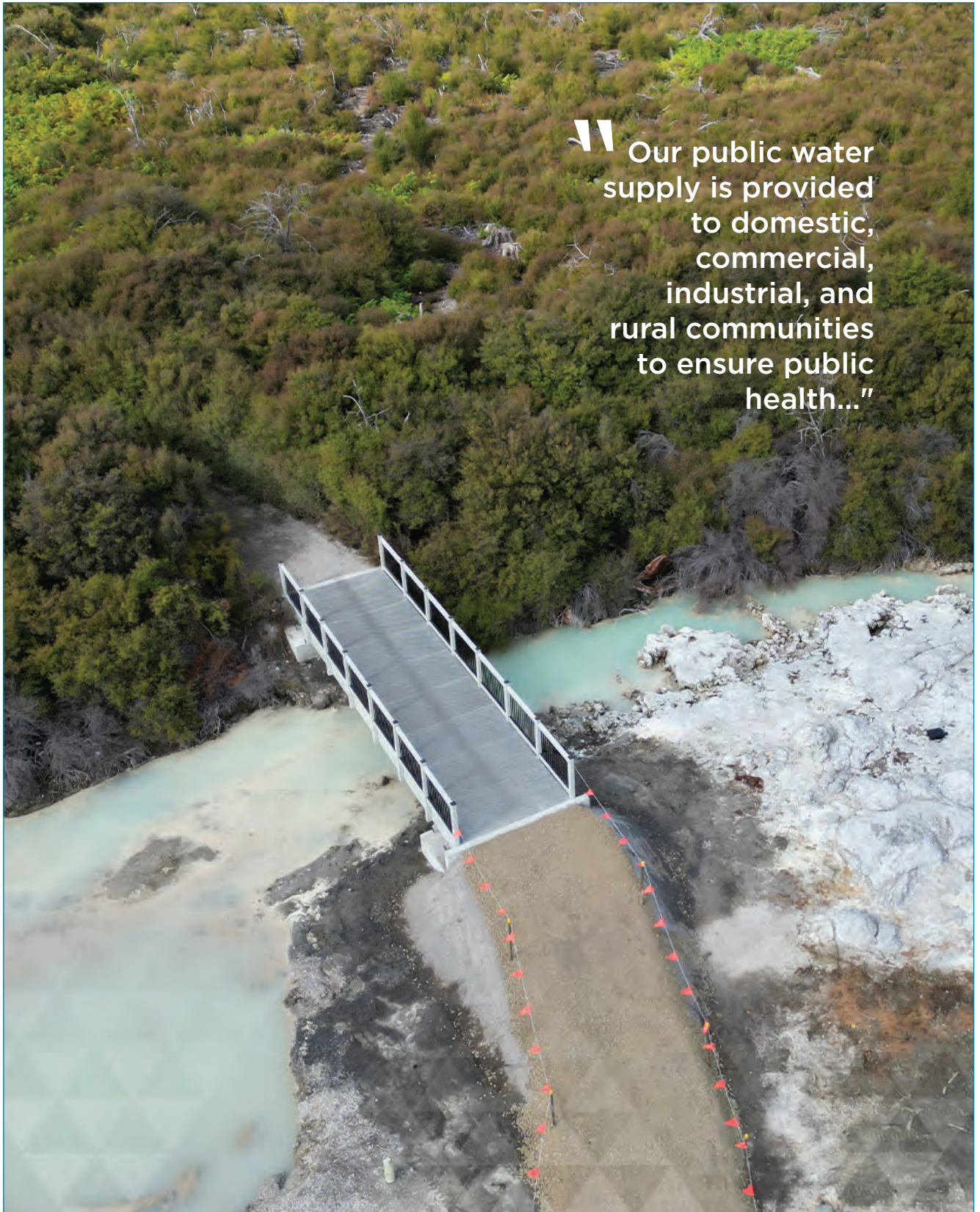
Significant negative effects

Potential negative effects associated with undertaking the activity are described below along with actions undertaken to mitigate the effect. Effects from the activity can influence the social, cultural, environmental and economic wellbeing of the community and district. A negative effect could be physical or a perception.

Negative effects/issue and risks:	Wellbeings:				Mitigation:
					
Unable to renew resource consents for water abstraction					Work with local iwi to work towards agreement for renewal of resource consents.
Input of water into wastewater system.					Investigate potential new water sources should new resource consent not be granted.
High cost of water abstraction.					Council has in place and follows a water conservation strategy and a trade waste bylaw to regulate discharges to the waste water system.
Severe damage to infrastructure inability to restore acceptable water supply to community.					All water schemes are paid for by users. The gradual replacement of older water reservoirs with fewer, larger and earthquake resistant reservoirs. The fitting of reservoirs with "auto shut off" valves, which automatically close when the flows through the valves increase beyond certain flow rates.
Possible water supply contamination due to ageing network components, poor monitoring of water sources and land related degraded water quality and uncontrolled development activity near water sources.					Water treatment at source, in network residual chlorination and systematic quality monitoring. Effective and reliable delivery of the programme to replace and improve ageing network components.
Reduced system redundancy. Limitations in ability to isolate a failure thus exposing wider than necessary communities to supply interruptions.					Network design optimisation seeks ways to reconfigure the pipe network taking into consideration more current district development and supply demand. Network optimisation through modelling and design. Through an ongoing programme to regularly exercising (maintain) valves to ensure stand-by functionality.
Inability to address increased water demand due to population expansion, infill development and the lack of readily available network supply capacity to provide water to growth areas.					Forward planning to address the accelerated development of the District.

Variation between the Long-term Plan and the assessment of water and sanitary services

Water service proposals in this plan are generally consistent with those contained in the Water and Sanitary Services Assessment. There are no significant variations between this plan and the assessment.



Rotorua District Council: Funding Impact Statement for 2024 - 2034 for Water

Water: Funding Impact Statement	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Sources of operating funding			
General rates, uniform annual general charges, rates penalties	-	-	-
Targeted Rates	12,683	14,292	15,733
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	18	19
Internal charges and overheads recovered	257	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	253	246	252
Total operating funding (A)	13,193	14,557	16,004
Applications of operating funding			
Payments to staff and suppliers	7,090	7,728	7,950
Finance costs	927	1,378	1,787
Internal charges and overheads applied	1,899	2,190	2,326
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,916	11,297	12,062
Surplus (deficit) of operating funding (A-B)	3,277	3,260	3,941
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	819	1,606	1,572
Increase (decrease) in debt	1,368	4,171	7,209
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources of Capital Funding (C)	2,187	5,777	8,781
Applications of Capital Funding			
Capital expenditure			
• to meet additional demand	504	2,138	4,223
• to improve the level of service	1,759	2,920	3,902
• to replace existing assets	3,203	3,979	4,597
Increase (decrease) of investments	-	-	-
Increase (decrease) in reserves	-	-	-
Total applications of capital funding (D)	5,465	9,038	12,722
Surplus (deficit) of capital funding (C-D)	(3,278)	(3,260)	(3,941)
Funding balance ((A-B)+(C-D))	-	-	-

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
-	-	-	-	-	-	-	-
16,542	17,415	18,780	19,571	20,060	20,856	21,424	22,112
-	-	-	-	-	-	-	-
19	20	20	21	21	22	22	22
0	0	0	0	1	1	1	1
259	266	272	278	285	291	297	303
16,820	17,700	19,073	19,870	20,366	21,169	21,743	22,439
8,192	8,434	8,677	8,914	9,157	9,401	9,644	9,894
2,175	2,557	3,001	3,411	3,554	3,669	3,895	4,192
2,429	2,514	2,604	2,701	2,789	2,879	2,971	3,068
-	-	-	-	-	-	-	-
12,796	13,505	14,283	15,025	15,501	15,949	16,509	17,154
4,024	4,196	4,790	4,845	4,866	5,220	5,234	5,285
-	-	-	-	-	-	-	-
1,522	1,452	1,109	1,019	950	897	863	760
5,577	7,385	5,757	2,842	2,378	1,799	6,407	4,397
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
7,099	8,837	6,866	3,861	3,328	2,697	7,270	5,157
878	4,146	3,395	662	1,233	865	5,304	3,090
4,700	3,198	2,431	1,961	798	815	832	850
5,545	5,689	5,831	6,084	6,163	6,237	6,368	6,502
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
11,123	13,032	11,657	8,706	8,194	7,917	12,504	10,442
(4,024)	(4,196)	(4,790)	(4,845)	(4,866)	(5,220)	(5,234)	(5,285)
-	-	-	-	-	-	-	-

Ngā Pakihi Mana Kaunihera Council Controlled Organisations



Council Controlled Organisations

What is a CCO?

CCOs are separate organisations that are owned by the Council and overseen by an independent board of directors.

The activities of the CCO are overseen by a board of directors. Council selects and appoints the directors to the board based on their ability to add value to the organisation. Expectations for the CCOs are set by the Council. Council is able to set the level of decision-making for the board and the outcomes they are to achieve.

In contrast to councils, CCOs are focused on achieving a constrained set of business objectives. This brings a unifying focus to the organisation along with efficiencies through a corresponding drive to align resources with the required outcomes.

The formation of partnerships and alliances is a further strength of the CCO model. Commonly perceived as being more commercial and flexible than councils, CCOs are often able to collaborate more effectively with the private sector.

Council presently has a number of CCOs:

- Rotorua Regional Airport Ltd
- RotoruaNZ Ltd
- InfraCore Ltd
- BOPLASS Ltd
- Waikato Local Authority Shared Services Ltd (Trading as Co-Lab)

Rotorua Regional Airport Ltd

Introduction

Rotorua Regional Airport Ltd (RRA) is 100% owned by Rotorua Lakes Council and operates as a Council Controlled Organisation (CCO).

RRA's purpose is to be "Te Waharoa (Gateway) of the Central North Island" and its vision is "To be a uniquely Rotorua hub our community can be proud of".

RRA's core business is to maintain a safe and efficient airport operation in a commercially viable manner, whilst optimising the use of its assets to facilitate and grow tourism and trade, other commercial activity and airport profitability. RRA is responsible for the ongoing capital development and maintenance of the airport assets and infrastructure.

RRA has a Memorandum of Understanding with Ngāti Uenukukōpako. Ngāti Uenukukōpako assert mana whenua over Rotokawa, which is where the airport is located. While recognising that other iwi and hāpu are affected by the airport operations, RRA recognises Ngāto Uenukōpako's deep ancestral connections to Rotokawa and the land underlying Rotorua Airport.

RRA is led by a Chief Executive and governed by an independent board of five directors, as well as an independent board advisor.

Nature and Scope of Activities

The board and management have identified five key priorities for the airport to deliver on its vision:

- Excelling Today
- Ready for Tomorrow
- Quality Asset Management
- Stronger Together
- Financially Sustainable



**"Our purpose is
to be Te Waharoa
(The Gateway)
of the Central
North Island..."**

Performance Measures

The following table outlines RRA's anticipated 'business as usual' financial performance for the three (3) year period ending 30 June 2027, and the performance measures it will be assessed against. These measures and forecasted performance are based on the following key assumptions:

- New Zealand GDP tracks to the current consensus of economic forecasts.
- The continuation of the RLC and BNZ Loan Facilities.
- No material movement in the fair value assessment of the airport land and buildings.
- Implementation of the Service Funding Agreement (SFA) with RLC in accordance with the Long-term Plan.
- That Air New Zealand will continue to operate regular passenger services to Auckland, Wellington and Christchurch.

	FY19 Actuals (pre COVID)	FY23 Actuals	FY25	FY26	FY27
a. Aircraft					
Aircraft movements (note 1)	7,498	4,614	5,487	5,487	5,546
b. Passengers					
Domestic (note 2)	265,443	219,948	243,328	249,112	254,889
c. Financial					
Aeronautical revenue (not 3)	\$1,660,351	\$3,055,734	\$4,771,986	\$5,260,713	\$4,905,323
Non-aeronautical revenue	\$1,270,064	\$1,550,078	\$1,661,881	\$1,679,389	\$1,712,618
Service funding agreement (note 4)	\$2,563,020	\$2,321,712	\$1,800,000	\$1,800,000	\$1,800,000
Total revenue	\$5,493,435	\$6,927,524	\$8,233,867	\$8,740,102	\$8,417,941
Operating expenses	\$1,202,333	\$1,727,368	\$2,278,899	\$2,682,962	\$2,099,414
Overheads	\$1,336,550	\$1,773,184	\$2,271,050	\$2,351,293	\$2,358,677
Interest	\$514,956	\$506,904	\$438,620	\$369,180	\$299,740
Total expenses (excl. depreciation)	\$3,053,839	\$4,014,957	\$4,988,569	\$5,403,435	\$4,757,831
Net surplus/loss before depreciation	\$2,439,595	\$2,912,567	\$3,245,298	\$3,336,667	\$3,660,110
Depreciation	\$2,219,905	\$1,654,017	\$2,178,761	\$2,243,565	\$2,310,313
Net surplus/loss after depreciation and before tax) (note 4)	\$219,690	\$1,258,550	\$1,066,537	\$1,093,102	\$1,349,797
Capital expenditure	-	\$231,052	\$2,585,000	\$667,500	\$3,150,000
Shareholders' funds to total assets (note 2)	-		75%	77%	78%
d. RRA Term borrowings (with LGFA via RLC)					
As at 30 June (note 5)	\$14,400,000	\$12,550,000	\$9,750,000	\$8,350,000	\$6,950,000
e. Aviation compliance					
RRA has a current Part 139 Operating Certificate (note 5)			Yes	Yes	Yes
f. Legal compliance					
5 year compliance calendar	Provided with quarterly reporting				
g. Asset management					
High-level asset management plan to RLC	By 30 June, each year				



Kuirau Park, Rotorua

Council Controlled Organisations

RotoruaNZ Ltd

Introduction

RotoruaNZ is the Economic Development Agency (EDA) and Regional Tourism Organisation (RTO) for the Rotorua district. RotoruaNZ's work supports the development of the Rotorua economy, unlocking opportunities for commercial investment and providing employment, wealth and wellbeing for all of our people. RotoruaNZ is committed to developing and promoting Rotorua as a destination of choice to work, study, visit, invest and live in.

RotoruaNZ's key trading activities and brands are RotoruaNZ and i-SITE.

RotoruaNZ is a Council Controlled Organisation (CCO) that works in partnership with iwi, private sector business, local government, community organisations and central government to support their growth aspirations and enhance the Rotorua identity and reputation. RotoruaNZ operates as a neutral entity and a trusted advisor, balancing the needs of each group of stakeholders for the benefit of the destination.

RotoruaNZ is committed to sustainability and focused on reducing our environmental footprint. We continue to work with carbon management program EKOS to measure and offset our remaining carbon emissions to be certified zero carbon, and also work closely with the visitor economy to support our local businesses and their journeys to embed sustainability practices in their operations.

RotoruaNZ is led by a chief executive and governed by an independent board of directors who are appointed by the shareholder (RLC).

Nature and Scope of Activities

The purpose of RotoruaNZ is to “unlock the economic potential of Rotorua.”

This reflects RotoruaNZ's primary role as the Regional Tourism Organisation (RTO) and Economic Development Agency (EDA).

RotoruaNZ will continue to unlock the potential of Rotorua by:

- Strengthening Rotorua's reputation as a vibrant world-class destination.
- Attracting, retaining and growing investment, talent and business across the district.
- Supporting efforts to revitalise the inner-city and Fenton Street corridor.
- Working closely with Te Arawa whānui to support the growth of their economy in alignment with the values set out in the Te Arawa 2050 Vision.
- Ensuring the impact of change achieves a balance between social, environmental, economic and wellness benefits for the people of Rotorua.



Key Performance Measures

	Measure	Pre-COVID (2018/19 Actual)
Marketing and Communications: Strengthening Rotorua's reputation and building brand equity	Domestic visitor card expenditure in Rotorua (based on Marketview Tourism Tool dataset)	\$303m
	International visitor card expenditure in Rotorua (based on Marketview Tourism Tool dataset)	\$128m
	% of commercial accommodation occupied (based on MBIE ADP dataset)	49%
	% of local visitor economy stakeholders satisfied with RotoruaNZ services (Survey of Rotorua attraction, hospitality, food & beverage businesses)	Not measured
	% of domestic travelers that have visited Rotorua overnight within the past 12 months (Angus & Associates, VIP dataset)	18%
	% of domestic travelers find Rotorua highly appealing as a destination for a short break or holiday (Angus & Associates, VIP dataset)	40%
	Net Promoter Score (NPS) of domestic visitors to Rotorua within the past 12 months who would recommend Rotorua as a travel destination (based on Angus & Associates, VIP dataset)	Not measured
	% of domestic travelers who definitely or probably will visit Rotorua within the next 12 months (based on Angus & Associates, VIP dataset)	32%
Destination Sales and Visitor Services: Delivering sales across international, business events, education and groups, and in-destination.	isite to be financially self-sufficient.	
	Business events - Value of bids won in financial year (based on MBIE CDS dataset and DR lead sheet confirmed conferences)	\$8.8m
	Education and Group Bookings - Annual value of school bookings through the Rotorua Education Network	
5.4 Business Growth, Insights, and Investment Attraction: Deliver activities associated with priority sectors - tourism and forestry- and facilitating broader business growth initiatives.	The number of Te Arawa economic development projects directly supported by RotoruaNZ	Not measured
	The number of actions supported or delivered by RotoruaNZ in the forest futures action plan	Not measured
	The number of projects identified in the Rotorua Destination Management Plan directly delivered or supported by RotoruaNZ	Not measured
	% of local businesses satisfied with the quality of RotoruaNZ's destination data and insights developed to support decision making by businesses. (Survey of all Rotorua businesses)	Not measured
Discontinued	International visitor card spend per day in Rotorua (based on MBIE TECT and DataVentures VLPE datasets)	\$112 YE Dec 2019

2023/24 Target	2023/24 Actual YTD Jul 2023 to present	2024/25	2025/26	2026/27
At least \$315m	\$195.6m (YTD Jan 2024)	At least \$320m	At least \$325m	At least \$340m
At least \$129m	\$80.5m (YTD Jan 2024)	At least \$135m	At least \$140m	At least \$150m
At least 55%	57% (YTD Jan 2024)	At least 57%	At least 59%	At least 61%
At least 75%	Not available - measured once annually in June	At least 75%	At least 75%	At least 75%
At least 15%	12% (YE Dec 2023)	At least 18%	At least 20%	At least 21%
At least 37%	35% (YE Dec 2023)	At least 39%	At least 41%	At least 42%
At least +11	+12 (YE Dec 2023)	At least +12	At least +13	At least +14
At least 33%	34% (YE Dec 2023)	At least 35%	At least 37%	At least 38%
Cost neutral	\$175,228 (YTD Jan 2024)	Cost neutral	Cost neutral	Cost neutral
At least \$9m	\$12.5m (YTD Feb 2024)	At least \$10m	At least \$11m	At least \$12m
At least \$1.4m	\$1.2m (YTD Jan 2024)	At least \$1.45m	At least \$1.5m	At least \$1.55m
At least 2	2 (YTD Feb 2024)	At least 2	At least 2	At least 2
At least 2	0 (YTD Feb 2024)	At least 2	At least 2	At least 2
At least 4	4 (YTD Feb 2024)	At least 4	At least 4	At least 4
At least 75%	Not available - measured once annually in June	At least 75%	At least 75%	At least 75%
At least %150	Not available	MBIE has ceased the TECT dataset (and suspended the replacement MRTE dataset). DataVentures has ceased the VLPE dataset and no replacement is available. replacement is available.	MBIE has ceased the TECT dataset (and suspended the replacement MRTE dataset). DataVentures has ceased the VLPE dataset and no replacement is available. replacement is available.	MBIE has ceased the TECT dataset (and suspended the replacement MRTE dataset). DataVentures has ceased the VLPE dataset and no replacement is available. replacement is available.

Council Controlled Organisations

InfraCore Ltd

Introduction

InfraCore Limited is a Council-Controlled Organisation (CCO) that is 100% Council owned. Infacore was originally formed under the name Rotorua Contracting Limited with the name being changed to InfraCore Ltd in February 2017.

InfraCore's board of directors is appointed by Council and is responsible for the direction and control of the company's activities. The primary objective of the board is to build long-term shareholder value with due regard to other stakeholder interests. The board does this by setting strategic direction and context and focusing on issues critical for its successful execution.

Nature and Scope of Activities

Core Work

The services undertaken for Council are delivered in a way that enables the Council to mitigate market risk and the organisation to adapt to the ever-changing needs of the community and evolving environment.

These services include :

- Delivering agreed asset management interventions for above and underground infrastructure networks and assets, and they include planned and reactive maintenance, collecting and providing life cycle asset data and analysis, and where relevant, capital assets build activities.
- Maintaining and installing parks infrastructure, including but not limited to public gardens, reserves, playgrounds, sports fields and tree surgeon services.
- Maintaining and repairing drinking water and stormwater infrastructure networks assets in line with relevant asset management policy as agreed and/or directed.
- Providing general janitorial services, specified street cleaning and surfaces, and public furniture maintenance services for specified public and parks infrastructure assets.
- Cemetery and crematorium management and operational services in line with agreed standards and hierarchy of priorities.
- Nursery services, including plant propagation, sale, lease and care services within business viability parameters.
- Agreed and specified targeted project management of any capital works.

Emergency Response

InfraCore will be set up to assist in the provision of a 24/7 callout response to localised networks incidents and weather event generated issues to Rotorua Lakes Council, and so it can be called to assist the Council’s Civil Defence responsibilities in times of local or regional emergencies

Performance Measures

	Performance Measure	Target for FY25	Target for FY26	Target for FY27
1.	To work with RLC to create a sustainable green space management and maintenance component including revised service levels and cost recovery.	Implement new SLA, and scale up to deliver all specifications	Deploy business case	Deploy business case
2.	To achieve financial budget, focusing on providing the lowest cost service to Rotorua Lakes Council for services rendered whilst ensuring the financial health of InfraCore	To achieve financial budget	Per business case recommendations	Per business case recommendations
3.	Work with RLC on the ‘Local water done well’ changes and how these changes will impact on InfraCore			
4.	Consolidated KPI scoring Parks and Open Spaces	Shareholder to determine based upon revised service level agreements	Per business case recommendations	Per business case recommendations
5.	Consolidated KPI Utilities	Shareholder to determine based upon revised service level agreements	Per business case recommendations	Per business case recommendations
6.	Targeting full employee engagement with health and safety	80%	85%	90%

Bay of Plenty Local Authority Shared Services Ltd

Introduction

BOPLASS (Bay of Plenty Local Authority Shared Services Ltd) is a CCO formed by the councils that operate within the Bay of Plenty and Gisborne regions. The CCO was incorporated in 2007/08 to investigate, develop and deliver joint procurement and shared services projects where delivery is more effective for any combination of some or all of the councils.

The councils that operate within the Bay of Plenty and Gisborne regions formed a Council Controlled Organisation (CCO) to investigate, develop and deliver joint procurement and Shared Services projects where delivery is more effective for any combination of some or all councils.

Nature and Scope of Activities

The key objective of BOPLASS is to provide benefit to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and/or increased value through innovation.

These will be achieved primarily through:

Joint Procurement - being the procurement of services or products by two or more councils from an external provider regardless of whether the service is paid for through BOPLASS or individually by participating councils.

Shared Services - Being the participation of two or more councils in the provision of a common service, which may be jointly or severally hosted.

The principle nature and scope of the activities of BOPLASS is to:

- Use joint procurement to add value to goods and services sourced for its constituent councils.
- Establish the underlying technology, framework, platform and policies to enable and support collaboration.
- Facilitate initiatives that benefit councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value.
- Pursue best practice in the management of all activities to obtain best value and minimise risk.
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, council contributions, or Government funding where available.

- Allow other councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly.
- Actively monitor and engage with shared service developments across the public sector to identify opportunities for further development and establishing best practice.

Performance Targets

To ensure BOPLASS continues to operate effectively in both governance and management terms over the next three years the targets are to:

Target	How	Measure
Ensure supplier agreements are proactively managed to maximise benefits for BOPLASS councils.	Manage and/or renegotiate existing contracts.	Contracts reviewed annually to test for market competitiveness. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors where applicable.
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. (Current identified projects are listed in Appendix B.)	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.
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.
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 active users to increase by 5% per year.
Communicate with each shareholding council at appropriate levels.	Actively engage in obtaining political support for identified projects.	Information provided to elected members, and feedback sought, on BOPLASS projects, benefits to local communities, and value added to each council.
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.

Waikato Local Authority Shared Services Ltd (Co-Lab)

Introduction

Co-Lab is the trading name of Waikato Local Authority Shared Services Ltd.

Co-Lab was incorporated in December 2005 as a Council Controlled Organisation (CCO) under the Local Government Act. Co-Lab is owned in equal portion by the 12 Waikato/Rotorua local authorities and was established as a vehicle through which these councils could collaborate and identify opportunities for undertaking activity on a shared basis.

The board is made up five council representative directors and an independent chair. There is also a standing Audit & Risk Committee.

Co-Lab's vision is that council collaboration through Co-Lab maximises community wellbeing. The company's purpose is to achieve this vision by helping by helping councils identify and realise shared opportunities.

Nature and Scope of Activities

Co-Lab has 3 main functions:

1. Acts as an “ideas laboratory” – working with councils to investigate and develop opportunities to work together;
2. Delivers shared services to councils; and
3. Enters joint procurement arrangements

Co-Lab seeks to develop opportunities that will reduce costs, create value for councils, or enable innovation.

In 2024, Co-Lab Management created a 3-year strategy to see the company:

- Improve the way that it communicates the value it provides to shareholders, and increase that value
- Focus on growing shared services, which may include providing services to councils who are not shareholders, but never at the expense of value to shareholders, and
- Employ great people with diversity of thought so shareholders receive high-quality services.

The strategy builds on the Benefits of Collaboration Framework, which clarifies the value and measures of regional collaboration through Co-Lab into three main outcomes: reducing costs, creating value and enabling innovation and collaboration.

Performance Measures

To ensure delivery against the 3-year strategy, the following annual Key Performance Indicators (KPI) are:

Strategic goal	3-year objective	Annual KPI
Shareholding councils understand we provide them value	- We know the value we provide shareholders has improved by 15%, by 30 June 2027* (baseline YE 30 June 2023) - By 30 June 2027, 80% of shareholders agree they get value from Co-Lab - All shareholders take up at least one additional shared service <i>*based on the regional benefits of collaboration (not an individuals councils' benefits from collaboration)</i>	- Year-on-year increase in the value we provide to councils 80%+ of council survey respondents believe those Co-Lab services they receive meet or exceed their expectations (evidenced by an annual survey) - Year-on-year increase in the utilisation of services we provide to councils
Deliver value by growing the scale of our shared service function	Expand the utilisation of Co-Lab's shared services by a minimum of 24 customers, by June 2027 (baseline YE 30 June 2023)	- Year-on-year increase in the utilisation of services we provide to councils - Year-on-year increase in the number of services we provide to councils
Diverse, talented and motivated people work for us	- Staff engagement increases by 5% by 30 June 2027 - Staff turnover is less than 15% - Our vacancies are filled by suitable candidates within 3 months <i>All baselined YE 30 June 2023</i>	- Year-on-year increase in staff engagement - Staff turnover is less than 15% - Vacancies are filled by suitable candidates within 3 months

Ngā Tauāki Pūtea Financials



Children's Playground - Rotorua Lakefront Redevelopment

Purpose of Financial Statements

General Information

The prospective financial statements are for Rotorua Lakes Council, the parent only. The council publishes group accounts for the annual report. For the Council's Long-term Plan (LTP), it is only the parent accounts that are relevant for public consultation. This prospective financial information has been prepared to meet the requirements of the Local Government Act 2002. This information may not be suitable for use in any other context. These prospective financial statements are for the period 1 July 2024 to 30 June 2034.

The actual results achieved for the period covered by this plan are likely to vary from the information presented in this document, and the variations may be material. The forecast statement of financial position as at 30 June 2024 has been used to give an opening position for the prospective statement of financial position.

The elected council is responsible for the prospective financial information presented in this document, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. The prospective financial statements comply with Public Benefit Entity Financial Reporting Standard 42 Prospective Financial Statements. The Council does not intend to update the prospective financial statements after the presentation.

Funding Impact Statements

Funding impact statements are required under the Local Government Act 2002 and conform to clause five of the Local Government (Financial Reporting) Regulations 2011. They cover the ten years from 1 July 2024 to 30 June 2034, and outline the Council's sources of funding and plans to apply them. Generally accepted accounting practice does not apply to the preparation of the funding impact statements, as stated in section 111(2) of the Local Government Act. Key divergences from generally accepted accounting practice are the exclusion of depreciation in all funding impact statements and the inclusion of internal revenue and expenditure.

Prospective Statement of Comprehensive Revenue and Expense

This financial statement discloses the net surplus or deficit and the components of net surplus (deficit), arising from activities or events during the period that is significant for the assessment of both past and future financial performance.

Prospective Statement of Financial Position

This financial statement provides information about the economic resources controlled by Council. Its capacity to modify those resources is useful in assessing Council's ability to generate cash and/or provide services in the future. Information about the financing structure is useful in assessing borrowing needs, and how future surpluses and cash flows may be distributed among those with an interest in the Council. The information is also useful in assessing how successful the Council is likely to be in raising future finance.

Prospective Statement of Changes in Net Assets and Equity

This financial statement presents a measure of comprehensive income. Equity is measured as the difference between the total value of assets and total liabilities. Accumulated Equity represents the community's investment in publicly owned assets, resulting from past surpluses.

Prospective Statement of Cash Flows

This statement reflects Council's cash receipts and cash payments during the period and provides useful information about Council's activities in generating cash through operations to:

- repay debt; or,
- re-invest to maintain or expand operating capacity.

Statement of Accounting Policies

The accounting policies adopted by Council can have a significant impact on the financial and service performance, financial position and cash flows that are reported in Councils financial reports. Therefore, for proper appreciation of those reports, users need to be aware of:

- the measurement system underlying the preparation of the financial reports;
- the accounting policies followed in respect of individual items in the financial reports, especially where there are acceptable alternatives for dealing with any such items; and,
- any changes in the measurement system, assumptions or particular accounting policies.

Notes to the Financial Statements

These provide further explanation of accounting policies adopted by the Council and the assumptions used in preparing the financial statements.



Geothermal activity - Te Puia, Rotorua

Financials

Statements

Rotorua Lakes Council: Prospective statement of Comprehensive Revenue and Expense	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Revenue			
Rates (excluding metered water)	125,560	140,408	153,945
Targeted Rates for Water Supply	5,462	6,010	6,160
Development and Financial Contributions	3,592	10,056	9,840
Subsidies and Grants (incl Capital)	38,226	30,651	67,771
Other Revenue	21,371	23,656	23,107
Finance Income	575	601	617
Gains		-	-
Total Revenue	194,785	211,382	261,442

Expenditure			
Personnel Costs	36,850	39,371	41,666
Depreciation and Amortisation Expense	43,729	44,703	47,450
Other Expenses	79,449	87,052	90,883
Finance Costs	14,025	19,131	23,279
Total Operating Expenditure	174,052	190,257	203,278

Surplus/(Deficit) for the Period	20,732	21,125	58,164
Loss for the Period from Discontinued Operations		-	-
Surplus/(Deficit) Before Tax	-20,732	21,125	58,164
Income Tax Expense		-	-
Surplus/(Deficit) After Tax	20,732	21,125	58,164

Other Comprehensive Income			
Revaluation on Property, Plant and Equipment	58,435	69,460	30,477
Revaluation on Intangibles		-	-
Net Change in Fair Value of Investments		-	-
Net Change in Fair Value of Hedges		-	-
Other Comprehensive Income	58,435	69,460	30,477
Total Other Comprehensive Income	79,167	90,586	88,640

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
165,837	175,503	187,031	195,215	201,682	207,239	211,467	216,787
6,327	6,491	6,653	6,807	6,963	7,117	7,266	7,418
9,530	9,088	6,942	6,379	5,945	5,617	5,404	4,757
65,678	42,263	14,775	14,178	14,470	14,759	15,048	15,334
23,920	27,408	28,126	28,601	29,181	29,885	30,334	30,912
633	649	663	676	689	701	713	725
-	-	-	-	-	-	-	-
271,925	261,402	244,190	251,855	258,930	265,318	270,231	275,933
43,920	46,202	48,506	50,931	53,478	56,153	58,962	61,911
49,129	52,609	54,094	54,556	56,855	58,004	58,190	60,259
95,816	99,333	102,228	104,559	107,108	110,111	112,436	115,067
26,219	28,379	30,422	32,565	32,463	32,053	31,535	31,032
215,083	226,523	235,250	242,611	249,904	256,321	261,122	268,269
56,842	34,879	8,940	9,245	9,026	8,997	9,109	7,664
56,842	34,879	8,940	9,245	9,026	8,997	9,109	7,664
56,842	34,879	8,940	9,245	9,026	8,997	9,109	7,664
75,938	47,596	24,318	70,966	51,510	23,057	68,214	51,668
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
75,938	47,596	24,318	70,966	51,510	23,057	68,214	51,668
132,780	82,475	33,259	80,211	60,536	32,054	77,323	59,332

Rotorua Lakes Council: Prospective Statement of Financial Position	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
<u>Assets</u>			
Current Assets			
Cash & Cash Equivalents	12,872	9,373	9,699
Debtors & Other Receivables	17,356	21,694	22,301
Inventories	-	-	-
Derivative Financial Instruments	-	-	-
Assets held for sale	4,944	1,616	1,723
Total Current Assets	35,171	32,683	33,723
Non-Current Assets			
Loans & Receivables	13,331	12,060	10,660
Property Plant & Equipment	1,801,326	2,051,336	2,184,951
Investment Property	-	-	-
Intangible Assets	233	12,223	9,167
Investment in CCOs and Other Entities	-	73,481	73,481
Other Financial Assets	68,732	7,103	8,009
Total Non-Current Assets	1,883,622	2,156,202	2,286,268
Total Assets	1,918,793	2,188,886	2,319,991
<u>Liabilities</u>			
Current Liabilities			
Creditors & Other Payables	41,750	33,324	34,257
Provisions	21	18	18
Employee Benefit Liabilities	2,772	2,975	3,150
Borrowings	21,000	26,000	66,000
Derivative Financial Instruments	-	-	-
Taxation Payable	-	-	-
Other Financial Liabilities	-	-	-
Total Current Liabilities	65,543	62,317	103,426
Non-Current Liabilities			
Borrowings	393,406	453,341	454,655
Provisions	1,976	1,933	1,968
Employee Benefit Liabilities	487	130	138
Total Non-Current Liabilities	395,870	455,405	456,761
Total Liabilities	461,413	517,722	560,186
Net Assets	1,457,380	1,671,164	1,759,805
Net Assets/Equity			
<i>Capital Contributed by</i>			
Accumulated Comprehensive Revenue and Expenses	754,012	752,448	810,612
Restricted Equity	6,359	7,390	7,390
Reserves	697,009	911,327	941,804
Minority Interest	-	-	-
Total Net Assets / Equity	1,457,380	1,671,164	1,759,805

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
10,022	10,316	10,593	10,850	11,099	11,326	11,543	11,764
22,904	23,453	23,969	24,449	24,913	25,337	25,742	26,154
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,761	1,798	1,836	1,872	1,910	1,948	1,985	2,023
34,686	35,567	36,398	37,171	37,922	38,610	39,270	39,940
9,260	7,860	6,460	5,060	3,660	2,260	860	-
2,359,963	2,466,636	2,519,171	2,600,178	2,659,569	2,681,493	2,753,860	2,803,077
-	-	-	-	-	-	-	-
6,111	3,056	-	-	-	-	-	-
73,481	73,481	73,481	73,481	73,481	73,481	73,481	73,481
8,865	9,259	9,583	9,521	9,423	9,107	8,919	8,606
2,457,680	2,560,292	2,608,696	2,688,240	2,746,133	2,766,341	2,837,120	2,885,164
2,492,366	2,595,859	2,645,093	2,725,411	2,784,054	2,804,951	2,876,390	2,925,105
35,182	36,026	36,819	37,555	38,269	38,919	39,542	40,175
19	19	19	20	20	20	21	21
3,321	3,494	3,669	3,852	4,045	4,247	4,459	4,682
68,000	92,000	113,000	50,000	20,000	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
106,522	131,539	153,507	91,427	62,334	43,187	44,022	44,878
491,110	487,067	481,030	543,171	570,326	578,268	571,501	559,980
2,003	2,038	2,075	2,112	2,149	2,187	2,224	2,262
145	153	160	169	177	186	195	205
493,258	489,258	483,265	545,451	572,652	580,641	573,920	562,446
599,780	620,797	636,772	636,878	634,985	623,828	617,942	607,324
1,892,586	1,975,062	2,008,321	2,088,532	2,149,069	2,181,123	2,258,448	2,317,780
867,454	902,334	911,275	920,520	929,547	938,544	947,654	955,319
7,390	7,390	7,390	7,390	7,390	7,390	7,390	7,390
1,017,742	1,065,338	1,089,656	1,160,622	1,212,132	1,235,189	1,303,404	1,355,071
-	-	-	-	-	-	-	-
1,892,586	1,975,062	2,008,321	2,088,532	2,149,069	2,181,123	2,258,448	2,317,780

Rotorua Lakes Council: Prospective statement of changes in net assets/equity for the year ended	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Balance as at 1 July	1,378,213	1,580,578	1,671,164
Total Comprehensive Income as Stated	79,167	90,586	88,640
Balance at 30 June	1,457,380	1,671,164	1,759,804
Total Comprehensive Income Attributable to:	79,167	90,586	88,640
Accumulated Funds at the start of the year	733,280	731,322	752,448
Net Surplus for the year	20,732	21,125	58,164
Accumulated Funds at the end of the year	754,012	752,447	810,611
Fair Value through Equity Reserve at start of the year	20,892	20,892	20,892
Net Movements	-	-	-
Fair Value through Equity Reserve at end of the year	20,892	20,892	20,892
Asset Revaluation Reserves at the start of the year	617,682	820,975	890,435
Gain on Revaluations	58,435	69,460	30,477
Asset revaluation reserves at the end of the year	676,117	890,435	920,912
Restricted Equity at the start of the year	6,359	7,390	7,390
Movements during the year		-	-
Restricted Equity Reserves at the end of the year	6,359	7,390	7,390
Equity at the end of the year	1,457,380	1,671,164	1,759,805

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
1,759,804	1,892,584	1,975,059	2,008,318	2,088,528	2,149,064	2,181,118	2,258,441
132,780	82,475	33,259	80,211	60,536	32,054	77,323	59,332
1,892,584	1,975,059	2,008,318	2,088,528	2,149,064	2,181,118	2,258,441	2,317,773
132,780	82,475	33,259	80,211	60,536	32,054	77,323	59,332
810,612	867,454	902,334	911,275	920,520	929,547	938,544	947,654
56,842	34,879	8,940	9,245	9,026	8,997	9,109	7,664
867,454	902,333	911,274	920,520	929,546	938,544	947,653	955,318
20,892	20,892	20,892	20,892	20,892	20,892	20,892	20,892
-	-	-	-	-	-	-	-
20,892	20,892	20,892	20,892	20,892	20,892	20,892	20,892
920,912	996,850	1,044,446	1,068,764	1,139,730	1,191,240	1,214,297	1,282,512
75,938	47,596	24,318	70,966	51,510	23,057	68,214	51,668
996,850	1,044,446	1,068,764	1,139,730	1,191,240	1,214,297	1,282,512	1,334,179
7,390	7,390	7,390	7,390	7,390	7,390	7,390	7,390
-	-	-	-	-	-	-	-
7,390	7,390	7,390	7,390	7,390	7,390	7,390	7,390
1,892,585	1,975,061	2,008,320	2,088,531	2,149,068	2,181,123	2,258,447	2,317,780

Rotorua Lakes Council: Prospective statement of Cashflows	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Cash Flows from Operating Activities			
Receipts from Rates Revenue	130,322	145,724	159,498
Receipts from Customers and Other Services	21,261	23,656	23,107
Receipts from Grants & Subsidies	38,226	30,651	67,771
Goods and Services Tax (Net)	-	-	-
Interest Received	575	601	617
Development Contributions	3,592	10,056	9,840
Payments to Suppliers	(77,466)	(85,712)	(89,731)
Payments to Employees	(36,850)	(39,371)	(41,666)
Interest Paid	(14,025)	(19,131)	(23,279)
Income Tax Refund/(Paid)		-	-
Net Cash from Operating Activities	65,634	66,475	106,158
Cash Flows from Investing Activities			
Proceeds from Medium Term Investments			
Proceeds from Sale of Property, Plant and Equipment	-	3,484	-
Proceeds from Community Loan Repayments	2,000	1,400	1,400
Purchase of Property, Plant and Equipment	(135,887)	(121,018)	(147,639)
Loan Advances Made		-	-
Purchase of Intangible Assets		-	-
Purchase of Other Investments	(339)	(1,100)	(906)
Net Cash from Investing Activities	(134,226)	(117,234)	(147,146)
Cash Flows from Financing Activities			
Proceeds from Borrowings	85,276	77,130	107,314
Payments of Borrowings	(16,700)	(26,000)	(66,000)
Net Cash from Financing Activities	68,576	51,130	41,314
Net Increase/(Decrease) in Cash and Cash Equivalents			
Net Increase/(Decrease) in Cash and Cash Equivalents	(17)	372	326
Cash and Cash Equivalents at beginning of the year	12,888	9,002	9,373
Cash and Cash Equivalents at end of the year	12,872	9,373	9,699

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
171,561	181,444	193,168	201,542	208,180	213,932	218,327	223,793
23,920	27,408	28,126	28,601	29,181	29,885	30,334	30,912
65,678	42,263	14,775	14,178	14,470	14,759	15,048	15,334
-	-	-	-	-	-	-	-
633	649	663	676	689	701	713	725
9,530	9,088	6,942	6,379	5,945	5,617	5,404	4,757
(94,676)	(98,271)	(101,215)	(103,593)	(106,155)	(109,210)	(111,553)	(114,163)
(43,920)	(46,202)	(48,506)	(50,931)	(53,478)	(56,153)	(58,962)	(61,911)
(26,219)	(28,379)	(30,422)	(32,565)	(32,463)	(32,053)	(31,535)	(31,032)
-	-	-	-	-	-	-	-
106,508	88,000	63,531	64,287	66,370	67,478	67,776	68,415

-	-	-	-	-	-	-	-
1,400	1,400	1,400	1,400	1,400	1,400	1,400	860
(145,185)	(108,668)	(79,293)	(64,633)	(64,774)	(56,909)	(62,379)	(57,846)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(855)	(394)	(325)	62	99	315	188	313
(144,641)	(107,661)	(78,217)	(63,171)	(63,275)	(55,194)	(60,791)	(56,673)

106,455	111,956	127,963	49,141	17,154	-	-	-
(68,000)	(92,000)	(113,000)	(50,000)	(20,000)	(12,058)	(6,767)	(11,521)
38,455	19,956	14,963	(859)	(2,846)	(12,058)	(6,767)	(11,521)
323	295	277	257	249	227	217	221
9,699	10,022	10,316	10,593	10,850	11,099	11,326	11,543
10,022	10,316	10,593	10,850	11,099	11,326	11,543	11,764

Rotorua Lakes Council: Funding Impact Statement 2024 - 2034 (whole of Council)	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Sources of Operating Funding			
General Rates, Uniform Annual General Charges, Rates Penalties	79,171	85,280	93,341
Targeted Rates	51,851	61,138	66,765
Subsidies and Grants for Operating Purposes	5,208	5,448	5,568
Fees and Charges	15,421	16,815	16,116
Interest and Dividends from Investments	575	601	617
Local Authorities Fuel Tax, Fines, Infringement Fees, and Other Receipts	5,839	6,841	6,991
Total Operating Funding (A)	158,066	176,123	189,398
Applications of Operating Funding			
Payments to Staff and Suppliers	116,109	126,148	132,331
Finance Costs	14,025	19,131	23,279
Other Operating Funding Applications	-	-	-
Total Applications of Operating Funding (B)	130,134	145,279	155,610
Surplus (deficit) of Operating Funding (A-B)	27,932	30,844	33,788
Sources of Capital Funding			
Subsidies and Grants for Capital Expenditure	33,017	25,203	62,203
Development and Financial Contributions	3,592	10,056	9,840
Increase (decrease) in Debt	68,576	51,130	41,314
Gross Proceeds from Sale of Assets	-	3,484	-
Lump Sum Contributions	-	-	-
Other Dedicated Capital Funding	-	-	-
Total Sources of Capital Funding (C)	105,185	89,873	113,357
Applications of Capital Funding			
Capital Expenditure			
• to meet additional demand	16,855	24,068	42,167
• to improve the level of service	75,699	57,425	65,415
• to replace existing assets	43,225	39,524	40,056
Increase (decrease) of Investments	(2,661)	(300)	(494)
Increase (decrease) in Reserves	-	-	-
Total Applications of Capital Funding (D)	133,117	120,717	147,145
Surplus (deficit) of Capital Funding (C-D)	(27,932)	(30,844)	(33,788)
Funding Balance ((A-B)+(C-D))	-	-	-

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
101,332	108,235	114,121	119,307	123,714	127,759	130,757	134,088
70,831	73,759	79,563	82,715	84,931	86,597	87,975	90,117
5,696	5,827	5,955	6,080	6,202	6,326	6,446	6,568
16,766	20,088	20,643	20,960	21,386	21,932	22,228	22,651
633	649	663	676	689	701	713	725
7,154	7,320	7,483	7,641	7,796	7,953	8,106	8,261
202,413	215,878	228,428	237,379	244,717	251,268	256,226	262,411

139,522	145,319	150,515	155,261	160,347	166,014	171,139	176,707
26,219	28,379	30,422	32,565	32,463	32,053	31,535	31,032
-	-	-	-	-	-	-	-
165,740	173,698	180,937	187,826	192,810	198,067	202,674	207,740

36,673	42,180	47,491	49,553	51,907	53,201	53,552	54,671

59,982	36,437	8,820	8,098	8,268	8,433	8,602	8,765
9,530	9,088	6,942	6,379	5,945	5,617	5,404	4,757
38,455	19,956	14,963	(859)	(2,846)	(12,058)	(6,767)	(11,521)
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
107,967	65,481	30,726	13,618	11,367	1,992	7,238	2,001

57,650	41,109	15,007	8,013	5,381	1,940	6,466	4,793
47,053	28,663	24,335	19,962	15,667	13,754	9,351	10,122
40,481	38,895	39,950	36,658	43,726	41,215	46,562	42,930
(545)	(1,006)	(1,075)	(1,462)	(1,499)	(1,715)	(1,588)	(1,173)
-	-	-	-	-	-	-	-
144,640	107,661	78,217	63,170	63,275	55,193	60,790	56,672

(36,673)	(42,180)	(47,491)	(49,553)	(51,907)	(53,201)	(53,552)	(54,671)

-	-	-	-	-	-	-	-

Rotorua Lakes Council: Depreciation and Amortisation by Activity	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Community Leadership	5,302	5,276	5,403
Community Safety	37	37	37
District Development	562	562	562
Spaces, Places and Recreation	8,670	8,190	9,009
Stormwater	2,721	2,748	3,357
Transportation Infrastructure	15,436	16,197	16,221
Waste and Sustainability	181	181	181
Waste Water	7,334	8,071	8,572
Water	3,487	3,443	4,108
Total Depreciation and Amortisation	43,729	44,703	47,450

Rotorua Lakes Council: Reconciliation of Council Wide Funding Impact Statement to Prospective Statement of Comprehensive Revenue and Expense	Annual Plan 2023/24 (\$000)	Long- term Plan 2024/25 (\$000)	Long- term Plan 2025/26 (\$000)
Operating Funding per Funding Impact Statement	158,066	176,123	189,398
Add: Subsidies and Grants for Capital Expenditure	33,017	25,203	62,203
Add: Development Contributions	3,592	10,056	9,840
Add: Other Adjustments	110	-	-
Total per Statement of Comprehensive Revenue and Expense	194,785	211,382	261,442
Application of Operating Funding per the Funding Impact Statement	130,134	145,279	155,610
Total Expenditure per Statement of Revenue and Expense	174,052	190,257	203,278
Less: Depreciation	(43,729)	(44,703)	(47,450)
Less: Other Adjustments	(191)	(275)	(218)
Total Applications of Operating Funding	130,134	145,279	155,610

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
5,526	5,534	5,586	5,582	5,633	5,663	5,693	5,723
37	37	37	37	37	37	37	37
562	562	628	695	761	761	761	761
9,630	10,078	10,344	10,394	10,425	10,695	10,744	10,775
3,764	4,417	4,808	4,890	4,961	5,358	5,369	5,379
16,245	17,486	17,539	17,592	18,805	18,858	18,911	20,098
181	181	181	181	181	181	181	181
8,982	10,048	10,291	10,442	11,280	11,319	11,345	12,094
4,203	4,267	4,681	4,744	4,772	5,132	5,149	5,210
49,129	52,609	54,094	54,556	56,855	58,004	58,190	60,259

Long-term Plan 2026/27 (\$000)	Long-term Plan 2027/28 (\$000)	Long-term Plan 2028/29 (\$000)	Long-term Plan 2029/30 (\$000)	Long-term Plan 2030/31 (\$000)	Long-term Plan 2031/32 (\$000)	Long-term Plan 2032/33 (\$000)	Long-term Plan 2033/34 (\$000)
202,413	215,878	228,428	237,379	244,717	251,268	256,226	262,411
59,982	36,437	8,820	8,098	8,268	8,433	8,602	8,765
9,530	9,088	6,942	6,379	5,945	5,617	5,404	4,757
-	(2)	(3)	(6)	(8)	(10)	(12)	(14)
271,926	261,403	244,191	251,856	258,931	265,319	270,232	275,934
165,740	173,698	180,937	187,826	192,810	198,067	202,674	207,740
215,083	226,523	235,250	242,611	249,904	256,321	261,122	268,269
(49,129)	(52,609)	(54,094)	(54,556)	(56,855)	(58,004)	(58,190)	(60,259)
(214)	(216)	(219)	(229)	(239)	(250)	(259)	(271)
165,740	173,698	180,937	187,826	192,810	198,067	202,674	207,739

Statement of Accounting Policies

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 Ltd (100% owned), RotoruaNZ Ltd (100% owned), InfraCore Ltd (100% owned), and Kauae Cemetery Trust Board by a special relationship. The Council's subsidiaries and jointly controlled entities are incorporated and domiciled in New Zealand.

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

Prospective Financial Statements

The prospective financial statements are for Rotorua Lakes Council, the parent only. The Council publishes Group accounts for the annual report. For the Council's Long-term Plan, it is only the parent accounts that are relevant for public consultation.

The prospective financial statements of the Council are for the period 1 July 2024 to 30 June 2034. The prospective financial statements were authorised for issue by Council on 26 June 2024.

Basis Of Preparation

Statement of Compliance

The prospective financial statements of the Council have been prepared following the requirements of the LGA, and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply with a generally accepted accounting practice in New Zealand (NZ GAAP), except for the Funding Impact Statement (FIS).

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

The prospective financial statements (with the exception of the FIS) have been prepared in accordance with and comply with Tier 1 PBE Standards, including PBE FRS 42 Prospective Financial Statements.

Measurement Base

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

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

Presentation Currency and Rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

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

Standards Issued and Not Yet Effective and Not Early Adopted

There are currently no issued Standards which meet this criteria.

There have been no other changes in accounting policies.

Significant Accounting Policies

Revenue

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

Rates Revenue

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

The following policies for rates have been applied:

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

Subsidies and Grants

New Zealand Transport Agency roading subsidies

The Council receives funding assistance from the New Zealand Transport Agency, which subsidise part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions about 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.

Development and Financial Contributions

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

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

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at the 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 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 resource consent services are recognised on a percentage completion basis regarding 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.

Sale of goods

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

Finance Revenue and Costs

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.

Personnel Costs

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.

Other Expenses

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.

Taxation

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

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

Cash and Cash Equivalents

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.

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

Receivables

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.

Provision for impairment of receivables

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.

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.

Associates

An associate is an entity over which the Council and Group have 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 discontinue 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

Other Financial Assets

Shares in Subsidiaries

Rotorua Regional Airport Ltd

RotoruaNZ Ltd

Infracore Ltd

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.

Shares in Other Entities

BOP Local Authority Shared Services Ltd (BOPLASS)

Waikato Local Authority Shared Services Ltd (CO-LAB)

Civic Financial Services Ltd

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.

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.

Inventory

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

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

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

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

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

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

Non-Current Assets Held For Sale

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

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

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

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

Property, Plant and Equipment

Property, plant and equipment 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, 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, restricted and land under roads), 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.

Work in Progress

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

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 based on 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 to 101 years
Services	20 to 50 years
Fit-out	5 to 40 years
Site-specific	2 to 20 years
Plant and equipment	3 to 96 years
Parks & Reserves	3 to 100 years

Airport Assets

Runway, Taxiways, Aprons	5 to 42 years
Other paved areas	10 to 42 years
Surround security fences	10 years
Landfill improvements	2 to 100 years

Roads and footpaths

Seal - First coat and base	80 years
Seal - second coat	20 years
Footpaths (concrete)	10 to 100 years
Footpaths (bitumen)	7 to 20 years
Bridges	70 to 100 years

Water

Treatment plants and facilities	5 to 100 years

Water and reticulation	10 to 130 years

(other assets)

Sewage system

Treatment plants and facilities	3 to 100 years

Wastewater and reticulation	10 to 100 years

(other assets)

Stormwater drainage	10 to 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 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, 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 the deemed cost of the area of forest evidenced within a felling plan is offset against proceeds and felling costs at the time. The net value is recognised in surplus or deficit.

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

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

Investment Property

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

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

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

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

Intangible Assets

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

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.

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 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 based on the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to 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 the 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	3-7 years

Payables and Deferred Revenue

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

Borrowings

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.

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

Employee Entitlements

Short-term employee entitlements

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

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, 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 earning in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at the balance date, to the extent that it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Group has 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 entitlements information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

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

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

Provisions

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

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

ACC Accredited Employers Programme

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

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

Financial Guarantee Contracts

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to a related party, its fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee of the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value.

If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

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

Equity

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

Reserves

Self-funding Reserves

Self-funding reserves are reserves established at the 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-created Reserves

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

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.

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.

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.

Goods and Services Tax (GST)

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.

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 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. A new cost allocation model with updated cost drivers have been implemented from year 1 of the Long-term Plan.

Critical Judgements in Applying Accounting Policies

Management has exercised the following critical judgements in applying Rotorua Lakes Council's accounting policies to the LTP for the period 2024-2034:

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 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 liability is not recognised until it is expected that the condition will be breached.

Classification of Property

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

Accounting for a 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 years.

Critical Accounting Estimates and Assumptions

In preparing the Long-term Plan 2024 – 2034 financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment are discussed below:

Level of external grant funding for key projects as outlined in the key assumptions

- Growth of 2,947 new rateable properties over the 10 years of the Long-term Plan
- In addition to the above list, a full list of significant risks can be found in our significant forecasting assumptions section from page 240



Tree Walk Lantern - Whakarewarewa Forest, Rotorua

Revenue and Financing Policy

Introduction

The Revenue and Financing Policy sets out how the Council funds each activity it is involved in. The Council is required to have this policy to provide predictability and certainty about the sources and levels of funding for operating and capital expenditure.

The Local Government Act 2002 requires Council to identify the costs of its functions and fund them appropriately.

Section 103(2) sets out the funding mechanisms that Council has available to fund its functions.

They are:

General rates, including:

- Choice of valuation system, and
- Differential rating, and
- Uniform annual general charges
- Targeted rates
- Lump-sum contributions
- Fees and charges
- Interest and dividends from investments
- Proceeds from the sale of assets
- Development contributions
- Financial contributions under the Resource Management Act 1991
- Grants and subsidies
- Any other sources

The Council has taken account of all these funding sources in designing its revenue and financing policy.

What Activities Should the Council Fund?

The Council has identified nine community outcomes. The range of activities undertaken by the Council is designed to fulfil the outcomes expected by the community.

In determining how activities are funded, the Council is obliged to equitably share the costs of delivering the services across different users as well as ensuring equity between current and future generations. Determining the appropriate way to fund Council activities is complex. It is a process that takes account of many matters including, but not limited to:

• Legal	• Efficiency	• Benefit
• Social	• Equity	• Intergenerational equity
• Affordability	• Cost	• Transparency

This policy explains how Council plans to meet the current and future needs of Council's facilities and services.

Policy Principles

Council has determined the following basic principles to guide the appropriate use of funding sources:

- User charges are preferred when a private benefit can be identified and it is efficient to collect the revenue
- Subsidies, grants and other income options are fully explored prior to rates being used
- Each generation of ratepayers should pay for the services they receive and borrowing can assist to achieve this outcome
- Capital costs to replace assets that reach the end of their economic life is firstly funded by rates, and then subsidies
- Capital costs to upgrade or build new assets is funded firstly from sources other than rates (e.g. subsidies, grants, fundraising, financial contributions), and then borrowing.
- Growth related capital costs are funded by borrowing and development contributions (when a policy exists)
- Rating should be simple and easily understood.
- Rates are not a charge for the use of service. They are a tax for the provision/delivery of the service
- If no other funding sources can be used it is appropriate to fund the remaining revenue requirement for operating expenditure from rates.

Complying with these principles can at times be challenging. The Council must apply judgement in assessing many options to determine the appropriateness of funding operating and capital expenditure.

Policy Statement

Funding of Operating Expenditure (Section 103(1)(a))

Where expenditure does not create a new asset or extend the life or usefulness of an existing asset, it is classed as operating expenditure. Most of the Council's day-to-day expenditure comes into this category. This includes contributions to the wear and tear on assets used (depreciation), the interest charged on borrowing for capital projects and corporate overheads.

The Council generates sufficient cash inflow from revenue sources (including rates) to meet cash outflow requirements for operating expenditure over the long term.

The Council must ensure that each year's projected operating revenues are at a level sufficient to meet that year's projected operating expenses. This is the balanced budget requirement.

The Council must consider the funding of each activity in a way that relates exclusively to that activity. Some activities may be best funded by user charges, others with targeted rates, others from general rates, or a combination of these.

The Council's policy for funding sources for operating costs include:

User charges

User charges are used for services where there is an identifiable benefit to an individual or group. User charges are a broad group of fees charged directly, and may include:

- Regulatory charges
- Planning and consent fees
- Permits
- Fines and penalties
- Connection and disconnection fees
- Disposal fees
- Statutory charges
- Retail sales and commissions
- Admission fees
- Rent, lease, hire charges
- Recovery of costs for private works

The price of the service is based on several factors, including:

- The cost of providing the service
- The estimate of the user's private benefit from using the service
- The impact of cost to encourage/discourage behaviours
- The impact of cost on demand for the service
- Market pricing
- Cost and efficiency of collection mechanisms
- The impact of affordability on users
- Statutory limits
- Other matters as determined by Council

A council's ability to charge user charges is limited by powers conferred on it by many statutes and regulations. As a rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases legislation sets the fees at a level that is below cost and in other cases, where provided by legislation the Council may set fees at greater than the cost of providing the service. The Council considers it appropriate to include corporate overhead charges in the determination of the cost of providing a service.

Where the Council is charging for the sale of goods or services not required by statute, the Council's preference is to charge market price. This includes leases, rents, licences for land and buildings.

Fees and charges may be set by the Council at any time and are reviewed by the Council annually. A list of regular fees and charges is maintained on Council's website.

Revenues from user charges are allocated to the activity that generates the revenue.

Grants, Sponsorship, Subsidies and Other Income:

Grants, sponsorship and subsidies are used where they are available. Many of these items are regular and predictable and therefore can be budgeted (e.g. roading subsidies). Some items of other income are unpredictable and may not be able to be prudently budgeted (e.g. insurance payouts).

The Council expects to continue receiving substantial subsidies of road maintenance from the Government via the New Zealand Transport Agency (Waka Kotahi). While this revenue is recorded as operating revenue a large portion is to fund capital expenditure.

Investment Income

Council's investment policy is outlined in its Treasury policy. These investments may generate income such as dividends, interest, and rents.

Income from assets is receipted to the activity that owns the asset.

Development Contributions, Financial Contributions, Proceeds from the Sale of Assets, and Lump Sum Contributions

The Council does not collect revenue from these sources to fund operating costs.

Reserve Funds

The Council maintains a small number of reserve funds. Some of these reserves are available to meet operating expenses.

Borrowing

Council borrowing is generally undertaken at a whole of Council level subject to the constraints on rates increases and levels of borrowing set by the financial strategy.

Council generally plans to fund all cash operating expenses from sources other than borrowing but may in specific circumstances, where it determines it is prudent to do so, fund some operating costs from borrowing.

The life of Council borrowings is aligned to the life of the asset the debt is funding. For budgeting purposes it is assumed that borrowings are paid off over 25 years. Council's financial strategy has also imposed limit of 250% Debt to Revenue with regards to Council's borrowings, ensuring sufficient headroom to respond in the event of a significant event

Rates

Having appropriately exhausted all other funding sources, Council funds its remaining operating expenses from rates. For many Council activities, this is the main funding source.

The Council may establish targeted rates to fund operating costs where benefits can be measured and beneficiaries identified.

The Council considers all these matters when determining the funding of its activities.

Funding of Capital Expenditure (Section 103(1)(b))

Capital expenditure is the category of expenditure that creates a new asset or extends the life of an existing asset.

The Council must ensure that each year's funding for capital expenditure is at a level sufficient to meet that year's projected capital expenditure.

The Council utilises the following sources to fund most capital expenditure:

User Charges

User charges are generally not available for capital expenditure as individual user contributions would generally be too large to be affordable.

The Council does charge for capital works that are solely for private benefit or where capital works are undertaken outside of asset management plans at the request of individuals.

Grants, Subsidies, and Other Income

The Council relies on significant subsidies for capital works in its roading activity. Other activities can access grants and subsidies from time to time generally for specific projects (e.g. new wastewater schemes). Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance payouts, and legal settlements.

Grants and subsidies and other income are used wherever they are available.

Development Contributions

The Council currently collects development contributions to fund capital costs necessary

to service growth over the long term. This is collected in accordance with the Development Contributions Policy.

Council's Development Contributions Policy covers the water supply, wastewater and stormwater activities.

Any development contributions received will be applied to the projects as identified in the policy. Projects identified in the policy may be either completed projects (with debt yet to be repaid) or future projects planned to be undertaken.

Financial Contributions

The Council collects financial contributions under the Resource Management Act 1991. To avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirement for these contributions are outlined in the Rotorua District Plan. Council charges financial contributions over the parks & recreation activity, which are received as revenue either through the vesting of assets in Council or through physical payment.

Proceeds from the Sale of Assets

From time to time Council disposes of assets. Many of these are low-value items and the revenue is received by the activity that owned the assets.

The Council holds some higher value assets that may become surplus and available for sale. Unrestricted proceeds from the sale of these assets will be used to repay debt, or fund new capital expenditure unless resolved otherwise by Council. Restricted proceeds will be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction.

Reserve Funds

The Council maintains some reserve funds for capital projects and will approve the use of the funds when a project meets the specific criteria for the reserve.

Borrowing

The Council may borrow to fund its asset programme. Overall permitted borrowing levels are restricted by limits set in the Financial Strategy, which places a self-imposed limit of 250% Debt to Revenue Ratio to ensure sufficient headroom to cope with significant unplanned events.

Borrowing, both the principal and interest components, are generally repaid by future rates.

Borrowing spreads the cost of the project over a longer period, smoothing changes in rates and ensuring that ratepayers who enjoy the benefit of long-lived assets contribute to their costs.

Lump-sum Contributions

The Council has the option when undertaking a major project to seek lump sum contributions to the capital cost of the project from those who identified in the projects Capital Project Funding Plan. Lump-sum contributions are provided for in the Local Government (Rating) Act 2002 and have stringent requirements on how they are used. Where a lump sum option is proposed ratepayers choose to participate or not. Council has previously used these provisions and will do so in the future.

The Council plans to offer lump-sum contributions for new wastewater schemes.

Rates

Rates are primarily used to fund day to day operating expenses including depreciation and interest charges. In each year, Council calculates the cash surplus from operating revenue less operating costs to determine the amount of rates funding available to fund capital projects.

The greatest portion of this funding is rates assessed to pay for depreciation (which is a non-cash operating cost). These funds are used to fund projects that renew existing assets.

A portion of rates funds the capital (principal) repayments of debt.

The Council may establish targeted rates to fund capital projects.

A single capital project may have a mix of each of these funding options. Funding options of capital expenditure depends on the nature of the capital expenditure.

This can be categorised as:

Cost of renewal of assets:

This is the routine replacement of an existing asset with a modern equivalent asset to the same function and capacity, at the end of its life.

Cost of backlog:

This relates to the period of a planned (or completed) capital project that is required to rectify a shortfall in a service capacity to meet community demand at agreed levels of service.

Cost of growth:

This comprises the portion of planned (or completed) capital projects providing capacity over existing community demand at agreed levels of service.

Cost of improved level of service:

This relates to the cost of improving the level of service to an agreed new level above that previously agreed.

Rates:

When determining a rate Council will seek to reflect the following:

- Fairness and equity; in that those who

benefit contribute to costs and due consideration is given to the ability to pay.

- Transparency; in that rating is clear and readily understandable.
- Simplicity and cost-effectiveness; in administration and implementation.

Rating system:

A capital value rating system will be used as the basis for setting and assessing the general rate.

The districts three-yearly general revaluations have been completed and will come into effect for rating purposes on 1 July 2024. The general revaluation will cause the reallocation of some rates across the district. However, it does not result in any change to the total rates that Council collects.

General rates:

Council will use the general rate where:

- If the community as a whole generally gains benefit from the facility or service; or
- If the facility or service is available for

all to take advantage of, the recovery of the cost is dependent on ability to pay; or

- If the cost of the facility or service is not directly or readily recoverable from a particular group; or
- If the cost of a facility or service cannot be reasonably collected by any other means.

General rating mechanisms available to Council include:

- Uniform Annual General Charge
- Differential rates
- Rate set at a rate in the dollar applied to capital value

Uniform Annual General Charge (UAGC):

The uniform annual general charge (UAGC) is the fixed portion of rates that every ratepayer pays regardless of property value.

A fixed charge ensures that every ratepayer pays the same minimum contribution for Council services. The amount of rates collected via the UAGC cannot exceed 30% of our total rates income.

Differential Rates:

The Council will set both General and Targeted rates differentially where it considers it is appropriate to rate one or more groups of property to reflect the distribution of benefit received, or costs borne or generated by those groups.

In general, a property will fit into one group or rating category only. Situations occur where a property has multiple uses.

In such cases, there will usually be a principal or primary use and secondary use.

Where Council considers the secondary use is significant then that part of the property may be rated according to the secondary

use differential category.

Current rate differential categories:

- Base rate
- Business
- Rural residential

Targeted rates:

The Council will use the targeted rates where it considers it is appropriate to rate one or more groups of property to reflect a specific benefit received.

Targeted rates may be set on a uniform basis or differentially for different groups of property.

Typical examples of targeted rates are for water supply, sewerage, waste management services, and economic development.

Penalties:

The Council will charge the maximum additional charge by way of penalty to unpaid rates.

Overall funding considerations:

Further information and analysis of the funding of both operating and capital expenditure for the respective activities of the Council are provided in the body of the Council's long-term plan in terms of Section 101(3) of the Local Government Act 2002. This information includes:

- Beneficiaries of the activity
- Period of benefit
- Who creates the need for the activity
- The funding source
- Specific funding of estimated capital and operating expenditure

Financials

Funding Policy Table

		Total community		Individual users	Users / beneficiaries	Period of benefit (intergenerational equity principle)	Are there exacerbators? Y/N	Will proposed funding allow residents access to facility or service?
Activity		Who benefits						
Spaces, Places and Recreation	Rotorua Library	✓	✓	Users and borrowers	Long-term	No	Yes	
	Rotorua Museum	✓	✓	Visitors to museum	Long-term	No	Yes	
	Sir Howard Morrison Centre	✓	✓	Users of venues, businesses that benefit from visitors coming to Rotorua	Long-term	No	Yes, although residents can be excluded from venues as a result of high revenue events and conferences securing bookings	
	Gardens, Reserves and Sportsgrounds	✓	✓	Sports groups, reserve users (when booked for an event), and burials	Long-term	No	Yes	
	Aquatic Centre	✓	✓	Users of Aquatic Centre	Long-term	No	Yes, although some lower socio-economic families may not always be able to use	
	Energy Events Centre	✓	✓	Users of venues, businesses that benefit from visitors coming to Rotorua	Long-term	No	Yes, although residents can be excluded from venues as a result of high revenue events and conferences securing bookings	

 Connected and Resilient	 Housing	 Mana Whenua / Tāngata Whenua Aspirations
 Employment & Economy	 Safety	 Environment
 Tourism	 Active	 Arts and Culture

Are there any implications for specific groups eg: community or business	Is approach financially sustainable?	Does it provide incentive/disincentives eg: environmentally friendly?	% funding from user fees and charges	% funding from targeted rates	% funded from general rate	Community outcomes 2024

Ratepayers in outer rural areas possibly have less opportunity to access facility	Yes	N/A	Low		High	
Residents able to access without fee, businesses benefit from facility being an attraction	Yes	N/A	Medium		Medium	 
Increased visitors which assists businesses however, also increase in traffic congestion arising from major events	Yes	N/A	Medium		Medium	
User groups and ratepayers	Yes	N/A	Low		High	 
Users of facility will be affected directly by any fee change	Yes	N/A	Low		High	
Increased visitors which assist businesses however also increase in traffic congestion arising from major events and sports	Yes	N/A	Medium		Medium	  

		Total community		Individual users	Users / beneficiaries	Period of benefit (intergenerational equity principle)	Are there exacerbators? Y/N	Will proposed funding allow residents access to facility or service?
Activity		Who benefits						
Community Leadership	Governance and Community Engagement	✓		All residents equally, individual property owners	Annual	No	Yes	
	Pensioner Housing	✓		Pensioner housing beneficiaries	Long-term	No	Yes	
Community Safety	Animal Control	✓	✓	Animal owners and whole community	Annual	Yes (Dog owners)	Some people may not be able to afford to own a dog	
	Emergency Management	✓		Whole community	Annual	No	Yes	
District Development	Inspection	✓	✓	Individual property owners, specific businesses and the whole community	Mostly annual	Premises serving food and/or liquor and properties connected to geothermal	Yes	
	Integrated Planning and Development	✓	✓	Individual property owners and the whole community	Annual and long-term benefits of regulation are inter-generational	Yes, property owners or groups who undertake new building or alterations or apply for resource consents	Yes	
	Parking Enforcement	✓	✓	Visitors and residents parking in the CBD	Long-term	Exacerbators are the visitors and residents who do not comply with parking regulations	N/A	

Are there any implications for specific groups eg: community or business	Is approach financially sustainable?	Does it provide incentive/disincentives eg: environmentally friendly?	% funding from user fees and charges	% funding from targeted rates	% funded from general rate	Community outcomes 2024

	Yes	N/A	Low		High	
Perceptions of inequality in support provided	Yes	N/A	High		Low	
Dog owners (affordability) and ratepayers	Yes	Yes - by setting the fees at an affordable level it does not act as a barriers to dog owners registering their dogs	High		Low	
No	Yes	N/A	Low		High	 
Premises serving food and/or liquor and properties connected to geothermal	Yes	Yes	Medium		Medium	
Affordability for property owners doing uilding or alterations	Yes	Yes, setting the fees at an affordable level does not discourage obtaining the necessary consents and environmentally positive actions	Medium		Medium	 
Lower socio-economic group likely to not have WOF or registration	Yes	Fines discourage undesirable behaviour (parking for lengthy period, driving unwarranted vehicle)	High		Low	 

		Total community		Individual users	Users / beneficiaries	Period of benefit (intergenerational equity principle)	Are there exacerbators? Y/N	Will proposed funding allow residents access to facility or service?
Activity		Who benefits						
District Development (cont...)	Tourism, Marketing and Development	✓	✓	Visitors, businesses and the community as a whole	Annual and long-term		Yes	
	Economic Development	✓		Visitors, businesses and the community as a whole	Annual and long-term		Yes	
Transport Infrastructure	Transport Infrastructure	✓	✓	Individual road users and community as a whole	Long-term	No	Yes	
Waste Water	Waste Water	✓	✓	Properties that are connected/ able to be connected to wastewater system, community as a whole	Long-term	No	Yes (where provided)	
Stormwater	Stormwater	✓		Property owners where systems in place, community as a whole	Long-term	No	N/A	

Are there any implications for specific groups eg: community or business	Is approach financially sustainable?	Does it provide incentive/disincentives eg: environmentally friendly?	% funding from user fees and charges	% funding from targeted rates	% funded from general rate	Community outcomes 2024

Greater share of cost charged to business as considered they benefit more from activity	Yes	N/A		High	Low	 
Greater share of cost charged to business as considered they benefit more from activity	Yes	N/A		High	Low	 
More of roading budget spent in rural areas	Yes	N/A	Low		High	 
High cost for property owners connected to new schemes	Yes	N/A	Low	High		 
Moving a portion from general rate allocated on land value will reduce the impact on farming and rural residential. Businesses with high capital values may pay an increased share.	Yes	N/A	Low		High	 

		Total community		Individual users	Users / beneficiaries	Period of benefit (intergenerational equity principle)	Are there exacerbators? Y/N	Will proposed funding allow residents access to facility or service?
Activity		Who benefits						
Waste and Sustainability	Waste and Sustainability	✓	✓	Individuals disposing of waste, community as a whole	Long-term	Some exacerbators (fly tipping)	Yes	
	Water		✓	Properties that are supplied/able to be supplied water	Long-term	No	Yes (where provided)	

Funding bands

Name	Range
unlikely	0
Low	0-30%
Medium	30-70%
High	70-100%
Potential to be used	*

Are there any implications for specific groups eg: community or business	Is approach financially sustainable?	Does it provide incentive/disincentives eg: environmentally friendly?	% funding from user fees and charges	% funding from targeted rates	% funded from general rate	Community outcomes 2024

No	Yes	Landfill fees and limited collection service can result in greater level of littering		High	Low	 
Greater costs for those connected to smaller schemes, could consider amalgamating schemes	Yes	No incentive to conserve water as uniform targeted rate (except those on water by meter)	Low	High		 

Financials

Rate Impact Funding Statement

Rates for 2024/25

Projected number of rating units									
2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
31,625	32,046	32,443	32,812	33,086	33,334	33,559	33,767	33,963	34,132

All figures stated do not include GST.

Amounts to be collected are stated prior to remissions.

To be read in conjunction with the Revenue and Financing policy.

General Rates

General Rate on Capital Value

Council sets a general rate on capital value on a differential basis, assessed on all rateable land in the district. The general rate funds that part of the general revenues of Council that is not funded by the uniform annual general charge.

The relationship between the differential categories for the general rate and the indicative rate per dollar of capital value is:

Differential categories	Relative differentials	Rate per \$ of capital value
		2024/25
1. General Rate – Base	1.0	0.002540
2. General Rate – Business	1.72	0.004370

It is the council's view that some land uses receive more benefit from, or place more demand on, council services and/or may have a differing ability to pay rates. The differentials will be determined based on land use (including consideration of land use classifications determined under the Rating Valuation Rules) and location.

The amount to be collected for 2024/25 is \$70,774,973

Definition of Differential Categories for the General Rate on Capital Value

Base:

Every property not otherwise categorised.

Business:

Every property which is:

- used for any business or industrial purpose, including properties that are advertised for short term rentals on more than 60 days of the financial year.
- vacant land which is not zoned residential or rural.

Uniform Annual General Charge

Council sets a uniform annual general charge as a fixed amount of \$425.00 per rateable rating unit.

The UAGC is set at a level that is determined by Council each year, subject to the maximum allowed under Section 21 of the Local Government (Rating) Act 2002.

The amount to be collected for 2024/25 is \$12,118,276

Targeted Rate for Lakes Enhancement

Council sets a targeted rate for lakes enhancement as a fixed amount of \$57.00 per rating unit, on all rateable land in the district excluding rating units within the Waikato region as per Map V.

The rate is to contribute to lakes enhancement by way of improving water quality and supports the sewerage activity to achieve water quality outcomes.

The amount to be collected for 2024/25 is \$1,547,949.

Targeted Rates for Business and Economic Development

Council sets 2 targeted rates to fund business and economic development on all rating units differentiated on the basis of the use to which the land is put as shown in the table below or for vacant land the activities that are permitted, controlled or discretionary as set out in the district plan (as identified in the tables below) (excluding Kaingaroa Village rating unit 07010 514 01A and Rotorua Lakes Council utilities) This rate contributes to the cost of Economic Projects

- Destination Rotorua Marketing
- Tourism Rotorua Travel and Information Centre

The relationship between the four differential categories for the purposes of setting these targeted rates in terms of the total revenue to be gathered has been set as follows:

Revenue gathering split for the Business and Economic Development targeted rates		
1.	Business Urban and Rural	69%
2	Industrial	9%
3.	Farming	9%
4.	Short term Accomodation	14%
Total revenue to be generated		100%

The amount to be collected for 2024/25 is \$9,001,556

- a. Council will set a targeted rate as a fixed amount per rateable rating unit, on a differential basis based on the use of the land or for vacant land the activities that are permitted, controlled or discretionary as set out in the district plan as set out in the table below:

Differential categories	Relative differentials	Rate per rating unit
Business Urban and Rural	100	189.39
Industrial	100	189.39
Short term Accomodation	100	189.39
Farming	25	47.35

- b. In addition, Council will set a targeted rate in the dollar on capital value set on a differential basis for the following categories of properties, as follows:

Differential categories	Revenue to be collected \$	Rate per \$ of capital value
Business Urban and Rural	5,968,200	0.002495
Industrial	657,623	0.000715
Short term Accomodation	1,166,234	0.002495
Farming	705,121	0.000183

The differentiated targeted rate in the dollar on capital value will be set on every rating unit where either:

- a. the use of that rating unit falls into one of the four categories described above for any part of the year (whether that is a principal use or otherwise), and
- b. if a rating unit is used for more than one of the uses used to define the differential categories in a financial year, the rate will only be charged once, at the highest applicable rate

If a rating unit has different parts that have separate uses, this rate will apply only to the part of the rating unit allocated to the appropriate category.

Definition of Differential Categories for the Business and Economic Development Targeted Rates

Business, Urban and Rural:

Every property that is zoned urban or rural in the district plan and is used for any business purpose except industrial or farming. This category includes hotels and motels and utilities and their networks.

Short-term Accommodation:

Every rating unit that is used for short-term accommodation, defined as the renting or availability to rent of entire houses or units on the rating unit [that could otherwise be used for residential purposes]:

- a. for periods of less than one month (whether or not they are rented as part of one arrangement for more than one month); and
- b. where that house or unit is or has been available to rent for more than 60 days of the financial year.

Industrial:

Every property that is used for industrial purposes

Farming:

Every property that is used for farming purposes

Targeted Rate for Refuse Collection and Waste Management Services

Council sets a targeted rate for refuse collection and waste management services on all rating units in the district that are located within the Rotorua urban rating boundary (as shown on map V) and that are located in the rural areas identified on map W and that are not used as council reserves. The rate is differentiated based on the location of the rating unit, the use to which the rating unit is put, and the provision or availability of the service to the rating unit. The rate is set as either an amount per separately used or inhabited part (SUIP) of a rating unit that receive the service, or is set as an amount per rating unit for rating units that are "Serviceable".

The targeted rate funds refuse collection service which includes recycling. The targeted rate also funds waste management services, which include litter bin provision and the management of, as well as the removal of illegal littering and waste dumping on council controlled land, conducting of waste minimisation information and education programmes as well as other associated costs to Council in providing the service.

Serviced (CBD business SUIP) Rating Units

The relationship between the differential categories for the waste collection rates and the amount of the rate for the 2024/25 year is as follows:

Waste Collection	Relative differentials (%)	2024/25 Rate %
The total amount to be collected in 2024/25 is \$8,228,769		
Serviced	100	257.12 per SUIP
Serviced (CBD business SUIP)	200	514.25 per SUIP
Serviced (Rural)	100	257.12 per SUIP
Serviceable	50	128.56 per rating unit

Description of Differential Categories for the Refuse Collection and Waste Management Services Rates – Rateable Properties

Serviced:

All rating units that receive the service within the area shown on Map V, excluding rating units within the CBD area identified in Map X, Serviced (CBD business SUIP): All rating units used for commercial purposes within the CBD area identified in the map X.

Serviced (Rural):

All rating units identified on Map W.

Serviceable:

All rating units shown in map V (Rotorua urban rating boundary) where the service is available to a rating unit, but is not used. This includes any rating units that are vacant (including bare land). It does not allow for voluntary opting out of receiving the service.

Notes: Council reserve tenants will have the option of entering a private contract with Council's contractor if they wish to use the collection service.

Targeted Rates for Water Supply

Council sets targeted rates for water supply to properties, differentiated on the basis of the location of the rating unit, the provision or availability to the rating unit of a water supply and the use to which the rating unit is put. The amount to be collected is \$14,140,636. The targeted rates for water supply are as follows:

Water supply (except Kaharoa and Reporoa) (Service areas shown on Map A, Map B, Map C, Map D, Map E, Map F)	Relative differentials (%)	Factor of liability	2024/25 Rate \$
The amount to be collected for metered water is estimated to be \$6,009,699 General water rate \$8,130,937			
A differential targeted rate of:			
For rating units within the service areas that are receiving the service.	100	Per SUIP	393.08
For rating units within the service areas to which water supply is available.	50	Per rating unit	196.54
A fixed amount on each connection to a rating unit (and metered).	100	Per connection	393.08
A targeted rate on each metered connection to a rating unit of a fixed amount per cubic metre supplied in excess of 56 cubic metres per quarter.		Per cubic metre	1.7548

Kaharoa (Service areas shown on Map G)	Relative differentials (%)	Factor of liability	2024/25 Rate \$
The amount to be collected is \$417,452			
A targeted rate of a fixed amount per connection to a rating unit.		Per connection	462.47
A targeted rate on each metered connection to a rating unit of a fixed amount per cubic metre supplied to the rating unit.		Per cubic metre	0.5960

Reporoa (Service areas shown on Map H)	Relative differentials (%)	Factor of liability	2024/25 Rate \$
The amount to be collected is \$1,016,345			
A differential targeted rate of:			
Domestic/Non-Farming rating unit connected.	64	Per connection	271.09
Farming/Dairy-Factory rating unit connected.	100	Per connection	423.58
A fixed amount on each metered connection to a Domestic/non-farming rating unit per cubic metre supplied in excess of the 82 cubic metres per quarter.	100	Per cubic metre	0.8265
A fixed amount on each metered water connection to a Farming/Dairy factory rating unit per cubic metre supplied in excess of the 207 cubic metres per quarter.	64	Per cubic metre	0.5116

Certain Definitions the Water Supply Rates

Connected rating unit:

Is one to which water is supplied from a council water supply service.

Serviceable rating unit:

Is one to which water is not provided, but the whole, or some part of the rating unit is within 100 metres of a council water supply service and is within a water supply area and could be effectively connected to that water supply service.

For the Reporoa water supply:

Domestic/Non-Farming rating unit:

Means a rating unit where the water supply is not subject to water allocation and a corresponding restriction on a flow or time basis. This applies to rating units used primarily for domestic, commercial or industrial excluding the Reporoa Dairy Factory.

Farming/Dairy Factory rating unit:

Means a rating unit used primarily for farming of livestock and also includes the Reporoa Dairy Factory. Such rating units are subject to a daily water allocation restricted on a flow or time basis.

*Notes: Targeted rates for metered supply are invoiced quarterly by separate invoice.
Leakage: In respect of all metered water supply, where leakage is detected, the amount of water supplied will be determined in accordance with Council's procedure relating to account reassessments.*

Targeted Rates for Sewage Disposal

Council sets targeted rates for sewage collection and disposal to properties based on the location of the rating unit (being those rating units located within the service areas shown on Map I, J, K, L, M, N, O, P, Q, R, S, T, U and Y) on a differential basis, based on the provision or availability to the land of sewage disposal services, as follows:

Sewerage Disposal	Relative differentials (%)	Factor of liability	2024/25
The amount to be collected is \$28,568,699			
1. Connected rating unit:			
Connected rating units with 1 to 4 toilets (water closets or urinals).	100	Per WC/urinal	809.08
Connected rating units with 5 to 10 toilets (water closets or urinals).	84	Per WC/urinal	679.62
Connected rating units with 11 or more toilets (water closets or urinals).	76	Per WC/urinal	614.90
2. Serviceable rating unit:			
Means the rating units which are serviceable rating units.	49	Per rating unit	396.45

Certain Definitions for the Sewage Disposal Rates

Connected rating unit:

Means a rating unit within the service areas shown on Map I, J, K, L, M, N, O, P, Q, R, S, T, U and Y from which sewage is collected either directly or by private drain to a public sewerage system.

Serviceable rating unit:

Means a rating unit within the service areas shown on Map I, J, K, L, M, N, O, P, Q, R, S, T, U and Y from which sewage is not collected but the rating unit (or part) is within 30 metres of Council's sewerage system and could be effectively connected to the sewerage scheme.

WC/urinal:

Means a) a water closet; or b) each 1.5 metres or part thereof of urinal; or c) from 1 to 4 wall mounted urinettes.

Note: a rating unit used primarily as a residence for 1 household will be treated as having only 1 water closet or urinal

Targeted Rates for Urban Sewerage Development

Council sets targeted rate for urban sewerage development rate on all rateable land in the area shown on Map V as a fixed amount of \$3.36 per rating unit.

The rate funds the cost of sewerage capital works in the Ngongotaha, Fairy Springs and Hinemoa Point areas.

The amount to be collected in 2024/25 is \$75,419.

Targeted Rates for Capital Cost of Sewerage Schemes

Council sets separate targeted rates for the costs of the following sewerage schemes:

- Okawa Bay
- Mourea
- Marama Point
- Amora Lake Resort
- Hinemoa Point
- Brunswick
- Brunswick stages 4 and 6
- Rotokawa
- Lake Okareka/Blue lake
- Okere Falls/Otaramarae/Whangamarino
- Paradise Valley
- Hamurana/Awahou
- Waikuta Marae
- Vision Charitable Trust
- Rotoiti and Rotoma

The rating units liable for this rate are those in the service areas as identified below.

	Factor of liability	2024/25
Amora Lake Resort (Rating unit 06961 052 00)		
The amount to be collected is \$12,250	Per WC/urinal	12,250
Brunswick Stages 4 and 6 (Service areas shown on Map M)		
The amount to be collected is \$9,953 A fixed amount on each household unit equivalent (HUE)	Per HUE	292.74
Brunswick (Service areas shown on Map N)		
The amount to be collected is \$54,245 A fixed amount on each household unit equivalent (HUE)	Per HUE	609.49

Hamurana/Awahou (Service areas shown on Map O)		
The amount to be collected is \$121,859	Per HUE	426.08
A fixed amount on each household unit equivalent (HUE)		
Hinemoa Point (Service areas shown on Map K)		
The amount to be collected is \$25,010	Per HUE	495.25
A fixed amount on each household unit equivalent (HUE)		
Lake Okareka/Blue Lake (Service areas shown on Map P)		
The amount to be collected is \$164,885	Per HUE	897.09
A fixed amount on each household unit equivalent (HUE)		
Marama Point (Service areas shown on Map Q)		
The amount to be collected is \$14,692	Per HUE	233.20
A fixed amount on each household unit equivalent (HUE)		
Mourea (Service areas shown on Map J)		
The amount to be collected is \$26,104	Per HUE	291.67
A fixed amount on each household unit equivalent (HUE)		
Okawa Bay (Service areas shown on Map L)		
The amount to be collected is \$8,635	Per HUE	454.46
A fixed amount on each household unit equivalent (HUE)		
Okere Falls / Otaramarae / Whangamarino (Service areas shown on Map R)		
The amount to be collected is \$104,272	Per HUE	404.47
A fixed amount on each household unit equivalent (HUE)		
Rotoiti and Rotomā (Service areas shown on map Y)		
The amount to be collected is \$1,028,280	Per HUE	1,558
A fixed amount on each household unit equivalent (HUE)		
Paradise Valley (Service areas shown on Map S)		
The amount to be collected is \$4,886	Per HUE	375.85
A fixed amount on each household unit equivalent (HUE)		
Rotokawa (Service areas shown on Map T)		
The amount to be collected is \$31,953	Per HUE	187.96
A fixed amount on each household unit equivalent (HUE)		
Waikuta Marae (Service areas shown on Map U)		
The amount to be collected is \$2,137	Per HUE	356.14
A fixed amount on each household unit equivalent (HUE)		
Vision Charitable Trust (rating unit 6972 275 04)		
The amount to be collected is \$15,541	Per rating unit	15,541.30
A fixed amount per rating unit		

These rates fund the capital cost of establishing the schemes over 25 years.

The targeted rates for the respective sewerage schemes are applied only to those properties that have not taken the opportunity to pay their contribution towards the capital costs as an informal single lump sum payment (where available). Those ratepayers who have made or make an informal single lump sum payment will not be liable for the sewerage scheme capital cost targeted rate. Payments of informal single lump sum payments must be received by 15 June prior to 1 July of the first financial year that Council charges a targeted rate for capital costs for the respective sewerage scheme. The option for ratepayers to settle the residual amount of their share of the capital cost of their particular scheme will be available throughout the remaining term of the targeted rate i.e. anytime during the 25 years. This ability exists for all schemes and is provided through a specific remission policy included elsewhere in this plan.

For future developments or connections Council reserves the right to select the funding mechanism(s) that will be used. This may include either of the options referred to above i.e. assessing a targeted rate over a longer period or inviting a capital payment before the service connection is completed.

Definitions for the Sewerage Rates

Nominated rating units:

Means properties which existed as rating units at the date of commissioning each scheme.

Household unit equivalent (HUE):

Means a household equivalent to enable industrial, commercial and multiple dwelling developments to be included in the calculations. It is used to convert industrial, commercial and multiple dwelling developments to a household equivalent equating to a single dwelling. Where used as the factor to determine a rating unit's liability for a rate, HUE corresponds to the extent of provision of the service to the rating unit.

A minimum of one HUE will apply to all nominated rating units including those where no building exists i.e are vacant. Where multiple dwellings exists, each HUE additional to the primary dwelling will be assessed on the following basis:

Floor Area of Additional Building	% Charge/HUE
Less than 40m ²	No charge*
0 change to 40m ² to less than 60m ²	50% HUE
60m ² to less than 70m ²	60% HUE
70m ² to less than 80m ²	70% HUE
80m ² to less than 90m ²	80% HUE
90m ² to less than 100m ²	90% HUE
100m ² or greater	100% HUE or 1 HUE

The first additional building of less than 40m² will not attract a separate sewerage capital targeted rate or voluntary contribution charge. Any further buildings of less than 40m² will be assessed a sewerage capital targeted rate or voluntary contribution charge of 50% HUE.

Definition of Separately Used or Inhabited Part of a Rating Unit

Separately Used or Inhabited Part (SUIP)

A separately used or inhabited part of a rating unit means any portion inhabited or used by (the owner/a person other than the owner), and who has the right to use or inhabit that portion by virtue of a tenancy, lease, licence, or other agreement. For the purposes of the targeted rate for refuse collection and waste management services – rateable properties for rural properties (outside the urban boundary shown on Map V), this definition is limited to those parts that are inhabited or could be inhabited as residential dwellings.

This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.

For the purpose of this definition, vacant land and vacant premises offered or intended for use or inhabitation by a person other than the owner and usually used as such are defined as “used”. For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

Voluntary Lump Sum Capital Contributions

Council had set amounts for ratepayers who elected to pay one-off voluntary lump sum capital contributions for the capital cost of sewerage schemes.

Lump sum options for all current schemes have expired, however ratepayers may still choose to settle their outstanding contribution at any time. Council offers a specific remission policy for this purpose.

Except as stated above, the Council will not accept lump sum contributions in respect of any targeted rate.

Rates Postponement

To cover costs, the following fees and charges are set for the 2024/25 rating year. All fees and charges for this will be added as either a one-off or annual charge as the case may be, to the approved applicant's rate account.

Initial Charges One-Off (plus GST at the prevailing rate)	Charging Unit	2024/25
Application Fee	One-Off	\$88.89
Initial Charges One-Off (plus GST at the prevailing rate)		
Interest calculated on Councils marginal borrowing rate 6 monthly on all amounts outstanding		
Annual Charges (plus GST at the prevailing rate)	Charging Unit	2024/25
Annual Account Fee	Annual	\$44.44

Administration Fee	Annual	1.0%
Reserve Fund Fee	Annual	0.25%
Property Insurance *	Annual	TBA
* <i>Property Insurance: A ratepayer must submit a current insurance certificate annually. If the ratepayer cannot afford separate cover council will arrange cover, and the cost will be added to the balance of postponed rates.</i>		

Due Dates for Payment of Rates

All rates excluding targeted rates for metered water supply will be payable in four equal instalments by the due dates, as follows:

Instalment	Due Date	Penalty Date
Instalment Number 1	20 August 2024	23 August 2024
Instalment Number 2	20 November 2024	23 November 2024
Instalment Number 3	20 February 2025	23 February 2025
Instalment Number 4	20 May 2025	23 May 2025

Discount for Prompt Payment

A discount, at a rate set annually, is allowed to any ratepayer who pays the total rates, charges, and levies as specified on the rates assessment (excluding targeted rates for metered water supply charged quarterly), by the due date for the first instalment. The discount for 2024/25 is 2.0%.

Penalties on Unpaid Rates

Current overdue rates instalments:

- A penalty will be added to any part of an instalment that remains unpaid after the due date for payment of the instalment on the penalty dates above. The penalty will be 10% of the unpaid instalment.

Arrears of rates (including past instalments):

- A further penalty of 10% will be added on 5 July 2024 to rates assessed in any previous financial year and which remain unpaid on 30 June 2024.
- A further penalty of 10% will be added on 10 January 2025 to rates assessed in any previous financial year, plus any previous further penalty, and which remain unpaid on 31 December 2024.

Note: Penalties will not be applied to rating units approved by the Chief Financial Officer in cases where:

- applying penalties would serve to be detrimental to the collection of all or part of the balance of the outstanding rates; or
- applying penalties would only add to what is deemed to be an uncollectable debt; or
- there is a Direct Debit authority to pay the full amount of rates owing by regular payments within the current rating year, and any default is promptly rectified.
- Land is designated 'Māori Freehold land title'; and
 - » Is under multiple ownership; and
 - » Is unoccupied

Due Dates for Payment of Targeted Rates for Metered Water Supply

Targeted rates for metered water supply will be read and invoiced quarterly. The due date for payment for each of the quarters is as follows:

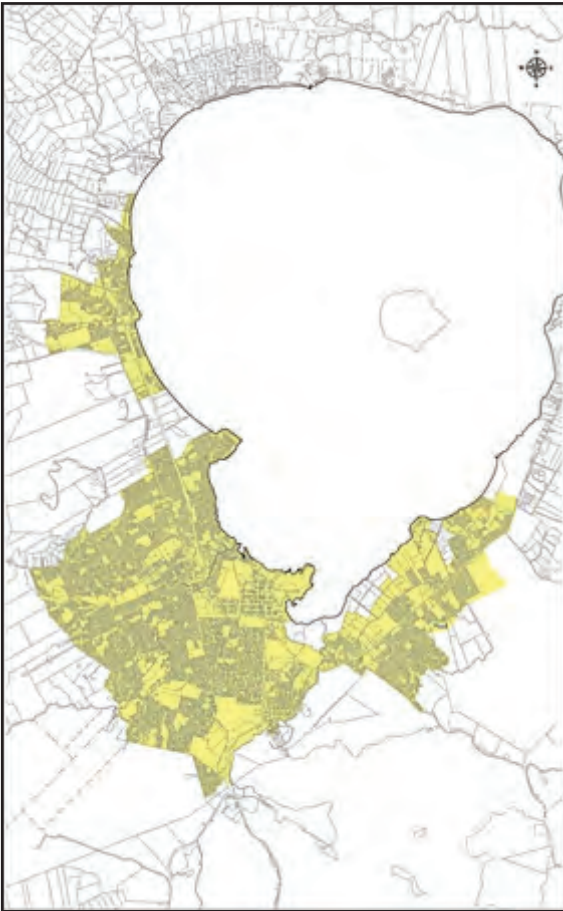
Billing cycle	Billing month	Due date	Penalty Date
May – August	August	25 Sep 2024	28 Sep 2024
August – November	November	20 Dec 2024	10 Jan 2025
November – February	February	25 Mar 2025	28 Mar 2025
February – May	May	25 Jun 2025	28 Jun 2025

Penalties on Unpaid Water Invoices

A penalty will be added to any part of a current invoice that are not paid by its due date and remain unpaid on the relevant penalty date. The penalty will be 10% of any unpaid part of the invoice.

Rating maps

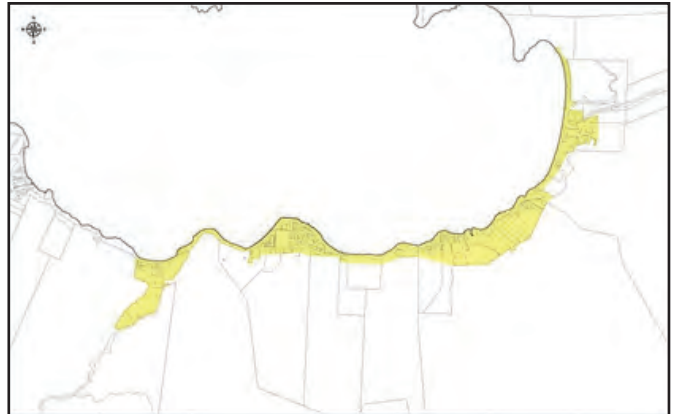
Map A - Urban Water Supply



Map B - Mamaku Water Supply



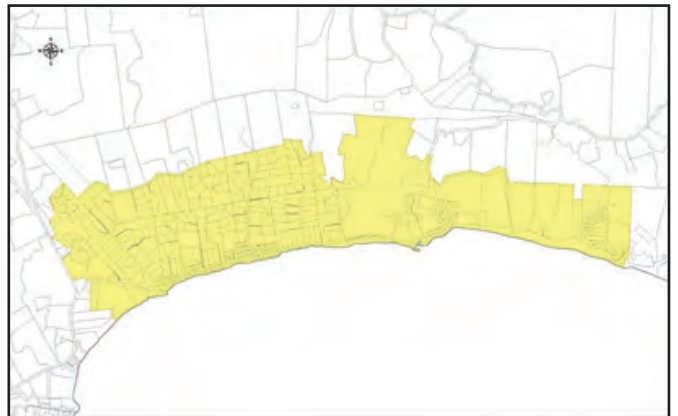
Map C - Rotoiti Water Supply



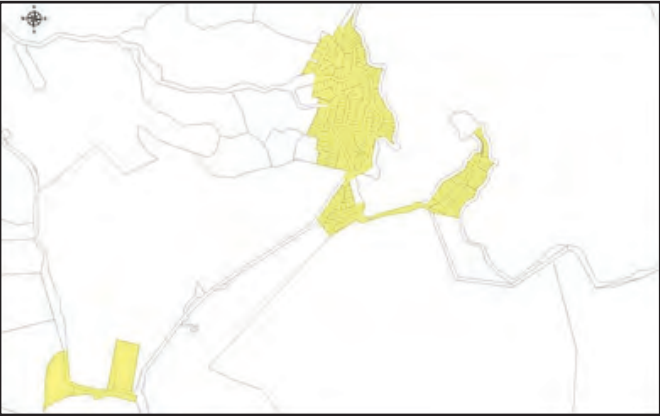
Map D - Rotomā Water Supply



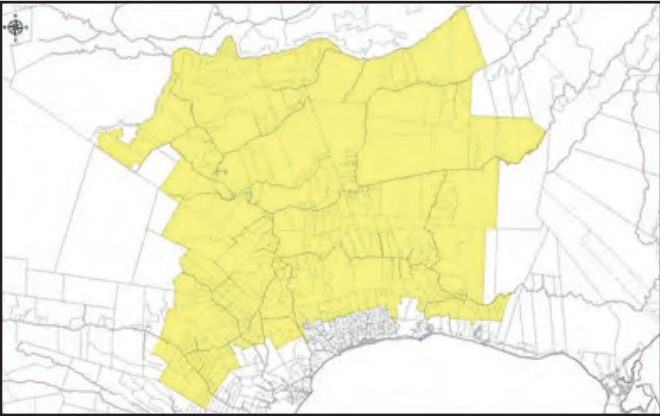
Map E - Hamurana Water Supply



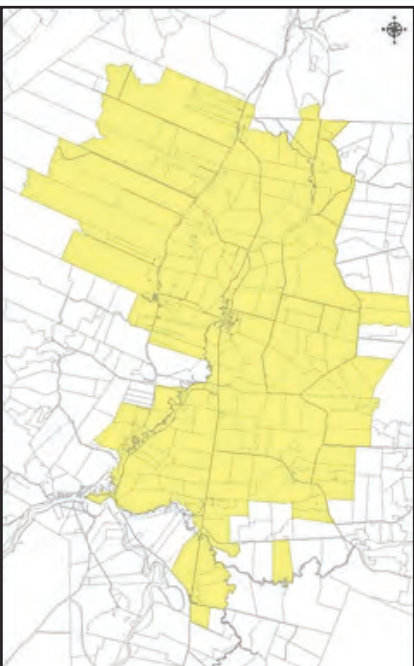
Map F - Okareka Water Supply



Map G - Kaharoa Water Supply



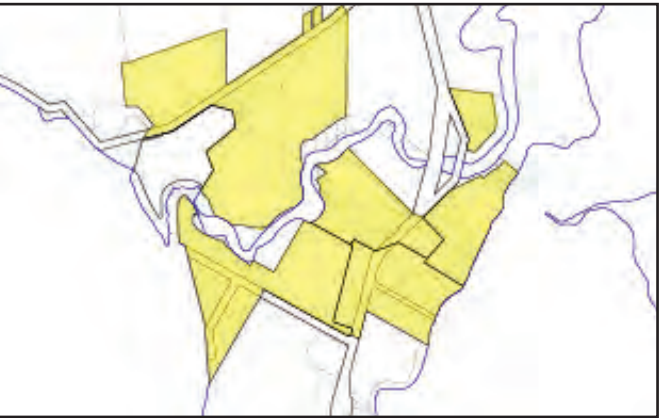
Map H - Reporoa Water Supply



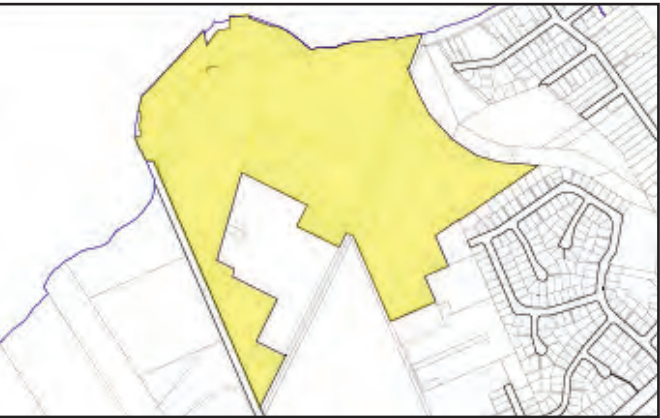
Map I - Urban Sewerage



Map J - Mourea Sewerage Scheme



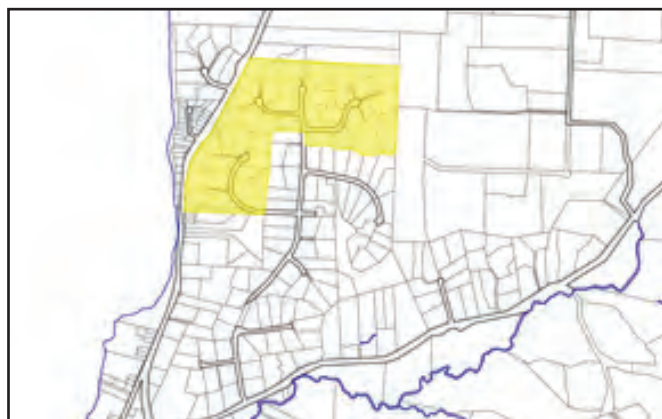
Map K - Hinemoa Point Sewerage Scheme



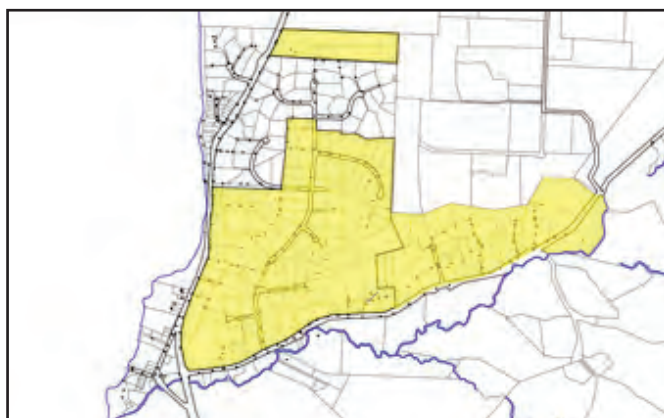
**Map L - Okawa Bay, Amora Lake Resort
Sewerage Scheme**



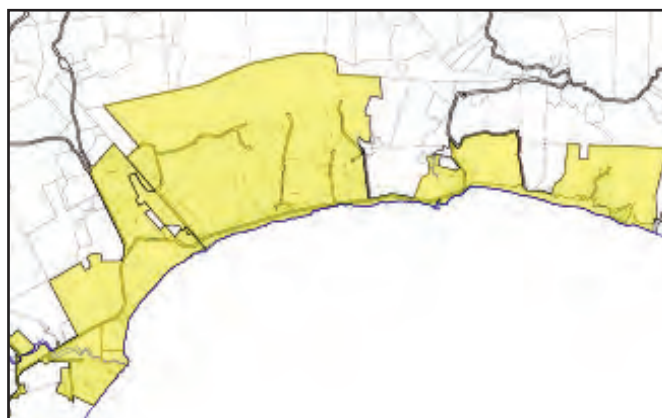
**Map M - Brunswick Stages 4 & 6
Sewerage Scheme**



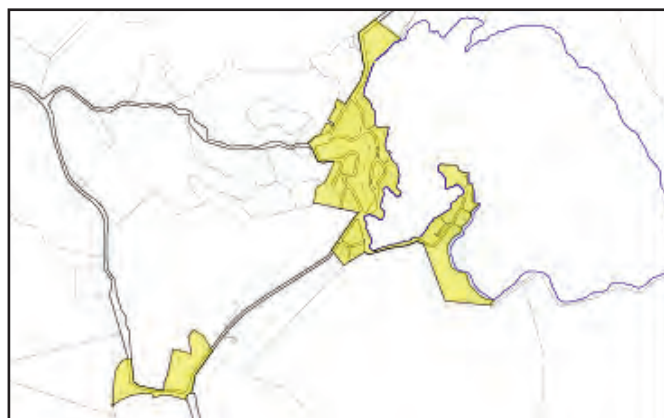
Map N - Brunswick Sewerage Scheme



**Map O - Hamurana/Awahou Sewerage
Scheme**



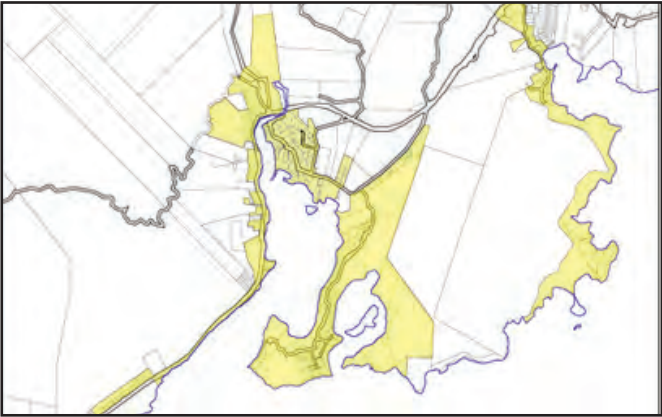
**Map P - Lake Okareka, Blue Lake
Sewerage Scheme**



Map Q - Marama Point Sewerage Scheme



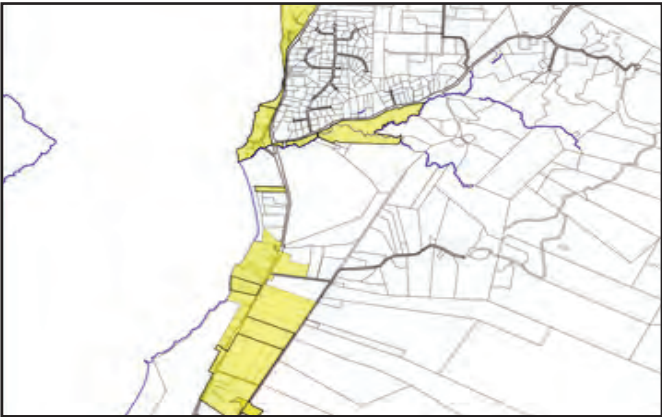
Map R - Okere Falls, Otaramarae, Whangamarino Sewerage Scheme



Map S - Paradise Valley Sewerage Scheme



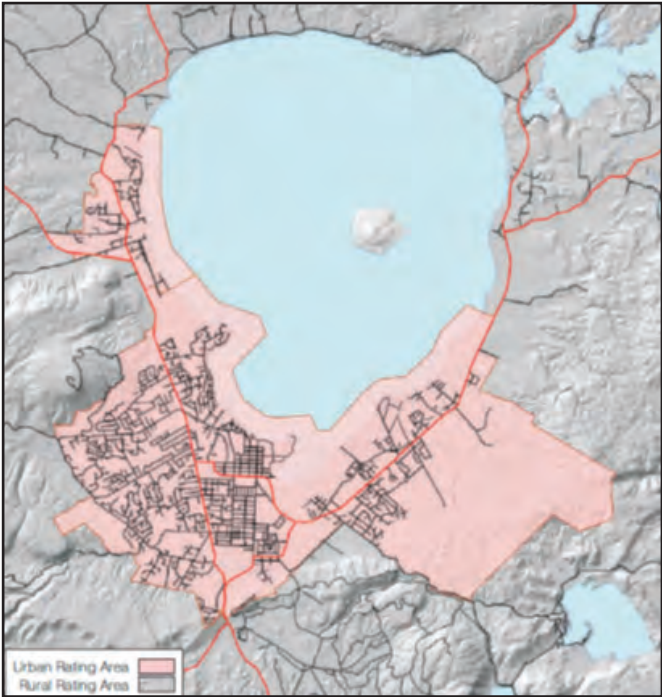
Map T - Rotokawa Sewerage Scheme



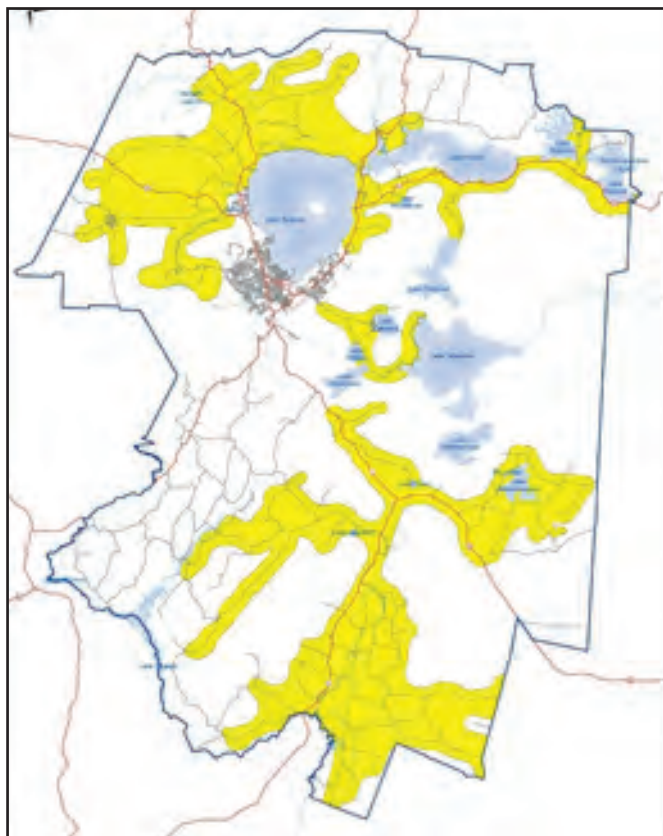
Map U - Waikuta Marae Sewerage Scheme



Map V - Rotorua Urban Rating Boundary



Map W - Waste collection - Serviced (Rural)



Map X - CBD waste collection area



Map Y - Rotoiti and Rotomā Sewerage Scheme

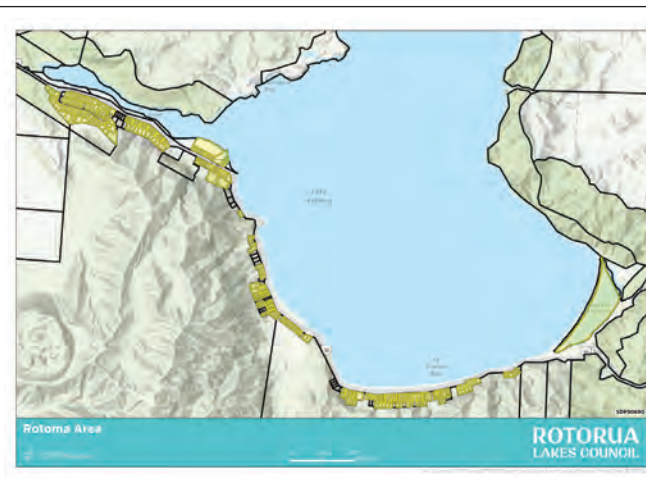
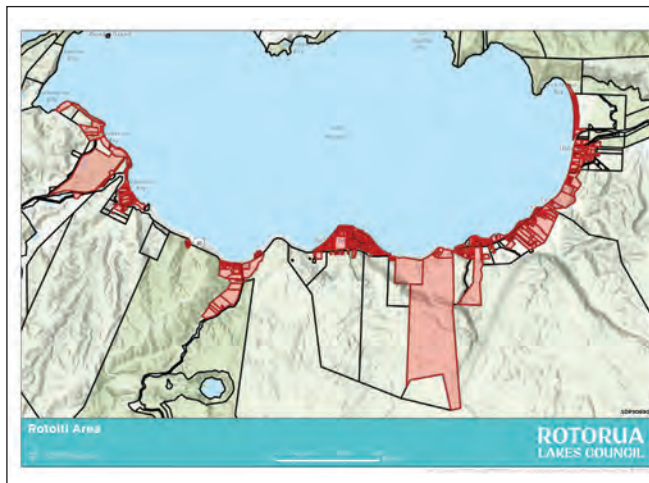


Table A: refuse Collection – Service Non-Rateable Land

Valuation Number	Property Location
06500 001 07	1240 HINEMARU STREET
06500 004 02	1 LAKE ROAD
06500 042 00	1158 PUKAKI STREET
06500 066 02 F	1149 ERUERA STREET
06500 111 01 B	1277 TUTANEKAI STREET
06500 231 01	1127 HAUPAPA STREET
06500 718 02	2B RANOLF STREET
06500 765 04	1479 HINEMOA STREET
06500 774 02	1358 HINEMOA STREET
06500 823 00	1351 AMOHAU STREET
06511 081 00	276 FENTON STREET
06511 109 00	24 WARD AVENUE
06511 167 00	42 HILDA STREET
06512 114 00	44 VICTORIA STREET
06512 180 01 B	40 SEDDON STREET
06512 182 00	112 RANOLF STREET
06512 358 00	303 FENTON STREET
06512 406 01	FENTON STREET
06512 803 03	20 HEMO ROAD
06520 210 00	72 MALFROY ROAD
06520 221 00	100 MALFROY ROAD
06520 451 06	14 LARCH STREET
06520 539 02 A	55 HIGH STREET
06531 063 00	24 TUNOHOPU STREET
06531 199 00	26 TAREWA ROAD
06531 255 01	63 TAREWA ROAD
06531 284 01	21A TAREWA ROAD
06532 063 01	39 OLD TAUPU ROAD
06532 292 00	62 TALLYHO STREET
06532 408 00	122 RIRI STREET
06532 419 00	96 RIRI STREET
06533 297 03	7 DINDSALE STREET
06533 349 00	23 GEDDES ROAD
06533 391 00	20 BIAK STREET
06533 396 01	2 DEPOT STREET
06533 422 00	39 BIAK STREET
06533 431 00	57 DEPOT STREET
06541 024 00	35 TAHARANGI STREET
06541 145 00	38 KOUTU ROAD
06542 208 01	41 RUSSELL ROAD
06551 014 01	5 ROWI STREET
06551 074 00	36 KEA STREET
06551 408 00 A	70 OLD QUARRY ROAD
06552 101 00	155 CLAYTON ROAD
06552 252 00	46 FAIRVIEW ROAD
06552 598 00	13 THOMAS CRESCENT
06552 603 01	3 THOMAS CRESCENT

Valuation Number	Property Location
06552 603 04	219 CLAYTON ROAD
06553 020 02	30 MILNE ROAD
06553 180 01	11 MAY ROAD
06553 538 00	18 GEM STREET
06553 619 00	50 HOMEDALE STREET
06553 882 00	6 EMERALD STREET
06555 113 00	87 SUNSET ROAD
06561 248 00	114 SUNSET ROAD
06561 267 00	63 FORD ROAD
06561 374 01	21C BELLINGHAM CRESCENT
06561 729 00 B	324 MALFROY ROAD
06561 731 01	DEVON STREET
06570 215 00	40 KONENE STREET
06570 251 00	187 OLD TAUPU ROAD
06570 476 00	271 OLD TAUPU ROAD
06570 745 00 A	249 OLD TAUPU ROAD
06580 190 00	307 OLD TAUPU ROAD
06590 139 03	105 OTONGA ROAD
06599 103 00	55 PUKEHANGI ROAD
06951 118 00	296 KAHAROA ROAD
06951 119 00	310 KAHAROA ROAD
06961 674 00	97 WHANGAMOA DRIVE
06962 168 00 A	22 MANAWAHE ROAD
06971 111 09	LAKE OKATAINA ROAD
06971 500 00 B	1620 S HWAY 30
06992 276 02 A	34 SUNRISE AVENUE
06992 346 24	10 BRONTE PLACE
06992 353 44	244 VAUGHAN ROAD
06993 511 00	43 ROBINSON AVENUE
06996 143 01	10 MOANA TERRACE
06996 143 02	6 MOANA TERRACE
06996 178 00	3A LYNBERT ROAD
06997 134 00	8 ILES ROAD
06997 619 00	7 ALASTAIR AVENUE
06997 629 00	18 ALASTAIR AVENUE
06998 243 00	51 REEVE ROAD
06998 281 00 A	24 PORIKAPA ROAD
06998 405 00	36 WHARENUI ROAD
07010 465 07 A	9 ASH PIT ROAD
07010 465 07 B	25 ASH PIT ROAD
07011 312 00	71 OKAREKA LOOP ROAD
07030 220 00 B	63 MASSEY ROAD
07030 220 03	589D SETTLERS ROAD
07030 220 08 C	26 MASSEY ROAD
07030 220 09	597 SETTLERS ROAD
07030 226 00	13 GUTHRIE ROAD
07030 228 01	48 MASSEY ROAD
07030 249 00 B	3834 BROADLANDS ROAD

Valuation Number	Property Location
07030 264 01	31 MASSEY ROAD
07062 713 00	438A NGONGOTAHA ROAD
07063 273 00	278 NGONGOTAHA ROAD
07064 002 00	16 SCHOOL ROAD
07064 091 00	13 HALL ROAD
07065 169 00	3 ARIKI STREET
07065 352 00	12 TAUI STREET
07065 425 01	12 HALL ROAD
07065 431 00	19 SCHOOL ROAD



Definitions

The term:

Business purpose	means any purpose of commerce, trade, or industry; but does not include any farming purpose, including properties that are advertised for short term rentals on more than 60 days of the financial year.
Farming purpose	means used for agricultural, horticultural or pastoral or forestry purposes or the keeping of bees or poultry or other livestock.
Property	means, either the part or the whole of any rating unit (as the case may be) used for a particular purpose. (Explanatory note: The intention is that where different parts of a property that constitute a rating unit are being used for different purposes, they may be rated differently).
Residential purposes	means occupied or intended to be occupied for the residence of any household being a residential unit on other than a short term basis. Kaingaroa Village on rating unit 07010 514 01A will be treated as entirely “residential” for all rates within this funding impact statement even though it comprises elements of other categories.
Rural Sector	means the part of the Rotorua District which is not the Urban Sector.
Urban Sector	means the area as shown on the map titled Rotorua Urban Rating Boundary and contained in the rating maps section of this funding impact statement (a larger copy is available at the Council Civic Centre). The boundary has been set to recognise the urban growth trends and where properties have similar access to services (but not necessarily the same). This boundary will be reviewed from time to time as necessary to accommodate changes to the above and follows rating unit boundaries rather than dissecting properties.
Utilities	being all rating units situated within the Rotorua District that have been identified by the Valuer General as infrastructure utility networks.
Vacant Land	means land which is in an undeveloped state and is not being used or occupied for any purpose.
Zoned	means zoned in accordance with the operative Rotorua District Plan.

Category	Capital Value 2023	Total Rates 2023/24	Proposed Rates 2024/25	Rates Increase/ (decrease) \$	% Increase/ (decrease)	Sector Ave % Change
Business						12.66%
Lower CV	555,000	3,842	4,569	727	18.9%	
Medium CV	705,000	8,819	9,125	306	3.5%	
Upper CV	1,105,000	11,841	12,455	614	5.2%	
Upper CV	5,010,000	27,636	32,727	5,091	18.4%	
Farming						1.62%
Lower CV	835,000	2,681	2,806	125	4.7%	
Medium CV	1,300,000	3,835	4,313	478	12.5%	
Medium CV	1,490,000	4,106	4,375	269	6.5%	
Upper CV	3,060,000	8,375	9,593	1,218	14.5%	
Upper CV	5,980,000	19,506	17,493	-2,012	-10.3%	
Residential Rural						14.41%
Lower CV	765,000	3,950	4,402	451	11.4%	
Medium CV	1,150,000	4,684	5,096	412	8.8%	
Upper CV	3,800,000	7,328	11,242	3,915	53.4%	
Residential Urban						11.32%
Lower CV	500,000	2,883	3,228	345	12.0%	
Lower CV	570,000	3,060	3,406	346	11.3%	
Medium CV	670,000	3,387	3,661	274	8.1%	
Upper CV	895,000	3,986	4,235	249	6.2%	
Upper CV	1,200,000	4,680	5,013	332	7.1%	
Upper CV	1,520,000	5,306	5,828	522	9.8%	



Sir Howard Morrison Centre - Rotorua

Financials

Reserve funds statement

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.

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

Reserve Funds Statement	Opening Balance 1 July 2024 (\$000)	Deposits (\$000)	Revaluations (\$000)	Withdrawals (\$000)	Closing Balance 30 June 2034 (\$000)	Activities to which the reserve relates
Council created reserves						
Reporoa Domain	57	-	-	-	57	Spaces, Places and Recreation
Waikite Domain	7	-	-	-	7	Spaces, Places and Recreation
Total council Created Reserves	64	-	-	-	64	
Restricted reserves						
Reserves Development	7,183	-	-	-	7,183	Spaces, Places and Recreation
Creative NZ Reserve	142	-	-	-	142	Spaces, Places and Recreation
Total Restricted Reserves	7,325	-	-	-	7,325	
Total Council Created and Restricted Reserves	7,390	-	-	-	7,390	

Council created reserves

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

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 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.

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 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.

Other reserves	Opening Balance 1 July 2024 (\$000)	Deposits (\$000)	Revaluations (\$000)	Withdrawals (\$000)	Closing Balance 30 June 2024 (\$000)	Activities to which the reserve relates
Development Contributions	-	72,554	-	(72,554)	-	Waste Water, Stormwater, Water
Fair Value through equity reserve	20,892	-	-	-	20,892	

Property, Plant and equipment Assets Revaluation Reserve						
Intangible Assets	-	-	-	-	-	Community Leadership
Art Collections	14,043		8,778		22,821	Spaces, Places and Recreation
Buildings	100,360		62,737		163,097	Community Leadership
Land - Operational	19,872		12,422		32,294	Community Leadership
Land - Restricted	87,828		54,903		142,730	Community Leadership
Landfill	1,185		741		1,925	Waste management and sustainability
Library Books	329		206		535	Spaces, Places and Recreation
Roading and Footpaths	270,671		169,201		439,871	Roading and Footpaths
Sport Recreation and Environment	10,771		6,733		17,504	Spaces, Places and Recreation
Stormwater	102,514		64,083		166,597	Stormwater
Sewerage	84,048		52,540		136,588	Waste water
Water Supplies	129,355		80,862		210,216	Water
Total Property, Plant and equipment Assets Revaluation	820,975	-	513,205	-	1,334,179	

Total other Reserves	841,867	72,554	513,205	-72,554	1,355,071

Asset Revaluation Reserves

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

Fair Value through Equity Reserve

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



Long-term plan disclosure statement

For period commencing 1 July 2024

What is the purpose of this statement?

The purpose of this statement is to disclose the council’s planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

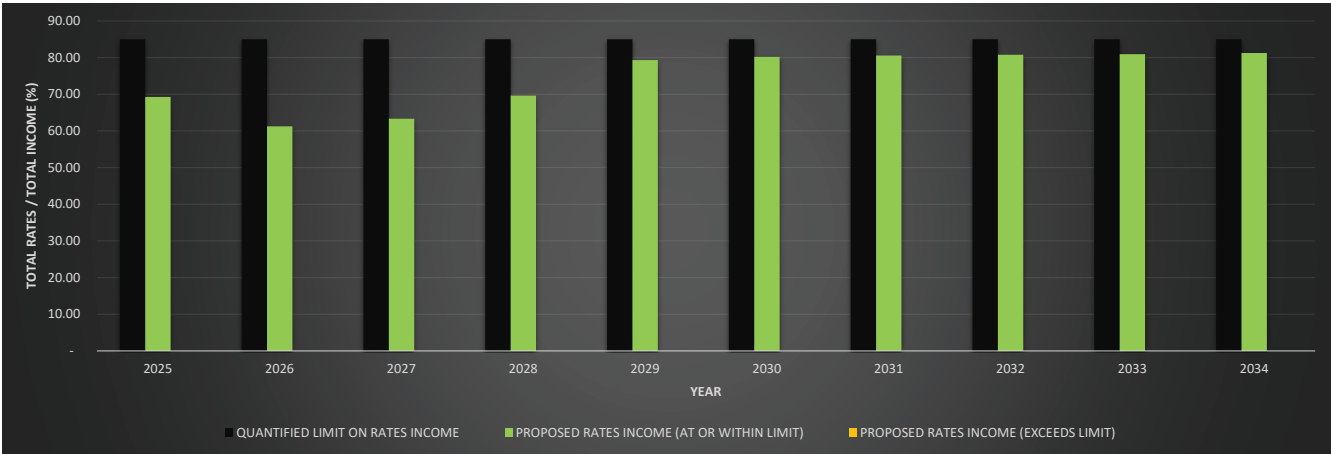
The council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates affordability benchmark

- The Council meets the rates affordability benchmark if:
- its planned rates increases equal or are less than each quantified limit on rates increases; and
 - its planned rates increases equal or are less than each quantified limits on rates

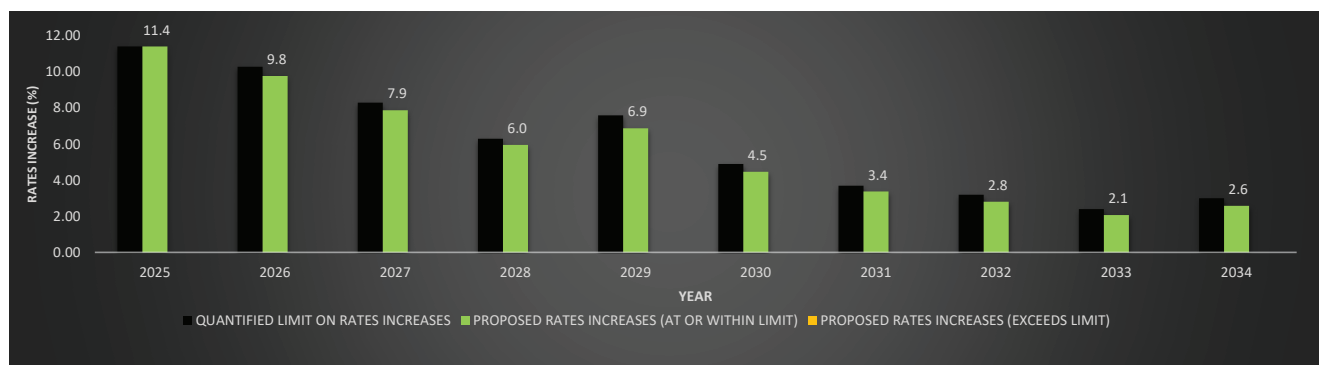
Rates (income) affordability

The council’s planned rates with a quantified limit on rates contained in the financial strategy included in the long-term plan. The quantified limit is rates as a proportion of total revenue is less than 85%.



Rates (increases) affordability

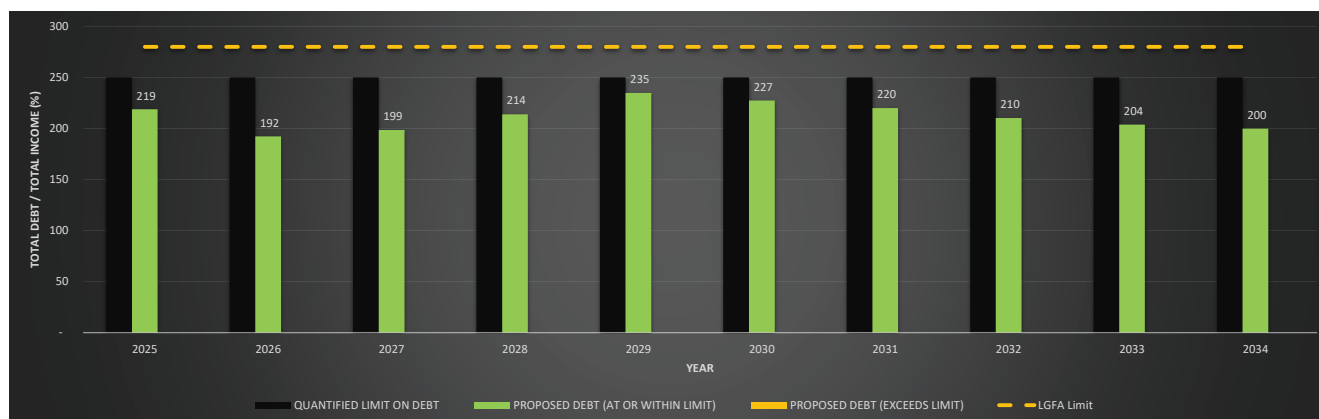
The council's planned rates increases with a quantified limit on rates increases are contained in the financial strategy included in the Long-term Plan. The quantified limit is a one-off 11.4% increase in the first year, with an average increase of 5% from year 2 to year 10.



Debt affordability benchmark

The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the Council's planned debt with a quantified limit on borrowing contained in the financial strategy in this Long-term Plan. The quantified limit is that net debt will be lower than 250% of total revenue. Refer to Treasury Policy for definition of net debt and total revenue.



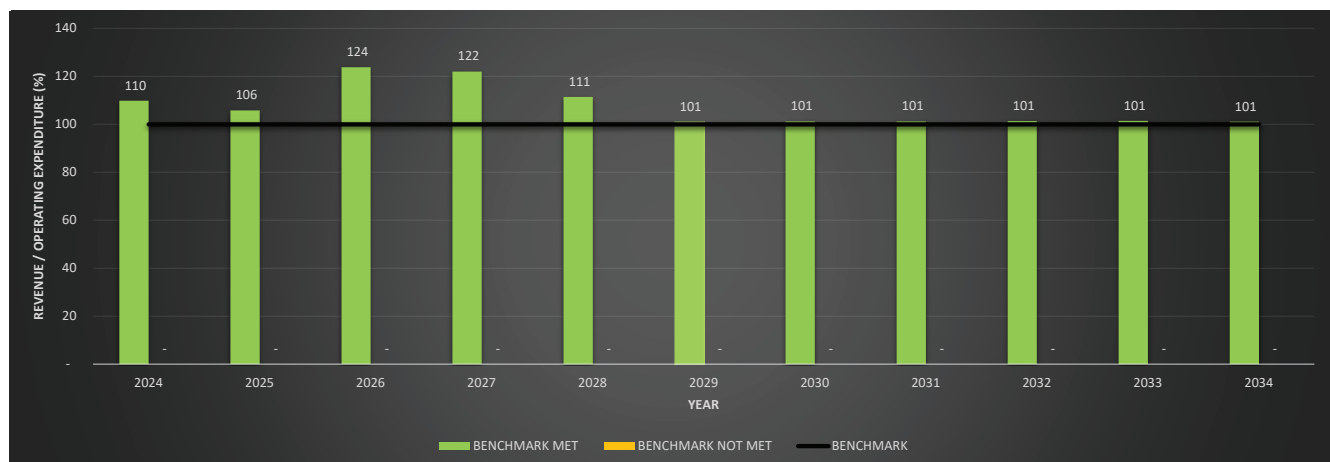
Rates revenue

The following graph compares Council's planned debt with a quantified limit on borrowing contained in the financial strategy in this Long-term Plan. The quantified limit is that net interest on external debt as a percentage of annual rates revenue will not exceed 25%. Refer to Treasury Policy for the definition of net interest and annual rates income.



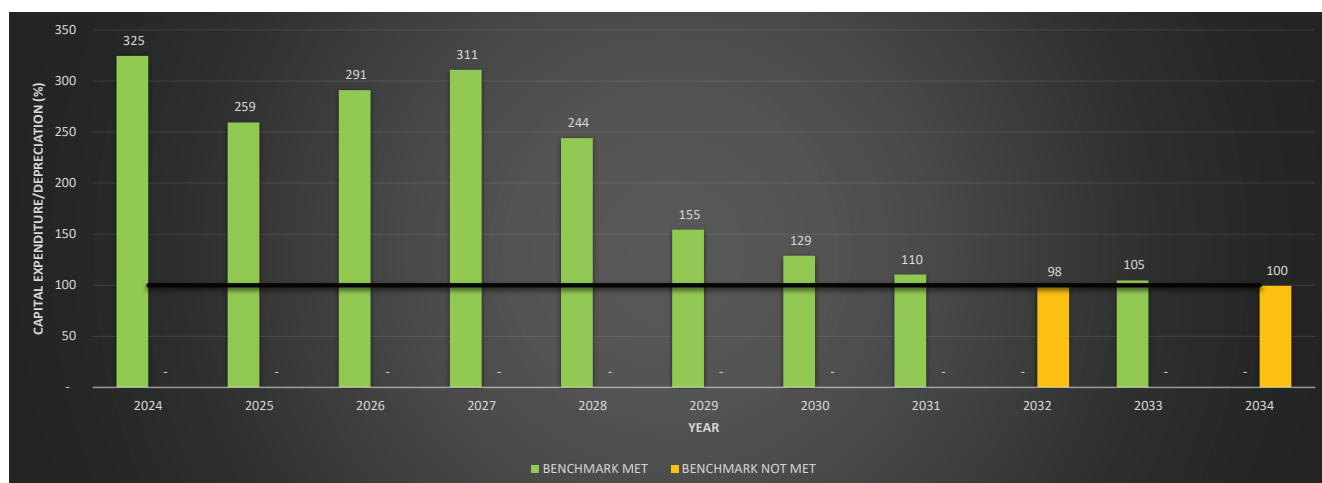
Balanced budget benchmark

The council's planned revenue (excluding development 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 the balanced budget benchmark if it's planned revenue equals or is greater than its planned operating expenses.



Essential services benchmark

The council's planned capital expenditure on network services as a proportion of expected depreciation on network services. The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

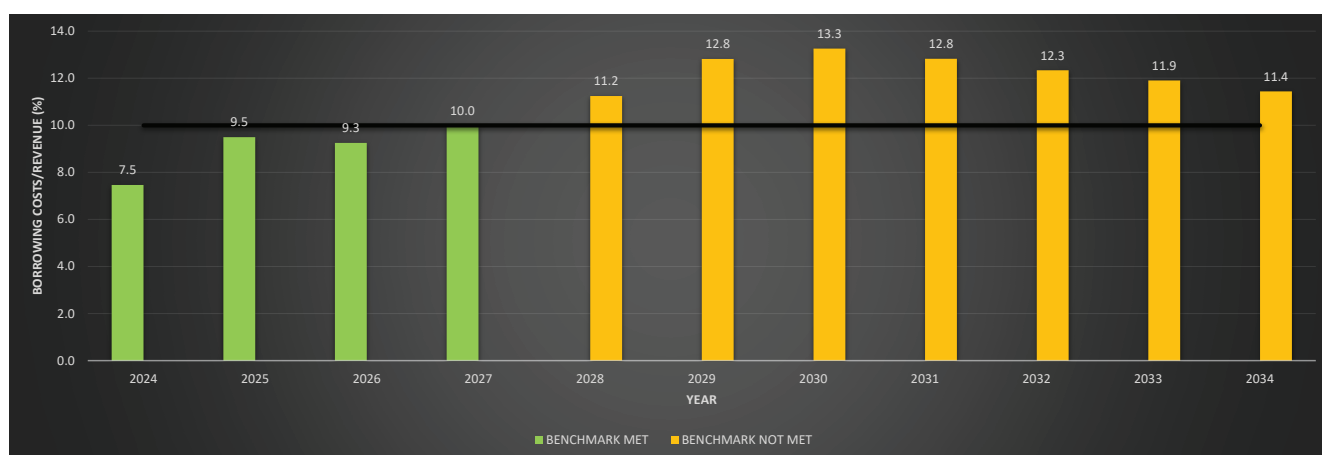


This benchmark has not been achieved for years 2032 or 2034 due to contractual arrangements over the delivery of Council's wastewater activity. Council has a long term contract with Trility who maintain the wastewater network and undertake capital renewals to meet required standards for a set fee per year. Council considers this breach to be financially prudent as it represents the gap between the depreciation charged over the wastewater network and the standard fee paid for wastewater renewals through this contract.

Debt servicing benchmark

The council's planned borrowing costs as a proportion of planned 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 faster than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.



This benchmark has not been achieved for years 2028 onwards due to the additional investment required in growth infrastructure to deliver housing outcomes across Rotorua. Council considers this breach to be financially prudent as it is funded through cost of capital inclusions in Development Contribution revenue and is a necessary consequence of investing in housing outcomes for the district.

Ngā Kaupapa-here me ngā Rautaki Policies and Strategies



Tawa Hill Sculpture - Rotorua

Rates Remissions

Brief Statement

Council has the following rates relief policies, effective from 1 July 2021, pursuant to the Local Government (Rating) Act 2002, as follows:

- Remission of penalties on current overdue instalments;
- Remission of penalties on current overdue metered water invoices;
- Remission of penalties on arrears (including past overdue instalments);
- Remission of rates on land used for certain purposes;
- Remission of rates for Significant Natural Areas
- Policy for grants in lieu of rate remissions;
- Remission of targeted rates for sewage from schools;
- Remission of rates for QEII National Trust Open Space Covenants;
- Remission of rates in extraordinary circumstances;
- Remission of metered water charges where leak has been detected and repaired;
- Discount for early payment of rates;
- Remission policy on uncollectable rates;
- Remission of targeted rates for capital cost of sewerage schemes on payment of capital cost owing;
- Remission of rates on Māori freehold land;
- Rates postponement;
- Postponement of rates on Māori freehold land

Generally, all first time remissions and postponements approved will apply from 1 July in the year in which they are applied for.

Subsequent applications will require necessary supporting documentation to be provided in accordance with the renewal process as advised by Council. The exception will be remission of arrears penalties.

Council has delegated to council officers authority to consider and approve all applications for remission or postponement of rates pursuant to Council's policies, except for "remission of rates in extraordinary circumstances". As a general rule, and where practicable, documentary evidence or a statutory declaration should be provided in support of a written application.

Applications for remission or postponement or a grant in lieu of remission, must be in writing unless otherwise indicated in a policy.

All rates remission policies are at the discretion of Council, having regard to both the policy and circumstances.

Remission of Penalties on Current Overdue Instalments

Policy objective

To enable Council to act fairly and reasonably in its consideration of penalties on rates where payments have not been received by Council by due date.

Conditions and criteria

Council will remit a penalty on the first instalment when the full year's rates are paid before the penalty date for the second instalment.

Council will consider remission of penalties on a current overdue instalment when the late payment has resulted from:

- a. significant family disruption, including death, illness or accident to a family member as at the due date; or
- b. matters outside the ratepayer's control, including payments going astray in the post, non-receipt of the instalment notice before penalty date, the late issue of a sale notice, and a late clearance payment by the solicitor on a property settlement.

Council may also consider remission of a penalty when the late payment has apparently been inadvertent and the ratepayer has a good payment history.

"Good payment history" would generally be where there has been no penalty incurred during the previous 12 months.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so. Applications for remission must be in writing.

Remission of Penalties on Current Overdue Metered Water Invoices

Policy objective

To enable Council to act fairly and reasonably in its consideration of penalties on metered water invoices where payments have not been received by Council by the due date.

Conditions and criteria

Council will consider remission of penalties on a current overdue metered water invoice when the late payment has resulted from:

- a. significant family disruption, including death, illness or accident to a family member as at the due date; or
- b. matters outside the ratepayer's control, including payments going astray in the post, non-receipt of the instalment notice before the penalty date, the late issue of a sale notice, and a late clearance payment by the solicitor on a property settlement.

Council may also consider remission of a penalty when the late payment has apparently been inadvertent and the ratepayer has a good payment history.

"Good payment history" would generally be where there has been no penalty incurred during the previous 12 months.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so. Applications for remission must be in writing.

Remission of Penalties on Arrears

(arrears comprises rates from any previous rating year).

Policy objective

To enable Council to act fairly and reasonably in its consideration of penalties on rates that are in arrears.

Conditions and criteria

Council will consider remission of penalties on arrears when:

- a. a request for remission has been made in writing; and
- b. the request includes full supporting reasons and evidence satisfactory to Council; and
- c. the remission contributes to prompt settlement in full of the remaining debt or to the sale of the property and clearance of the debt in the short term.

Conditions and criteria for remission of future penalties on arrears and on future instalments in cases of severe hardship

Council will consider remission of future penalties on arrears in cases of severe hardship when:

- a. a request for remission has been made in writing; and
- b. the request includes full supporting reasons and evidence satisfactory to Council; and
- c. the purpose of the request is for the ratepayer to reach and maintain fully paid status; and
- d. the ratepayer enters into a rates settlement arrangement that provides for collection of both current rates and arrears in full over an acceptable timeframe, provided that:
 - i. the arrangement will be annulled if the applicant does not adhere to it; and
 - i. Council may vary the arrangement on request; and
 - ii. Council may in extreme cases elect to also remit some or all of the penalty arrears existing at the time the arrangement was entered into if the arrangement has been adhered to and this brings about settlement in full.

All remissions will be considered on their merits and remission will only be given where Council considers it just and equitable to do so.

Remission of Rates on Land Used for Certain Purposes

(arrears comprises rates from any previous rating year).

Policy objective

To facilitate the ongoing provision of non- commercial community services and non-commercial sporting and recreational opportunities for the residents of the district. Providing rates remissions will achieve this by assisting the organisation's survival and making services of the organisation more accessible to the general public, particularly disadvantaged groups. These include children, youth, young families, aged people, and economically disadvantaged people.

Conditions and criteria

This part of the policy will apply to land owned or occupied by a charitable, sports or recreation organisation where they are recorded in Council's Rating Information Database as the ratepayer or are occupying Rotorua Lakes Council property, and which is used exclusively or principally for sporting, recreation or community purposes. For the purposes of this policy the terms "occupied" means exclusive use of all or part of a rating unit.

The policy does not apply to organisations operated for private pecuniary profit, and volunteer labour will be a predominant resource of qualifying entities.

This policy is designed to assist the survival of organisations that would otherwise struggle financially and, as such, those that are considered to receive adequate funding from other sources will not qualify for assistance under this policy.

Applications for remission must be made on the prescribed form (available from the council offices). New applications for rate remission should be made to the council prior to the commencement of the rating year. Organisations that successfully applied in the previous year must re-apply, and their re-application must be received by 15 June prior to the rating year being applied for.

Organisations making applications should include the following documents in support of their application:

- Statement of objectives; and
- Constitution or rules or equivalent; and
- Financial accounts; and
- Information on activities and programmes; and
- Details of membership or clients.
- The policy shall apply to such organisations as approved by the council as meeting relevant criteria.

Remission for successful applicants using land for sporting or recreation purposes is 50% of the non-service-related rates applicable to the exclusive use part of the rating unit occupied.

The remission for successful applicants using land for community purposes is 100% of the non- service-related rates applicable to the exclusive use part of the rating unit occupied.

Remission of Rates for Significant Natural Areas

Policy Objective

To provide rates relief for land that is classified as a Significant Natural Area (SNA) due to its indigenous vegetation or being a significant habitat for indigenous species.

Conditions and Criteria

Council will provide a uniform rates remission of \$5 per hectare for rateable land that is identified as an SNA in the Rotorua district plan where the area of rateable land that is identified as an SNA is a minimum of 20 hectares. Remission will be provided each year to all rating units that meet the specified criteria. Refer to Rotorua District Plan appendix 2 – Natural Heritage Inventory.

Remission of Targeted Rates for Sewage Disposal from Schools

Policy objective

To enable Council to fairly and reasonably rate schools for sewage disposal, having regard to the number of water closets and urinals needed for the number of pupils and staff rather than for the actual number of water closets and urinals available.

Conditions and criteria

Targeted rates for sewage disposal from schools will be remitted to the extent that they exceed the rates on the deemed number of water closets and urinals:

- a. The deemed number of water closets and urinals will be the lesser of one water closet and urinal for every 20 persons (teachers and students), or part thereof, on the roll at 1 April in the preceding financial year, and the actual number of water closets and urinals.
- b. A school is defined as a state school under section (2) (1) of the Education Act 1989, or an integrated school under section (2) (1) of the Private School Conditional Integration Act 1975.

Schools will be required to file an annual return of staff and student numbers in the prescribed form in order to qualify for the remission.

Remission of Rates for Queen Elizabeth II National Trust Open Space Covenants

Policy Objective

To provide rates relief where land is legally protected under a QEII Open Space Covenant.

Conditions and Criteria

Council will consider remissions of rates on land that has a QEII Open Space Covenant where the land or portion of land has a legal binding QEII Open Space Covenant registered on the title.

Calculation of such remissions are to be on a case-by-case basis, with the determination of land value for the covenanted land to be made by Council's Valuation Service Provider.

Remission of Rates in Extraordinary Circumstances

Policy objective

It is recognised that not all situations in which the council may wish to remit rates will necessarily be known about in advance and provided for in Council's specific policies. The purpose of this part of the policy is to provide for the possibility of rates remission in circumstances which have not been specifically addressed but in which, for the reasons set out below, Council considers it appropriate to remit rates.

Conditions and criteria

Council may remit rates on a rating unit where it considers it just and equitable to do so because extraordinary circumstances arising from a change to Council's Rating or Rates Remission policies have resulted in unintended consequences for a rating unit.

The amount of any such relief will be determined by Council having regard to the quantum of additional rates caused by the extraordinary circumstances.

Any such remission granted will be determined on a case-by-case basis, and will not be delegated to council officers.

Remission of metered water charges where leak has been detected and repaired

Policy Objective

The objective of this remission policy is to provide a measure of rates relief where a water leak has been detected on the ratepayer's property, and prompt remedial action to repair the leak has been undertaken. However, the ratepayer is responsible for water leaks and the usage of water on their property.

Conditions and Criteria

Council will consider remissions of metered water charges under the following circumstances;

- a. where a leak has been detected on the ratepayer's property, and that leak has been promptly repaired; and
- b. the leak has resulted in charges in excess of expected usage ; and
- c. when applied for in writing, with evidence that a leak has occurred and documentation of the repairs undertaken.

The amount of the remission will be the difference between the average consumption of the property prior to the leak, as deemed reasonable by Council, and the consumption over and above that average.

Ratepayers are limited to one application for a water leak remission within any one year period for a particular property. Re-occurring annual remission requests may be declined.

Discount for Early Payment of Rates

Policy objective

To provide a discount to ratepayers who choose to pay their annual rates in full by the due date for the first instalment.

Conditions and criteria

A discount will be allowed to early payment of rates in compliance with the following conditions:

- a. The discount will be allowed for any ratepayer who pays the total annual rates as specified on the rates assessment, by the due date for the first instalment;
- b. The discount will not apply to charges for water by meter;
- c. The discount will be at a rate fixed annually by resolution.

Remission policy on uncollectable rates

Policy Objective

To allow for situations where all practicable methods of enforcing rates collection have been exhausted and where it is in the council's and ratepayer's best financial interests to remit such rates. One benefit of this is to achieve early recovery of the GST content of these uncollectable rates instead of having to wait until expiration of six years as required by the Limitation Act 2010, which then prompts write-off of the debt and recovery of the GST at that time. Most, if not all properties that meet this objective, are expected to be multiple owned Māori Freehold Land that is unoccupied and unused.

To allow for situations where due to the relatively small size of the amount owing it is not economical to collect such rates debts.

Conditions and Criteria

All rates, both arrears and current, including service charges, will be remitted in cases where the council considers either of the above objectives will be achieved. This policy will be applied at Council's instigation.

Delegated authority to apply this policy rests with the Chief Financial Officer

Properties receiving a remission under 1 above are to be reviewed whenever fresh aerial images are available to confirm or otherwise their continued remission status.

Remission of Targeted Rates for Capital Cost of Sewerage Schemes on Payment of Capital Cost Owing

Policy objective

The objective of this policy is to allow ratepayers, who did not originally take up the lump sum option within the timeframe allowed for any of Council's sewerage schemes, to repay the capital cost balance owing.

Conditions and criteria

At any point during a rating year, a ratepayer who is currently paying a targeted rate for the capital cost of a sewerage scheme may request the capital cost balance owing as at 30 June for that rating year (note: each rating year begins on 1 July).

The amount quoted will not contain any loan charges for any subsequent rating year (i.e. it will be the remaining capital cost balance owing as at 30 June of that rating year), but as the targeted rate has been set for the full current rating year, this targeted rate must be paid for that year as assessed.

Provided the amount quoted by Council is paid in full on or before 30 June of that rating year, the rating unit will automatically be credited with a 100% remission of the sewerage capital cost targeted rate each year until the end of the loan repayment term.

Remission of rates on Māori Freehold Land

In developing this policy Council has given consideration to how either providing or not providing rates remissions would contribute to the following objectives.

Policy Objective

Supporting the use of the land by the owners for traditional purposes.

Recognising and supporting the relationship of Māori, and their culture and traditions, with their ancestral lands.

Avoiding further alienation of Māori Freehold Land.

Facilitating any wish of the owners to develop the land further for economic use.

Recognising and taking account of the presence of waahi tapu that may affect the use of the land for other purposes.

Recognising and taking account of the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere).

Recognising and taking account of the importance of the land for community goals relating to:

- the preservation of the natural character of the lakes environment
- the protection of outstanding natural features
- the protection of significant indigenous vegetation and significant habitats of indigenous fauna

Recognising the level of community services provided to the land and its occupiers.

Recognising matters relating to the physical accessibility of the land.

Encouraging productive use or occupation of part or all of the land and payment of rates on part or all of the land.

Taking into account other factors (e.g. value of land based on highest and best use, compared with actual or most practical use) that contribute to the block being unoccupied and unproductive.

Specific Conditions and Criteria

50% rates remission may be provided where any of the objectives 1-9 are supported.

75% rates remission may be provided for a period of 5 years where land that is previously not used is brought into productive economic use. After 5 years, the remission will be either removed or reduced where conditions continue to prevent full economic use of the land, e.g. zoning value, access difficulties, flooding or erosion. This remission may only be applied for once every ten years in respect of the same property (objectives 4 and 10 supported).

Multiple sets of uniform annual general charges and uniform targeted rates may be remitted where multiple rating units are being used as one property, e.g. forestry, farming. Rating units need not necessarily be contiguous (objectives 4 and 10 supported).

Part of the rates may be remitted where some other aspect beyond the reasonable control of the owners prevents the full economic use of the land e.g. access, flooding, erosion etc. Remission amount will be on a case by case basis at the discretion of council (objective 9 supported).

Part of the rates may be remitted where:

- The land is multiple owned and unoccupied, and
- Remission of part of the rates assessed will enable all or part of the land to be utilised, and enable payment of the balance of the rates assessed (objective 10 supported).

Part of the rates may be remitted where:

- The land is multiple owned, and
- The rateable value exceeds the value that is relevant for the purpose for which the land will be used, e.g. land is zoned residential yet is used for farming (objective 11 supported).

Calculation of remissions under objective 11 are to be on a case by case basis, with the determination of 'actual use' rateable value to be made by Council's valuation service provider.

Rates Postponement

General conditions and criteria

If any remaining rates after a remission is applied are not paid by the relevant due date, no further remission will be provided.

No remission of service charges will be provided.

No rates postponements will be provided on Māori freehold land.

Consideration will be given to the following matters (but not limited to these) as part of the decision-making process:

The number of owners

The rateable land value per hectare relative to similar parcels of land

Any restriction of access, bearing in mind this will have been accounted for to some extent by Council's valuers

Potential for future use/economic development of the land.

For the purposes of this policy, multiple owned Māori freehold land means Māori freehold land owned by more than two persons.

Each case will be considered on its individual merits at Council's discretion. This means that an application for remission that seems to meet the conditions and criteria may not necessarily be approved.

Properties approved to receive a remission will be subject to regular review and generally this will be on an annual basis.

Application for rates remissions under any of the above conditions is required to be submitted on the 'MFL remission application form'. Contact Council's customer service centre for a copy. Further information may be requested by council officers to support any application lodged.

Policy Objective

To give ratepayers a choice between paying rates now or later, subject to the full cost of postponement being met by the ratepayer and Council being satisfied that the risk of loss in any case is minimal.

General Approach

Only rating units defined as residential, and used for personal residential purposes by the applicant(s) as their sole or principal residence, will be eligible for consideration of rates postponement under the criteria and conditions of this policy.

Current and all future rates may be postponed indefinitely, or until the sale of the property, if at least one ratepayer (or, if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older. Where the ratepayer is younger than 65, current and all future rates may be postponed to a date not more than 15 years from June 30th in the rating year in which the application was made. The applicant may elect to postpone the payment of a lesser sum than that which they would have been entitled to have postponed under this policy.

Owners of units in retirement villages will be eligible; provided that Council is satisfied payment of postponed rates can be adequately secured.

Council will add to the postponed rates all financial and administrative costs to ensure fairness between ratepayers who use the postponement option and those who pay as rates are assessed.

Council will establish a reserve fund to meet any shortfall between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure that neither the ratepayer(s) nor the ratepayer(s') estate will be liable for any shortfall.

Criteria and Conditions:

Eligibility

Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes. This includes, in the case of a family trust owned property, use by a named individual or couple. People occupying a unit in a retirement village under an occupation licence will be able to apply for postponement of the rates payable by the retirement village on their unit, with the agreement of the owner of the retirement village.

Risk

Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid, is negligible. To determine this, a specifically designed actuarial model has been developed that will forecast, on a case-by-case basis, expected equity, when repayment falls due. If that equity is likely to be less than 20%, the council will offer partial postponement, set at a level expected to result in final equity of not less than 20%.

Where a ratepayer wishes to postpone both this council's rates, and those set and assessed by Bay of Plenty Regional Council, this council will consult with Bay of Plenty Regional Council to ensure that the combined council's rates do not exceed the equity provisions outlined in the previous paragraph.

Where a ratepayer wishes to postpone the rates assessed by Waikato Regional Council a separate application would have to be made to Waikato Regional Council.

Exclusions

At present, the law does not allow councils to register such a charge against Māori freehold land. Accordingly, Māori freehold land is not eligible for rates postponement (unless and until the law is changed so that the council can register a statutory land charge).

Insurance

The property must be insured for its full value and evidence of this produced to Council annually.

To assist ratepayers who are currently uninsured, Council is anticipating the development of a group insurance policy to provide all risks cover, designed to keep cover against catastrophic loss to a minimum cost. The premium will be treated as part of the postponement fee and therefore come within the postponement arrangements.

Arrangements for the group insurance policy are currently on hold, but Council will continue to monitor progress.

Mortgage

Postponement of rates on a property subject to mortgage will be available only if Council holds a letter from the mortgagee agreeing to the postponement.

Independent Advice

To protect Council against any suggestion of undue influence, applicants will be referred to an appropriately qualified and trained independent agency contracted by Council. The agency will work with the applicant, to ensure they are aware of all aspects of the policy, before deciding to proceed with postponement. A certificate confirming this will be required by Council before the postponement is granted. The cost of this is included in initial charges set out in the Funding Impact Statement.

Rates able to be postponed

All rates are eligible for postponement except for: targeted rates for water supplied by volume (water by meter rates) and lump sum options.

Security

Postponed rates will be registered as a statutory land charge on the rating unit title. This means Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

Postponement will not be granted if a statutory land charge cannot be registered on the rating unit Certificate of Title.

Council has the right to decline postponement if the property is situated in a known hazard zone.

Conditions

Any postponed rates (under this policy) will be postponed on the following conditions:

- a. Until the death of the ratepayer(s) or named individual or couple, (in this case the council will allow up to 12 months for payment so that there is ample time available to settle the estate or, in the case of a trust owned property, make arrangements for repayment); or
- b. Until the ratepayer(s) or named individual or couple ceases to be the owner or occupier of the rating unit. (If the ratepayer sells the property in order to purchase another within the council's district, Council will consider transferring the outstanding balance, provided it is satisfied that there is adequate security in the new property for eventual repayment); or
- c. If the ratepayer(s) or named individual or couple continue to own the rating unit, but are placed in residential care, Council will consider them to still be occupying the residence for the purpose of determining when postponement ceases and rates are to be paid in full; or

- d. Until a date specified by Council. Council will charge an annual fee including interest on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

Fees:

Annual Fees

Annual fees will be charged in accordance with the fees outlined in the Funding Impact Statement.

Application Fee

An application fee will be charged in accordance with the fees outlined in the Funding Impact Statement. This will be added to the postponed rates.

Financial Costs

The financial cost will be charged in accordance with the interest rate outlined in the Funding Impact Statement. This will be added to the postponed rates.

Payment

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would have been entitled to have postponed pursuant to this policy.

Review or Suspension of Policy

The policy is in place indefinitely and can be reviewed, subject to the requirements of the Local Government Act 2002, at any time. Any resulting modifications will not change the entitlement of people already in the scheme, to continued postponement of all future rates. Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in Council's rating information database. This will require the ratepayer(s) for that property to pay all future rates but will not require any payment in respect of rates postponed up to that time. These will remain due for payment on death or sale.

The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

Procedures

Applications must be on the required form which will be available from Council's Civic Centre at 1061 Haupapa Street, Rotorua. The policy will apply from the beginning of the rating year in which the application is made, although Council may consider backdating past the rating year in which the application is made, depending on the circumstances.

Applications for postponement under this part of the policy will be determined by officers of the council, acting under delegated authority from Council as specified in the delegations resolution.

Postponement of rates on Māori freehold land

Council's policy in respect of postponement of rates on Māori freehold land follows past policy. This is to not postpone rates but to use the remission policy where appropriate.

Policies and Strategies

Significant forecasting assumptions

Introduction

In preparing forecasts, both financial and non-financial, there is a need to provide assumptions to address the uncertainties of the future. This is important for a number of reasons, including:

- allowing readers of the forecasts to understand the basis that financial information has been prepared on;
- providing a means of explaining differences that will inevitably occur between the actual result and that which was forecast; and,
- ensuring risks faced by the organisation in the future have been appropriately identified and evaluated.

The purpose of this section is to:

- comment on the process used to develop assumptions
- analyse legislation
- understand best practice
- set out the major assumptions
- outline any continuous improvement that may be required.

Summary of Significant Assumptions

The assumptions opposite have been used in preparation of estimated financial statements in this Long-term Plan.

No#	Assumption	Likelihood	Consequence	Overall risk
1	Asset lives	Unlikely	Minor	Low
2	Growth assumptions	Possible	Minor	Moderate
3	Cost growth	Possible	Medium	Moderate
4	Subsidy rate	Likely	Medium	Moderate
5	Asset revaluations	Possible	Medium	Moderate
6	Return on investments	Unlikely	Minor	Negligible
7	Interest on borrowing	Possible	Medium	Moderate
8	Resource consents/designations	Possible	Medium	Moderate
9	Renewability of debt funding	Very unlikely	Medium	Moderate
10	Local Government Reform	Likely	Medium	Moderate
11	Legislative demands on council resources	Possible	Medium	Moderate
12	Information technology disasters	Possible	Medium	Moderate
13	Local natural disaster	Unlikely	Major	Low
14	Climate change	Likely	Major	Moderate
15	Emissions trading scheme	Possible	Minor	Low
16	Insurance	Possible	Medium	Low
17	Other Revenue	Possible	Minor	Low
18	External funding for major capital projects	Possible	Medium	Moderate
19	Societal change	Unlikely	Minor	Low
20	Sources of funds for future replacement of significant assets	Possible	Medium	Low
21	Total number of rating units	Likely	Medium	Moderate
22	Water reform	likely	Major	Major
23	Pandemic event/lockdown & government changes to alert level warnings	Unlikely	Moderate	Moderate

Forecasting Assumptions Commentary

1. Asset Lives

Assumption

Council holds a number of assets that are significant to its operations and provision of services. These include assets related to water supplies, waste water, parks and reserves, stormwater, airport, roads, library, museum, events venues, buildings, plant and equipment. The assumption is that assets will function as expected for the duration of their estimated useful lives. The useful lives of these assets are referred to in the Statement of Accounting Policies and summarised in the table below:

Buildings	
Structure	10 to 101 years
Services	20 to 50 years
Fit-out	5 to 40 years
Site-specific	2 to 20 years
Plant and equipment	3 to 96 years
Parks & Reserves	3 to 100 years
Airport Assets	
Runway, Taxiways, Aprons	5 to 42 years
Other paved areas	10 to 42 years
Surround security fences	10 years
Landfill improvements	2 to 100 years
Roads and footpaths	
Seal - First coat and base	80 years
Seal - second coat	20 years
Footpaths (concrete)	10 to 100 years
Footpaths (bitumen)	7 to 20 years
Bridges	70 to 100 years
Water	
Treatment plants and facilities	5 to 100 years
Water and reticulation (other assets)	10 to 130 years

Sewage system	
Treatment plants and facilities	3 to 100 years
Wastewater and reticulation (other assets)	10 to 100 years
Stormwater drainage	10 to 130 years

Risk

The risk is that the assets will not last as long as the design life forecast and will need replacement earlier than planned. This would require the funding of replacements to also be brought forward.

One option is to prioritise replacement based on consequences if other replacements could be delayed to minimise having to increase the rates required to fund this. Council's modelling does not depreciate assets until the year after capitalisation. However if other replacement works with lower consequence rating cannot be delayed, then rates would increase in the year of the replacement, but not be required in the year the replacement was planned, so it is only a timing issue. Additional costs associated with the timing and lives of assets would be an interest component and/or depreciation component impacting rates and/or debt. For every \$1 million movement in debt there would be an approximate interest impact of \$90,000.

Risk assessment

Asset management plans are in place for these assets, and professionally qualified staff and consultants have been engaged over the years to advise on this risk. The risk is now well understood and considered to be low.

2. Growth

Assumption

Council has used Infometrics growth assumptions for its planning. This approach is intended to minimise the risks for each planning horizon. Council has assumed the largest land area demand and infrastructure requirements over the 30-year horizon, but has assumed a lower level of revenue over the 10-year horizon.

Council has decided to make a projection in line with the Infometrics target of approx. 2,950 new residential dwellings over the ten-year period. Simply put, this assumes that existing housing stock is now fully utilised and that new housing supply is constraining further population growth.

Context

The last three years have seen strong population growth for the Rotorua District.

Infometrics Data: Population Estimate; Rotorua District			
Year to June	Population	Change	% Change
2020	76,194	1,094	1.46%
2021	77,254	1,060	1.39%
2022	78,278	1,024	1.33%
2023	79,265	987	1.26%
2024	80,211	946	1.19%
2025	81,109	898	1.12%
2026	81,949	841	1.04%
2027	82,724	775	0.95%
2028	83,424	700	0.85%
2029	84,044	620	0.74%
2030	84,593	549	0.65%
2031	85,085	492	0.58%
2032	85,532	447	0.53%
2033	85,947	415	0.49%
2034	86,341	394	0.46%

This has created pressure on the housing market to the point where housing supply is likely constraining further growth for the district. A number of actions are underway (including the Housing Accord) to ensure there is sufficient land available for future residential and commercial development.

30 year growth assumptions

The Infrastructure Strategy uses the Infometrics growth assumptions for its long-term capacity planning.

Unrestrained projections assume population growth in market conditions where all demand is met (i.e. demand for employment, housing, business and industrial buildings etc).

Detailed service demand modelling determined the land (residential, commercial and industrial) and the associated infrastructure requirements for this projection. Analysis against existing zoned land revealed that additional residential and a greater variety of industrial land was required to ensure that land supply did not constrain future economic and population growth.

The analysis also established that in the short term, infrastructure can accommodate dispersed growth because in a variety of different land areas around Rotorua, support for distributed growth is available and can potentially delay bulk infrastructure investment until existing spare capacity is used first. This underpins the Asset Management Plans infrastructure catchment areas (e.g. water supplies) and the 30 Year Infrastructure Strategy.

3. Cost growth

Assumption

Years ending 30 June:	Roading	Land and Property	Water and environment	Operating - Staff (%)	Operating - LGCI Other (%)
2025	3.1	3.0	4.3	5.0	3.3
2026	2.0	2.0	2.5	5.0	2.2
2027	2.3	2.2	2.7	5.0	2.3
2028	2.3	2.2	2.6	5.0	2.3
2029	2.2	2.1	2.5	5.0	2.2
2030	2.1	2.0	2.3	5.0	2.1
2031	2.0	1.9	2.3	5.0	2.0
2032	2.0	1.9	2.2	5.0	2.0
2033	2.0	1.9	2.1	5.0	1.9
2034	1.9	1.8	2.1	5.0	1.9

The Reserve Bank Act requires that price stability be defined and negotiated between the government and the Reserve Bank. This is called the Policy Targets Agreement (PTA) and defines price stability as annual increases in the Consumers Price Index (CPI) of between 1 and 3 percent on average over the medium term, with a focus on keeping future average inflation near the 2 percent target midpoint. The inflation assumption currently used by Treasury after five years is the mid-point of the RBNZ target range of 1.0% pa to 3.0% pa, being 2.0% pa. History has shown that 2.5% (0.5% above midpoint) is a probable outcome, typically, in the shorter term. The Business and Economic Research Limited (BERL) price change estimates are shown above for the major areas used in this Long-term Plan (% are per annum change).

Risk

That prices rise higher than the assumptions built into the plan. Higher than expected inflation will result in higher rates increase or a reduction in service levels if overall pools of funds for capital spend are not altered.

A lower inflation factor will allow a lower than planned rates increase or reduction of debt. The effect of this would be as follows - for \$100m of costs a 1% increase would mean a \$1m increase in costs.

Risk assessment

A number of factors will affect economic performance and certainty around these cost factors is difficult to judge. BERL has had many years of experience in providing cost adjusters to local government and is the best known resource available. However, with volatility within the global economy, currently the risk is considered moderate.

4. Subsidy rate

Assumption

Council receives subsidies from New Zealand Transport Agency (NZTA) for local roads within the district, of 57%. This subsidy comes from road user charges and petrol tax, and is allocated to roading projects at the rates listed below, depending on the type of project.

Financial Assistance Rates	%
Year 1 - 2024	57%
Year 2 - 2025	57%
Year 3 - 2026	57%

It is assumed that the projects in the Long-term Plan will be subsidised at these rates.

Risk

The risk is that transport projects included in the Long-term Plan will not be approved by NZTA due to lack of funds or the subsidy rates are reviewed down. This would result in a shortfall in funding for planned projects. The largest risk is around renewals and maintenance, so if the subsidy is reduced, the level of service for renewals and maintenance would be reviewed and adjusted to fit the gross financial resource available in the budget.

Risk assessment

Financial assistance rates (FAR) have been reviewed and are now set for the next three years. Therefore, risk is currently considered moderate.

5. Asset revaluations

Modelling Parameter

A three-year rolling cycle valuation has been modelled using the inflation factors in the cost growth section above. The three-year cycle was determined from the latest asset class revaluations in the 2022 Annual Report.

Risk

The risk is that asset values over the period of the plan are significantly different to the estimated increases in the Long-term Plan.

Risk Assessment

The modelling assumption aligns with the accounting practice of revaluation of particular assets classes on a three year rolling cycle. Adopting this approach enables Council to better forecast the potential replacement and maintenance costs of these assets and minimise any material impacts on future planned rates increases. Risk is considered moderate.

6. Return on investment

Assumption

It is assumed material cash investments will net 1% return on short term cash investments over the duration of the Long-term Plan. Although the interest earned on short term cash investments will fluctuate considerably over the 10 years, it is not considered material and so a single assumption for all of the ten years has been used.

Risk

The risk is that Council will obtain lower returns on its cash investments.

Risk Assessment

As Council has minimal investments, this risk considered negligible.

7. Interest on borrowing

Assumption

Council has an actual portfolio of fixed interest rate debt that matures at various times over the next 10 years. Taking into account the current economic state, the interest rate on the cost of borrowing for the Long-term Plan is as follows.

Year	Interest Rate
2025	4.23%
2026	4.67%
2027	4.87%
2028	5.00%
2029	5.20%
2030	5.50%
2031	5.50%
2032	5.50%
2033	5.50%
2034	5.50%

Council's interest rates are forecast to increase as existing loans on lower interest rates mature and are replaced by new market rates at higher levels.

Risk

The risk is that interest rates will be in excess of the assumptions. A movement in interest rates of 0.5% on debt of \$10 is \$500,000

Risk assessment

Council has a Treasury Management Group (TMG) which includes external experts. The TMG meets regularly to closely monitor council's levels and profile of debt as well as keeping up to date with global and local economic indicators. This has proved to be

successful with council achieving average interest rates within the industry. So despite the close monitoring and good controls in place, the risk is still considered medium in the long-run due to the volatility and unpredictability of the many factors that can affect interest rates.

8. Resource Consents/Designations

Assumption

Council will need to apply for numerous resource consents, designations etc. for new projects over the Long-term Plan. Major activities that will require consents (or district plan change) include landfill, wastewater discharge, Wastewater Treatment Plant, water sources and stormwater discharges. It is assumed that all necessary consents will be granted when required with reasonably forecasted conditions.

Risk

The risk is that consents will take longer to be granted and therefore not be available at the time assumed within the Long-term Plan for commencement of the networks development or the secure continuity of service; will include conditions that are more onerous and technically challenging than anticipated and the network development becomes substantially more expensive, potentially to the extent that it becomes more expensive than budgeted to proceed or are not granted requiring different solutions.

Risk Assessment

In deciding on and costing projects for the Long-term Plan, Council is reasonably well aware of the anticipated requirements to meet resource consent requirements; however, the risk is around notified consents that could be appealed in the Environment court. This has the possibility to make the consent process both more costly and longer to attain. The risk is therefore considered moderate.

9. Renewability of Debt Funding

Assumption

It is assumed that Council's portfolio of debt, which has differing maturity dates from one to 15 years and new funding required, will be able to be raised on favourable terms.

Risk

The risk is that Council will not be able to raise new debt on favourable terms. The result would mean Council would have to borrow at higher than planned interest rates.

Risk Assessment

Local government is a very low risk to investors, second only to central government. For this reason it is very unlikely that Council will not be able to raise funds on favourable terms as and when required. Council has a comprehensive treasury policy and management practices, employs expert advice when required, has a debenture trust deed for raising loans and employs qualified staff. Habitual lenders have always shown confidence in Rotorua Lakes Council in the past and this is not likely to change. This risk is considered moderate.

10. Local Government Reform/Central Government Collaboration

Assumption

It is assumed that our current structure, role, and functions will continue, except where this has been clearly stated in the LTP. The range and nature of our services will remain unchanged.

The Review into the Future for Local Government has published its final report, He piki tūranga, he piki kōtuku. The report poses proposed 17 recommendations to shape a more community-focused, citizen-centred local governance system. The report does not explicitly recommend the allocation of roles and functions between central and local government and notes that decisions relating to the allocation of roles and functions cannot be made without understanding how they will be funded, and whether local government has the capacity and expertise to carry them out.

Risk
That the structure of Local Government will change, and the council moves to unitary, combined or other governance model. Within 10 years there may be significant changes to the boundaries of local government in our region.

That central government will allocate or remove responsibility for services to local government, and/or the regional council will allocate responsibility for additional services or standards to local government in the Bay of Plenty Region that requires immediate addressing and affects our capacity to deliver.

Risk Assessment

A reorganisation process would take place over a sizeable period of time, allowing the council to fully prepare. Council will proactively monitor and engage in discussions of this nature. We will continue to keep a watching brief on the local government sector and Central Government's response to the Future for Local Government review.

11. Legislative Demands on Council Resources

Assumption

Over the past decade, there has been a substantial increase in the level of delegation from Central Government to local government through legislative reforms. In almost all cases there has been no funding provided to develop the policy and/or deliver these new services. This has meant that the services have had to be funded from efficiency gains, local user charges, and an increase in rates, or combination of all these mechanisms. In some instances, there has been a need to increase resources, such as staff, consultants and contractors. The assumption is that any legislative reform or amendments will not require Council to assume responsibilities that require additional resources and hence, additional cost.

Risk

The risk is that there will be significant change to legislation that will cause a material change in operations and costs.

Risk Assessment

Change of Government or even a change in ministers could have an impact on this risk, therefore the risk is considered moderate.

12. Information Technology Disasters

Assumption

Council runs a complex business and has a statutory responsibility to capture and retain data. In addition, Council needs to be able to provide technology support for various business functions across Council. Without the support of information and communication technology (ICT) infrastructure, many of Council's services could not be provided. The assumption is, in the event of an ICT disaster, all services will continue to be provided and alternative support is available.

Risk

The risk is that in the event of an ICT disaster, services provided by Council will not be able to be delivered.

Risk Assessment

There are a range of mitigation measures adopted by Council to further reduce the likelihood of a major disaster including: a hybrid cloud strategy; a server virtualisation project that allows servers to be replicated in the event of a failure of any one of the servers; cornerstone applications are well supported by vendors to provide priority support; the infrastructure has been built with redundancy and resiliency in mind and is split over two separate locations; hardware renewal programme that ensures replacement before failure, backup systems are in place. This risk is considered low-moderate.

13. Local Natural Disaster

Assumption

It has been assumed that there will be no significant natural disaster during the term of the Long-term Plan that will exceed the capacity and capability of Council to respond.

Risk

The risk is that there could be a significant natural disaster within the next ten years that is focused in Rotorua or close enough to Rotorua to have a major disruption impact on our levels of service. Council's mitigating control for this is having business continuity plans in place and/or a disaster recovery plan.

Risk Assessment

The assessment is that the chance of a catastrophic event happening is low, however the effects on the district of such catastrophic event would be major and a combination of business continuity planning, a recovery planning and natural disaster insurance are utilised to address such risk.

14. Climate Change

Assumption

Climate change is a long-term phenomenon with outcomes that are hard to predict.

Our district has seen evidence over the last cycle of the Long-term Plan that we have experienced and will continue to experience the following severe weather events:

- Increase in the amount of rainfall in large storm systems
- Milder autumns and winters
- Increase in above average temperature days
- Increasing lake levels
- Drier winters
- Wetter summers

As extreme weather events increase there is the likelihood of more risks from natural hazards. Council must respond to climate change in its planning so that it can ensure a level of preparedness for any future implications and impacts of climate change and associated costs that go with this.

However, this is planned for as an important part of Council's long-term asset management planning which has a 30-year timeframe. We also have a climate action plan in place that is centred onto actions that mitigate climate change. The projected impacts of climate change are likely to be gradual and to become more noticeable toward the end of this 30-year period, particularly for water, stormwater, wastewater and transport assets. However, they are taken into account in our long-term infrastructure planning with gradual resiliency interventions.

Risk

If the impacts of climate change have a more rapid and greater impact than planned for within the next 10 years the risk for Council is:

- Impacts on Council's assets due to greater than predicted severity of weather events.
- Unbudgeted costs in both operational and capital programmes due to the need to rectify damage to assets.
- Ultimately leading to decreased levels of service for all services, based on affected assets.

Risk Assessment

It is assumed that climate change will continue to evolve and will impact Council in the future. It is addressed by adequate resiliency planning, The risk to Council is low and gradual and Council will be better able to cope with the nature, extent and timing when events do occur.

Climate change effects have been measured and tracked for some time now and are reasonably foreseeable.

Council monitors changing weather patterns and takes this into account in designing new and upgraded infrastructure. Various infrastructure assets have been allocated budget for both increased level of reliance of service and to address growth components in the capital works budget for this LTP.

15. Emissions Trading Scheme

Assumption

Council has contracted out its ETS surrender obligation at the landfill within its management contract currently entered into with Waste Management.

Risk

The risk is there are unknown costs associated with ETS that are not included in the Long-term Plan because National Policy Settings are unknown. The level of ETS price rises may necessitate an increase of the gate rate charge set by Waste Management and agreed to by Council for the safe disposal of municipal waste. This could have an effect on rates required to cover such costs which are not discretionary.

Risk Assessment

Variations in the ETS associated costs and their effects on the waste cost centre have been considered in the financial model for waste services with a view towards reasonable risk mitigation. It is not expected that these costs would be material to the plan so the risk is considered moderate to low.

16. Insurance

Assumption

The insurance industry appears settled and it is assumed in the Long-term Plan that with this stability that there will be no further major cost adjusters for insurance.

Risk

The risk is that there could be further large adjustments in insurance that are not allowed for in the Long-term Plan.

Risk Assessment

If the world has another major natural disaster, there is little doubt that insurance costs will be affected, however the effects from the Christchurch and Japan earthquakes have been built into the existing premiums and the risk of further significant price increases is considered low. We continue to work with our insurance partners to stay abreast of, or to mitigate any, material changes and to ensure appropriate levels of insurance are in place with an acceptable tolerance of risk.

17. Other Revenue

Assumption

The other revenue is assumed to grow by inflation for the life of the Long-Term Plan.

Risk

The other revenue does not grow as assumed in the plan and that has a negative impact on surplus or deficit.

Risk Assessment

As inflation has been applied and other revenue is not the main source of revenue for Council the risk is considered negligible.

18. External Funding for Major Capital Projects

Assumption

Capital Project Description	Type	Budget 2024-34 (\$M)	Anticipated Subsidy (\$M)	Assumption
Tarawera Sewerage Scheme	los	12.50	7.25	\$6.5m committed by Ministry for the Environment and a further \$0.75m has been committed by the Bay of Plenty Regional Council.
Rotorua Museum Enhancements	los	62.10	53.8	The Museum is a Category One Heritage Building and an iconic building for both New Zealand and Rotorua. Because of the significance of it; we have been able to secure substantial funding to offset the cost to our community. The Museum is not only a national icon but also a key attraction and landmark for Rotorua. The council has a successful track record of securing partnership funding for the Museum restoration project. This success is not only from Government but also various philanthropic organisations within the country. Council has secured significant funding for the earthquake strengthening and restoration of the building and is confident of securing the remaining funding required to complete the project. The rebuild is expected to be complete in the next 2-3 years allowing time for further funding and partnerships to be arranged. In the unlikely event though that this remaining funding is not secured, Council will reassess its options which may include a delay in opening or partial opening the building scaling the project in order to reduce the total amount required. To date Council has secured the following from other parties: Kanoa - \$17m Lotteries - \$6m Ministry of Heritage & culture - \$5m Rotorua Energy Charitable trust - \$15m Bay of Plenty Regional Council - \$4.1m Lotteries Heritage - \$0.35m In addition, further funding is being sought from Central Government and other funders.
Rotorua Museum Exhibition	los	8.3	8.3	The exhibition will be the final step in reopening the iconic Rotorua Museum. Council believes there will be funding made available from a number of sources to support a fully functioning exhibition design and programme. Council believes funding will be available from Lotteries, philanthropic trusts, including energy and gaming trusts. In the unlikely event that funding is not secured, Council will reassess its options which may include a delay in the opening of the full exhibition space, a scaled back exhibition or a combination of new and old exhibition assets.

Central and Western Stormwater Masterplanning	Growth	105,8	84,6	The Stormwater masterplanning solution for the Central and Western areas of Rotorua formed part of the Infrastructure Acceleration Fund application to Central Government. The fund allocated almost \$85 million towards the solution and is due to be completed by 2029. This fund is to enable housing in areas of the most need.
Aquatic Centre (Stage 3)	los	3.0	2.5	Council was successful in obtaining government funding of \$2.5 million.
Sala Street Chapel	los	2.5	0.25	The Sala Street Chapel is assumed to be completed with matching external funding. This is currently being sourced and the project will not progress until such funding has been committed.
Whakarewarewa Forest project	los	1.0	0.5	The remaining works on this project are to enhance user experience in the forest and great rides track. The funding is committed by Kanoa towards completion of this project which is expected in year 1 of the LTP.

Risk

The risk is that until subsidies can be guaranteed by the third party they may not be received as budgeted or could be lower than budgeted. This would result in a shortfall in funding for planned projects and could result in a negative impact on operating result and an increase in the Council's debt.

Risk Assessment

If funding is not available through these sources investment by Council will continue but will be scaled back to available funding. However, such scaling back will have an impact on the Council's ability to issue resource consents for housing proposals.

Prior to committing to operating or capital programmes, Council has an opportunity to ensure more certainty around funding sources. If the funding is, lower or not available Council can look for alternative funding options to offset, or reassess the programme spending.

This approach is intended to minimise the risk for a funding shortfall to the LTP financial strategy and/or to identify different funding and revenue settings such as increased developer contributions.

This risk is considered moderate.

19. Societal change

Assumption

The Long-term Plan has been prepared taking into account the following societal trends:

There will be an increase the proportion of residents who identify as European with a smaller decrease in the proportion of Māori residents. The population of Rotorua will become more multicultural, with migration into Rotorua continuing, including increases in residents from Pacific Islands and Asia over the next twenty years.

The proportion of people aged 65 and over is expected to increase over the next 20 years

The proportion of young people in the district is expected to decrease over the next 20 years.

Risk

An over or under-estimation of the extent and pace of these demographic changes may result in infrastructure that does not meet the needs of the population. In these situations, planned projects could be delayed or brought forward as updated demographic projections become available.

Risk Assessment

Council will monitor demographic changes through Census information and other economic indicators.

20. Sources of funds for future replacement of significant assets

Assumption

That adequate funding will be provided to replace assets as scheduled. The sources of funds for the replacement of assets are outlined in the Revenue and Financing Policy.

Risk

That a particular funding source is no longer available.

Risk Assessment

Council reviews its work plan annually and the Revenue and Financing Policy every three years, alongside the LTP.

As the council operates a central treasury function, should one source of funding be unavailable for asset replacement, a further option would be available.

This risk is low.

21. Total number of rating units

Assumption

The estimated growth in Rotorua's ratings units for each of the 10 years of the Long-term Plan as estimated by Infometrics:

Year	Growth	Household change	Number of rating units
2024	1.49%	458	31,184
2025	1.41%	441	31,625
2026	1.33%	421	32,046
2027	1.24%	397	32,443
2028	1.14%	369	32,812
2029	0.84%	275	33,086
2030	0.75%	247	33,334
2031	0.68%	225	33,559
2032	0.62%	208	33,767
2033	0.58%	196	33,963
2034	0.50%	169	34,132

Risk

Rating units could grow at an increased rate or lower rate than projected.

Risk Assessment

An increase in the overall rating base could result in a decrease in rates for rating units as the total rates are spread across a larger base. If the rating base was to reduce, there could be an increase in rates. Variances between the forecast and actual growth in the rating base are likely to cause changes to the total rates revenue collected.

Council has used growth modelling and current property information from its valuation service provider to assess the level of growth in rating units, along with an assessment of year-by-year increases from recent years and applied this modelling to the growth levels applied.

The rating base is reviewed annually when determining the rates for the year.

22. Water reforms

Assumption

Council anticipates maintaining overall ownership, setting strategic direction, applying services stewardship and discharging appropriate asset management practice in its three waters assets. Regardless of the outcome of any future water services reform process, it is certain that communities will continue to need drinking water, wastewater and stormwater management services. Council has therefore provided for these services in the rates and financial forecasts for the 10 year period for clarity and transparency.

Risk

While Council has been advised how to forecast future service delivery in these critical areas, the precise nature of any future reform, or transition guidance thereof, is unknown at this point in time. This is potentially a high impact effect and dependent on the nature and level of reform proposed in future (if any).

Risk Assessment

Three waters reform has potential direct impacts on:

- any operating revenues (as indicated in the funding impact statement for the relevant groups);
- the direct costs of providing the activity;
- what overhead has been allocated to the activity (refer people to the notes to the accounts for details of the methodology);
- the replacement and current value of the three waters assets (as incorporated into the balance sheet and disclosed separately as required by the Financial Reporting and Prudence regulations); and,
- any balance sheet implications that a movement of assets, debts or revenues might have for the financial strategy.

Disclosure: there will be probable second order impacts, which RLC will assess as part of its analysis of any future proposal

23. Pandemic event/lockdown and government changes to alert level warnings

Assumption

Due to highly vaccinated population and increased access to antiviral medicines to treat Covid-19, all regulations for Covid-19 have been removed. Rotorua Lakes Council has assumed that there will not be a resurgence of Covid-19 or variants, there will not be regional or national lockdowns and that borders will remain open.

Risk

A risk exists that a variation of COVID-19 enters the community requiring a lockdown of the Bay of Plenty region or more broadly.

Risk Assessment

Council has developed business continuity plans for all business activities. These plans identify the essential services and the requirements needed to continue to provide the service in the event of a regional pandemic lock down.

Council has identified where revenue could be compromised as a result of pandemic restrictions and will continue to monitor these as part of council's ongoing financial stewardship. Should issues arise, Council will need to consider the effects of turning off services or maintaining them and deciding to borrow in order to fund some operational shortfalls. A decision of the Council will be required in any such eventuality. This risk is assessed as low.

**These assumptions and risks are not an exhaustive list of the assumptions and risks faced by Council and should be read in conjunction with the financial and infrastructure strategies in this chapter. These strategies contain risks and assumptions that are more specific in nature.*

Significance and Engagement Policy

Introduction

Rotorua Lakes Council is responsible for making decisions on behalf of its communities. Council gathers information, views and preferences from the diverse communities of Rotorua in many ways and uses this to inform decision-making.

The input of diverse communities within Rotorua is important in ensuring that the council's decisions reflect the aspirations of these communities. Council recognises its responsibilities and obligations to Māori under Te Tiriti o Waitangi (the Treaty of Waitangi)¹ and Council is committed to Te Arawa partnerships to support the aspirations of the people of Te Arawa as mana whenua, and taura here (Māori from outside of the rohe) in Rotorua.

The increasing diversity of Rotorua is an important consideration for engagement processes. Council will continue to refine its processes to engage more effectively with groups and communities, increasing Council's reach across the district to help inform the decision-making process.

Policy Purpose:

The purpose of this policy is to explain how the community might be engaged in various types of decisions. This policy is required under the Local Government Act 2002 to provide input into LGA.

This Policy:

Outlines Council's approach to determining the level of significance of proposals, matters or decisions to the community. Guides whether the community should be engaged on a council proposal, matter or decision.

- Makes it clear about when the council will engage, how it may engage and with whom it may engage, so that significant decisions can be made alongside the community.
- Provides a guide that outlines the engagement principles that will be followed when engaging with the community.

¹ Local Government Act 2002, Section 4, and Part 6, 75(b)

Policy

1. Definitions

Term	Definition
Community	A group of people living in the same place or having a particular characteristic in common. Includes key stakeholders, interested parties, and affected people, families, neighbourhoods, groups, marae, hapū and iwi, organisations and businesses
Decisions	Refers to all decisions made by or on behalf of the council including those made by officers under delegation
Engagement	In terms of this policy, engagement is a term used to describe the process of involving the community in the council's decisions. Engagement occurs along a continuum from informing (the most passive form of engagement for the community) through to empowering (the most active form of engagement for the community).
LGA 2002	Local Government Act 2002
Significant and Significance	The LGA 2002 defines the terms “significant” and “significance”. ‘Significance’ means the degree of importance of the issue, proposal, decision, or matter, as assessed by the Council, in terms of its likely impact on, and likely consequences for the District; any people who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter; and, the capacity of the Council to perform its role, and the financial and other costs of doing so. ‘Significant’ means that the issue, proposal, decision, or other matter has a high degree of significance.
Mana Whenua	The people of the land who have mana or customary authority - their historical, cultural and genealogical heritage are attached to the rohe (district). Within the Rotorua district, the Te Arawa iwi and hapū are recognised as mana whenua. Raukawa also have a recognised area of association within the district.
Taura Here	Māori whose tribal affiliations are from outside the rohe (district)
IAP2	The International Association of Public Participation is a member association that seeks to promote and improve the practice of public participation or community engagement.

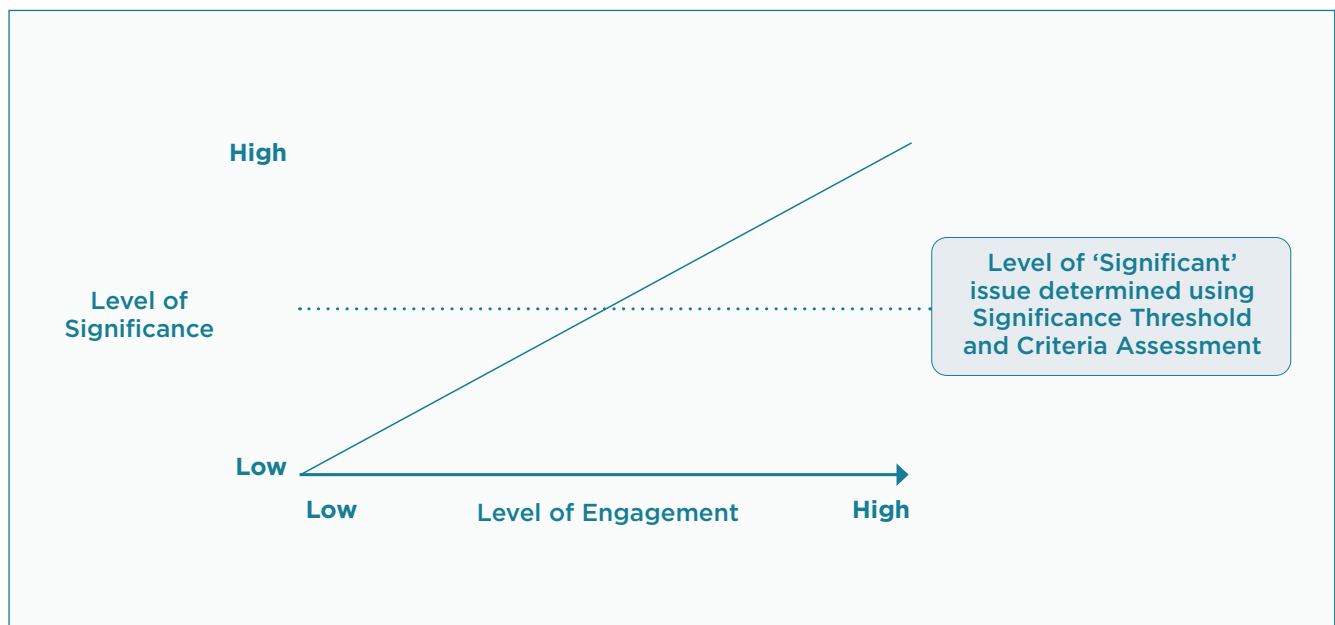
2. Significance

Methods for assessing significance

In general, the significance of an issue lies somewhere on a scale from low to high. Council has identified the following criteria to assess the degree of significance:

- Importance to the Rotorua District
- Importance to Māori
 - » Mana whenua (Te Arawa)
 - » Taura here
- Community interest
- Consistency with existing policy and strategy
- Impact on the council's capacity and capability (including costs)
- The factors relevant to assessing against these criteria are set out in Appendix 1. Other criteria that can be taken into account are: reversibility of the decision (the more difficult to be undone generally the higher the significance)
- Degree of impact on affected individuals and groups (assessing the consequences of the decision)
- Impact on the levels of service/rates or debt (the greater the impact the higher the likelihood that the proposal will be significant)
- Involvement of a strategic asset (should the decision involve a strategic asset/group of assets, it is more likely to have a higher degree of significance attached to it).

When a high degree of significance is indicated by two or more criteria, the issue is likely to be significant. The criteria provides a tool for identifying whether a matter is likely to be significant – they are not necessarily determinative of significance. Ultimately, in assessing the significance of a decision, Council will need to consider all relevant circumstances.



3. Engagement

3.1 Mana whenua and taura here engagement

Council has a legal duty to establish and maintain processes and opportunities for Māori to contribute to Council's decision-making processes, and to consider ways to foster the development of Maori capacity to contribute to Council's decision-making processes. The Māori community in Rotorua is comprised of a mix of mana whenua and taura here.

Mana whenua of the district are principally the iwi and hapū of Te Arawa. In addition, Raukawa have a recognised area of association within the district. Of particular importance, the iwi of Ngāti Whakaue² established the city of Rotorua by signing the Rotorua Township Agreement (also known as the Fenton Agreement), including generous gifts of reserve land for defined purposes. As reciprocation and recognition of this generosity, Council acknowledges that there is a responsibility to authentically engage and support mana whenua to actively contribute and participate in the decision-making processes of the council³. Council will endeavor to use different approaches and methodologies that are informed and supported by mana whenua and will actively seek appropriate advice and guidance when doing so.

In addition to meeting our obligations to mana whenua, Council aims to achieve best practice in working with mana whenua and taura here to give effect to our legislative responsibilities under the Local Government Act 2002⁴ (and other legislation), and to uphold the principles of Te Tiriti o Waitangi⁵.

Mana whenua and taura here are best placed to express and advocate their cultural interests, values and mātauranga (knowledge). The Council aims to ensure consideration is given to the cultural interests, values, and mātauranga of mana whenua in the exercise of their cultural obligations as kaitiaki (stewards/guardians) of this rohe (district), as well as the needs and aspirations of taura here

3.2 How will the council determine the level of community engagement?

Council will give consideration to the views and preferences of the communities and people likely to be affected, or who have an interest in the decision-making. However, the level of community engagement that is directly undertaken will vary, depending on the level of significance attached to the matter.

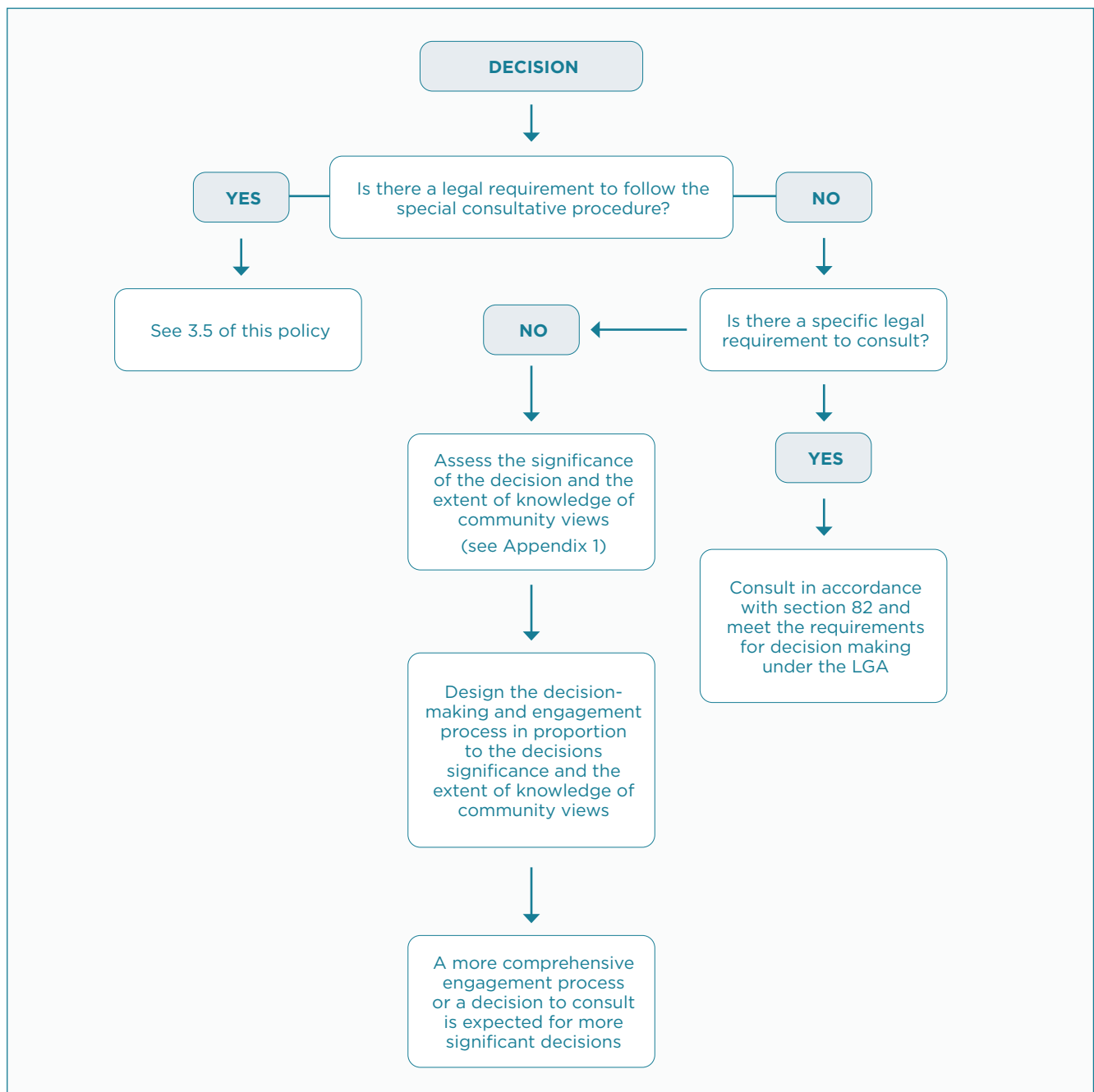
In general, the more significant an issue, the greater the need for and level of, community engagement. If the matter is considered significant under this policy the council may carry out a consultation process. See appendix three for engagement techniques Council may use.

² The Fenton Agreement also was signed by Ngāti Uenukukōpako and Ngāti Rangiwewehi

³ Local Government Act 2002, Section 4, and Part 6, 75(b)

⁴ Section 4, and sections 75(b), 77, 81 and 82.

⁵ <https://waitangitribunal.govt.nz/assets/WT-Principles-of-the-Treaty-of-Waitangi-as-expressed-by-the-Courts-and-the-Waitangi-Tribunal.pdf>, page 77



3.3 When the council will engage

Effective community engagement is key to informed decision-making. Although Council does not need to engage on all matters of decision-making, it is important to understand the impact on our communities. Council will engage when:

- Legislation requires that consultation or engagement be undertaken;
- A significant proposal or decision is being considered;
- An issue is important to mana whenua;
- An issue is considered to have a greater level of interest from within the community even if it does not trigger significance under this policy.

3.4 When Council may not formally engage

Even if a matter triggers significance under this policy, Council may decide not to formally engage when:

- a. In the opinion of Council, failure to make a decision urgently would result in unreasonable or significant damage to property, or risk to people's health and safety, or the loss of a substantial opportunity to achieve Council's strategic objectives.
- b. Physical alterations to strategic assets are required to:
 - i. prevent an immediate hazardous situation arising
 - ii. repair an asset to ensure public health and safety due to damage from an emergency or unforeseen situation.

3.5 How will Council engage?

There is a range of legislation that may affect the level of engagement that Council adopts. When choosing the level of engagement and the engagement tools and techniques for a project, Council will comply with its legal obligations, including the principles of consultation⁶, the information requirements for consultation⁷, and when a special consultative procedure (SCP) is required⁸.

Different engagement methods will be used to suit the stakeholders, issue or opportunity at hand. Council will work alongside communities to determine what type of engagement best works for them. Council will continue to evolve the engagement methods and technologies it uses, as communities and ways of communicating change.

3.6 Engagement principles

Council will underpin all its engagement efforts with best practice principles. Council will use as a reference the International Association of Public Participation (IAP2) spectrum and decision-orientation approach as the foundation for its engagement. The spectrum will help Council to decide what type of engagement is required to match the degree of significance of the matter at hand and enable decisions to be made. The principles also set out what community can expect from the Council, while allowing for some flexibility regarding the forms that engagement may take.

These principles align with LGA 2002 principles, ensuring the council meets its statutory responsibilities.

⁶Section 82, LGA 2002

⁷Section 82A, LGA 2002

⁸Section 83, LGA 2002

Appendix 1 – Factors and criterion of determining and assessing significance

Appendix 2 – Strategic assets/ activities

Appendix 3 – IAP2 spectrum

Appendix 4 – Engagement principles

Appendix 1 - Factors and criterion of assessing significance

Criterion	Importance to the Rotorua District The extent to which the matter under consideration impacts on the environment, culture and people of Rotorua, now and in the future (large impacts would indicate high significance).
Factors	Factors that might impact on community well-being are: - Any decision that would significantly alter the level of service provided by the Council of a significant activity (including a decision to commence or cease such an activity). - Extent of costs, opportunity costs, externalities and subsidies. - Uncertainty, irreversibility, and the impact of the decision in terms of the community's sustainability and resilience.
HIGH Degree of Significance LOW  ← Large Impact Little Impact →	

Criterion	Importance to Mana Whenua and Taura Here The extent to which the matter under consideration impacts on the environment, culture and people of Mana Whenua and Taura Here, now and in the future (large impacts would indicate high significance).
Factors	Factors that would indicate a high degree of significance are: - Any decision that would significantly alter the level of service provided by the Council of a significant activity (including a decision to commence or cease such an activity). - Extent of costs, opportunity costs, externalities and subsidies. - Uncertainty, irreversibility, and the impact of the decision in terms of the sustainability and resilience, as determined by Mana Whenua and Taura Here.
HIGH Degree of Significance LOW  ← Large Impact Little Impact →	

Criterion	Consistency with Existing Policies and Strategies The extent to which the matter is consistent with the Council's current policies and strategies.
Factors	Factors that would indicate a high level of significance are: Decisions which are substantially inconsistent with current policies and strategies.
HIGH Degree of Significance LOW  ← Large Impact Little Impact →	

Criterion	Community Interest The extent to which individuals, organisations, groups and sectors within the community are particularly affected by the matter.
Factors	Factors that would indicate a high degree of significance are: - High levels of prior public interest or the potential to generate interest or controversy. - Large divisions in community views on the matter. - A moderate impact on a large proportion of the community. - A large impact on a moderate number of persons.
HIGH Degree of Significance LOW  ← Large Impact Little Impact →	

Criterion	Impact on the Council's Capacity and Capability The impact of the decision on the Council's ability to achieve the objectives set out in its Long-term Financial Strategy, Long-term Plan and Annual Plan.
Factors	Factors that would indicate a high degree of significance are: - Transfers of strategic assets to or from the Council. - The financial cost of the decision, in the short, medium and long-term. - The extent of the impact on rates and/or debt (including cumulative effects). - The extent to which the decision is consistent with the Financial Strategy. - A financial transaction that involves a budgeted project (\$10 million or greater) that has an anticipated cost increase of 50% or greater. - A financial transaction that involves an unbudgeted expenditure of \$5 million or greater.
HIGH Degree of Significance LOW  ← Large Impact Little Impact →	

Appendix 2 - Strategic assets/activities

For the purposes of section 76AA and 97 (1) of the Local Government Act 2002 Council considers the following assets to be strategic assets.

Council will consider the following strategic assets as a whole because it is the asset class as a whole that delivers the service.

Council will therefore not undertake the special consultative procedure for decisions that relate to the transfer of ownership or control, or minor construction or replacement, of a part of a strategic asset, unless that decision triggers the significance thresholds and criteria outlined in this policy.

The assets and groups of assets that Council considers to be “strategic assets” are:

The roading network

The sewerage collection, treatment and disposal system, including the sewer network, pump stations and treatment works

The water supply system, including reservoirs, pump stations and reticulation

The land drainage system, including the storm water pipe network, waterways, and retention areas

Rotorua Museum including the collections

Rotorua Library

The Energy Events Centre including the Sportsdrome

The Sir Howard Morrison Centre

The Aquatic Centre

Housing for the elderly

Shares in any Council-Controlled organisation

The Rotorua Stadium

The core data set used to deliver council services

The RotoruaNZ brand and any other subsequent brand

Appendix 3 - IAP2 continuum

INCREASING IMPACT ON THE DECISION 					
	Inform	Consult	Involve	Collaborate	Empower
Public Participation Goal	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives, opportunities and/or solutions.	To obtain public feedback on analysis, alternatives and/or decisions.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision making in the hands of the public.
Promise to the Public	We will keep you informed.	We will keep you informed, listen to and acknowledge your concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

Appendix 4 - Engagement principles

Principles	Indicators	Outcomes
Councils that achieve consistent, effective and high quality engagement with the community follow these principles	Engagement processes that follow these principles commonly exhibit the following characteristics	High quality engagement often produce the following outcomes and benefits
Transparency The Council ensures that decision- making is accessible, open, honest and understandable. Our community receives the information needed, and with enough lead time, to participate effectively.	Council will: - conduct community and stakeholder engagement in a genuine effort to listen to, and consider with an open mind, community and stakeholder input; - when presenting options for community and stakeholder feedback, ensure the options are realistic and deliverable; - ensure that questions are objective (ie: not leading), allowing people to express their views freely; - allow enough time and provide adequate resources to ensure participants have been provided fair opportunity to understand the matter and contribute their views - allow time to allow for issues that might arise during an engagement process; - value contributions made and time given; - give timely feedback on the results of the public's input and decisions made; and, - value, respect and give weight to local knowledge.	- Community members have a better understanding of the proposal or decision and are better able to participate effectively. - Council understanding of community opinions and needs is enhanced.
Building Relationships and Community Capacity Community engagement processes invest in and develop long-term, collaborative working relationships and learning opportunities with community partners and stakeholders. The Council should make itself aware of, and should have regard to, the views of all its communities.	Council will: - Build ongoing relationships with the community through a range of approaches (such as those included in the engagement guide set out in Schedule 3). - Provide community members and stakeholders with a reasonable opportunity to present their views and to participate in a way that suits them. - Provide ways for the community to raise issues directly with the Council so that it is a two-way relationship. - Identify opportunities to work in partnership with community organisations and leaders to encourage greater community ownership and participation. - Ensure good information sharing of community views and preferences within the council.	- Engagement processes leave neighborhoods and communities stronger, better informed, increase their capacity to participate in the future, and develop new leaders. - A better decision or proposal will result from community participation. - The decision or proposal will have greater community acceptance.

Principles Continued...	Indicators Continued...	Outcomes Continued...
Inclusiveness and Equity Engagement and decision-making processes identify, reach out to, and encourage participation of the community in its full diversity. Processes respect a range of values and interests and the knowledge of those involved. Historically excluded individuals and groups are included authentically in processes, activities, and decision and policy making. Impacts, including costs and benefits, are identified and distributed fairly.	Council will: - Identify ways of reaching out to affected residents, parties and stakeholders, including those who are typically heard from least often. The active participation of these communities is made a high priority. - Identify early the demographics, values, and desires of and impacts on affected residents, parties and stakeholders, and influence the process design, and are reaffirmed throughout the process. - Provide more than one way for people to participate. - When required, invest in community capacity building to enable participation. - Use culturally appropriate and effective strategies and techniques to involve diverse constituencies. - Use plain language and avoid jargon and acronyms. - Follow up with under-engaged groups to see how the process worked for their community members.	- Council decisions, proposals, policies, projects and programmes respond to the full range of needs and priorities in the community. - Trust and respect for the Council increases among community members. - Council staff and members of more traditionally engaged communities understand the value of including under-engaged communities. - Equity is increased by actively involving communities that historically have been marginalised or excluded from decision making processes. - New decisions and policies do not further reinforce the disadvantaged position of historically disadvantaged people or groups.
Mana Whenua and Taura Here (Māori participation) Council should actively provide opportunities for Mana Whenua and Taura Here to contribute to its decision making processes. Iwi Environmental Management Plans, Joint Management Agreements, Memoranda of understanding or any other similar high level agreements will be considered as a starting point when engaging with Mana Whenua and Taura Here	Council will: - Recognise and protect Mana Whenua and Taura Here rights and interests within the Rotorua District - Actively consider how to address and contribute to the needs and aspirations of Mana Whenua and Taura Here - Engage early with Mana Whenua and Taura Here in the development of appropriate plans, policies and decisions - Take guidance from Mana Whenua and Taura Here in the ways Council will engage with them - Support Mana Whenua and Taura Here to fully engage with the Council, for example through (but not limited to) contributing to building capability and capacity.	- Te Arawa Partnership outcomes are met and fulfilled. - Legislative and Treaty obligations are met. - Equity is increased by actively involving communities that historically have been marginalised or excluded from decision making processes. - New decisions and policies do not further reinforce the disadvantaged position of historically disadvantaged people or groups.

Policies and Strategies

Treasury policy

1.0 Introduction

The purpose of the Treasury Policy (Policy) is to outline approved policies and procedures in respect of all treasury activity to be undertaken by Rotorua Lakes Council. The formalisation of these policies and procedures will enable treasury risks within council to be prudently managed. The Policy establishes borrowing limits to ensure prudent management of anticipated debt borrowings over time, interest rate risk management limits to ensure prudent management of interest rate risks, and that investment returns are maximised within an acceptable risk management framework, to ensure capital preservation, for the benefit of current and future ratepayers.

2.0 Scope and Objectives

2.1 Scope

This document identifies the policy and procedures of Council in respect of treasury management activities.

2.2 Objectives

The objective of this policy is to control and manage costs and investment returns that can influence operational budgets and public equity. Specifically:

2.3 Statutory Objectives and requirements

- All projected external borrowing, investments and incidental arrangements (such as the use of interest rate hedging instruments) will meet the requirements of the Local Government Act 2002, and incorporate the Liability Management and Investment Policy.
- Council is governed by the following relevant legislation:
 - » Local Government Act 2002, in particular Part 6 including sections 101, 102, 104 and 105 requiring Council to adopt a number of funding and financial policies including a liability and investment policy. Council must manage its revenue, expenses, assets, liabilities and investments prudently, in a manner that promotes the current and future interests of the community.
 - » Trusts Act 2019 (effective 30 January 2021). When acting as a trustee or investing money on behalf of others, the Trusts Act highlights that trustees have a duty to invest prudently and that they shall exercise care, diligence and skill that a prudent person of business would exercise in managing the affairs of others. Details of relevant sections can be found in the Trusts Act 2019 Part 4 Investments.
 - » Public Bodies Lease Act 1969.

- » Property Law Act 2007.
- » Local Government (Financial Reporting and Prudence) Regulations 2014, in particular Schedule 4.
- All projected borrowings are to be approved by Council as part of the Annual Plan process, or resolution of Council before the borrowing is undertaken.
- Lenders and debenture trust deed covenants, including the specific requirements to the New Zealand Local Government Funding Agency which Council joined in February 2013 as a borrower and guarantor.
- Liabilities outside of policy - Council from time-to-time will enter into transactions and agreements that can expose Council to financial liability. These may include creditors, leases and guarantees.
- Council will not enter into borrowings denominated in a foreign currency.
- Council will not transact with any Council Controlled Organisation (“CCO”) or Council Controlled Trading Organisation (“CCTO”) on terms more favourable than those achievable by Council itself, (subject to the exemption as per Section 9 of the Local Government Borrowing Act 2011, lending and financial accommodation provided to the Local Government Funding Agency).
- A resolution of Council is not required for hire purchase, credit or deferred purchase of goods if:
 - » The period of indebtedness is less than 91 days (including rollovers); or
 - » The goods or services are obtained in the ordinary course of operations on normal terms for amounts not exceeding in aggregate amount determined by resolution of the Council as not being so significant as to require specific authorisation.

2.4 General Objectives

- comply with financial ratios and limits stated within this policy.
- Ensure that all statutory requirements are adhered to.
- Borrow funds, invest funds and transact risk management instruments within an environment of control and compliance under the Council approved Policy, so as to protect Council’s financial assets.
- Minimise Council’s costs and risk in the management of any external borrowings.
- Minimise Council’s exposure to adverse interest rate movements.
- Maintain appropriate liquidity levels and manage cash flows to meet known and reasonable unforeseen funding requirements.
- Monitor, evaluate and report on treasury performance, including Policy compliance, financing/borrowing covenants and ratios, and lending/security obligations.

- Minimise Council's exposure to credit risk by dealing with and investing in credit worthy counterparties.
- Ensure adequate internal controls exist to protect Council's financial assets and to prevent unauthorised transactions.
- Manage any investments to optimise returns in the long term, whilst balancing risk and return considerations giving proper regard to the distribution between present and future generations of ratepayers.
- Monitor Council's return on all investments.
- Develop and maintain relationships with financial institutions, the LGFA, credit rating agencies, trustees *and investors*.
- Ensure Council, management, and all relevant staff are kept abreast of the latest treasury products, methodologies, and accounting treatments through training and in-house presentations.

3.0 Delegated Authorities

Council has the following responsibilities, either directly itself or via the following stated delegated authorities:

Activity	Delegated authority	Limit
Approving and changing policy	Council	Unlimited
Approving external borrowing programme through adopting Annual Plan	Council	Unlimited (subject to legislative and other regulatory limitations)
Acquisition and disposition of investments (other than financial investments)	Council	Unlimited
Approving new and refinanced bank debt facilities	Council	Unlimited
Approval for charging physical assets as security over borrowing	Council	Unlimited
Approval for providing security stock as security over borrowing	Chief Executive or delegate	Unlimited
Appointing Debenture Trustee	Council	Unlimited
Re-financing existing debt	Chief Financial Officer	Per risk control limits
Approving transactions outside policy	Council	Unlimited
Adjusting the interest rate risk profile	Chief Financial Officer	Per risk control limits
Managing funding maturities	Chief Financial Officer	Per risk control limits

Managing cash/liquidity requirements	Chief Financial Officer	Per risk control limits
Maximum daily transaction amount (borrowing, interest rate risk management) excludes roll overs on floating rate debt and interest rate roll overs on swaps	Chief Financial Officer Director of Finance Finance Manager	\$50 million \$30 million \$15 million
Authorising seal register signatories	Mayor/Chief Executive or delegate	Unlimited
Authorising lists of signatories and opening/closing bank accounts	Chief Executive or delegate	Unlimited
Triennial review of Policy	Chief Financial Officer	Approved by Council
Ensuring compliance with Policy	Chief Financial Officer	N/A

All management delegated limits are authorised by the Chief Executive. The following procedures must be complied with:

- All delegated authorities and signatories must be reviewed at least annually to ensure they are still appropriate and current
- A comprehensive letter must be sent to all relevant banks and other counterparties, at least annually, to confirm details of all relevant current delegated authorities empowered to bind Council
- Whenever a person, with delegated authority on any account or facility, leaves Council, all relevant banks and other counterparties must be advised in writing in a timely manner to ensure that no unauthorised instructions are to be accepted from such persons.

4.0 Liability Management Policy

Council's liabilities comprise borrowing and various other liabilities. Council's Liability Management Policy focuses on borrowings as this is the most significant component and exposes Council to the most significant risks. Other liabilities are generally non-interest bearing. Cash flows associated with other liabilities are incorporated in cash flow forecasts for liquidity management purposes and determining future borrowing requirements. Council's ability to readily attract cost effective borrowing is largely driven by its ability to rate, maintain a strong credit rating, and manage its relationships with its credit rating agency, investors and financial institutions. Lease and guarantee transactions that expose Council to financial liability are considered to be immaterial, and are therefore not required to be actively managed as part of the risk control limits contained within this Policy.

4.1 Purpose

The Liability Management Policy outlines the principles that Council follows to manage the risk associated with Council's borrowing programme. Namely:

- The re-pricing risk involved with financing new and/or existing debt at acceptable rates (fees and borrowing margins), and on the same terms as existing debt.
- The ability to refinance or raise new debt at a future time by maintaining market confidence in the creditworthiness and integrity of Council as a borrower.

Council borrows funds as it determines by resolution arising from long term planning and annual planning processes, with projected future debt levels arising from cash flow and debt forecasting undertaken during these planning processes. Council raises debt for a number of different purposes including:

- To fund capital expenditure for new assets relating to additional demand, new levels of service and/or growth and those that require intergenerational funding.
- Short term working capital.
- Special projects as determined from time to time by Council.

4.2 Objectives

The objectives of the Liability Management Policy are consistent with local authority sector best practice, and will take into account Council's Long-term Plan (LTP). The key objectives in relation to borrowings are to:

- Prudently manage Council's external borrowing activities to ensure Council remains adequately funded on an ongoing basis.
- Borrow only under Council approved facilities and as permitted by this policy.
- Minimise external borrowing costs within risk management control limits.

4.3 Borrowing Limits

Total Council borrowings will be managed within the following limits, in line with LGFA requirements:

(Covenants are measured on Council only, not on the consolidated basis).

Ratio	Council Limit	LGFA Limit
Net Debt/Total Revenue	<250%	<280%*
Net Interest/Total Revenue	<20%	<20%
Net Interest/Annual Rates Income	<25%	<30%
Liquidity [external debt + unutilised committed debt facilities + liquid funds to external debt]	>110%	>110%

****LGFA Net Debt/Total Revenue covenant is currently 290% for the financial year ending 30 June 2024, declining by 5% each financial year until 280% is reached in the financial year ending 30 June 2026.***

4.4 Definitions Relating to Borrowing Limits

- Total revenue is defined as earnings from rates, external grants and subsidies, user charges, interest, dividends, development contributions, financial and other revenue income, excludes non-government capital contributions (e.g. vested assets).
- Net debt is defined as total debt less liquid funds, including LGFA borrower notes.
- Net interest is defined as total interest expenses less interest income, excluding interest income from debt on lending to CCOs.
- CCOs are defined as council controlled organisations, in which Council controls 50% or more of the votes or has the right to appoint 50% (or more) of directors or trustees.
- Liquid funds are cash and cash equivalents defined as being:
 - » Overnight bank cash deposits.
 - » Wholesale/retail bank term deposits no greater than 30 days.
 - » Registered Certificate of Deposit with a term of no greater than 180 days
- Bank term deposits linked to prefunding of upcoming maturing term debt exposures cannot be included in liquid funds as they are encumbered.
- Annual rates income is defined as the amount equal to the total revenue from any funding mechanism authorised by the Local Government (Rating) Act 2002 together with any revenue from other local governments for services provided and for which the other Local Governments rate.

4.5 Asset Management Plans

In approving new borrowings, Council will consider the impact on its external borrowing limits as well as the economic life of the asset that is being funded, and its overall requirement to match the funding of assets over their economic life/period of benefit to best achieve intergenerational equity objectives.

4.6 Borrowing Mechanisms

Council is able to borrow externally through a variety of different market mechanisms including issuing directly into the short and long term wholesale/retail debt capital markets (e.g. FRNs, bonds, and commercial paper), direct bank borrowing, and accessing the LGFA. In evaluating strategies for new borrowing (in relation to source, term, size and pricing), Council takes into account the following:

- Available terms from banks, the LGFA and debt capital markets.
- Council's overall debt maturity profile, to ensure concentration of debt is avoided at re-issue/rollover.
- Prevailing interest rates and bank/credit margins relative to term for debt issuance.
- The outlook on future interest rate and borrowing margin movements.
- Legal documentation and financial covenants together with security and credit rating considerations.
- For internally funded projects, to ensure that finance terms for those projects are at least as equitable as with those terms from external borrowing.
- Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

Council's ability to readily attract cost effective borrowing is largely driven by its ability to:

- Maintain a strong balance sheet and ultimately its ability to rate. This means that in general terms, Council debt has a perceived credit quality just below that of the New Zealand Government.
- Service loans as interest and principal amounts fall due.
- Have diversified funding sources and maturity dates to avoid one off event risk unduly impacting on overall interest expense levels.
- Manage its image in the marketplace and its relationship with banks, brokers and investors.

Council will not enter into any borrowings in denominated in a foreign currency.

4.7 New Zealand Local Government Funding Agency Limited (LGFA)

Despite anything earlier in this policy, Council may borrow from the LGFA and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA, e.g. LGFA borrower notes.
- Provide guarantees of the indebtedness of the other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- Secure its borrowing from the LGFA and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.
- Subscribe for shares and uncalled capital in the LGFA.

4.8 Debt Repayment

The funds from all asset sales, operating surpluses, grants and subsidies will be applied to the reduction of debt and/or a reduction in borrowing requirements, unless Council specifically directs that funds will be put to another use.

Debt will be repaid as it falls due in accordance with the applicable loan agreement. Subject to the debt limits, a loan may be rolled over or renegotiated, as and when, appropriate. In certain circumstances (where market interest rates allow), Council may repurchase and cancel existing borrowings before maturity.

4.9 Security

Security will usually be provided to banks for the provision of debt facilities and treasury products and also to other investors in Council's debt. Council's external borrowings and interest rate management instruments will generally be secured by way of a charge over rates and rates revenue, offered through a Debenture Trust Deed. Under a Debenture Trust Deed, Council's borrowing is secured by a floating charge over all Council rates levied under the Rating Act. This security offered by Council ranks equally (pari passu) with other lenders.

From time to time, and only with Council approval, security may be offered by providing a charge over one or more of Council's assets.

Physical assets will only be charged where:

- There is a direct relationship between the debt and the purchases or construction of the asset that it funds (e.g. project finance).
- Council considers a charge over physical assets to be appropriate.

Any pledging of physical assets must comply with the terms and conditions contained within the security arrangement.

Utilisation of internal funds for internal borrowing purposes will be on an unsecured basis.

4.10 Guarantees/Contingent Liabilities and Other Financial Arrangements

The Council may act as a guarantor to financial institutions on loans or enter into incidental arrangements for organisations, clubs, Trusts, or Business units when the purposes of the loan are in line with Council's strategic objectives. Council is not allowed to guarantee loans to Council controlled trading organisations (CCTOs) under Section 62 of the Local Government Act.

Financial arrangements include advances to community organisations.

Council will ensure that sufficient funds or lines of credit exist to meet amounts guaranteed. Guarantees given will not exceed any amount agreed by Council or an appropriate council committee in aggregate. All guarantees will be reported as part of the Quarterly Treasury Report.

4.11 Borrowing Intra Group

Council's debt is managed on a centralised basis as the parent of its subsidiaries.

Where Council has a borrowing requirement for specific projects or activities, internal cash resources may be utilised first before any funds are borrowed externally.

Council is able to facilitate cost effective external borrowings if required for council-controlled organisations (CCOs) by way of its standing in the marketplace, and can accordingly provide a financial benefit to CCOs. Council can pass funding on to CCOs at cost, or include a margin to reflect its support as approved by Council.

If funds are raised by Council for the specific purpose of funding a CCO, then these funds cannot be provided below cost to Council.

From time to time Council may provide direct financing to CCOs to assist in cash flow management, which will be advanced at Council's average cost of funds.

4.12 Lending to council controlled organisations

To better achieve its strategic and commercial objectives, Council may provide financial support in the form of debt funding directly or indirectly to CCO/CCTOs.

Guarantees of financial indebtedness to CCTOs are prohibited, but financial support may be provided by subscribing for shares as called or uncalled capital.

Any on-lending arrangement to a CCO or CCTO must be approved by Council.

In recommending an arrangement for approval the CFO considers the following:

- Credit risk profile of the borrowing entity, and the ability to repay interest and principal amount outstanding on due date.
- Impact on Council's credit standing, debt cap amount (where applied), lending covenants with the LGFA and other lenders and Council's future borrowing capacity.
- The form and quality of security arrangements provided.
- The lending rate given factors such as; CCO or CCTO credit profile, external Council borrowing rates, borrower note and liquidity buffer requirements, term etc.
- Lending arrangements must be documented on a commercial arm's length basis. A term sheet, including matters such as borrowing costs, interest payment dates, principal payment dates, security and expiry date is agreed between the parties.
- Accounting and taxation impact of on-lending arrangement.

All on-lending arrangements must be executed under legal documentation (e.g. loan, guarantee) reviewed and approved by Council's independent legal counsel.

5.0 Investment Management Policy

5.1 Introduction

Council seeks to minimise the risks associated with its investments to avoid placing the capital value of individual investments at risk. Council does not undertake any unnecessary or speculative investment activity.

Investments and associated risks are monitored, managed and regularly reported to Council.

Specific purposes for maintaining investments include:

- For strategic purposes consistent with Council's LTP.
- To reduce the current ratepayer burden.
- The retention of vested land.
- Holding short term investments for working capital and liquidity requirements.
- Holding investments that are necessary to carry out Council operations consistent with Annual Plans and the Long-term Plan, to implement strategic initiatives, or to support inter-generational allocations.

Invest amounts allocated to accumulated surplus, Council created restricted reserves and general reserves.

- Invest proceeds from the sale of assets.

Council recognises that as a responsible public authority, all investment held should be low risk. Council also recognises that low risk investments generally mean lower returns.

5.2 Objectives

The objectives contained within this investment policy are consistent with market best practices, and will take into account the requirements of Council's Annual and Long Term Plans. Council's key investment policy objectives are to:

- Prudently manage its financial investments by seeking to maximise investment income within acceptable investment risk parameters. Council, as a public entity, is risk averse and as such will have a primary focus on preservation of capital, despite this meaning a level of return that may be lower than could be achieved by investing in 'speculative riskier' assets.
- Manage investments in accordance with the Local Government Act 2002 and the Trusts Act 2019; administer, manage and account for its funds and exercise the care, diligence and skill that a prudent person of business would exercise in the managing affairs of others.
- Invest in only those investments that are approved under this policy maintain an appropriate level of diversity. Accordingly, only creditworthy counterparties are acceptable.
- Support the Council's liquidity requirements.
- Minimise the potential risk due to adverse interest rate movements.
- Enable regular reviews of the performance (risk and return) of investments.
- Maintain operational controls and procedures that protect the Council against financial loss, opportunity cost and other inefficiencies.

5.3 Policy

Council's general policy on investments is that

- Council may hold financial, property, forestry, and equity investments if there are strategic, economic or other valid reasons (e.g. where it is the most appropriate way to administer a Council function).
- Council will keep under review its approach to all investments and the credit rating of approved financial institutions.
- Council will review its policies on holding investments at least every three years.

5.4 Mix of Investments

Council has investments in equity and debt securities. Council's equity investments include holdings in CCOs and other entities where there is a specific strategic objective for holding the investment, or the investment is required to comply with legislation. Council may invest in shares of the LGFA and may borrow to fund that investment.

Council's debt investments include treasury assets, such as cash or cash equivalent investments, loan advances and LGFA equity related requirements. Council holds other debt investments, each tagged for specific purposes, which may include loans to CCOs.

5.5 Specific Investments

Council considers its specific equity investments (presented in the table on page 280) as representing the best interests of the community and ratepayers. Council's exposure to risk would be that of any other financial shareholder.

Specific investments include the following:

Company	Council Shareholding	Principle Reason for Investment	Budgeted Return
Rotorua Economic Development Limited	100%	Economic Development	Nil
Rotorua Regional Airport Limited	100%	Economic Development	Nil
Infracore Limited	100%	Efficient Government	Nil
Waikato Local Authority Shared Services Limited	6.14%	Efficient Government	Nil
BOP LASS Limited	16.13%	Efficient Government	Nil
Civic Financial Services Limited	<1%	Risk Management	Nil
Mountain Bike Events Limited	49%	Economic Development	Nil

5.6 Acquisition of New Investments

New equity investments are approved by Council acting on the recommendation of the appropriate Council committee. In general, it is not Council's policy to acquire equities solely for investment purposes, except where those equities are purchased as a part of a perpetual or externally managed investment portfolio, or where arrangements are entered into that mitigate financial risks associated with the investment.

Loan advances may be made from time to time to assist Council to achieve its investment objectives and Council outcomes. Council approval is required for all loan advances, and all advances must meet statutory requirements including the requirements of Section 63 of the Local Government Act 2002 in relation to concessionary interest rates. Any loans related to community organisations will be on a commercial basis.

5.7 New Zealand Local Government Funding Agency Limited Investment

Despite anything earlier in this policy, Council is able to enter into a commitment that could result in it becoming a shareholder in the New Zealand Local Government Funding Agency Limited (LGFA). In borrowing from the LGFA, Council can agree to the issue of borrower notes to the value of 1.6% of the total amount borrowed (if drawn down between the period 2011 and May 2020) thereafter the value is increased to 2.5% for any additional lending from that date. These will be held by the LGFA while the borrowing is outstanding and may in certain scenarios convert to shares in the LGFA. Also, as a Guaranteeing Local Authority, Council is required to commit to subscribe for redeemable shares in the LGFA in certain circumstances. As the LGFA is a council-controlled organisation (CCO), Council has undertaken specific consultation to satisfy the requirements of Section 56 of the Local Government Act 2002.

Council's objective in making any such investment will be to:

- Obtain a return on the investment.
- Ensure the LGFA has sufficient capital to remain viable, meaning that it can continue to be a source of debt funding for Council,

Because of these dual objectives, Council may invest in LGFA shares in circumstances where the return on that investment is potentially lower than the return available with alternative investments.

If required in connection with the investment, Council may also subscribe for uncalled capital in the LGFA.

5.8 Investment Risks

This Treasury Policy sets operating parameters for financial investment activity including approved counterparties, instruments and limits. The following principles form the key assumptions of the operating parameters contained in the investment framework:

Credit risk is minimised by placing maximum limits for each broad class of non-government issuer (excluding LGFA), and by limiting investments to local authorities and registered banks within prescribed limits

Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in a readily available secondary market

Council may only make financial investments in approved creditworthy counterparties.

Council's financial investments give rise to a direct exposure to a change in interest rates, impacting the return and capital value of its investments. For investments in excess of 12 months the Treasury Management Group implements an interest rate risk management strategy by reviewing rolling cash flow forecasts and adjusting the maturity of its investments, as appropriate.

6.0 Risk Recognition, Identification and Management

The definition and recognition of interest rate, liquidity, funding, counterparty credit, market, operational and legal risks of Council is detailed below and applies to both the Liability Management Policy and the Investment Policy.

7.0 Interest Rate Management

Council's ongoing borrowing requirement gives rise to direct exposure to interest rate movements. Interest rate risk management refers to managing and minimising the impact that unfavourable movements in market interest rates can have on Council's cash flows, underpinning its Annual Plan and Long-term Plan. This impact can be both favourable and unfavourable

The primary objective of interest rate risk management is to reduce uncertainty relating to interest rate movements through fixing of debt funding costs. Certainty around interest costs is to be achieved through the ongoing management of underlying interest rate exposures.

Interest rate risk can be managed by way of fixed and floating rate term debt, and also by using interest rate risk management instruments that allow the re-profiling of the floating rate part of the debt portfolio.

Fixed rate, longer term borrowing can mitigate interest rate re-pricing risk. This risk exists where a long-life asset is funded by floating rate and either the asset produces a fixed income stream that cannot be easily re-priced in line with changing interest rates, or debt

repayments which are funded from a fixed income source (e.g. a targeted rate) which will not be re-priced regularly.

All risk management activity must relate to the underlying external debt forecast amounts of the Council .The buying and selling of risk management instruments for the primary purpose of generating premium income is not permitted because of its speculative nature.

7.1 Interest Rate Risk Control Limits

The following table details control limits for the allowable floating/fixed rate mix. It reflects Council’s preference for a reasonable level of certainty over interest costs, over multiple time periods, given the long term inter-generational nature of assets being funded. The fixed rate percentage should, at the time be within the following maturity bands:

Debt Interest Rate Policy Parameters (calculated on a rolling monthly basis):		
Term of Exposure	Minimum Fixed Rate Exposure	Maximum Fixed Rate Exposure
Current Year	0%	90%
Year 1	40%	90%
Year 2	35%	85%
Year 3	30%	80%
Year 4	25%	75%
Year 5	0%	70%
Year 6	0%	65%
Year 7	0%	60%
Year 8	0%	50%
Year 9	0%	50%
Year 10	0%	50%
Year 11	0%	25%
Year 12	0%	25%
Year 13	0%	25%
Year 14	0%	25%
Year 15	0%	25%

“Fixed rate” is defined as all known interest rate obligations on forecast external debt, including where hedging instruments have converted floating rate obligations into firm commitments.

“Floating rate” is defined as any interest rate obligation subject to movements in the applicable reset rate.

A fixed rate maturity profile that is outside the above limits, however self corrects within 90 days is not in breach of this Policy. Maintaining a maturity profile that is outside the above limits for longer than 90 days requires specific approve by Council.

Gross forecast external core debt is the amount of external debt for a given period. This allows for pre-hedging in advance of projected physical drawdowns of new debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the Policy minimums and maximums. Forecast debt does not include pre-funded debt amounts.

The CFO or delegate can consider alternative debt forecast scenarios that make assumptions around such matters as, the delivery and timing of the capital expenditure programme when designing and approving the interest rate strategy.

Any debt raised and on-lent to CCO/CCTOs is included in the forecast gross external debt amount and the related interest rate risk is managed within the limit framework. If fixed rate debt was raised, then the fixed rate amount would be included within the fixed rate/hedging interest rate risk position.

Interest rate swap maturity is limited by the maximum offered LGFA Bond maturity, beyond this approval is required by Council.

8.0 Liquidity Risk/Funding Risk

8.1 Risk Recognition

Cash flow deficits in various future periods based upon long term financial forecasts are reliant upon the maturity structure of cash, financial investments, term loans and bank facilities. Liquidity risk management focuses on the ability to access committed funding at that future time to fund the gaps. Funding risk management centres on the ability to refinance or raise new debt at a future time at acceptable pricing (fees and borrowing margins) and maturity terms.

The prudent management of Council’s borrowings is important because several risk factors can arise, which cause adverse movements in borrowing margins, term availability and general flexibility including:

- Local government risk is priced to a higher fee and margin level.
- Council’s own credit standing or financial strength as a borrower deteriorates due to financial, regulatory or other reasons.
- An individual lender to Council experiences their own financial/exposure difficulties resulting in Council not being able to manage their debt portfolio as optimally as desired.
- New Zealand investment community experiences a substantial ‘over supply’ of Council investment assets.
- Financial market shocks from domestic or global events.

Where possible, Council seeks a diversified pool of borrowing and ensures that bank borrowings are only sought from approved strongly rated New Zealand registered banks.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of funding maturities at one point in time so that if one off external negative credit events occur, the overall borrowing cost (through adverse credit margin movement) is not materially increased and general flexibility reduced.

8.2 Liquidity/Funding Risk Control Limits

Council must approve all external borrowing through the adoption of an Annual Plan.

Alternative funding mechanisms such as leasing should be evaluated with financial analysis in conjunction with traditional on-balance sheet funding. The evaluation should take into consideration, ownership, redemption value and effective cost of funds.

The following guidelines have been established to provide Council with appropriate levels of liquidity at all times:

- Cash flow forecasts are produced to assist in the matching of operational and capital expenditure to revenue streams and borrowing requirements.
- Council will maintain its financial investments in liquid instruments and within credit exposure limits detailed in this Policy.
- To minimise the impact of unexpected cash surpluses, Council will take advantage of the efficiencies of maintaining floating rate bank facilities to assist in overall working capital management.
- External debt, together with liquid funds and unutilised committed debt facilities must be maintained at an amount of at least 110% over the Long-term Plan current external debt.

Council has the ability to pre-fund up to 18 months' forecast external debt requirements including debt re-financings and invest any cash surpluses with approved counterparties for a term of no more than 18 months.

Once debt has been refinanced with a contracted term deposit (pre-funded), the term deposit amount, will net off the maturing debt amount, from the funding maturity profile percentage calculation.

External debt that is raised by Council to be on-lent debt to CCO/CCTOs is included in the funding maturity profile percentage calculation. The offsetting CCO/CCTO loan asset is not included in the debt funding maturity profile.

The CFO or delegate has the discretionary authority to refinance existing debt on more favourable terms. Such action is to be reported and ratified by Council at the earliest opportunity.

To minimise concentration risk the LGFA require that no more than the greater of NZD \$100m or 33% of Council's borrowings from the LGFA will mature in any 12 month period.

The maturity profile of the total committed funding in respect to all loans and committed facilities is to be controlled by the following system:

Period	Minimum	Maximum
0 to 3 years	15%	60%
3 to 7 years	25%	85%
7 years plus	0%	60%

A funding maturity profile outside the above limits but self corrects within 90 days is not in breach of this policy. However, a maturity schedule outside these limits for more than 90 days will require specific Council approval.

9.0 Approved Financial Instruments

Category	Instrument
Cash management and borrowing	Bank overdraft Committed cash advance and bank accepted bill facilities Fixed Rate Bond (Medium Term Note/Bond) and Floating Rate Note (FRN) Retail and wholesale debt security Commercial paper (CP) Financial and operating leases
Investments (term <12 months)	Call deposits Bank term deposits Registered Certificates of Deposit (RCD)
Investments (term >12 months)	LGFA borrower notes Bank term deposits (linked to prefunding activity)
Interest rate risk management	Forward rate agreements (FRAs) on bank bills Interest rate swaps including: Forward start swaps (start date <36 months, unless linked to existing maturing swaps with notional amounts not exceeding maturing swap. Amortising swaps (whereby notional principal amount reduces). Swap extensions and shortenings. Interest rate options on: Bank bills (purchased caps and one for one 'collars'). Interest rate swaptions (purchased swaptions and one for one collars with matching notional values only).
Foreign exchange risk management	Spot exchange contracts Forward exchange contracts

Conditions of instrument use:

Interest rate options must not be sold outright. However, 1:1 collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, one side of the collar cannot be closed out by itself, both must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate "in-the-money".

Interest rate options with a maturity beyond 12 months that have a strike rate (exercise rate) higher than 2.0% above the appropriate swap rate, cannot be counted as part of the fixed rate cover percentage calculation.

Any other financial instrument must be specifically approved by Council on a case-by-case basis, and only applied to the one singular transaction being approved. Credit exposure on these financial instruments is restricted by specified counterparty credit limits. The following types of investment instruments are expressly excluded:

Structured debt where issuing entities are not a primary borrower/issuer.

Subordinated debt (other than Borrower Notes subscribed from the LGFA), junior debt, perpetual notes and hybrid notes such as convertibles.

10.0 Counterparty Credit Risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where Council is a party. Prudent credit management can reduce Council’s risk of loss from a counterparty failing to meet its obligations. The credit risk to Council in a default event will be weighted differently depending on the type of instrument entered into.

Credit exposure for borrowings is relevant for the undrawn portion of any committed standby or bank facility, where the counterparty has a contractual obligation to provide funds to Council. Where Council uses these facilities, the counterparty’s minimum credit rating must be A1 (short term) or A (long term) as rated by S&P Global Ratings or equivalent credit ratings from Moody’s or Fitch Ratings.

Credit risk will be regularly reviewed by Council. Treasury related instruments will only be entered into with organisations specifically approved by Council.

Limits should be spread among a number of counterparties to avoid concentrations of credit exposure.

The following matrix guide will determine limits:

Counterparty/ Issuer	Instruments	Minimum short term credit rating (<12 months)	Minimum long term credit rating (>12 months)	Maximum exposure per counterparty
NZ Government	Treasury Bills, NZ government bonds	N/A	N/A	Unlimited
LGFA	LGFA borrower notes, commercial paper	N/A	N/A	\$34.0m
NZ registered bank	Bank deposits, interest rate and foreign exchange contracts	A-1	AA- A	\$30.0m \$21.0m

The equivalent dollar value for maximum counterparty credit exposures is updated annually based on the most recent audited financial statements. The percentages used for these calculations are presented below:

- LGFA: 40%.
- NZ registered bank (AA-): 35%.
- NZ registered bank (A): 25%.

The calculation methodology for Council's exposures is outlined below. For the purposes of these calculations, when replacement cost (marked-to-market) is below zero (i.e. negative) the value used in the calculation will be zero (prescribed factors are displayed in the following table):

- Investments (such as bank deposits) – Replacement Cost + Notional x Prescribed Factor
- Interest rate risk management contracts (such as swaps, FRAs) – Replacement Cost + Notional x Prescribed Factor
- Foreign exchange risk management contracts (such as FECs) – Replacement Cost + Notional x Prescribed Factor

Current term to maturity	Treasury Investments	Interest rate contracts	Foreign exchange contracts
Less than one year	100%	0.0%	10.0%
Between one and five years	100%	0.5%	12.0%
Longer than five years	100%	1.5%	15.0%

11.0 Foreign Exchange Exposures

Council may have foreign exchange exposure through the occasional purchase of foreign exchange denominated assets or foreign currency denominated expenses in order to access particular assets or services. Individual commitments in excess of NZD \$100,000 are defined as an exposure. Foreign exchange exposures may be hedged using spot and forward exchange contracts with approved New Zealand Registered banks once expenditure is approved by the CFO and/or Council.

12.0 Operational Risk

Operational risk is the risk of loss as a result of human error (or fraud), systems failures or inadequate processes, procedures or controls.

12.1 Dealing Authorities and Limits

Transactions will only be executed by those persons within limits approved by Council.

12.2 Segregation of duties

Adequate segregation of duties among the core borrowing and investment functions of deal execution, confirmation, setting and accounting/reporting. When there are a small number of people involved in borrowing and investment activity, the strict segregation of duties is not always achievable.

12.3 Legal risk

Legal and regulatory risks relate to the unenforceability of a transaction due to an organisation not having the legal capacity or power to enter into the transaction usually because of prohibitions contained in legislation. While legal risks are more relevant for banks, Council may also be exposed to such risks. Council will undertake the following to minimise legal risk:

- The use of standard dealing and settlement instructions (including bank accounts, authorised persons, standard deal confirmations, contracts for disputed transactions) to be sent to counterparties.
- The matching of third party confirmations and the immediate follow up of anomalies.
- The use of expert advice for any non-standardised transactions.

12.4 Agreements

Financial instruments can only be entered into with banks that have in place an executed ISDA Master Agreement with Council. All ISDA Master Agreements for financial instruments must be signed under seal by Council.

Council's internal/appointed legal counsel must sign off on all legal documentation.

13.0 Performance Measurement

In order to determine the success of Council's treasury management function, the following benchmarks and performance measures have been prescribed.

Those measures that provide a direct measure of the performance of treasury staff (operational performance and management of debt and interest rate risk) are to be reported to Council or an appropriate sub-committee of Council on a quarterly basis.

13.1 Operational Performance

The performance of the borrowing activity will be measured against pre-determined benchmarks:

- Adherence to Policy and in particular borrowing limits.
- Comparison of actual monthly and year to date borrowing costs v budget borrowing costs.
- Comparison of actual monthly borrowings amounts with budgeted borrowings amounts.
- Comparison of actual borrowing limit ratios (both Council and LGFA) to budgeted borrowing limit ratios as per the Annual Plan and Long Term Plan.

14.0 Reporting

The CFO has responsibility for ensuring appropriate reporting of the treasury function is completed for senior management and Council, to ensure they can meet their oversight requirements as detailed within this policy, and to effectively monitor performance. Reporting requirements are agreed or confirmed annually with the CEO and Council.

Reporting is expected to include appropriate summaries showing compliance against key policy risk parameters with exception reporting, as soon as one is recognised. Commentary should be limited to that which assists recipients to readily understand the impact of any decisions they are being requested to make.

The following reports are to be produced:

Report Name	Frequency	Prepared by	Recipient
Daily Cash Position Treasury Spread Sheet	Daily	Accountant	Finance Manager
Treasury Exceptions Report	As required	Accountant	Director of Finance
Monthly Treasury Report (signalling significant changes in treasury management strategy)	Monthly	Finance Manager	Chief Financial Officer
Quarterly Treasury Report Policy limit compliance Borrowing limits Funding and interest rate position Funding facilities New treasury transactions Cost of funds v budget Cash flow forecast report Liquidity risk position Counterparty credit Treasury performance Outstanding guarantees and loan advances	Quarterly	Director of Finance Chief Financial Officer	Council
Half-Yearly Financial Statements	Six monthly		Council
Half Yearly Reporting Certificate	Six monthly		Council
Annual Report	Annual		Council
Annual Reporting Certificate	Annual		Council
Auditors Report	Annual		Council
Insurance Certificate	Annual		Council
Annual Plan/Long Term Plan	Annual/ Triennially		Council
Revaluation of Financial Instruments	Quarterly		Council
LGFA Compliance Report	Annual / As required		Council

15.0 Treasury Management Group (TMG)

The TMG exists to ensure the following:

- Compliance with the Treasury Policy.
- Ensure operational controls and procedures protect Council against financial loss and opportunity cost, and ensure other inefficiencies are mitigated or maintained
- Monitor, evaluate and report on treasury performance.

A key responsibility is to evaluate borrowing opportunities. In evaluating borrowings, the TMG will consider the following:

- The overall structure of Council borrowings, having regard to the principle of intergenerational equity.
- The impact of the new debt on borrowing limits taking into account long term debt projections and the potential impact of new debt on Council financial ratios, and the impact of new debt on the sustainability of overall debt service costs.
- Relevant margins under each borrowing source.
- Prevailing interest rates relative to the term of borrowing.
- The term of borrowing.
- Legal compliance and financial covenants.
- Other terms and conditions.

The core members of the TMG are as follows:

- Chief Financial Officer.
- Financial Controller.
- Business Performance Manager.

The CEO is invited to attend all TMG meetings, but is not a permanent member, as are representatives of Council's independent treasury advisor (if one is appointed). Other Council officers and Council's internal treasury advisors are invited to attend as required.

16.0 Accounting Treatment of Financial Instruments and Valuations

Council uses financial market instruments for the primary purpose of reducing its exposure to fluctuations in interest rates. The accounting treatment for such financial instruments is to follow New Zealand Generally Accepted Accounting Practice and it detailed in the Accounting Manual.

Under NZ IPSAS accounting standards, changes in the fair value of derivatives go through the Income Statement unless derivatives are designated in an effective hedge relationship.

All financial instruments must be revalued (marked-to-market) quarterly for risk management purposes.

17.0 Policy Review

This policy is to be formally reviewed at least every three years, in conjunction with the Long-term Plan process, or earlier if required.

The CFO has the responsibility for reviewing a review report to be presented to Council for consideration and approval.

The report should include:

- Recommendations as to changes, deletions and additions to the Policy.
- Overview of how the treasury function has been achieving its stated treasury objectives.
- Summary and review of breaches and one off approvals outside Policy to highlight areas of tension.



Ngā Āpitihanga Appendices



Appendices

Financial Strategy

Council's Long-term plan aims to deliver the following:

- Maintaining existing infrastructure so it is fit for purpose now and into the future
- Providing infrastructure to accommodate a growing district
- Investing in the future of the district to deliver community outcomes
- Being good stewards of our assets
- Balancing delivery with affordability
- Prudent use of debt to support infrastructure and growth
- Maintaining appropriate debt headroom to respond to future opportunities or challenges

The financial strategy is underpinned by the following key elements:

- Maintain affordable rates levels
- Utilise debt to fund key projects that improve the district
- Maintain debt below 2.5 times (250%) of revenue generated

The financial strategy is a cornerstone of the Council achieving the goal of living within its means, and ensuring sufficient funding is available for key projects over the coming ten years.

The financial strategy outlines key financial parameters and limits which the Council will operate within. It provides insight into Council's current financial health and provides clarity on how this will be managed over the next 10 years.

A short summary is provided below, however, each of the core individual components that make up the complete financial strategy is explained further in more detail.

Summary

The Long-term Plan is supported by a Financial Strategy intended to enable Council to invest in the future of the district while also balancing delivery with affordability. Recent increases in inflation and interest rates have meant that the cost to deliver Council services has risen significantly, which has meant that Council's revenue requirement has increased in order to meet these funding challenges. Subsequently, there will need to be an approx. 11.4% rates increase in the first year which will fund the community investment throughout the district, retain and attract the best talent for pursuing and delivering our goals, financing our debt and covering depreciation, maintenance and renewal costs; invest in transforming technological systems to ensure a modern and fit for purpose operating platform as well as invest in core essential services such as Rooding, Waste and 3 Waters.

Recognising that Rotorua has a shortage of housing, investment in infrastructure to enable growth and new housing opportunities within Rotorua has increased significantly, with \$205m of growth capital expenditure planned over the ten years of the LTP. This increased investment primarily sits within the stormwater activity, recognising Rotorua's unique topography and the costs required to achieve land drainage outcomes supporting new housing development. This is funded through increased development contributions, external funding from Central Government and a degree of investment by Council.

Debt will be increasing from a 2024 forecast year end position of \$453m to over \$540million in ten years. This increase does not breach any of Councils legislated covenants e.g. 2.80x revenue, and is expected to be below 2x revenue by 2034. The increase in debt will be monitored closely and is considered financially viable not only due to the population growth expected in the district with an increase of close to 3,000 properties but also due to the stabilisation of finance costs as inflation subsides.

We are not investing just on our own, other government agencies e.g MBIE, MFE and private funders attracted by our aspirational vision and goals are willing to partner with us. By partnering with external funders who see the long term benefit that these investments will bring to our community we are able to provide a greater level of delivery and total investment than if simply only applying council funds.

Our financial strategy commits us to be prudent with ratepayer money, while ensuring that the direction of the Long-term Plan supports a 'better Rotorua for all'. Our investment is expected to drive and cater for population growth and subsequent employment opportunities, infrastructure requirements to mitigate climate change effects and maintain a level of borrowing buffer should we need to fund emergencies or decreases in user charges over the short term. Should the consensus be that any detrimental impact is going to be over the longer term then this will necessitate a review of the financial strategy at that time.

Fees and charges

Revenue from fees and charges comes from things such as admission and hiring rates for venues and facilities, liquor licenses, dog registration, building and resource consents and parking management etc.

When budgeting for Council services and establishing how these services should be paid for, Council is required to assess who is driving the need for the service and who is the beneficiary of the service existing. For activities such as parking management, it is clear that drivers parking their vehicles within the city centre are the ones driving the need for the service, which means that we expect parking fees to cover the entire cost of the service being provided. For other services such as our venues and facilities, we recognize that there is a public good element to these services and seek to cover the costs to run these venues and facilities through a mixture of user fees and rates revenue in order to keep admission fees affordable to the community.

User fees and charges budgets are set with these principles in mind. They are also subject to an affordability lens to ensure that the setting of fees and charges are at a level that does not cause unintended consequences for groups within our community.

This financial strategy recognises that there is an affordability balance between charging user fees for Council services and levying rates. We have set a target over the course of the Long-term Plan to limit rates revenue to no more than 85% of our total revenue, encouraging a balance between user fees and other revenue sources to compliment rate revenue in paying for the services that Council provides.

Rates

The Council intends to provide certainty to ratepayers over their rates bills.

Rate increases will be at a rate that matches the increase to our cost base. Changes to Council's cost base are mainly driven by new or increased service levels, inflation and changes to interest expenses and depreciation resulting from the investment into capital expenditure over the 10 year plan.

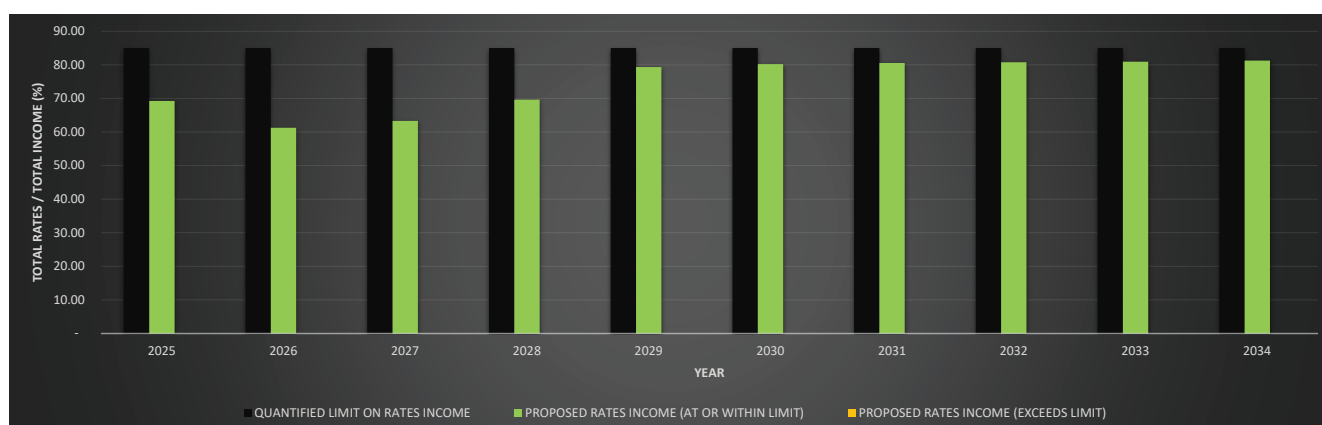
Overall rates proposed rates increases (after allowing for growth in the rating base) and the limits will be:

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Proposed Rates Increases (%)	11.43	9.78	7.89	5.96	6.88	4.47	3.38	2.80	2.07	2.59
Quantified Limit on Rates Increases (%)	11.43	10.30	8.30	6.30	7.60	4.90	3.70	3.20	2.40	3.00

The rate limits are the proposed rate increases across existing ratepayers covering both general and targeted rates and reflecting an adjustment for future risk. Increases to individual ratepayers may be impacted by property revaluation changes and the introduction of new targeted rates such as those for new sewerage schemes.

Council will limit total rates as a proportion of total revenue to less than 85%. Council has had to maintain this limit of 85% for two reasons. Firstly, Council's increased expenditure in community facilities and infrastructure will increase the finance and depreciation costs for activities which are funded predominately from general or targeted rates and secondly, this limit provides a level of flexibility as council activities reliant on visitor numbers to generate user fee revenue recover post Covid-19. Council also maintains a remission policy on page 223.

The below graph demonstrates the level that rates income will be over the period of the LTP and does not exceed our limit of 85%.

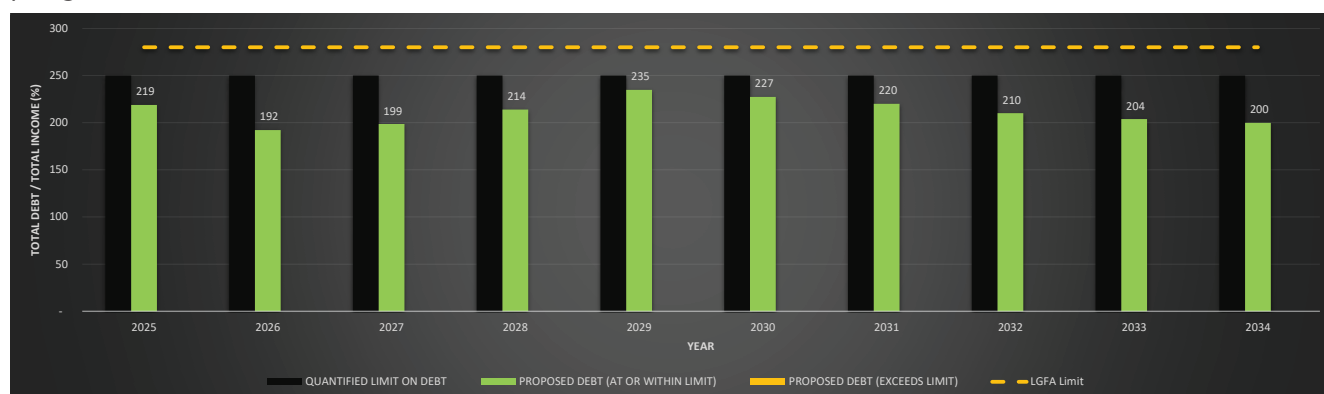


Borrowing

Borrowings are only used to grow and improve on existing facilities and infrastructure as permitted by the Revenue & Financing Policy. Council does not borrow to renew existing facilities and infrastructure however there is a natural timing difference between the funding of depreciation and renewal expenditure with regards to cash flow. Council borrows to fund long-term infrastructure and aligns loan terms to the life of the underlying asset, with loans budgeted with a 25 year life.

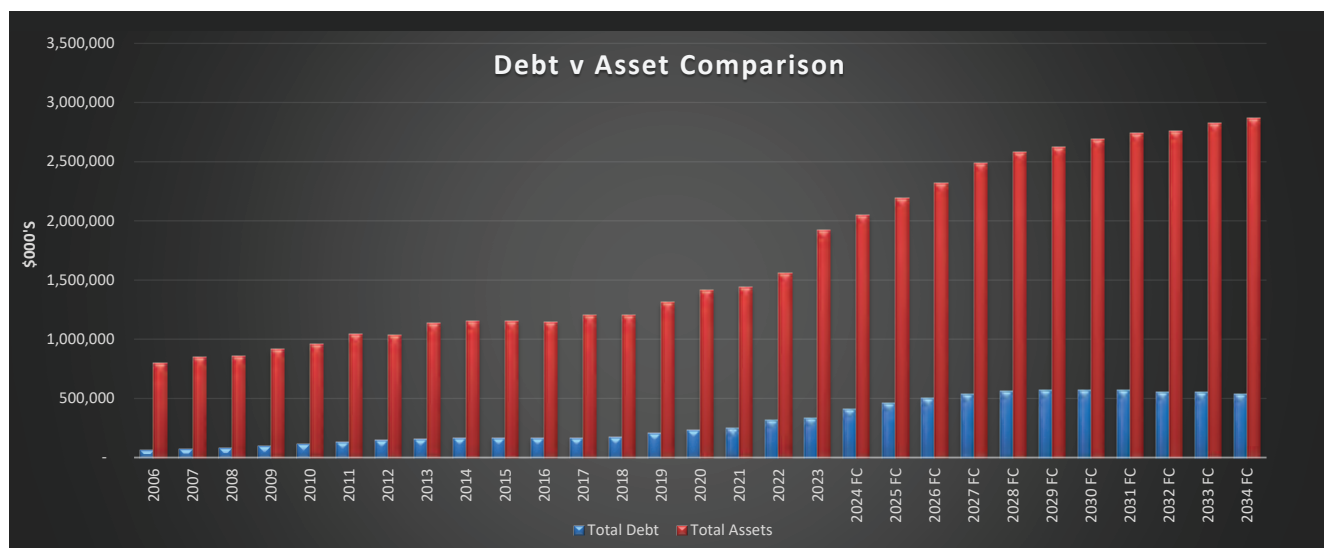
Unlike residential and business borrowing which is secured against assets, the Council's borrowings are secured against its revenues, in particular its ability to rate.

As shown by the graph below, across the profile of the LTP, debt does not exceed our limit of 2.5 times (250%) revenue. Debt is expected to increase from the 2024 forecasted year end position of \$453million to over \$540million as we invest in both essential and strategic capital programmes. The graph demonstrates that debt will be paid down towards the back end of the LTP. While this LTP includes a large capital programme, a number of significant projects attract external funding from the Central Government and other funders, enabling council to deliver investment in the community without the need for a large borrowing programme.

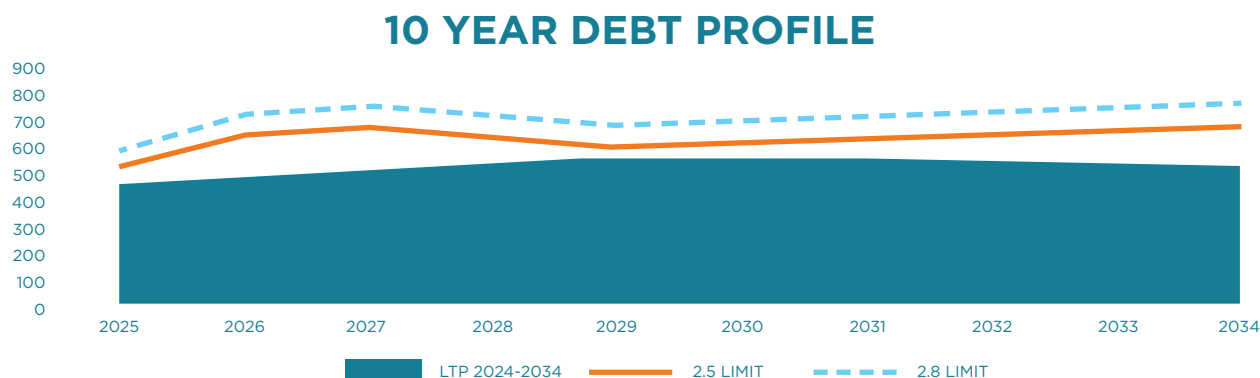


Debt Gap to borrowing limit (\$millions)	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
250% of revenue	66	151	140	94	37	57	78	105	125	150
280% of revenue	129	229	221	172	110	132	155	185	206	233

In line with the above, the graph below shows that over the course of the ten years we will have increased our assets by \$736m to \$2.9b. During the same period our debt will increase by \$132. Despite the increase in debt we will still maintain on average 80% equity in our asset base during this time.



During the course of the ten years the increased borrowing will result in a debt profile that will peak at \$574million.



This remains within our debt limits

- Net debt to Total Revenue 235% against a limit of 250%
- Net interest to Annual Rates Income 16.1% against a limit of 25%

Council's debt level is determined by deciding on a prudent level of borrowing that can be serviced without putting pressure on Council's finances. Council has determined a prudent level based on a multiplier of not more than 2.5x (250%) revenue.

Council's debt forecast to revenue ratio as at 30 June 2023 is approximately 206% and whilst this will rise to around 235% in the year 2029, it is forecast to drop to 200%, in 10 years' time.

The increased debt is driven in part by a significant increase in Council investment into growth related infrastructure, enabling new housing across Rotorua. While significant aspects of this investment are funded either by Central Government or development contributions, there is a timing issue where council holds the debt until it receives the funding. Another key driver of council's debt in the Long-term Plan is the investment in council's wastewater treatment schemes including the Tarawera scheme and the main Treatment Plan upgrade, which supports council's commitment to safely treating wastewater across the district.

Quantified limits on borrowing

Consistent with council's treasury policy in managing debt, council will adhere to the following limits:

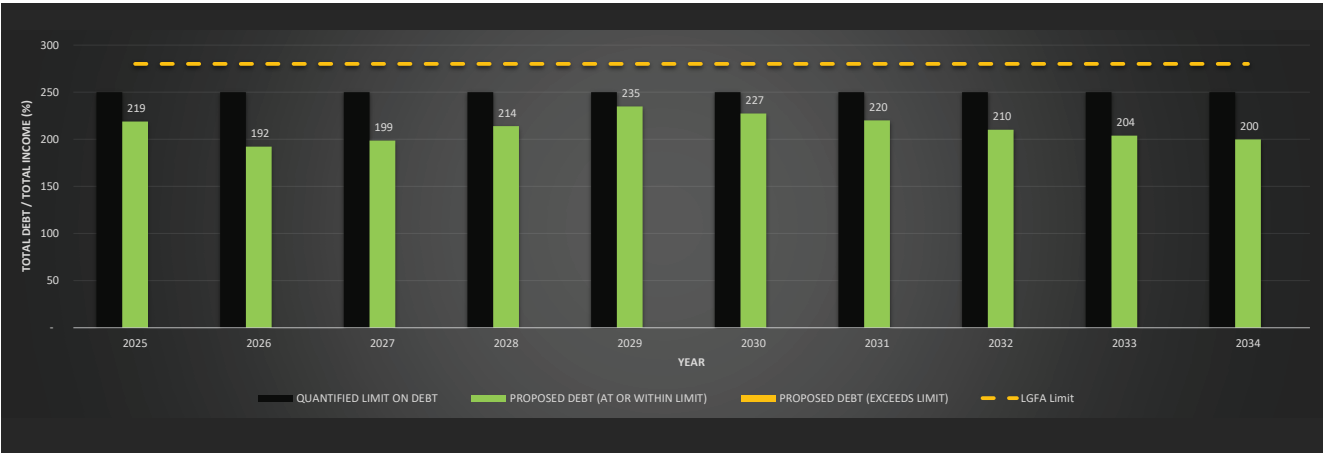
- Net interest expense on external debt as a percentage of operating revenue will not exceed 20%; and
- Net interest on external debt as a percentage of annual rates revenue will not exceed 25%; and
- Net external debt as a percentage of annual operating revenue will not exceed 250%.

As part of council's financial strategy, to maintain debt at acceptable levels, the ratio set for this limit within this financial strategy is 250%.

This is to ensure Council has adequate borrowing capacity in the future to fund unforeseen projects or be able to respond to an emergency. Council will stay below this threshold and although the debt ratio increases for periods of time to ensure sufficient investment in our community is maintained we remain within the 250x limit.

The debt to revenue ratio and external debt levels for the Long-term plan are:

	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Forecasted Debt (\$m)	\$463	\$503	\$540	\$559	\$574	\$573	\$570	\$558	\$551	\$540
Proposed Debt/Revenue %	219 %	192%	199%	214%	235%	227%	220%	210%	204%	200%
Quantified Limit on Debt %	250%	250%	250%	250%	250%	250%	250%	250%	250%	250%



Asset sales

The Council is investigating selling some assets in order to reduce pressure on levels of debt. Council has budgeted for sales of approximately \$3 million over the next ten years. These assets will only be sold if the Council gets a fair price. Council is prepared to wait until it can get a fair return.

Growth

Managing growth over the period of this plan and beyond is challenging. Our Council is investing significantly in infrastructure to enable new housing options, with several key growth projects planned over the next 10 years. In the three years to June 2023 our population grew at a compound annual growth rate of 1.3% (compared to 0.8% for the preceding 18 years). Growth is positive for Rotorua because it means people want to live here and we are attracting businesses and investment into our district.

With growth comes the need to invest in infrastructure. It is very expensive to not only put in new infrastructure but also, to renew and replace existing infrastructure. Managing the demands for growth and balancing the opportunities for future ratepayers against affordable rates and debt levels for current ratepayers is a significant challenge for our district.

This investment is funded by a mixture of Central Government funding, payments from developers through development contributions and a small amount contributed by ratepayers.

Rotorua Council's growth assumption for LTP 2023-34 projects our population to grow from approx. 79,000 in 2023 (based on latest StatsNZ figures) to 86,000 in 2034. This increase is based on the growth projections from Infometrics and is an underlying driver for the significant investment into development over the LTP period. The Infometrics population projections have been used to help prepare demand forecasts for the Infrastructure Strategy and the related capital expenditure programme for the LTP. The financial strategy has assumed a realistic view of the proposed population growth projections over the 10 year period. The achievability of the longer term population growth projections will require council to ensure that land does become and is available for development. This achievability of population growth and or development is not deemed high risk given the level of funding and planning that is already taking place and will continue to take place over the short to medium term.

In the short term, infrastructure can accommodate the growth we are experiencing as we have capacity in our existing networks and the way growth is expected to be geographically distributed.

Funding of capital expenditure

Rates and other revenues are set to fund capital expenditure relating to the replacement of existing infrastructure, with external subsidies and borrowing used to fund capital expenditure relating to improving levels of service. External subsidies, borrowing, development and financial contributions help fund growth related capital expenditure.

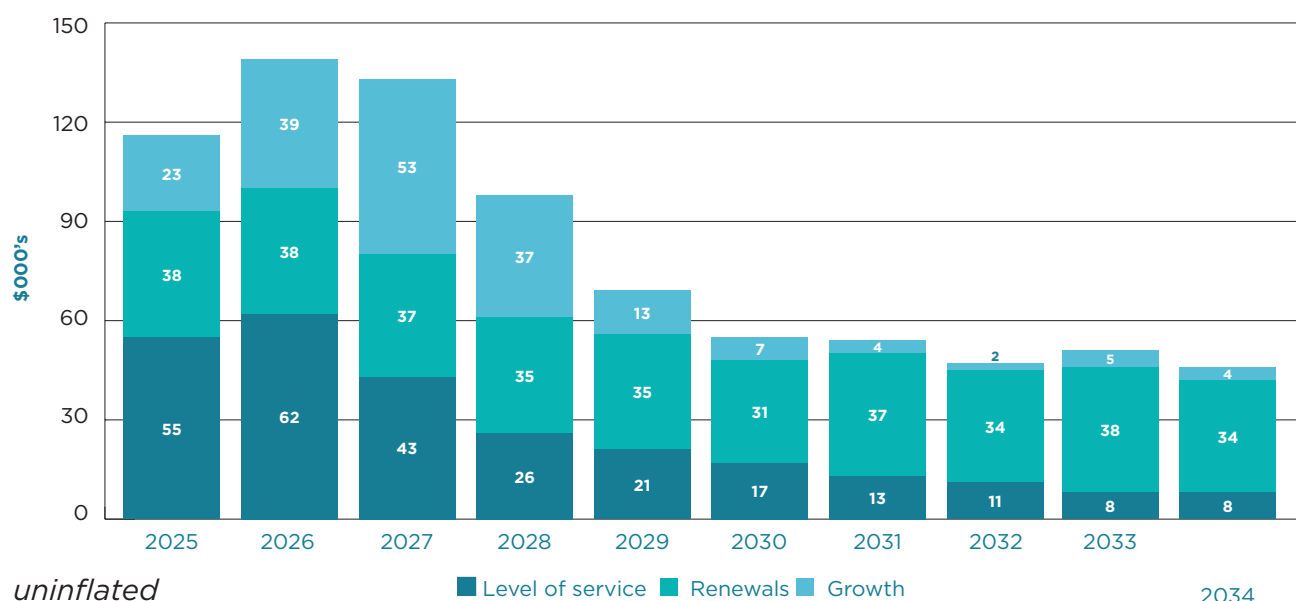
Funding of replacing existing assets

Council funds the replacement of existing assets through the charging of depreciation over the life of the asset. In the short term, these funds are utilised in the running of council in the most efficient manner possible as permitted by the Liability Management Policy until such time as assets are due for replacement. While council does not borrow to fund the replacement of existing assets, the time lag between the funding of depreciation and expenditure on renewals often requires council to borrow to fund the transaction as it occurs.

Capital Expenditure

The capital expenditure within the Long-term Plan has been set to enable Council to deliver on its financial strategy, delivering core services and investing on our community while ensuring we remain prudent with ratepayer money.

Capex Split by Type



uninflated

2024-2034			
Activity by Group	Levels of Service	Growth	Renewals
Wastewater	\$82,060	\$25,301	\$60,000
Stormwater	\$8,200	\$130,971	\$30,000
Roading	\$35,477	\$7,800	\$95,691
Water	\$19,974	\$22,306	\$48,665
Other	\$119,169	-	\$123,298
Total	\$264,880	\$186,378	\$357,654

uninflated

The above table shows the total cost of projects over the period of the 10 year plan categorised by type of expenditure. Growth expenditure provides new or improved assets enabling more residents to live in our city; capital expenditure to improve service levels is where we create new assets to service the existing population; and renewals restore our existing assets to their original function or capacity.

The Long-term Plan provides for \$809m of funding for the replacement of existing assets that are near the end of their economic lives, and new assets required to improve existing levels of service.

This spend is based on information developed in consultation with in-house and external experts and held in our asset management systems which groups assets, holds condition assessments, applies the assumptions and averages included in Council's Long-term Plan. These in turn are used to determine estimated useful lives and expected replacement dates and values. This forms the basis of our capital expenditure program for the next

10 years and ensures that we are good custodians of the assets we already have.

Council has significantly increased its investment in growth infrastructure from the last Long-term Plan in order to enable housing supply within Rotorua. This Long-term Plan provides for \$186million of funding for growth infrastructure, including \$120million towards an Infrastructure Acceleration Fund (IAF) funded stormwater project which attracts a \$85 million subsidy from Central Government. As we increase our investment in growth infrastructure, Development Contributions are an important funding tool to ensure the right groups are paying towards this investment.

Council is contributing a significant amount to improve the levels of service of existing facilities and infrastructure. Of the \$265m proposed above that is going towards Level of Service projects just under \$150m will be to complete significant upgrades in Rotorua's wastewater infrastructure, including Lake Tarawera, Lake Rotoiti and the main Rotorua Wastewater Treatment Plant in order to ensure that we are meeting our health and environmental obligations in the way we treat Rotorua's wastewater, and that the lake communities are connected with efficient and safe reticulation and processing capabilities eliminating the adverse effects of septic tanks leachate on the water quality of the lakes and the health of those communities and visitors.

Council is nearing the completion of the Rotoiti wastewater scheme and has included a new capital rate on connected properties from 2024/25 towards this scheme.

Our investment in levels of service also includes \$73m into the Museum restoration project to enable the reopening of our iconic landmark, including strengthening for seismic risk. Council has committed to \$15.5m to the project with the balance expected from external subsidies and grants. Alongside this investment in the

Museum building is an \$8.3m external investment in Museum exhibitions, ensuring that the displays in the refurbished building meet the aspirations of the community. Other improvements into the building such as the redesign of the air conditioning systems will mean that Rotorua will be able to attract a greater variety of cultural and international treasures than was previously possible. This investment will therefore continue to ensure we attract visitors and locals alike to share in our history.

Included in our level of service capital expenditure are two new projects which were subject to public consultation through our Long-term Plan consultation document. The first is a proposed \$10m investment in our Rotorua Inner City from Yr 4 of the plan, which includes the beautification of public infrastructure within the central city area. The second is a \$200k commitment in year one and \$2.8m in year two towards the Aquatic Centre redevelopment. In year one a revised scope will be investigated while the chief executive explores options to redirect "Better Off" funding from the Government towards a waste water infrastructure project. If this can't be progressed, the Council will proceed with the revised stage 3 Aquatic Centre scope.

Note: \$2.5m funding currently committed to Aquatic Centre is funded by the "Better Off" fund.

In order to balance the books and deliver a Long Term Plan that is financially prudent, a number of Open Spaces projects have been deferred or cancelled. These projects include the skatepark in Kuirau Park, playground and lakes enhancements and the delivery of the Parks and Reserves Strategy (PARS) work programme. The ability of Council to reintroduce these projects will be assessed as we progress through this Long-term Plan, dependent on Council's financial operating environment.

There are additional operating costs associated with adding new assets including depreciation. These costs will be funded by increases to rates.

Uncertainty and risk

In preparing this LTP, areas of uncertainty and risk were identified which include:

- Planned external funding to support the capital programme, including from NZTA and other agencies, does not eventuate
- Unforeseen costs and challenges in delivering our capital investments (deliverability)
- The ability of the construction sector to deliver the volume of capital investment proposed across the country
- The economic situation which could impact ability to pay
- The impact of a change in timing or quantity of projected population growth which would affect demand for services and revenue from development contributions
- Uncertainty about the future including disruptive technologies and changing lifestyles and living and transportation choices
- The impacts of climate change and the risk of unforeseen natural events such as earthquakes and major storms
- Potential impacts of unplanned for failure of assets

There are a number of tools used to manage risk and uncertainty in this budget:

- Continued review of funding and confirmation of external revenue for projects before significant funds are committed, with an option of revising the capital programme should there be significant shortfall in external funding
- Identification of underutilised assets that could be realised to support the funding of new priority expenditure where external funding is less than budgeted
- Investment in staff, systems, processes and governance arrangements to improve the capacity of the organisation to deliver the proposed capital investment in a timely and cost-effective way managing and mitigating risks
- Continued review of timing of projects in relation to growth requirements and assessment of most appropriate areas to develop to address growth needs
- Maintenance of debt levels below treasury limits to provide debt headroom to cope with unforeseen events
- Sound asset management including revaluation of assets, and funding of depreciation
- Use of the local government cost index as in an inflation assumption which directly applies to the goods and services Council procures

Policy on securities

In order to borrow money the Council has to offer our lenders some security, just like residents do with their mortgages. Like most councils, we secure our debt against our rates income. The Council borrows the majority of its debt requirements from the Local Government Funding Agency which provides long term borrowing at favourable rates compared to commercial banks or private lenders. Rates will continue to be used as security for all borrowing. Council offers this security through a Debenture Trust Deed, lenders accept this as security and it helps keep our interest rates low.

In some circumstances Council may offer other security, however, physical assets will only be pledged in certain circumstances. The Council currently has no loans secured by way of mortgage over properties but may do so if the situation arises. The full policy on securities can be found in our Treasury Policy on the council's website.

Investments

Council's investment objectives are included in Council's Treasury policy. Overall Council holds financial investments to manage its liquidity and funding risks. Its objectives in relation to these investments and equity are therefore that they:

- Contribute to the fundamental objective of managing liquidity requirements and funding risk,
- Protect the capital amount invested,
- Optimise returns in the long-term while balancing risk and return

The council holds investments in companies and cash.

Investments in companies

The council is an equity holder in eight companies. The reason for holding equity interest in the companies is principally to achieve efficiency and community outcomes, rather than to receive a financial return on investment. The council holds shares in the following companies:

Council's Shareholdings Company	Shareholding	Principal reason for Investment	Budgeted return
Rotorua NZ Limited	100%	Economic Development	Nil
Rotorua Regional Airport Limited	100%	Economic Development	Nil
Infracore Limited	100%	Efficient Government	Nil
Waikato Local Authority Shared Services Limited	6.14%	Efficient Government	Nil
BOP LASS Limited	16.13%	Efficient Government	Nil
Civic Financial Services Limited	<1%	Risk Management	Nil
Mountain Bike Events Limited	49%	Economic Development	Nil

Cash Investments

From time-to-time the council has surplus cash. Surplus cash is invested for short periods to maximise returns. The council aims to meet the average 90 day bank bill rate.

Generally the council's cash management practice is to use surplus cash to minimise external debt. The Long-term Plan includes an assumption that council holds no less than approx. \$1m in cash at any one time.

Council's Treasury

Council considers it prudent to hold cash at a level that supports the balance of restricted reserves (this amount of cash is not available to offset external debt). Any cash held above the level of restricted reserves is to ensure strong lines of liquidity and access to cash remain available to council.

Cash is supplemented by the use of committed banking facilities. The \$35m of facilities available is based on the level of cash that council currently holds and a further amount to ensure liquidity of funding. In present financial markets, holding cash is a cheaper option than is available through the use of committed facilities.

Specific policies relating to council's treasury management are contained within council's Treasury Policy.

Other Investments

As part of borrowing from the Local Government Funding Agency, the council is required to invest in financial bonds with the agency. The council will receive interest on these bonds equivalent to the cost of borrowing.

Insurance

Insurance is a key tool in the management of risk across our infrastructure network, alongside co-funding assumptions from Central Government in the event of a natural disaster. Insurance coverage levels will depend on the criticality of the asset insured, the degree of certainty of Central Government co-funding (i.e. NZTA Waka Kotahi) and the availability/affordability of coverage as premiums continue to increase in the wake of natural disasters happening with increased frequency.

Council fully insures water and wastewater treatment plants, along with its buildings, plant and equipment, and vehicles.

Underground infrastructure (primarily water reticulation, waste water, and storm water networks) are insured for significant natural disasters. A key assumption is that the government will provide 60% of the funding to meet reinstatement costs following a significant natural disaster. Aon has conducted a risk assessment on the likelihood of significant natural disasters, and these were assessed as being low.

Another key assumption is that damage to Council's roading network will be covered under NZTA Waka Kotahi's emergency works provision.

Council undertakes modelling to better understand the impact of extreme events on underground and above ground assets to ensure that the appropriate level of insurance is in place for replacement. This will highlight areas of vulnerability and ensure that the appropriate financial and management response is in place. The resilience of assets is a key consideration in asset renewal, replacement and investment decisions.

Council has tested insurance cover for infrastructural assets. This cover is currently obtained by direct placements into the London insurance markets and is based on “maximum probable loss” approach rather than reinstatement value for all assets. Maximum probable loss is the anticipated value of the biggest monetary loss that might result from a catastrophe, whether natural or otherwise. External expertise is used to complete scenario modelling and provide recommendations on the level of cover.

There are no insurance exclusions within council’s current policies that have significant impacts on council’s Financial Strategy.



30-year infrastructure strategy

1.0 Executive Summary

1.1 Introduction

Rotorua Lakes Council (RLC) is responsible for the provision of core and lifeline services that support the wellbeing of the Rotorua community. Our physical infrastructure needs to be developed, operated and managed in a manner that meets a host of statutory and regulatory objectives, is able to meet the community-driven demand now and also to anticipate and enable effective services for the projected future demand as our district and demand grows. This 30-year Infrastructure Strategy summarises our plan to ensure services reliability, regulatory compliance and to gradually provide additional infrastructure capacity to support our predicted growth in a measured and fiscally responsible way.

This Infrastructure Strategy sets out the known condition of our assets and the integrated phases of work we need to do to maintain our core infrastructure in a stable condition to ensure we provide a reliable service to our community. The core physical infrastructure we provide to enable our community to function are land transport (roads and footpaths) and three waters (drinking water, stormwater and wastewater).

The purpose of an Infrastructure Strategy is to identify significant infrastructure issues as known at the time and during the period covered by its strategy, to identify and recommend the principal options for managing those identified issues, and the operational, financial and risk implications of those options. This strategy includes the core infrastructure assets identified in section 101B (6) of the Local Government Act being:

Water supply

- Sewerage and the treatment and disposal of sewage (wastewater)
- Stormwater drainage (stormwater)
- Roads and footpaths (land transport)

RLC may consider widening the scope of the 2027 Infrastructure Strategy to cover non-core infrastructure assets such as sports, recreation and environment, facilities and waste services.

1.2 Assets at a glance

RLC owns and manages \$1.966 billion (replacement value) of infrastructure assets which can be summarised as follows. This shows that the assets have expired by about 50% to 60%.

Table 1 Asset summary

Activities	Description	Replacement Cost	Depreciated Replacement Cost (DRC)
Water supply	- Ten defined supply areas including three urban areas - Eleven water sources - Nine water supply treatment plants - Approximately 761km of pipelines 15 water pump stations	\$359.973 million (2023)	\$187,662,525
Waste Water	410 km of gravity pipelines and 164km rising mains - Services three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) and some rural lakeside communities - Two wastewater treatment plants 81 wastewater pump stations	\$554.560 million (2023 and 2020)	\$288,810,167
Stormwater	244km urban reticulated pipelines 154km of stormwater channels - Service three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) - Reporoa land drainage scheme	\$220.005 million (2022)	\$146,804,218
Land transport	1,007 km of roads - 889 km sealed and 118 km unsealed 80 road bridges 28 major culverts 383 km of footpaths 52 km of cycling routes 144 bus shelters	\$831.477 million (2022)	\$515,745,075
TOTAL		\$1.966 billion	\$1.139 billion

Source: RLC's Revaluations (various) & RLC RAMM database (11 November 2023)

1.3 Current asset state

The current state of our assets in terms of design life expectancy has been assessed for the major land transport and three waters asset classes (30 in total). This has been assessed as the percentage of design life expended and the predicted remaining useful life.

The assessment indicates that most major assets classes design life has been consumed within a range of a quarter to halfway. This is a significant renewal backlog that must be managed carefully and informed by risk and consequence criteria. A summary of this analysis is provided in Section 5.1 of the strategy.

Some of the most widespread assets such as gravity wastewater mains, stormwater mains and street lighting brackets are asset classes identified to be in poor or at risk categories (based on age and predictive modelling standards). These asset classes need to be carefully monitored to ensure that the future funding of renewal programmes are appropriate and adequate based on the risk analysis of failure.

Table 2 Renewal investment based on current asset state

Activities	Major asset classes	Renewal investment	Renewal action
Water supply	Backflow, mains, meters, plant	-	Business as usual, continue with normal monitoring and renewals
Waste Water	Gravity mains, grinder pumps, other		Asset at risk, accelerate investigation and increase investment
	Pressure mains, manholes, chambers	-	Business as usual, continue with normal monitoring and renewals
Stormwater	Consents		The Comprehensive Stormwater Resource Consent for the urban areas was lodged with the Regional Council and public submission is underway.
	Mains, manholes, channels, other	-	Business as usual, continue with normal monitoring and renewals
Land transport	Street lighting – brackets, railings, pavement – surface		Asset at risk, accelerate investigation and increase investment
	Bridges, street lighting – poles, drainage, signals		Start planning for renewal investment
	Footpath, street lighting – lights, surface water channels, minor structure, retaining walls, islands, traffic facilities, pavement – base-course	-	Business as usual, continue with normal monitoring and renewals

It is intended to continue to improve asset condition data collection with emphasis on the most critical parts of our networks (based on risk) and to complete this asset predictive performance analysis to guide future infrastructure strategies and specific asset management plans. The objective is to ensure we keep our core infrastructure within acceptable industry performance and condition benchmarks to achieve sustainable future investments.

The asset condition and expected performance has been assessed at a high level for each activity and is covered in Section 5.1 of the strategy.

1.4 Significant issues

There are a number of significant issues facing our district, which may intensify in future years. RLC, through its long term planning and various Strategies, aims to take active steps to manage and mitigate the foreseeable risks arising from those issues. These strategic issues do influence and impact the Infrastructure Strategy, the services we need to deliver, where and how.

In preparing this strategy, we have identified seven strategic issues that need to be at the forefront of infrastructure planning and decision-making. Table 3 summarises key strategic issues, implications and Council's proposed response. Section 2.2 of this strategy details the actions we will take to respond to the key strategic issues at district level as these are common to all activities.

Table 3 Significant issues affecting our infrastructure

Strategic issue	Implications	Council's response
Maintaining assets in a stable, reliable, and safe condition	- We know that we need to invest in our core infrastructure. We need to recognise the asset lives consumption backlog and ensure that there is not an unsustainable deficit created that is unaffordable for our current and future ratepayers. - Investment is also required to ensure that our assets meet the levels of service to our communities, meets legislative requirements, and are resilient to any disruption.	- Implement risk / consequence based critical asset renewal. - Continue with critical asset condition assessment as a priority. - Rely on responsive systematic asset maintenance.
Meeting future demands on infrastructure	- Te Arawa and RLC have identified safe, secure housing for all our people as our top shared priority to ensure positive, thriving communities. - Timing for growth-enabling infrastructure is based on projected rate of population growth.	- Update and adjust timing for new capacity infrastructure through the Annual Plan process if growth accelerates greater than predicted. - Addendums to the Three Waters Master Plans have been developed based on the latest growth predictions. - Transport modelling is being undertaken to understand the impacts of the Rotorua Future Development Strategy on the road network. The infrastructure improvements required are expected to be minor in nature (compared to three water networks) and will likely be required in the medium to long term.

Managing the impacts of legislative and policy change	There are various sector changes with new or proposed legislation that will impact the long-term planning for Council's assets and services network. These include the Resource Management system reforms, Future for Local Government (although these may change with the new Government) the water regulations both in terms of quality and financial plans.	- Lead agency awareness and systematic compliance with Standard Operating Procedures. - Anticipate and reflect changes in forward financial planning. - Keep a watching brief on the Government's alternative proposals for three waters assets. - Ensure Council makes Rotorua centric decisions when required. - RLC's investment programmes and supporting Activity Management Plan will be aligned to the strategic priorities in the new Government Policy Statement on Land Transport once adopted in 2024.
Embedding cultural values into the way we manage our infrastructure	- It can take considerable time and cost to ensure our capital projects are meeting cultural assessments and are appropriate and supported by our wider community. In some cases, we need to explore alternative asset development options and stage appropriate solutions over time. - Monitoring of increasingly, legislation that is requiring that iwi have a greater role in the governance or decision making for key assets such as water. - RLC to give effect to the principles of te Mana o te Wai while performing functions or duties.	- Maintain effective and mutually beneficial relationship protocols. - Identify and provide for cultural elements and performance in designs. - Reinforce mutually beneficial partnership with iwi. - RLC is developing its understanding of te Mana o te Wai principles and the overall focus is an outcome of water quality protection and improvements that will contribute to life sustaining qualities.
Climate change and environmental sustainability	- We need to prepare for the unpredictable impacts of climate change on infrastructure assets as we are already experiencing events such as prolonged droughts and higher temperatures. Increased frequency and intensity of high rainfall events, which creates flooding risks and a health risk for our potable / drinking water. - The impacts of extreme weather events on our district's infrastructure in the last three years have been significant. Our roading network has been particularly impacted with multiple slip events over the last three years. - Unprecedented rainfall in 2023 has caused flooding and rising lake levels at Rotorua, Rotomā, Rotoiti and Rotoehu (the three smaller lakes are interconnected).	- Design new and renewed infrastructure within the 100 years climate change effects parameters. - Contribute to ongoing emission reductions. - Continue undertaking adaptation planning for our infrastructure assets aligned with the Government's objectives to build resilient infrastructure as set out in the National Adaptation Plan (2022). Strengthening our infrastructure resilience is a key focus. - Work with Bay of Plenty Regional Council and Te Arawa partners to understand and identify mitigation works to address the impact of rising lake levels on RLC's infrastructure.

Resilience of critical infrastructure	- Increasing demand and climate risk require focus in strengthening the infrastructural resilience of our core assets. - Infrastructure resilience is expected to be tested in Rotorua as it is exposed to a variety of natural hazards including earthquake, landslides, flooding, volcanic eruption, storms and rising lake levels. These natural disasters can cause considerable damage to infrastructure assets and affect the reliable delivery of service.	- Prioritise asset improvement interventions based on risk/ consequences. - Develop gradual redundancy for critical parts of infrastructure for business continuity. - Consider how we can ensure that our lakeside communities are able to continue to be connected through extreme weather events, and whether the current infrastructure solutions continue to be appropriate. - Strengthen our water storage reservoirs, key bridges and pump stations with appropriate capital investment so they are resilient to earthquakes.
Maintaining institutional knowledge and capability (i.e. people resilience).	Many of RLC's senior engineers are nearing the end of their careers. This reflects a national issue of limited capability and capacity in the industry coupled with a tight labour market.	- Maintain an appropriate balance of internal and external resourcing to ensure Council has suitable capacity and capability as engineers retire and new staff develop. - Develop and implement a Workforce Capability Plan to cater for exit plans and succession planning. - Continue to increase internal capability by providing multiskilling opportunities for RLC staff.

1.5 Funding depreciation

Figure 1 shows the annual renewals of \$23.5m versus annual depreciation of \$29.5m for the combined core assets. This shows that there is a gap of about \$6m per year which is mainly due to land transport renewals being less than annual depreciation at this point in time. It is proposed to review the level of renewal investment versus annual depreciation to inform the next Long-term Plan.

Figure 1 Combined renewals and depreciation (uninflated) 2024-2054



1.6 Overall investment strategy

Table 4 shows the total expected capital and operational expenditure for each infrastructure activity over the 30-year period 2024 to 2054.

Table 4 Expected total operating and capital expenditure (inflated)

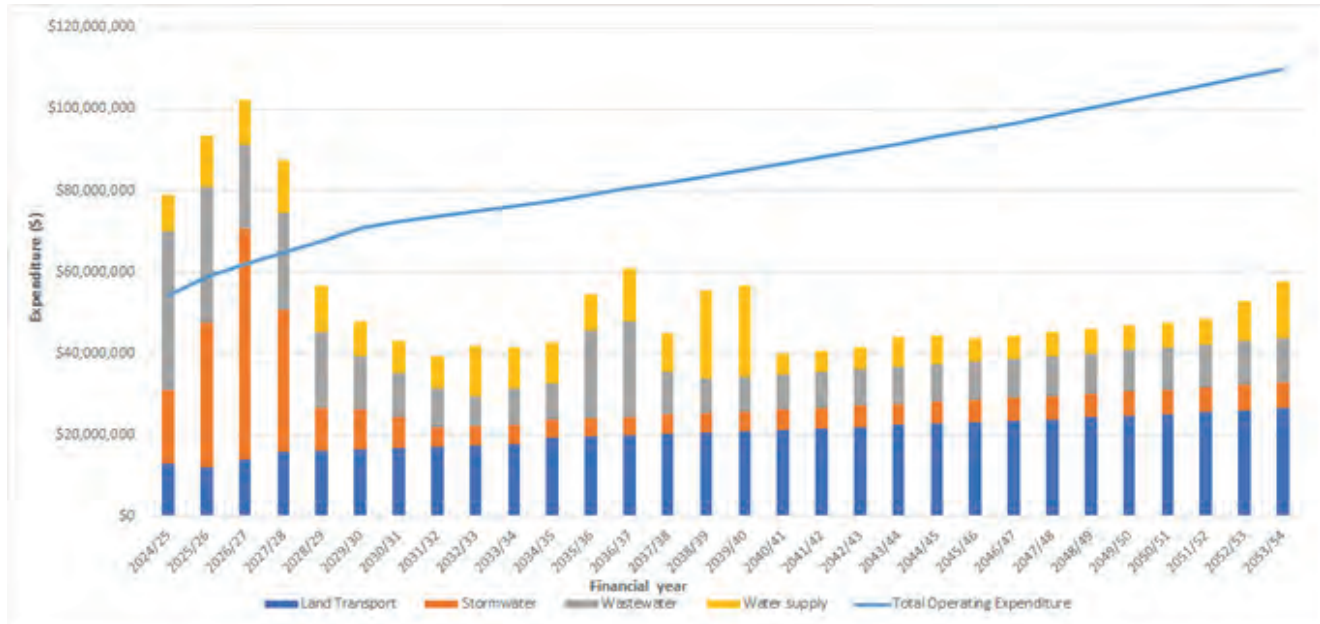
Activity	Capital Expenditure			Operational Expenditure
	Renewals	Growth	Levels of Service	Operating
Water supply	\$165,214,645	\$82,699,685	\$36,365,687	\$544,408,576
Wastewater	\$252,860,400	\$27,546,748	\$122,343,498	\$1,051,415,191
Stormwater	\$126,430,200	\$142,773,124	\$24,735,250	\$234,278,007
Land Transport	\$404,500,849	\$35,059,130	\$168,982,913	\$701,531,658
Sub Totals	\$949,006,094	\$288,078,687	\$352,427,348	\$2,531,633,432
	\$1,589,512,129			
Total	\$4,121,145,561			

Source: RLC LTP budget (as at June 2024)

Note: Depreciation has been excluded from the Operational Expenditure in the amount of approximately \$30m per annum and is on par with the renewal forecast. The operating depreciation differs to the asset valuation depreciation slightly due to corporate modelling adjustments.

Figure 2 shows the most likely scenario for total operating and capital expenditure for combined assets.

Figure 2 Combined infrastructure operational and capital forecast (inflated) 2024-2054



Source: RLC LTP budget (as at March 2024)

Over the next 30 years it is expected that:

- Planned expenditure on renewals across all infrastructure activities is generally constant.
- Significant capital expenditure to enable growth in the first four years, particularly stormwater (with external Government funding).
- The Rotorua Wastewater Treatment Plant upgrade in the first two years takes a large portion of the capital expenditure programme (growth).
- Transport capital expenditure to enable growth over the 30-year period.
- Resealing about 7% of our roads each year for the next 30 years to ensure assets renewed sustainably.

2.0 Introduction

Rotorua Lakes Council (RLC) is responsible for the provision of core and lifeline services that support the wellbeing of the Rotorua community. Our physical infrastructure needs to be developed, operated and managed in a manner that meets a host of statutory and regulatory objectives, is able to meet the community-driven demand now and also to anticipate and enable effective services for the projected future demand as our district and demand grows. This 30-year Infrastructure Strategy summarises our plan to ensure services reliability, regulatory compliance and to gradually provide additional infrastructure capacity to support our predicted growth in a measured and fiscally responsible way.

This Infrastructure Strategy sets out the known condition of our assets and the integrated phases of work we need to do to maintain our core infrastructure in a stable condition to ensure we provide a reliable service to our community. The core physical infrastructure we provide to enable our community to function are land transport (roads and footpaths) and three waters (drinking water, stormwater and wastewater).

Our infrastructure must be safe, reliable and in a stable condition to meet future demand and our levels of service. We want no shocks or surprises, so we aim to understand what we have and ensure that it is fit-for-purpose. To do this we need to understand and plan for how infrastructure will need to change to remain fit-for-purpose. Change can be required to meet new technologies, environmental considerations (such as carbon neutrality), changing community expectations and patterns of use.

We need to consider how our population is changing and what impact this may have on demand for our core infrastructure. We need to be able to answer the questions: Where do we need to provide new capacity? Where and how might we redevelop redundant capacity or transform our infrastructure?

The 2024 Infrastructure Strategy is broadly aligned with the intent of the 2021 strategy. We aim to clearly present our investment plans to adapt to climate change and strengthen the resilience of our infrastructure. We are taking a long term view to respond to the current shortfall in housing and to better plan for growth.

2.1 Purpose of this strategy

The Infrastructure Strategy aims to ensure that our infrastructure services are provided to an appropriate standard. This strategy will identify the significant capital decisions that we need to make over the next 30 years to deliver safe, reliable, and stable infrastructure that keeps pace with demand and the changing face of our district.

The strategy is a component of the Long Term Plan. It identifies what we are going to do to provide our services, manage our infrastructure, continue to grow our district sustainably, care for our environment, and overcome our issues and challenges. It aligns with our Financial Strategy, in which we determine what we can afford to do, when we can afford to do it and how we will fund it.

Through our Long-term Plan and subsequent annual plans, we will consult with our community about our infrastructure plans, balancing risks and financial trade-offs to allocate funds to maintain, renew and improve our core infrastructure to meet the agreed levels of service.

The purpose of an Infrastructure Strategy is to identify significant infrastructure issues as known at the time and during the period covered by its strategy. To identify and recommend the principal options for managing those identified issues, and the operational, financial and risk implications of those options. This strategy includes the core infrastructure assets identified in section 101B (6) of the Local Government Act being:

Water supply

- Sewerage and the treatment and disposal of sewage (wastewater)
- Stormwater drainage (stormwater)
- Roads and footpaths (land transport)

2.2 Significant issues

There are a number of significant issues facing our district, which may intensify in future years. RLC, through its long term planning and various strategies, aims to take active steps to manage and mitigate the foreseeable risks arising from those issues. These strategic issues do influence and impact the Infrastructure Strategy, the services we need to deliver where and how.

RLC operates in a financially constrained environment which requires regular trade-offs to be made between competing priorities. We struggle to achieve our priorities within our means, needing to fund deferred maintenance and renewals of our infrastructure assets, and fund our ambitious economic growth plans as these are pivotal in driving future employment and prosperity for our community. Strategic issues have been identified that make it hard to balance our infrastructure services while meeting our strategic priorities and regulatory requirements.

In preparing this strategy, we have identified seven strategic district infrastructure issues that need to be at the forefront of infrastructure planning and decision-making.

1. Maintaining assets in stable, reliable and safe condition
2. Meeting future demands on infrastructure
3. Impacts of legislative and policy changes
4. Embedding cultural values
5. Climate change and environmental sustainability
6. Resilience of critical infrastructure
7. Maintaining institutional knowledge and capability (i.e. people resilience).

Table 5 details the implications and the actions we will take to respond to the key strategic issues at district level as these are common to all activities. The significant issues for each activity are covered in Section 5.

Table 5 Significant district issues affecting our infrastructure

Significant district issues	Discussion and implications	Council's response
Ongoing effort to maintain assets in stable, reliable and safe condition	We know that we need to invest in our core infrastructure. We need to recognise the asset lives consumption backlog and ensure that there is not an unsustainable deficit created that is unaffordable for our current and future ratepayers. Investment is also required to ensure that our assets meet the levels of service to our communities, meets legislative requirements, and are resilient to any disruption.	Land transport: We monitor the age and condition of our transport assets through inspections and analysis in our RAMM database. We also monitor and report on our customer and technical service levels for the infrastructure assets (this applies to three waters as well). We report to our funding partner Waka Kotahi /NZTA on various performance measures and we are compared with other similar sized councils. Three waters: We have adopted a proactive and risk-based waters renewal strategy is good industry practice, rather than using asset age. To enable this, we are gathering evidence in the next three to 10 years to inform our renewal programmes with a focus on water supply and wastewater assets. Capacity drives our stormwater upgrades more than the current asset state. Continue with surveying our critical below ground wastewater assets in the short to medium term (about 20% of our pipelines). The assessment programmes are being accelerated through our long-term contractor.
Meeting future demands on infrastructure	Rotorua is continuing to grow, with substantial greenfields development predicted, along with intensification of existing residential areas. While much of our infrastructure has capacity to provide for some of this growth-related demand, our service provision is not consistent. Factors such as more extreme storm events (climate change) are already placing pressure on our infrastructure in some locations. Te Arawa and RLC have identified safe, secure housing for all our people as our top shared priority to ensure positive, thriving communities. Timing for growth enabling infrastructure is based on projected rate of population growth.	All activities: We have taken a long term view to respond to the current shortfall in housing and to better plan for growth through following two strategic planning initiatives (refer to Section 3.4 for detail): • Rotorua Future Development Strategy (2023). • Housing for Everyone – Plan Change 9. • Update and adjust the timing for new capacity infrastructure through the Annual Plan process if growth accelerates greater than predicted. • Refine the infrastructure capital programmes to ensure investment provides for current and future demand. Te Arawa and RLC developed the He Papakāinga, He Hāpori Taurikura Homes and Thriving Communities Strategic Framework (2020). The strategy describes the challenges the district faces and the strategies that will be used to ensure everyone can enjoy a good quality of life, now and into the future. This strategy belongs to the communities of the Rotorua district, and is overseen by the critical partnership between Te Arawa, the wider community and RLC. RLC's infrastructure asset groups including three waters and land transport need to be aligned to this strategic framework for future demand planning.

		Land transport: There is an ongoing annual traffic counting programme to understand current vehicle demand. Transport modelling is being undertaken to understand the impacts of the Rotorua Future Development Strategy on the road network. The infrastructure improvements required are expected to be minor in nature (compared to three waters networks) and will likely be required in the medium to long term.
		Three waters: Addendums to the Three Waters Master Plans have been developed based on the latest growth predictions as defined in the Future Development Strategy and Plan Change 9. The three waters capital programmes have been updated based on the latest growth predictions.
Legislative and policy changes	There are various sector changes with new or proposed legislation that will impact the long-term planning for Council's assets and services network. These include the Resource Management system and local government reforms, Government Policy Statement - The Government Policy Statement on Land Transport (2024) remains in draft for the incoming Government to confirm the strategic priorities for the sector.	All activities: Lead agency awareness and systematic compliance with Standard Operating Procedures. Anticipate and reflect changes in forward financial planning. Three waters: Keep a watching brief on the Government's alternative proposals for three waters assets. Ensure Council makes Rotorua centric decisions when required Land transport: RLC's investment programmes and supporting Activity Management Plan will be aligned to the strategic priorities in the Government Policy Statement on Land Transport.

Embedding cultural values into the way we manage our infrastructure	It can take considerable time and cost to ensure our capital projects are meeting cultural assessments and are appropriate and supported by our wider community. In some cases, we need to explore alternative asset development options and stage appropriate solutions over time. Monitoring of, legislation that is requiring that iwi have a greater role in governance or decision making for key assets such as water. RLC to give effect to the principles of te Mana o te Wai while performing functions or duties. Te Mana o te Wai draws on a te ao Māori perspective to recognise the whole-of-system approach to wai, from maunga to moana, or ki uta ki tai.	Three waters: Maintain effective and mutually beneficial relationship protocols. Identify and provide for cultural elements and performance in designs. Reinforce mutually beneficial partnership with iwi. RLC is developing its understanding of te Mana o te Wai principles and the overall focus is an outcome of water quality protection and improvements that will contribute to life sustaining qualities. We have adopted this approach with finding an acceptable solution for the Rotorua Wastewater Treatment Plant. The three parties (RLC, Te Arawa Lakes Trust and CNI Iwi Holdings) have a Kawenata (a partnership agreement) to find the right outcome for mana whenua and the wider Rotorua community. The kawenata has been guided by Te Tūāpapa o ngā Wai o Te Arawa (Te Arawa Cultural Values Framework, refer to Section 3.2.1) and under the agreement, the parties will work to develop a long-term solution. The principles of Te Mana o te Wai are considered in the operational management of the water supply through a multi-faceted approach: • Management of abstraction rates and volumes so that only what is needed is taken from the source. • Water demand management in the network through sectorisation, pressure management, and leak detection to ensure water is used efficiently. • Jointly held resource consents with iwi. As many of RLC's water take consents near renewal, this has presented an opportunity for consents to be issued jointly to Council and iwi. Consultation with mana whenua during the application process and following granting of joint resource consents has enabled iwi to share and incorporate their aspirations for the management of the water source and surrounding whenua into the operational management of water supply.
Climate change and environmental sustainability	We need to prepare for the unpredictable impacts of climate change on the infrastructure assets as we are already experiencing events such as prolonged droughts and higher temperatures, increased frequency and intensity of high rainfall events, which creates flooding risks and a health risk for our potable / drinking water. The impacts of extreme weather events on our district's infrastructure in the last three years have been significant. Our roading network has been particularly impacted with multiple slip events over the last three years.	All activities: Design new and renewed infrastructure within the 100 years climate change effects parameters. Contribute to ongoing emission reductions. Continue undertaking adaptation planning for our infrastructure assets aligned with Government objectives to build resilient infrastructure as set out in the National Adaptation Plan (2022). Strengthening our infrastructure resilience is a key focus. Work with Bay of Plenty Regional Council and Te Arawa partners to understand and identify mitigation works to address the impact of rising lake levels on RLC's infrastructure.

	Unprecedented rainfall in 2023 has caused flooding and rising lake levels at Rotorua, Rotomā, Rotoiti and Rotoehu (the three smaller lakes are interconnected). This has impacted residents and resulted in flooding of roads and slips around certain areas of both lakes. It has impeded road access to properties (including due to flooding of the Rotorua end of Manawahe Road). It has also resulted in infrastructure like jetties and ramps becoming submerged.	As part of our Climate Change Action Plan, we have taken the following approaches as a response to climate change. • Emissions reduction - Adopting an emissions reduction target that aligns with the New Zealand national target. • Mitigation - Identified five priority themes to shape our actions for the next 10 years. This includes transportation and urban form and leadership, advocacy and economic opportunity themes. • Adaptation - Identified key areas where we need to reduce our vulnerability to the impacts of climate change. Refer to Section 4.4 - Risk Management on specific proposed climate change actions. The immediate focus to the impacted lakeside communities has been on providing any assistance residents may require with people's safety the primary concern. Longer term solutions will need to be considered and we will need to change our approach to infrastructure management and planning.
Resilience of critical infrastructure	Increasing demand and climate risk require focus in strengthening the infrastructural resilience of our core assets. Infrastructure resilience is expected to be tested in Rotorua as it is exposed to a variety of natural hazards including earthquake, landslides, flooding, volcanic eruption, storms and rising lake levels. These natural disasters can cause considerable damage to infrastructure assets and affect the reliable delivery of service. Parts of the transport network are susceptible to weather related events. However, most of the network has alternative routes except for Tarawera community. It is important to respond to incidents such as closed roads due to road slips or under slips, as well as keeping the road drains fully maintained.	All activities: • Prioritise asset improvement interventions based on risk/consequences. • Develop gradual redundancy for critical parts of infrastructure for business continuity. • Consider how we can ensure that our lakeside communities are able to continue to be connected through extreme weather events, and whether the current infrastructure solutions continue to be appropriate. • Strengthen our water storage reservoirs, key bridges and pump stations with appropriate capital investment so they are resilient to earthquakes.
Maintaining institutional knowledge and capability (i.e. people resilience)	Many of RLC's senior engineers are nearing the end of their careers. This reflects a national issue of limited capability and capacity in the industry coupled with tight labour market. It is recognised that there is a need for technical staff to be developed and have real opportunities to be retained within the industry long term.	All activities: • Maintain an appropriate balance of internal and external resourcing to ensure Council has suitable capacity and capability as engineers retire and new staff develop. • Develop and implement a Workforce Capability Plan to cater for exit plans and succession planning. • Continue to increase internal capability by providing multiskilling opportunities for RLC staff

3.0 Strategic Context

3.1 National context

Local authorities play a broad role in promoting the social, economic, environmental, and cultural well being of their communities, taking a sustainable development approach. The Future for Local Government Panel released its final report in June 2023. It has made 17 recommendations for the Government. The report presents an opportunity for councils to better position themselves to deliver community aspirations.

There are various sector changes with new or proposed legislation that will impact long-term planning for Council's assets, although these may change with the coalition Government. These include the Resource Management system reforms, Future for Local Government and Emergency Management Trifecta Programme.

Taumata Arowai is the drinking water regulator under the Water Services Regulator Act 2020. Taumata Arowai administers the Water Services Act 2021 for ensuring safe drinking water. There is greater level of compliance, monitoring and enforcement under this new regime such as the new Drinking Water Quality Assurance Rules.

Increasingly, legislative reform is moving to enhance the statutory requirements for Māori involvement in the management of key taonga or assets. Water holds a central role in Māori sense of identity and well being. This has been recognised in the Water Services Regulator Act with the establishment of a Māori advisory board for Taumata Arowai, increased engagement requirements for local government with their local iwi, and giving effect to Te Mana o te Wai while performing functions or duties under the Act.

Changing expectations of local government place further pressure on already constrained budgets. Many councils, like RLC, are facing issues maintaining their current service levels, renewing aging assets, and future proofing for growth, while prudently managing the impact on rates and debt levels.

3.2 Rotorua context

3.2.1 Mana whenua

Rotorua was established more than 100 years ago, with the signing of the Fenton Agreement between the Crown and Ngāti Whakaue on 25 November 1880.

According to oral history, many of Rotorua's Māori residents trace their ancestry to Tamatekapua, the captain of the Arawa canoe that is believed to have arrived in New Zealand six centuries ago. Kahumatamomoe, a Te Arawa ancestor, journeyed inland where he discovered Lake Rotorua and settled at what is now Kawaha Point.

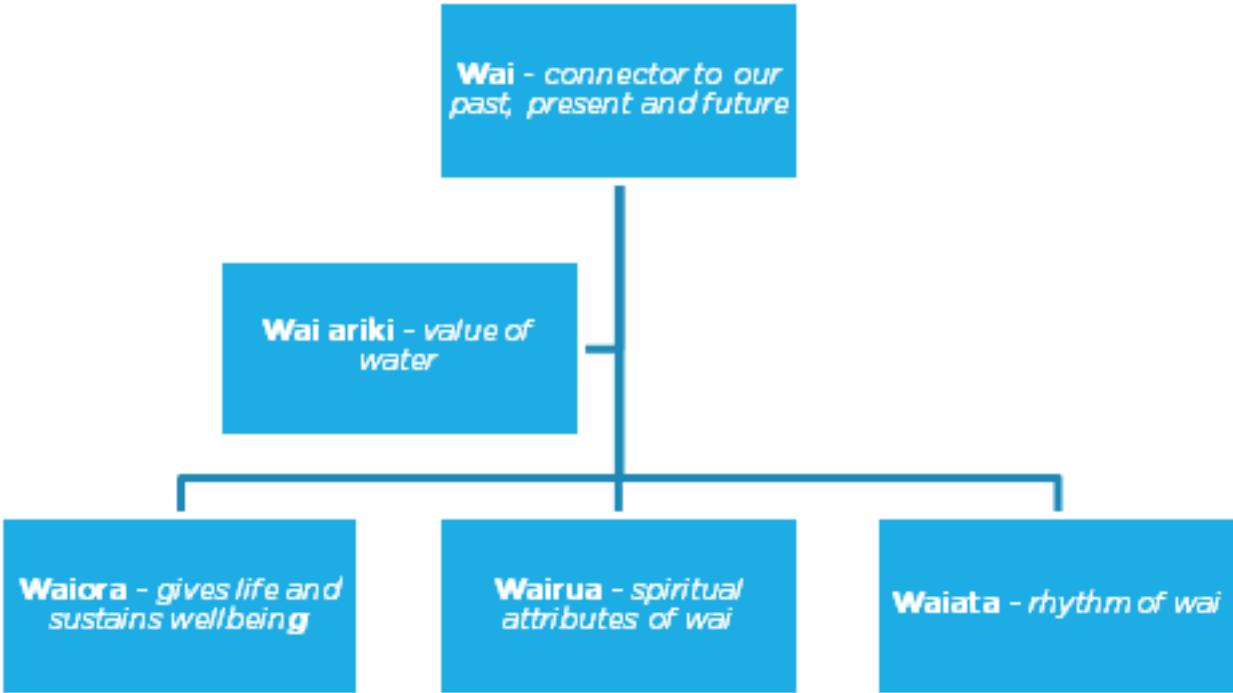
Today, Rotorua continues to have a strong Te Arawa culture and manaakitanga (hospitality) which underpins the experience sought by many tourists to the district. We are considered a centre for Māori culture and expression.

The partnership with mana whenua is embedded in the way RLC works. A partnership agreement with Te Tatau o Te Arawa, which represents the collective interests of Te Arawa, captures our shared vision and goals and our intention to build an enduring partnership that is beneficial to the Rotorua community.

Major infrastructure projects require significant input from mana whenua to ensure cultural considerations are understood and provided for, alongside other factors. Our aim is to collectively agree what and how our new infrastructure is constructed to ensure our growth is sustainable and we protect the values and taonga that make our district special.

The Te Tūāpapa o ngā Wai o Te Arawa (Te Arawa Cultural Values Framework) was developed by the Te Arawa Lakes Trust and articulates the value in relation to the long term aspirations for the Te Arawa Lakes. The guiding Te Arawa values are summarised below.

Figure 3 Guiding Te Arawa values



Ways in which RLC is giving effect to te Mana o te Wai starts with the fundamentals of building relationships and partnerships with mana whenua in the relevant rohe. RLC’s Te Arawa Partnership team provide advice to the infrastructure teams to assist in effective and meaningful engagement with iwi. One of the outcomes of fostering partnerships with mana whenua has been the return of, and planned return to iwi of, land that many RLC water supply sources are situated on to iwi.

3.2.2 Our district

Within New Zealand, Rotorua’s volcanic landscape of lakes, calderas and geothermal features is unique. The compact size of the city, the geothermal features and the ready access to parkland, lakes, forests and rural landscapes, are attractive for residents and visitors alike. The total size of the Rotorua district is 261,906 hectares. This consists of 41% forest, 43% agriculture and 8% lakes. The region includes 18 lakes, three major rivers and seven geothermal fields.

Climate change will impact the Rotorua district. We need to plan for the impact of an increased number of storm events on our core infrastructure and the impact of increased temperatures on the quality and availability of our drinking water supply and on the levels of our lakes and rivers.

3.2.3 Natural hazards

The two major natural hazards that impact Rotorua district are geothermal and flooding.

The Rotorua Geothermal System is one of 12 systems in the Bay of Plenty Region and is a by-product of volcanic activity in the Taupō Volcanic Zone. The Taupō Volcanic Zone is a geothermal field extending from White Island off the Bay of Plenty Coast to Mt Ruapehu to the south.

The Rotorua Geothermal System underlies part of Rotorua City, from the southwestern end of Lake Rotorua to the Whakarewarewa Valley, as shown in Figure 4. Geothermal hazards include high temperature fluids and steam, gas, ground collapse and hydrothermal eruptions. About 20% of our underground assets are affected as the gas and heat speed up material decomposition. Above ground assets of metallic material are affected by the corrosive gases.

The urban stormwater systems were designed to cater for the initial development and engineering standards at that time. As the development area expands, the existing stormwater system requires increased capacity. Flooding sometimes occurs where growth planning has occurred in ad hoc manner and infrastructure has not been upgraded.

Flooding has also submerged roads and parks structures and restricted access to properties at Rotomā and Rotoehu Lakes, mainly due to lake level increases. This was due to unprecedented rainfall in 2023 and not development related. There are no river outlets in the Rotomā or Rotoehu Lakes (unlike other lakes), and with no existing outlet infrastructure in place.

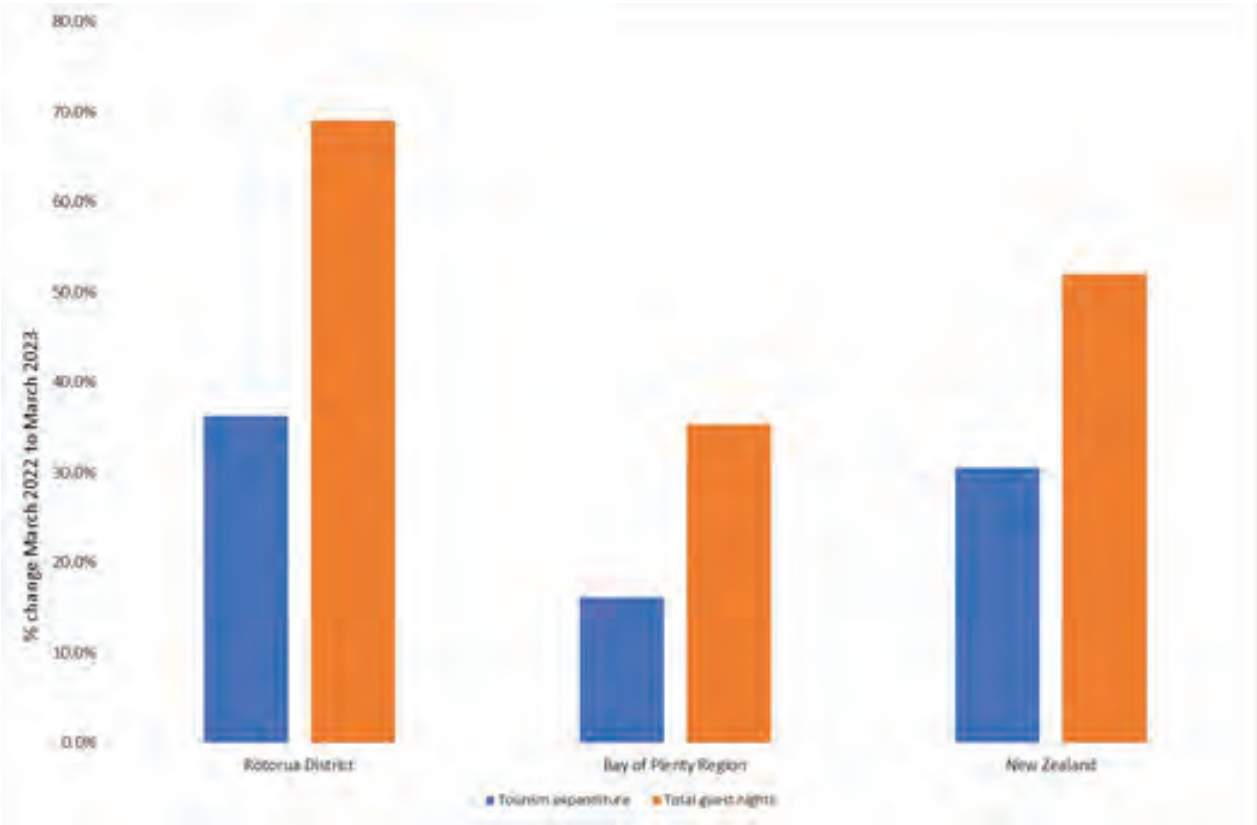


Figure 4 Indicative boundary of Rotorua Geothermal System

3.2.4 Our economy

A strong tourism sector has been a key element in our district's economic success. While Rotorua has a diverse economy including forestry and wood processing, agribusiness, research and manufacturing, tourism is its largest employer. With the international border reopening after the pandemic, the resumption of international tourism has provided a lift to both tourism expenditure and guest nights for Rotorua District as shown in the figure below. The Rotorua District tourism expenditure and guest nights for the year to March 2023 exceeds national and Bay of Plenty Region results.

Figure 5 Tourism trends (March 2022 to March 2023)



Source: Infometrics (March 2023)

The Bay of Plenty Region economy showed resilience in the year to March 2023. The Bay of Plenty Region and Rotorua District economic activities both grew at 3.2% p.a. and 3.1% p.a. respectively, according to Infometrics provisional GDP estimates. This is just ahead of 2.9% p.a. growth nationally as shown below. The Rotorua District economic growth was driven by strong contributions from the transport, professional services, and arts and recreation industries. Economic growth in these industries was likely linked to a recovery for Rotorua’s tourism sector compared to the previous two years.

Table 6 GDP and employment growth (March 2022 to March 2023)

Indicator	Rotorua District	Bay of Plenty Region	New Zealand
Gross domestic product (GDP) provisional	3.1%	3.2%	2.9%
Employment (place of residence)	1.1%	2.1%	2.2%

Source: Infometrics (March 2023)

Bay of Plenty Region employment growth was 2.1% p.a. in the year to March 2023. Rotorua District employment growth was lower at 1.1% p.a. for the same period and lower than nationally at 2.2% p.a.

3.2.5 Our community

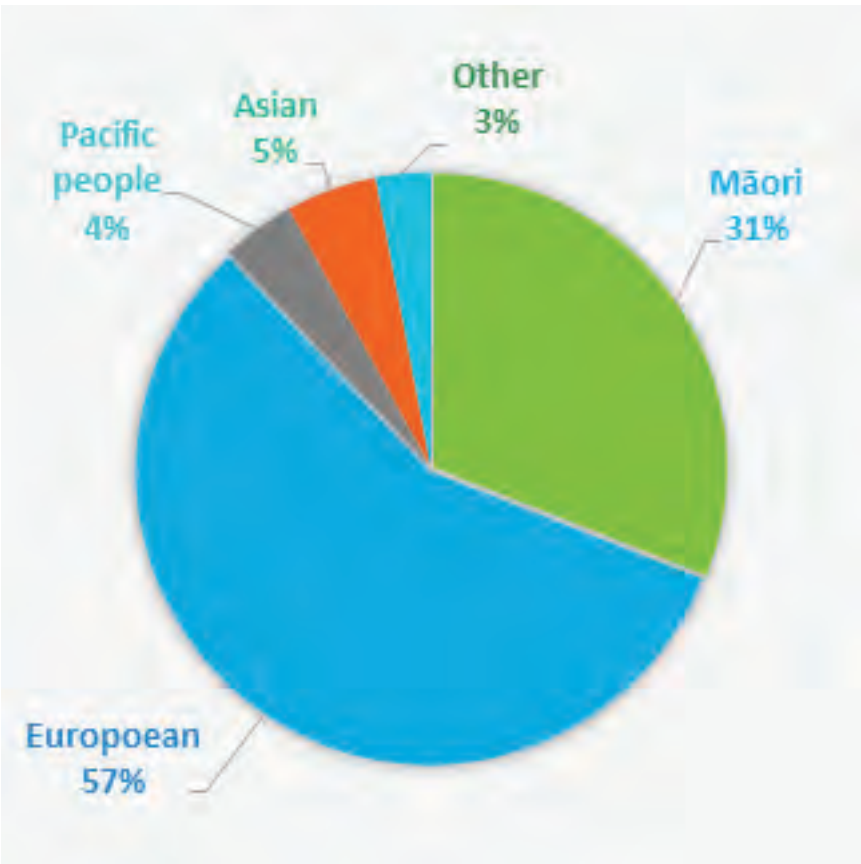
The Rotorua Lakes district is home to approximately 76,800 people (estimated as at 30 June 2022). Our population is projected to continue growing, reaching approximately 90,800 by 2051 (under the baseline scenario).

Our population is aging. Currently, 15% of our population is aged 65 years or above, which is projected to increase to 23% by 2051 (under the baseline scenario). While we have many young people, 22% of our population is under 14, this is expected to decline to 18% by 2051.

The number of households is projected to grow from 30,166 in 2022 to 37,034 in 2051 (under the baseline scenario). Given the aging population, the average household size is also expected to fall.

31% of our district's population identifies as Māori (as at 2020 refer to Figure 6) and this is projected to fall to 29% by 2051 (under the baseline scenario). The European ethnic group will rise from 57% in 2020 to 60% by 2051.

Figure 6 Ethnic composition of Rotorua Lakes district



Source: Infometrics, Rotorua District Employment, Population, Household and Visitor Projections (March 2020)

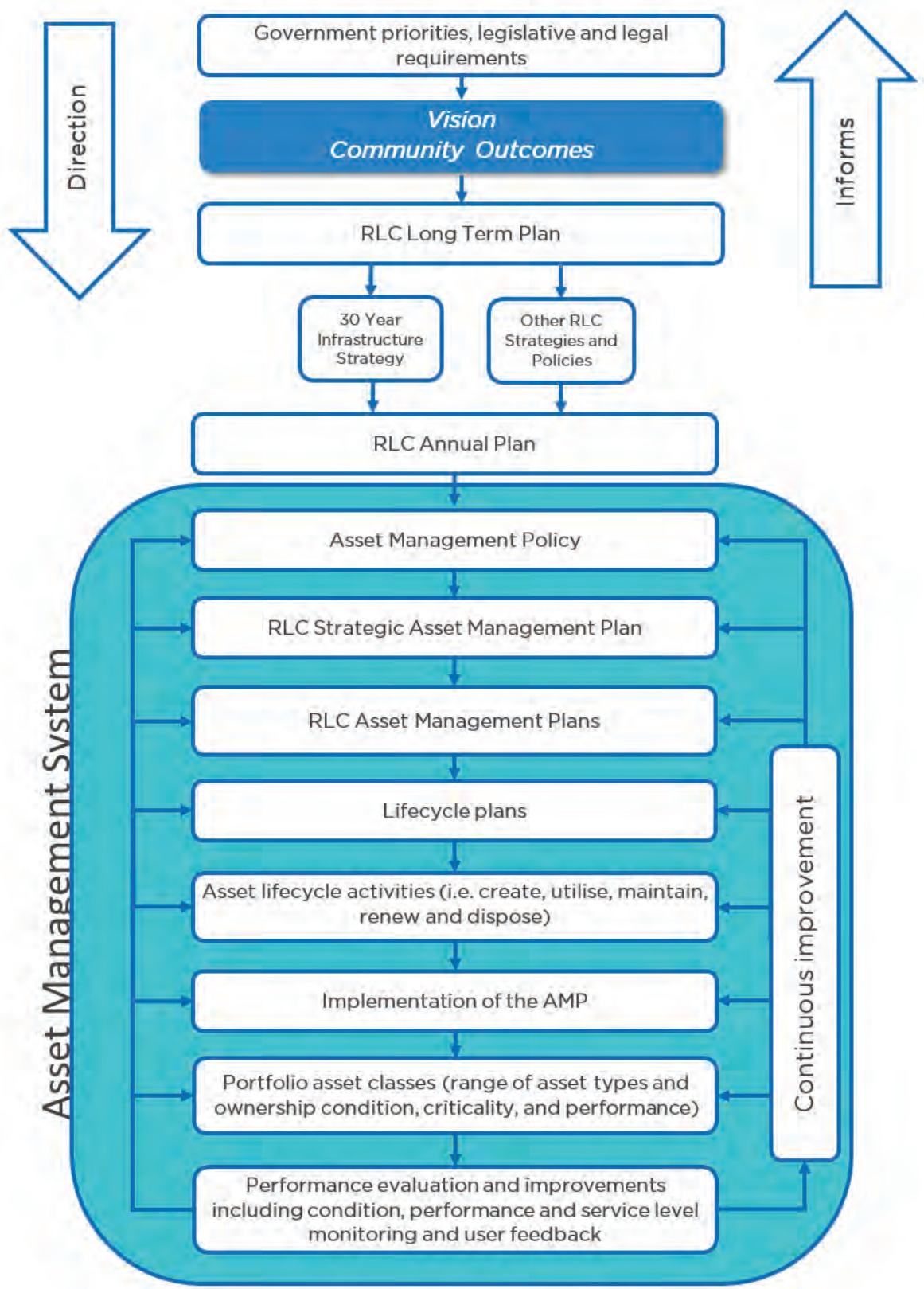
3.3 Strategic infrastructure linkages

RLC's Vision seeks to continue developing the Rotorua district in a way that responds to growth but at the same time retains and works to enhance the unique character of our place that is special to us all. Supporting this vision are nine Community Outcomes.

Active	The accessibility of our lakes, forests, open space networks and the quality of our facilities create opportunities for everyone to be active throughout their lives.
Safety	Our communities, businesses and visitors feel safe across our district.
Tangata whenua aspirations	We recognise and support the aspirations of Tangata Whenua and Mana Whenua and partner to grow economic and social opportunities and benefits for everyone.
Housing	All residents have access to a range of housing options that ensures they can live in quality, homes that are safe and healthy.
Employment and economy	We enable businesses to grow with confidence through increasing investment opportunities. There are employment options across a range of sector.
Tourism	We are a world class destination, with a vibrant inner city and a positive reputation.
Environment – mauri taiao	We are committed to protecting and improving our lakes, waterways, forest and green space environments.
Connected and resilient	Our communities are cohesive and prepared for the effects of climate change and natural hazards and we invest in safe and reliable infrastructure.
Arts and culture	Rotorua's unique cultural identity is the foundation for attracting and delivering a diverse range of events, increasing activity and vibrancy and driving economic benefits within our facilities and for our district.

The link between our Vision and Community Outcomes and our asset management framework are illustrated in Figure 7. Importantly, this link is in two directions. Our strategic documents direct our infrastructure planning, the nature and level of our asset management investment, and our asset management system provides key information and inputs that inform our strategic thinking.

Figure 7 The relationship between RLC’s strategic documents and the Asset Management System



3.4 Growth planning

Housing is one of the biggest issues facing our community and a Council priority. Social housing is the urgent priority, impacting the most disadvantaged in our community. We are partnering with Te Arawa to deliver safe, secure housing for all our people to ensure our community thrives.

We have taken a long term view to respond to the current shortfall in housing and to better plan for growth through two strategic planning initiatives:

The Rotorua Future Development Strategy (2023) is a long term strategy and provides direction on how and where growth will happen over the next 30 years. It has been estimated that we need more than 9,700 additional homes and more spaces for businesses in the next 30 years. There will be a mix of housing choices with 57% delivered through intensification in existing urban areas and 29% delivered through new greenfields.

Housing for Everyone – Plan Change 9 is a change to the Rotorua District Plan to encourage greater development and housing choice. This will enable medium density living across most of our urban area, and high density living close to and in the city centre and in our commercial centres.

4.0 How We Manage Infrastructure

4.1 Achievements since 2021

We have made some progress on implementing the key actions identified in the 2021 Infrastructure Strategy, as outlined below.

Table 7 Summary of key achievements

Asset class	Achievements since 2021
All	- Developed draft Rotorua Future Development Strategy (2023) as a long term strategy on providing direction growth over the next 30 years. - Developed draft Environmental Strategy as a long-term approach (strategic plan) to managing RLC’s programmes and environmental practices.
Water supply	- Completed assessment of the impact of the Future Development Strategy to the current water supply network. Updated the capital programme for the 2024-2034 LTP to reflect the required capital works investment to enable the projected growth. - Commenced the water demand management programme with network pressure reduction throughout the Rotorua area and implemented an ongoing leak detection programme. - Multiple new reservoirs were installed for increased storage capacities during peak periods at Kaharoa, Rotoma and Eastern supplies. - Plant asset database has been updated and is current with valuations and conditions assessments completed. This provides for a strong foundation for a comprehensive renewal programme. - Submitted water take renewal applications for 2 major urban water sources and preparing the water take renewal applications of 2 other water sources. This will secure the long term water sources for the whole Rotorua Urban area.

Wastewater	- Commenced working with key stakeholders including iwi to explore and identify a better, more sustainable alternative for the disposal of treated effluent from the upgraded wastewater treatment plant. - Construction of sewerage scheme proposals for the lakeside communities to mitigate the impacts on the lake water quality. - The resource consent application for the proposed upgrade of the existing plant has been approved and works has commenced. - Entered into a long term contract with an experienced operator as a partner to undertake the design, build and operation of the Rotorua Wastewater Treatment Plant upgrade. - Completed assessment of the impact of the Future Development Strategy to the current wastewater network. Updated the capital programme for the 2024-2034 LTP to reflect the required capital works investment to enable the projected growth.
Stormwater	- The Comprehensive Stormwater Resource Consent for the urban areas was lodged with the Regional Council and public submissions have closed. - Growth-enabling stormwater works are currently being planned and implemented. This includes several stormwater detention dams within the urban area. - Eastern wetlands stormwater installation completed at Hannahs Bay. This work is intended to improve stormwater quality before it discharges into the lake.
Land transport	- Upgraded eight at level zebra crossing to raised zebra crossings. - Installed traffic calming interventions along 2 urban streets. - Two staff achieved Waka Kotahi approved procurement qualifications. - Working closer with the Regional Council on flooding issues.

4.2 Our asset management approach

Council is committed to providing good quality infrastructure assets that serve the needs of the community. The asset management approach is to apply the principles and objectives as defined in Council's Activity Management Policy (2024) for the sustainable management of its assets and activities. Effective asset management requires the balance between levels of service, risk and cost.

There is a suite of asset management documents that provide the approach on managing the asset lifecycle and service delivery arrangements including:

- Technical Activity (Asset) Management Plans (2024).
- Strategic Asset Management Plan (2024).
- Asset Management Policy (2024).

It is intended to outline the asset lifecycle management approach (and beyond the strategy's 30-year horizon) at activity level in the 2027 Infrastructure Strategy.

4.3 Levels of service

4.3.1 Customer levels of service

The level of service framework in Figure 8 below, shows the alignment and strategic linkages between our Vision, Community Outcomes, Infrastructure Strategy, Asset Management Plans and the activities.

The customer levels of service for infrastructure are set out in Table 8 which include customer outcomes (i.e. responding to unplanned water interruptions) as well as meeting legislative requirements (i.e. compliance with resource consents). The technical Activity (Asset) Management Plans provide supporting detail and technical levels of service for each activity, performance measures and past results against targets. It also shows the achievement for 2022/23 based on the Annual Report.

Figure 8 Levels of service framework

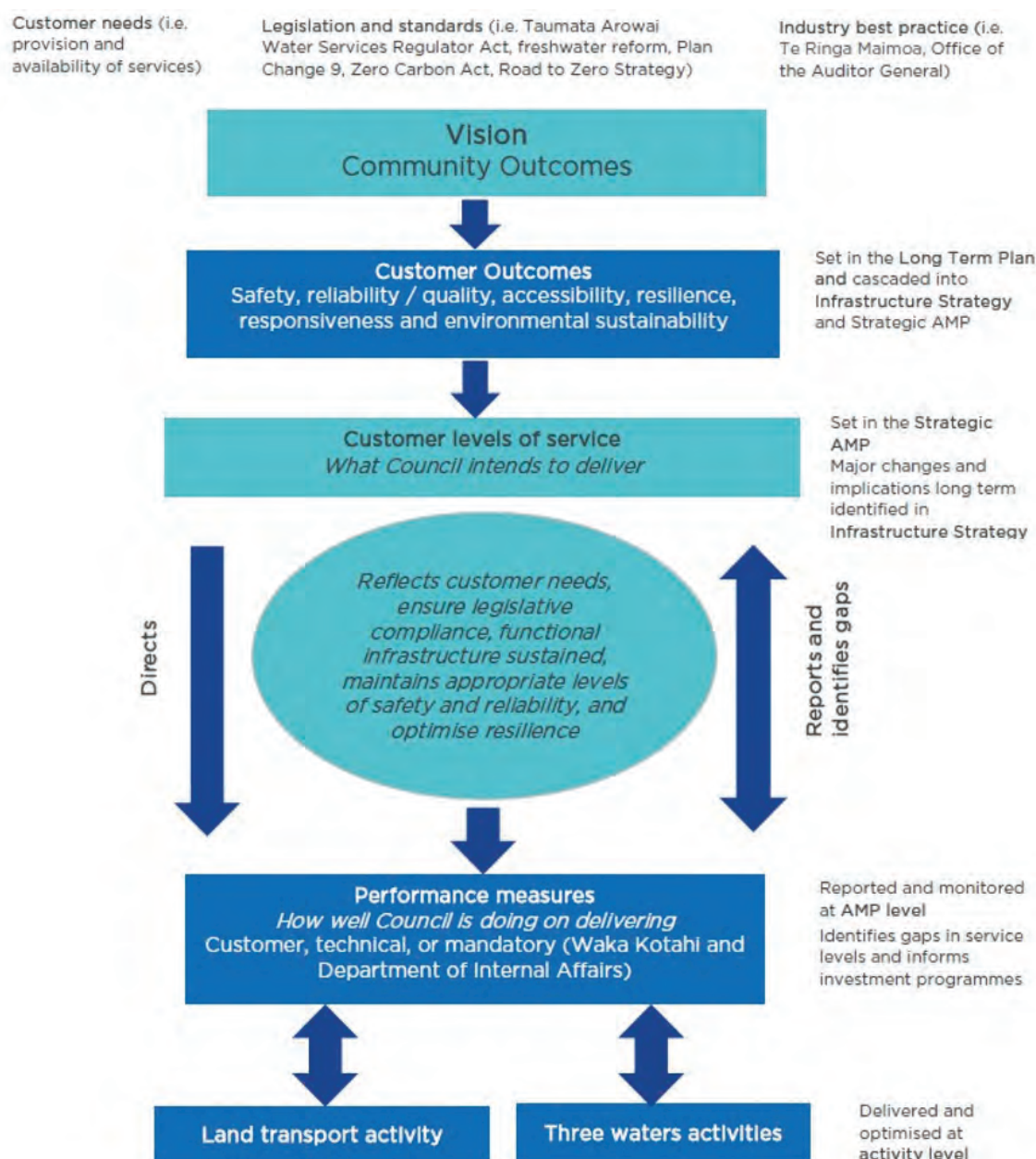


Table 8 Customer levels of service

Community Outcomes (draft to be adopted with 2024 Long Term Plan)	Customer Outcomes	Customer levels of services – activity outcomes			
		Water supply	Wastewater	Stormwater	Land transport
Safety	Safety	Water is safe to drink	Mitigate the risk of environmental and public health impacts	Stormwater systems protect houses from flooding in urban areas	Provides safe network for users and community to use
		Good quality water is supplied to consumers			
Connected and resilient; Tangata whenua aspirations	Quality / Amenity / Reliability	To provide reliable water networks	To provide reliable wastewater networks	To provide reliable stormwater networks	Provide an effective and good quality transport network (STE)
					Provide an effective and good quality transport network (annual resurfacing %)
					Footpath assets are fit for purpose
					Provide reliable travel times in and around the city
Connected and resilient	Resilience	Water supply disruption during natural disaster events is minimised	Wastewater disruption during natural disaster events is minimised	Stormwater disruption during natural disaster events is minimised	Access is provided to the network of local roads
Housing; Tangata whenua aspirations	Accessibility / Availability	Water pressure and flow appropriate for its intended use	All urban residents are provided with adequate wastewater provision	All urban residents are provided with adequate stormwater system	Community has access to a range of travel choices (number of cycleway users)
					The land transport network is managed in a manner that assists the economic development of the district
Employment and economy	Responsiveness	Provide prompt responses for service	Provide prompt responses for service	Provide prompt responses for service	That customer service requests are dealt with promptly and appropriately
Environment – mauri taiao	Environmental sustainability	Water resources are used efficiently and sustainably	Protection is provided to the environment	Protection is provided to the environment	Effects on the natural environment are minimised

Key (based on 2022/23 results):

KEY:	Achieved	Needs attention	Not achieved	No data / new measure

It is noted that many of the performance measures used to monitor the service levels are considered top level technical metrics. These performance measures do not always reflect the significant service level-driven capital programmes. For example, RLC meets the performance measures on the total number of complaints received about the wastewater system (per 1,000 connections). However, this does reflect the major investment in the Rotorua Wastewater Treatment Plant upgrades to minimise the environmental impact on the lake.

4.3.2 Proposed changes to levels of service

The service areas where Council wishes to improve its actual performance and / or changes to the levels of service are described in the table below. These are discussed further in the Section 5 at the activity level.

Table 9 Proposed changes to levels of service

Activities	Proposed changes to levels of service
Water supply, wastewater, stormwater	There are no proposed changes to the levels of service for the three waters activities as it has been assumed that the mandatory levels of service will remain unchanged until the form of the three water assets are determined by the Government.
Land transport	- The land transport sector is introducing a new framework called differential levels of service. This will enable a better understanding between levels of service, risk and cost. - Council is introducing an initial differential level of service with the 2024 AMP / funding round

4.4 Risk management

The approach for managing our core infrastructure balances risk and performance while providing cost effective services. Infrastructure risks can be considered in terms of global, national, corporate and asset risks, as conceptualised in Figure 9. At an activity level, these various infrastructure risks need to be considered holistically as part of the asset management planning approach, and not taken in isolation. The Activity / Asset Management Plans for each activity provides the detail as to how this is addressed.

Figure 9 Infrastructure risk concept



4.4.1 Climate change impacts and actions

Climate change is a major management issue facing all infrastructure providers and the built environment.

Climate change alters weather extremes. For Rotorua District, it is expected there will be that more extreme hot days (30+ °C), longer periods of dry weather, and higher risk of flooding when rain occurs. Weather extremes will increase and become more severe. Rare and extreme floods (one in 100-year events) will occur three times more often in Rotorua by 2090 (based on Climate Change Projections and Impacts for the Bay of Plenty Region, 2019, Bay of Plenty Regional Council and NIWA).

RLC's overarching response to climate change is detailed in Section 2.2 including implementing the initiatives in the Climate Change Action Plan and Environmental Strategy. Our specific proposed actions are outlined in Table 10 at activity level with further detail in each Activity / Asset Management Plan.

Table 10 Proposed climate change actions

Activities	Proposed changes to levels of service	Proposed actions
Water supply	- Access to water (land / springs ownership) - Potential contamination of water sources from extreme flooding events - Vulnerability of critical pipelines to land slips	- Investigate additional water sources for future years through the Water Supply Master Plan process - Review the Water Safety Plans including investigate mitigation measures - Continue to use seismically resistant materials for critical assets - Development of Water Demand Management Plan with objective of reducing the leakage levels to acceptable level through leak detection surveys, pressure management and targeted renewal programme.
Waste-water	- Inflow and infiltration increases, and reduces pipeline capacity during events resulting in more overflow events - Increased electricity costs to pump highly diluted wastewater due to higher volume of inflow and infiltration - Pump station vulnerability due to flooding inundation	- Identify wastewater pump stations at risk due to flooding inundation - Development of cost effective inflow and infiltration programme and policy direction on private laterals - Assessment of critical underground wastewater pipelines - Entered into a long term wastewater contract to have appropriate resources for keeping the wastewater network resilient.
Storm-water	- Increased flooding due to pipe capacity issues - Land stability issues causing increased sediment runoff into waterways / lakes	- The development of the Stormwater Master Plan that takes into consideration climate change modelling and levels of uncertainty for infrastructure design - Development of Environmental Strategy to improve water quality long term

Land transport	• Road slips / under slips • Erosion undermining road sections and bridges • No / limited access to communities with single roads • Submerged roads restricting access to properties at Rotomā and Rotoehu Lakes	• Identification of critical bridges and culverts and development of renewal management strategies • Increased need to waterproof road surfaces (more sealing lengths) • Increased frequent inspection / maintenance of road drainage systems • Identification of vulnerable road corridors to water erosion, slips, undermining • Entered into a long term road maintenance contract to have appropriate resources for keeping the land transport network resilient • For the impacted lakeside properties: • Consider long term solutions • Development of Community Adaptation Plans

4.4.2 Key national risks

The key national risks that we are managing are summarised in Section 2.2 – Significant Issues, and mostly related to legislative changes. These risks will increase with the proposed legislative changes and increased compliance and quality management requirements from regulators including Taumata Arowai. The draft Government Policy Statement on Land Transport (2024) signals the Government’s shift to investing in improving people’s wellbeing and the liveability of places. The proposed strategic priority Sustainable Urban and Regional Development is about people accessing social, cultural, and economic opportunities through a variety of transport options.

4.4.3 Corporate risk context

Our approach to risk management is defined in our Enterprise Risk Management Policy (2023). RLC is committed to managing risks effectively in order to achieve its strategic objectives and protect the interests of its stakeholders. A culture of risk management ensures RLC understands and considers risk when making decisions. It also recognises that risk management can also provide opportunities for improvement.

Our risk management approach is underpinned by the following risk hierarchy (decreasing order):

- Corporate risk register
- Activity risk register
- Project risk assessments.

4.4.4 Key asset risks

We manage our asset risks through our asset management planning process, maintaining our institutional knowledge and capability supported by our service providers. The asset management planning process follows an annual cycle. The latest asset information including risks, and user requirements are analysed and input to the development of the renewal forward work programmes.

The overarching approach for renewal programmes is to define timely asset replacement and the consequences (i.e. a reduction in level of service or increase in risk) if these are deferred (although these practices are still evolving). This helps inform the decision makers and prioritise the significant capital programme. The Activity / Asset Management Plans contain the justification for programmes to inform the budgets.

A key element of our asset management planning approach is to define our critical and non-critical assets. This helps us with the day to day operations of the core infrastructure as well as our renewal strategies. An overarching principle is not to have any unforeseen critical asset failures. Our risk based approach to renewing our assets gives priority to public health issues first, then critical assets (refer to Section 2.2). This will ensure we have resilient infrastructure.

4.4.5 Critical assets

Critical assets are significantly important to the community and defined as assets that need to be managed to prevent failure due to potential consequences. The most critical assets are shown in the table below at activity level (state highways are not owned by Council but shown for completeness).

Table 11 Summary of critical assets

Activity	Critical assets
Water supply	• Cross country mains • Mains between water sources/head works and reservoirs • Rising mains, pump stations, treatment plants, reservoirs, and pressure control valves • Telemetry links
Wastewater	• Trunk and rising mains • Pump stations • Treatment plants
Stormwater	• Pump stations including rising main • Culverts, ponds and detention dams
Land transport	• Single access roads to communities • Follow the hierarchy of One Network Road Classification (i.e. a road with higher classification is more critical than roads with lower classification) • Local roads, Tarawera Road, for access to Tarawera and Okareka communities • Critical roads such as bridges, major culverts and retaining walls required with contingency planning for emergency events • Roads with a high number of crashes considered critical from a safety perspective • State highways (5, 30, 30a, 33 and 36) as complement the local transport network configuration and provides support with diversion routes as necessary

4.5 Reliability of information

RLC continues to improve its data collection and quality in relation to its assets. Council is committed to improving its knowledge and understanding of the assets. It is important that the data and information used in renewal planning is reasonable. This provides assurance that the forward works plans represent good use of funds.

4.5.1 Three waters data reliability

The data confidence for the three waters assets is summarised in the table below. The data for three waters assets are recorded in Council’s asset management system for most asset classes. The data confidence of the three waters asset data has been classified as reliable for inventory completeness and age, and uncertain for condition (in accordance with Āpōpō / International Infrastructure Management Manual).

Table 12 Data confidence for three water assets

Activity	Major asset classes	Asset age	Asset condition	Inventory completeness	Overall
Water supply	Reticulation	A	A	A	A
	Plant	B	C	C	C
Wastewater	Reticulation	A	C	A	B
	Plant	A	B	A	A/B
Stormwater	Reticulation	B	C	B	B/C

KEY:	A	B	C	D	E
	the data is accurate (±5%) and based on reliable documentation	data is based on some supporting documentation but is less certain (±15%)	uncertain data, fair amount of assumptions and local knowledge used to reach the conclusions (±30%)	very uncertain data where there is no formal documentation to base an assessment on (±40%)	Unknown

Gaps have been identified in the following areas:

- The extent of the effects of climate change on three waters, the impact on infrastructure and how it will be funded.
- The condition of the three waters assets.

4.5.2 Land transport data reliability

The data accuracy, completeness and timeliness of land transport assets were independently assessed for the 2022/23 year (by the Te Ringa Maimoa). RLC has scored an annual score of 79/100, an improvement on 2021/22 (77/100), as shown below. RLC continues to address the gaps in its data knowledge through a combination of RLC staff knowledge, maintenance providers and improvement programme.

Figure 10 Data quality results for 2022/23



Source: Te Ringa Maimoa November 2023

5.0 Infrastructure Overview

5.1 Assets at a glance

5.1.1 Asset summary

We own and manage \$1.966 billion (replacement value) of infrastructure assets which can be summarised as follows. This shows that the assets have expired by about 50% to 60%. The replacement value of the wastewater treatment plants and pump stations is valued to be \$121m based on the 2020 valuation (as at 1 July 2020). This was the latest valuation available when developing this strategy.

Table 13 Asset summary

Activities	Description	Replacement Cost	Depreciated Replacement Cost (DRC)
Water supply	- Ten defined supply areas including three urban areas - Eleven water sources - Nine water supply treatment plants - Approximately 761km of pipelines 15 water pump stations	\$359.973 million (2023)	\$187,662,525
Wastewater	410 km of gravity pipelines and 164km rising mains - Services three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) and some rural lakeside communities - Two wastewater treatment plants 81 wastewater pump stations	\$554.560 million (2023 and 2020)	\$288,810,167
Stormwater	244km urban reticulated pipelines 154km of stormwater channels - Service three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) - Reporoa land drainage scheme	\$220.005 million (2022)	\$146,804,218
Land Transport	1,007 km of roads - 889 km sealed and 118 km unsealed 80 road bridges 28 major culverts 383 km of footpaths 52 km of cycling routes 144 bus shelters	\$831.477 million (2022)	\$515,745,075
TOTAL		\$1.966 billion	\$1.139 billion

Source: RLC's Revaluations (various) 5.1.2

Current asset state – age

The current state of our assets in terms of design life expectancy has been assessed for the major land transport and three waters asset classes (30 in total) and summarised in the following table. This has been assessed as the percentage of design life expended and the predicted remaining useful life.

The assessment indicates that most major assets classes design life has been consumed within a range of a quarter to halfway. This is a significant renewal backlog that must be managed carefully and informed by risk and consequence criteria. A summary of this analysis is provided in Section 5.1 of the strategy.

Some of the most widespread assets such as gravity wastewater mains, stormwater mains and street lighting brackets are asset classes identified to be in poor or at risk categories (based on age and predictive modelling standards). These asset classes need to be carefully monitored to ensure that the future funding of renewal programmes are appropriate and adequate based on the risk analysis of failure.

Specific actions for asset classes identified to increase renewal investment are:

- Complete the survey of large culverts and replace the assets assessed as being in very poor condition. This will contribute to strengthening our transport network resilience.
- Start asset condition surveys of the critical above ground assets and take samples of critical below ground assets. Start analysing breaks of the underground pipes. Use this data collected on our critical assets to inform the development of risk-based renewal programmes.

It is intended to continue to improve asset condition data collection with emphasis on the most critical parts of our networks (based on risk) and to complete this asset predictive performance analysis to guide future infrastructure strategies and specific asset management plans. The objective is to ensure we keep our core infrastructure within acceptable industry performance and condition benchmarks to achieve sustainable future investments.

Table 14 Total remaining useful lives based on age

Activity	Major asset classes	Median across asset class		Renewal
		% of design life expended	% of remaining useful life	investment
Water supply	Backflow	37%	63%	–
	Mains	34%	66%	–
	Meters	33%	67%	–
	Plant	27%	73%	–
Wastewater	Gravity mains	73%	27%	↑↑
	Pressure mains	10%	90%	–
	Manholes	50%	50%	–
	Chambers	12%	88%	–
	Grinder pumps	73%	27%	↑↑
	Other (electrical panels)	73%	27%	↑↑
Stormwater	Mains	39%	61%	–
	Manholes	38%	62%	–
	Channels	6%	95%	–
	Consents	66%	34%	↑
	Other (chambers, silt traps)	33%	67%	–
Land Transport	Bridges	57%	43%	↑
	Footpaths	42%	58%	–
	Street lighting – poles	56%	44%	↑
	Street lighting – brackets	71%	29%	↑↑
	Street lighting – lights	4%	96%	–
	Drainage	56%	44%	↑
	Surface water channels	40%	60%	–
	Minor structures	32%	68%	–
	Railings	94%	6%	↑↑
	Retaining walls	12%	88%	–
	Islands	19%	81%	–
	Signals	59%	41%	↑
	Traffic facilities	44%	56%	–
	Pavement – basecourse	45%	55%	↑
	Pavement – surfaces	75%	25%	↑↑

The grades for categorising the percentage of the remaining useful lives are:

Table 15 Grades for remaining useful lives

Grade	Grade description	% of remaining useful life
1	Excellent - Fit for future	% of RUL $\geq$ 85%
2	Good - Adequate for now	85% > % of RUL $\geq$ 60%
3	Fair - Continue with normal monitoring	60% > % of RUL $\geq$ 40%
4	Poor - At risk	40% > % of RUL $\geq$ 10%
5	Very poor - Unfit for sustained service	% of RUL < 10%

The grades for categorising the percentage of the total design lives expended are:

Table 16 Grades for design lives expended

Grade	Renewal investment		% of design life expended
1	-	Business as usual	% of design life expended $\leq$ 40%
2	-	Continue with normal monitoring and renewals	40% < % of design life expended $\leq$ 50%
3	↑	Start planning for renewal investment	50% < % of design life expended $\leq$ 60%
4	↑	Asset at risk, accelerate investigation and increase investment	% of design life expended > 60%

5.1.3 Asset condition and performance

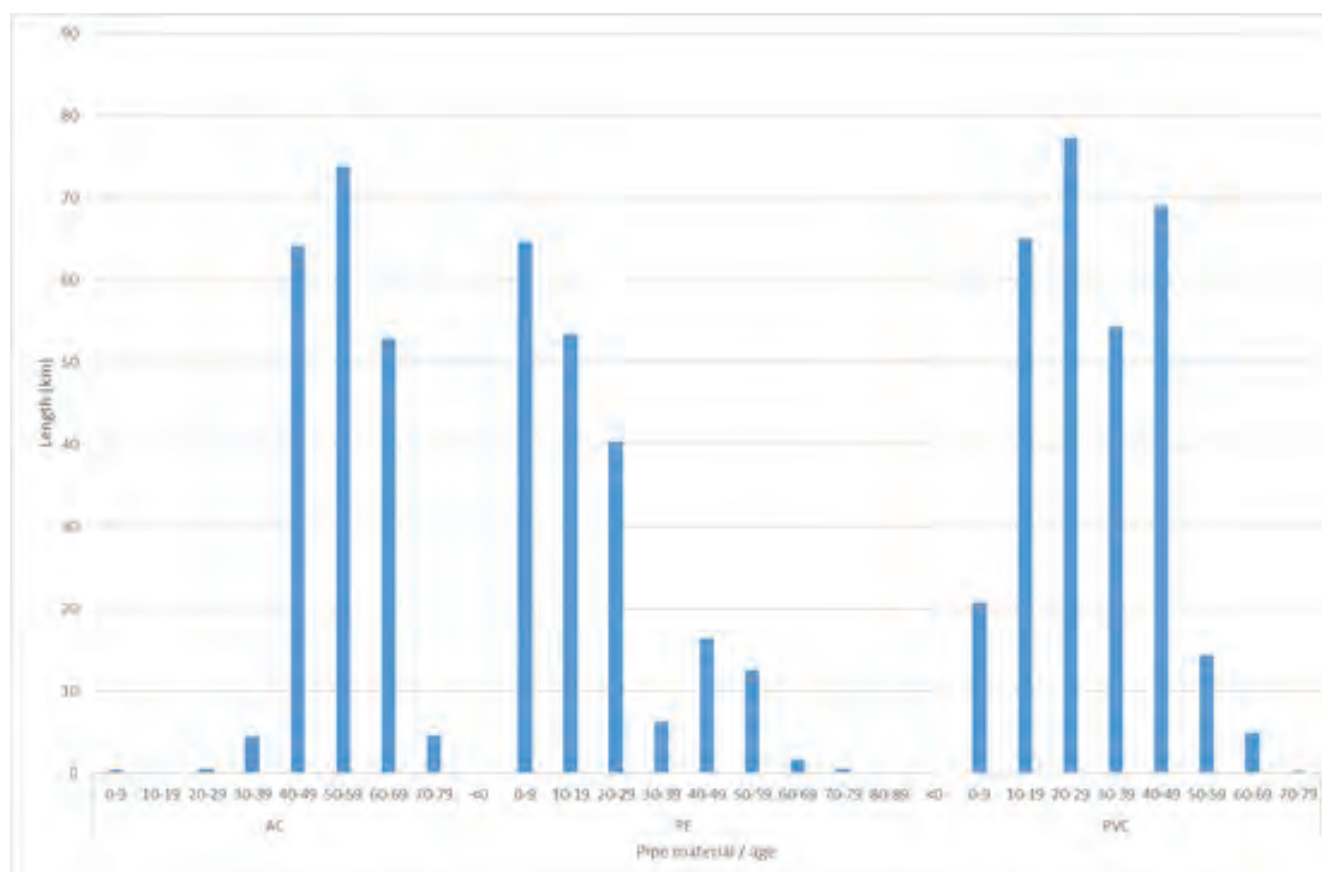
Water supply

We continue to address the gaps in our knowledge of the three waters assets with our plans underway to improve this. There may be implications for maintaining the levels of service as well as increased costs for unplanned maintenance with assets failing. This is mitigated by:

- Ongoing monitoring of the achievement on meeting the performance measures as set out in our Asset Management Plans and against acceptable industry benchmarks (this applies to wastewater and stormwater as well).
- A proactive regime is in place to monitor the proper balance between planned and unplanned maintenance expenditure to understand trends overtime with our Network Maintenance Contractors / Partners.

Most of the water supply pipelines (or 66%) are plastic pipes (PE and PVC materials) as presented in Figure 11. They are between 10 and 50 years old so are considered relatively young.

Figure 11 Water supply pipeline age and material



Source: RLC's Infor (as at November 2023)

Our oldest watermains are asbestos concrete pipe material (26% of the pipelines) and are between 40 and 70 years old. This group is indicative of the problematic pipe materials that are known to fail. These assets will need replacement in the short to medium term. There is a replacement programme in place to address the asbestos concrete pipelines. There is risk that customers will have unacceptable water outages as it takes time to implement our targeted renewal programme. We have complete records of the pipe material types and age.

Asset performance of Council's water supply network is assessed in terms of water leakage and water quality as follows:

- **Water leakage** – Council assessed its water losses as part of the water master planning process. Water loss can happen for a range of reasons, including leaks and breaks in the network and this results in Council treating more water than is needed. Part of this programme was assessing the assumed real water losses using an acceptable industry benchmark known as the Infrastructure Leakage Index. The three supply areas were assessed at 2.5 for Eastern, 3.2 for Central and 4.6 for Ngongotahā (without the demand management programme). The area with the highest water loss performance indicator was Ngongotahā. As an indicator, between 4 and 6 is considered poor leakage management. Note that an index less than 4 equates to possibilities for further improvement. Council will start implementing demand management programme over the next three years. This includes increasing the renewal budget to replace leaky rider mains. Our rider mains are known to be the main source of leakage,

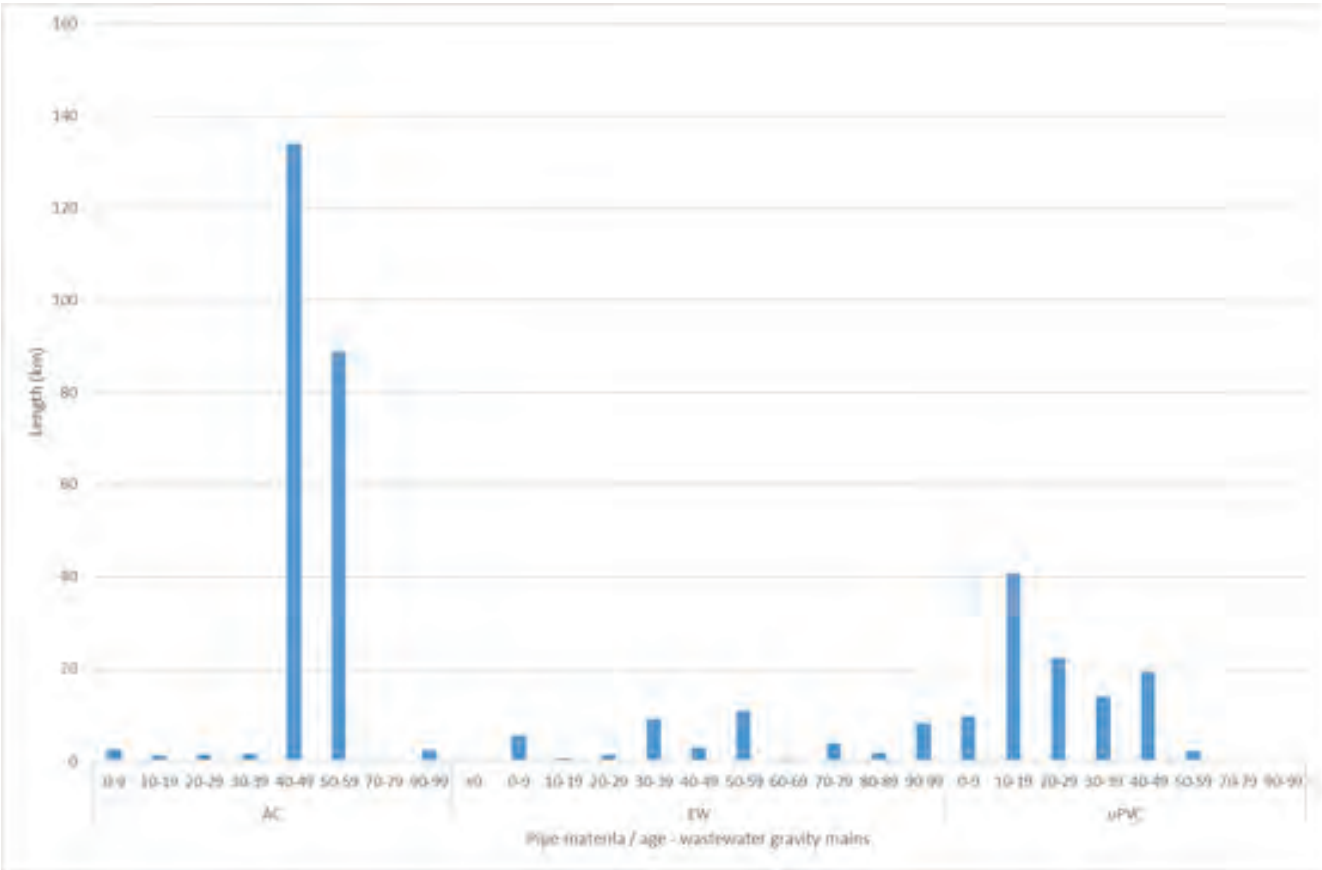
- Water quality – Council has a suite of plans and processes to provide assurance that it is providing safe drinking water. These include the Water Safety Plans, Water Source Risk Management Plans, operating procedures, and operations and maintenance manuals for the treatment plants.

Council’s water quality is measured monthly against the mandatory performance measures and reported in the Annual Report. All 10 water treatment plants are compliant with the Taumata Arowai’s Water Quality Assurance Rules and Standards.

Wastewater

About 60% of the wastewater network (underground gravity mains) is made of asbestos concrete material and most are 40 to 60 years old as shown in the figure below. Asbestos concrete pipe material is known to be brittle. Although there is less than 10% of our rising mains in asbestos concrete pipe material, these need to be replaced. These are our critical assets and have unacceptable consequences if they fail (i.e. overflow incidents and potentially environmental pollution of waterways).

Figure 12 Wastewater pipes by material and age



Source: RLC’s Infor (as at November 2023)

We intend to get a better understanding of the current state of the wastewater assets with our long term contractor with a focus on the critical below ground assets as noted above. There is a large amount of asbestos concrete pipes of similar age that may need to be replaced at a similar time, but we need to gather evidence to inform the renewal programme.

Asset performance of Council's wastewater network is assessed in terms of overflows and inflow and infiltration as follows:

- **Dry weather overflows:** A dry weather overflow is an uncontrolled wastewater discharge that is not associated with a rain event. All pump stations are connected to a monitoring system so we can monitor and report failures. This helps us to effectively mitigate dry weather overflows from entering the environment and for reporting to the Regional Council.

Dry weather overflows are reported on as a mandatory performance measure and to the Bay of Plenty Regional Council. Blockage incidences occur from time to time but our asset performance for dry weather overflow events meet the industry accepted benchmarks.

- **Wet weather overflows:** These incidents occur periodically, mainly during significant rainfall events at weak points in the system such as pump stations and low lying areas where gully traps are inundated with floodwaters. A wet weather overflow has limited environmental effect as it is diluted and the need to address this is being tested.

We have a known overflow hotspot at Victoria Street where two pump stations feed into a large gravity main. During high intensity rainfall events, both pump stations experience significant flow increase that necessitates all pumps in each pump station to operating simultaneously for prolonged periods. This can result in wastewater overflows at the receiving manhole. The increase in flow is a quick response to rainfall and is mainly attributed to inflow and infiltration to the network system.

The Victoria Street trunk main is programmed to be upgraded so it will have more capacity and better flow control. We are also upgrading our wastewater treatment plant so it will be able to handle the known peak design wastewater flow going into the plant.

- **Inflow and infiltration:** We know operationally that some of our catchments are leaky. This is the term used to describe groundwater and stormwater entering into dedicated wastewater system resulting in the system becoming overloaded and overflows occurring.

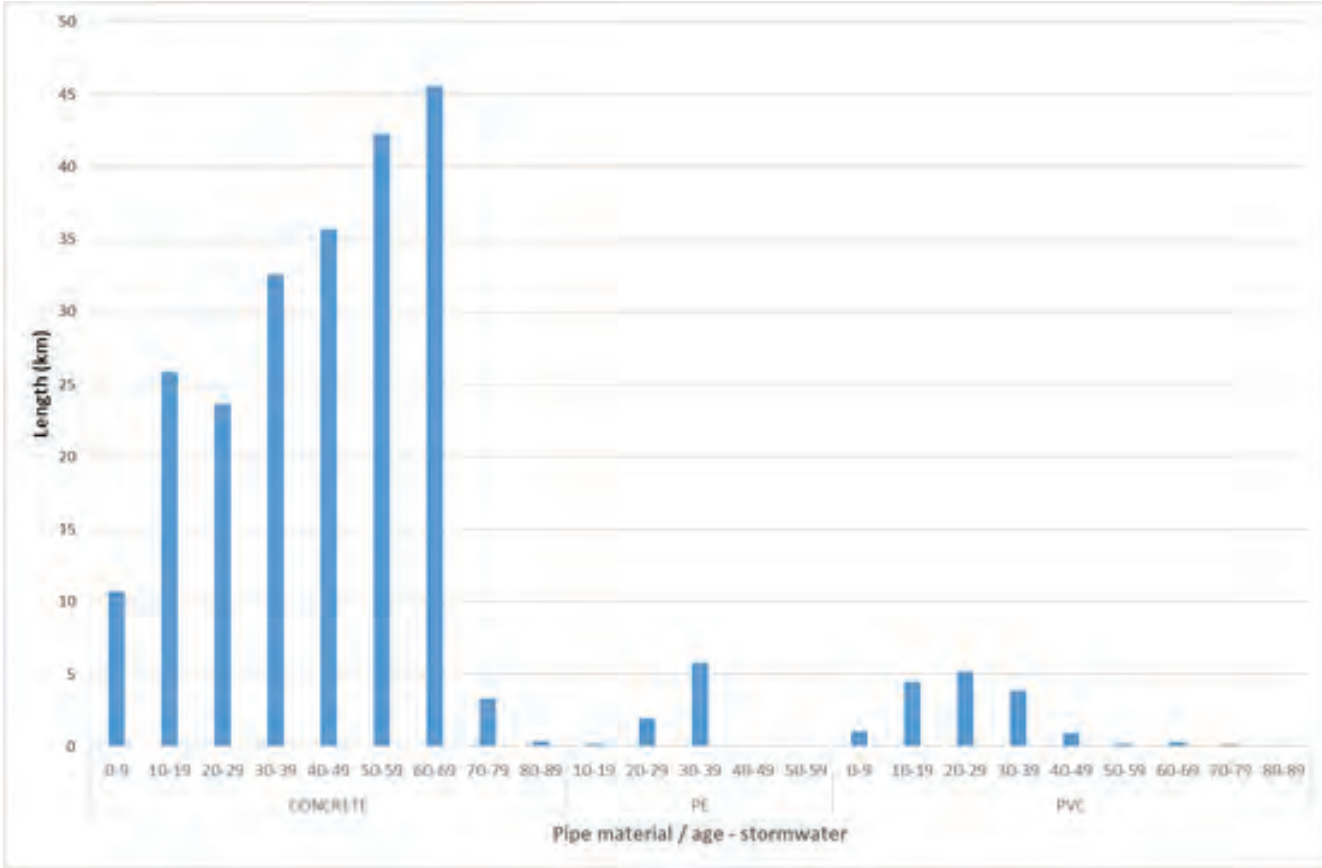
As part of improving the network resilience, we intend to assess inflow and infiltration across the catchments to prioritise our efforts and develop a cost effective and targeted programme. A preliminary assessment of a leaky catchment (Pukuatua and Ranolf Streets) showed that there was not significant improvement after the rehabilitation works of the defective pipes.

Effective inflow and infiltration management will be achieved through ongoing detection and reduction strategies employed by our long term contractor, and policy direction on private laterals established. The inflow and infiltration programme will also inform our proposed wastewater capital works programme, so all the interrelated issues are considered at catchment level. The inflow and infiltration programme is currently being developed by our contractor.

Stormwater

Most of the stormwater network (84%) is concrete material and most are 10 to 70 years old as shown in Figure 13 . Although there is a proportion of the network towards the end of its life of 80 years, stormwater assets can generally still function if there is structural integrity (i.e. no major defects).

Figure 13 Stormwater pipes by material and age



Source: RLC’s Infor (as at November 2023)

Asset condition has not been formally assessed for the stormwater network to date. We intend to move to a programme of planned condition surveys to help us better understand the state of our stormwater assets. Asset performance of our stormwater network is assessed in terms of capacity constraints (flood protection) and stormwater quality. There was one flood incident reported in 2021/22 as a mandatory performance measure.

Land transport

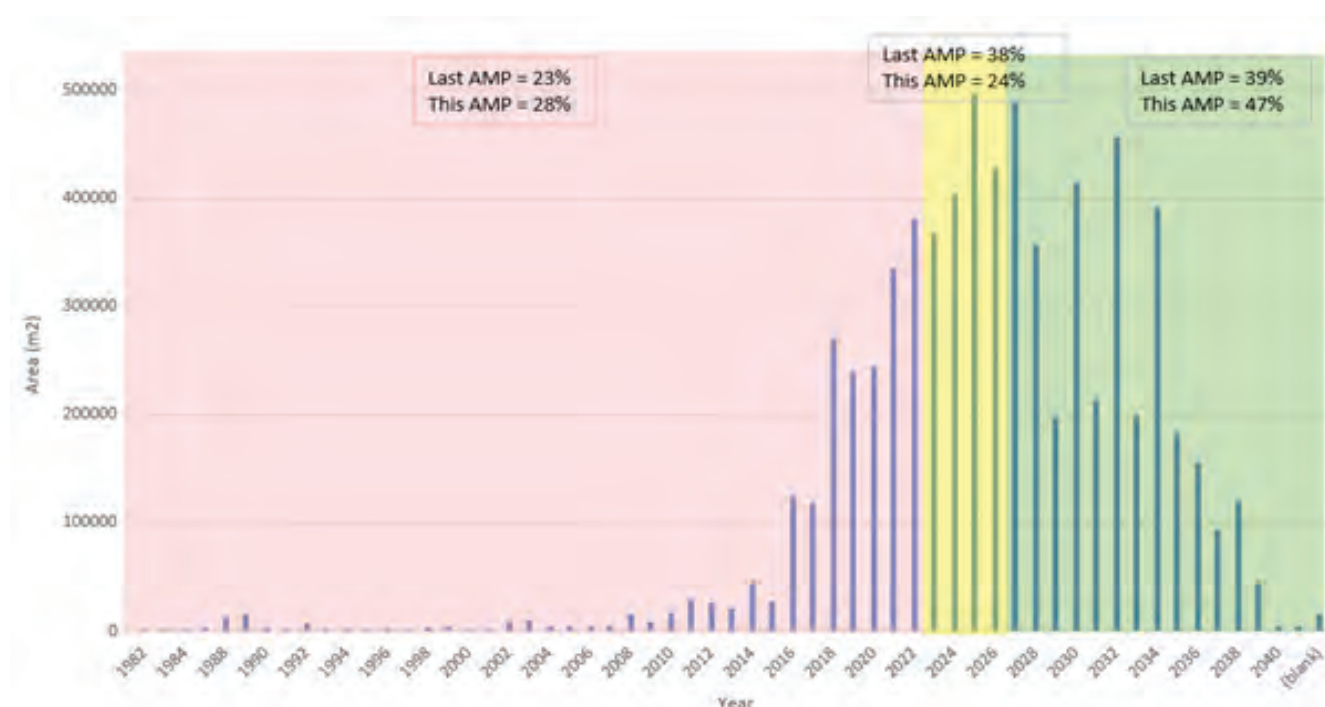
Performance and condition across the various land transport asset classes is as follows:

Pavements

As our assets continue to age, they also deteriorate and require replacement to be kept in a fit-for-purpose condition. In regard to the road surfacing, 28% of the network sealed area has exceeded the theoretical asset life and 24% due to be resealed within the next five years, as shown in the figure below.

This shows that most assets are resurfaced within the optimal time (7 to 8% per year). Some assets have exceeded their predicted design life but generally are performing adequately. Most of the network is performing adequately but cannot sustain reduction in investment levels.

Figure 14 Resurfacing age profile



Source: RLC RAMM database (as at October 2023)

The average quality of roads is measured in terms of Smooth Travel Exposure. RLC's roads are still performing well with all roads categories achieving around the 90% for 2022/23 as shown in the figure below. RLC has a target Smooth Travel Exposure of above 75% so we are achieving this even though the network has experienced flooding events and funding constraints to fix a number of identified issues / faults on the network.

Figure 15 Ride quality trends



Source: Te Ringa Maimoa

Road safety – One Network Framework reporting shows that there is a trending decrease in crash rates. RLC is a partner in the Road to Zero Strategy and supports the philosophy of this strategy. Statistics for the last five years highlight that our crash trends are decreasing and the work that we have undertaken over the last three to five years is having a positive outcome on network safety. We continue to invest in safety programmes to help further reduce the number of injuries occurring on our network as an engaged custodian of the transport network within our district.

Unsealed road condition – The condition of our unsealed roads is heavily influenced by the weather, particularly the rain. A general lack of aggregate and running surface (due to lack of funding) makes repairs to scouring, aggregate loss, corrugations and potholes, have limited long-term lasting effect. Add forestry logging activities which exacerbate the issue as their loadings accelerate deteriorations. Our roads were never designed to sustain harvesting loads, and this continues to be an ongoing challenge. Pavement failures are now commonplace and are particularly evident during winter months requiring the reactive application of aggregate to repair the failure.

Bridges

Bridge condition – Over half of the bridge stock (73%) is more than 50 years old (oldest being 90 years old), a further 15% is between 21 and 49 years old and the remainder less than 20 years old. The useful life of bridges for Council is currently set at 100 years except for timber bridges which is set at 70 years. 83% of the bridges have been assessed to be in average or better condition.

Bridge performance – It is important that Council's bridge network is accessible to heavy vehicles that support the district's economy. Changes in legislation allows heavier, longer, higher and more trucks on New Zealand roads and we need to ensure the resilience of our infrastructure meets these factors. There are currently eight bridges that are inadequate for the heavy vehicles (known as 50Max High Productivity Motor Vehicles).

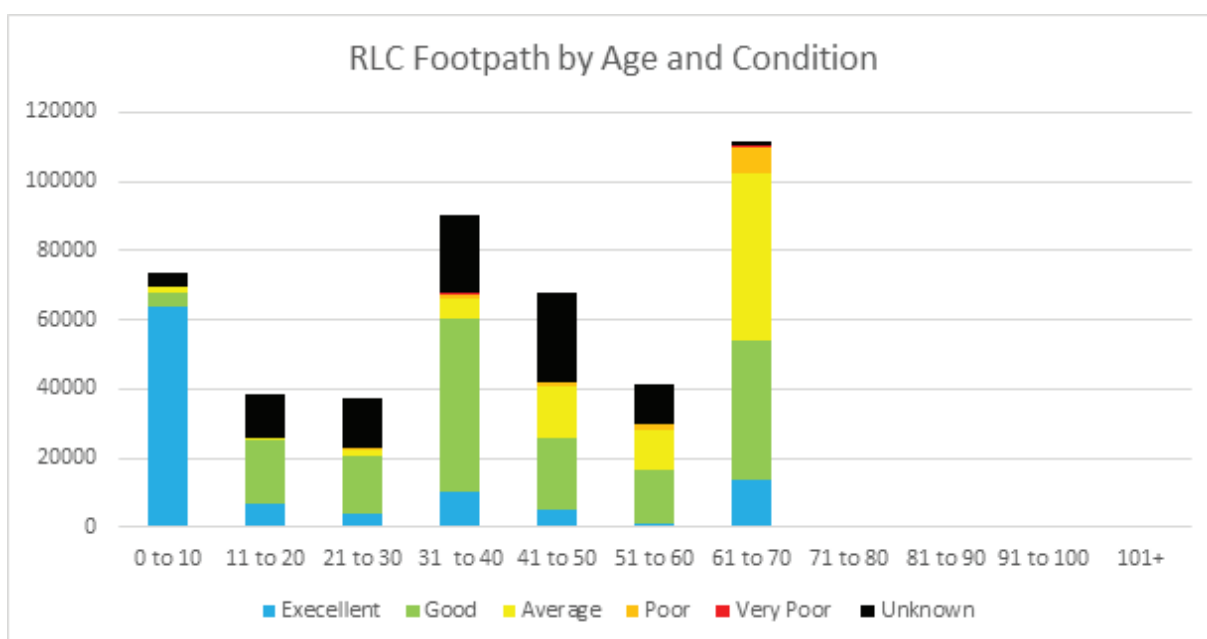
Footpaths

Footpath condition – Most of the footpath network (or 89%) is constructed from concrete, with 6% asphalt concrete and the remaining 5% from other materials (such as timber, metal or interlocking blocks). Useful life for concrete footpaths is set at 100 years. This puts 66% of the network length is under halfway through their asset life as shown in the figure below.

The asset condition of footpaths is assessed through the identification of defects with inspections. RLC is working on validating the unknown conditions as this will play an important role in developing our multi-year renewals programme.

Footpath performance – There is approximately 80km of footpaths that do not meet RLC's current minimum width standard of 1.4m. Asset condition along with footpath width will be used to inform our footpath renewal programme.

Figure 16 Footpath length by age and condition



Source: RLC RAMM database (as at November 2023)

Road drainage

Catchpits – Over half of the assets (64%) are over the useful life of 50 years. Keeping the renewal programme up with the rate of deterioration is important, however the age of large amounts of the catchpits appear to have been defaulted to 25/12/1965 (58 years old) but 92% of the assets are recorded as in good or excellent condition.

Culverts – Most of the assets (89%) are over 50 years old and have a useful life of 100 years, so are halfway through their life. Culverts play an important part in the drainage management process that allows the network to remain open. We are surveying our large culverts (greater than 600mm in diameter) to assess the condition grades. Keeping these critical assets in good condition is important for strengthening our transport network resilience.

5.2 Water supply

5.2.1 Background

We are responsible for the provision of safe drinking water to 10 defined water supply areas. Ten water treatment plants supply reticulated schemes with approximately 761km of pipes supplying properties through approximately 24,786 connections.

Public water supply is provided to domestic, commercial, industrial, and rural communities to ensure public health. Our commercial and industrial water users are metered as well as the rural users. The three urban schemes (Central, Eastern and Ngongotahā) supply a total of 78% of all water demand. The Central scheme accounts for 58% of all district water supply.

5.2.2 Strategic water supply challenges

The key challenges for the water supply activity are summarised in the table below with further detail in the Asset Management Plan.

Table 17 Summary of water supply key challenges

District infrastructure issues	Key issues	Discussion / management response
Maintaining assets in stable, reliable and safe condition	Renewing infrastructure Asset age is generally still used for planning the water renewals programme. Although the water supply network is relatively young and therefore in generally good condition, we know that we need to adopt a proactive and risk-based renewal strategy as good industry practice.	• We will continue with asset condition surveys of the critical above ground assets and take samples of critical below ground assets. • We will start analysing breaks of the underground pipes. We will use the data collected on our critical assets to inform the development of risk based renewal programmes.
Meeting future demands on infrastructure	Servicing new development areas The Rotorua Lakes District is projected to increase in population. Based on our Water Supply Master Plan (2020), the Rotorua urban area is forecast to accommodate this additional demand if the existing consented takes are rolled over and the proposed demand management programme is implemented.	• We know that strategic planning is important to guide long term infrastructure planning. We have developed the Water Supply Master Plan (2020) as an overarching framework to consider interrelated issues for planning. • We have completed an assessment of the impact of our Future Development Strategy to the current water supply network. Our 30 year capital programme for the 2024-2034 LTP has been updated to reflect the required capital works investment to enable the projected growth. • We have submitted water take renewal applications for 2 major urban water sources and preparing the water take renewal applications of 2 other water sources. This will secure the long term water sources for the Rotorua Urban area. It has been predicted that there is sufficient water (at rolled over rate) to enable predicted development on the urban areas (Central, West and East). This is based the demand management programme achieving the outcomes predicted.

Impacts of legislative and policy changes	Restrictive consent conditions Most of the current water take consents are all expiring in the next ten years. The current abstraction limits may not necessarily be rolled over.	• If the water take is reduced, alternative sources will need to be developed such as groundwater.
Resilience of critical infrastructure	Infrastructure resilience A key focus is strengthening our infrastructural resilience as some of our assets have limited redundancy.	• We have adopted an integrated approach with our water supply master planning process to consider growth, consenting requirements as well as reducing risk. • We have investigated improvements to strengthen resilience particularly between the Central and Eastern supply areas. • Seismic resistant materials are considered when we replace critical assets. Factors that are considered include location and consequences. We undertake a pragmatic evaluation at the renewal planning stage on a case by case basis.
Climate change and environmental sustainability	It is important that the water supply network is managed sustainably so that wastage is minimised.	• We have commenced the water demand management programme with network pressure reduction throughout the Rotorua area and implemented an ongoing leak detection programme. • At this point in time, universal metering (i.e. metering all water connections) has not been adopted. It may be considered in future as best industry practice and strong environmental benefits, and if supported by a strong business case.

5.2.3 Significant issues and options

Significant issues for the water supply activity and principal options for managing these issues are detailed in the following table. The highlighted option is preferred as the most likely scenario and when Council expects significant decisions will be required. Note that risk is assessed with the option undertaken. Indicative cost estimates are provided for evaluating wide range of options only and not part of Long Term Plan budgets (this applies to wastewater, stormwater and land transport).

Table 18 Significant issues and options for water supply

Significant water supply issue	Options	Implications of the options
Changes to legislation resulting from new Government policies and initiatives	1. Continue with water services remaining in house.	- There are likely to be increased costs to address health / safety concerns / issues from the Taumata Arowai - This will be resourced through existing budgets - Not eligible for funding through Government's three waters reform programme - Government may force amalgamation for councils that do not collaborate regionally
	2. Explore aggregation at regional / sub regional level with neighbouring councils to determine best service delivery model and be eligible for the Government's funding package.	- Costly to set up water Council Controlled Organisation but will be eligible for central government funding - A dedicated water Council Controlled Organisation with no other competing priorities will be expected to better prioritise investment decisions across the region leading to better environmental and community outcomes than the Councils can individually achieve - Potentially loss of community involvement in water decisions - Council needs to opt into reform programme to be eligible for funding
	3. Maintain a watching brief on the changes of Government's Three Waters Proposal and evaluate other options as information becomes available.	- Central government may force amalgamation for councils that do not aggregate regionally - Implications from water reforms on service delivery including the impact of Taumata Arowai and changes to legislation are still unfolding and happening at a rapid pace
Resource consents need renewing but there is uncertainty about what the conditions involve.	1. Secure new resource consents at current abstraction limits.	- Dependent on early engagement with stakeholders and iwi to be successful - This option is dependent on the Regional Council rolling over current abstraction limits - Additional / alternative water sources not required - Dependent on implementing aggressive water loss management programme - There are additional capital costs to develop new water source /s if the consent quantities are not rolled over - Impact of Te Mana o te Wai needs to be considered - Considerations need to be given to FDS which has an impact on intensification to infrastructure capacity.
	2. Investigate alternative supplies and / storage for Central and Eastern supply areas if consent not rolled over and capital investment required.	- Dependent on early engagement with stakeholders and iwi to be successful - Takes time to plan, consult including cultural issues, secure funding, and implement new capital works - Impact of Te Mana o te Wai needs to be considered
	3. Reduce demand through aggressive water loss management programme.	- Demonstrates to the Regional Council using water wisely - Reduces the volume of water needed from the springs and costs to treat the water - Achieves good benefits but may require universal metering to be fully effective long term

Most likely scenario for managing the issue	Year 1 to 10	Year 11 to 20	Year 21 to 30	Risk (L/M/H)
	✓	✓	✓	H
	✓	✓	✓	H
Option 3 is preferred as the most likely scenario - Continue to keep watching brief to understand the best service delivery option for our community. RLC has set up a long term wastewater contract that potentially could be expanded to cover water supply at a later stage.	✓	✓	✓	H
Option 1 is preferred as the most likely scenario - Allocate funding and resourcing to secure new resource consents and monitoring of conditions.	✓	-	-	H
	✓	-	-	H
Option 3 is preferred as the most likely scenario - Undertake aggressive water loss management programme.	✓	✓	✓	M

Increasing trend of unbilled unaccounted for water	1. Implement demand management programme as per Water Master Plan.	This includes network pressure reduction programme and active leak detection programme
	2. Targeted renewal of pipeline assets that are known to fail and leak including AC mains and rider mains.	- Operationally we know that most of the leakage or failure came from rider mains and services pipes. - Certain pipe materials including AC are also known easy to fail. These will be replaced with priority. - RLC is undertaking a case study to inform the development of a targeted rider main replacement programme.
	3. Implement district wide metering for residential properties.	- The cost implication to ratepayers is unknown at this stage. - Can potentially be politically challenging and require time for moderation. - Will require public consultation
Strengthening our infrastructural resilience as some of our critical assets have limited redundancy.	1. Continue with adopted risk management approach and strengthening resilience at scoping design stage for renewal and new works projects.	- Option 1 is the current general approach - Opportunities are identified progressively as assets fail or upgraded - Any significant expenditure would mitigate the high risk
	2. Replace the critical assets with modern materials and install duplicate mains to mitigate the risks in the Central (Matipo Utuhina Pump station rising mains) and Eastern supply areas (Waipa rising main). Install Eastern Wharenui Road transfer main connecting Wharenui Road Reservoir to trunk main from Tarawera Road reservoir No. 1.	- Options 2 and 3 are interlinked - The existing critical asset for the Central Supply Area is asbestos concrete material and less likely to fail once duplicated with modern material - The aged rising mains will be duplicated with new assets and be more robust
	3. IConnect the Central and Eastern supply areas with an emergency main to mitigate risk for priority customers, which will also provide additional temporary supply during peak demand to avoid exceeding consented water take limits. New storage reservoirs in Central and Eastern Areas for resilience.	- Provides additional supply during emergencies for priority customers such as hospitals and schools - Provides additional temporary supply during peak demand to avoid exceeding consented water take limits - Improves security of supply and fire flow capacity to the Scion Innovation Park Development Area
Impact of intensification to the local network infrastructure and parts of the main network infrastructure from implementing Future Development Strategy (FDS)	1. Utilise an ad hoc planning approach for water provision in growth areas based on Spatial Plan.	- Bulk infrastructure is not planned to meet current or future demand, or sequenced - Spatial Plan not based on the latest demand projections - District is unattractive for developers as Council difficult to work with - Development occurs ad hoc
	2. Use the Water Supply Master Plan in conjunction with FDS to guide long term planning and the capital works programme to address current and future demand for enabling sustainable development.	- Bulk infrastructure is planned holistically - Based on realistic forecast of development, where it will likely occur and when - The FDS defines density (predicted) only at area/sector level. The impact of the intensification could be assessed only at headworks infrastructure level. - The impact of the intensified development at a local level could only be assessed during the development application stage.

Option 1 is preferred as the most likely scenario (ongoing) - Continue to monitor water loss in each of the water supply area. Develop remedial plans to address issues identified.	✓	✓	✓	L
Option 2 is preferred as the most likely scenario (medium term) - Plan and undertake the replacement programme as required to actively reduce leakage. Decision required by Council - This is conditional on budget being adopted then the capital works can be implemented.	✓	✓	✓	M
	✓	-	-	H
Option 1 is preferred as the most likely scenario (ongoing)- Continue to look for opportunities to strengthening infrastructure resilience at scoping design stage for renewals and new works projects	✓	✓	✓	M We have time to implement upgrades
Option 2 is preferred as the most likely scenario (long term) - Undertake the critical asset replacement and install duplicate mains to mitigate the risks in the Central and Eastern supply areas.	✓	✓	✓	M Reduces asset risk with this approach
Option 3 is preferred as the most likely scenario (long term) - Installation of the emergency connecting mains to strengthen resilience between the two largest supply areas.	✓	✓	✓	M Reduces asset risk with this approach
	✓	✓	✓	H
Option 2 is preferred as the most likely scenario - Implement and use the Water Supply Master Plan to guide long term planning and the capital works programme.	✓	✓	✓	M

5.2.4 Significant decisions on water supply capital expenditure

The table below shows the likely timing and estimated cost of significant water supply capital projects or work programmes. The table provides a project description and linkages to the significant infrastructure issues (detailed above), key decisions, project budgets and timeframes.

Significant water supply issue	Most likely scenario (s)	Key decision
Changes to legislation resulting from new Government policies and initiatives	Maintain a watching brief on the changes of Government's Three Waters Proposal and evaluate other options as information becomes available.	Decision to keep a watching brief on the Government's Local Water Done Well Policy as changes unfold.
Resource consents need renewing but there is uncertainty about what the conditions involve	Allocate funding and resourcing to secure new resource consents and monitoring of conditions.	Underway and decision expected by the Regional Council by 2026. Decision required before expiration of current consents: • Karamu-Takina Spring: October 2026 • Rewarewa Spring: October 2026 • Wai-iti Stream: October 2026 • Lake Rotoma: October 2026 • Mamaku Bores: January 2031
	Undertake aggressive water loss management programme.	Decision to continue with the water loss management programme.
Increasing trend of unbilled unaccounted for water.	Continue to monitor water loss in each of the water supply areas. Develop remedial plans to address issues identified.	Decision to continue with water loss monitoring as good practice.
	Plan and undertake the replacement programme as required to actively reduce leakage.	Decision to invest in renewals programme to reduce leakage.
Strengthening our infrastructural resilience as some of our critical assets have limited redundancy.	Continue to look for opportunities to strengthening infrastructure resilience at scoping design stage for renewals and new works projects (ongoing).	Decision to continue with strengthening infrastructure resilience at scoping design stage for renewals and new works projects.
	Undertake the critical asset replacement and install duplicate mains to mitigate the risks in the Central and Eastern supply areas.	Decision to invest in critical asset replacement and installing duplicate mains.
	Installation of the emergency connecting mains to strengthen resilience between the two largest supply areas.	Decision to invest in connecting mains between supplies to strengthen resilience.
Impact of intensification to the local network infrastructure and parts of the main network infrastructure from implementing Future Development Strategy.	Use the Water Supply Master Plan in conjunction with FDS to guide long term planning and the capital works programme to address current and future demand for enabling sustainable development.	Decision to invest in the growth capital programme to enable sustainable development.

	Specific projects for likely scenario	Timing	Estimated cost
	Programme: 30 year water capital programme; Primary drivers: renewals, growth and LOS	2024 to 2054	\$284.3m (30 year total)
	Programme – Securing consents; Primary drivers:	2024 to 2034	\$1.34m
	Operational programme – demand management activities	2024 to 2054	\$1.26m
	Operational programme – leak detection and monitoring	2024 to 2054	\$8.0m
	Programme – capital renewals; Primary driver: renewals	2024 to 2054	\$165m in total for renewals over 30 years; about 83% for reticulation
	Programme - resilience strengthening as part of capital projects; Primary driver: LOS	2024 to 2054	Estimated at \$1.8m each ten years
	Programme – capital renewals and upgrades; Primary drivers: renewals and LOS	2025/26 to 2026/27	\$1.32m
	Programme – capital renewals and upgrades; Primary drivers: renewals and LOS	2027/28 to 2028/29	\$545k
	Programme – growth capital projects; Primary driver: growth	2024 to 2054	\$82.7m in total over 30 year

5.2.5 Water supply expenditure forecasts

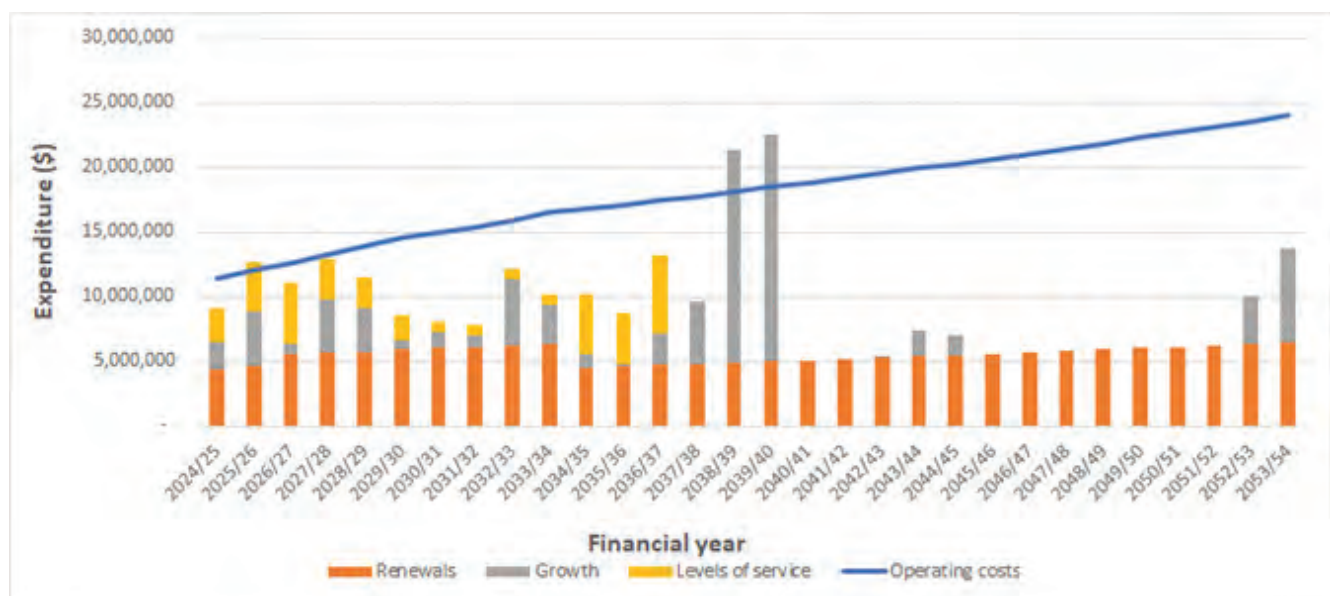
The figure below presents the expenditure forecast for water supply which is based on the following assumptions:

- Demand forecasts are based on the adopted demand management programme.
- The current water take consents for the Eastern, Central and Hamurana Kaharoa areas will be renewed without any reduction from the current abstraction limits.
- Additional capital investment to develop new source will be required if current water takes limits are reduced.
- Universal water metering will not be adopted during the 10 year Long-term Plan period, unless supported by a strong business case.
- Over the next 30 years it is expected that Council's major capital expenditure items include asbestos cement pipes and trunk mains renewal programme.
- Infrastructural resilience – Eastern, Central and Ngongotahā Supply Area improvements to address risk, security of supply and meet future demand.

Over the next 30 years it is expected that our major capital expenditure items include:

- District wide pipe renewals including ridermain and asbestos pipe replacements (\$165m over next 30 years).
- Enhancements to improve resilience including reservoir strengthening (\$36.4m over next 30 years).
- Growth driven projects including new reservoirs and storage tanks, and reticulation extensions (\$82.7m over next 30 years).

Figure 17 Water supply expenditure forecasts (uninflated)

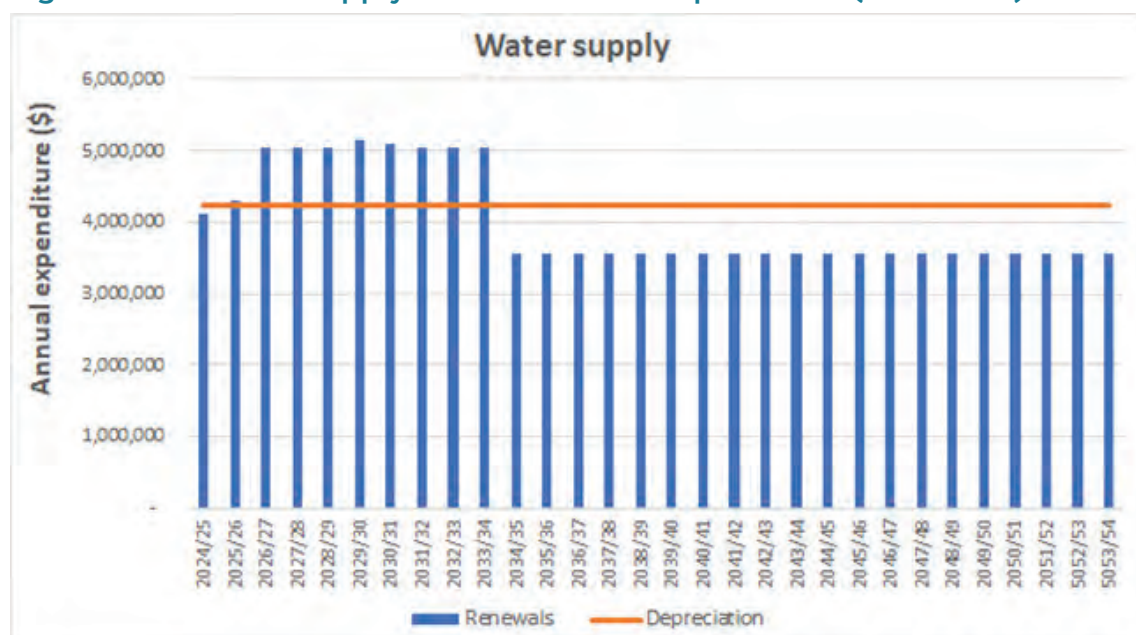


Source: RLC LTP budget (as at June 2024)

Note: Depreciation has been excluded from the operational expenditure.

Figure 18 shows that our forecast renewal expenditure of \$4.0m per annum on average broadly matches the annual depreciation of \$4.2m.

Figure 18 Water supply renewals versus depreciation (uninflated)



5.2.6 Funding this activity

Council funds its water supply activity through:

- Targeted rates and fees and charges for the operational programme:
 - » uniform annual charge for unmetered properties (included with the property rate charges)
 - » volume charge for metered properties (where meters are installed) based on the actual volume of water consumed
- Loans for the capital programme.

5.3 Wastewater

5.3.1 Background

We are responsible for the collection, treatment and disposal of wastewater from the three urban areas of Rotorua (Ngongotahā, city and eastern suburbs) as well as some rural lakeside communities. The public wastewater network consists of approximately 410km of gravity mains and 164km of rising mains that protect the community's public health and the receiving environments from the effects of wastewater and by-products. Two wastewater treatment plants service properties through approximately 23,681 connections.

Resource consents are required for discharging into water bodies and onto planted forestry and are issued by the Bay of Plenty Regional Council. The main purpose of a consent is environmental protection and is driven by the Resource Management Act. These consents are subject to requirements that restrict the volume of water that can be discharged and stipulate the water quality parameters the discharged water must meet.

5.3.2 Strategic wastewater challenges

The key challenges for the wastewater activity are summarised in the table below with further detail in the Asset Management Plan.

Table 19 Summary of wastewater key challenges

District infrastructure issues	Key issues	Discussion / management response
Maintaining assets in stable, reliable and safe condition	We have limited information available for the current state of our underground assets and this is a focus in the short to medium term.	- We are surveying our critical below ground wastewater assets in the short to medium term. The assessment programmes are being accelerated through our long-term contractor. A renewal programme will then be developed, and a significant capital investment programme is expected. - We need to formally understand the asset condition of our above ground assets (such as treatment plants, rising mains, and pump stations) as these are our critical assets.
Impacts of legislative and policy changes	Resource consents Currently, the treated effluent from the plant is irrigated to pass through the land in Whakarewarewa Forest before the groundwater discharges to Lake Rotorua to protect the lake water quality. Discharging through irrigation of Whakarewarewa Forest is no longer viable as a sustainable option for several reasons including cultural concerns.	- We have started working with key stakeholders including iwi to explore and identify a better, more sustainable alternative for the disposal of treated effluent from the upgraded wastewater treatment plant. - The resource consent application for the proposed upgrade of the existing plant has been approved and works has commenced. The upgraded Rotorua Wastewater Treatment Plant and new discharge point is expected to be undertaken over the next three years.
Climate change and environmental sustainability	Lake water quality The Rotorua Te Arawa Lakes are important for our District, regionally and nationally. The communities of Lake Tarawera, Lake Rotoehu (Kennedy Bay and Otautu Bay), Ngamotu and Mamaku are currently serviced by private wastewater systems. They are at risk of polluting our lakes.	- We have started developing the proposals to construct sewerage scheme for the lakeside communities to mitigate the impacts on the lake water quality. - The implementation of the Tarawera Sewerage Scheme is underway. Initial planning for the remaining schemes is underway and allowed for in the 30 year capital programme.
Meeting future demands on infrastructure	Servicing growth The Rotorua Lakes district is projected to increase in population. There is also pressure for Council to service other small communities / villages currently serviced by private wastewater systems.	- We service growth in the following three ways: 1) Installing bulk infrastructure for new development areas; 2) Extending services areas; 3) Servicing other sewerage scheme areas with Council reticulation and treatment plants. - We have completed an assessment of the impact of our Future Development Strategy to the current wastewater network. Our capital programme for the 2024/2034 LTP has been updated to reflect the required capital works investment to enable the projected growth.

Impacts of legislative and policy changes	Long term wastewater approach There are significant wastewater challenges driven by higher future consent requirements, environmental protection, Government's freshwater reform programme coupled with growth which will require significant investment.	We have entered into a long term contract with an experienced operator as a partner to manage the asset risks and provide cost certainty.

Future challenge - Lake Rotorua nutrient management

The Bay of Plenty Regional Council's Lake Rotorua Nutrient Management Plan Change 10 introduce rules to limit the amount of nitrogen entering Lake Rotorua from land use. The rules affect rural properties in the Lake Rotorua Catchment as well as our Rotorua Wastewater Treatment Plant.

Lake Rotorua can cope with 435 tonnes of nitrogen a year from all sources in the catchment (urban and rural areas). The 435 tonnes have been shared and the Rotorua Wastewater Treatment Plant was given a Nitrogen Discharge Allocation of 30 tonnes, for the 2001 to 2003 benchmark period.

Our existing plant and land treatment system typically removes up to 370 tonnes of nitrogen a year. Increased volumes of stormwater and groundwater into our wastewater system reduces the treatment plant's ability to effectively remove nitrogen. After the proposed upgrade, the Rotorua Wastewater Treatment Plant will have increased ability to remove nitrogen and is anticipated to remove up to 450 tonnes of nitrogen a year by 2051.

Low levels of nutrients are returned to our environment even with best wastewater treatment practices. By 2031, the nitrogen discharged to the lake will be about 34.7 tonnes in an average rainfall year (41 tonnes in a high rainfall year). By 2051, the nitrogen discharged to the lake will be about 39 tonnes in an average rainfall year.

To protect lake water quality, we need to ensure the total load of nitrogen to the lake from all sources does not increase. As our population grows, we need to offset the increasing level of nitrogen discharged from the treatment plant with an equivalent reduction elsewhere. There are a number of ways we can achieve this:

- Buying, acquiring or transferring nitrogen discharge allocations.
- Actions to directly reduce the nitrogen entering the lake.
- Reduce wet weather inflow and infiltration reaching the treatment plant by implementing the inflow and infiltration programme once developed.

We are exploring options to increase nitrogen discharge allocations in future. This will be dependent on how the upgrade plant is performing and how predicted growth is tracking.

5.3.3 Significant issues and options

Significant issues for the wastewater activity and principal options for managing these issues are detailed in the following table. The option preferred as the most likely scenario has been identified and when Council expects significant decisions will be required.

Table 21 Significant issues and options for wastewater

Significant water supply issue	Options	Implications of the options
Changes to legislation resulting from new Government policies and initiatives	1. Continue with water services remaining in house.	- There are likely to be increased costs to address health / safety concerns / issues from Taumata Arowai - This will be resourced through existing budgets - Not eligible for funding through Government's three waters reform programme - Government may force amalgamation for councils that do not collaborate regionally
	2. Explore aggregation at regional / sub regional level with neighbouring councils to determine best service delivery model and be eligible for the Government's funding package.	- Costly to set up water Council Controlled Organisation but will be eligible for central government funding - A dedicated water Council Controlled Organisation with no other competing priorities will be expected to better prioritise investment decisions across the region leading to better environmental and community outcomes than the Councils can individually achieve - Potentially loss of community involvement in water decisions - Council needs to opt into reform programme to be eligible for funding
	3. Maintain a watching brief on the changes of Government's Three Waters Proposal and evaluate other options as information becomes available.	- Central government may force amalgamation for councils that do not aggregate regionally - Implications from water reforms on service delivery including the impact of Taumata Arowai and changes to legislation are still unfolding and happening at a rapid pace
Expectations from stakeholders, regulator, and iwi for continued compliance to the standard / consent for the lake water quality.	1. Continue to meet existing resource consent conditions long term to keep within consented water quality limits to minimise the impact of the treated effluent discharged from the wastewater treatment plants.	- Meets current minimum resource consent requirements - May not result in substantial positive environmental improvements - Unlikely to receive long-term resource consent on the current terms
	2. Continue to implement the Rotorua Te Arawa Lakes Strategy with partner organisations Te Arawa Lakes Trust and Bay of Plenty Regional Council for a holistic and integrated management approach.	- Better alignment with Māori values and community aspirations - Meets longer term vision for the lakes as set out in the Rotorua Te Arawa Lakes Strategy - Improves lake water quality

Most likely scenario for managing the issue	Year 1 to 10	Year 11 to 20	Year 21 to 30	Risk (L/M/H)
	✓	✓	✓	H
	✓	✓	✓	H
<i>Option 3 is preferred as the most likely scenario -</i> Continue to keep watching brief to understand the best service delivery option for our community.	✓	✓	✓	H
	✓	✓	✓	M
<i>Option 2 is preferred as the most likely scenario -</i> Continue to implement the Rotorua Te Arawa Lakes Strategy with the partner organisations.	✓	✓	✓	M

Implications of the Bay of Plenty Regional Council's Plan Change 10 that limits the mass load of nitrogen to Lake Rotorua	1. Acquiring or transferring Nitrogen Discharge Allocations to offset the increase in the load of nitrogen to the lake as population grows.	- Requires proposed environmental fee to be accepted in the community - Requires polluter and land use development with funding environmental improvements - Polluter pays principle still relatively new nationally - Requires the polluter to fund mitigation or purchase Nitrogen Discharge Allocations to cover the increase in nitrogen load to the wastewater treatment plant.
	2. Actions to reduce the nitrogen entering the lake from the Rotorua wastewater treatment plant.	- Reduces pollution rather than offsetting - Better future environmental alignment with iwi values and community aspirations - Negligible opportunity to reduce nitrogen load as the treatment plant is close to the limit of its technology. - Ongoing action to reduce inflow and infiltration into the wastewater network.
Impact of intensification to the local network infrastructure and parts of the main network infrastructure from implementing FDS	1. Utilise an ad hoc planning approach for water provision in growth areas based on Spatial Plan.	- Bulk infrastructure is not planned to meet current or future demand, or sequenced - Spatial Plan not based on the latest demand projections - District is unattractive for developers as Council difficult to work with - Development occurs ad hoc
	2. Use the Wastewater Master Plan in conjunction with FDS to guide long term planning and the capital works programme to address current and future demand for enabling sustainable development.	- Bulk infrastructure is planned holistically - Based on realistic forecast of development, where it will likely occur and when - The FDS defines density (predicted) only at area/sector level. The impact of the intensification could be assessed only at headworks infrastructure level. - The impact of the intensified development at a local level could only be assessed during the development application stage.

Option 1 is preferred as the most feasible scenario (and longer term) - Acquire or transfer Nitrogen Discharge Allocations funded by the proposed environmental fee.	✓	✓	✓	M
Option 2 is the most likely scenario in conjunction with Option 1.	✓	✓	✓	H
	✓	✓	✓	H
Option 2 is preferred as the most likely scenario - Implement and use the Wastewater Master Plan to guide long term planning and the capital works programme.	✓	✓	-	M

5.3.4 Significant decisions on wastewater capital expenditure

The table below shows the likely timing and estimated cost of significant wastewater capital projects or work programmes. The table provides a project description and linkages to the significant infrastructure issues (detailed above), key decisions, project budgets and timeframes.

Table 22 Summary of significant decisions – wastewater

Significant water supply issue	Most likely scenario (s)	Key decision
Changes to legislation resulting from new Government policies and initiatives	Maintain a watching brief on the changes of Government's Three Waters Proposal and evaluate other options as information becomes available.	Decision to keep a watching brief on the Government's Local Water Done Well Policy as changes unfold.
Expectations from stakeholders, regulator, and iwi for continued compliance to the standard / consent for the lake water quality.	Continue to implement the Rotorua Te Arawa Lakes Strategy with the partner organisations.	Decision to continue with implementing Rotorua Te Arawa Lakes Strategy with the partner organisations.
Implications of the Bay of Plenty Regional Council's Plan Change 10 that limits the mass load of nitrogen to Lake Rotorua	Acquire or transfer Nitrogen Discharge Allocations funded by the proposed environmental fee. Actions to reduce the nitrogen entering the lake from the Rotorua wastewater treatment plant	Decision to develop policy before implementing a proposed environmental fee.
		Decision to invest in inflow and infiltration work.
		Decision to enforce through trade waste compliance.
Impact of intensification to the local network infrastructure and parts of the main network infrastructure from implementing Future Development Strategy.	Use the Wastewater Master Plan in conjunction with FDS to guide long term planning and the capital works programme to address current and future demand for enabling sustainable development.	Decision to invest in the growth capital programme to enable sustainable development.

Specific projects for likely scenario	Timing	Estimated cost
Programme: 30 year wastewater capital programme; Primary drivers: renewals, growth and LOS	2024 to 2054	\$402.7m (30 year total)
Programme: capital budgets are known but solution still to be agreed upon with consenting process; Primary drivers: growth and LOS	2024 to 2034	
Rotorua Wastewater Treatment Plant upgrades	2024/25 to 2025/26	\$37.8m
Sustainable Forest Approach;	2024/25 to 2028/29	\$10.8m
WWTP Final Effluent Pumping System	2025/26 to 2028/29	\$19.0m
Tarawera wastewater scheme (stage 2)	2024/25 to 2025/26	\$13.2m
Rotoehu wastewater scheme	2029/30 to 2031/32	\$9.2m
Programme: ongoing operational support;	2034/35 to 2043/44	\$200k pa (approximately)
	2044/45 to 2053/54	\$200k pa (approximately)
Programme: - Develop policy and undertake engagement process (operational budget).	2024 to 2034	\$200k (approximately)
Implement policy (once approved)	2024 to 2034	\$200k pa (approximately)
Ongoing implementation of policy (operational budget).	2034/35 to 2043/44	\$200k pa (approximately)
	2044/45 to 2053/54	\$200k pa (approximately)
Operational programme: inflow and infiltration work (to be undertaken by our long term service contractor).	2024 to 2034	\$100k pa (approximately)
Operational programme: trade waste enforcement	2034/35 to 2053/54	\$100k pa (approximately)
Programme – growth capital projects; Primary driver: growth	2024 to 2054	\$27.6m in total over 30 years

5.3.5 Wastewater expenditure forecasts

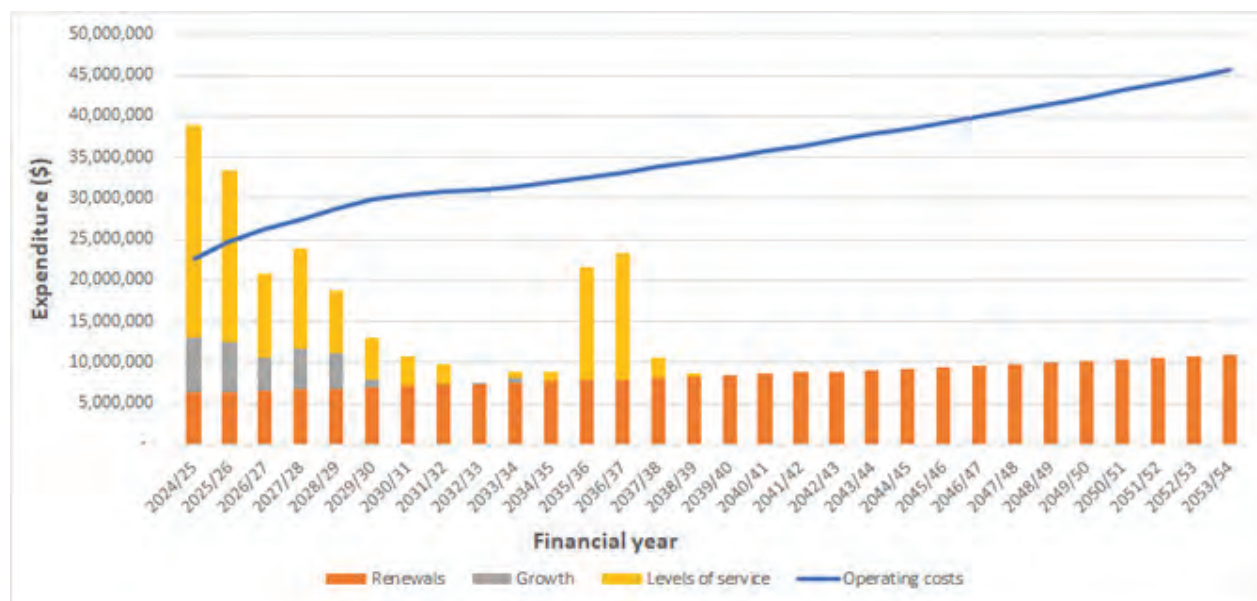
Figure 19 presents the expenditure forecast for wastewater which are based on the following assumptions:

- The Government's freshwater proposals to improve ecological health will require a higher environmental standard.
- The conditions and cost implications of the future resource consents for the treated effluent alternative discharge from Rotorua Wastewater Treatment Plant are uncertain.
- The Sustainable Forest Approach costs are indicative as some workstream elements (including resource consents) are still to be secured and therefore the final design and extent of the upgrade and preferred option (for the Sustainable Forest Approach) are not yet known.
- We will work towards offsetting the increasing level of nitrogen discharged from the Rotorua Wastewater Treatment Plant through Nitrogen Discharge Allocations.
- Effective inflow and infiltration management will be achieved through ongoing detection and reduction strategies employed by our long term contractor.
- Bulk infrastructure to service future growth areas in Central, Eastern and Ngongotahā areas based on latest growth predictions.
- Extension of sewer systems to service unreticulated lakeside communities to mitigate risk of pollution.

Over the next 30 years it is expected that Council's major capital expenditure items include:

- Upgrade of Rotorua Wastewater Treatment Plant to meet higher environmental standards and growth in the district in the first two years of this strategy (\$36m).
- Sustainable Forest Approach costs of \$9.75m in the first 5 years of this strategy.
- District wide pipe renewal programme to initially address the critical gravity mains in poor condition the replace assets as they deteriorate at \$253m in total over 30 years.

Figure 19 Wastewater capital expenditure forecasts (uninflated)

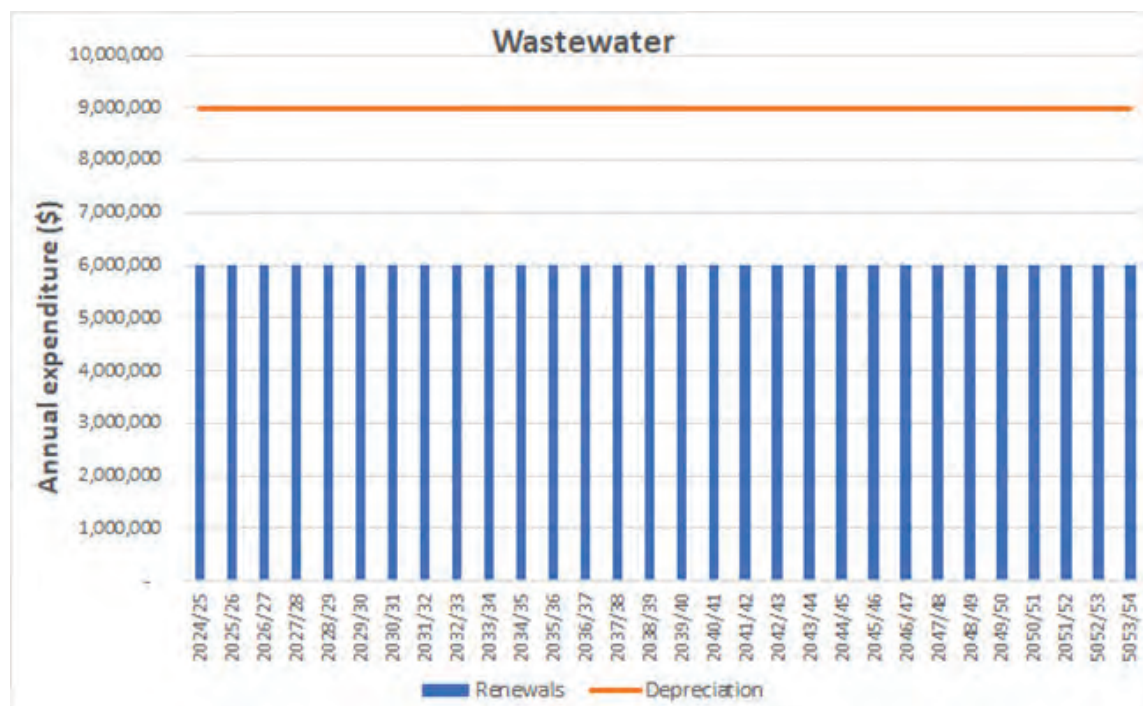


Source: RLC LTP budget (as at June 2024)

Note: Depreciation has been excluded from the operational expenditure.

Figure 20 shows that our forecast renewal expenditure of \$6.0m per annum is less than the annual depreciation of \$9.0m. There is a gap between renewals and depreciation because Council has only allowed for network renewals in this strategy. Currently, there are only minor renewals undertaken for the Rotorua Wastewater Treatment Plant as it is getting upgraded.

Figure 20 Wastewater renewals versus depreciation (uninflated)



5.3.6 Funding this activity

Council funds its wastewater activity through:

- Targeted rate for sewerage disposal based on a per pan charge in urban serviced areas.
- Separate targeted rates for the capital costs for connected properties in defined rural areas.
- Trade waste fees and charges.
- Loans for the capital programme.

5.4 Stormwater

5.4.1 Background

Stormwater is the runoff of rainwater which requires management and disposal using various drainage systems. The stormwater activity protects people and property from flood damage. It also minimises the adverse effects of stormwater discharges into the lakes and waterways of the district. We are responsible for 244km of urban reticulated pipelines and 154km of open drains.

There is stormwater reticulation servicing the three urban areas of Rotorua (Ngongotahā, city and eastern suburbs). The stormwater activity also includes the Reporoa land drainage scheme which serves the farming community.

5.4.2 Strategic stormwater challenges

The key challenges for the stormwater activity are summarised in the Table 21 with further detail in the Asset Management Plan.

Table 21 Summary of stormwater key challenges

District infrastructure issues	Key issues	Discussion / management response
Maintaining assets in a stable, reliable and safe condition	Traditionally the stormwater activity is mainly a reactive service compared to water supply and wastewater activities. We have limited asset condition information and knowledge of our stormwater network.	Condition surveys have generally only been undertaken in response to an issue. We intend to move to a programme of planned condition surveys to help us better understand the state of our stormwater assets.
Impacts of legislative and policy changes	<i>Resource consents</i> Application status of the Comprehensive Stormwater Resource Consent.	The Comprehensive Stormwater Resource Consent for the urban areas was lodged with the Regional Council and public submission have closed. Key points of the submissions are: • Management of high risk industrial sites as they impact on water quality. • Management of high risk industrial sites as they impact on water quality. We know that there will be higher requirements than we currently have including comprehensive reporting. This will require us to be more proactive in stormwater management than our current practices.
Meeting future demands on infrastructure	<i>Servicing growth areas</i> Although our population is projected to continue growing, stormwater demand is linked indirectly to population growth with the creation of impervious or paved surfaces. This is not a linear relationship. Demand for stormwater infrastructure is directly related to the creation of imperviousness and rainfall.	We know that the existing stormwater systems at the bottom of catchments cannot cope with the effects of growth in urban areas. Growth enabling stormwater works are currently being planned and implemented. This includes several stormwater detention dams within the urban area. We will need to invest more in bulk stormwater infrastructure to enable development and cater for increased scale and severity of rain events due to climate change impacts. We have developed a Stormwater Master Plan (similar to water supply) to ensure that we make cost effective investment decisions. The plan has considered the implication of the FDS which has an impact on intensification. Our stormwater growth enabling projects are also subsidised by Government to increase additional housing stocks.

5.4.3 Significant issues and options

Significant issues for the stormwater activity and principal options for managing these issues are detailed in the Table 24. The option preferred as the most likely scenario has been identified and when Council expects significant decisions will be required.

Table 24 Significant issues and options for stormwater

Significant water supply issue	Options	Implications of the options
Changes to legislation resulting from new Government policies and initiatives	1. Continue with water services remaining in house.	- This will be resourced through existing budgets - Not eligible for funding through Government's three waters reform programme - Government may force amalgamation for councils that do not collaborate regionally
	2. Explore aggregation at regional / sub regional level with neighbouring councils to determine best service delivery model and be eligible for the Government's funding package.	- Costly to set up water Council Controlled Organisation but will be eligible for central government funding - A dedicated water Council Controlled Organisation with no other competing priorities will be expected to better prioritise investment decisions across the region leading to better environmental and community outcomes than the Councils can individually achieve - Potentially loss of community involvement in water decisions - Council needs to opt into reform programme to be eligible for funding
	3. Maintain a watching brief on the changes of Government's Three Waters Proposal and evaluate other options as information becomes available.	- Central government may force amalgamation for councils that do not aggregate regionally - Implications from water reforms on service delivery including the impact of Taumata Arowai and changes to legislation are still unfolding and happening at a rapid pace
The implications of the National Policy Statement for Freshwater Management 2020 on RLC's water quality improvements. This will dictate the re drafting of the Regional Policy Statement and will be the basis for assessing our Comprehensive Stormwater Resource Consent applications and setting conditions.	1. Negotiate with the Regional Council to ensure the conditions are similar to the lodged application.	- Consent requirements are understood and budgeted for - May not achieve good environmental outcomes - Potentially not meet new requirements of the National Policy Statement for Freshwater Management 2020
	2. Develop evidence based strategy and programmes to be more proactive in stormwater quality than our current practices, aligned with the new requirements.	- Meets longer term vision for the lakes as set out in the Rotorua Te Arawa Lakes Strategy - Improves freshwater quality - Achieves good environmental outcomes but may not be immediate - There may ongoing operational costs that need to be considered as well as capital before adopting this approach - Aligned to the new requirements - Supports Council's vision of enhanced environment and protects the unique character of Rotorua

Most likely scenario for managing the issue	Year 1 to 10	Year 11 to 20	Year 21 to 30	Risk (L/M/H)
	✓	✓	✓	H
	✓	✓	✓	H
Option 3 is preferred as the most likely scenario - Continue to keep watching brief to understand the best service delivery option for our community. Decision required by Council – Decision on participating in reforms and preparation for the formation of water services entities expected from late 2021 to 2023 (legislation is still being passed)	✓	✓	✓	H
	✓	✓	✓	H
Option 2 is preferred as the most likely scenario - Develop evidence based strategy and programmes to be more proactive in stormwater quality.	✓	✓	✓	H

Significant challenges with addressing the flooding in urban flood prone areas. Insufficient capacity of regional infrastructure (stream) resulting in capacity limitations of local infrastructure.	1. Continue to respond reactively to flood events and manage operationally.	- Politically unacceptable at local, regional, and national levels - Potential risk to life - High level of property damage - Local communities disrupted - Unaffordable for community to address as not planned for - Does not allow time to adapt and / mitigate to climate change effects
	2. Continue to develop Comprehensive Flood Risk Management Plan collaboratively with the Regional Council, iwi, key stakeholders, and the community (as recommended by the independent panel).	- Identifies predicted habitable floors that may flood in future district wide and how Council will mitigate this (may not necessarily be large pipe solution) - Effect of climate change on stormwater infrastructure can be planned long term
	3. Develop an Emergency Management Plan, in conjunction with the community, including clearly understood and communicated trigger levels for flood warnings and evacuations (as recommended by the independent panel).	- Coordinates efforts of the different agencies involved - Improved communication and readiness of the community - Improves resilience of people - Supports vulnerable people in the community particularly the elderly - Risk to life minimised
	4. Develop the investment programme to address the high priority flood prone areas in all urban catchment.	- The risks and effects of future flood events are mitigated - There is time to plan and implement flood protection works - Improvement works to ensure public safety (i.e. risk to life), property damage and disruption to local communities - Effect of climate change on stormwater infrastructure can be planned long term
	5. Ask private owners to invest in their own flood resilience solutions (i.e. flood readiness plans, ground contouring to prevent the overland flow from entering the house).	- Difficult to enforce - Requires high level of community engagement - May be politically unacceptable - Improves resilience of people instead of hard asset solution - Ongoing operational and development issues to respond to

	✓	✓	✓	H
Option 2 is preferred as the most likely scenario - Continue to develop Comprehensive Flood Risk Management Plan to help better understand predicted habitable floor flooding.	✓	✓	✓	H
Option 3 is preferred as the most likely scenario - Develop an Emergency Management Plan as a high priority that can be used district wide.	✓	-	-	M
Option 4 is preferred as the most likely scenario (longer term) - Develop investment programmes prioritised district wide using hierarchy of flood mitigation options. Working with Regional Council on options. Decision required by Council – RLC's share of the investment programmes will be presented to full Council for approval as part of the Long Term Plan three yearly cycles.	✓	✓	✓	M Reduces flood risk to acceptable level
	✓	✓	✓	M

Impact of intensification to the local network infrastructure and parts of the main network infrastructure from implementing FDS	1. Utilise an ad hoc planning approach for stormwater provision in growth areas based on Spatial Plan.	• Bulk infrastructure is not planned to meet current or future demand, or sequenced • Spatial Plan not based on the latest demand projections (used for 2018-2028 Long-term Plan) • District is unattractive for developers as Council difficult to work with • Development occurs ad hoc • Flooding is exacerbated with additional impervious areas into existing stormwater networks
	2. Use the Stormwater Master in conjunction with FDS to guide long term planning and the capital works programme to address current system deficiencies (where practical) and future demand for enabling sustainable development and mitigate environmental risk from more runoff.	• Bulk infrastructure is planned holistically • Based on realistic forecast of development, where it will likely occur and when • Opportunities to regenerate existing urban areas incorporating water sensitive design and improving amenity values for the community • The FDS defines density (predicted) only at area/sector level. The impact of the intensification could be assessed only at headworks infrastructure level. • The impact of the intensified development at a local level could only be assessed during the development application stage.

	✓	✓	✓	H
<i>Option 2 is preferred as the most likely scenario (longer term)</i> - Implement and use the Stormwater Master Plan to guide long term planning and the capital works programme. Decision required by Council - This is a current practice and will continue. This option is shown for completeness and therefore no formal Council decision is required.	✓	-	-	M

5.4.4 Significant decisions on stormwater waste capital expenditure

The table below shows the likely timing and estimated cost of significant stormwater capital projects or work programmes. The table provides a project description and linkages to the significant infrastructure issues (detailed above), key decisions, project budgets and timeframes.

Table 25 Summary of significant decisions – stormwater

Significant water supply issue	Most likely scenario (s)	Key decision
Changes to legislation resulting from new Government policies and initiatives	Maintain a watching brief on the changes of Government's Three Waters Proposal and evaluate other options as information becomes available.	Decision to keep a watching brief on the Government's Local Water Done Well Policy as changes unfold.
The implications of the National Policy Statement for Freshwater Management 2020 on RLC's water quality improvements.	Develop evidence based strategy and programmes to be more proactive in stormwater quality.	Decision to invest in developing an evidence based strategy and programmes to be more proactive in stormwater quality. Decision to adopt strategy once developed (medium term).
Significant challenges with addressing the flooding in urban flood prone areas.	Continue to develop Comprehensive Flood Risk Management Plan to help better understand predicted habitable floor flooding.	Decision to continue to invest in Comprehensive Flood Risk Management Plan development.
	Develop an Emergency Management Plan as a high priority that can be used district wide.	Decision to invest in developing an Emergency Management Plan.
	Develop investment programmes prioritised district wide using hierarchy of flood mitigation options. Working with Regional Council on options.	Decision to invest in flood mitigation programmes in conjunction with the Regional Council.
Impact of intensification to the local network infrastructure and parts of the main network infrastructure from implementing Future Development Strategy.	Use the Storewater Master Plan in conjunction with FDS to guide long term planning and the capital works programme to address current and future demand for enabling sustainable development.	Decision to invest in the growth capital programme to enable sustainable development.

Specific projects for likely scenario	Timing	Estimated cost
Programme: 30-year stormwater capital programme; Primary drivers: renewals, growth and LOS	2024 to 2054	\$294m (30 year total)
Programme: Strategy development including data consolidation (opex)	2024 to 2034	about \$200k for external support
Programme: Stormwater quality capital improvements; Primary driver: LOS	2024 to 2034	about \$0.5m pa
Programme: Stormwater quality capital improvements; Primary driver: LOS	2034 to 2054	18% of the 30 year total \$24.7m
Programme: Local stormwater flooding improvements; Primary driver: LOS	2024 to 2054	82% of the 30 year total \$24.7m
Operational programme: Low cost from within existing budget	2024 to 2034	\$50k to \$75k from operational budget; one off cost
Programme: Share of flood mitigation programmes; Primary driver: LOS	2024 to 2054	indicative cost share \$5m to \$10m in total in each decade
Programme – capital growth projects for Central, Eastern and Western areas; Primary driver: growth	2024 to 2031	\$142.7m

5.4.5 Stormwater expenditure forecasts

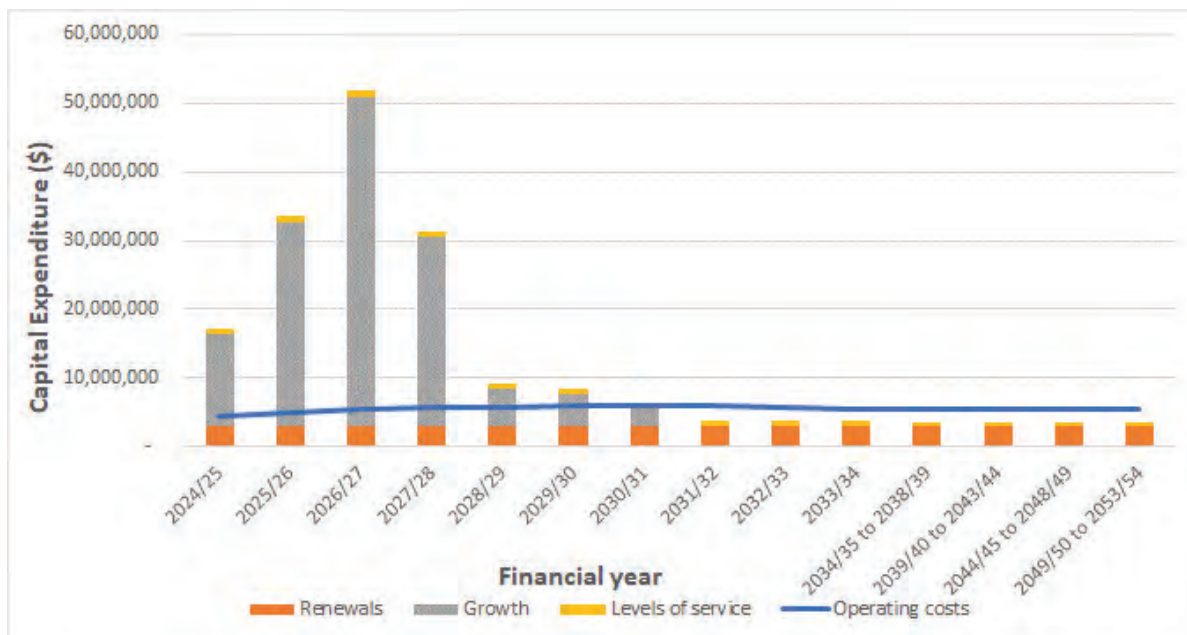
Figure 21 shows the forecasted expenditure for stormwater which is based on the following assumptions:

- The Comprehensive Stormwater Resource Consent will be impacted by the new requirements of the National Policy Statement for Freshwater Management 2020 through the Regional Policy Statement.
- Legislative and regulatory changes will require stormwater treatment.
- We will continue to replace end-of-life infrastructure with infrastructure sized to accommodate climate change.
- RLC will use Central Government funding for accelerating the Central, Eastern and Western growth enabling upgrades.

Over the next 30 years it is expected that Council's major capital expenditure items include:

- Annual stormwater renewals to replace poor condition assets at \$126.4m in total for 30 years.
- Stormwater reticulation enhancements to address local flooding at 82% of \$24.7m in total for 30 years.
- Stormwater network expansion for urban areas growth enabling upgrades of \$142.7m.

Figure 21 Stormwater capital expenditure forecasts (uninflated)

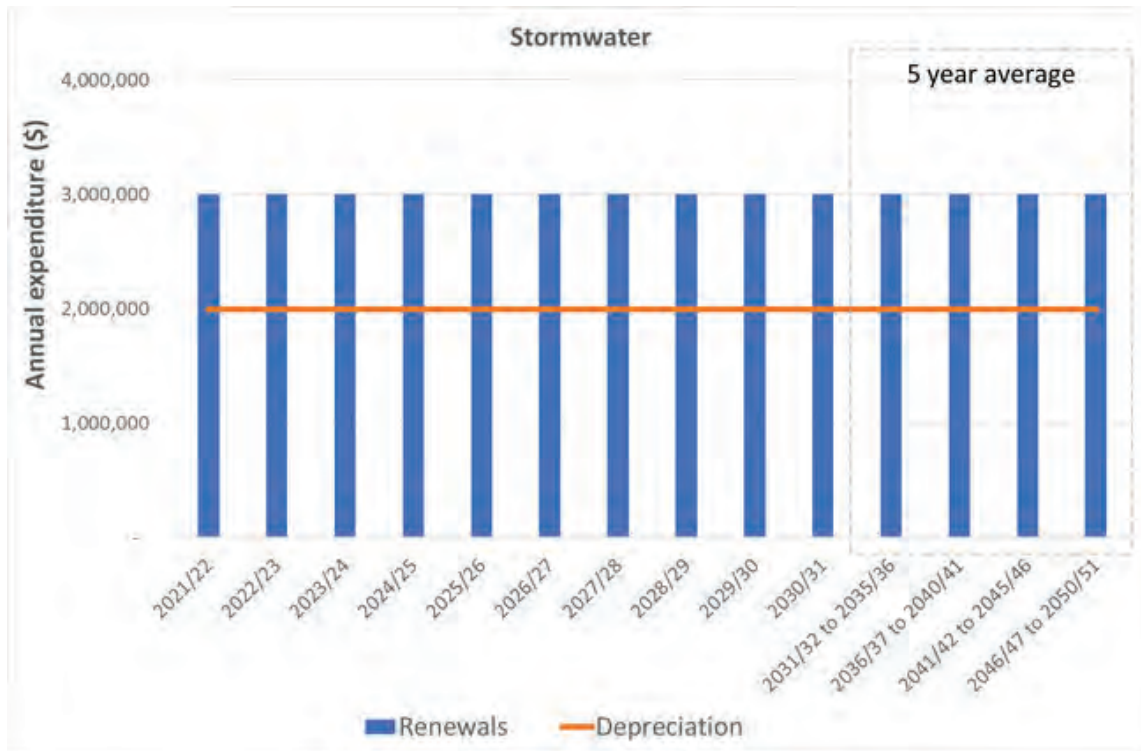


Source: RLC final LTP budget (as at June 2024)

Note: Depreciation has been excluded from the operational expenditure.

Figure 22 shows that our forecast renewal expenditure of \$3.0m per annum is higher than the annual depreciation of \$2.0m. We expect that this gap will reduce as we collect better data on the state of our stormwater assets and develop condition based renewal programmes.

Figure 22 Stormwater renewals versus depreciation (uninflated)



5.4.6 Funding this activity

We fund our stormwater services through:

- General rates (as a uniform annual general charge) and fees and charges for operational programme.
- Central Government funding for the Eastern and Western growth enabling upgrades (\$104m for the first five years).
- Loans for the capital programme.

5.5 Land transport

5.5.1 Background

Council owns and manages land transport assets including more than 1,000km of roads (sealed and unsealed), 80 road bridges, 383km of footpaths, 52km of shared paths, 5,056 streetlights, more than 54km of culverts, 517km of kerb and channel and 10,963 signs.

Rotorua is in the heart of the North Island and its transport system plays a key role in connecting the central and upper North Island. Rotorua has key routes that connect primary industry with the Port of Tauranga, is a tourist destination and provides tourism links to Taupo, Waikato and Auckland. Rotorua Airport is regionally significant and serves both the district's tourism and business sectors.

5.5.2 Strategic land transport challenges

The key challenges for the land transport activity are summarised in Table 23 with further detail in the Activity Management Plan.

Table 23 Summary of land transport key challenges

District infrastructure issues	Key issues	Discussion / management response
Maintaining assets in stable, reliable and safe condition	Road death and serious injuries. Pedestrian and vehicle interactions.	- Safety programmes - Pedestrian crossing improvements - Speed reduction plans
Maintaining assets in stable, reliable and safe condition	Affordability to meet both asset needs and levels of service.	- Appropriate level of investment that maintains transport assets in perpetuity - Ensures assets are functional and meets levels of service
Climate change and environmental sustainability	Reduce the number of vehicles travelled (VKT) in cars.	- Increased alternative modes of transport and reduced demand for car journeys - Increase in patronage numbers - Holistic approach to mode share working with Waka Kotahi and BOPRC - Provide greater transport options to support changing demographics (i.e. aging population), increasing cycle demand and user expectations
Resilience of critical infrastructure	Parts of the network vulnerable to flooding. Communities become isolated.	- Increased alternative modes of transport and reduced demand for car journeys - Increase in patronage numbers - Holistic approach to mode share working with Waka Kotahi and BOPRC - Provide greater transport options to support changing demographics (i.e. aging population), increasing cycle demand and user expectations
Meeting future demands on infrastructure	Infrastructure does not support or allow growth in the district.	- Take ownership of growth modelling - Bring skillset inhouse - Proactive not reactive response to growth and demand.

5.5.3 Significant issues and options

Significant issues for the land transport activity and principal options for managing these issues are detailed in Table 24. The option preferred as the most likely scenario has been identified.



Table 24 Significant issues and options for transport

Significant water supply issue	Options	Implications of the options
Safety – Continue to invest in safety programmes	1. Seek additional funding to increase the number of safety programmes.	- Affordability in constrained environment - Unacceptable high rates rises - More safety projects delivered - RLC safety statistics improve significantly
	2. Continue with RLC's road safety programmes which are aligned with the draft GPS as well as the safety education programmes.	- Continue funding at current levels - Focus on pedestrian safety improvements - Achieve defined set of KPIs - Local road improvement programme (LCLR) - Implementation of Regional Speeds Reduction Plan
Sustainable infrastructure – Funding will not be sufficient to maintain the transport assets to agreed level of service and at a sustainable level	1. Current maintenance and renewal programmes reduced in response to corporate drivers of expenditure reduction, particularly in the operational area	- Deterioration of the network and ultimately increased costs - Not meeting the agreed levels of service - Assets are deteriorated to a point that the community cannot afford to pay for their replacement - Investment burden is shifted to the next generation to pay for - Compromises safety and resilience - Current budget does not allow for cost escalation (less work delivered). - Resulted in service gaps - Tension with community to maintain LoS with no rates increase
	2. Increase in funding for maintenance, renewal and resilience programmes to meet both asset and levels of service needs	- Appropriate level of investment that maintains transport assets in perpetuity - Ensures assets are functional and meets levels of service - Keep transport network within acceptable industry levels for asset renewals - Ensures safety issues are addressed - Supports the commercial uses of our roads and therefore the district's economy
Mode demand – Continue to offer mode choices to help reduce vehicle use (measured by VKT)	1. Provide limited infrastructure options	- Do not meet community requirements around mode demand - Do not meet government objectives of alternative transport modes - Patronage numbers decline
	2. Continue current programme including improved public transport network, developing urban cycle network, upgrading footpaths to cater for full range of users with a focus on pedestrian safety.	- Increased alternative modes of transport and reduced demand for car journeys - Increase in patronage numbers - Holistic approach to mode share working with Waka Kotahi and BOPRC - Provide greater transport options to support changing demographics (i.e. aging population), increasing cycle demand and user expectations - Achieves better outcomes including improved efficiency, reduced carbon emissions and improved public health - Supports improved environmental outcomes with reduced car use

Most likely scenario for managing the issue	Year 1 to 10	Year 11 to 20	Year 21 to 30	Risk (L/M/H)
	✓	✓	✓	H
<i>Option 2 is preferred as the most likely scenario:</i> Continue with RLC's road safety programmes.	✓	✓	✓	H
	✓	✓	✓	H
<i>Option 2 is preferred as the most likely scenario:</i> Fund the maintenance, renewal and resilience programmes at a sustainable level.	✓	✓	✓	H
	✓	✓	✓	H
<i>Option 2 is preferred as the most likely scenario:</i> Continue current programme to develop and implement alternative mode choices.	✓	✓	✓	M

Resilience – Parts of the network are vulnerable and susceptible to weather related events.	1. Continue with current initiatives including addressing stability issues where risk is high, undertake resilience assessments with planning capital projects, maintain Emergency Management Planning and collaborate with Waka Kothai on suitability of diversion routes.	- Lack of investment in resilience programmes will make the network more vulnerable to both high and low probability events - Increased delays in the ability for the network, businesses and communities to recover from events - Not meeting community outcomes and risk of isolating communities - Bridge damage resulting in network disconnection - Impact on the safety of road users - Ongoing weight restrictions - Limitation to the type of freight vehicles able to use Council roads
	2. Explore capital investment options to raise the level of the road to isolated lakeside communities to eliminate the current resilience risk of high lake levels.	- May not be physically practical or economically viable to address with capital engineering solution - Provision of an alternative and safe route if the main route is disrupted
	3. 1Continue with the accelerated programme to assess the condition of the large culverts. Replace the large culverts assessed in poor and very poor condition over ten years. Investigate and strengthen the bridges with weight restrictions to cope with new mass limit rules. Utilise LCLR budget to build resilience into the network.	- Improved journey reliability and functionality of the network - Reduces risk of failure of the road drainage systems - Strengthening of bridge structures to allow alternative routes to be utilised safely - Results in lowered risk of failure of pavements during storm events (i.e. road slips or under slips)
Growth planning – Limited strategic transport planning to enable growth as defined in the draft Future Development Strategy	1. Continue to react and respond to growth as and when it happens.	- Reactive work will impact on the planned programme, budget and resources - Delivery of infrastructure not aligned to need - Road congestion in growth areas
	2. Transport model updated with latest data (10yr, 30yr 50yr) so aligned with Future Development Strategy Bring modelling inhouse by building internal capability.	- Ready for Future Development Strategy - Work closely with NZTA/Waka Kotahi - Ownership of model.
	3. Rely on external resources to undertake traffic modelling for RLC.	- Increase in external consultant costs - Consistency of approach by different providers

	✓	✓	✓	H
	✓	✓	✓	M
Option 3 is preferred as the most likely scenario: Complete the condition assessment of the large culverts and replace assets in poor state. Coupled with investigate and strengthen the bridges with weight restrictions to cope with new mass limit rules.	✓	✓	✓	M
				H
Option 2 is preferred as the most likely scenario: take ownership and upskill staff to run growth modelling Decision required by Council: Invest in growth planning to align with direction of Rotorua	✓	✓	✓	M
	✓	✓	✓	M

5.5.1 Significant decisions on land transport capital expenditure

The table below shows the likely timing and estimated cost of significant land transport capital projects or work programmes. The table provides a project description and linkages to the significant infrastructure issues (detailed above), key decisions, project budgets and timeframes.

Table 28 Summary of significant decisions – land transport

Significant water supply issue	Most likely scenario (s)	Key decision
Safety – Continue to invest in safety programmes.	Continue with RLC's road safety programmes.	Decision to continue to invest in updating the Road Safety Programme is part of ongoing network management.
Sustainable infrastructure – Funding will not be sufficient to maintain the transport assets to agreed level of service and at a sustainable level.	Fund the maintenance, renewal and resilience programmes at a sustainable level.	Decision to invest in maintenance, renewal and resilience programmes at a sustainable level.
Mode demand – Continue to offer mode choices to help reduce vehicle use (measured by VKT).	Continue current programme to develop and implement alternative mode choices.	Decision to continue to invest in current bus shelter programme. Decision to invest in working with regional council on bus routes.
Resilience – Parts of the network are vulnerable and susceptible to weather related events.	Complete the condition assessment of the large culverts and replace assets in poor state. Coupled with investigate and strengthen the bridges with weight restrictions to cope with new mass limit rules.	Decision to invest in condition assessment of the large culverts and replace assets in poor state.
Growth planning – Limited strategic transport planning to enable growth as defined in the draft Future Development Strategy.	Bring modelling in-house by building internal capability.	Decision to invest in building internal capability.

Specific projects for likely scenario	Timing	Estimated cost
Operational budget: Low cost, low risk programme	2024 to 2054	\$1m pa (approximately)
Programme: Renewal capital programme; Primary driver: renewals	2024 to 2054	\$8m pa (approximately)
Operational programme: maintenance	2024 to 2054	\$10.3m pa (approximately)
Operational programme: bus shelters maintenance & improvements	2024 to 2054	\$120k pa (approximately)
Programme: Capital public transport infrastructure walking and cycleway network. Primary drivers: LOS and growth	2024 to 2054	\$1m pa (approximately)
Operational budget: Low cost, low risk programme	2024 to 2054	\$1m pa (approximately)
Operational budget: staff costs and training	2024 to 2054	indicative estimated costs \$150k pa

5.5.2 Transport expenditure forecasts

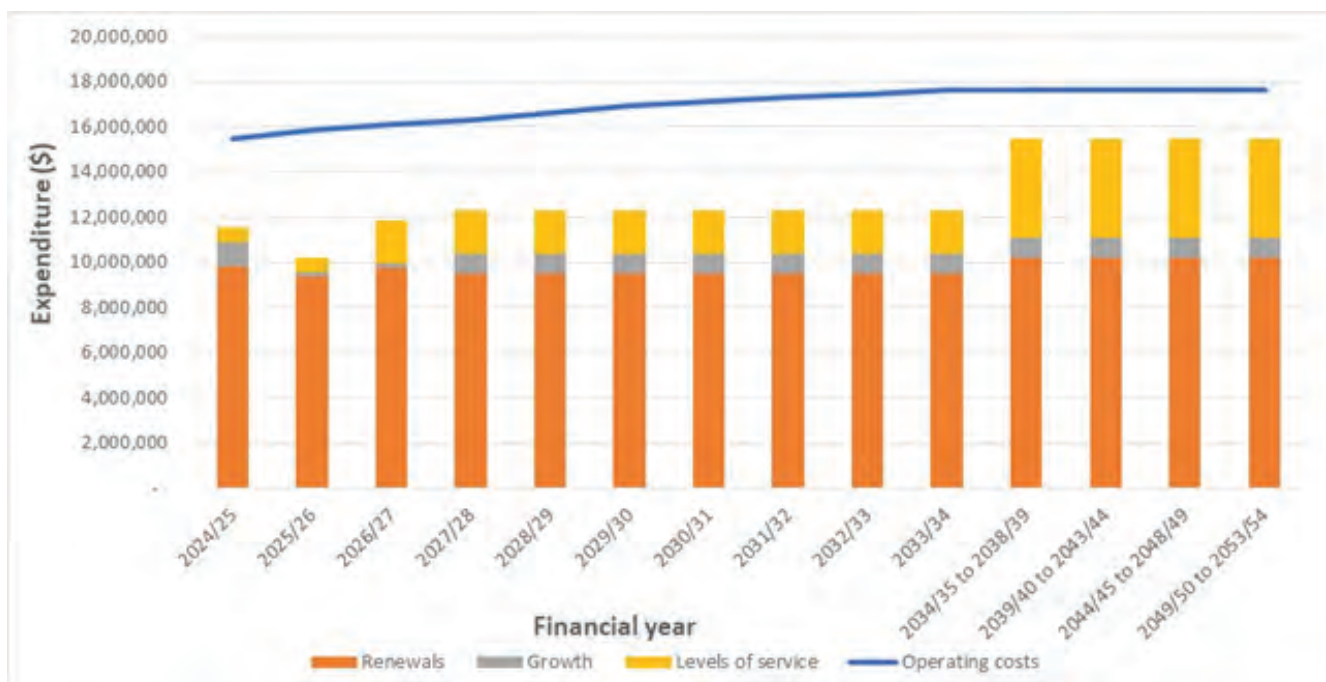
Figure 23 presents the expenditure forecast for transport, based on the following assumptions:

- NZTA/Waka Kotahi will continue to provide us with subsidised funding for the road network over the next 30 years at the current levels.
- We will continue to fund at the levels in the Long-term Plan and 10 year forecasts stated in our Long-term Plan.
- We will provide services at the levels forecast in our Land Transport Activity Management Plan and Long-term Plan.

Over the next 30 years it is expected that Council's major capital expenditure items include:

- \$5.4 million to reseal 7% (Council to confirm) of our roads each year for the next 30 years to ensure assets renewed sustainably.
- \$11m to replace the large culverts in poor condition.
- Local road improvements to address safety issues at \$62 million.
- Upgrading of the footpath network to cater for range of users at \$18 million.
- Strengthening the resilience of bridges including component replacements at \$19.8 million.

Figure 23 Transport expenditure forecasts (uninflated)

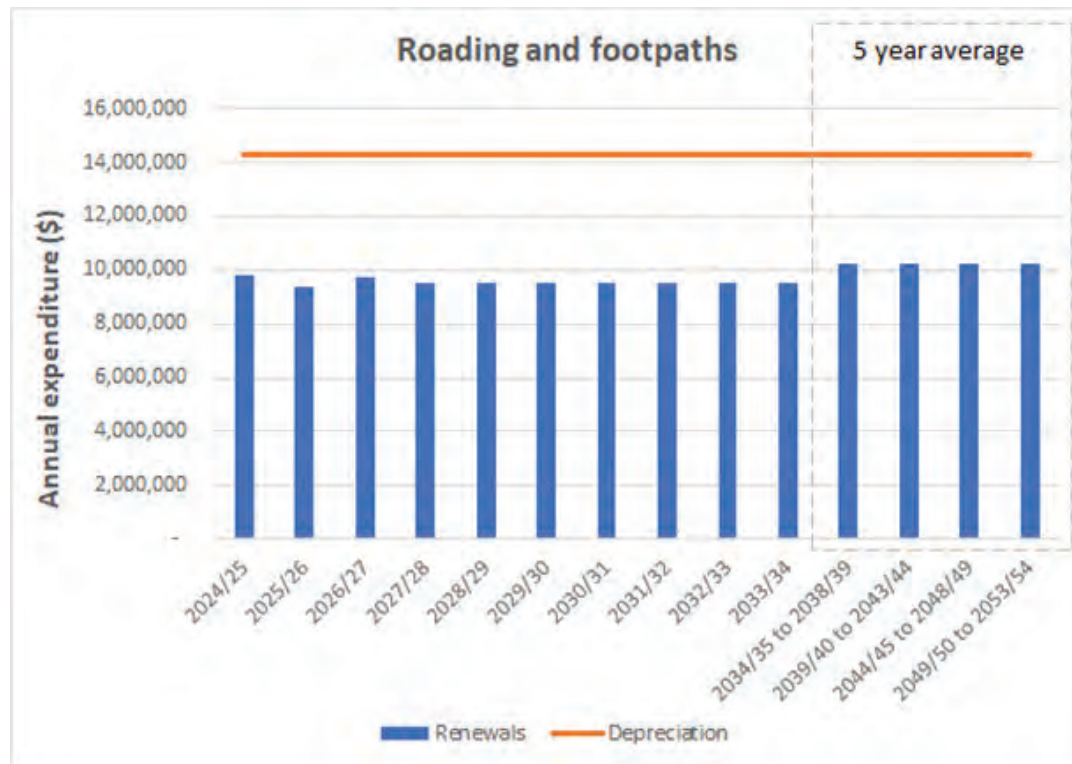


Source: RLC final LTP budget (as at March 2024)

Note: Depreciation has been excluded from the operational expenditure.

Figure 24 shows that our forecast renewal expenditure of \$9.9 million does not match the annual depreciation of \$14.3 million. We intend to review this difference between the level of renewal investment and depreciation to inform the next Long-term Plan.

Figure 24 Transport renewals versus depreciation (uninflated)



5.5.3 Funding this activity

We fund our land transport services from a range of sources:

- NZTA/Waka Kotahi subsidies (FAR).
- Targeted rate based on land value.
- Fees and charges for road corridor access applications.
- Other funding sources.

6.0 Financial Summary

6.1 Decisions we expect to make

We will need to make a number of key decisions over the duration of our strategy. Some of these decisions will be significant to the District and some will not. Key decisions and action that will need to be taken by elected members over the next 30 years includes

Table 29 Summary of key decisions

District infrastructure issues	Key issues	Discussion / management response
Three waters	We will implement the water supply, wastewater and stormwater capital projects to enable growth as per the Future Development Strategy.	This is conditional on Long-term Plan budgets being adopted then the water supply, wastewater and stormwater capital works can be implemented.
Wastewater	We will implement the Sustainable Forest Approach once the alternative treated discharge point is agreed and consent conditions are known.	This is conditional on sufficient budget secured in the 2024 Long-term Plan.
Stormwater	Investment in stormwater quality will be required as part of the resource consent (currently being processed).	This is conditional on Long-term Plan budgets being adopted then the stormwater capital works can be implemented.
Land transport	We will implement the Road to Zero Strategy to prioritise safety risks across the network holistically.	Revising the Road Safety Programme is part of ongoing network management.
	We will continue with our maintenance and renewal programmes that target interventions at appropriate levels consistent with good industry practice and meeting agreed levels of service.	This is a current practice and will continue. This option is shown for completeness and therefore no formal Council decision is required.
	We will continue to monitor the high lake levels at Rotomā and Rotoehu and the impact on access to properties.	Council decision on a long term solution for the properties with restricted properties. The solution may not necessarily be infrastructure related.

Further detail is provided in each activity significant issues and options tables.

6.2 Summary of key financial assumptions

The financial assumptions for the most likely scenario for the District are as follows:

- There will need to be significant expenditure in the long term to meet higher environmental standards for wastewater discharges.
- There will need to be significant expenditure in the long term to meet requirements for the management of three waters.
- We will maximise the useful and economic lives of our assets.

- We will use risk management practices to maximise assets and the management of risk of a critical asset failing.
- Climate change impacts will increase, requiring better management of assets.
- There will be increased costs for the acquisition, implementation, compliance and monitoring of resource consents.
- NZTA/Waka Kotahi will continue to provide subsidised funding to the Council for the road network over the next 30 years at the current level.
- Significant operational and capital costs to remediate weather damaged assets, particularly the impact on the roading network. We will continue to apply to NZTA/Waka Kotahi for emergency funding for flood damaged roads.
- The Development Contribution Policy (2022) only covers three waters assets (under review for land transport and other infrastructure assets).
- The proportion of capital projects allocated to growth and service level drivers is consistent with the Development Contribution Policy (2022).
- The inflation factors beyond the first 10 years in the 2024 Long-term Plan have been extrapolated.
- All financial information presented in our strategy includes inflation, except for the graphs which present the renewal and depreciation expenses.

6.3 Funding depreciation

Figure 25 shows the annual renewals of \$23 million versus annual depreciation of \$29.5 million for the combined core assets. This shows that the forecast renewal expenditure for all activities is less than depreciation over the 30-year period. The gap is mainly due to wastewater and land transport renewals less than annual depreciation at this point in time.

Figure 25 Combined renewals and depreciation (uninflated) 2024-2054



6.4 Financial forecasts

Table 26 shows the total expected capital and operational expenditure for each infrastructure activity over the 30-year period 2024 to 2054.

Table 26 Expected total operating and capital expenditure (inflated)

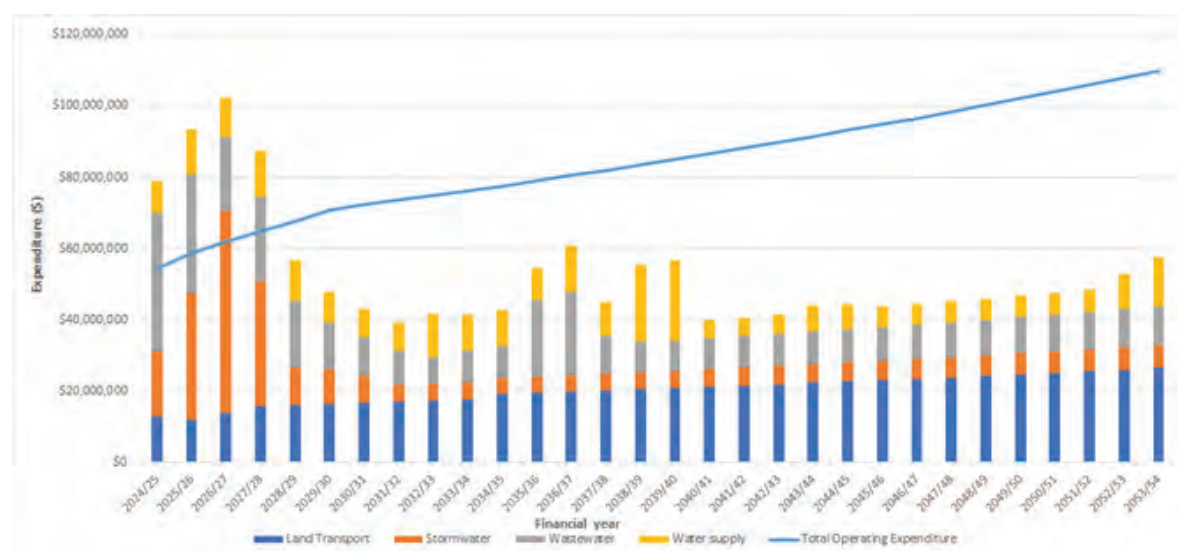
Activity	Capital expenditure	Operational expenditure
Water supply	284,280,017	544,408,576
Wastewater	402,750,646	1,051,415,191
Stormwater	293,938,574	234,278,007
Land transport	608,542,892	701,531,658
Total	\$1,589,512,129	\$2,531,633,432

Source: RLC LTP budget (as at June 2024)

Note: Depreciation has been excluded from the Operational Expenditure in the amount of approximately \$30 million per annum and is on par with the renewal forecast. The operating depreciation differs to the asset valuation depreciation slightly due to corporate modelling adjustments.

Figure 26 shows the most likely scenario for total operating and capital expenditure for combined assets.

Figure 26 Combined infrastructure operational and capital forecast (uninflated) 2024-2054



Source: RLC final LTP budget (as at March 2024)

The breakdown by capital categories for each activity over the 30-year period 2024 to 2054 is summarised in the table and figure below. This shows that renewals are 60% of the total capital expenditure followed by levels of service at 22% and growth at 18%. Note that the operational expenditure totals include overheads and finance costs but excludes depreciation costs.

Table 31 Combined capital expenditure by category (inflated)

Activity	Capital Expenditure			Operational Expenditure
	Renewals	Growth	Levels of Service	Operating
Water Supply	\$165,214,645	\$82,699,685	\$36,365,687	\$544,408,576
Wastewater	\$252,860,400	\$27,546,748	\$122,343,498	\$1,051,415,191
Stormwater	\$126,430,200	\$142,773,124	\$24,735,250	\$234,278,007
Land Transport	\$404,500,849	\$35,059,130	\$168,982,913	\$701,531,658
Sub Totals	\$949,006,094	\$288,078,687	\$352,427,348	\$2,531,633,432
	\$1,589,512,129			
Total	\$4,121,145,561			

Source: RLC final LTP budget (as at June 2024)

Figure 27 Combined capital expenditure by category (uninflated)



Source: RLC LTP budget (as at March 2024)

Over the next 30 years it is expected that:

- Planned expenditure on renewals across all infrastructure activities is generally constant.
- Significant capital expenditure to enable growth in the first four years, particularly stormwater (with external Government funding).
- The Rotorua Wastewater Treatment Plant upgrade in the first two years takes a large portion of the capital expenditure programme (growth).
- Transport capital expenditure to enable growth over the 30-year period.
- Resealing about 7% of our roads each year for the next 30 years to ensure assets renewed sustainably.

6.5 Funding implications

There are funding implications from significant capital expenditure in this first 10 years to meet the:

- Higher environmental standards
- Upgrading the Rotorua Wastewater Treatment Plant
- Ensure our land transport network is preserved
- Investment in stormwater capacity to facilitate development and population growth
- To ensure our networks are resilient.

The largest change since the 2021 Infrastructure Strategy is the greater investment in the transport network (opex and capex), and the Rotorua Wastewater Treatment Plant upgrade. The impacts of these investments are:

- Increase in annual depreciation for the wastewater treatment plant once upgraded.
- Outsourcing of the operational management and day to day risk for the wastewater services.
- Increased operational requirements to cover the maintenance and improvements in pavement condition and road drainage.
- Increased capital expenditure for the transport network to support growth.

This is discussed in more detail in our Financial Strategy.

7.0 Assumptions and Uncertainty

7.1 Uncertainty and implications

In developing this strategy, we have identified a few things that we do not know. This uncertainty has a flow-on effect on the identification of issues, options for dealing with issues and how we can best respond.

The identified areas of uncertainty are:

- Legislative changes, National Policy Statements and National Environmental standards and meeting regulator requirements that may require significant changes to the way we plan, manage and fund the infrastructure.
- The impact of the Government's alternative proposals for three waters assets.
- The current water take consents for the Eastern, Central and Hamurana Kaharoa areas may not be renewed at the current abstraction limits in terms of quantity. This may require new source /s to be developed with associated capital cost implications.
- Future stormwater consent conditions may require us to be more proactive in stormwater quality management than current practices.
- The conditions and cost implications of the future resource consents for the treated effluent wastewater discharge point.
- The effect of climate change on RLC's infrastructure. As Council develops its understanding of the impact from climate change, the long-term response will need to be adapted for how to manage those effects on the infrastructure.
- Further work is required to understand what years 11-30 look like across the infrastructure classes as at the moment there are gaps in information which do not give certainty of what the future is expected to look like. We intend to gather evidence particularly the condition of our critical assets in the next three to 10 years. This will help us develop robust and risk-based renewal programmes.
- There are various levels of reliability of information across infrastructure activities. Gaps have been identified (refer to Section 4.5).

7.2 Key planning assumptions

This strategy is based on the following assumptions:

Table 28 Significant assumptions

Significant assumption	Level of uncertainty	Impacts	Mitigation
Vision: That our vision will apply for the duration of this 30-year strategy.	Low	The various planning documents will need to be reviewed and realigned with any new vision.	Any significant changes will likely occur with the Long-term Plan three yearly cycle so adequate time to make changes.
District population - Our District population is projected to continue growing, reaching approximately 90,800 by 2051 (based on the baseline scenario).	Medium	Population growth is significantly higher than forecast in a localised area, putting pressure on infrastructure. Or population significantly declines resulting in under-utilisation of infrastructure.	RLC will continue to monitor population change in the district. RLC will continue to monitor and update as things change at district level and regionally. Planning tools such as master plans for three waters and transport modelling are used to with the latest growth predictions.
Lakes co-management - We will continue with our partner organisations Te Arawa Lakes Trust and Bay of Plenty Regional Council to ensure the integrated management of our lakes.	Medium	Rotorua Te Arawa Lakes are important for our District and co-management is vital for holistic and long term approach.	RLC will continue to foster the partnership as there are significant long term benefits to the District, regionally and nationally.
NZTA/Waka Kotahi funding assistance - NZTA will continue to provide us with subsidised funding for the land transport network over the next 30 years at current levels.	Medium	There is risk that sufficient funds will not be available to pay for planned capital projects.	This is an established and mature process and plenty of opportunities to negotiate.
Levels of service - Levels of service are defined in the Activity / Asset Management Plans for each activity, to meet legislative requirements and agreed to / accepted by the communities. Given financial pressures and the challenges faced by RLC, there is no intention to alter them.	Low	Significantly enhanced service levels are demanded by the community or imposed by the government. This will lead to additional cost and / or resourcing requirements.	RLC regularly monitors existing service provision within its operation on a day to day basis. Minor changes may be made to service levels where budget, contracts and resources allow. Major changes in service levels will be confirmed with the community through the Long Term Plan process.
Delivering the customer outcomes - Activity / Asset Management Plans will test the affordability of delivering the customer outcomes.	Low	Any significant customer outcomes are generally shared in national industry forum such as Te Ringa Maimoa as common across local government.	The asset management planning process is relatively mature and is the acceptable industry mechanism for testing service levels, risk and financial forecasts with the community.
Asset lives - RLC will maximise the useful and economic lives of our assets.	Medium	This will impact on the timing of replacements and the amount of rates collected for funding depreciations.	Continue to analyse the useful lives of the major asset classes as new information becomes available, with focus on the critical assets.

Risk management practices - Council will use risk management practices to maximise assets and the management of risk of a critical asset failing.	Medium	Large number of customers and critical facilities such as schools and hospitals may experience unacceptable outages.	Continue to monitor the performance of critical assets with targeted maintenance and renewal strategies.
Three waters proposals - Legislation with the three waters reform will have a significant impact on these activities and at a rapid pace.	High	The three waters proposals will impact service delivery. It is unclear which direction the new Government will take with service delivery options and management structures. Funding three waters investment needs remains a significant issue nationally.	RLC will keep up to date with the Government's Local Water Done Well Policy and evaluate options as information becomes available.
Climate change - Climate change will affect our District over the medium to long term in line with projections provided by the Ministry for the Environment.	Medium	The effects of climate change are more severe than expected, resulting in additional costs to mitigate impacts and increasing damage to Council infrastructure.	Council activities will build appropriate mitigation responses into infrastructure development. RLC will implement its Climate Action Plan (2021) including the impacts on infrastructure assets.
Abstraction limits - The current water supply consents for the Eastern, Central and Hamurana Kaharoa areas will be renewed without any reduction from the current abstraction limits, and all those consents expiring in the next 10 years.	High	Alternative supplies and / or storage many need to be investigated if consent not rolled over.	Continue with water loss management programmes to reduce demand to demonstrate to the Regional Council using water wisely. Continue with seeking joint resource consents with iwi to enable and share their aspirations for the management of the water source and surrounding whenua into the operational management of water supply.
Universal water metering - Universal water metering will not be adopted unless supported by strong business case.	Medium	This may be a requirement by Regional Council for new resource consents. It may also be a future requirement for securing any external funding.	Continue with implementing existing metering policy consistently coupled with education programme on water conservation.
Resource consents - There will be increased costs for the acquisition, implementation, compliance and monitoring of resource consents.	Medium	Additional resources may be required to meet increasing compliance requirements. This will result in additional operational costs for the activity.	Monitoring of compliance with existing resource consent conditions will provide a compliance for future processes. Work collaboratively with the Regional Council and Taumata Arowai on pragmatic monitoring programmes.
Wastewater investment - There will need to be significant expenditure in the long term to meet resource consent requirements for wastewater discharges.	High	The investment requirements may be unaffordable for our community and may not provide good environmental outcomes.	Work with our long term partner on cost effective options to manage the asset risks.
Lake Rotorua nutrient management - We will work towards offsetting the increasing level of nitrogen in the urban discharge through nitrogen discharge allocations.	High	The total load of nitrogen to the lake increases. The Regional Council enforces Plan Change 10 with RLC for its actions from the Rotorua treatment plant.	Continue to investigate charging an environmental fee (or a transfer of nitrogen in lieu of payment) that will be used to offset the increasing load of nitrogen in the treatment plant discharge as the population and community grow.

8.0 Strategy Improvement

The key improvement tasks identified through the development of Council's 2024 Infrastructure Strategy are summarised in the table below. This is part of continuous improvement process and will ensure that Council is best prepared for the 2027 Infrastructure Strategy. These actions should be read in conjunction with the technical improvement tasks provided in the Asset Management Plans.

Table 33 Strategy improvement actions

Strategy element	Improvement actions	Activity	Timeframe	Priority
Policy	Align RLC's investment programmes and supporting Activity Management Plan (2027) to the strategic priorities in the new Government Policy Statement on Land Transport once adopted in 2024.	Land transport	2024/25 to 2026/27	H
Scope	Consider widening the scope of the 2027 Infrastructure Strategy to cover non-core infrastructure assets such as sports, recreation and environment, facilities and waste services.	Open spaces, facilities, solid waste	2026/27	M
Strategy document	Continue to enhance the strategy document with Audit New Zealand suggestions and against best practice guidelines. This will improve the presentation of infrastructure information for our community to understand and make decisions upon.	All	2026/27	M
People capability	Develop a Workforce Capability Plan to cater for exit plans and succession planning.	All	2024/25 to 2027/28	M
Growth / funding	Review the Development Contribution Policy to assess if the scope should be widened to cover land transport and other infrastructure assets such as parks.	All	2024/25 to 2026/27	H
Asset renewals	Review the level of land transport renewals compared to annual depreciation so the activity is sustainable.	Land transport	2025/26 to 2026/27	H
Environmental management	Explore options to increase nitrogen discharge allocations in future.	Wastewater	2024/25 to 2026/27	H
Asset lifecycle management	Outline the asset lifecycle management approach (and beyond the strategy's 30 year horizon) at activity level in the 2027 Infrastructure Strategy.	All	2026/27	M



Appendices

Environmental Strategy

PART 1: Our present - Where we are at

1.1 Purpose of the strategy

Nature and biodiversity support life and wellbeing, and the health and wellbeing of our community is intrinsically linked to and reliant on the natural environment. Nature and biodiversity, the biological and genetic diversity of all living things and ecosystems, underpin our economy, society, and our very existence. We rely on forests, rivers, lakes, oceans, and soils for the food we eat, air we breathe and water we drink for our health, happiness and prosperity - our wellbeing.

The purpose of this document is to describe Rotorua Lakes Council's (RLC) strategy for contributing to the restoration and protection of the environment, and mitigating the environmental impacts and risks, associated with our infrastructure, services and activities. The Environmental Strategy describes:

- RLC's approach to managing our programmes and practices in a way that protects and restores our environment and contributes to Council's community outcomes and environmental wellbeing.
- How RLC delivers its work to meet its current and anticipated future legislative obligations, in relation to environmental risk mitigation.
- RLC's approach to including environmental factors and considerations into decision-making.

We have developed four strategic themes that form the overall Environmental Strategy, as shown below.

Figure 1 Environmental Strategy - strategic themes

Strategic Themes, Actions and Change			
Working together and connecting people to enhance biodiversity and restore ecosystems in public places	Mitigating public infrastructure impacts on the environment	Promoting and enabling waste minimisation	Mitigating Council's carbon footprint and improving climate resilience

The Environmental Strategy provides a 30 year blueprint for our district to ensure we are meeting our current and anticipated future legislative obligations in relation to environmental risk mitigation and delivering outcomes for our current and future communities in a way that contributes to environmental wellbeing. This strategy informs the 30 Year Infrastructure Strategy and technical Asset Management Plans, both of which are used to implement strategic actions.

The strategy scope includes the following council activities (assets, services, and regulation):

- Open space and recreation.
- Three waters.
- Solid waste.
- Land transport.
- District development.
- Council property and corporate functions / footprint including offices and fleet.

The strategy scope excludes activities and regulation outside of RLC's scope and responsibility.

1.2 About us in our environment

The volcanic landscape of lakes, calderas and geothermal features in Rotorua is unique. The region includes 18 lakes, three major rivers and seven geothermal fields. The total size of the Rotorua district is 261,906 hectares which today consists of 41% forest, 43% agriculture and 8% lakes.

According to oral history, many Rotorua residents trace their ancestry to Tamatekapua, the captain of the Arawa waka that arrived in New Zealand. Kahumatamomoe, a Te Arawa ancestor, journeyed inland where he discovered Lake Rotorua and settled. The Rotorua township was established over one hundred years ago, with the signing of the Fenton agreement between the Crown and Ngāti Whakaue on 25 November 1880.

Rotorua continues to have a strong Te Arawa culture and is considered a centre for Māori culture and expression. A partnership agreement with Te Tatau o Te Arawa, which represents the collective interests of Te Arawa, captures our shared vision and goals and our intention to build an enduring partnership that is beneficial to the Rotorua community. The partnership with mana whenua is embedded in the way RLC works.

Today the Rotorua District is home for approximately 78,000 people (estimated as at 30 June 2022). The geothermal features and the ready access to the environment with lakes, forests and rural landscapes, are highly valued by the community and attract many visitors. The history and cultural identity and strength of our community's connection to nature makes our district unique. Environmental stewardship is vital for preserving our district and part of our DNA.

1.3 Strategic context

1.3.1 Key legislation

There is multiple legislation and national plans that we must comply with in managing our infrastructure assets and services we provide for our community. The key existing legislation impacting the four strategic themes is shown in the table below. It is noted that while key environmental legislation is undergoing change, it is anticipated that future legislation will follow international trends and give effect to international agreements that require environmental protection.

Table 1 Key existing legislation for strategic themes

Key Legislation	Strategic Theme 1	Strategic Theme 2	Strategic Theme 3	Strategic Theme 4
Resource Management Act (1991) and amendments				
National Policy Statement for Freshwater Management (2020) regulations and Te Mana o te Wai				
Water Services Act 2021				
National Environmental Standard – Biodiversity				
Waste Minimisation Act (2008)				
Te rautaki para Waste strategy (2023)				
Climate Change Response (Zero Carbon) Amendment Act 2019				
Emissions Reduction Plan (2022)				
National Adaptation Plan (2022)				
KEY:	Minimal (if any) impact	Direct impact	Partial impact	

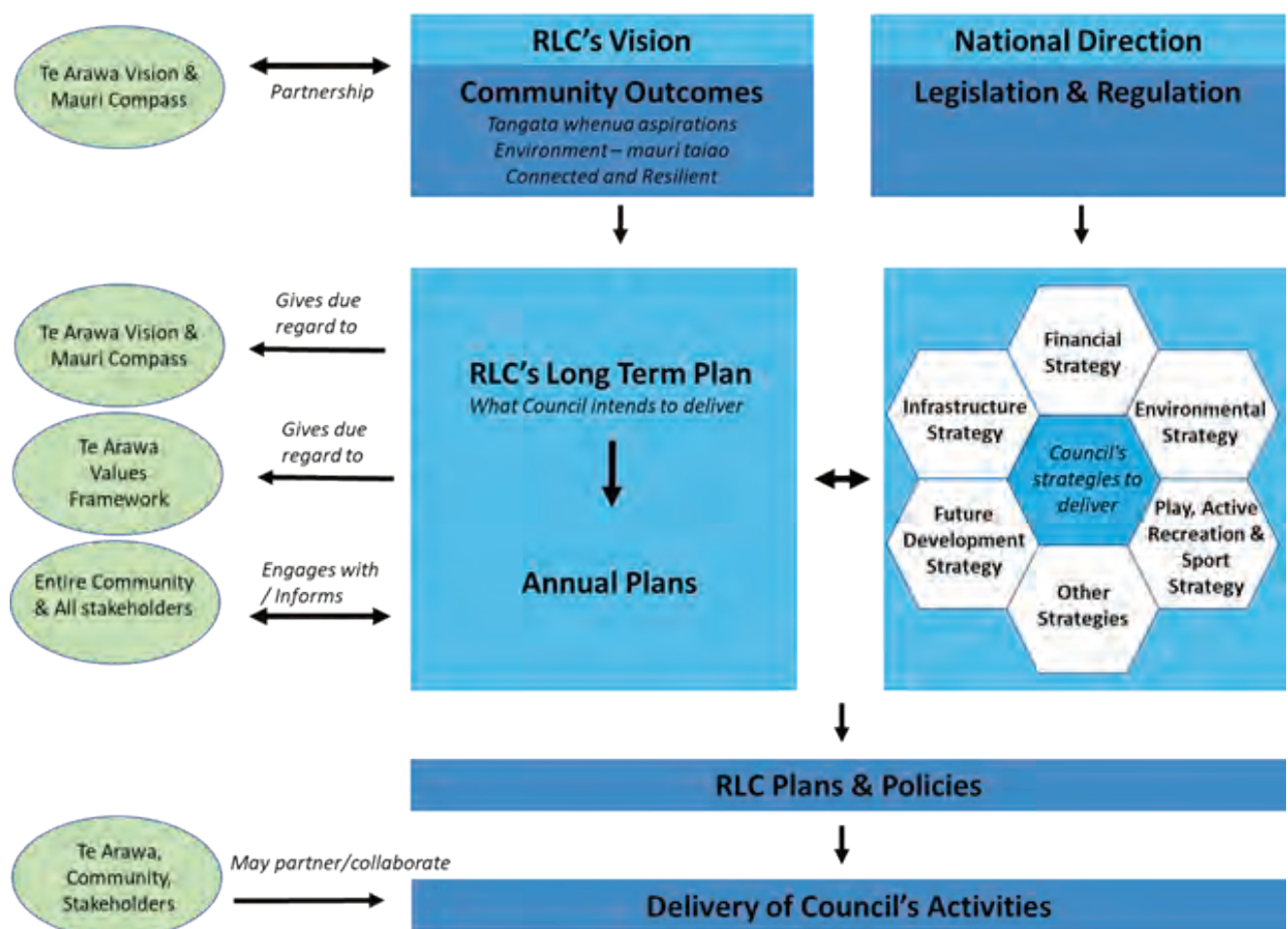
1.3.2 Strategic linkages

The relationship between Council's Community Outcomes, Strategies and how they guide Council's policies and plans and the delivery of activities is shown in the framework diagram below.

It also shows how RLC's strategies including the Environmental Strategy align and give due regard to Te Arawa's Vision 2050 and Te Tūāpapa o ngā Wai o Te Arawa - Te Arawa's Cultural Values Framework, which articulate the long-term aspirations for the Te Arawa Lakes.

RLC seeks to continue developing the Rotorua district in a way that responds to growth and at the same time retains and works to enhance the unique character of our place that is special to us all. RLC identified nine Community Outcomes (draft and still to be adopted as part of the 2024 Long-term Plan). Council's Strategies and Long-term Plan aim to deliver Council's community outcomes.

Figure 2 Strategic linkages framework diagram



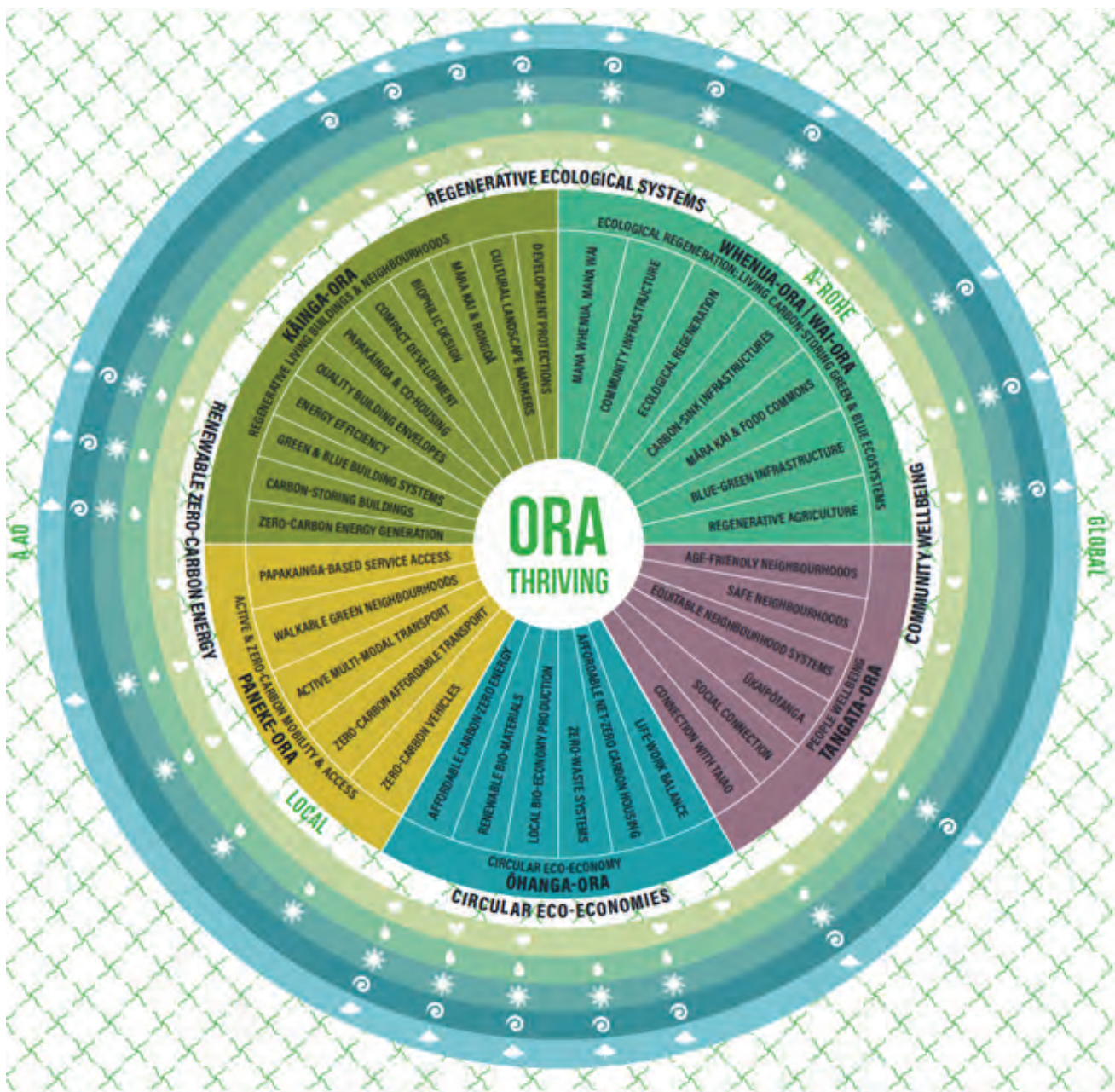
1.4 Environmental and Community Wellbeing

The Te Arawa 2050 Vision is: ***Mauri Tū, Mauri Ora, Te Arawa E!***

It refers to the optimal growth and wellbeing of culture, people, place, environment, economy, innovation, leadership, and unity and collaboration for all within the Te Arawa rohe. “This vision is guided by the words of our ancestor Houmaitawhiti”. Seven strategic themes have arisen, each with its own whāinga tawhiti and strategic objectives for 2050.

People flourishing across all measures of wellbeing is a priority of the Te Arawa 2050 Vision. A Te Arawa values-based model for housing was created with the wellbeing of people, culture and the taiao at its core to help meet this priority.

Figure 3 Mauri Well Being Compass (from <https://tetatauotearawa.rocketspark.co.nz/documents/>)



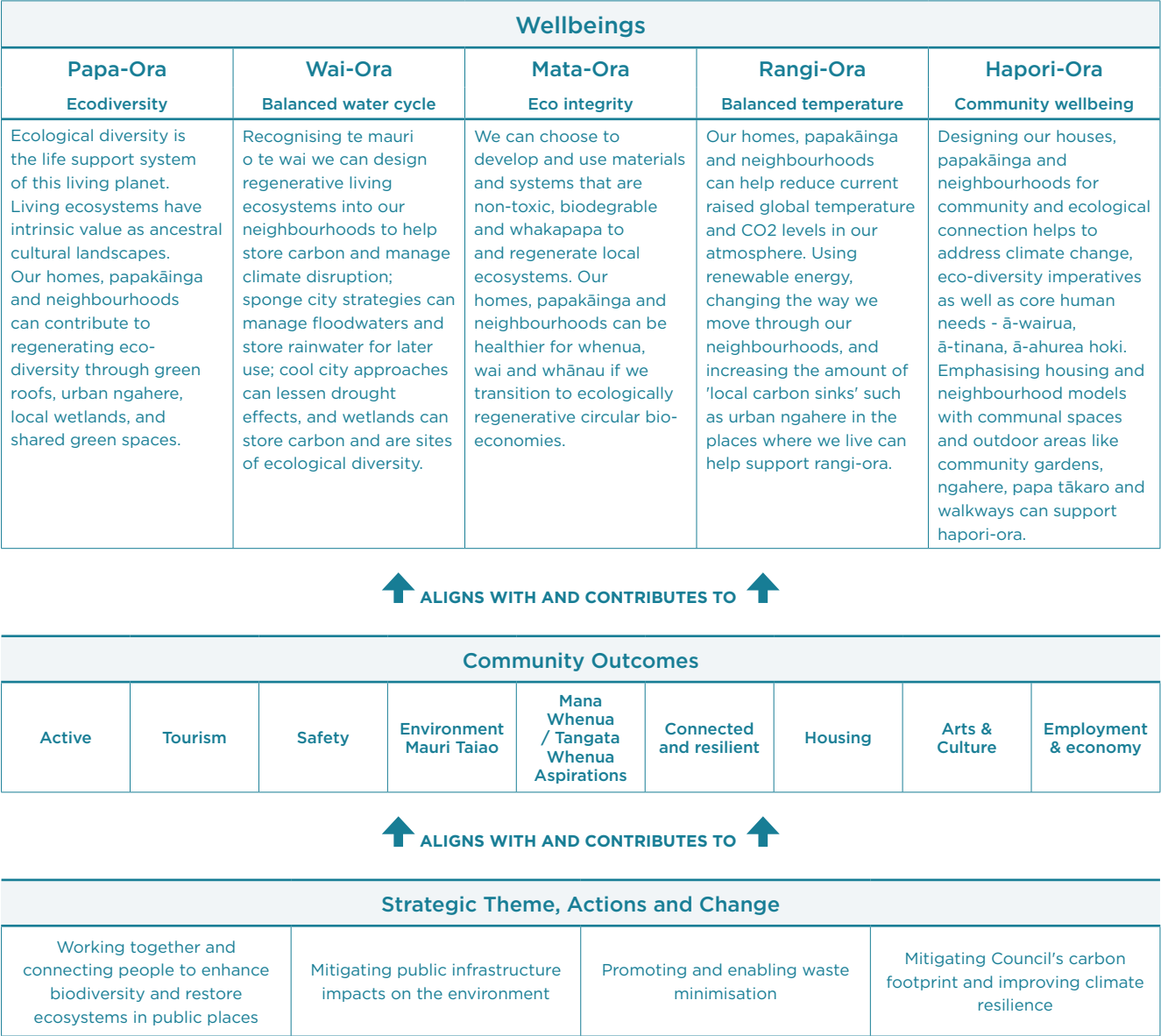
The Mauri Well Being Compass is underpinned by the five planetary wellbeing below. The environment is centric for achieving wellbeing.

- Papa-Ora / Eco Diversity.
- Mata-Ora / Eco Integrity.
- Ranga-Ora / Balanced Temperature.
- Wai-Ora / Balanced Water Cycle.
- Hapori-Ora / Community Wellbeing.

Alignment and contribution to environmental and community wellbeings

Each of the four strategic themes aligns with, and contributes to, both the Te Arawa Vision 2050 and Wellbeings and RLC’s Community Outcomes as shown below.

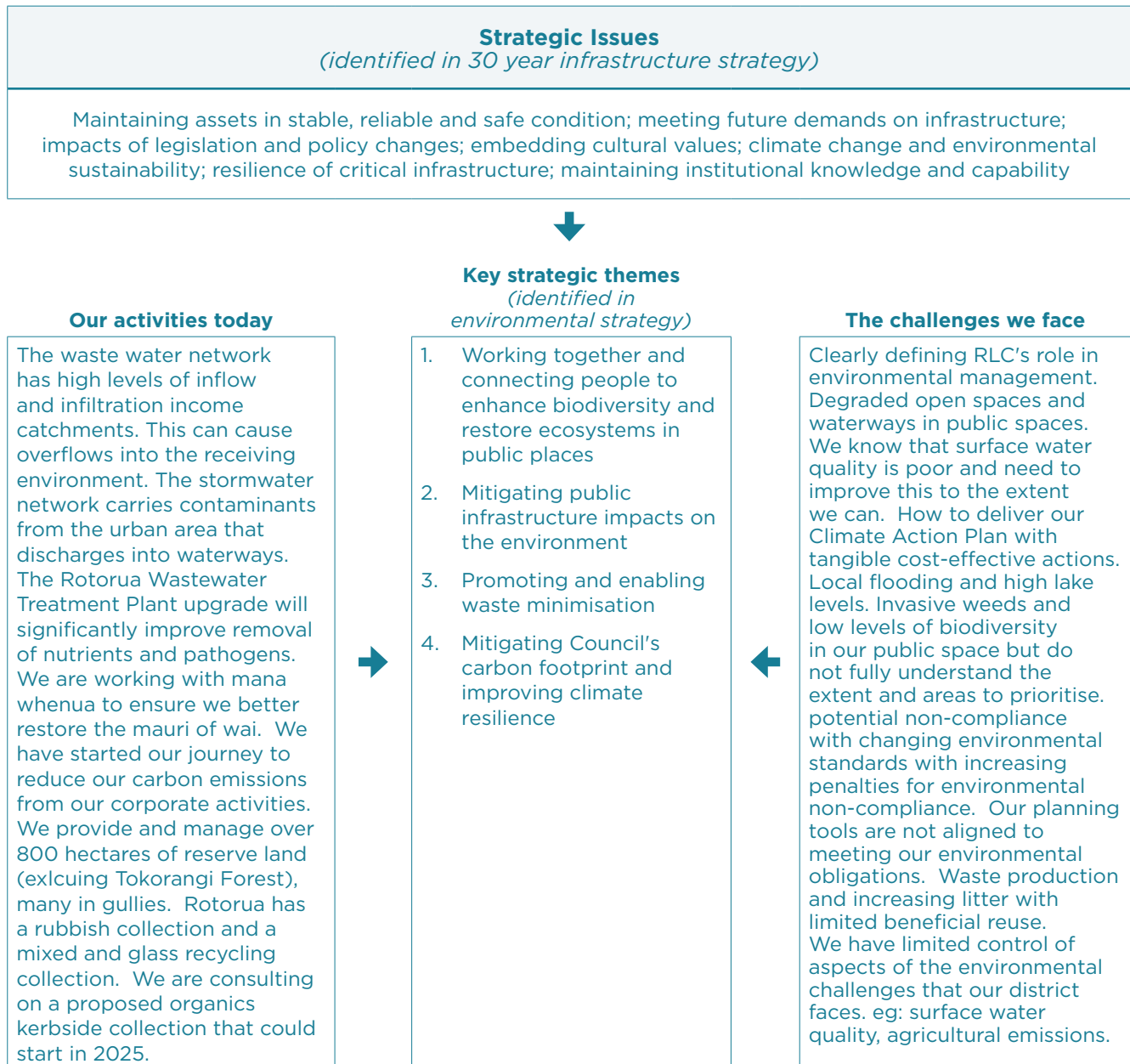
Figure 4 Alignment of the Environmental Strategy with Council’s Community Outcomes and with Te Arawa Aspirations for Environmental and Community Wellbeings



1.5 Challenges

The environmental challenges we are facing are shown in the figure below including the link to the strategic issues identified in the 30 Year Infrastructure Strategy.

Figure 5 Environmental challenges



1.6 Roles and responsibilities

Central Government, Regional Councils, District Councils, Iwi and Hapū and individuals all have a role to play in environmental management. The functional roles and responsibilities at governance level are shown in the figure below.

Figure 6 Key functional roles by lead agency

National Level - Central Government	Regional Level - BOPRC	Local Authority - RLC	Iwi and Hapū responsibilities
- Provides national direction for environmental issues - Develops legislation, standards and policy for environmental issues - Prepares guidelines that identify targets for environmental outcomes	- The integrated management of the natural and physical resources of a region - Discharges of contaminants to land, air and water - Develops and upholds the Regional Policy Statement and Regional Plan to identify issues and set objectives, policies, methods and rules for resources including: » Soil conservation » Water quality and quantity » Biodiversity » Natural hazards » Contaminants - Regional land transport strategy (including public transport) - Monitors the state of the environment across the region	- Develops and upholds the District Plan to set objectives, policies, methods, rules and standards for resources including » Ensuring there is sufficient development capacity for residential and business use » The environmental effects of land use » Controlling land use in respect of natural hazards, contamination and indigenous biological diversity and subdivision » Responsible for local roads, footpaths, street lighting, road safety and parking - Responsible for providing safe drinking water, wastewater and stormwater - Community wellbeing services (economic development, airport, libraries, arts and culture, sports and recreation) and advocacy to support the community	- Mana whenua and, through Te Tatau o Te Arawa, partners with RLC - Kaitiaki and owners of significant natural resources - Partners, community leaders and contributors to the delivery of Council / community infrastructure and services - Through Te Arawa Lakes Trust, owners of the Te Arawa lake beds and partners with RLC and BOPRC in the Te Arawa Lakes strategy

2.1 Strategic theme 1 – Working together and connecting people to enhance biodiversity and restore ecosystems in public places

Introduction

This theme acknowledges He Mahere Taiao and the interconnectedness between indigenous species, ecosystems, water, the wider environment, and the community, at both a physical and metaphysical level. Ecological diversity is the life-support system of this living planet. The health and wellbeing of people and communities are dependent on the health and wellbeing of nature and people have a collective responsibility to care for and nurture it.

Theme 1 - Where we are now

The current state of the health and wellbeing of nature in our district is:

- There is a significant level of open spaces including the lakes, local reserves, the Whakarewarewa forest, conservation land.
- Our community is increasingly involved in ecological restoration with indigenous vegetation throughout the district. Council continues to develop relationships with iwi and hapū and community groups in the management of public spaces – we have Protocol Committees, Reserve Committees and Recreation Management Groups.
- We have low levels of indigenous biodiversity in the urban area with amenity grasses and introduced vegetation dominating much of our open public space.
- Biodiversity has been restored in the esplanade strips to create ecological corridors along the Ngontotaha Stream and work is beginning along the Utuhina Streams.
- Overland flow paths are modified and we have a stormwater network to protect our houses from flooding. We have piped flow paths in some places where there is potential to have day-lighted and/or naturalised overland flow paths.
- Some of our streams banks are planted and protected we still have areas of rural and urban land contributing to sediment build up in stream beds and river mouths that is impeding land drainage.
- Open space esplanades have limited native planting and riparian revegetation is required in many areas.
- The extent of urban canopy and cover provided by large shade trees is reducing.

Theme 1 - Where we want to be

We want to aim for nature in public spaces controlled by RLC supporting the health and wellbeing of our communities through:

- Our shared open spaces are contributing to eco-diversity (papa-ora), to eco-integrity (mata-ora) to balanced temperature (rangi-ora), to balanced water cycle (wai-ora), to community wellbeing (haori-ora).
- Iwi, hapū and local communities have a positive relationship with the places that are important to them.
- District Plan, policies, the Play, Active Recreation & Sport Strategy and the Future Development Strategy are protecting the environment and ensuring the ability of the environment to support people is not being diminished (ie the natural capital is not being exploited and degraded).
- We have a green urban canopy providing shade with a number of quality exotic trees (thanks to our ex Forest Service town legacy) that is transitioning towards succession with native species. Our shared open spaces are becoming diverse native ecosystems that are nurtured, protected, and free of invasive weeds.
- Our gullies and overland flow paths have large trees and tracts of diverse native vegetation preventing erosion providing linked habitats for birds and insects, places for children to play and for people to connect with nature.
- We have effective riparian vegetation along esplanade corridors.
- Small tributaries are naturalised and clean and our larger streams are swimmable.

Theme 1 - What we need to do

To improve the health and wellbeing of nature in public spaces controlled by RLC, we need to take the following steps:

- We need to develop a Memorandum of Understanding with Bay of Plenty Regional Council to capture our shared understanding of the roles and responsibilities of the respective councils related to land drainage.
- We need to develop and maintain great relationships with iwi and hapū (including with Te Arawa Lakes Trust), to ensure matauranga Māori perspectives and cultural knowledge are respected and leveraged, and find more ways work together to establish native vegetation in public open spaces.
- We need to develop and maintain great relationships with broader community groups to leverage their knowledge and efforts, and find opportunities to work together to establish native vegetation in public open spaces.
- We need to develop a Council 'Green Infrastructure' Policy that accompanies the Future Development Strategy to inform and guide District Plan provisions, land development consent conditions, the restoration of degraded open spaces and potential collaboration.

Theme 2 - Where we are now

Our wastewater, stormwater and transport networks are integral to our district and there are aspects of these systems that adversely impact the natural environment. We have been doing a lot of work to improve our public infrastructure and there is still a lot to be done.

During major weather events, our wastewater network can be affected by inflow and infiltration, which results in overflows to the natural environment. Nitrogen in the treated effluent contributes to degradation of lake water quality and levels may increase to exceed the urban allocation limit as the population grows which would mean we would need to offset the additional load.

Our stormwater networks do a great job of conveying rainwater, and in the process of conveying water from urban land it can transport pollution to the natural environment. Contaminants from stormwater include heavy metals and hydrocarbons, and runoff contributes to both sedimentation and scour.

Our transport network is characterised by a reliance on private vehicle use which negatively impacts our carbon footprint. The transport network also impacts the natural environment by contributing to contaminant loading through sedimentation, and plastic pollution through litter movement from carriageways into waterways.

Theme 2 - Where we want to be

We want to aim for industry best practice when it comes to mitigating the impact of public infrastructure on the environment. This means:

- Taking a multi-pronged approach to reducing the impacts associated with the wastewater network.
- Reducing inflow and infiltration in our wastewater network to an acceptable level consistent with industry best practice (or better).
- Putting monitoring and a responsive approach in place associated with our stormwater networks to drive better water quality outcomes.
- Encouraging mode of transport transfer from private vehicles to alternatives for local trips.

Theme 2 - What we need to do

To protect lake water quality, we need to ensure the total amount of nitrogen entering Lake Rotorua from all sources does not increase. As our population grows, we need to offset the increasing level of nitrogen discharged from the Rotorua Wastewater Treatment Plant with an equivalent reduction elsewhere.

To reduce inflow and infiltration, we need to take the following steps:

- Undertake the Victoria Street trunk main upgrade so that it has more capacity and better flow control.
- Undertake the Rotorua Wastewater Treatment Plant upgrade so it will be able to handle peak wastewater flows.

- Commence the inflow and infiltration programme once it is developed.
- Understand areas of high risk to the integrity of pipes and private property to inform decision-making

To drive better water quality outcomes and reduce pollution from our stormwater network, we need to:

- Implement a comprehensive water quality monitoring programme that will provide baseline data, ongoing information on trends, and is robust to trigger action.
- Have a robust programme to investigate and identify the source of contaminants and inform the works required to mitigate - triggered by the water quality monitoring programme.
- Develop a Green Infrastructure Policy (or similar) is covered in Theme 1.

To drive better water quality outcomes and reduce litter pollution from our land transport network, we need to:

- Understand where Littatrap in catchpits or other means of capturing litter and plastics will be effective in urban areas and implement.
- Increase the frequency of catch pit clearing where it is shown to be effective.

To see a shift in the chosen mode of transport away from private vehicles, we need to influence behaviour in our community. To achieve this, we need to:

- Continue to invest in providing transport infrastructure for multi modes especially cycling facilities and mobility access.
- Continue to improve several pedestrian crossings to address safety and interaction between pedestrians and vehicles. This will encourage people to use alternative transport choices.
- Work alongside local hapū, within communities and businesses to understand key issues and design culturally useful solutions and messages.

Our Infrastructure Strategy 2024 provides more detail on our mitigation of the impacts of public infrastructure strategic theme.

2.3 Strategic theme 3 – Promote and enable waste minimisation

Theme 3 - Where we are now

We successfully divert around 48% of our municipal waste from landfill, however our rate of waste to landfill per capita is approximately 200kg/year and has been increasing. More than 50% of the waste we send to landfill is organic material comprised of food and green waste which contributes negatively to our carbon footprint.

Due to many changes in the waste industry, our communities have found it increasingly difficult to understand what can and cannot be recycled. This has resulted in high rates of contamination and more recyclable material being sent to landfill.

Population growth and increased tourism will mean a greater demand on our waste infrastructure. Rotorua is a tourist destination, and it is important that the actions we put in place to reduce our waste are visible and applicable to tourists. The increasing waste volume in Rotorua is not sustainable and new initiatives are required to promote and enable waste minimisation and reduce the per capita waste to landfill.

Theme 3 - Where we want to be

We want to create a low waste, low carbon future for Rotorua. Our goal is to reduce municipal waste generation by more than 50% and improve our diversion from 48% to more than 85%. This involves aiming for the following targets which are set in our 2022-2028 Waste Management and Minimisation Plan and have a six-year horizon:

- Ongoing reduction in municipal waste to landfill.
- Low levels of recycling contamination and a contamination free glass collection.
- Improved accessibility to waste minimisation services.
- Lower the levels of food and green waste going to landfill.
- Lower levels of litter in our environment.

Theme 3 - What we need to do

Consumer behaviour leading to waste minimisation will be influenced by increased consumer awareness as well as policy interventions. To meet our waste minimisation goals we will need to:

- Support and leverage Central Government initiatives to standardise services where appropriate.
- Work alongside local hapū, within communities and businesses to understand key issues and design culturally useful solutions and messages.
- Provide for food and organic waste collection and processing in the district.
- Work towards a Resource Recovery hub and improve availability and access to waste minimisation services.
- Rationalise and optimise the use of litterbins and litter control services in our treasured environments.

Our Waste Management and Minimisation Plan 2022-2028 provides more detail on our waste minimisation strategic theme.

2.4 Strategic theme 4 – Minimising council's carbon footprint and improving climate resilience

Theme 4 – Where we are now

We have developed a Climate Action Plan for the district and we now need to deliver the tangible actions to reduce emissions and climate adaptation that are within council's scope.

Council's corporate emissions (scope 2) have reduced since 2016 thanks to several large projects: we now use geothermal instead of natural gas to heat council's largest buildings, we have closed and capped our inefficient landfill at Atiamuri, and we have changed all our streetlights to energy-efficient LEDs. There are opportunities for further emissions reductions. The changing climate is impacting our community. High rainfall and rainfall intensity is adding risk to public, property and impacting our open spaces and infrastructure. We are using the RCP 8.5 climate change scenario projection 1:100 storm event to inform the stormwater infrastructure requirements for current major stormwater projects. Staff are trained in civil defence and emergency management.

Theme 4 – Where we want to be

- Local infrastructure is supporting the community to achieve net zero emissions by 2050.
- Council's infrastructure is resilient to the future climate.
- Urban development is occurring in locations that will not be impacted by floods and high lake levels and new urban development is not increasing the flood risk.
- People are safe during high rainfall events and surface water is not entering homes or causing roads to be flooded.
- The impacts and costs associated with flood events is minimised as far as practicable.
- There is space for water during intensive rainfall events so people and homes are protected from flooding.
- Control invasive weeds and improve biodiversity on council property (covered as part of the Green Infrastructure in theme 1).
- Urban development is not contributing to an increase in non-renewable energy use for transport (covered to some extent in Theme 2).
- Decarbonisation, energy is being generated from renewable sources, our procurement is sustainable.

Theme 4 – What we need to do

To reduce our emissions, we need to take the following steps:

- Deliver the Rotorua Climate Action Plan actions that are within Council's scope and reconsider the actions that will be required to achieve net zero emissions.
- Provide the infrastructure and services so food and organic waste from the community can be processed.
- Provide an urban shade canopy.
- Ensure new urban development is not at risk in areas at risk of flooding
- Work with BOPRC and communities at risk of flooding to develop a climate response plan.
- Build resilience in our infrastructure and the built environment. Note we have actions in Theme 1 and Theme 4 that will improve nature and ecosystem function and biodiversity that will also help improve resilience to adverse climate.

3.1 Strategic actions and responses to change and challenges

The actions and timing of those over the next thirty years to meet our strategic themes are summarised in the table below. This is an adaptive approach where we are not intending to identify 30 years of actions. These strategic actions will be evaluated every 3 years (See Section 3.2)

Table 2 Timing of action

Strategic theme	Desired outcome	Ongoing / new action
Strategic theme 1 - Working together and connecting people to enhance biodiversity and restore eco systems in public places.		Ongoing
		Some ongoing actions with new strategic approach
		Some ongoing actions with new strategic approach
		New approach
		New
		New
		New
		New

Action description	RLC responsibility	Involvement of partners	Start date	Completion date
Provision and maintenance of public open spaces and a stormwater network.	Infrastructure and Environmental Solutions	NA		
Map invasive weeds on public land in the urban environment and prioritise eradication to inform coordination with ongoing restoration works. Ongoing eradication in highest priority areas in the interim.	Recreation and Open Spaces	NA	2024	2025
Develop a progressive and systematic plan for the restoration of open spaces and revegetation to create ecological corridors from the hills to the lake with collaborators in conjunction with the eradication of invasive weed. Coordinate with associated works to naturalise and protect overland flow paths and 'make way for water'.	Recreation and Open Spaces, Capital Programmes, Land Development	NA	2025	Progressive and systematic - ongoing
From the systematic restoration plan, identify the on-going annual requirements for riparian enhancement. Develop a plan and arrangements to secure riparian planting programmes in public esplanade corridors.	Recreation and Open Spaces, Infracore		2025	Progressive and systematic - ongoing
Develop agreements with mana whenua (including TALT) and other potential community groups to cover working together to establish native vegetation in public open spaces groups, informed by matauranga Māori perspectives and cultural knowledge and location-specific hapū environmental management plans.	Recreation and Open Spaces, Te Amorangi Unit	Te Arawa Lakes Trust, community groups	2024	2026
Identify works required and priorities to daylight stormwater pipes, naturalise and stabilise overland flow paths, channels and drains - to inform coordination of works associated with the restoration of open spaces.	Land Development Engineering, Capital Programmes, 3 waters Services	NA	2024	2025
Build provisions into our District Plan that protect nature, with flexible provisions for an urban canopy, for protecting existing urban shade trees, for incorporating site-specific water sensitive design and sponge city principles, and that align with the Urban Forest approach and the Future Development Strategy.	Policy Planning	NA	Next District Plan review	Next District Plan review
Develop a Council 'Green Infrastructure' Policy that informs and guides District Plan provisions, land development and urban canopy requirements, consent conditions, naturalisation of overland flow paths, and the restoration of open spaces with provisions for collaboration.	Corporate Strategy lead and various council teams	NA	2024	2026

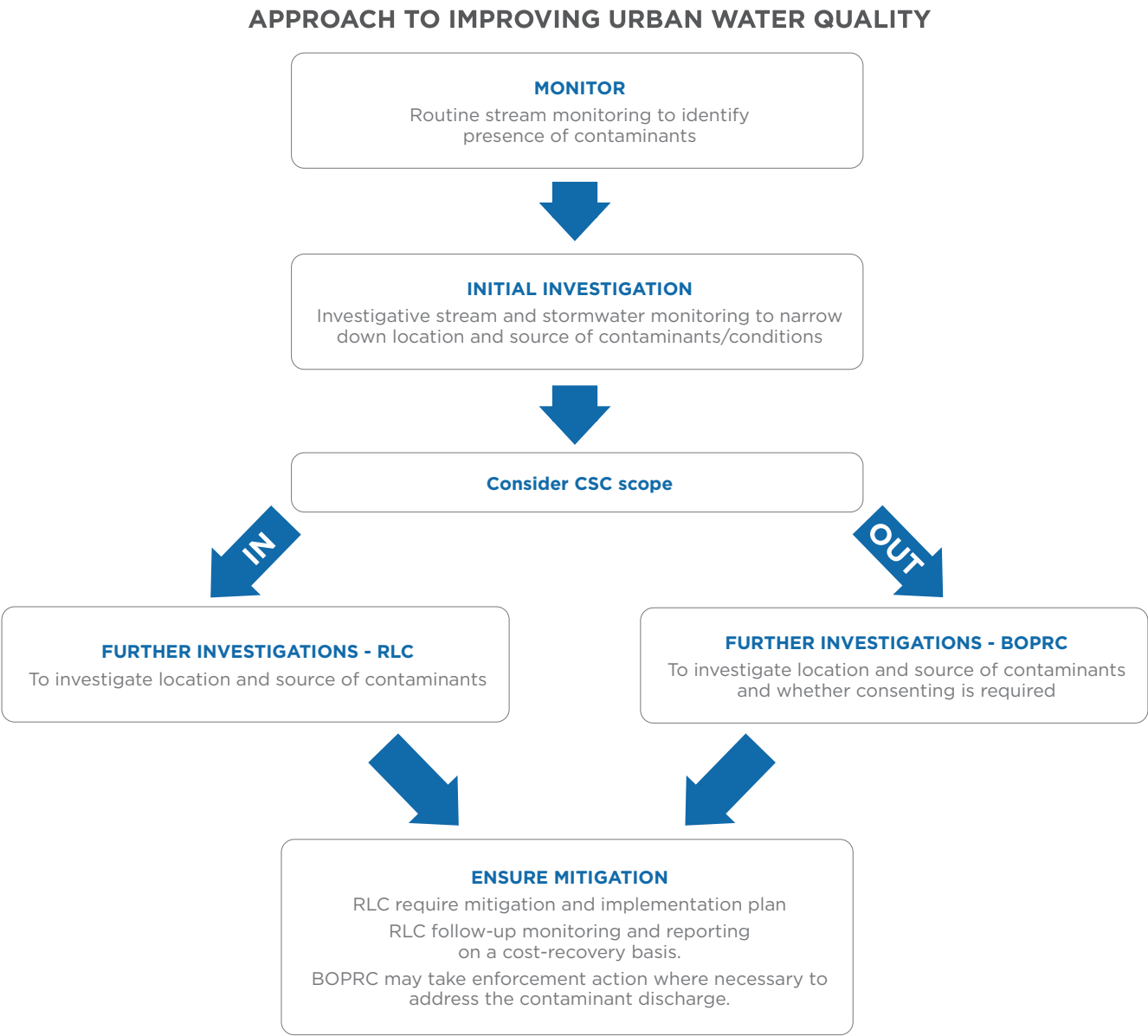
Strategic theme	Desired outcome	Ongoing / new action
Strategic theme 1 - Working together and connecting people to enhance biodiversity and restore eco systems in public places. (continued)		New
Strategic theme 2 - Mitigating public infrastructure impacts on the environment.	Nitrogen levels in the lake do not continue to increase.	Ongoing
	A reduction in pollutants and plastics entering our waterways from the stormwater and roading networks.	New
	Contaminants in urban streams reduced to safe levels.	New approach
		New
	Shared stream water quality information.	New
	Transportation mode shift away from private vehicles for local trips.	Ongoing
Strategic theme 3 - Promoting and enabling waste minimisation	Infrastructure and space that supports opportunities for investment resource recovery and circular economy investment.	New
	Reduce municipal waste generation and increase diversion from landfill.	New
		Ongoing
Strategic theme 4 - Mitigating council's carbon footprint and Improve Climate Resilience.		Ongoing
	A comprehensive policy framework and plan to deliver remaining Climate Action Plan actions (within council's scope and reach) required to achieve targets.	New
		Underway

Action description	RLC responsibility	Involvement of partners	Start date	Completion date
Develop a Memorandum of Understanding with Bay of Plenty Regional Council to capture our shared understanding of the roles and responsibilities of the respective councils related to land drainage.	Environmental Services	Bay of Plenty Regional Council	2024	2026
Upgrade the Victoria St trunk main and Rotorua Wastewater Treatment Plant. Implement inflow and infiltration programme.	Three waters team	Capital works contractors/ service provider	2024	2028
Trial LittaTraps or other actions to capture plastics to determine effectiveness and inform operations.	Three waters, Environmental, Rooding teams	University of Waikato	2024	TBC
Pilot trial to increase the frequency of catch pit cleaning and implement where effective.	Rooding operations team	Service Provider	2025	2026
Implemented a comprehensive monitoring programme with triggers to investigate locate and inform works required to mitigate contaminants (Figure 7).	Environmental team	TRILITY, BOPRC	2024	ongoing
Develop a database and display for publically available performance monitoring.	Environmental Team, Data Insights Teams		2024	2026
Continue to invest in providing transport infrastructure for multi modes especially cycling facilities and mobility access subject to Council approval following LTP consultation.	Safer Journey team	Waka Kotahi	2024	2054
Work towards enabling a resource recovery facility.	Waste team	Ministry for the Environment for funding support	2024	
Introduce collection and processing of new waste streams i.e. organics.	Waste team	Ministry for the Environment for funding support	2024	2028
Increase awareness through education of residents, businesses, marae, event managers and retailers by running workshops, media campaigns and creating guide documents.	Waste team	Community groups and Te Arawa Lakes Trust for education	2024	2028
Continue working on the RLC-actions detailed in the Rotorua Climate Action Plan that are underway.	Waste and Climate Change	TALT and other parties	Ongoing	
Develop a comprehensive policy framework for the suite of requirements to deliver the Climate Action Plan target, goals and actions within council's scope and reach. Include measurable targets, performance standards and accountability measures. This will inform the future work requirements that Council will consider and make decisions at its discretion and that will inform subsequent Long-term Plans.	Climate Change team		2024	2026
Update the 2015/16 baseline for council's corporate emissions using the new accounting methods.	Waste and Climate Change	NA	2024	2026

Strategic theme	Desired outcome	Ongoing / new action
Strategic theme 4 – Mitigating council’s carbon footprint and Improve Climate Resilience. (continued)	Reduce emissions from organic waste	New
	Corporate emissions are visible	Underway
	Improve resilience and mitigate risk of flooding	Recent and ongoing
		Recently underway
		Underway
	Improve resilience and mitigate risk of flooding (continued)	New
		New
		Underway
	The capacity of major urban streams is not impeded by sediment buildup. Reduce water quality risks associated with a high groundwater table and impeded land drainage are reduced	New

Action description	RLC responsibility	Involvement of partners	Start date	Completion date
Introduce collection and processing of new waste streams i.e. organics.	Waste team	Ministry for the Environment for funding support	2024	2028
Develop a dashboard to track and make Council's corporate emissions visible.	Climate Change Team		2024	2026
Continue to use the RCP 8.5 climate change scenario projection 1:100 storm event to inform the stormwater infrastructure requirements for all major stormwater projects eg detention dams.	Infrastructure Growth and Performance Planning			Ongoing
Flood risk modelling for climate change scenarios to help council improve the resilience to climate change, to inform the requirements and constraint for new developments and to inform the revision of the District Plan provisions for natural hazards.	Infrastructure Growth and Performance Planning		2024	2026
Develop maps to indicate the most likely flow paths for water in a 1:10, 1:50, 1:100 range of storm events, acknowledging that there are many factors and features that influence where stormwater will flow through the urban environment, to inform the green Infrastructure Policy, the Future Development Strategy, and raise awareness of natural land drainage and flood risk.	Land Development Engineering, Infrastructure Growth and Performance Planning		2024	2025
Informed by stormwater modelling, overland flowpath mapping and the stormwater master plan, consider 'sponge city' design concepts and where we need to 'make way for water' to inform our open spaces restoration plans and Future Development Strategy.	Land Development Engineering, Infrastructure Growth and Performance Planning	NA	2024	2025
Develop a plan to ensure overland flow paths on private property do not impede land drainage and do not contaminate stormwater.	Land Development, Infrastructure networks, Corporate Planning	NA	2024	2026
Work with our Te Arawa Lake partners and the community to identify options for a long-term solution to reduce the environmental risks associated with high lake levels.	Infrastructure and Environmental Solutions	Te Arawa Lake partners		
Work with our Te Arawa Lake partners to identify how sediments entering and accumulating in major stream beds and stream mouths can be reduced and removed.	Infrastructure and Environmental Solutions	Te Arawa Lake partners		

Figure 7 Approach to water quality monitoring and triggered investigations to identify and mitigate contaminants



3.2 Monitoring and review

3.2.1 Review period

This Environmental Strategy reflects our best, current understanding of the challenges the Rotorua district will face over the next 30 years. Our knowledge will evolve as the strategy is implemented, and indeed as the district develops over time. We are prepared to be responsive to change and we plan to formally review the Environmental Strategy every three years to align with Council's Long-term Plan process.

3.2.2 Monitoring and evaluation

To ensure we are undertaking actions that are effectively contributing to the outcomes, we will track the key strategic actions in Table 2, we will assess the results from pilot trials, and we will monitor performance measures in the "Performance Management Framework" that sits within our Activity Plans within Council's LTP.

This information will be evaluated to help us understand the effectiveness of actions, to identify when we need to stop doing an action and/or change course, to identify when we need to consider new actions and opportunities to achieve better environmental outcomes, as well as to identify when we should celebrate success. There will be an evaluation every three years as part of the Environmental Strategy review and recommendations will be developed for consideration through the LTP process.

The strategic actions reflect that we are embarking on a journey to become more environmentally sustainable and we are embedding an adaptive, responsive and evidence-based approach.

To the reader:

Independent Auditor's Report on Rotorua Lakes Council's 2024-34 Long-term Plan

I am the Auditor-General's appointed auditor for Rotorua Lakes Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 26 June 2024

Opinion

In our opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and co-ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 220 to 223 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

In accordance with clause 45 of Schedule 1AA of the Local Government Act 2002, the consultation document on the Council's plan did not contain a report from the Auditor-General. The consultation document is therefore unaudited. Our opinion on the plan does not provide assurance on the consultation document or the information that supports it.

Our opinion on the plan also does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Emphasis of matter - uncertainty over external funding for community facilities

Without modifying our opinion, we draw attention to the disclosures on pages 252, which outlines the Council's assumption that external funding contributions will be obtained for the Rotorua Museum Exhibition project. The external funding contributions are currently uncertain because funding has not yet been committed. If the level of external funding is not achieved the Council will reconsider proceeding with the project.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400 *The Examination of Prospective Financial Information* that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

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

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. We do not express an opinion on the merits of the plan's policy content.

Independence and quality management

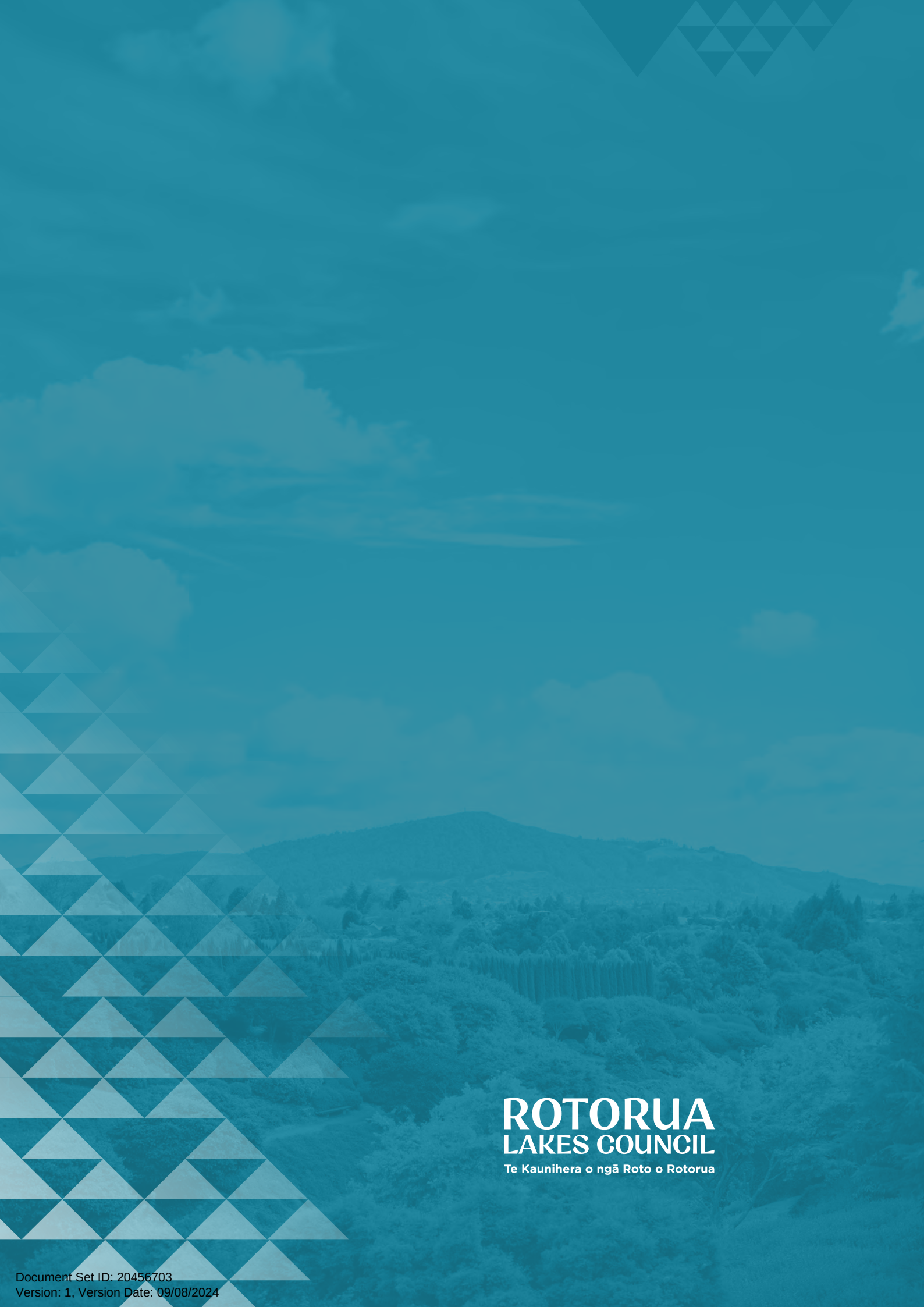
We have complied with the Auditor-General's independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We have also complied with the Auditor-General's quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.



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



ROTORUA LAKES COUNCIL

Te Kaunihera o ngā Roto o Rotorua