



ROTORUA
LAKES COUNCIL

ANNUAL REPORT SUMMARY



20 25



Rotorua - Aerial view

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HE MIHI WELCOME

Kia hīkoi whakamua, me tiro whakamuri
Waiho mā ngā tapuwae tātau e ārahi ki te ara whakamua
Tihei Mauriora e!

To see what lies ahead, we must look
to what has gone before us
May the footsteps we have walked
guide us to the pathway forward
Behold there is life!

HE KUPU NĀ TE MANUKURA MAYOR'S MESSAGE

This year, our focus was on delivering exceptional services and value for our community while laying strong foundations for Rotorua's future.

A key priority has been restoring Rotorua's reputation as a top tourism destination. We've successfully reconnected with international markets and delivered strong domestic campaigns, such as the Rotorua Robe Trip, to boost visitor numbers.

Supporting this has been the steady reduction of emergency housing in local motels, with Government committed to ending all emergency housing motels in Rotorua by December 2025. We remain on track to achieve this important milestone.

To ensure sustainable progress, we've prioritised housing development. Rotorua experienced its strongest growth in over a decade, with over 500 new homes built in 2024, the highest in at least 14 years, and residential consents were up 40%, compared to a national decline of 3.3%. Our updated Housing and Business Development Capacity Assessment (HBA) confirmed that Rotorua now has a surplus of development capacity, thanks to initiatives like our Future Development Strategy and District Plan Change 9.

Supporting growth requires investing in reliable infrastructure. We've progressed upgrades to the Rotorua Wastewater Treatment Plant and completed Stage One of the Tarawera Sewerage Reticulation Scheme to help protect Lake Tarawera. We've also made decisions about the future of Rotorua's water services by voting to maintain an in-house water services division for now and while investigating transitioning to a multi-council Water Services CCO from July 2028 as part of Government's Local Water Done Well policy. In May 2025, we also secured a clean and safe water source for the next 35 years for 60% of our residents by partnering with Ngāti Kēroa Ngāti Tuarā and committing to a partnership agreement for Karamū Tākina Spring for our Rotorua central water supply.

Community safety remains a top priority. Our inner-city safety hub has delivered positive results, and we've extended safety initiatives into Ngongotahā and some of our Eastside suburbs. Collaboration with Police has been impactful, supported by our CCTV network and the introduction of the new Police CBD Beat Team, announced by Police Minister Mark Mitchell in 2025.

We remain committed to preserving and celebrating our cultural and community assets. With the reconstruction of the Rotorua Museum well underway, and exhibition planning getting started, we can't wait to reopen this iconic building to locals and visitors in 2027/2028.

We've worked hard to keep rates as low as possible, paused non-essential projects, and found savings where we could. Despite this, unexpected costs, such as protest-related expenses during the Tarawera Sewerage Scheme pipeline installation, has impacted our final financial position for the year. To reduce the financial burden on Tarawera ratepayers, these costs will be recovered through the Lakes Enhancement Rate over the next 25 years rather than passed on directly to the community.

Finally, as well as making positive change for our community we've also restructured our organisation to improve efficiencies and value. Bringing Infracore back into Council has delivered financial and service benefits, while outsourcing the operations of our key venues and major events to RotoruaNZ will help enhance performance and revenue opportunities over time.

The year has been all about progress, resilience, and partnership. Together, we're building a stronger, safer, and better Rotorua for all. Ngā mihi nui,



TANIA TAPSELL
Her Worship the Mayor





Civic Centre - Rotorua Lakes Council

HE KARERE NĀ TE TOIHAUTŪ CHIEF EXECUTIVE MESSAGE

Tēnā koutou,

It has been my first full year as Chief Executive at Rotorua Lakes Council and it has been an action-packed year that I have immensely enjoyed.

I want to start by acknowledging mana whenua of Rotorua – Te Arawa – and the important role that they play for the benefit of our District. Thanks to all of our elected members for their service to the community during the past year and for the duration of this triennium.

As an organisation we aim to deliver excellent services, facilities and infrastructure for our community and I would also like to acknowledge all of our council staff who have worked hard this year to deliver on that commitment.

This annual report reflects what we've been able to achieve during the past financial year in the face of ongoing challenges while at the same time making the most of opportunities for improvements and efficiencies.

HIGHLIGHTS

There have been some significant highlights during the financial year including the reintegration into the council organisation of our former works CCO InfraCore, the completion of stage one of the Tarawera Sewerage Scheme, moving the operation of major events and council venues to our destination marketing and economic development CCO RotoruaNZ to ensure we can maximise the benefits that come from these, the construction progress on our museum and the establishment of the Te Arawa Vision 2050 Committee following a review of the Te Arawa Partnership.

Internally we've also undergone an organisation-wide reset that has seen the establishment of a new structure to achieve the right balance of internal and external focus for work towards delivering our basic services brilliantly.

Areas of organisational focus during this past year have also included implementing significant change in the way we have organised ourselves to deliver capital projects and a focus on financial efficiencies.

FINANCES

Council has retained its AA- credit rating from international agency Fitch, a very good rating which has been maintained since 2016 when the council's finances were first tested by Fitch to provide an independent view of the financial stewardship.

Our rating has been achieved despite challenging times which have included the impact of bringing our former works CCO InfraCore back in-house and additional costs incurred as a result of protest action related to the Tarawera Sewerage Scheme.

This provides an independent view that should also give our community confidence in our financial settings and strategies.

CENTRAL GOVERNMENT REFORM

We have had to continue to adjust to an ever-changing local government landscape with ongoing changes being implemented as the current government rolls out its agenda.

A major achievement has been the extensive work undertaken to comply with the Government's Local Water Done Well water services reforms. We are now well placed to undertake the focussed discussion with our neighbours about whether a combined water services CCO (council-controlled organisation) across Rotorua and the Eastern Bay of Plenty is right for our community in Rotorua.

COMMITMENT

I look forward to working alongside staff, elected members and the community to implement these reforms as they come into effect and to continuing the good work already underway to ensure we deliver for our District residents, businesses and visitors.

As you read through this annual report and learn more about what has been achieved I want you to know that each day I am focussed on looking for ways – big and small – to better and more efficiently deliver the important mahi that we do for the benefit of our community.

Ngā mihi nui,



ANDREW MORAES
Chief Executive





NGĀ KŌRERO MŌ TĒNEI PŪRONGO ABOUT THIS REPORT

The Annual Report is produced each year to measure Council's progress against the Long-term Plan and Annual Plan. This report covers the financial year from 1 July 2024 to 30 June 2025 and represents year one of the 2024/2034 Long-term Plan, adopted in June 2024.

It highlights both the achievements and challenges faced by Council in delivering on the first year of the Long-term Plan. Council is also required to provide a summary of the Annual Report.

The purpose of this summary is to provide an overview of the key highlights and financial results from the Annual Report for the year ended 30 June 2025. It is prepared in accordance with the Local Government Act Section 98 (4) and complies with the PBE FRS:43 summary of financial statements.



NGĀ HIRANGA O TE TAU 2024/2025

HIGHLIGHTS 2024/25

The reconstruction of Te Whare Taonga o Te Arawa Rotorua Museum is well underway with completion expected in 2027/2028. A video series "Unwrapping an Icon" was launched to share the journey of the refurbishment and building strengthening. This has been a successful way to keep the community informed.



In May 2025 Council and Ngāti Kearoa-Ngāti Tuara celebrated a landmark partnership that secures ongoing water supply for Rotorua City from the Karamū Tākina Springs, which provides 60 percent of the city's water supply and is a place of deep ancestral connection for Ngāti Kearoa-Ngāti Tuara. Under the partnership, Council has returned the land where the springs are located at Tihi-o-Tonga, along with the former tennis courts at Pururū North Reserve, Tārewa.

Ngāti Kearoa-Ngāti Tuara and Council will now work on a joint resource consent application to enable council to draw water from the springs for the next 35 years.



The Safe City Guardians began patrolling Ngongotahā and Eastside hubs as part of extending community safety efforts across Rotorua city. Council advocacy for more police in Rotorua was successful with the introduction of a Police 'beat' team to patrol the inner city.



We have seen a boost to tourism in the District. In the 2024/2025 financial year Council increased base funding to RotoruaNZ by 5% as part of the Long-term Plan, in line with inflation. Alongside this inflationary adjustment, Council implemented the Business and Economic Targeted Rate to Short-Term Rental Accommodation. This has enabled additional funding of \$450,000 provided to RotoruaNZ to support the delivery of a plan to promote Rotorua and rebuild its reputation. Their recent successful Robe Trip campaign was a finalist in the New Zealand Marketing Awards.



Stage one of the Tarawera Sewerage Scheme was completed. This included installation of pump stations and the main network pipeline. The purpose of the scheme is to protect the health of the community, the lake and downstream catchments.



The Museum exhibition redevelopment project is also making great progress. The project team and exhibition designers are now well into the design phase.

Community consultation has continued and significant engagement was undertaken with descendants of B Company 28 Māori Battalion soldiers, with the aim of displaying as many photos of B Company men as possible when the Museum reopens.



As part of the Government's Local Water Done Well programme Council voted to keep water services in-house until 2028 while options for the establishment of a multi-council water services council-controlled organisation (WSCCO) are explored. This also allows time to engage with the community and iwi.



InfraCore, previously a Council Controlled Organisation (CCO) was brought back in-house in November 2024. This brings greater financial control and certainty, better management of services, flexibility in prioritising operational delivery, enabling wider use of operational skills and resources across the council organisation.

Major events and venues functions were moved from Council to our destination marketing and economic development CCO RotoruaNZ in November 2024. Major events have a significant positive economic impact for Rotorua, so this move was seen as a better fit for these services and functions, aligning with RotoruaNZ's focus and expertise.



This year saw a record high for housing in Rotorua. Over 500 new dwellings were constructed against a target of 420. This result is a new record high for the Rotorua Lakes District and is a result of many factors such as Council advocacy with Central Government to support more diversified housing options for our community.



MANU MĀTĀRAE

ELECTED MEMBERS - OUR COUNCIL



-  GENERAL WARD
-  MĀORI WARD
-  RURAL WARD



ROTORUA LAKES COUNCILLORS

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



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



Ohinemutu

TE TATAU O TE ARAWA TE ARAWA PARTNERSHIP BOARD

In December 2015 the Te Arawa partnership was signed between Te Arawa and Rotorua Lakes Council.

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

The board 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 two vacancies on the board at time of reporting.

Rotorua Lakes Council thanks Te Tatau o Te Arawa for its enduring relationship and its commitment to the betterment of our community.



TE TATAU O TE ARAWA BOARD MEMBERS

TE ARAWA IWI AND HAPU (6 SEATS)

James Hamiora (Chair)
Mariana Vercoe
Te Taru White
Aroha Bray (resigned in January)
Dr Kēpa Morgan
Potaua Biasiny-Tule

KOEKE (1 SEAT)

Kiri Potaka-Dewes

NGATI WHAKAUE (2 SEATS)

Rangitiaria Tibble
Wātea | Vacant

TARATI WHENUA & KAPOREIHANA LAND TRUSTS & INCORPORATIONS (2 TŪRU | SEATS)

Andrew Te Amo

PAN TE ARAWA ENTITIES (1 SEAT)

Roku Mihinui

RANGATAHI (2 SEATS)

Kahutapeka Ututaonga
Te Waiarangi Collier-Merito



Tree Trust

TŌ MĀTAU TIROHANGA WHAKAMUA MŌ ROTORUA OUR VISION FOR ROTORUA

Council has a vision for a better Rotorua for all. What Council delivers and how it delivers will help to realise the vision. The focus of Council's work programme in the 2024/2034 Long-term Plan is on the following nine 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 and 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 whakarawerawe, kua rongō 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 / Tāngata 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.



Government Gardens

TE TAKIWĀ O ROTORUA: HE TAUIRA O TE HOURUATANGA ME TE MAHI NGĀTAHI

ROTORUA DISTRICT: A MODEL OF PARTNERSHIP AND COLLABORATION

Rotorua Lakes Council stands as a leading council in collaboration, shaped by a long history of partnership with mana whenua.

This enduring partnership traces back to the Fenton Agreement, a foundational covenant between the Crown and Ngāti Whakaue that enabled the establishment of the Rotorua township. The Fenton Agreement reflects the early recognition of mana whenua authority and continues to inform Council's approach to shared decision-making today.

As the heart of Aotearoa New Zealand's tourism industry, Rotorua and its geothermal wonders, lakes and forests have long drawn visitors from around the world, offering an experience deeply rooted in Māori culture and storytelling.

Rotorua Lakes Council remains committed to honouring Te Tiriti o Waitangi and upholding all legislative and relationship obligations.

Through formalised agreements, strategic collaboration and shared aspirations, Council and mana whenua continue to build a thriving Rotorua that reflects the identity and values of its people.

Rotorua Lakes Council recognises that achieving a thriving District requires strong relationships with iwi, hapū and whānau Māori.

There are currently 19 formal relationships between iwi/ hapū and Rotorua Lakes Council.

Details of these relationship and partnership agreements can be found on pages 20-21 of the full Annual Report.



TŌ MĀTAU TAKIWĀ OUR DISTRICT

Population over
77,000
people

63%
are of working
age (15-64)

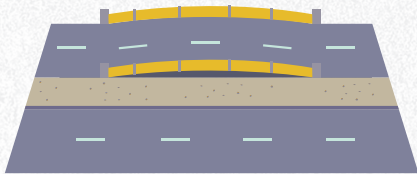
18%
were born
overseas

43%
are
Māori

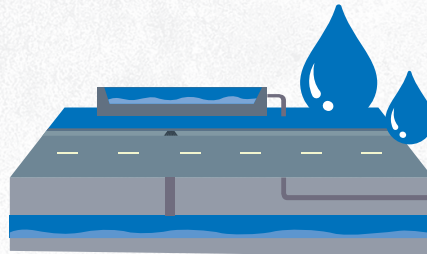
21%
are aged
0-14

** Source: Stats NZ*

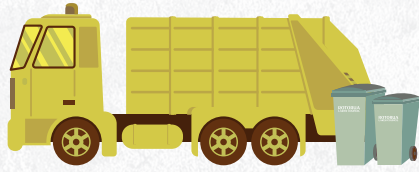
COUNCIL ASSETS AND SERVICES THAT SUPPORT OUR COMMUNITY



1014 km of roads
900 km of sealed roads
114 km of unsealed road
383 km of footpaths
80 km of road bridges



154 km of stormwater channels
284 km of stormwater pipelines
761 km of water pipelines
9 water supply treatment plants



41,473

tonnes of waste
collected in 2024



574 km of sewer
pipelines

12,489

tonnes of recycled
material diverted
from landfill in 2024



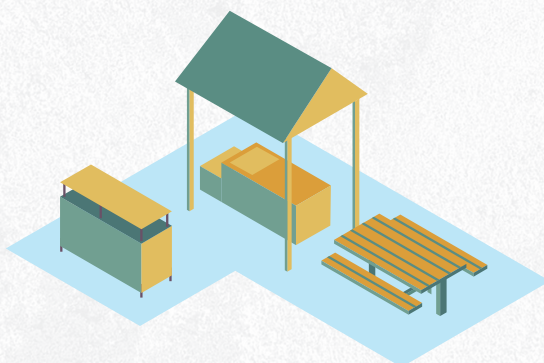
80 playgrounds

31,203

households have
their rubbish
collected



67 public toilets



37 BBQ areas

189 picnic tables



144 bus shelters



Hannah's Bay - Waikawau Wetlands

NGĀ PITOPITO PĀTANGA KŌRERO O TE WĀ

PROJECT UPDATES

The following major capital projects were committed to in year one of our 2024/2034 Long-term Plan.

WASTEWATER TREATMENT PLANT

The city's wastewater treatment plant was originally constructed in the 1960s. Work on upgrades started in late 2022 and is progressing well. The \$100 million programme of works will increase treatment capacity, improve the quality of treated water and help maintain nutrient levels below the thresholds set through the Rotorua Te Arawa Lakes Programme. It is a critical investment for protecting the health of our lakes and enabling the city's future growth.

\$23,750,000 was allocated in year one of the Long-term Plan for wastewater treatment plant upgrade phases including:

- Mechanical fit-out of the new blower building, improving aeration and treatment efficiency
- Installation of major pipelines, connecting the new treatment processes into the existing network
- Reshaping of the containment cell, strengthening resilience and ensuring capacity for future demand

A parallel project to explore long-term options for the management and/or reuse of recovered water (treated wastewater) is also getting underway.

MUSEUM RESTORATION

Construction for the earthquake strengthening of Te Whare Taonga o Te Arawa and re-opening it as a Museum started in July 2024. The museum is a Category One Heritage Building and an iconic building for both New Zealand and Rotorua. Because of its significance Council has been able to secure substantial external funding to offset the cost to the Rotorua community which is contributing \$15.5m.

\$17,900,000 (including external funding) was allocated to these works for year one of the Long-term Plan.

The seismic strengthening and restoration works are progressing well. External works are being undertaken in a north-to-south sequence across

the building, while basement and internal works are staged in a south-to-north sequence. During the 2024/2025 financial year:

- Structural and seismic strengthening works (including foundation, floor, and wall strengthening) and internal finishing works were progressed in the Southern and Central Wings
- Roof and external repair works were completed on the Northern Wing

STORMWATER ENHANCEMENTS

Stormwater management is an important aspect of enabling development and growth. The stormwater programme is a major investment in the future of Rotorua, ensuring infrastructure keeps pace with community needs while supporting housing, growth and environmental sustainability.

Through the Council's Infrastructure Investment for Growth (IIG) programme, a coordinated series of projects will expand and strengthen the city's stormwater network. This work is supported by multiple funding sources, including approximately \$85 million from central government's Infrastructure Acceleration Fund (IAF).

This year \$13,483,811 was allocated to stormwater enhancements.

This is a large programme of work and includes multiple stormwater projects over time, including new stormwater detention facilities, additional network capacity in growth areas and catchment improvements in the Western and Central parts of Rotorua. Together, these upgrades will strengthen resilience, support urban development, enable new housing including papakāinga and reduce the impacts of heavy rainfall on local communities.

This year, work has included feasibility assessments, early design and engagement planning, required to prepare for the next stage of delivery.

Council carefully considered all feedback received during the development of the 2024/2034 Long-term Plan. As a result, the final plan included several other key projects which are detailed in the full Annual report on page 37.

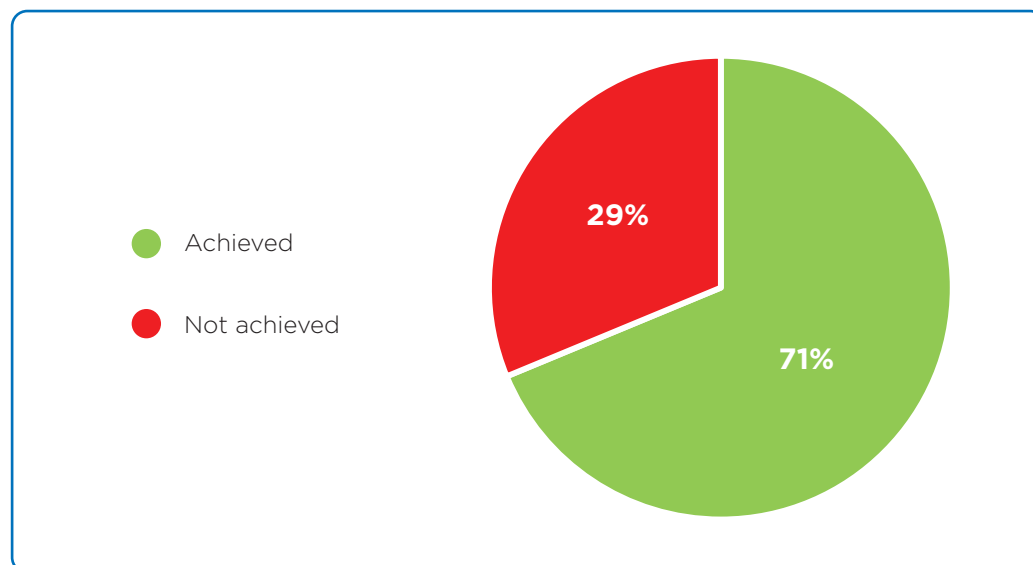
HE MĀTAINGA POTO: TE MAHINGA RATONGA **AT A GLANCE: SERVICE PERFORMANCE**

The 2024/2034 Long-term Plan arranges Council's services into nine service delivery groups. There are a total of 65 key performance indicators (KPIs) across these nine groups which set out the level of service that the council will deliver for each year. The results of the key performance indicators in the Annual Report are a way to track how well we have done over the year.

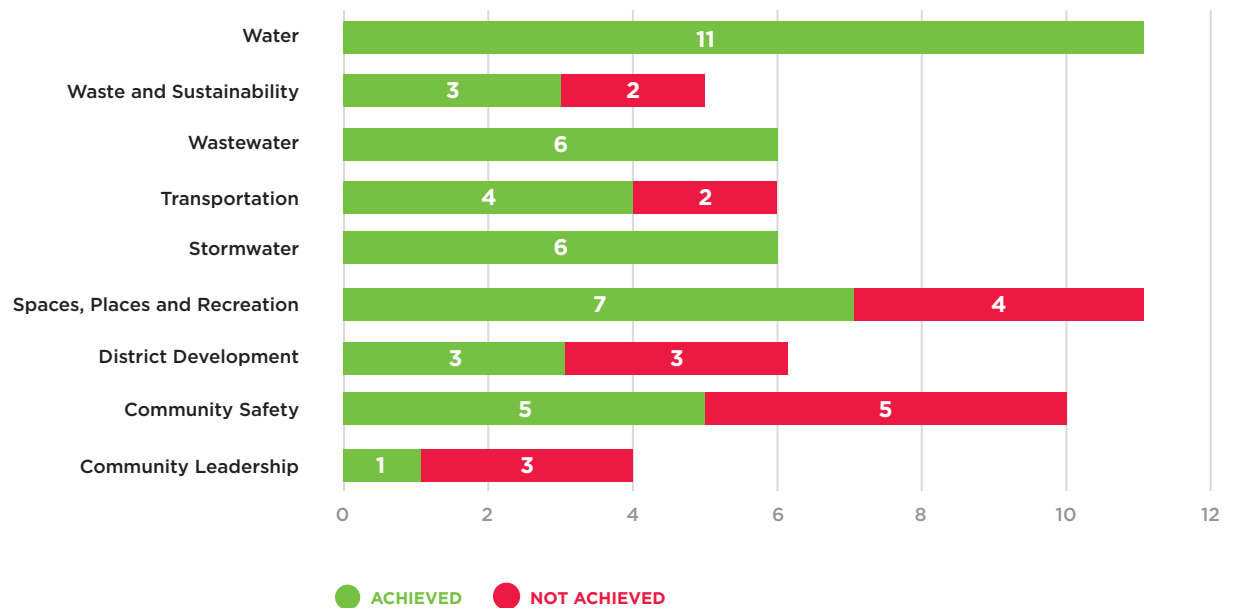
Of the 65 measures, 46 were achieved and 19 were not achieved.

Check out the full Annual Report from pages 41 to 83 for more information on each of the service delivery areas and their performance.

PERFORMANCE TARGETS SUMMARY



KEY PERFORMANCE TARGETS BY ACTIVITY GROUP



Council services are grouped into the following nine service delivery groups:

Te Ārahitanga Ā-Hapori | Community Leadership

Te Haumarutanga o Te Hapori | Community Safety

Te Whanaketanga o Te Takiwā | District Growth and Development

Ngā Wāhi me Ngā Papa Rēhia | Spaces, Places and Recreation

Wai Āwhā | Stormwater

Te Tūānuku Haerere Waka | Transportation Infrastructure

Wai Para | Wastewater

Te para me te toitūtanga | Waste and sustainability

These service delivery groups each contribute to our community outcomes by broadly supporting:

- A connected and resilient District
- Enabling economic growth and employment
- Enhancing tourism opportunities
- Addressing housing needs
- Promoting active lifestyles
- Protecting our environment
- Ensuring community safety
- Celebrating arts and culture
- Supporting tangata whenua aspirations.

TE ĀRAHITANGA Ā-HAPORI 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. Leadership is underpinned by services that support the effective and efficient delivery of council services.

Check out the full Annual Report from pages 47-49 for more information on Community Leadership.

Community leadership includes:

- Corporate Planning, Governance and Engagement
- Marketing and Communications
- Customer Solutions
- Finance and Business Performance
- Property
- Kaitiaki Māori
- Organisation Enablement
- Community support and funding

- We launched our new online engagement platform Participate in April. This is an exciting new way to engage with our communities online and an easy way for members of the community to provide feedback and make submissions on Council plans and projects.
- In August public forums were added to the start of Council meetings. These forums provide an opportunity for members of the public to speak to elected members at the beginning of a Council meeting. It is the first time a Rotorua Council has had these types of public forums.

TE HAUMARUTANGA O TE HAPORI COMMUNITY SAFETY

This activity is delivered to ensure people feel and are safe in public spaces and places through partnerships, visibility and enforcement that supports a thriving city. Safety is about ensuring Rotorua is a place where people 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 all legal standards are met. We aim to meet our legal obligations relating to safety by ensuring compliance with public health and safety regulations.

Check out the full Annual Report from pages 51-54 for more information on Community Safety.

Community Safety includes:

- Animal Education and Control
- Community Safety
- Environmental Health and Alcohol Licensing
- Emergency Management

We introduced changes to the Dog Control Bylaw and Dog Policy to improve community safety, following community consultation in August 2024, where 72% of submitters supported the proposed changes. These include introducing DNA testing to confirm or rule out a dog's involvement in attacks on people, stock, or other animals, and requiring the desexing of dogs that are impounded more than once for roaming within a 12-month period. The new Dog Control Bylaw and Dog Policy came into effect in October 2024. For more information, please visit our website

TE WHANAKETANGA O TE TAKIWĀ DISTRICT GROWTH AND DEVELOPMENT

District development is about planning that supports District growth through infill and new suburbs, while ensuring the unique environment of Rotorua 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 our growing population. We want to ensure developers have accurate advice and information to help them through the regulatory processes.

Check out the full Annual Report from pages 55-57 for more information on District Growth and Development.

District Growth and Development includes:

- Growth and Development
- Consenting
- Building Control

In April 2024 Council undertook the latest Housing and Business Development Capacity Assessment (HBA). Under the National Policy Statement for Urban Development (NPS-UD) 2020 (updated in 2022) Council is required to undertake an HBA. This is to ensure that councils provide sufficient development capacity to meet demand for housing and business land and have robust and regularly updated information on the supply and demand for housing and business land. We are a tier two territorial authority, meaning the council is required to ensure sufficient housing and business development capacity in the short (three years), medium (10 years) and long term (30 years).

The HBA showed Rotorua has sufficient business and housing development capacity to meet growth demands. This is primarily due to infrastructure expansion, a more enabling District Plan, through Plan Change 9 – Housing for Everyone and having the recent Future Development Strategy in place.



NGĀ WĀHI ME NGĀ PAPA RĒHIA 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.

Spaces, Places and Recreation include:

- Open spaces, sports facilities and recreation
- Major Events and Venues (transferred to RotoruaNZ)
- Community facilities and events (the Aquatic Centre, Rotorua District Library Te Aka Mauri Te Whare Taonga o Te Arawa Rotorua Museum and the Stadium)

Check out the full Annual Report from pages 59-62 for more information on Spaces, Places and Recreation.

- Rotorua Library was formally recognised by Alzheimers NZ as working to be dementia friendly. The library team have been on this journey since 2018 and Rotorua Library is now seen as leading the way with dementia services in New Zealand public libraries. Rotorua Library is the fifth library in New Zealand to be formally recognised as working to be dementia friendly.
- The Play, Active Recreation and Sport Strategy was adopted in November 2024. This is a comprehensive sport and recreation strategy that is aimed at encouraging physical activity in the District. A plan will be developed to identify investment requirements for the 2027-2037 Long-term Plan and other actions which could be implemented through existing budgets.

WAI ĀWHĀ 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.

Check out the full Annual Report from pages 63-66 for more information on Stormwater.

Council successfully completed construction of three large stormwater detention dams this year in the Eastern and Central areas (Morey Street East, Morey Street West and Linton park). This new infrastructure will mitigate the effects of large rainfall events on downstream parts of the city.

TE TŪĀNUKU HAERERE WAKA **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.

District Growth and Development includes:

- Transport
- Parking

Check out the full Annual Report from pages 67-70 for more information on Transport Infrastructure.

In collaboration with the Rotorua Rural Community Board, we were able to install four bus shelters in rural communities. The shelters were repurposed from other locations in Rotorua. With funding support from the Rural Community Board, locations of need were identified, the shelters were given a makeover and installed in a new community to be used for years to come.

WAI PARA **WASTEWATER**

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

The public wastewater network consists of approximately 410km of gravity mains and 164km of rising mains that protect public health and the environment from the effects of wastewater and by-products. Two wastewater treatment plants service approximately 25,748 properties with wastewater connections.

Check out the full Annual Report from pages 71-74 for more information on Wastewater.

Did you know the Rotorua Wastewater Treatment Plant is being upgraded? This is to cater for future growth and to ensure we manage our waste responsibly, in a way that protects people's health, is environmentally sustainable and culturally appropriate.

Progress is advancing on the upgrade. Works started in December 2022 and are scheduled to be complete in 2027.

TE PARA ME TE TOITŪTANGA **WASTE AND SUSTAINABILITY**

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

Waste and Sustainability Includes:

- Waste services

Check out the full Annual Report from pages 75-77 for more information on Waste and Sustainability.

Rotorua Lakes Council's waste collection partner Smart Environmental signed a nine-year contract to provide collection services for Food, Organic and Green Organic waste (FOGO) in the District. The service will start 1 July 2026. This is something people in our District have supported. It was originally set to begin in 2025 but it was agreed in the Annual Plan that the implementation should be delayed until 2026.

WAI **WATER**

Protect and promote public health, ensure firefighting water supplies are available in specific areas and enable businesses to operate and grow. 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 approximately 26,487 properties in the District connected to the water supply.

Check out the full Annual Report from pages 79-83 for more information on Water.

In May 2025 Council and Ngāti Kearoa-Ngāti Tuara celebrated a landmark partnership that secures ongoing water supply for Rotorua city from the Karamū Tākina Springs, which provides 60 percent of the city's water supply and is a place of deep ancestral connection for Ngāti Kearoa-Ngāti Tuara. Under the partnership, Council has returned the land where the springs are located at Tihi-o-Tonga, along with the former tennis courts at Pururū North Reserve, Tārewa.

Ngāti Kearoa-Ngāti Tuara and Council will now work on a joint resource consent application to enable council to draw water from the springs for the next 35 years.



Redwoods

HE MĀTAINGA POTO: TE MAHINGA PŪTEA

AT A GLANCE: FINANCIAL PERFORMANCE

	Actual	Budget
Operating surplus / (deficit)	\$8,326	\$21,128
Revenue	\$216,464	\$208,737
Expenditure	\$208,137	\$187,609
Revenue – from rates	\$146,323	\$143,773
Revenue – from other sources	\$70,140	\$64,964
Capital expenditure	\$98,439	\$132,956
Net debt	\$453,144	\$469,968
Credit rating – Fitch International Feb25	AA-	
Outlook	Stable	

Throughout the 2024/25 financial year, Rotorua Lakes Council experienced several significant changes that materially impacted its operating environment and financial position.

Key structural changes included the reintegration of InfraCore into Council operations and the transfer of Events and Venues functions to RotoruaNZ. These decisions altered both the revenue and cost structures compared to the original forecasts set in the 2024/2034 Long-Term Plan.

As at 30 June 2025, the Council reported a core operating surplus of \$8.3 million, compared to a budgeted surplus of \$21 million.

Rate revenue exceeded budget due to a higher-than-expected number of ratepayers electing to pay the Rotoiti/Rotomā sewerage capital rate as a lump sum. Development and financial contributions were significantly below budget, reflecting reduced development activity and the timing of consents lodged prior to the adoption of the new development contributions policy. Finance income was above budget, driven by a strategic decision to place funds on term deposit under favourable conditions, resulting in a positive arbitrage effect that helped offset borrowing costs.

Operating expenses were higher than budgeted, primarily due to personnel costs, which included the unbudgeted expense of bringing InfraCore staff in-house in October 2024 under the newly established Works Department. Depreciation, which increased following asset revaluations, particularly for wastewater and water supply infrastructure. Finance costs, which were elevated but partially offset by a \$2.5 million surplus in finance income resulting from the term deposit strategy.

In accordance with Council's accounting policy, asset classes are revalued every three years. For 2024/25, Council revalued its art collection, landfill assets, and land and buildings, resulting in a revaluation gain of \$88 million.

As at year-end, net debt was \$453 million, coming in below the budgeted figure of \$470 million. This variance is primarily attributable to slight delays in the execution of capital projects, this has reduced the need to draw down on debt.

NEW ISSUES

1. **Fiscal pressures and budget constraints:** reduced central government funding, insurance premiums and other operating costs particularly in water services.
2. **Policy and Governance reform:** Central government is pursuing a “back-to-basics” approach by streamlining local authority functions, in addition the implications of reforms such as Local Water Done Well, changes in the Resource Management Act.
3. **Housing and Infrastructure Challenges:** pressure to deliver affordable housing and associated infrastructure with limited borrowing capacity.

ONGOING ISSUES

1. **Workforce capacity constraints:** staffing shortages in areas such as planning and engineering, compounded with the cost of recruitment and retention of staff.
2. **Infrastructure deficit and ageing assets:** The cost of renewals and upgrade projects are rising in cost, with investment required in climate adaption, flood protection and emergency management following severe weather events.
3. **Global Economic Decline:** The global economic downturn continues to exert pressure on local economic conditions.





Lake Tikitapu



NGĀ TAUĀKI PŪTEA **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED
30 JUNE 2025

Independent Auditor's Report

To the readers of Rotorua Lakes Council and Group's summary of the annual report for the year ended 30 June 2025

The summary of the annual report was derived from the annual report of the Rotorua Lakes Council and Group (the Council) for the year ended 30 June 2025.

The summary of the annual report comprises the following information on pages 24 to 30 and pages 40 to 58:

- the summary statement of financial position as at 30 June 2025;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2025;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the service performance information.

Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: *Summary Financial Statements*.

Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2025 in our auditor's report dated 29 October 2025.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to page 177 of the financial statements in the full annual report, which outlines that in response to the Government's Local Water Done Well reforms, the Council has decided to deliver water services itself directly or establish a multi-council owned water organisation to deliver water, wastewater and stormwater services from July 2028.

There is some uncertainty as the proposal was yet to be accepted by the Secretary for Local Government.

Information about this matter is also disclosed on page 55 of the summary of the annual report.

Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: *Summary Financial Statements*.

Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: *Summary Financial Statements*.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the *Professional and Ethical Standards* and the *International Standards on Auditing (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Council or its subsidiaries and controlled entities.



David Walker
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand
10 November 2025



Okere Falls

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

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

RESPONSIBILITY

The governing body and management of Rotorua Lakes Council accept responsibility for the preparation and completion of the financial statements and the related judgements. The governing body and management adopted the financial statements as presented on 29 October 2025.

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

In the opinion of Rotorua Lakes Council, the Group annual report summary, for the year ended 30 June 2025 fairly presents the financial performance, financial position, cash flows and service performance of the Rotorua Lakes Council Group and Rotorua Lakes Council.



Andrew Moraes
Chief Executive

Date: 10/11/2025



Tania Tapsell
Her Worship the Mayor

Date: 10/11/2025

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2025

		Council			Group	
	Note	Actual 2025 \$'000	Budget 2025 \$'000	Restated Actual 2024 \$'000	Actual 2025 \$'000	Restated Actual 2024 \$'000
Revenue						
Rates	2a	146,323	143,773	128,139	146,194	128,025
Subsidies and grants	2b	43,138	30,651	47,055	43,554	47,137
Development and financial contributions	2c	2,928	10,056	1,975	2,928	1,975
Finance income	3	3,050	601	1,544	2,806	1,157
Other revenue	2d	21,025	23,656	18,755	34,237	28,941
Total revenue		216,464	208,737	197,468	229,719	207,235
Expenses						
Personnel costs	4	43,240	38,883	34,866	54,372	49,664
Depreciation and amortisation expense	15	47,454	44,702	45,060	50,093	47,558
Finance costs	3	20,107	19,131	17,236	20,112	17,261
Other expenses	5	97,336	84,893	97,758	95,723	89,602
Total expenses		208,137	187,609	194,920	220,300	204,085
Surplus/(deficit) before tax		8,327	21,128	2,548	9,419	3,150
Income tax expense	6	-	-	-	531	71
Surplus/(deficit) after tax		8,327	21,128	2,548	8,888	3,079
Other comprehensive revenue and expense						
<i>Items that could be reclassified to surplus/(deficit)</i>						
Net change in fair value of investment	20	1,225	-	2,819	-	-
<i>Items that will not be reclassified to surplus/(deficit):</i>						
Revaluation on property, plant and equipment	20	88,090	-	156,369	88,090	160,045
Revaluation on intangibles	20	32	-	310	32	310
Other transfers		757	-	4,160	762	4,160
Prior Year Equity Correction		-	-	-	(48)	-
Income tax related to gain on Revaluation of Airport Assets		-	-	-	-	(1,389)
Total other comprehensive income		90,104	-	163,657	88,836	163,123
Total comprehensive income		98,431	21,128	166,205	97,724	166,205

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

For a detailed breakdown of the notes within this statement, please refer to the full financial statement on Rotorua Lakes Council's website rotorualakescouncil.nz

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2025

		Council			Group	
	Note	Actual 2025 \$'000	Budget 2025 \$'000	Restated Actual 2024 \$'000	Actual 2025 \$'000	Restated Actual 2024 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	7	15,856	9,373	8,990	19,119	11,231
Receivables	8	31,691	21,694	42,768	34,135	43,915
Other financial assets	10	5,666	-	26,910	4,530	26,243
Inventories	11	658	-	117	1,115	1,116
Current tax receivables	6	57	-	61	127	129
Non-current assets held for sale	12	348	1,616	3,098	348	3,098
Total current assets		54,276	32,683	81,944	59,374	85,732
Non-current assets						
Shares in associates	9	72	-	109	72	109
Other financial assets:						
- Investment in CCO's and other similar entities	10	82,492	85,541	82,667	-	-
- Investment in other entities	10	12,266	7,103	10,237	12,266	10,237
Trade and other receivables	8	-	-	8	-	8
Property, plant and equipment	13	2,058,719	2,051,336	1,917,349	2,145,844	2,007,134
Work in progress	13	163,931	-	165,065	163,931	165,065
Intangible assets	14	14,349	12,223	15,629	14,671	15,896
Deferred tax asset	6	-	-	-	5,026	5,795
Total non-current assets		2,331,829	2,156,203	2,191,064	2,341,810	2,204,244
Total assets		2,386,105	2,188,886	2,273,008	2,401,184	2,289,976
LIABILITIES						
Current liabilities						
Borrowings	17	76,000	26,000	27,927	76,000	27,927
Employee entitlements	18	4,936	2,975	3,664	5,703	4,925
Provisions	19	18	18	18	18	18
Payables and deferred revenue	16	37,088	33,324	45,587	37,846	46,187
Total current liabilities		118,042	62,317	77,196	119,567	79,057
Non-current liabilities						
Borrowings	17	393,000	453,341	419,000	393,000	419,600
Employee entitlements	18	101	130	113	101	113
Provisions	19	2,812	1,933	2,105	2,812	2,105
Deferred tax liabilities	6	-	-	-	6,278	6,516
Payables and deferred revenue		-	-	875	-	875
Total non-current liabilities		395,913	455,404	422,093	402,191	429,209
Total liabilities		513,955	517,721	499,289	521,758	508,270
Net assets		1,872,150	1,671,165	1,773,719	1,879,426	1,781,702
EQUITY						
Accumulated funds	20	650,298	752,451	647,915	658,799	656,106
Reserves	20	1,221,852	918,717	1,125,804	1,220,627	1,125,596
Total equity attributable to the Entity		1,872,150	1,671,168	1,773,719	1,879,426	1,781,702
Total equity		1,872,150	1,671,168	1,773,719	1,879,426	1,781,702

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

For a detailed breakdown of the notes within this statement, please refer to the full financial statement on Rotorua Lakes Council's website rotorualakescouncil.nz

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2025

	Note	Council			Group	
		Actual 2025 \$'000	Budget 2025 \$'000	Restated Actual 2024 \$'000	Actual 2025 \$'000	Restated Actual 2024 \$'000
Balance as at 1 July		1,773,719	-	1,607,514	1,781,702	1,615,500
Surplus/(deficit) after tax		8,327	21,128	2,548	8,888	3,079
Other comprehensive revenue and expense		90,104	-	163,657	88,836	163,123
Balance as at 30 June	20	1,872,150	1,671,168	1,773,719	1,879,426	1,781,702

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

For a detailed breakdown of the notes within this statement, please refer to the full financial statement on Rotorua Lakes Council's website: rotorualakescouncil.nz



STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	Note	Council			Group	
		Actual 2025 \$'000	Budget 2025 \$'000	Restated Actual 2024 \$'000	Actual 2025 \$'000	Restated Actual 2024 \$'000
Cash flows from operating activities						
Receipts from rates revenue		143,886	145,724	127,611	143,757	127,489
Receipts from other revenue	30	21,275	23,656	15,347	32,114	25,361
Subsidies and grants received	30	48,169	30,651	29,496	48,235	29,228
Development and financial contributions received		5,239	10,056	1,975	5,239	1,975
Interest received		3,050	601	1,544	2,806	1,157
Dividends received		-	-	-	-	-
Payments to suppliers*		(87,386)	(85,712)	(78,794)	(85,523)	(68,330)
Payments to employees		(41,980)	(39,371)	(34,169)	(53,606)	(48,769)
Interest paid		(20,548)	(19,131)	(16,049)	(20,553)	(16,074)
Income tax paid		4	-	(4)	229	(38)
Goods and Services Tax (net)		(1,663)	-	1,802	(1,663)	1,802
Net cash flow from operating activities		70,046	66,475	48,759	71,035	53,801

Cash flows from investing activities						
Receipts from sale of property, plant, and equipment		9,036	3,484	(1,256)	13,534	(873)
Receipts from sale of intangible assets		-	-	11	5	20
Proceeds from community loan repayments		-	1,400	-	-	-
Purchase of property, plant and equipment		(114,268)	(121,018)	(115,432)	(114,268)	(119,247)
Purchase of intangible assets		(649)	-	(1,958)	(759)	(2,200)
Purchase of other investments		-	(1,100)	-	-	-
PPE reval non-cash		-	-	-	(2,834)	(1,316)
Purchase of financial assets		20,605	-	(25,158)	19,675	(23,752)
Depreciation write back		-	-	-	4	-
Net cash flow from investing activities		(85,276)	(117,243)	(143,793)	(84,643)	(147,368)

Cash flows from financing activities						
Proceeds from borrowings		50,000	77,130	232,056	50,000	231,214
Repayment of borrowings		(27,927)	(26,000)	(135,758)	(28,527)	(135,711)
Payments of finance leases		23	-	-	23	(5)
Net cash flow from financing activities		22,096	51,130	96,299	21,496	95,498

Net increase / (decrease) in cash and cash equivalents		6,866	372	1,265	7,888	2,085
Cash and cash equivalents at the beginning of the year		8,990	9,002	7,725	11,231	9,146
Cash and cash equivalents at the end of the year	7	15,856	9,373	8,990	19,119	11,231

For a detailed breakdown of the notes within this statement, please refer to the full financial statement on Rotorua Lakes Council's website: rotorualakescouncil.nz

RECONCILIATION OF NET SURPLUS/(DEFICIT) AFTER TAX TO NET CASH FLOW FROM OPERATING ACTIVITIES

FOR THE YEAR ENDED 30 JUNE 2025

	Council		Group	
	Actual 2025 \$'000	Restated Actual 2024 \$'000	Actual 2025 \$'000	Restated Actual 2024 \$'000
Surplus/(deficit) after tax	8,327	2,548	8,888	3,079
Add/(less) non-cash items				
Depreciation	45,434	43,294	47,818	44,467
Amortisation	1,961	1,768	2,013	1,775
Bad debts written off	142	1,711	142	1,711
Impairment of property, plant and equipment and intangible assets	(2,189)	(2,334)	(4,020)	(1,919)
Impairment of accounts receivable	(8)	3,388	(8)	3,378
Impairment of WIP	7,190	-	7,190	-
Vested assets and assets recognised for the first time	(1,280)	(1,016)	(1,280)	(458)
Disposal non-cash	-	11	-	20
Decrease in weathertightness provision	-	-	-	-
Share of associate's surplus	(37)	(19)	(37)	(19)
Finance lease receivables written off during the period	(23)	-	(23)	-
Revaluation of intangibles	(32)	-	(32)	-
(Gains)/losses in fair value on investments through surplus and deficit	47	16	47	16
Other transfers	757	-	762	-
Total non-cash items	51,962	46,819	52,572	48,971
Add/(less) items classified as investing or financing activities				
(Gains)/losses on disposal of property, plant, and equipment	6,680	17,049	6,712	17,084
(Gains)/losses on interest rate swap	185	-	185	-
Total items classified as investing or financing activities	6,865	17,049	6,897	17,084
Add/(less) movements in working capital items				
Receivables	11,702	(21,667)	10,231	(21,835)
Prepayments	(640)	(17)	(525)	(31)
Inventories	(541)	(34)	-	(177)
Payables and deferred revenue	(9,600)	3,145	(8,254)	4,422
Provision for taxation	4	(4)	(9)	(38)
Provisions	707	697	469	895
Employee benefits	1,260	223	766	1,431
Net movement in working capital items	2,892	(17,657)	2,678	(15,333)
Net cash inflow/(outflow) from operating activities	70,046	48,759	71,035	53,801

1 - STATEMENT OF ACCOUNTING POLICIES

1.1 Reporting entity

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

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

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

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

The financial statements of the Council and Group are for the year ended 30 June 2025. The financial statements were authorised for issue by Council on 29 October 2025.

The summary financial statements have been extracted from the full financial statements without any restatement or reclassification.

The summary financial statements do not include all the disclosures provided in the full financial statements and cannot be expected to provide as complete an understanding as provided by the full financial statements.

The full financial statements have been prepared in accordance with Tier 1 of the Public Benefit Entity Standards.

The full financial statements were audited by Audit New Zealand and an unqualified audit opinion was provided on 29 October 2025.

The full financial statements are available on Rotorua Lakes Council's website rotorualakescouncil.nz

1.2 Basis of preparation

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

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

Statement of compliance

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

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

Presentation currency and rounding

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

Service Performance Reporting:

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

This is the second year that the Council has implemented PBE FRS 48.

Standards issued and not yet effective and not early adopted

There are currently no issued Standards which meet this criteria.



Kuirau Park

21 - CAPITAL COMMITMENTS AND OPERATING LEASES

Capital commitments

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

	Council		Group	
	Actual 2025 \$'000	Actual 2024 \$'000	Actual 2025 \$'000	Actual 2024 \$'000
Capital commitments				
Parks and reserves	1,020	440	1,020	440
Roading network	14,292	10,539	14,292	10,539
Buildings	27,076	47,026	27,076	47,026
Stormwater	1,642	1	1,642	1
Wastewater - other	-	429	-	429
Wastewater treatment	42,324	69,256	42,324	69,256
Water - other	3,620	6,100	3,620	6,100
Water treatment	-	-	-	-
Intangible assets	194	230	194	230
Plant and equipment	18	17	460	17
Land	6	3,089	6	3,089
Animal control	2	-	2	-
Facilities	2,560	-	2,560	-
Laboratory	241	-	241	-
SHMC	3	-	3	-
Total capital commitments	92,998	137,127	93,440	137,127

Operating leases as lessee

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

	Council		Group	
	Actual 2025 \$'000	Actual 2024 \$'000	Actual 2025 \$'000	Actual 2024 \$'000
Not later than one year	114	244	374	244
Later than one year but not later than two years	106	114	343	114
Later than two years but not later than five years	140	222	849	1,191
Later than five years	321	345	611	868
Total non-cancellable operating leases	681	925	2,177	2,417
Total capital commitments	92,998	137,127	93,440	137,127
Total commitments	93,679	138,052	95,617	139,544

The total minimum future sublease payments expected to be received under non cancellable subleases at balance date is \$Nil (2024: \$Nil).

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

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



Te Arawa Waka - Rotorua Lake Front

22 - CONTINGENCIES

Contingent liabilities

	Council		Group	
	Actual 2025 \$'000	Actual 2024 \$'000	Actual 2025 \$'000	Actual 2024 \$'000
Financial guarantees	-	-	-	-
Suspensory loan				
Housing New Zealand Corporation suspensory loan	1,567	1,567	1,567	1,567
Legal proceedings				
The Group's effective exposure to legal claims	12,747	9,025	12,747	9,025
Total contingent liabilities	14,314	10,592	14,314	10,592

Financial guarantees

Accounting Policy

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

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

Financial guarantees are subsequently measured at the higher of:

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

The value of the guarantees disclosed as contingent liabilities reflects the Group's assessment of the undiscounted portion of financial guarantees that are not recognised in the Statement of Financial Position.

Suspensory loan

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

Critical accounting estimates and judgement

Accounting for suspensory loan from Housing New Zealand

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

Legal proceedings

The Council is currently facing fourteen legal claims (2024: nine). An estimate of Council's share of exposure is \$12,747,000 (2024: \$9,025,000), and includes an estimate for other known situations out of which a formal claim may arise. The Council does not accept the validity of all these claims and is in the process of resolving them through normal legal avenues.

Unquantified claims

Weathertightness claims

A provision of \$18,000 (2024: \$18,000) has been recognised for weathertightness claims. Included in this amount is an estimate of \$Nil (2024:\$Nil) being the Council's exposure to potential future claims which have not yet been advised until the statutory limitation period expires. Claims must be made within 10 years of the construction or alteration of the dwelling in order for the claim to be eligible under the Weathertight Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims.

RiskPool

Rotorua Lakes Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The scheme is in wind down, however the Council has an ongoing obligation to contribute to the Riskpool scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance or where reinsurance is delayed), and to fund the ongoing operation of the scheme.

The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire. However, following the Supreme Court decision on 1 August 2023 in *Napier City Council v Local Government Mutual Funds Trustee Limited*, which addressed the treatment of claims against Riskpool that involved a mixture of non-weathertightness and weathertightness defects (mixed claims), a number of proceedings against Riskpool, which were stayed pending the Supreme Court's decision in 2023, have since recommenced.

Several member Councils have brought proceedings against Riskpool related to mixed claims. Two of these claims are currently listed for trial in September 2025. These cases are important in clarifying the scope of Riskpool's historical obligations and the interpretation of past Scheme terms. At this point the total potential liability of the outstanding claims against Riskpool is unable to be quantified.

National Provident Fund

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

As at 31 March 2025 the Scheme had a deficit of \$166,000 (99% of the liabilities) (2024: deficit of \$166,000, 99%). This amount is exclusive of Employer Superannuation Contribution Tax. This surplus was calculated using a discount rate equal to the expected return on the assets, but otherwise the assumptions and methodology were consistent with the requirements of PBE IPSAS 25.

Actuarial Review: The employer contribution rate applicable to 31 March 2025 is four times contributors' contributions. The rate will be reviewed again at 31 March 2026 and any change would be implemented from 1 April 2026.



Local Government Funding Agency

Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA).

The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a current local currency rating from Fitch ratings and Standard and Poor’s of AAA for local currency and a foreign currency rating of AA+.

Council is one of 30 local authority shareholders and 72 local authority guarantors of the NZLGFA. The NZLGFA has uncalled capital of \$20M of which Council’s share is \$1.9M as at 30 June 2025 (2024: \$1.9M). As at 30 June 2025 , NZLGFA had total borrowings of \$25.5 billion (2024: \$23 billion) for which Council is a guarantor along with other shareholders and guarantors.

Financial reporting standards require Council to recognise the guarantee liability at fair value. However, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability.

The Council considers the risk of the NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- Council is not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligation if further funds were required; and
- NZLGFA has a credit rating of AA+

Contingent assets

	Council		Group	
	Actual 2025 \$'000	Actual 2024 \$'000	Actual 2025 \$'000	Actual 2024 \$'000
Loan guarantees				
Rotorua Hockey Trust & BOP Hockey Association	-	350	-	350
Total loan guarantees	-	350	-	350

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

As at 30 June 2025 there is no facility (2024: one facility, \$350,000).



23 - RELATED PARTY TRANSACTIONS

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

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

	Actual 2025 \$'000	Actual 2024 \$'000
Council members		
Senior Management Team, including the Chief Executive	2,292	2,356
Councillors	1,098	1,079
Total Group key management remuneration	3,390	3,435
Full-time equivalent members		
Full-time equivalent Senior Management Team	8	8
Full-time equivalent Councillors	11	11
Total full-time equivalent personnel	19	19

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

Included in key management personnel compensation is \$49,232 (2024: \$51,777) to defined contribution plans.



27 - EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

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

Statement of Comprehensive Revenue and Expense

Rotorua Lakes Council recorded a surplus of \$8.3m compared to a budgeted surplus of \$21.1m. The major reasons for the variance of \$12.8m between actual and budgeted result are as follows:

Revenue

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

- Subsidies and grants revenue exceeded budget expectations by \$12.5 million. This variance is primarily attributable to the early recognition of capital grants associated with the Museum Redevelopment project, which met key delivery milestones during the year. Additionally, a \$10 million grant was received from the Ministry for the Environment (MFE) to support the Rotoiti/Rotoma sewerage scheme. This funding is provided with the understanding that future contributions will be made under the terms of the Deed of Agreement entered into with MFE, the Bay of Plenty Regional Council (BOPRC), and Te Arawa Lakes Trust (TALT).
- Development and financial contributions were \$7.1 million below budget. This shortfall is primarily due to timing delays between resource consent applications and the commencement of housing developments. Additionally, a number of consents were lodged prior to the re implementation of the new development contributions policy, which impacted the timing and recognition of associated revenues.
- Finance income exceeded budget by \$2.4 million, driven by a strategic decision to place funds on term deposit under favourable conditions, resulting in a positive arbitrage effect that helped offset borrowing costs. This should be offset with Finance costs variance within expenditure.
- Other revenue was \$2.6 million below budget. This variance is primarily due to lower than expected fees and charges, following the decision in October 2024 to transfer all events and venues activities to RotoruaNZ. This structural change has had a direct impact on actual revenue results. Additionally, broader economic challenges have further contributed to the shortfall.

Expenditure

Expenses were \$20.5m higher than budget, with major variances including:

- Personnel costs exceeded the budget by \$4.4 million. This variance is primarily driven by the October 2024 decision to reintegrate Infracore into Council's core service delivery. As this change was not anticipated in the Long Term Plan (LTP), the resulting financial comparisons are not directly aligned with budget expectations. A detailed explanatory note regarding the incorporation of Infracore is provided below.
- Other expenditure exceeded the budget by \$12.4 million. This variance is primarily driven by the impairment and disposal of property, plant, and equipment (PPE) no longer in use, these transactions are not planned through the Long Term Plan (LTP), in addition the incorporation of Infracore operations has contributed to the misalignment with budgeted figures.

Statement of Financial Position

Overall net assets are \$201m above budget. Significant variances are as follows:

Current Assets

Cash and cash equivalents were \$6.4 million above budget. This favourable variance is primarily attributable to term deposits held as part of working capital investment strategies, as well as targeted debt recovery initiatives that improved the collection of long outstanding receivables. Additional contributing factors include delayed capital expenditure, and the timing of grant or subsidy receipts.

Receivables were \$10 million above budget. This variance is primarily driven by the 11.4% increase in rates, which has elevated the overall value of outstanding receivables. Additionally, a small number of high value debtors have contributed to the higher balance.

Non current assets held for sale are below budget by \$1.2m, this is largely due to land & building sales which did not materialise.

Non-current Assets

Investments were \$3.5 million above budget. This favourable variance is primarily driven by a higher than anticipated increase in LGFA borrower notes. In addition, strong financial performance from Council Controlled Organisations (CCOs) in which Council holds a 100% ownership interest has further contributed to the positive result.

Intangible assets were \$2.1 million above budget. This variance is primarily driven by the integration and implementation of key Enterprise Resource Planning (ERP) modules designed to improve operational efficiency and support the additional functionality required for the in house management of Infracore. These investments reflect a strategic focus on strengthening internal systems and capabilities.

Current Liabilities

Payables and deferred revenue were \$3.8 million above budget. This variance is primarily due to the timing of payments and obligations falling due. The increase in trade payables is further influenced by CPI related cost escalations in contractor spend, as well as the onboarding of additional suppliers following the integration of Infracore into Council's core operations.

The current portion of borrowings is \$50 million above budget. This variance is primarily attributable to delays in the delivery of capital projects, which have impacted the planned drawdown and repayment schedules. The timing of debt repayments has also contributed to the higher than expected current borrowings balance.

Non - current liabilities

The non current portion of borrowings is \$60 million below budget. This variance is primarily attributable to delays in the delivery of capital projects, which have reduced the need for planned debt drawdowns. Additionally, the receipt of external funding from prior years has further offset borrowing requirements, contributing to the lower than expected non current debt balance.

Key variances as a result of acquisition of the operations and relating assets & liabilities of Infracore Limited

In October 2024, Rotorua Lakes Council entered into a "sale and purchase agreement" with Infracore to purchase the business operations, assets and employee liabilities. This was completed on the 31st of October 2024.

Statement of comprehensive revenue and expenses

Acquisition of Infracore's operations on 31 October Affect on operations	4 months 1 Jul 24 - 31 Oct 24 Included in Group accounts as part of Infracore Limited \$000	8 months 1 Nov 24 - 30 Jun 25 Included in RLC accounts after acquisition \$000	Comments
Revenue			
Operating revenue - RLC	4,682		(a)
Operating revenue - Other	403	393	-
Expenditure			
Personnel costs	3,282	5,592	(b)
Other expenses	2,036	2,903	
Surplus/(Deficit)	(233)	(8,102)	

Operating revenue - RLC reflects services delivered by Infracore for utilities and Parks & Recreation. These transactions are eliminated on consolidation. Following the acquisition of operations ceased and costs to deliver services were incorporated into RLC.

Expenditure incurred in period Jul to Oct will be eliminated on consolidation. Expenditure incurred post Oct has been incorporated into RLC which has driven the variances noted above due to the fact this decision was made post Long-Term Plan process.

29 - EVENTS AFTER BALANCE DATE

Local Water Done Well

On 8 August 2024, the Government announced enduring settings for the Local Water Done Well initiative. This initiative aims to provide flexibility for local decision making while strongly emphasizing compliance with economic, environmental, and water quality regulatory requirements. The Local Government (Water Services Preliminary Arrangements) Act 2024 was enacted on 3 September 2024, marking the beginning of a 12 month period during which the Council had to develop its Water Services Delivery Plan.

New models have been introduced to create financially stable water organizations, allowing LGFA lending up to 500% of operating revenue to mitigate the impact on rate hikes. Additionally, a new economic regulation regime will ensure that water revenue is spent on infrastructure, with oversight by the Commerce Commission to promote transparency.

The WSPA Act requires territorial authorities to submit a water services plan to the Secretary for Local Government by 3 September 2025. Rotorua Lakes Council prepared a water service delivery plan which will see water services delivered in house until 2028 and may then be delivered by Water Services Council Controlled Organisation (WSCCO) from 1 July 2028 onward dependent on a regional waters working group report in 2027. At the conclusion of the waters working group final report in 2027, Council will make a final decision on whether to participate in the multi council WSCCO. Should a future Council decision be to not join the multi council WSCCO, Rotorua Lakes Council's fall back option is an in house business unit.

Council's water service delivery plan was lodged with the Secretary for Local Government on 14 August 2025 and the outcome of the assessment is not yet known.





Hannahs Bay

30 - PRIOR YEAR ERROR CORRECTION

The Council and group has adjusted its comparative year financial statements for the year ended 30 June 2024 for the correction of prior period errors. The financial statements for 2024, which are presented as comparative information in the 30 June 2025 financial statements, have been restated to correct these errors.

During the 2024/25 year, the Council discovered a material prior period error in its capital work in progress (WIP) balance totalling \$16,144,564. The majority of the error occurred prior to 1 July 2023 and therefore adjustments have been made to opening equity for the 2024 year.

During 2024/25, the Council discovered that it had incorrectly deducted an amount of \$16,296,000 from "Receipts from other revenue" instead of "Subsidies and grants received" within the cash flow statement in the prior year. There is no impact on any other statements, notes or disclosure from this cash flow restatement.

The adjustments shown in the table below reflect an error in the 2024 opening balance of capital work in progress (WIP) of \$15,754,229 which increased by a further \$390,335 during 2024 (Note 13), an error in the 2024 opening Revaluation Reserve for Water Works of \$8,709,428 (Note 20), and an error in the 2024 opening Accumulated funds by \$7,044,801 which increased by a further \$390,335 during 2024 (Note 20).

The impact of the accumulated errors in the previously reported comparatives is shown below.

Council	2024 Before adjustments \$'000	2024 Correction of error \$'000	2024 After adjustments \$'000
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Impact on Statement of comprehensive revenue and expense:

Other expenses	(98,148)	390	(97,758)
Total operating expenditure	(195,310)	390	(194,920)
Operating surplus/(deficit) before tax	2,158	390	2,548
Total comprehensive income	165,815	390	166,205

Impact on Statement of financial position:

Work in Progress	148,921	16,144	165,065
Total non-current assets	2,174,920	16,144	2,191,064
Total assets	2,256,864	16,144	2,273,008

Accumulated funds	640,480	7,435	647,915
Reserves	1,117,095	8,709	1,125,804
Total equity attributable to the entity	1,757,575	16,144	1,773,719

These restatements above had a consequential impact on notes 5,13 and 20 - For a detailed breakdown of the notes within this statement, Please refer to the full financial statement on Rotorua Lakes Council's website rotorualakescouncil.nz

Impact on Statement of cash flows:

Cash flow from operating activities			
Receipts from other revenue	(951)	16,296	15,345
Subsidies and grants received	45,792	(16,296)	29,496

There is no impact on any other statements, notes, disclosures or benchmarks for this cashflow restatement

Impact on Statement of changes in equity:

Balance as at 1 July	1,591,760	15,754	1,607,514
Surplus/ (deficit) after tax	2,158	390	2,548
Other comprehensive revenue and expense	163,657		163,657
Balance as at 30 June	1,757,575	16,144	1,773,719

Group	Before adjustments \$'000	Correction of error \$'000	After adjustments \$'000
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Impact on Statement of comprehensive revenue and expense:			
Other expenses	(89,992)	390	(89,602)
Total operating expenditure	(204,475)	390	(204,085)
Operating surplus/(deficit) before tax	2,760	390	3,150
Total comprehensive income	165,815	390	166,205

Impact on Statement of financial position:			
Work in Progress	148,921	16,144	165,065
Total non-current assets	2,188,100	16,144	2,204,244
Total assets	2,273,832	16,144	2,289,976

Accumulated funds	648,671	7,435	656,106
Reserves	1,116,887	8,709	1,125,596
Total equity attributable to the entity	1,765,558	16,144	1,781,702

These restatements above had a consequential impact on notes 5, 13 and 20 - For a detailed breakdown of the notes within this statement, please refer to the full financial statement on Rotorua Lakes Council's website rotorualakescouncil.nz

Impact on Statement of cash flows:			
Cash flow from operating activities			
Receipts from other revenue	9,065	16,296	25,361
Subsidies and grants received	45,524	(16,296)	29,228

There is no impact on any other statements, notes, disclosures or benchmarks for this cashflow restatement

Impact on Statement of changes in equity:			
Balance as at 1 July	1,599,746	15,754	1,615,500
Surplus/ (deficit) after tax	2,689	390	3,079
Other comprehensive revenue and expense	163,123		163,123
Balance as at 30 June	1,765,558	16,144	1,781,702





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