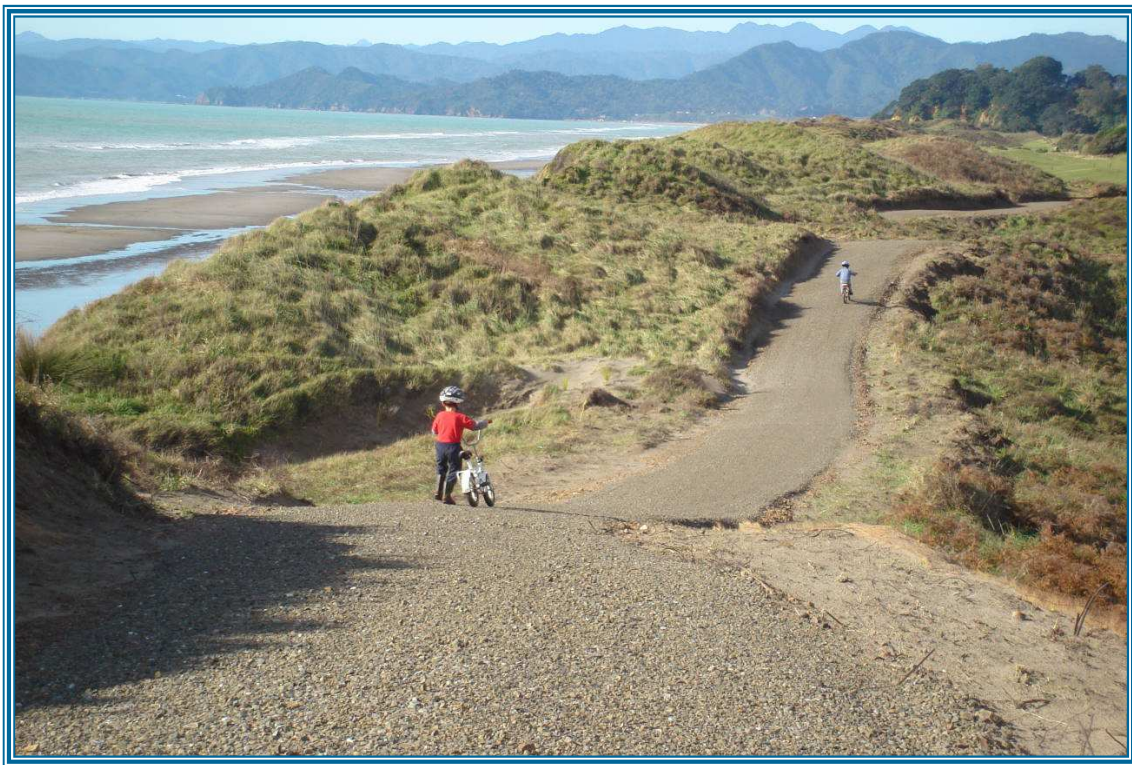


Opotiki District Council

2010 – 2011 Annual Report



ISSN 1176-1962

DIRECTORY

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Bankers	ANZ 57 Spring Street Tauranga
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Solicitors	Simpson Grierson Wellington
Insurance Brokers	Aon New Zealand Tauranga

EXECUTIVE STAFF

Aileen Lawrie
Chief Executive Officer

Jim Finlay
Engineering & Services Manager

Mark Lester
Finance and Corporate Services Manager

Robert Schlotjes
Environment & Planning Manager

Mike Houghton
Parks Recreation and Tourism Manager

YOUR REPRESENTATIVES

John Harris Forbes (Mayor) 315 7362
Haki McRoberts 325 2833

Opotiki Ward:

Shona Browne 315 7347
Robbie Petersen 315 6580
Barry Howe 315 6003

Coast Ward:

Haki McRoberts 325 2833

Waiotahi/Waioeka Ward:

Selby Fisher 315 7624
Doug Leeder 315 4839

Community Board

Haki McRoberts (Chairman)
Taiki (Jack) Parata
Adelaide Waititi
Edward Matchitt
Muriwai Jones

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FROM THE MAYOR AND CEO



The 2010-11 financial year has been a challenging year for the Opotiki District Council. Extreme weather events have resulted in significant flood damage to both the local roading network and state highways. A number of key staff changes throughout the year including a new Chief Executive, the retirement of a long standing Finance Manager and a general restructure has meant that the Council as an organisation has been going through a period of change.

Further, Council has been successful in securing significant amounts of external funding for key projects such as the Cycle Trail which has added a layer of project management work that has had to be managed by existing staff resources.

In spite of these challenges there is much to celebrate. Council has achieved an Operating Surplus for the year ended 30 June 2011 of \$1,202,000 against a budget of \$607,000. Further to this surplus a revaluation of council's assets has resulted in an increase of asset value of \$9,129,000 whilst Council's public debt has been maintained at planned levels.

Roading

The district experienced more than 3 times the normal annual rainfall last year and this caused the worst roading conditions for the past 25 years. The highest ever storm damage - \$1,035,000 was incurred over and above normal maintenance expenditure to clear and repair the affected roading assets.

Four kilometres of new seal was carried out on Gabriels Gully, Fraser and Warringtons Road. Nearly fifteen kilometres of roads were resealed and the lower end of Buchanan Street and the eastern section of Grey Street were upgraded.

Water Supplies

The Opotiki township source water was renewed with two new 300mm diameter bores established off Clarks Cross Road at a cost of \$933,000. The township's supply had been plagued with sediment, manganese and iron problems and the new supply which came "on tap" on 8 February 2011 is now thankfully free of such problems. Further good news is that continuous testing is indicating that the water source is sufficiently aged to eliminate any potential of protozoa – micro organism contamination. The new consent for the town's supply provides enough water for future growth in both residential and industrial needs.

Cycleway

The Opotiki District Council, the Gisborne District Council, Whakatohea Maori Trust Board and the Department of Conservation are the partner agencies responsible for construction of the Motu Trails cycleway, a strategic project largely funded by New Zealand Cycle Trails (Ministry of Economic Development). \$357,000 (approximately 20% of the Ministry of Economic Development contribution to the project) has been invested during the financial year. Expenditure in this period was for the construction of stopbanks, coastal and Pakihi sections of the trail, project management and design. This represents an excellent start on the development of what will be a major asset to the Opotiki community and the Eastern Bay of Plenty. The government's decision to fund the project was made after the annual plan was approved and while the funding was something to celebrate it created unanticipated work and cost and created significant pressure on Council and the community.

Harbour Entrance

Over the last year through the Opotiki Marine Advisory Group (a technical advisory group) Council has produced a publication entitled 38 Degrees - the Opotiki harbour transformation publication. The document is part of the ongoing communications strategy and provides an easy read for those wishing to understand what the project is about. Other aspects of the communications strategy has been visits to key stakeholders, harbour updates, website updates and media stories intended to raise the profile of Opotiki.

Other "back room" work has been carried out such as a Consent Implementation Plan and a landuse planning scoping report. A high level project plan has also been developed that sets out the expected timeframes for both the harbour and aquaculture developments and describes the dependencies between them. With further detailed development this work will inform the Long Term Plan 2012-2022.

Council continues to be supported by a range of partners assisting with funding and in kind support. Community interest and support continue, with the council's community survey in January 2011 showing that 89% of ratepayers consider the harbour development project to be important.

Aquaculture

Council continues to work closely with Whakatohea Maori Trust Board to advocate for and progress aquaculture within the Eastern Bay and therefore enhance the economic and social wellbeing of the district. There has been a steady increase in the level of interest shown regionally and at a national level and valuable support has been provided by some key agencies and organisations who believe the development of an aquaculture industry in the Eastern Bay will benefit the wider Bay of Plenty and national economy. In particular the regional Aquaculture Organisation is now in full swing, implementing the actions of the Bay of Plenty Aquaculture Strategy. The strategy, funded by the Bay of Plenty Regional Council, is a New Zealand first and has actions ranging from infrastructure investigation through to marketing and education.

Three mussel lines are now in the water offshore from Opotiki and trials continue to yield results in excess of expectation. Council continues to support and facilitate further growth and looks forward to a diversification into additional species. Interest from Oriental Oceans, a large Chinese company remains high and in the 2010-11 year they made commitment to a sea cucumber venture with Whakatohea.

Council and Whakatohea continue to advocate to the New Zealand government for the need to establish supportive policies for the industry and increase research and development funding.

Assistance with Christchurch Earthquake

Shortly after both the September 2010 and February 2011 earthquake events Council sent staff to Christchurch as part of the national effort to meet specific requests for assistance. Stu Chapman, Council's Health and Building Supervisor was in Christchurch after both events and Dan Mitchell, Assets Engineer after the second event. On both occasions staff were involved in inspecting residences and attending to welfare issues.

Professional Advice to Rarotonga

Early in 2011 the New Zealand Ministry of Foreign Affairs and Trade hosted representatives of the Cook Island government in New Zealand who were very interested in how rural settlements here managed their infrastructure.

Opotiki was identified as an ideal example of a relatively isolated community where services could be provided – both economically and fit for purpose.

The Cook Island representatives were very impressed with the way the Opotiki Resource Recovery Centre was operated and as a consequence asked if Council would free up our Works Manager to visit the Cook Islands, view their solid waste problems and prepare a report to solve these problems.

With expenses met by the hosts, the visit took place in April. The report was well received and a new resource centre has been planned. A local Opotiki steel fabricator is waiting to hear if he will be awarded a contract to construct and install a waste compactor as a result of the report findings.

Collaboration

Council and staff continue to collaborate with the wider Bay of Plenty region through initiatives such as the Bay of Plenty Local Authorities Shared Services (BOPLASS), Collaboration Bay of Plenty (CoBOP), Joint Civil Defence Committee and Regional Land Transport committee. The Council continues to enjoy the provision of its IT services from the Regional Council.



John Forbes
Mayor of Opotiki



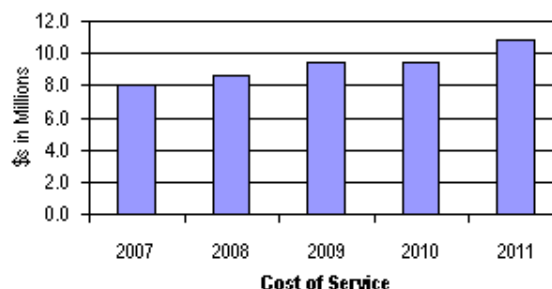
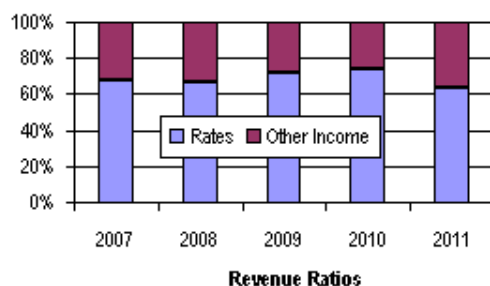
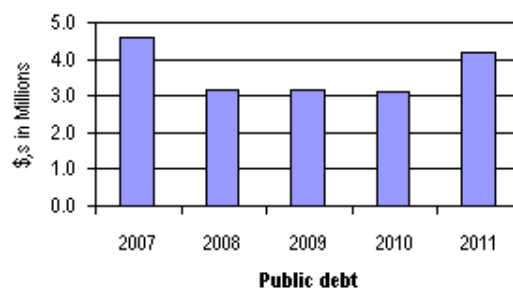
Aileen Lawrie
Chief Executive Officer

5 YEAR FINANCIAL SUMMARY

FIVE YEAR FINANCIAL SUMMARY

For the year to 30 June:

	2007	2008	2009	2010	2011
	\$000	\$000	\$000	\$000	\$000
Income Statement					
Rates (including penalties)	6,369	6,627	7,036	7,324	7,661
Other income	3,075	3,373	2,722	2,532	4,340
	9,444	10,000	9,758	9,856	12,001
Cost of services	8,074	8,595	9,490	9,472	10,799
Net surplus/(deficit)	1,370	1,405	268	384	1,202
Financial Position					
Current assets	4,443	3,696	4,449	4,806	5,400
Current liabilities	4,076	2,745	2,724	4,731	4,459
Working capital	367	951	1,725	75	941
Non current assets	140,907	169,023	168,501	168,667	179,833
	141,274	169,974	170,226	168,742	180,774
Term Liabilities	3,294	3,243	3,227	1,359	3,060
Net assets	137,980	166,731	166,999	167,383	177,714
Financed by:					
Ratepayers equity	122,774	124,262	123,961	123,974	125,328
Reserves	15,206	42,469	43,038	43,409	52,386
	137,980	166,731	166,999	167,383	177,714



Note: 'Other Income' in 2011 includes grant revenue for the construction of the Motu Trails Cycle Trail and NZTA subsidy for storm damage to the local roading network.

REPORT FROM THE AUDITOR-GENERAL

AUDIT NEW ZEALAND
 Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Opotiki District Council's annual report for the year ended 30 June 2011

The Auditor-General is the auditor of Opotiki District Council (the District Council). The Auditor-General has appointed me, Ben Halford, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements, activity group information and other information required by schedule 10 of the Local Government Act 2002 (other information) of the District Council on her behalf.

We have audited:

- the financial statements of the District Council on pages 18 to 55, that comprise the statement of financial position as at 30 June 2011, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies, explanatory information and other information required by schedule 10 of the Local Government Act 2002; and
- the activity group information of the District Council on pages 56 to 82 that includes other information required by schedule 10 of the Local Government Act 2002.

Opinion on the financial statements, the activity group information and the other information

In our opinion:

- The financial statements of the District Council on pages 18 to 55:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2011; and
 - the results of its operations and cash flows for the year ended on that date.
- The activity group information of the District Council on pages 56 to 82:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service for the year ended 30 June 2011, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term council community plan; and

- the reasons for any significant variances between the actual service and the expected service.
- The other information of the District Council contained in the financial statements and the activity group information, complies with the requirements of Schedule 10 of the Local Government Act 2002 applicable to the annual report and fairly reflects the required information.

Our audit was completed on 31 October 2011. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements, activity group information and other information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements, activity group information and other information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements, activity group information and other information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements, activity group information and other information whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the financial statements, activity group information and other information that fairly reflect the matters to which they relate. We consider internal control in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of all disclosures in the financial statements, activity group information and other information;
- determining the appropriateness of the reported activity group information within the Council's framework for reporting performance; and
- the overall presentation of the financial statements, activity group information and other information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements, activity group information and other information. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and activity group information that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the District Council's financial position, financial performance and cash flows;
 - fairly reflect its service performance, including achievements compared to forecast; and
- other information in accordance with Schedule 10 of the Local Government Act 2002 that fairly reflects the required information.

The Council is responsible for such internal control as it determines is necessary to enable the preparation of financial statements, activity group information and other information that are free from material misstatement, whether due to fraud or error.

The Council's responsibilities arise from the Local Government Act 2002.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements, activity group information and other information and reporting that opinion to you based on our audit. Our responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than the audit, we have no relationship with or interests in the District Council.



Ben Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

Matters relating to the electronic presentation of the audited financial statements, activity group information and the other requirements

This audit report relates to the financial statements, activity group information and the other requirements of Opotiki District Council for the year ended 30 June 2011 included on Opotiki District Council's website. The Council is responsible for the maintenance and integrity of Opotiki District Council's website. We have not been engaged to report on the integrity of Opotiki District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, activity group information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, activity group information and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, activity group information and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, activity group information and the other requirements as well as the related audit report dated 31 October 2011 to confirm the information included in the audited financial statements, activity group information and the other requirements presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

HOW COUNCIL WILL CONTRIBUTE TO THE COMMUNITY OUTCOMES

Having worked with the community to develop community outcomes, Council has to make decisions about how it will contribute to achieving those outcomes.

The first monitoring report was produced in June 2008 using facts and figures gathered by the regional monitoring group and feedback from a community survey.

The results of the community survey undertaken in 2011, show that most people agree that progress is being made towards achieving the community outcomes.

National Research Bureau, Communitrac Survey 2011.

Community Outcome	Agree %	Disagree %	Other %
History and culture is treasured and promoted	88%	6%	6%
The spirit and character of the Opotiki Coast community remains strong and distinctive	79%	7%	14%
The potential of the natural environment is developed and protected	83%	5%	12%
Innovative development involves and supports the community	65%	12%	23%
Leadership is visionary, community focused, efficient and representative	64%	12%	24%
Facilities and services meet current and future needs and are accessible to all	63%	24%	13%
People derive pride and purpose from a variety of work and learning opportunities	63%	18%	19%

COUNCIL'S VISION FOR THE DISTRICT

'Strong Community – Strong Future'

COUNCIL HOLDS AND PROMOTES THE FOLLOWING VALUES

Ngakau- tapatahi me te Pononga

Kaore matou a marie i a matou uaratanga a, ka mahi i roto i te huatanga matatika i nga wa katoa.

Manakuratanga

Ka kakama matou i roto i nga take e pa ana ki to tatou iwi whanui ma te whakahaere tikanga, ma te kanohi, kai tautoko arahitanga me te whakaaro.

Mahorahora me nga Herenga

Ka whakahaeretia a matou mahi i roto i te aia kia kitea ai e te iwi whanui a, kia mohiotia a matou mahinga me nga tutukitanga me te whakaae ano mo aua kawenga.

Tokeke me te Ture o te Tika

Ka mahi matou ia hua ai ka orite te whiwhi mea angitu o te katoa me te noho tokeke i roto i iaga whakatinanatanga o nga kaupapa.

Whakatutukitanga Whakawaiatanga

Ka whiwhi hua i roto i te auaha me te ngawaritanga.

Tikanga Tutohungatanga

Ka manako matou i te wahi motuhake o te Tangata Whenua i roto i te iwi whanui a me te whakarite ano i nga kitenga rereketanga, me nga uaratanga o to tatou iwi whanui.

Tumanako Manawareka

Ka ahei tonu matou kia mohio ki nga tumanako o to tatou iwi kainga me te whakamatau kia taea te tairanga teitei o te whakanatanga o te iwi whanui.

Integrity and Honesty

We will not compromise our values and will act in a trustworthy manner at all times.

Leadership

We will take an active role in issues that affect our community by providing governance, representation, advocacy, guidance and opinion.

Openness and Accountability

We will conduct our affairs in a way that allows the community to see and understand our actions and achievements and we will accept responsibility for them.

Fairness and Equity

We will act to ensure all have equal opportunities and that we will be unbiased in the implementation of policies.

Achievements Orientated

We will gain results in a timely, innovative and economic manner.

Relationships

We will acknowledge the special place of Tangata Whenua in our community and respect the different views and values of our community.

Satisfying Expectations

We will always look to understand our community's expectations and try to achieve a high level of community satisfaction.

COUNCIL FOCUS

In order to move the growth and development of the district forward and to ensure the best returns for the ratepayer's dollar Council has set four priorities for action. Council will focus on achieving the following priorities while working to maintain and improve existing levels of service.

1

Economic Growth

The district's economic growth will be secured through diversification. At present the district economy is mainly driven by the primary industries of agriculture and horticulture.

The primary sector will grow through increased kiwifruit production, particularly in the Coast Ward, and through new value added industries being created.

The proposed Opotiki Harbour entrance will be constructed within the life of this plan enabling the landing and processing of mussels from the Opotiki mussel farm. This will provide a platform for sustained economic growth in the district as businesses develop to take advantage of this new infrastructure. Operations such as charter boats, commercial fishing, retail and accommodation will increase as a result of improved access and demand.

Tourism will also be a growth industry for the district as the benefits of a number of initiatives bear fruit. District promotions, events, and an increasing number and quality of attractions including the branding and development of the town centre as a historic precinct will create a new level of interest in our district.

Priorities for Council action

- Opotiki Harbour Development
- District Plan review and implementation
- Providing visitor and business investment information and support
- Supporting local and regional business growth and workforce development
- Promotion of activities to increase visitors, including historic precinct development

2

Quality of Life

The quality of life for residents will be underpinned by Council's core services such as water, storm water, sewerage, roads and waste management. These services will be complemented by facilities that promote community well-being including park and recreation facilities and libraries.

Council will work with other relevant agencies to ensure their services enhance the quality of life for residents. This includes health, education, housing and other social service providers.

Quality of life will be enhanced by the lifestyle opportunities provided by the district's beautiful natural environment. The outstanding Ohiwa Harbour and numerous river systems, beautiful beaches, stunning coastal views, extensive native vegetation, strong communities and cultural richness will continue to attract residents and visitors alike.

The development of the economy and employment opportunities will also bring about improvements in the quality of life for residents.

Priorities for Council action

- Provision of infrastructure e.g. roads, water, storm water, waste management
- Increasing the quality of parks and recreation facilities
- Advocacy with and on behalf of Opotiki communities to central government

3

Strong Community Spirit

Opotiki will be known for its strong community spirit. Communities will retain their own distinctive identities whilst undertaking activities that support and enhance the collective wellbeing of the district community. Overall, Opotiki will continue to have communities that care for themselves and others.

Council will continue its role in fostering strong communities by sponsoring community initiatives, organising the two yearly awards for achievers and volunteers, and enhancing the quality of life of residents. With economic growth there will be an increased number of community events and activities to foster community spirit.

The harbour development, mussel farm and settlement of particular Treaty claims will increase the vitality of the community. Opotiki will be a place where people feel good living, working, shopping or enjoying recreational activities.

There will be a greater appreciation amongst visitors and the general public about the cultural richness of the district through increased cultural tourism with Marae stays and cultural tours. The historic values of the town centre will also be highlighted with the creation of an historic precinct and the revitalisation of historic buildings. The historic precinct will become a major visitor attraction that residents are proud of.

Council will continue to implement its Recreation Strategy, creating new recreation facilities for both visitors and residents.

Priorities for Council action

- Tri-annual community awards event and community day
- Promotion and support for community events
- Creation of new events centre

4

Environmental Quality

We are proud of our natural environment. The maintenance and enhancement of environmental quality is therefore an important part of the district's future. Our unique harbour, bush, rivers, beaches, landscapes and associated activities such as swimming, fishing, diving, hunting, walking, biking and kayaking, are major attractions for residents and visitors.

Priorities will be the creation of facilities and infrastructure to optimise the use and enjoyment of natural resources while protecting the natural environment. The Opotiki Harbour development project and implementation of the recreation strategy will continue. Council will also, with the community, continue to identify and action environmental enhancement projects.

Priorities for Council action

- District Plan review and implementation
- Creation of the Town Centre as an historic precinct
- Maintenance and enhancement of parks and reserves
- Partnership with community groups and Bay of Plenty Regional Council to undertake environmental restoration projects

GOVERNANCE AND STRUCTURE

The governance model under the Local Government Act 2002 is representative democracy. The community elects individuals to make judgements on behalf of the community about what will promote community well-being. Although the model is one of representative democracy, there are strong elements of citizen participation.

There are three elements to governance under the Act. They are:

- representing the community
- setting policy
- monitoring and review.

Representing the Community

An elected member is elected by the electors of a particular ward/constituency to represent those electors, but all elected members are required to act in the interests of the city or district or region as a whole.

Setting Policy

The policy setting role involves deciding what the local authority should be doing, i.e. what activities should the local authority engage in and why, what regulatory intervention should the local authority make and why etc. This policy setting takes place within a framework of:

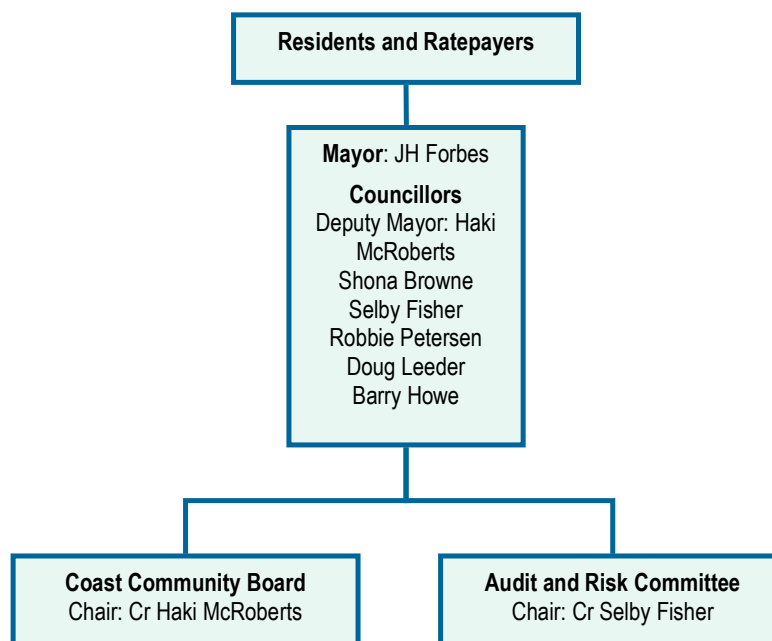
- things the local authority is prohibited from doing by law (examples from the Act include charging a membership fee for a library, or selling water and sewage disposal assets to the private sector)
- things the local authority must do by law (e.g. Local authorities must prepare a district plan or regional policy statement)
- community needs and preferences.

Monitoring and Review

The third governance role is monitoring and review. These may seem like synonyms, but in fact they are not. Monitoring involves evaluate a policy or performance during a particular project. Review is about evaluating performance at a predetermined time.

The most visible review mechanism is the local authority's annual report, which sets out the performance of the local authority against its objectives over the preceding year.

Governance Structure



GOVERNANCE AND STRUCTURE CONTINUED

Purpose of Committees

- **Council** (meet six weekly on Tuesday at 9.00am – Chair: His Worship the Mayor)
Full Council meets on a six weekly cycle on a Tuesday. Meetings begin at 9:00am. Council meetings are chaired by His Worship the Mayor. Regular Council meetings are necessary to enable Council to discharge its Governance Role of representation, policy development and monitoring and review.
- **Coast Community Board** (meet 6 weekly – Chair: Cr Haki McRoberts) Committee resolves and/or recommends solutions pertaining to the Coast ward.
- **Audit and Risk Committee** (meet as required – Chair: Cr Selby Fisher). The Audit Committee meets on an as required basis. The role of the Audit Committee is to review the operation of internal controls, monitoring and guidance of Council's response to Audit processes, providing input in to financial reporting, accounting policies, risk management and undertaking any investigations in to any alleged fraudulent activity.

All meetings are open to the public who are welcome to attend.

At the Inaugural Ordinary Council meeting dated 26 October 2010 the following appointments were approved for the 2010-2013 Triennium.

Organisation	2010-2013 Triennium
Regional Land Transport Committee	Member: Mayor Forbes Reserve: Cr Leeder
Eastern Bay of Plenty Road Safety Committee	Dep Mayor McRoberts
Creative Communities New Zealand	Cr Petersen Cr Browne
CAO Pool Administration Committee	Cr Howe
Waioeka-Otara Flood Scheme Liaison Group	Crs Petersen, Howe
Opotiki Fibre and Fleece Trust	Cr Fisher
BOP Civil Defence Group	Mayor Forbes
Ohiwa Harbour Implementation Forum	Cr Fisher
OMAG	Cr Fisher HWTM ex officio
Opotiki Theatre Trust	Cr Petersen

Organisation Structure

Chief Executive Officer Aileen Lawrie	<p>The chief executive appoints a range of skilled staff to carry out the activities the council undertakes on behalf of the community.</p> <p>This is the organisational arm of local government.</p> <p>Through the chief executive they implement the decisions of Council, provide advice to Council on managing the activities of the organisation effectively and efficiently, plan and provide accurate reports of the financial and service performance of Council and employ and provide leadership.</p>	
Engineering & Services Manager Jim Finlay	Consultancy BU Solid Waste Roothing Rural Fire	Sewerage Stormwater Water Supply Property
Environmental Planning Manager Robert Schlötjes	Animal Control Building Inspection Bylaws Civil Defence	Environmental Health Liquor Licensing Noise Control Planning
Finance and Corporate Services Manager Mark Lester	Cash Receipting Debtors/Creditors Financial Reporting Investments Insurance Payroll Public Debt	Water Billing Rates Communications Customer Services Creative New Zealand Governance Support
Parks, Recreation and Tourism Manager Mike Houghton	Parks Reserves Airport Cemetery Tourism	Promotions Economic Development Events I-Site Information Center Sports Co-ordination

EEO REPORT

The Opotiki District Council acknowledges the benefit to both employees, Council and its customers that result from equal opportunity in employment of new personnel.

Council is committed to the principles of equal opportunity in recruitment, employment, training and promotion of its employees.

Objectives

- To promote people on the basis of merit and/or skill, ability and qualifications
- To ensure criteria for recruitment relate to the skills and experience necessary for the job.

Outcomes

- All appointments made on merit
- The recruitment criteria used was related to the skill and experience necessary for the job.

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

For the Year Ending 30 June 2011

Compliance

The Council and management of the Opotiki District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

Responsibility

The Council and management of the Opotiki District Council accept responsibility for the preparation of the annual financial statements and the judgments used in them.

The Council and management of the Opotiki District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Council and management of the Opotiki District Council, the annual financial statements for the year ended 30 June 2011, fairly reflect the financial position and operations of the Opotiki District Council.

JH Forbes
MAYOR
Date:

A Lawrie
CHIEF EXECUTIVE
Date:

CONTENTS TO FINANCIAL STATEMENTS**PURPOSE OF FINANCIAL STATEMENTS**

Statement of Comprehensive Income.....	18	Statement of Comprehensive Income This statement discloses the net surplus or deficit and the components of the net surplus (deficit), arising from activities or events during the year that are significant for the assessment of both past and future financial performance.
Statement of Financial Position	19	Statement of Financial Position Information about the economic resources controlled by Council and its capacity to modify those resources is useful in assessing Council's ability to generate cash and/or provide services in the future. Information about the financing structure is useful in assessing future borrowing needs, and how future surpluses and 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 further finance.
Statement of Changes in Equity.....	20	Statement of Changes in Equity This financial statement contributes to the objectives of general purpose financial reporting by combining information about net surplus (deficit) with other aspects of Council's financial performance in order to give a degree of measure of comprehensive income.
Statement of Cash Flows	21	Statement of Cash Flows This statement reflects Council's cash receipts and cash payments during the year and provides useful information about Council's activities in generating cash through operations to : <ul style="list-style-type: none"> • repay debt; or • re-invest to maintain or expand operating capacity It also provides useful information about the cash flows generated from Council's investing and financing activities, both debt and equity.
Statement of Accounting Policies.....	22	Statement of Accounting Policies Provides details of policies adhered to in the preparation of Financial Statements.
Notes to Financial Statements.....	22	Notes to Financial Statements Provides analysis and detail of various aspects of the Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

OPOTIKI DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 30 June 2011

	Note	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Income				
Rates revenue	3	7,661	7,560	7,324
Financial Income	4	76	105	79
Other revenue	5	4,003	3,069	2,719
Gains/(losses)	6	261	38	(266)
Total Income		12,001	10,772	9,856
Expenditure				
Personnel costs	7	2,655	2,786	2,573
Depreciation and amortisation	13, 14	1,857	1,916	1,874
Finance costs	4	209	265	224
Other expenses	8	6,078	5,198	4,801
Total operating expenditure		10,799	10,165	9,472
Surplus / (deficit)		1,202	607	384
Other comprehensive income				
Gain on property revaluation	13	9,129	13,456	0
Total comprehensive income		10,331	14,063	384

Explanations of significant variances against budget are detailed in note 31

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

OPOTIKI DISTRICT COUNCIL
STATEMENT OF FINANCIAL POSITION
As at 30 June 2011

	Note	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Assets				
Current assets				
Cash and cash equivalents	9	2,507	2,245	1,964
Debtors and other receivables	10	2,846	2,095	2,438
Other financial assets	11	4	400	404
Non-current assets held for sale	12	43	0	0
Total current assets		5,400	4,740	4,806
Non-current assets				
Property, plant and equipment	13	177,973	181,917	167,118
Intangible assets	14	38	46	43
Investment property	15	1,534	1,346	1,230
Other financial assets	11	288	250	276
Total non-current assets		179,833	183,559	168,667
Total Assets		185,233	188,299	173,473
Liabilities				
Current liabilities				
Creditors and other payables	17	2,885	2,310	2,449
Provisions	18	8	7	8
Employee benefit liabilities	19	291	321	299
Borrowings	20	1,275	295	1,975
Total current liabilities		4,459	2,933	4,731
Non-current liabilities				
Provisions	18	101	121	48
Derivative financial instruments	18A	24	0	0
Employee benefit liabilities	19	25	42	36
Borrowings	20	2,910	3,432	1,275
Total non-current liabilities		3,060	3,595	1,359
Total liabilities		7,519	6,528	6,090
Equity				
Retained earnings	21	125,328	125,076	123,974
Other reserves	21	52,386	56,695	43,409
Total Equity		177,714	181,771	167,383

The accompanying notes form part of these financial statements

JH Forbes
MAYOR
 Date:

A Lawrie
CHIEF EXECUTIVE
 Date:

STATEMENT OF CHANGES IN EQUITY

OPOTIKI DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY For the Year Ended 30 June 2011

		Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Balance at 1 July		167,383	167,708	166,999
Surplus / (deficit)	21	1,202	607	384
Total comprehensive income previously reported	21	9,129	13,456	0
Total recognised revenue and expenditure for the year		10,331	14,063	384
Balance at 30 June		177,714	181,771	167,383

The accompanying notes form part of these financial statements

STATEMENT OF CASHFLOWS

OPOTIKI DISTRICT COUNCIL
STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2011

		Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Cash flows from operating activities				
Receipts from rates revenue		7,305	7,490	7,080
Interest received		76	105	79
Dividends received		0	0	0
Receipts from other revenue		3,936	3,069	2,738
Payments to suppliers and employees		(8,510)	(7,991)	(7,368)
Interest paid		(185)	(265)	(224)
Goods and services tax (net)		51	0	30
Regional Council rates		(66)	0	(44)
Net cash from operating activities	22	2,607	2,408	2,291
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		53	28	61
Receipts from sale of investments		404	0	29
Purchase of intangible assets		(8)	0	0
Purchase of property, plant and equipment		(3,448)	(3,062)	(2,146)
Acquisition of investments		0	(400)	(201)
Net cash from investing activities		(2,999)	(3,434)	(2,257)
Cash flows from financing activities				
Proceeds from borrowings		2,910	2,302	0
Repayment of borrowings		(1,865)	(1,865)	0
Repayment of finance lease liabilities		0	0	0
Net cash from financing activities		1,045	437	0
Net increase / (decrease) in cash, cash equivalents and bank overdrafts		653	(589)	34
Cash, cash equivalents and bank overdrafts at the beginning of the year		1,854	2,834	1,820
Cash, cash equivalents and bank overdrafts at the end of the year	9	2,507	2,245	1,854

The accompanying notes form part of these financial statements

NOTES TO FINANCIAL STATEMENTS

NOTE 1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2011

REPORTING ENTITY

Opotiki District Council (ODC) is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The primary objective of ODC is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, ODC has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of ODC are for the year ended 30 June 2011. The financial statements were authorised for issue by Council on 31 October 2011.

BASIS OF PREPARATION

Statement of compliance

The financial statements of ODC have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, investment property and financial instruments.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of ODC is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted.

Standards, amendments and interpretations issued but not yet effective that has not been early adopted and which are relevant to the Council are:

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. ODC has not yet assessed the effect of the new standard and expects it will not be early adopted.
- FRS 44 New Zealand Additional Disclosures and Amendments to NZIFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments). By not adopting this standard, donations are required to be shown separately.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from 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 payable.

Rates collected on behalf of Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as ODC is acting as agent for BOPRC.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Government Grants

ODC receives government grants from New Zealand Transport Agency, which subsidises part of ODC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Provision of service

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income. Assets vested in ODC are recognised as revenue when control over the asset is obtained.

Sale of goods

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

Interest and dividends

Interest income is recognised using the effective interest method.
Dividends are recognised when the right to receive payment has been established.

Development contributions

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

Development contributions are classified as part of "Other Revenue".

Borrowing costs

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

Grant expenditure

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 ODC has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of ODC's decision.

Income Tax

ODC is exempt under Section CW39 of the Income Tax Act 2007 which specifically exempts local authorities from income tax unless derived from a CCO or port related commercial activities.

Leases*Finance leases*

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, ODC recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether ODC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term of its useful life.

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.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held on 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.

Debtors and other receivables

Debtors and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Loans, including loans to community organisations made by ODC at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the statement of financial performance as a grant.

A provision for impairment of receivables is established when there is objective evidence that ODC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council and group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council and group have transferred substantially all the risks and rewards of ownership.

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive income

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit.

Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of financial performance.

Currently, ODC does not hold any financial assets in this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are in non-current assets. ODC's loans and receivables comprise cash and cash equivalents, debtors and other receivables, term deposits and loan advance.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

Loans to community organisations made by ODC at nil, or below-market interest rate are initially recognised at the present value of their expected future cash flows discounted at the current market rate of return for a similar financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and the present value of expected cash flows of the loan is recognised in the statement of financial performance as a grant.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that ODC has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than twelve months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date or if the debt is not expected to be realised within 12 months of balance date. ODC includes in this category:

- Investments that ODC intends to hold long-term but which may be realised before maturity; and
- Shareholdings that ODC holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

Loans and other receivables

Impairment is established when there is objective evidence that ODC will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying amount and the present value of estimated cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Financial assets at fair value through other comprehensive income

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

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

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale 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 statement of financial performance.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets — These include land, buildings, plant, machinery and vehicles, fixtures, fittings and equipment and library collections.

Restricted assets — Restricted assets land and buildings owned by ODC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets — Infrastructure assets are the fixed utility systems owned by ODC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Revaluation

Land, buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure their carry amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost. ODC assesses the carrying values of its revalued assets 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.

ODC accounts for revaluation of property, plant and equipment on a class of asset basis.

The result of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the value of the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

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 ODC and the cost of the item can be measured reliably.

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

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings

- Structure 35 to 85 years (2.86% - 1.18%)
- Roof 40 years (2.5%)
- Services 15 to 50 years (6.67% - 2.0%)
- Internal fit out 15 to 35 years (6.67% - 2.86%)

Plant and machinery 5 to 10 years (10% - 20%)

Fixed plant @ refuse recovery centre 30 years (3.33%)

Motor vehicles 5 years (20%)

Fixtures, fittings and equipment 3 to 5 years (33% - 20%)

Library collections 5 to 10 years (10% - 20%)

Infrastructural assets

Roading network

- Formation N/A (Nil)
- Sub base N/A (Nil)
- Basecourse (unsealed) 8 years (12.5%)
- Basecourse (sealed) 25 to 50 years (2% - 4%)
- Seal 15 years (6.67%)
- Bridges 100 years (1.0%)
- Hot mix 10 years (10.0%)

Kerb and footpaths 50 years (2.0%)

Reticulation 5 to 100 years (1% - 20.0%)

Traffic facilities (roading components) 10 to 20 years (5.0% - 10.0%)

Culverts (roading components) 50 years (2.0%)

Pumps 10 to 20 years (5.0% - 10.0%)

Meters, valves and connections 25 to 75 years (1.33% - 4.0%)

River protection works 100 years (1.0%)

Open drains associated with the roading infrastructure is not depreciated. The annual maintenance programme set out in the asset management plan will ensure the specific level of service is maintained.

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

Intangible assets

Software acquisition and development

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

Costs that are directly associated with the development of software for internal use by ODC, are recognised as intangible asset. Direct cost will include the software development, employee costs and appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use.

Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

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 statement of financial performance.

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

Computer software 4 to 5 years (20% - 25%)

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicator of impairment at each balance date. When there is an indicator of impairment the assets recoverable amount is estimated.

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.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

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

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

For assets not carried at a revalued amount, the total impairment loss is recognised in the statement of financial performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the statement of financial performance.

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.

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

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of financial performance

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

Employee entitlements*Short-term employee entitlements*

Employee benefits that ODC expects 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, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

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

Long-term employee entitlements

Entitlements that are due to be settled beyond 12 months after the end of the period in which the employee renders the service, such as retiring 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.

Expected future payments are discounted using market yields of government bonds at balance date with terms to maturity that match as close as possible the estimated future cash outflows for entitlements. The inflation factor is based on the expected long-term increase in remuneration for employees.

Superannuation schemes*Defined contribution schemes*

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of financial performance as incurred.

Provisions

ODC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the 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.

Landfill

ODC operated a landfill at Woodlands Road Opotiki. This has closed but ODC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the site. A provision for post closure costs is recognised as a liability when the obligation for post-closure arises.

Equity

Equity is the community's interest in ODC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Accumulated funds
- Restricted reserves
- Property revaluation reserves
- Fair value through other comprehensive income reserve

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 ODC.

Restricted reserves are those subject to specific conditions accepted as binding by ODC and which may not be revised by ODC 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 references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

ODC's objectives, policies and processes for managing capital are described in note 30.

Property revaluation reserves

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

Fair value through other comprehensive income reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income instruments.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The 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.

The net GST paid to, or received from the IRD, including the 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.

Budget figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by ODC for the preparation of the financial statements.

Cost allocation

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements ODC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

Note 13; Provides information about the estimates and assumptions in determining the fair value of infrastructural assets.

Landfill aftercare provision

Note 18; Discloses an analysis of the exposure of ODC in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies for the year ended 30 June 2011.

Classification of property

The Council owns land and buildings previously occupied by the Council Depot. A portion of the property was leased and this portion was classified as investment property. The property is currently being redeveloped and the entire property is now to be classified as investment property with the exception of the previous building which has been classified as non-current asset held for sale.

Note 2: Summary cost of service

	Actual 2011 \$000	Budget 2011 \$000	Actual 2010 \$000
Income			
Representation	933	993	823
Tangata Whenua relationships	12	16	14
Community sponsorship	232	299	257
Parks & recreation	1,450	943	978
Library	230	250	197
Property	570	755	584
Solid waste	1,209	1,180	1120
Water supplies	1,006	999	972
Sanitary services	434	434	460
Stormwater	231	123	122
Transport services	3,907	3,164	2937
Emergency management	156	205	158
Animal control	188	185	182
Regulatory	525	539	564
Environmental management	266	195	214
Tourism & promotion	231	292	322
Harbour development	173	248	246
Total activity income	11,753	10,820	10,150
Other income	316	48	(223)
Less internal income	(68)	(96)	(71)
Total income	12,001	10,772	9,856
Expenditure			
Representation	933	993	823
Tangata Whenua relationships	12	16	14
Community sponsorship	232	299	257
Parks & recreation	924	931	978
Library	228	250	194
Property	443	421	321
Solid waste	1,218	1,172	1,037
Water supplies	965	981	922
Sanitary services	414	432	421
Stormwater	167	96	88
Transport services	3,792	3,006	2,802
Emergency management	156	205	158
Animal control	188	185	182
Regulatory	525	539	564
Environmental management	266	195	214
Tourism & promotion	231	292	322
Harbour development	173	248	246
Total activity expenditure	10,867	10,261	9,543
Less internal expenditure	(68)	(96)	(71)
Total expenditure	10,799	10,165	9,472

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer to note 3). In order to reflect the total external operations for Council in the Statement of Financial Performance, these transactions are eliminated as shown above.

Other income not allocated to activities represents profit on sale of vehicles, revaluation of investment property, business unit profit and interest.

Note 3: Rates revenue

	Actual 2011 \$000	Actual 2010 \$000
General rate	5,358	5,103
Targeted rates attributable to activities		
Water	758	731
Sewerage	429	411
Public Space Litter Control	89	92
Resource Recovery Centers	629	626
Urban Refuse Collection	175	166
Information Centre	40	39
Roading (Town Centre)	84	84
Rate penalties	99	72
Total revenue from rates	7,661	7,324

Rate Remissions

Rates revenue is shown net of rates remissions. ODC's rate remission policy allows ODC to remit rate on:

Community, sporting and other organisations

The remission applies to land owned by Council or a charitable organisation which is used exclusively or principally for sporting, recreation or community purposes.

Uniform charges on rating units owned by the same ratepayer

Provides rates relief from uniform charges on land held by a developer or where the ownership is to all intents and purposes similar.

Penalties

Enables Council to act fairly and reasonably in its consideration of rates which have not been received by Council by penalty date due to circumstances outside the ratepayers control

Economic Development

To promote employment and economic development within the district by assessing new businesses. Council will consider, on a case by case basis, a remission on commercial and industrial developments.

Land used for natural, historic, cultural and conservation purposes

To preserve and promote natural resources and heritage, to encourage the protection of land and natural, historic or cultural purposes, Council will consider the remission of a portion of the rates.

Extreme financial hardship

Where evidence that Council deems appropriate to support a claim for extreme financial hardship is provided, Council will consider a remission of rates on a case by case basis.

Rating units affected by calamity

Enables Council to remit rates on land detrimentally affected by erosion, subsidence submersion or other calamity.

Maori land general remission

Council will consider a remission on Maori freehold land where it is unoccupied and

- set aside as Waahi Taapu; or
- set aside for the preservation of natural characteristics etc; or
- is inaccessible

Maori land economic adjustment remission

Council will consider a remission where the property carries a best potential use value that is significantly in excess of the economic value arising from its actual use.

	Actual 2011 \$000	Actual 2010 \$000
Total rates revenue	7,765	7,418
Rates remissions		
Community, sporting and other organisations	7	6
Penalties	39	46
Economic development	12	0
Maori Freehold Land		
- General	20	20
- Economic	26	22
Total remissions	104	94
Rates revenue net of remissions	7,661	7,324

In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under ODC's rates remission policy.

Note 4: Finance income and finance costs

	Actual 2011 \$000	Actual 2010 \$000
Finance income		
Interest income		
- term deposits	62	65
- loan advance	14	14
Total finance income	76	79
Finance costs		
Interest expense		
- interest on borrowings	182	221
- discount unwind on provisions (note 18)	3	3
SWAP valuation - Out of money	24	0
Total finance costs	209	224
Net finance costs	133	145

Note 5: Other revenue

	Actual 2011 \$000	Actual 2010 \$000
User charges	690	705
Land Transport NZ government grants	1,898	1,130
Regulatory income	190	230
Rental income from investment property	71	75
Infringements and fines	1	30
Rendering of services	39	14
Petrol tax	64	60
Vested assets	2	2
Reserve contributions	18	20
Development contributions	129	146
Other	901	307
Total other revenue	4,003	2,719

There are no unfulfilled conditions and other contingences attached to government grants recognised.

Note 6: Other gains / (losses)

	Actual 2011 \$000	Actual 2010 \$000
Gain on disposal of property, plant and equipment	13	(6)
Gain on sale of Non Current Assets held for sale	0	0
Gain on changes in fair value of investment property (note 15)	248	(260)
Total gains/(losses)	261	(266)

Note 7: Personnel costs

	Actual 2011 \$000	Actual 2010 \$000
Salaries & wages	2,638	2,532
Defined contribution plan employer contributions	40	11
Increase / (decrease) in employee benefit liabilities	(23)	30
Total employee benefit expenses	2,655	2,573

Note 8: Other expenses

	Actual 2011 \$000	Actual 2010 \$000
Fees paid to principal auditor:		
Audit fees for financial statement audit	72	69
Donations	0	38
General grants	48	0
Impairment of property, plant and equipment (note 13)	0	(14)
Minimum lease payments under operating leases	18	16
Direct expenses from investment property generating income	17	12
Other operating expenses	5,923	4,680
	6,078	4,801

Note 9: Cash and cash equivalents

	Actual 2011 \$000	Actual 2010 \$000
Cash at bank and in hand	772	302
Short term deposits maturing three months or less from date of acquisition	1,735	1,662
Total cash and cash equivalents	2,507	1,964

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is nil (2010 nil).

Refer to note 11 for weighted average effective interest rate for cash and cash equivalents.

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	Actual 2011 \$000	Actual 2010 \$000
Cash at bank and in hand	772	302
Short term deposits maturing within three months	1,735	1,662
Bank overdraft (note 20)	0	(110)
	2,507	1,854

Note 10: Debtors and other receivables

	Actual 2011 \$000	Actual 2010 \$000
Rates receivable	3,422	3,061
Other receivables	463	534
Sundry debtors	389	262
Prepayments	0	9
	4,274	3,866
Less provision for impairment of receivables	1,428	1,428
Total debtors and other receivables	2,846	2,438

Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

ODC has large areas of unoccupied, unproductive Maori land in multiple ownership. As the Local Government Rating Act 2002 provides limited ability for the collection of rates in such circumstances, there is a large amount of rate arrears. ODC's policy is not to write off these arrears until the debt becomes statute barred. Consequently ODC provides a large impairment on these rate receivables to reflect these arrears which it has limited ability to collect.

The age of rates receivable overdue, are as follows:

	Actual 2011 \$000	Actual 2010 \$000
< 12 months	1,195	1,098
1 to 2 years	678	597
2 to 3 years	490	434
> 3 years	1,059	932
	3,422	3,061
Less impairment	1,349	1,349
Carrying amount	2,073	1,712

The status of receivables, other than rates receivables, are as follows

	Gross \$000	Impairment \$000	Net \$000
2011			
Not past due	500	0	500
Past due 1-60 days	4	0	4
Past due > 60 days	162	79	83
	666	79	587
2010			
Not past due	169	0	169
Past due 1-60 days	20	0	20
Past due > 60 days	79	79	0
	268	79	189

The impairment provision has been calculated based on expected losses for ODC's pool of debtors. Expected losses have been determined based on an analysis of ODC's losses in previous periods, and review of specific debtors as detailed below.

	2011 \$000	2010 \$000
Individual impairment	55	61
Collective impairment	1,373	1,367
	1,428	1,428

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

	2011 \$000	2010 \$000
Not past due	0	0
Past due 1-60 days	0	0
Past due > 60 days	55	61
	55	61

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

	Actual 2011 \$000	Actual 2010 \$000
At 1 July	1,428	1,428
Additional provisions made during the year	173	191
Receivables written off during the period	(173)	(191)
At 30 June	1,428	1,428

Note 11 Other financial assets

	Actual 2011 \$000	Actual 2010 \$000
Current portion		
<i>Loans and receivables</i>		
Short term deposits with maturities of 4 -12 month	0	400
<i>Held to maturity</i>		
Loan Advance	4	4
Total loans and receivables	4	404
Non-current portion		
<i>Held to maturity</i>		
Total loans and receivables	287	273
<i>Fair value through equity</i>		
Listed shares Horizon Energy Ltd	0	2
Unlisted shares in Bay of Plenty Local Authority Shared Services Ltd	1	1
	288	276

Held to maturity

Loans and receivables represents a registered mortgage arising on the sale of Councils pensioner housing units. Fair value of the mortgage is \$276,443 (2010 \$260,773) and an advance was made to the Opotiki RSA for infrastructural improvement to sewerage and stormwater. Fair value of the advance is \$14,375 (2010 \$16,476).

Fair value has been determined by using cash flows discounted at a rate of 4.0% (2010 5.0%).

Quoted shares

The fair value of listed shares are determined by reference to published price quotations in an active market.

Impairment

There were no impairment provisions for other financial assets.

Note 12 Non-current assets held for sale

The Council owned building on Bridge Street has been presented for sale following the approval by Council to develop the depot site. The Council has approved the sale of the building as it will provide no future use to Council. The completion of the sale was on 28 July 2011. See note 28.

Shares held in Horizon Energy Ltd have been included as a Non-current asset held for sale because of their ready saleable nature. They have been included at market price.

	Actual 2011 \$000	Actual 2010 \$000
Assets held for sale are:		
Former depot building	41	0
Listed shares Horizon Energy Ltd	2	0
	43	0

Note 13: Property, plant and equipment

2010	Cost/ revaluation 30-Jun-09	Accumulated depreciation and impairment charges 30-Jun-09	Carrying amount 30-Jun-09	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus	Cost/ revaluation 30-Jun-10	Accumulated depreciation and impairment charges 30-Jun-10	Carrying amount 30-Jun-10
Operational assets											
Land	1,127	0	1,127						1,127	0	1,127
Buildings	1,475	51	1,424	63			53		1,538	104	1,434
Plant, machinery and vehicles	876	569	307	270	59	8	97		1,079	666	413
Fixtures, fittings and equipment	685	584	101	91	2	-3	47		777	631	146
Library collections	680	560	120	40			35		720	595	125
Total operational assets	4,843	1,764	3,079	464	61	5	232	0	5,241	1,996	3,245
Infrastructural assets											
Roading network	131,979	1,061	130,918	937		-41	1081		132,957	2,142	130,815
Water systems	10,127	288	9,839	81		5	293		10,203	581	9,622
Sewerage system	3,724	126	3,598	209		23	129		3,910	255	3,655
Stormwater	1,118	32	1,086	143			32		1,261	64	1,197
Work in progress	0	0	0	101			0		101	0	101
Total infrastructural assets	146,948	1,507	145,441	1,471	0	-13	1,535	0	148,432	3,042	145,390
Restricted assets											
Land	15,577	0	15,577						15,577	0	15,577
Buildings	2,870	86	2,784	213			91		3,083	177	2,906
Work in progress											
Total restricted assets	18,447	86	18,361	213	0	0	91	0	18,660	177	18,483
Total property, plant and equipment	170,238	3,357	166,881	2,148	61	-8	1,858	0	172,333	5,215	167,118

The net carrying amount of PPE held under finance lease is \$0 (2009: \$0)

2011	Cost/ revaluation 30-Jun-10	Accumulated depreciation and impairment charges 30-Jun-10	Carrying amount 30-Jun-10	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Depreciation Write Back	Revaluation surplus	Cost/ revaluation 30-Jun-11	Accumulated depreciation and impairment charges 30-Jun-11	Carrying amount 30-Jun-11
Operational assets												
Land	1,127	0	1,127	15					-211	931	0	931
Buildings	1,538	104	1,434	29			56	160	-10	1,397	0	1,397
Plant, machinery and vehicles	1,079	666	413	339	257		130	241		1,161	555	606
Fixtures, fittings and equipment	777	631	146	30	139		54	139		668	546	122
Library collections	720	595	125	39	106		35	106		653	524	129
Total operational assets	5,241	1,996	3,245	452	502	0	275	646	-221	4,810	1,625	3,185
Infrastructural assets												
Roading network	132,957	2,142	130,815	1,136	17		990	3,132	9,617	140,561	0	140,561
Water systems	10,203	581	9,622	1,081	2		307	888	-851	9,543	0	9,543
Sewerage system	3,910	255	3,655	279	6		138	393	877	4,667	0	4,667
Stormwater	1,261	64	1,197	106			33	97	3,610	4,880	0	4,880
Work in progress	101	0	101	390				0		491	0	491
Total infrastructural assets	148,432	3,042	145,390	2,992	25	0	1,468	4,510	13,253	160,142	0	160,142
Restricted assets												
Land	15,577	0	15,577	19	31				-4,108	11,457	0	11,457
Buildings	3,083	177	2,906	224	66		101	278	-28	2,936	0	2,936
Work in progress	0	0	0	253					0	253	0	253
Total restricted assets	18,660	177	18,483	496	97	0	101	278	-4,136	14,646	0	14,646
Total property, plant and equipment	172,333	5,215	167,118	3,940	624	0	1,844	5,434	8,896	179,598	1,625	177,973
Operational buildings - Adjustment									233			
									9,129			

The net carrying amount of PPE held under finance lease is \$0 (2010: \$0)

Note 13 Property, plant and equipment continued**Valuation***Operational and restricted land and buildings*

At fair value as determined from market based evidence by an independent valuer. The most recent valuation was performed by Kerry Stewart FPINZ, FNZIV of Darroch Valuations, and the valuation is effective as at 30 June 2011.

Infrastructural asst classes: land sewerage, water, drainage and roads

At fair value determined on a depreciated replacement cost basis by ODC engineering staff peer reviewed by an independent valuer. The most recent valuation was performed at 30 June 2011 and peer reviewed by Robert Berghuis of Beca Valuations Ltd.

Land under roads

Land under roads, was valued based on fair value of adjacent land determined by ODC engineering staff and peer reviewed by D G Baker, NZCE (Civil) REA, effective 1 July 2002. Under NZ IFRS ODC has elected to use the fair value of land under roads as at 1 July 2002 as deemed cost. Land under roads is no longer revalued.

Library Collection

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ in May 2002. Library valuations are performed by the Head Librarian and are not subject to an independent review because there are readily available market prices to determine fair value. The last valuation was performed in June 2011.

Work in progress

The total amount of property, plant and equipment in course of construction is \$744,000 (2010 \$101,000).

Leasing

The net amount of plant and equipment held under finance leases is \$Nil (2010 \$Nil).

Note 14 Intangible assets

	2011 Computer software	2011 Easement	2010 Computer software	2010 Easement
Balance at 1 July				
Cost	220	0	220	0
Accumulated amortisation and impairment	177	0	161	0
Opening carrying amount	43	0	59	0
Additions	0	8	0	0
Amortisation charge	13	0	16	0
Closing carrying amount	30	8	43	0
Balance at 30 June				
Cost	220	8	220	0
Accumulated amortisation and impairment	190	0	177	0
Closing carrying amount	30	8	43	0

There are no restrictions over the title of ODC's intangible assets, nor are any intangible assets pledged as security for liabilities.

Impairment*Easements*

Easements are not cash generating in nature as they give Council the right to access private property where infrastructural assets are located. As such, impairment of an easement is determined by considering the future service potential of the easement and its assessed replacement cost. No impairment losses have been recognised for easements, as the carrying amount of the assets has been assessed as less than their replacement cost.

Easements have been assessed as having an indefinite useful life because they provide Council with access to the infrastructural assets for an indefinite time period.

Note 15 Investment property

	Actual 2011 \$000	Actual 2010 \$000
Balance 1 July	1,230	1,310
Additions from acquisitions	97	180
Disposals - Former Depot building to Assets held for sale (note 12)	(41)	0
Fair value gains/(losses) on valuation (note 6)	248	(260)
Balance 30 June	1,534	1,230

ODC's investment property is valued annually at fair value effective 30 June. The investment property was valued based on open market evidence. The valuation was performed by Kerry Stewart FPINZ, FNZIV an independent valuer from of Darroch Valuations. Darroch Valuations are an experienced valuer with extensive market knowledge in the types of properties owned by ODC.

	Actual 2011 \$000	Actual 2010 \$000
Rental income	71	75
Expenses from investment property generating income	17	12
Contractual obligations for capital expenditure (note 23)	299	0

Note 16 Council Controlled Organisations**Bay of Plenty Local Authority Shared Services Limited (BOPLASS Ltd)****BACKGROUND**

Opotiki District Council has a one-ninth ordinary shareholding in Bay of Plenty Local Authority Shared Services Limited (BoPLASS).

Auditors – Audit New Zealand

SIGNIFICANT POLICIES AND OBJECTIVES

The company has been set up to provide Bay of Plenty Regional local authorities with a vehicle to procure shared services and provide them to local authorities.

The services that will be initiated under the umbrella of this company will only be promulgated if the business case shows that they provide benefit to the share holders in terms of improved level of service or reduced cost.

NATURE AND SCOPE OF ACTIVITIES

The principal nature and scope of the activity of BoPLASS is to:

- Provide shared services to all local authorities within the Bay of Plenty Region. BoPLASS may also sell processes and systems as set up under individual agreements to local authorities outside the Region.
- Pursue all opportunities to procure shared services that will benefit the community, either through enhanced services and/or reduced cost.
- Give consideration to developing shared services that a majority of local authorities of the Region believe are of value. The objective is to provide the most effective access to Regional information that may be of value to the community using modern technology and processes.
- Explore all possible avenues to provide these services itself or contract them from other parties, each depending on a rigorous business case and risk assessment.

SUBSIDIARY

Bay Broadband Ltd has been set up as a wholly owned subsidiary of BoPLASS primarily to take advantage of the previous Government initiative to develop a local fibre network. Because of a change in Government policy there has been no progress on this network.

Summary Statement of Financial Position

	BOPLASS	BOPLASS	Consolidated	Consolidated
	Actual	Actual	Actual	Actual
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
Total Current Assets	1,477	1,015	1,477	1,019
Total Non-Current Assets	48	132	48	132
Total Assets	1,525	1,147	1,525	1,151
Total Current Liabilities	1,591	1,195	1,591	1,199
Total Liabilities	1,591	1,195	1,591	1,199
Net Assets	(66)	(48)	(66)	(48)
Total Equity	(66)	(48)	(66)	(48)

Summary Statement of Comprehensive Income

	BOPLASS	BOPLASS	BOPLASS	Consolidated	Consolidated
	Actual	Budget	Actual	Actual	Actual
	2011	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000
Total Operating Revenue	1,387	960	280	1,387	281
Total Operating Expenditure	1,405	972	328	1,405	283
Surplus/(Deficit) after Tax	(18)	(12)	(48)	(18)	(2)

Note 16 Council Controlled Organisations - Continued
TOI EDA

Toi-EDA is the Eastern Bay of Plenty Regional Economic Development Agency set up by the three territorial authorities (Kawerau, Opotiki and Whakatane) working together with local iwi.

With the recent adoption of an ambitious three year strategic plan, Toi-EDA has a strong focus on its vision of enhancing the Eastern Bay of Plenty's economic growth and resultant wealth for its people.

The trust structure of Toi-EDA is designed to overcome previous problems with obtaining government funding. It is run by talented professionals with years of experience with the Eastern Bay of Plenty Development Board.

Toi-EDA plays an important role in the new Bay of Plenty regional partnership, particularly in terms of representing Eastern Bay of Plenty economic development interests.

Subsidiaries: Nil**Significant Policies and Objectives In Regard To Ownership and Control:**

The Toi-EDA is a Charitable Trust. Policies relating to the ownership and control of the Trust include the Trust Deed setting out the purpose of the Trust and matters relating to the appointment of Trustees and the business of the Trust. The Trust Deed states the settlers have no powers to give directions to or exercise control over the Trustees or any part of the Trust's activities.

Nature and Scope of Activities

The principal nature and scope of the activity for the Toi-EDA is stated in the Trust Deed, which is to:

- Cultivate economic initiatives and foster growth for the benefit of Maori and the Eastern Bay of Plenty Community.
- Promote the economic, environmental, cultural and social wellbeing of Maori and the Eastern Bay of Plenty Community.
- Foster, develop and assist in the management of best practices and effective use of resources of the Eastern Bay of Plenty.
- Promote and nurture community-based, sustainable economic growth through projects to benefit the Maori and the Eastern Bay of Plenty Community.

The means by which these objectives will be pursued will be those agreed to by the Trustees consistent with the Trust Deed.

Key Performance Targets and Other Measures of Performance

- Improved skills by higher education levels
- Business growth (turnover, increased employees, new business)
- Improved use of human resources (measured by employment statistics)
- Increased population
- Increased productivity of the region measured in conjunction with the wider Bay of Plenty Region

Toi EDA has been exempted from the requirements of a Council Controlled Organisation under Section 7 of the Local Government Act 2002.

Note 17 Trade and other payables

	Actual 2011 \$000	Actual 2010 \$000
Trade payables	802	702
Retained contract monies	192	128
Deposits and bonds	98	75
Accrued expenses	367	188
Amounts due to related parties (note 25)	52	34
Rates in advance	235	230
Rates due to Environment BOP	447	513
GST Liability	426	375
Other payables	266	204
Total trade and other payables	2,885	2,449

Trade and other payables are non-interest bearing and are normally settled on 30-day terms, therefore the carrying value of trade and other payables approximates their fair value.

Note 18 Provisions

	Actual 2011 \$000	Actual 2010 \$000
Current provisions are represented by:		
Landfill aftercare provision	8	8
	8	8
Non-current provisions are represented by:		
Landfill aftercare provision	74	48
Weathertightness claims	27	0
	101	48

Landfill aftercare provision

	Actual 2011 \$000	Actual 2010 \$000
Opening balance	56	61
Additional provisions made during the year	27	(4)
Amounts used during the year	(4)	(4)
Unused amounts reversed during the year	0	0
Discount unwinding (note 4)	3	3
Closing Balance	82	56

ODC gained resource consent in February, 2002 to operate the Woodlands Road Landfill. ODC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The landfill closed August 2005.

The cash outflows for landfill post-closure are expected to occur between 2007 and 2035.

The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 4.5%.

Weathertightness claims Provision

One claim assessed as eligible has been lodged with the Weathertight Homes Resolution Service as at 30 June 2011. The liable parties to this claim has not been established at this point, however, based on recent case law, Council has made provision for 25% of the estimated cost.

Note 18A Derivative financial instruments

	Actual 2011 \$000	Actual 2010 \$000
Current liability portion		
Interest rate swap - cash flow hedge	0	0
Total current liability portion	0	0
Non-current liability portion		
Interest rate swap - cash flow hedge	24	0
Total non-current liability portion	24	0

Fair value

Interest rate swaps

The fair value of interest rate swap has been determined by calculating the expected cash flows under the terms of the swap and discounting this value to present value. The inputs into the valuation model are from independently sourced market parameters such as yield curves. Most parameters are implied from instrument prices.

The notional principal amounts of the outstanding interest rate swap contract for the Council was \$1,360,000 (2010 \$Nil). The fixed interest rate of cash flow interest rate swap was 4.80%

Note 19 Employee benefit liabilities

	Actual 2011 \$000	Actual 2010 \$000
Accrued pay	32	28
Annual leave	258	270
Retirement gratuities	25	36
Sick leave	1	1
Total employee benefit liabilities	316	335
Comprising		
Current	291	299
Non-current	25	36
Total employee benefit liabilities	316	335

Note 20 Borrowings

	Actual 2011 \$000	Actual 2010 \$000
Current		
Bank overdraft	0	110
Secured loans	1,275	1,865
Debentures	0	0
Lease liabilities	0	0
Total current borrowings	<u>1,275</u>	<u>1,975</u>
Non-current		
Secured loans	2,910	1,275
Debentures	0	0
Lease liabilities	0	0
Total non-current borrowings	<u>2,910</u>	<u>1,275</u>

Secured loans

Of ODC's secured debt of \$4,185,000 (2010 \$3,140,000) \$2,910,000 (2010 Nil) is issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90 day bank bill rate plus a margin for credit risk. The balance \$1,275,000 (2010 \$ 3,140,000) is issued at fixed rates of interest.

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$100,000 (2010 \$100,000). There are no restrictions on the use of this facility.

ODC's loans and former debentures are secured over either targeted or general rates of the district.

Lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

Refinancing

ODC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. These policies have been adopted as part of the ODC's Long-Term Council Community Plan.

Fair values of non-current borrowings are as follows:

	Carrying amounts		Fair Values	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
Secured loans	4,185	3,140	3,752	3,031
Debentures	0	0	0	0
Total	<u>4,185</u>	<u>3,140</u>	<u>3,752</u>	<u>3,031</u>

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.5% (2010 5%)

The carrying amounts of borrowings repayable within one year approximate their fair value.

Finance lease liabilities

ODC has no finance lease liabilities

Note 21 Equity

	Actual 2011 \$000	Actual 2010 \$000
Retained earnings		
As at 1 July	123,974	123,961
Transfers to:		
Council created reserves	(616)	(503)
Transfers from:		
Council created reserves	768	132
Surplus/ (deficit) for year	1,202	384
As at 30 June	125,328	123,974
Council created reserves		
As at 1 July	2,387	2,016
Transfers to:		
Retained earnings	(768)	(132)
Transfers from:		
Retained earnings	616	503
As at 30 June	2,235	2,387
Asset revaluation reserve		
As at 1 July	41,022	41,022
Revaluation gains/ (losses)	9,129	0
As at 30 June	50,151	41,022
Total Equity	177,714	167,383
Asset revaluation reserve consists of:		
<i>Operational assets</i>		
Land	189	401
Buildings	412	189
<i>Infrastructural Assets</i>		
Roading	32,714	23,816
Roading components	5,849	5,130
Water systems	3,791	4,642
Sewerage systems	1,919	1,041
Stormwater system	3,843	233
<i>Restricted assets</i>		
Land	1,270	5,378
Buildings	164	192
	50,151	41,022

Restricted reserves relate to :

Trusts and bequest funds that have been provided to ODC by various people for specific purposes

Note 22 Reconciliation of net surplus / (deficit) to net cash flow from operating activity

	Actual 2011 \$000	Actual 2010 \$000
Surplus / (deficit)	1,202	384
Add / (less) non-cash items:		
Depreciation and amortisation	1,857	1,874
Impairment charges	0	(14)
Vested assets	(2)	(2)
Add / (less) items classified as investing or financing activities		
(Gains) / losses on disposal of property, plant and equipment	(13)	6
(Gains) / losses on revaluation of Investment Property	(248)	260
(Gains) / losses on fair value adjustment to other financial assets	(18)	(8)
(Gains) / losses Derivative financial instruments	24	0
Add / (less) movements in working capital items		
Accounts receivable	(408)	(238)
Accounts payable	179	(8)
Provisions	53	(5)
Employee benefits	(19)	42
Net cash inflow / (outflow) from operating activities	2,607	2,291

Note 23 Capital commitments and operating leases

	Actual 2011 \$000	Actual 2010 \$000
--	----------------------------------	----------------------------------

Capital commitments

Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment

0 0

Refer to note 15 for capital commitments for investment properties.

299 0

Operating commitments

Operating expenditure for future years contracted on non-cancellable contracts at balance date but not yet incurred

2,280 4,149

Operating leases as lessor

ODC has several endowment property leases. All but one of these leases are leases in perpetuity. The one exception has a non-cancellable term of 3 years. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual 2011 \$000	Actual 2010 \$000
Non-cancellable operating leases as lessor		
Not later than one year	2	3
Later than one year and not later than five years	0	1
Later than five years	0	0
Total non-cancellable operating leases	2	4

No contingent rents have been recognised in the statement of financial performance during the period.

Operating leases as lessee

ODC leases property plant and equipment in the normal course of business. These leases have a non-cancellable term of 36 to 60 months. The future aggregate minimum lease payment under non-cancellable operating leases are as follows:

	Actual 2011 \$000	Actual 2010 \$000
Non-cancellable operating leases as lessee		
Not later than one year	10	16
Later than one year and not later than five years	8	11
Total non-cancellable operating leases	18	27

Note 24 Contingencies

Contingent liabilities

As disclosed in note 18, a provision of \$27,000 (2010: \$Nil) has been recognised for a weathertightness claim, whereby Council is aware of a specific potential future claim. Council may also be exposed to potential future claims which may not have yet been lodged, up until the statutory limitation period expires. The amount of potential future claims is not able to be reliably measured and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claims to be eligible under the Act, but other statutory limitation period could also affect claims.

Contingent assets

Club room buildings on reserves

ODC 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 ODC will only gain control of the asset if the club vacates the facility. Until this event occurs these assets are not recognised as assets in the Statement of Financial Position. As at 30 June 2011 there are 2 facilities having an approximate value of \$330,000 (2010: 2 facilities – \$330,000). This estimate has been based on valuations of similar facilities in the area.

Waihau Bay toilet advance

ODC advance the funding required for the construction of a toilet facility at Waihau Bay by Tamatari Enterprises. The toilet is to be operated by Tamatari Enterprises and open to the public for a term of twenty five years. Should this arrangement continue for the complete term then no repayment of the advance is required. In the event of Tamatari Enterprises withdrawing from the arrangement then the advance is repayable on a pro rata basis of the unexpired portion of the term. At 30 June 2011 this amounted to \$33,829 (2010: \$35,418).

Note 25 Related party transactions

Key management personnel

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with ODC (such as payment of rates, purchase of rubbish bags etc).

During the year ODC contracted with Waiotahi Contractors Ltd, in which Councillor Petersen is a shareholder and Company Director. The value of the contract works totaled \$1,169,542 (2010 \$696,651) and was negotiated on normal commercial terms. There is a balance of \$52,810 (2010 \$33,908) outstanding for retentions at year-end.

During the year ODC contracted with Tracks Concrete Ltd in which Jim Finlay, Council's Engineering and Services Manager is the Brother-in-law to the company's owner. The value of the contracts totaled \$87,407 (2010 \$16,015) and was negotiated on normal commercial terms.

During the year ODC contracted with Trade Education Ltd, in which His Worship the Mayors' sister and brother-in-law are shareholders and directors. The value of the contracts totaled \$77,921 (2010: \$Nil) and was negotiated on normal commercial terms.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2010: \$Nil).

Key management personnel compensation

	Actual 2011 \$000	Actual 2010 \$000
Salaries and other short term employee benefits	805	726
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	27	0

Key management personnel include the Mayor, Councilor's, Chief Executive and other senior management personnel.

Related Party transactions with subsidiaries, associates or joint ventures

Council has an interest in a Council Controlled Organisation, holding a one eighth shareholding in Bay of Plenty Local Authority Shared Services Ltd (BOPLASS). Council also has an interest in Toi EDA the Eastern Bay of Plenty Development

Agency set up by the three local authorities (Kawerau, Opotiki and Whakatane District Councils) working together with local Iwi. This organisation has been exempted as a Council Controlled Organisation under Section 7 of the Local Government Act 2002.

	Actual 2011 \$000	Actual 2010 \$000
<u>BOPLASS</u>		
Annual contribution	2	3
Services provided	19	6
<u>Toi EDA</u>		
Annual contribution	15	15
Services provided	25	0

Note 26 Remuneration*Chief Executive*

The Chief Executive received the following remuneration

	2011	2010
Salary of Former Chief Executive (\$144,800 pa) - Period 1 July, 2009 to 5 March 2010		119,294
Vehicle (Market plus FBT) (\$15,217 pa) - Period 1 July, 2009 to 5 March, 2010		7,114
Salary of Chief Executive	140,000	8,438
Vehicle (Market plus FBT)	16,583	1,061
Kiwi Saver contributions	2,800	168

Elected representatives

	2011	2010
Mayor - John Forbes (Includes vehicle part year valued at \$1740)	57,200	54,318
Deputy Mayor - Selby Fisher - to 9 October 2010	7,554	27,505
Councillor Chair of Community Board - Haki McRoberts - to 9 October 2010	6,104	22,226
Deputy Mayor - Chair of Community Board - Haki McRoberts - from 26 October 2010	19,976	
Councillor - Alex Dobie - to 9 October 2010	4,678	17,032
Councillor - Barry Howe	17,221	17,032
Councillor - Doug Leeder	17,221	17,032
Councillor - Robbie Petersen	17,221	17,032
Councillor - Selby Fisher - from 16 October 2010 (Includes Commissioner fees of \$1360)	13,903	
Councillor - Shona Browne - from 16 October 2010	12,543	
	<u>173,621</u>	<u>172,177</u>

Note 27 Severance Payments

For the year ended 30 June 2011 ODC made one severance payment to an employee totalling \$27,429. (2010 \$nil)

Note 28 Events after balance sheet date

The Council owned depot building on Bridge Street included as Assets held for sale (note 12) was sold subsequent to balance date for \$41,200 plus GST. The sale was concluded on 28 July 2011.

Note 29 Financial instrument**29A FINANCIAL INSTRUMENT CATEGORIES**

The accounting policies for financial instruments have been applied to the line items below.

	Notes	Actual 2011 \$000	Actual 2010 \$000
FINANCIAL ASSETS			
Loans and receivables			
Cash and cash equivalents	9	2,507	1,964
Debtors and other receivables	10	2,846	2,438
Other financial assets			
- term deposits	11	0	400
- Loan advances		291	277
Total loans and receivables		5,644	5,079
Fair value through other comprehensive income			
Other financial assets			
- listed shares	11	0	2
- Unlisted shares		1	1
Total fair value through other comprehensive income		1	3
FINANCIAL LIABILITIES			
Financial liabilities at amortised cost			
Creditors and other payables		2,885	2,449
Borrowings			
- secured loans		4,185	3,140
- debentures		0	0
Total financial liabilities at amortised cost		7,070	5,589

29B FAIR VALUE HIERARCHY DISCLOSURES

For those instruments recognized at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

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

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Total	Valuation technique		
	Quoted market price	Observable inputs	Significant non-observable inputs	
	\$000	\$000	\$000	\$000
30 June 2011				
Financial Assets				
Shares	1	0	0	1
30 June 2010				
Financial Assets				
Shares	3	2	0	1

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

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

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

	2011	2010
	\$000	\$000
Balance at 1 July	1	1
Gain and losses recognized in the surplus or deficit	0	0
Gain and losses recognized in other comprehensive income	0	0
Purchases	0	0
Sales	0	0
Transfers into level 3	0	0
Transfers out of level 3	0	0
Balance at 30 June	1	1

29C FINANCIAL INSTRUMENT RISKS

ODC has a series of policies to manage the risks associated with financial instruments. ODC is risk averse and seeks to minimise exposure from its treasury activities. ODC has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

Market risk***Price risk***

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. ODC is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of ODC's investment portfolio in accordance with the limits set out in ODC's Investment policy

ODC holds listed equity instruments in Horizon Energy Distribution Ltd, which are publicly traded and included in the NZX50 equity index. Council's holding is very small and even quite large fluctuations in the NZ X index and these equity instruments move proportionately the effect is unlikely to be a material.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. ODC is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk

The interest rates on ODC's investments and Cash equivalents are disclosed in note 11 and 9 respectively and on ODC's borrowings in note 20.

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowings and investments issued at fixed rates expose the ODC to fair value interest rate risk. ODC's Liability Management policy is to generally maintain its borrowings in fixed rate instruments. The policy does provide that, when appropriate, borrowing exposures may be hedged. But to date Council has not exercised this option.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose ODC to cash flow interest rate risk. ODC generally raises debt at fixed interest rates but restricts the term to a maximum of five years.

Credit risk

Credit risk is the risk that a third party will default on its obligation to ODC, causing ODC to incur a loss. Due to the timing of its cash inflows and outflows, the ODC invests surplus cash into term deposits and local authority stock which gives rise to credit risk.

ODC invests funds only in deposits with registered banks and local authority stock and its Investment policy limits the amount of credit exposure to any one institution or organisation.

Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the group only invests funds with those entities, which have a Standard and Poor's credit rating of at least BBB- for short term and A – for long-term investments.

ODC has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

Maximum exposure to credit risk

ODC's maximum credit exposure for each class of financial instrument is as follows

	Actual 2011 \$000	Actual 2010 \$000
Cash at bank and term deposits	2,507	1,964
Debtors and other receivables	2,846	2,438
Other financial assets		
- term deposits	0	400
- Loan advances	291	277
Total credit risk	5,644	5,079

Credit quality of financial assets

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

	Actual 2011 \$000	Actual 2010 \$000
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COUNTERPARTIES WITH CREDIT RATINGS

Cash at bank and term deposits

AA	2,507	2,364
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COUNTERPARTIES WITHOUT CREDIT RATINGS

Other financial assets

Existing counterparty with no defaults in the past	291	277
--	-----	-----

Debtors and other receivables mainly arise from ODC's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings. ODC has no significant concentrations of credit risk in relation to debtors and other Receivable, as it has a large number of credit customers, mainly ratepayers. And ODC has power under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk

Management of liquidity risk

Liquidity risk is the risk that ODC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

ODC aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, ODC maintains a target level of investments that must mature within the next 12 months. ODC manages its borrowings in accordance with its funding and financial policies, which includes a Liability Management policy. These policies have been adopted as part of the ODC's Long Term Council Community Plan.

ODC has a maximum amount that can be drawn down against its overdraft facility of \$100,000 (2010 \$100,000). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

The table below analyses ODC's financial liabilities into relevant maturity groupings based on the remaining period at the balance date of the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
2011	\$000	\$000	\$000	\$000	\$000	\$000
Creditors and other payables	2,885	2,885	2,885	0	0	0
Secured loans	4,185	4,852	1,451	141	1,881	1,379
Total	7,070	7,737	4,336	141	1,881	1,379
2010						
Creditors and other payables	2,449	2,449	2,449	0	0	0
Secured loans	3,140	3,306	1,996	1,310	0	0
Total	5,589	5,755	4,445	1,310	0	0

Contractual maturity analysis of financial assets

The table below analyses ODC's financial assets into relevant maturity groupings based on the remaining period at the balance date of the contractual maturity date.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
2011	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	2,507	2,507	2,507	0	0	0
Debtors and other receivables	2,846	2,846	2,846	0	0	0
Other financial assets						
- term deposits	0	0	0	0	0	0
- Loan advances	291	319	19	292	8	0
	5,644	5,672	5,372	292	8	0
2010						
Cash and cash equivalents	1,964	1,964	1,964	0	0	0
Debtors and other receivables	2,438	2,438	2,438	0	0	0
Other financial assets						
- term deposits	400	410	410	0	0	0
- Loan advances	277	296	14	14	288	0
	5,079	5,108	4,826	14	288	0

Sensitivity analysis

The tables below illustrate the potential profit loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on ODC's financial instrument exposures at the balance date.

	Note	2011 \$000			2010 \$000		
			-100bps Other Profit Equity	+100bps Other Profit Equity		-100bps Other Profit Equity	+100bps Other Profit Equity
INTEREST RATE RISK							
Financial assets							
Cash and cash equivalents	1	(25)	0	25	0	(3)	3
Financial liabilities							
Borrowings							
- debentures	2	0	0	0	0	0	0
Total sensitivity to interest rate risk		(25)	0	25	0	(3)	3

EQUITY PRICE RISK**Financial assets**

Other financial assets

- quoted share investments

3	0	0	0	0	0	0	0
	0	0	0	0	0	0	0

Total sensitivity to equity price risk

Explanation of sensitivity analysis**1. Cash and cash equivalents**

Cash and cash equivalents include deposits at call totaling \$2,506,448 (2010 \$301,693) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$25,064 (2010 \$3,016).

2. Debentures

ODC has debentures with interest rates fixed on an annual basis, with a principal amount totaling \$ nil (2010 \$nil). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$ nil (2010 \$nil).

3. Listed shares

ODC holds listed equity instruments in Horizon Energy Ltd, which are publicly traded and included in the NZX50 equity index. If there was a movement of plus or minus 10% in the share price the effect the fair value through equity reserve of \$258 (2010 \$217).

Note 30 Capital management

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

The Local Government Act 2002 [the Act] requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

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

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

ODC has the following Council created reserves:

Special Funds and
Treasury reserves

Special fund reserves have been set up when Council either collects levies for a particular purpose such as development contributions or funds have been received which Council wishes to retain for a particular purpose such as the revenue received from the sale of electricity shares it received when the former Bay of Plenty Power Board was corporatised. Interest is added to the reserve and deductions are made where funds have been used for the purpose they were intended.

Treasury reserves have been set up by Council to

- receive contributions for loan repayments for each activity where a loan has been raised and
- for different areas of benefit where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the treasury reserves.

Note 31 Explanation of major variances against budget

Explanations for major variations from ODC's estimated figures in the 2010/2011 Annual Plan are as follows:

	2011
	\$000
Statement of financial performance	
The major variance occurred in	
Rate Revenue	
- General rates income	101
Other revenue	
- Increase in NZTA subsidy for emergency works from rainfall events	664
- Other contributions to roading for seal extensions	69
- Cycleway revenue - Unbudgeted	504
Other gains	
- Profit on fair value of investment property	210
Personnel costs	
- Remuneration savings	121
Financial Costs	(56)
Other expenses	
- Emergency roading works from rainfall events	(897)
- Environmental Management overheads & recoveries	(68)
Statement of financial position	
Major variations arise from:	
Increase in Cash & Cash equivalents	262
Debtors and other receivables	
- Rate debtors	361
- Other debtors - including cycleway revenue	400
Other Financial Assets	
- Term investment withdrawn	(400)
Property, plant and equipment	
- Revaluation less than anticipated	(4,560)
- WIP cycleway project - unbudgeted	491
- WIP on depot property	253
Creditors including cycleway and depot development	(575)
Investment Property	
- Revaluation of property	210
Borrowing	
- Increase in loan for new water source	(745)
- Property loan not fully uplifted	136
- Carry forward loan balance	150
Statement of movements in equity	
The major variation occurred due to	
Comprehensive income	
- Revaluation of property plant and equipment less than anticipated	4,560
- Surplus/ Deficit	(595)

HOW COUNCIL PERFORMED IN 2010-2011

This section explains the Council's significant activities and how they contribute to the future of the district and community outcomes. Information shows how the Council has performed in meeting targets and goals and provides a financial summary for the year 2010-2011.

Council services have been banded together into groups of activities. An example of this is Transport, Solid Waste and Parks and Recreation all come under the group Facilities and Services. There are four groups with a total of 17 activities.

The 2010-11 financial year has been a challenging year for the Opotiki District Council. Extreme weather events have resulted in significant flood damage to both the local roading network and state highways. A number of key staff changes throughout the year including the appointment of a new Chief Executive, the retirement of a long standing Finance Manager and a general restructure has meant that the Council as an organisation has been going through a period of change.

Further, Council has been successful in securing significant amounts of external funding for key projects such as the Cycle Trail which has added a layer of project management work that has had to be managed by existing staff resources.

Despite the challenging environment Council was able to complete or make substantial projects on key projects throughout the year. Of the forty nine performance indicators established to measure performance Council achieved thirty four (69.4%). Twelve (24.5%) of the performance indicators were not achieved and three (6.9%) were not applicable to the 2010-11 financial year.

Significant milestones reached during the year include:

Roading

The district experienced more than 3 times the normal annual rainfall last year and this caused the worst roading conditions for the past 25 years. The highest ever storm damage - \$1,035,000 was incurred over and above normal maintenance expenditure to clear and repair the affected roading assets.

Four kilometres of new seal was carried out on Gabriels Gully, Fraser and Warringtons Road. Nearly fifteen kilometres of roads were resealed and the lower end of Buchanan Street and the eastern section of Grey Street were upgraded.

Water Supplies

The Opotiki township source water was renewed with two new 300mm diameter bores established off Clarks Cross Road at a cost of \$933,000. The township's supply had been plagued with sediment, manganese and iron problems and the new supply which came "on tap" on 8 February 2011 is now thankfully free of such problems. Further good news is that continuous testing is indicating that the water source is sufficiently aged to eliminate any potential of protozoa – micro organism contamination. The new consent for the town's supply provides enough water for future growth in both residential and industrial needs.

Cycleway

The Opotiki District Council, the Gisborne District Council, Whakatohea Maori Trust Board and the Department of Conservation are the partner agencies responsible for construction of Motu Trails cycleway, a strategic project largely funded by New Zealand Cycle Trails (Ministry of Economic Development). \$357,000 (approximately 20% of the Ministry of Economic Development contribution to the project) has been invested during the financial year. Expenditure in this period was for the construction of stopbanks, coastal and Pakihi sections of the trail, project management and design. This represents an excellent start on the development of what will be a major asset to the Opotiki community and the Eastern Bay of Plenty. The government's decision to fund the project was made after the annual plan was approved and while the funding was something to celebrate it created unanticipated work and cost and created significant pressure on Council and the community.

Harbour Entrance

Over the last year through the Opotiki Marine Advisory Group (a technical advisory group) Council has produced a publication entitled 38 Degrees - the Opotiki harbour transformation publication. The document is part of the ongoing communications strategy and provides an easy read for those wishing to understand what the project is about. Other aspects of the communications strategy has been visits to key stakeholders, harbour updates, website updates and media stories intended to raise the profile of Opotiki.

Other "back room" work has been carried out such as a Consent Implementation Plan and a landuse planning scoping report. A high level project plan has also been developed that sets out the expected timeframes for both the harbour and aquaculture developments and describes the dependencies between them. With further detailed development this work will inform the Long Term Plan 2012-2022.

Council continues to be supported by a range of partners assisting with funding and in kind support. Community interest and support continue, with the council's community survey in January 2011 showing that 89% of ratepayers consider the harbour development project to be important.

Aquaculture

Council continues to work closely with Whakatohea Maori Trust Board to advocate for and progress aquaculture within the Eastern Bay and therefore enhance the economic and social wellbeing of the district. There has been a steady increase in the level of interest shown regionally and at a national level and valuable support has been provided by some key agencies and organisations who believe the development of an aquaculture industry in the Eastern Bay will benefit the wider Bay of Plenty and national economy. In particular the regional Aquaculture Organisation is now in full swing, implementing the actions of the Bay of Plenty Aquaculture Strategy. The strategy, funded by the Bay of Plenty Regional Council, is a New Zealand first and has actions ranging from infrastructure investigation through to marketing and education.

Three mussel lines are now in the water offshore from Opotiki and trials continue to yield results in excess of expectation. Council continues to support and facilitate further growth and looks forward to a diversification into additional species. Interest from Oriental Oceans, a large Chinese company remains high and in the 2010-11 year they made commitment to a sea cucumber venture with Whakatohea.

Council and Whakatohea continue to advocate to the New Zealand government for the need to establish supportive policies for the industry and increase research and development funding.

Assistance with Christchurch Earthquake

Shortly after both the September 2010 and February 2011 earthquake events Council sent staff to Christchurch as part of the national effort to meet specific requests for assistance. Stu Chapman, Council's Health and Building Supervisor was in Christchurch after both events and Dan Mitchell, Assets Engineer after the second event. On both occasions staff were involved in inspecting residences and attending to welfare issues.

Professional Advice to Rarotonga

Early in 2011 the New Zealand Ministry of Foreign Affairs and Trade hosted representatives of the Cook Island government in New Zealand who were very interested in how rural settlements here managed their infrastructure.

Opotiki was identified as an ideal example of a relatively isolated community where services could be provided – both economically and fit for purpose.

The Cook Island representatives were very impressed with the way the Opotiki Resource Recovery Centre was operated and as a consequence asked if Council would free up our Works Manager to visit the Cook Islands, view their solid waste problems and prepare a report to solve these problems.

With expenses met by the hosts, the visit took place in April. The report was well received and a new resource centre has been planned. A local Opotiki steel fabricator is waiting to hear if he will be awarded a contract to construct and install a waste compactor as a result of the report findings.

Collaboration

Council and staff continue to collaborate with the wider Bay of Plenty region through initiatives such as the Bay of Plenty Local Authorities Shared Services (BOPLASS), Collaboration Bay of Plenty (CoBOP), Joint Civil Defence Committee and Regional Land Transport committee. The Council continues to enjoy the provision of its IT services from the Regional Council.

A GUIDE TO THE GROUPS OF ACTIVITIES



Group - Democracy

What we do

The democracy group:

- Maintains a system of democratic representation for the district community including three-yearly elections
- Maintains relationships with Tangata Whenua
- Provides financial support to community groups and services

Why we do it

It is essential that the Opotiki community has strong leadership.

Strategic Goal

To ensure effective and fair community representation and support.

Significant activities

Activity 1: Representation

Activity 2: Tangata Whenua

Activity 3: Community Sponsorship

Key projects of the group

- Annual meeting with each Iwi Authority
- Opotiki Community Awards

Significant negative effects



On balance there are no significant negative effects from this group of activities.

Activity 1: Representation

What we do and why

Representation enables the Opotiki community to be involved in local and national decision making and strategic planning through their elected Council representatives, Coast Community Board and committees. Council provides leadership at a district, regional and national level.

How we contribute to community outcomes

Community Outcomes		How This Activity Contributes
	Leadership	A governance structure is provided to effectively represent the community
	Community spirit	The community is engaged in decisions which impact on them

How did we do?

Measured	Target	Result	Level of Achievement
Council will hold at least 8 meetings throughout the year.	8	Achieved	10 ordinary and 4 extra-ordinary Council Meetings were held throughout the year.
The number of occasions that Opotiki issues are represented in regional and national forums.	8	Achieved	The Mayor and Councillors represented Opotiki at 44 Regional or National forums throughout the year. These included the LGNZ conference, zone meetings, Rural Sector and National Sector as well as deputations to Central Government on various issues.
Improvement in community satisfaction with Council representation. (Community survey measured every three years.)	Due 2011/12	Achieved	65% of respondents to the 3 yearly survey rated the Mayor and Councils performance as Very/Fairly Good compared with 62% in the 2008 survey. Completed ahead of schedule.



COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	<u>Representation</u>	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
823	Operating Costs including Overheads	993	933	Savings in corporate overheads
823		993	933	
Operating revenue				
	Rates Income			
817	- General Rates	967	910	
6	Activity income	26	23	
823		993	933	
0	Surplus from operating	0	0	

Activity 2: Tangata Whenua**What we do and why**

Council works to maintain and enhance mutually beneficial relationships with Tangata Whenua so that their views are represented both directly and indirectly through Council forums. Meeting with Tangata Whenua also enables both parties with an opportunity to identify and address issues of mutual concern and encourages involvement in democracy. Council also encourages and supports Iwi in the development of Iwi Management Plans and special projects.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Leadership	The needs of Tangata Whenua are understood and considered in decision making
	Community spirit	Tangata Whenua and Council work together to achieve common goals

How did we do?

Measured	Target	Result	Level of Achievement
An annual meeting at governance level with the three iwi authorities	3	Achieved	Meetings were held around the 2011/12 Annual Plan (2) as well as attendance at Trust Board meetings (1). Monthly meetings are scheduled with representatives of the Whakatohea Maori Trust Board and are attended when possible (2)
Contribute to the upkeep of hapu marae urupa/cemeteries	22	Achieved	Urupa Grants of \$460 each were made to the 22 Marae Committees on 23 June 2011

COST OF SERVICE AND FUNDING STATEMENT



Actual 2009/10 (\$000's)	<u>Tangata Whenua Relationships</u>	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
14	Operating Costs including Overheads	16	12	
14		16	12	
Operating revenue				
	Rates Income			
14	- General Rates	16	12	
14		16	12	
0	Surplus from operating	0	0	

Activity 3: Community Sponsorship

What we do and why

Council's role in community sponsorship is to support organisations which provide important services to Council or the community. Council is a partner in this activity and provides funding, to various community groups including educational, events and animal welfare.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Services and facilities	Without Council and support from other Funders the community services would not be provided or would cost more to provide
	Community spirit	A partnership between Council, Community Groups and other Funders enables common goals to be achieved

How did we do?

Measured	Target	Result	Level of Achievement
Number of memorandum of understanding maintained for all ongoing grants	8	Not Achieved	External project funding is received from various agencies i.e. SPARC (Sports Co-ordinator and Rural Travel Fund), Ministry for Culture and Heritage (Creative Communities Scheme), BayTrust (Aquaculture publication 38°), Ministry of Economic Development (Cycle Trail). Funds are administered by Council in accordance with terms of MOU.
The tri-annual Community Contributions Awards will be organised	Due 2010/11	N/A	Council has resolved to hold the awards once every three years rather than two as established by the LTP. Not due until 2011/12.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	Community Sponsorship	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
257	Operating Costs including Overheads	299	232	Statute barred rates write offs less than estimated
257		299	232	
Operating revenue				
	Rates Income			
257	- General Rates	299	232	
0	Activity income	0	0	
257		299	232	
0	Surplus from operating	0	0	

Group - Facilities and Services

What we do

Facilities and Services are delivered by Council's Asset Management Division and provide the essential services to the Opotiki community. The eight significant activities within the group enhance the health, safety and wellbeing of the district.

Why we do it

Facilities and Services are provided for the following reasons:

- Statute Law requires our involvement and sets the standards of operation for the service
- Historically we have delivered the service
- The lack of a competitive alternative, for example recycling and residual waste management

Strategic goal

To provide and maintain affordable high quality facilities and services that meet statutory obligations, industry standards and the social, economic, environmental and cultural expectations of the community.

Significant activities

Activity 4:	Parks and Recreation
Activity 5:	Library
Activity 6:	Property
Activity 7:	Solid Waste
Activity 8:	Water
Activity 9:	Sanitary
Activity 10:	Stormwater
Activity 11:	Transport

Key projects for the group

- Memorial Park pavilion
- Urban/rural walkways
- Upgrade sewage reticulation
- Piping urban drains in Opotiki
- Seal extension programme
- Urban street upgrades
- Water supply improvements
- Council depot/i-Site development
- Port development investigations

Activity management plans

All assets in the Facilities and Services Group have activity management plans. These are available from the Opotiki District Council for detailed information.

Negative effects

The significant negative effects that activities may have on the social, economic, environmental and cultural well-being of communities are:

- Financial cost of maintaining and enhancing assets in particular the library, parks and reserves, property, water, stormwater, sewerage and roads.
- Potential odour emissions from resource recovery centres and sewerage treatment plant.
- Potential loss if markets for recyclable material in the solid waste activity.
- Health and safety risks associated with open stormwater drains.
- Carbon emissions and safety associated with using the transport network.




Activity 4: Parks and Recreation

What we do and why

The Council provides, maintains and develops parks, reserves and facilities for the purpose of recreation, beautification, conservation of the natural environment and public access. Parks and recreation also includes the cemetery, public toilets and the aerodrome.

Parks and recreation facilities are important to the health and well being of the community and contribute to the lifestyle we enjoy. The Council is led by the expectations of residents to have access to active and passive recreation opportunities.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Environment	Parks serve to protect natural resources, coastal values and provide opportunities for the public to participate and enjoy the natural environment
	Community spirit	Parks and recreation facilities positively encourage the community to participate in active and passive recreation in a cooperative manner. Parks promote and encourage pride in the identity of the Opotiki community
	History and culture	Protects sites of historical and cultural importance, encourages appreciation of history and culture, parks and recreation facilities provide venues and amenities for cultural activities and customs

How did we do?

Measured	Target	Result	Level of Achievement
The number of day's principal sport and events venues are available	350	Achieved	< 5 Sportsfield closures due to rain. Data as to how many days the venues were available has not been collected. System to be reviewed for next year.
No more than 20 complaints regarding the sports fields on reserves or gardens	< 20	Not Achieved	Total of 26 complaints. 70% regarding deliberate damage, graffiti, litter
To maintain and enhance the amenity gardens and facilities in the district to the work plan	100%	Achieved	Gardens and facilities were maintained and enhanced to the work plan through regular maintenance, planting and pruning.

COST OF SERVICE AND FUNDING STATEMENT




Actual 2009/10 (\$000's)	<u>Parks and Recreation</u>	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
978	Operating Costs including Overheads	931	924	
978		931	924	
Operating revenue				
Rates Income				
723	- General Rates	758	730	
255	Activity income	173	699	Revenue for Motu Trails cycleway
0	Interest Received	7	3	
0	Reserve contributions	5	18	
0	Development contributions	0	0	
978		943	1,450	
0	Surplus from operating	12	526	
Capital Costs				
0	Capital Expenditure	45	538	Motu trails cycleway not budgeted
0	Contributions to Reserves	12	21	
0	Debt Repayment	0	0	
0		57	559	
Funded By				
0	Surplus from operating	12	526	
Reserves and future surpluses				
0	- Depreciation	0	17	
0	- Withdrawal from reserves	45	64	
0	- From retained or future earnings	0	(48)	
0		57	559	

Activity 5: Library**What we do and why**

The Council provides, maintains and manages the Opotiki Library and maintains resources for one community library. The role of the library is to provide local residents with educational, cultural and recreational resources. Local history including Maori history is collected and stored for the use of future generations. Access to books, magazines, computer services and other resources is important to minimise economic, social and cultural barriers within the community.

Providing a library service is important to the social and cultural wellbeing of the community. The library provides access to information and learning opportunities and the resources support community education, literacy and recreation.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Services and facilities	Use of the internet and electronic media as key tools for information and delivering services
	Work and learning opportunities	Provides resources for life-time learning, contributing to self-esteem and personal development
	History and culture	Preservation and protection of historic books and information regarding the Opotiki District region

How did we do?

Measure	Target	Result	Level of Achievement
The door count of visitors to the library will increase	1%	Achieved	Visitors to the library increased by 3,784 or by 5.7%
There is an increase in the number of issues per head of population	6,840	Not Achieved	Total issues (55,849) decreased by approximately 12% compared to 63,447 last year.
An increase in the usage of library computer services	1%	Achieved	Computer usage for 2011 – 9,037 plus wifi 1,065 an increase of 33% compared to 5,780 and 1,795 in 2010.

COST OF SERVICE AND FUNDING STATEMENT



Actual 2009/10 (\$000's)	<u>Library</u>	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
159	Operating Costs including Overheads	212	193	
35	Depreciation	38	35	
194		250	228	
Operating revenue				
	Rates Income			
167	- General Rates	194	179	
28	Activity income	56	49	
2	Vested Assets	0	2	
197		250	230	
3	Surplus from operating	0	2	
Capital Costs				
38	Capital Expenditure	38	37	
38		38	37	
Funded By				
3	Surplus from operating	0	2	
	Reserves and future surpluses			
35	- Depreciation	38	35	
38		38	37	

Activity 6: Property

What we do and why

It is Council's role to manage in a cost efficient manner, the property portfolio which comprise Council offices and buildings, community housing, commercial property, community buildings and other land. Council acquisition of land and buildings has been brought about more as a sequence of historic events rather than a planned compilation of a property portfolio. Over the next few years Council will assess its properties to make sure they meet the changing needs of the community.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Services and facilities meet our needs	Council owns and maintains properties that provide services to the needs of the community
	A strong and distinctive community spirit	Council properties support and encourage positive community activities

How did we do?

Measured	Target	Result	Level of Achievement
Capital development as set out in the annual plan is carried out on time and within budget	100%	Not Achieved 50%	New building development at depot 40% complete Council admin building upgrade deferred to 2011/12 Library investigation only 10% completed Payment by the 30 June for 19 line items in the capital development budget amounted to 45% of the budget. Further work carried out to end of the financial year in particular on the new depot development, brought the value of work completed up to the 50% level of the budget
The maintenance programme is to be developed for existing buildings	50%	Achieved	Five year programme 100% developed
Percentage of properties to be maintained under the life cycle maintenance programme	30%	Not Achieved	Only urgent works undertaken due to budget constraint and 0% of life cycle maintenance programme carried out this year.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	Property	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
175	Operating Costs including Overheads	213	266	
0	Interest	36	5	
146	Depreciation	172	172	
321		421	443	
Operating revenue				
	Rates Income			
223	- General Rates	257	273	
132	Investment income	153	118	Interest rates less than anticipated Grant income down as Council office upgrade delayed
108	Activity income	168	93	
100	Development contributions	177	86	Reduction in new development
21	Reserve contributions	0	0	
584		755	570	
263	Surplus from operating	334	127	
Capital Costs				
637	Capital Expenditure	1,248	657	Depot Building behind schedule and Council office upgrade has not proceeded at this time Reflects reduction in development contributions
187	Contributions to reserves	265	159	
0	Debt Repayment	0	0	
824		1,513	816	
Funded By				
263	Surplus from operating	334	127	
0	Loans raised	742	605	Loan for office upgrade not uplifted
61	Asset Sales	28	28	
	Reserves and future surpluses			
306	- Depreciation	302	284	
54	- Withdrawal from reserves	27	10	
140	- Retained or future earnings	80	(238)	Reflects depot development being behind schedule
824		1,513	816	




Activity 7: Solid Waste

What we do and why

A "Zero Waste Strategy" was adopted by Council in 1998, which has a focus on reuse, recycling and reducing residual waste. Resource Recovery Centres operate in Opotiki, Te Kaha and Waihou Bay, public space litter control covers the Central Business District and rural areas and a weekly urban recycling and residual waste collection operates in the Opotiki Township. In 2004 the Opotiki Landfill was closed, Council has a role to monitor the landfill until 2035.

Providing solid waste services is necessary for public health and future development. Council has numerous statutory responsibilities that relate to the management of solid waste. It is the Council's responsibility to manage solid waste in an environmentally sound and sanitary manner.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of the natural environment	Complete collection and disposal of solid waste ensures surrounding environment remains unchanged
	Services and facilities meet our needs	The schemes are effective and efficient to meet the needs of the users
	Purposeful work and learning opportunities	This activity has provided eight new full-time equivalent jobs within the community

How did we do?

Measured	Target	Result	Level of Achievement
The closed landfill is monitored to the requirements of Consent with no non-compliances issued	100%	Achieved	No non-compliances issued.
"Fly tipping" reports are responded to within 5 working days	100%	Not Achieved 92.3%	13 reports registered and 12 responded to in target time
Number of public educational activities undertaken to encourage residual waste reduction and good recycling practice	3	Achieved	7 schools in the district taught the zero waste programme and one community waste reduction incentive arranged through Woodlands School subsidised
Residual waste per year is less than 1400 tonnes	<1,400 tonnes	Achieved	990.4 tonnes of residual waste sent to landfill

COST OF SERVICE AND FUNDING STATEMENT


Actual 2009/10 (\$000's)	<u>Solid Waste</u>	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
1,025	Operating Costs including Overheads	1,159	1,202	
9	Interest	9	9	
3	Depreciation	4	7	
1,037		1,172	1,218	
Operating revenue				
Rates Income				
0	- General Rates	4	30	
884	- Targeted Rates	900	893	
235	Activity income	274	285	
1	Investment income	2	1	
1,120		1,180	1,209	
83	Surplus from operating	8	(9)	
Capital Costs				
0	Capital Expenditure	0	0	
11	Contributions to Reserves	12	11	
0	Debt Repayment	0		
11		12	11	
Funded By				
83	Surplus from operating	8	(9)	
Reserves and future surpluses				
3	- Depreciation	4	7	
0	- Withdrawal from reserves	0	0	
(75)	Retained or future earnings	0	13	
11		12	11	

Activity 8: Water**What we do and why**

A reliable and safe reticulated water supply is provided to 5,760 of the district population in Te Kaha, Ohiwa, Opotiki, Hikutaia and Waiohahi Drifts. Planning for the future supply needs and monitoring water quality is part of the Council's role.

Council has a statutory responsibility to improve, promote and protect public health within the district; thus it is required to identify the need for water supply, and either provide the supply or maintain an overview of the supply if it is provided by others.

How we contribute to community outcomes?

Community Outcomes	How Activity Contributes
	Services and facilities meet our needs Delivery of this activity provides safe, potable public water supplies accessible to all

How did we do?

Measured	Target	Result	Level of Achievement
% of time water available to consumers	100%	Achieved 100%	No unplanned trunk (main) supply outages
Compliance with NZ water quality standards. Bacterial compliance	100%	100% for 3 and 98% for 1	Water quality 100% for Opotiki, Hikutaia/Woodlands, Ohiwa and 98% for Te Kaha supply
Protozoal compliance	50%	Not Achieved	Working towards compliance via capital works upgrades
All service main repairs are completed within four hours of receiving service request	100%	Achieved 100%	11 repairs, maximum time of repair 3 hrs, average less than 2 hrs

COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	Water Supplies	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
405	Operating Costs including Overheads	412	435	Pumping, treatment and reticulation repairs over budget
219	Interest	258	220	Interest rates on new loans very attractive
298	Depreciation	311	310	
922		981	965	
Operating revenue				
	Rates Income			
731	- Targeted Rates	757	758	
229	Activity income	237	241	
12	Investment income	5	7	
972		999	1,006	
50	Surplus from operating	18	41	
Capital Costs				
182	Capital Expenditure	323	980	New water source costs well in excess of original estimate
156	Contributions to Reserves	198	223	
10	Debt Repayment	1,415	1,515	
348		1,936	2,718	
Funded By				
50	Surplus from operating	18	41	
0	Loans raised	1,260	2,020	Additional loan for new water source development
	Reserves and future surpluses			
298	- Depreciation	311	310	
0	- Withdrawal from reserves	347	347	
0	Retained or future earnings	0	0	
348		1,936	2,718	





Activity 9: Sanitary

What we do and why

Council operates two schemes that receive, treat and discharge sewage effluent in a safe, healthy and environmentally sound manner. One sewage scheme serves the township of Opotiki and the Waiotahi Drifts while the other serves a small subdivision at Waihau Bay. All other dwellings in the district are serviced by septic tank systems.

Council has numerous statutory responsibilities that relate to the collection and disposal of wastewater. This service is provided to meet public health and environmental standards and to support future development in the district.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of natural resources	Complete collection and treatment of wastewater ensures surrounding environment remains unchanged
	Services and facilities meet our needs	The schemes are effective and efficient to meet the needs of the users
	A strong and distinctive community spirit	A feature of this activity is that it will go a long way to promote the district as "clean and green" with no pollution problems
	History and culture are treasured	Effluent land treated which is consistent with Tangata Whenua cultural requirements

How did we do?

Measured	Target	Result	Level of Achievement
% of time the wastewater scheme operates to the requirements of resource consent conditions with no non-compliance notices issued	100%	Achieved 100%	No non-compliance notices issued
% of service requests that are resolved within one day	100%	Achieved	All serviceman operations met target
At least 3 km of Opotiki sewer is investigated for upgrading per year	>3	Achieved	West sector of town investigated for upgrade approved in 2011/12 budget




COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	<u>Sanitary Services</u>	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
243	Operating Costs including Overheads	269	255	
26	Interest	26	15	
152	Depreciation	137	144	
421		432	414	
Operating revenue				
	Rates Income			
411	- Targeted Rates	428	429	
42	Activity income	2	2	
7	Investment income	4	3	
460		434	434	
39	Surplus from operating	2	20	
Capital Costs				
209	Capital Expenditure	165	279	Addition capital work undertaken
33	Contributions to Reserves	42	46	
0	Debt repayment	385	385	
242		592	710	
Funded By				
39	Surplus from operating	2	20	
0	Loans raised	300	400	Loan increased for additional capital work
	Reserves and future surpluses			
152	- Depreciation	135	144	
51	- Withdrawal from reserves	155	146	
242		592	710	

Activity 10: Storm Water**What we do and why**

Council provides a storm water drainage system in the Opotiki urban area and at the Waitohi Drifts subdivision along with an efficient flood protection system for buildings, roads and properties in the Opotiki Township which assists in protecting the health and safety of the community. There are numerous statutory responsibilities that relate to the collection and disposal of storm water. Environment Bay of Plenty are responsible for the provision and operation of the Opotiki Township and environs flood protection.

How we contribute to community outcomes

Community Outcomes	How Activity Contributes
 Development and protection of the environment	Complete collection and discharge of storm water ensures surrounding environment remains unchanged
 Services and facilities	The schemes are effective and efficient to meet the needs of the users
 Development supports the community	Ensuring a dry environment gives business and community confidence for growth

How did we do?

Measured	Target	Result	Level of Achievement
At least 50 meters of open drains are piped per annum	>50	Achieved	260m of open drains on Grey Street and Buchanan Street and at Bryans Beach piped
All urban flooding reports are investigated and appropriate action taken that ensures a resolution within 7 days	100%	Achieved 100%	Five reports received and all completed within target
All 7 pump stations available for emergencies	7	Achieved 100%	No outages recorded and bi-monthly pump inspection logs show no unavailability

COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	<u>Stormwater</u>	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
56	Operating Costs including Overheads	61	134	
32	Depreciation	35	33	
88		96	167	
Operating revenue				
	Rates Income			
94	- General Rates	123	203	
28	Activity income	0	28	
122		123	231	
34	Surplus from operating	27	64	Contribution to Bryans beach stormwater works
Capital Costs				
143	Capital Expenditure	80	107	Included stormwater works at Bryans beach arising from 2004 Civil defence event
143		80	107	
Funded By				
34	Surplus from operating	27	64	
	Reserves and future surpluses			
102	- Depreciation	35	33	
7	- Withdrawal from reserves	18	10	
143		80	107	





Activity 11: Transport

What we do and why

On going management, maintenance and development of the district's transport networks which include: sealed and metalled roads, bridges and large culverts and pedestrian facilities, is provided by Council.

Public ownership of the transport network in the Opotiki District enables people and goods to move in an efficient and safe manner that avoids damage to the environment. The transport network contributes to the economic and social development of the district.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of natural environment	Construction and maintenance of roads undertaken to accepted specifications to protect the environment
	Services and facilities meet our needs	The roading network is effective and efficient to meet the needs of the users
	A strong and distinctive community spirit	Without a good transport infrastructure community spirit would not grow due to lack of interaction
	Development supports the community	Providing good infrastructure will contribute to attracting new development and business confidence

How did we do?

Measured	Target	Result	Level of Achievement
% of residents satisfied with the standard and safety of streets, roads and footpaths - surveyed 3 yearly	80%	Not achieved 74%	The target of 80% set in the 2009-19 LTP was not achieved, due to the series of heavy rain/storm events throughout the year which damaged roads and footpaths
No more than two serious accidents per year on the district's roads (state highways excluded)	< 3	Achieved	No fatalities – serious accidents on local roading network
The road maintenance programme is approved by NZTA	100%	Achieved 100%	The road maintenance programme was approved by NZTA
200m of urban street upgraded	200m	Achieved	210m of Buchanan Street and 120m of Grey Street upgraded
1 km of metal road sealed	1km	Achieved	New sealing applied to Gabriels Gully (2.4km) Fraser Road (1.5km) and Warrington Road (0.15km)

COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	<u>Transport</u>	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
1,706	Operating Costs including Overheads	1,882	2,732	Emergency works from rainfall events cost in excess of \$1m and exceeded budget by \$898,000
38	Interest	35	34	
1,058	Depreciation	1,089	1,026	
2,802		3,006	3,792	
Operating revenue				
Rates Income				
1,590	- General Rates	1,654	1,736	NZTA grants to assist with emergency works
84	- Targeted Rates	88	84	
1,199	Activity income	1,306	2,030	
18	Investment income	30	14	
46	Development contributions	86	43	
2,937		3,164	3,907	
135	Surplus from operating	158	115	
Capital Costs				
937	Capital Expenditure	1,169	1,136	
115	Contributions to Reserves	166	132	
0	Debt Repayment	75	75	
1,052		1,410	1,343	
Funded By				
135	Surplus from operating	158	115	
Reserves and future surpluses				
970	- Depreciation	1,089	1,026	
20	- Withdrawal from reserves	163	189	
(73)	- Retained or future earnings	0	13	
1,052		1,410	1,343	

Group - Environment

What we do

The Environment Group

- Prepares District Plan and Plan changes so that growth can be provided for without environmental qualities being destroyed
- Makes representation on a wide range of environmental issues at regional and national levels on behalf of the community
- Processes resource consents
- Processes building consents and inspects building work
- Inspects and licenses liquor and food premises
- Enforces dog and animal control requirements
- Enforces noise provisions in the District Plan
- Regulates hazardous substances
- Prepares the community for emergencies

Why do we do it

Council is required by law to regulate a number of activities in the district. The preparation of the District Plan provides for growth and maintaining or protecting environmental qualities valued by the community.

Strategic goal

To continue to deliver a level of customer service that satisfies all statutory requirements and timelines.

Significant activities

Activity 12: Emergency Management

Activity 13: Animal Control

Activity 14: Regulatory

Activity 15: Management of the Environment and Development

Key projects for the group

- Prepare District Plan changes to accommodate growth without compromising environmental qualities of the District and to meet legal requirements arising out of the review of the Resource Management Act
- Preparation of a District wide Growth Management Strategy
- Maintain Building Accreditation

Implement changes in legislative requirements arising from the review of the Food Act 1981 and the review of the Health Act 1956




Activity 12: Emergency Management

What we do and why

The Council develops and actions management plans so that the community is prepared for emergencies. Council has plans in place for dealing with Civil Defence emergencies and preventing rural fires. It is Council's role to coordinate responses to civil defence and rural fire emergencies.

Council has statutory responsibility to plan and provide for local Civil Defence emergency management and to undertake rural fire prevention and control in the area.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of natural resources	The activities ensure surrounding environments remain unchanged
	Services and facilities meet our needs	The activities are effective and efficient to meet the needs of the users
	A strong and distinctive community spirit	Community safety builds strong and distinctive community spirit

How did we do?

Measured	Target	Result	Level of Achievement
A current rural fire plan and civil defence plan are in operation	100%	Achieved 100%	Fire Plan in second year of two year life. Civil Defence Plan current to legislation
Number of public educational activities undertaken to raise awareness of emergency management procedures	2	Achieved 3	Urban information leaflet drop Maraenui Community meeting at local marae Council Panui newsletter article

COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	Emergency Management	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
155	Operating Costs including Overheads	205	151	Rural fire activity costs down through quiet season.
3	Depreciation	0	5	
158		205	156	
Operating revenue				
	Rates Income			
141	- General Rates	198	151	
17	Activity income	7	5	
158		205	156	
0	Surplus from operating	0	0	




Activity 13: Animal Control

What we do and why

Council's role in animal control is to; register dogs, care for and impound roaming animals, deal with complaints from the public that relate to animals, promote community education on dog care and safety, reduce the number of dogs in the district and enforce dog control legislation and by laws.

Animal control assists in public health and safety and ensures the welfare of animals is protected. There is a legal requirement for Council to be involved in animal control.

How we contribute to community outcomes

Community Outcomes	How Activity Contributes
 Development and protection of natural resources	Wildlife is protected from roaming dogs
 Services and facilities meet our needs	A safer and cleaner community will result from efficient and effective dog control
 A strong and distinctive community spirit.	Provision and fulfilment of this service contributes to a sense of community pride

How did we do?

Measured	Target	Result	Level of Achievement
An increase in the number of registered dogs in the District	1,455	Not Achieved	The number of Dogs registered was 1,320
% of animal control complaints that are resolved within one day	>95%	Achieved	99% of animal control complaints were resolved within one day
% of Residents satisfied with animal control - surveyed 3 yearly	Due 2011/12 48%	Achieved	Community survey undertaken in 2011/12 with 60% satisfaction level. Completed ahead of schedule.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	Animal Control	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
	Operational expenditure			
182	Operating Costs including Overheads	185	188	
182		185	188	
	Operating revenue			
	Rates Income			
114	- General Rates	120	122	
68	Activity income	65	66	
182		185	188	
0	Surplus from operating	0	0	





Activity 14: Regulatory

What we do and why

Council provides an administrative, processing, monitoring and decision making role in relation to resource management, building consents and inspections, public health protection, the regulation of hazardous substances, noise control and liquor. It is the Council's role to educate and assist the community in the Acts statutory requirements and processes.

Regulatory activities are necessary for maintaining community safety and the social, environmental, economic and cultural well being of the Otago District. There is a legal requirement for Council to be involved in regulatory services.

How we contribute to community outcomes

Community Outcomes	How Activity Contributes
 Development and protection of natural resources	By managing the physical and natural environment in such a way that maintenance and enhancement of the environment is sustainably achieved
 Services and facilities meet our needs	By responding to customer enquiries, processing applications and providing advice in a timely and efficient manner
 Development supports the community	Sustainable growth contributes to the economic, social, environmental and cultural well-being of the community
 History and culture are treasured	Sites of historic and cultural significance are identified and protected for the well-being of future generations

How did we do?

Measured	Target	Result	Level of Achievement
% of time building consents are issued within the statutory timeframes	>95%	Achieved	100% of building consents were issued within the statutory time frames
% of time resource consents are issued within the statutory timeframes	>90%	Achieved	97% of resource consents were issued within statutory time frames

COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	Regulatory	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
564	Operating Costs including Overheads	539	525	
564		539	525	
Operating revenue				
	Rates Income			
334	- General Rates	298	335	
230	Activity income	241	190	
564		539	525	
0	Surplus from operating	0	0	





Activity 15: Environmental and Development Management


What we do and why

The goal of the environmental and development management is to manage future growth and land use activities so that they provide a high quality environment for present and future generations. To achieve this goal Council develops appropriate land use controls for the district, fosters good working relationships with Tangata Whenua and other organisations and prepares monitors and reviews Council policies.

This activity is vital to the achievement of a sustainable environment. The Council has a statutory responsibility to be involved in this activity under the Resource Management Act 1991.

How we contribute to community outcomes

Community Outcomes	How Activity Contributes
 Development and protection of natural resources	By the formulation of plans, policies, objectives, rules and standards to promote the sustainable management of the communities natural and physical resources
 Services and facilities meet our needs	By identifying through growth management strategies and the district plan process the community's infrastructure, recreation, residential, commercial, industrial and tourism requirements
 A strong and distinctive community spirit	Effective and strategic consultation will lead to a stronger sense of community pride and well-being
 Development supports the community	Sustainable and managed development will ensure the community's social, economic and cultural well being is protected

	History and culture are treasured.	Protection of the districts historical and cultural well-being is an integral part of the RMA and district Plan process
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How did we do?

Measured	Target	Result	Level of Achievement
Evaluate on an annual basis, district plan rules that cause non-complying resource consent applications. Evaluate whether the granting of non complying resource consent applications compromises environmental sustainability and whether rules need amending. Develop plan changes as appropriate	Nil Plan Changes	Achieved	There were 12 non-complying applications. None of the non-complying activities compromised environmental sustainability and the rules infringed do not require a plan change. 6 were for land use subdivision consents and 6 were for land use consents
% of Growth Strategy developed	80%	Not Achieved	An assessed 50% of the growth strategy developed – mainly background work. Little progress made in 2010/11 as a structure plan concept for the harbour is being looked at by consultants and will feed into the Growth Strategy.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	<u>Environmental & Development Management</u>	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
Operational expenditure				
214	Operating Costs including Overheads	195	266	Increase in overhead costs
214		195	266	
Operating revenue				
Rates Income				
214	- General Rates	194	266	
0	Activity income	1	0	
214		195	266	
0	Surplus from operating	0	0	

Group – Economic Development

What we do

Council contributes to economic development by:

- Providing infrastructure
- District planning
- Promoting the District to encourage visitors and residents
- Involvement in specific projects such as the harbour development and aquaculture
- Seeking to grow existing events
- Contributing to local and regional economic development agencies.

Why we do it

Council provides these services to create a sustainable economic future for the District.

Strategic goal

To create a sustainable economic future by broadening the District's economic and employment base.

Significant activities

Activity 16: Tourism and Promotion

Activity 17: Opotiki Harbour Development

Key projects of the group

- Promotion of the District to increase visitor numbers
- Constructing infrastructure to optimise employment opportunities from offshore aquaculture.

Significant negative effects

- Increasing visitor numbers will increase pressure on resources, particularly during the peak summer
- Financial cost of constructing and maintaining groynes.




Activity 16 - Tourism and Promotion

What we do and why we do it

Council provides a Visitor Information Centre, works to promote district events and is involved as a partner in Tourism Eastland.

Council's role in Tourism and Promotion is to increase the number of visitors to the district. Achieving this goal will increase the economic well being of the community and support the Strategic Plan of the Council's Tourism and Promotions committee.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Environment	Tourist attractions are enhanced or developed while protecting natural and cultural values
	Development	Investment appropriate to the district is encouraged
	History and culture	Appreciation of local history and culture is encouraged

How did we do?

Measure	Target	Result	Level of Achievement
Increased visitors to the Information Centre	5%	Not Achieved	Visitors to the Visitor information centre reduced by 6%. This is consistent with the national trend.
Increase the number of people attending events	5%	Achieved	Two events monitored in the past 12 months showed an increase. More comprehensive monitoring will be undertaken in the future.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	Tourism & Promotion	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
	Operational expenditure			
322	Operating Costs including Overheads	292	231	
322		292	231	
	Operating revenue			
	Rates Income			
241	- General Rates	198	185	
39	- Targeted Rates	39	40	
42	Activity income	55	6	
322		292	231	
0	Surplus from operating	0	0	

Activity 17 - Opotiki Harbour Development

What we do and why



Council's role in relation to the Opotiki Harbour Development is planning and leading the project. Whether Council ends up being the owner/manager of the groynes has yet to be determined. Related projects include the Growth Management Strategy within the Environment Group activity.


In December 2009 resource consents were issued for the harbour entrance development by the Minister of Conservation. This major milestone was achieved with massive support from the community and proceeded without appeal. Council now is turning its mind to compiling a strong business case for the development that will help attract the significant amount of funding needed to undertake the final design and construction phase.

The purpose of the activity is to create a reliable entrance to the Opotiki Harbour in order to:

- Increase the overall social, economic and cultural wellbeing of the Opotiki community and the Eastern Bay of Plenty
- Enhance recreation opportunities and public access to the coast
- Capitalise on opportunities arising from the proposed offshore Opotiki mussel farm
- Mitigate flooding on the Opotiki town and surrounding area
- Achieve a long held community aspiration and a high priority Community Outcome.

How we contribute to community outcomes

Community Outcomes	How Activity Contributes
 Environment	Access to the expansive Opotiki coast is enhanced while addressing actual or potential environmental effects
 Services and Facilities	A public facility is created which provides for a range of high priority community needs

	Purposeful Work and Learning	With the proposed mussel farm creating the harbour entrance will provide a large range of purposeful work and learning opportunities
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How did we do?

Measured	Target	Result	Level of Achievement
Resource consent for the groynes will be granted	Granted 2010/11	Achieved	Granted in 2009 without appeal
Groynes will be constructed	2012/13	N/A	More detailed planning has been undertaken in conjunction with Whakatohea Maori Trust Board and based on current plans for the marine farm construction needs to be completed by mid 2018
Port business case and strategic development plan will be adopted by Council	2011/12	N/A	On target

Council has produced a publication entitled 38 Degrees - the Opotiki Harbour Transformation Publication, as part of the ongoing communications strategy. Other aspects of the communications strategy has been visits to key stakeholders, harbour updates and website updates and media stories intended to raise the profile of Opotiki.

Other achievements are:

- A Consent Implementation Plan
- A landuse planning scoping report
- A high level project plan has also been developed that sets out the expected timeframes for both the harbour and aquaculture developments and describes the dependencies between them. This work will inform the Long term plan 2012-2022.

Council continues to be supported by a range of partners assisting with funding and in kind support and this year received funding from the BayTrust as part of the ongoing relationship that forms the basis of a Memorandum of Understanding between the two organisations.

Council continues to advocate to the New Zealand Government and Regional authorities for the need to establish supportive policies for the aquaculture industry and increase research and development funding.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2009/10 (\$000's)	Harbour Development	Budget 2010/11 (\$000's)	Actual 2010/11 (\$000's)	Key Variances
	Operational expenditure			
246	Operating Costs including Overheads	248	173	Transport portion of business strategy not completed
246		248	173	
	Operating revenue			
	Rates Income			
246	- General Rates	68	93	Grant towards transport strategy not received
0	Activity income	180	80	
246		248	173	
0	Surplus from operating	0	0	

State of Significant Acquisitions

Motu Trails

\$357,133

Funding was received from the Ministry of Economic Development to construct the cycleway and associated improvements from Matawai to Opotiki. The trail is located within Gisborne District, Opotiki District and Department of Conservation estate. The three agencies are partners in the project. Opotiki District Council recovers all MED funding for distribution to the other agencies.

Depot Development

\$252,651

At the 5 August 2010 Ordinary Council meeting Council approved expenditure of \$746,000 for the construction of new buildings at the Bridge Street depot site for i-Site, Department of Conservation and the Bay of Plenty Regional Council.

Plans were prepared for a new administration building together with a new storage shed. Tenders were called and a contract let for the new administration building to Multiskill builders of Opotiki. The building will be completed for occupancy in mid October 2011.

Opotiki Water (New Source)

\$933,306

A new water source was developed for Opotiki township. Two new bores were established off Clarks Cross Road, together with associated bore head equipment, power supply telemetry control and trunk mains.

Opotiki Sewerage

\$279,452

New replacement mains were laid in Buchanan and Stewart Streets, completed with \$100,000 unspent from 2009-10 loan funded budget.

Additional works on Sewerage system included:

- new pump installation at No 1 Station to double flow rate to 85 litres per second
- electrical upgrades to No 1 pump station and treatment screen to manage higher flows
- installation of sludge recycle collector tank and pump at treatment facility
- installation of flow meters and telemetry at pump stations for AM planning and consent compliance
- new interceptor tank at oxidation pond site to receive septic tank waste supernatant.

Seal Extension- Gabriels Gully Road) - Fraser Road) - Warrington Road)

\$369,008

Seal extensions were completed on the following roads after documents were prepared by Council staff and works tendered:

Gabriel Gully	2.4 km
Fraser Road	1.5 km
Warrington Road	0.15 km

Pavement Rehabilitation

\$111,544

Street upgrades were carried out to the following sections in Opotiki Township:

- Buchanan Street (Richard Street to King Street) 210m
- Grey Street (Church Street to St Josephs School boundary) 120m.

Reseals - Urban - Rural

\$124,466

\$215,060

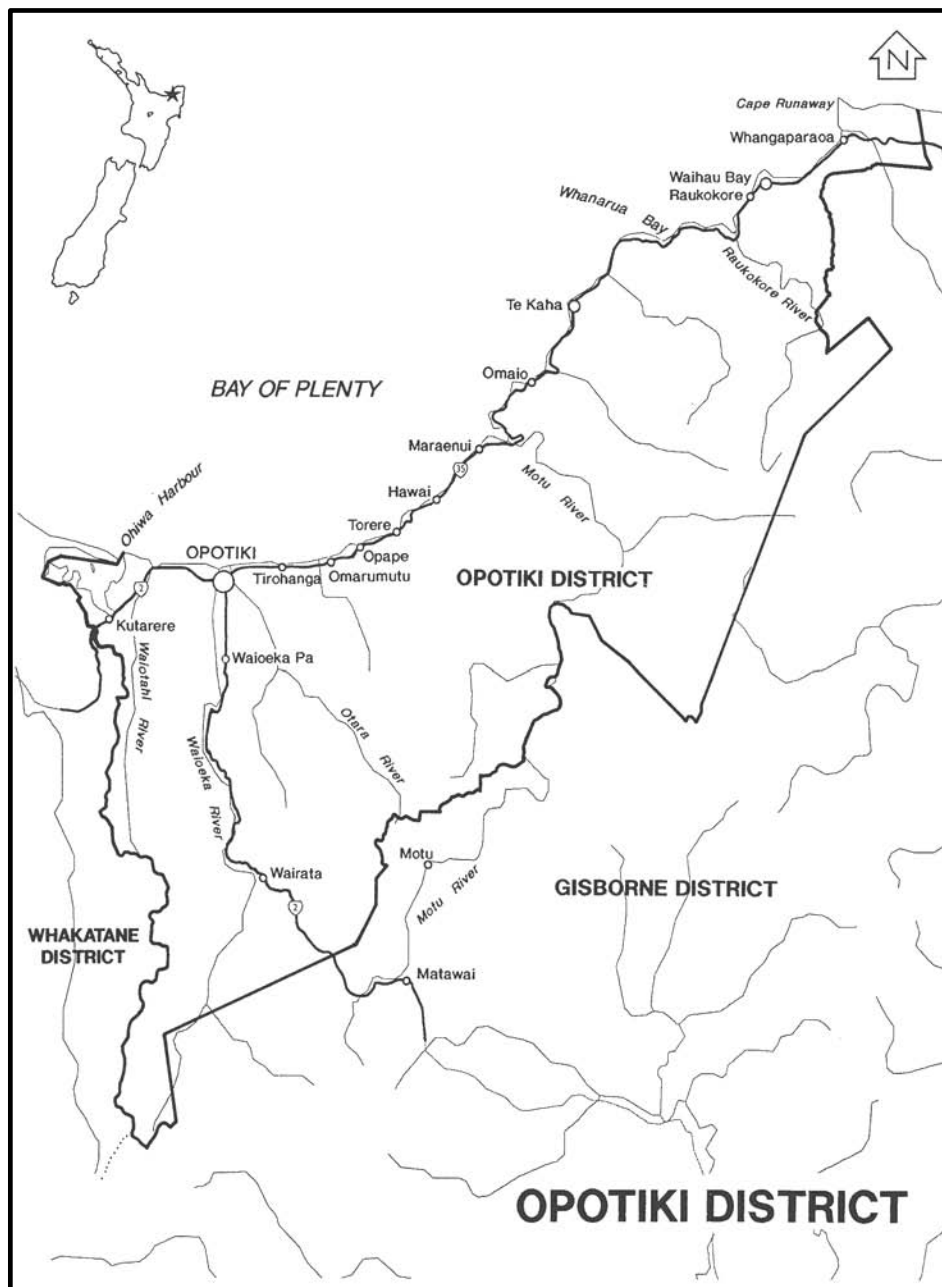
As part of the ongoing reseal programme, 3 kms of urban and 10.7 km of rural roads were resealed: being approximately 11.2 and 8.4 per cent of the respective part of the network.

Stormwater (includes Bryans Beach)

\$106,684

Approximately 260m of open drain sections were piped in Buchanan Street, Grey Street and at Bryans beach.

A new pump station with 27 km pump and associated electrical controls was installed at the northern end of Buchanan Street.



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