

# **Opotiki District Council**

## ***2011 – 2012 Annual Report***





## DIRECTORY

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Web	<a href="http://www.odc.govt.nz">www.odc.govt.nz</a>
Bankers	ANZ 57 Spring Street Tauranga
Auditors	Auditor General
Solicitors	Simpson Grierson Wellington
Insurance Brokers	Aon New Zealand Tauranga

## EXECUTIVE STAFF

Aileen Lawrie <b>Chief Executive Officer</b>	
Jim Finlay <b>Engineering &amp; Services Manager</b>	
Mark Lester <b>Finance and Corporate Services Manager</b>	
Barbara Dempsey <b>Planning &amp; Regulatory Manager</b>	
Mike Houghton <b>Parks Recreation and Tourism Manager</b>	

## YOUR REPRESENTATIVES

### Council

John Harris Forbes (Mayor)	315 7362
<b>Opotiki Ward:</b>	
Shona Browne	315 7347
Robbie Petersen	315 6580
Barry Howe	315 6003
<b>Coast Ward:</b>	
Haki McRoberts (Deputy Mayor)	325 2833
<b>Waiohiki/Waioeka Ward:</b>	
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



This year Council again took up the challenge to look into the future and develop the 2012-2022 Long Term Plan for the District. The community saw the result of this in May when it was out for consultation, however staff and councillors had been working on the plan for the large part of the year. Much of the work was on the technical building blocks of the plan, needed to provide a credible foundation for planning the future. The important aspect of the plan was that we looked ahead in time at what was likely to happen in the district to work out what would be the needs of the community over the next ten years. An aquaculture industry, a harbour and PSA shape the way the future may look. Our sewerage asset management

plan concluded that major upgrade and possible extension to the Ōpōtiki township system is required, and we made provision for the development plan for the aquaculture industry and the harbour. Overall we are pleased that the plan lays out our strategy for the next 10 years.

The opening of the Mōtū Trails has been a milestone to celebrate during the year. Completed within 2 years of being awarded the \$2.1M funding, the Mōtū Trails is on track to become one of New Zealand's iconic rides. The opportunity to further develop relationships between the Ōpōtiki District Council, the Department of Conservation, Gisborne District Council and the Whakatōhea Māori Trustboard was taken up with enthusiasm and we hope the strengthened relationships will lead to other successful projects. As part of the cycletrail it was also pleasing to see the Pakowhai ki Otutaopuku bridge over the Otara River completed following a decision of council to fund the considerable shortfall in the government funding. While it was not without its difficulties we are pleased with the result and expect it will be an asset that the community can be proud of for years to come.

Council and its staff have been working hard to collaborate and cement our Baywide philosophy of working together. Collectively in the Bay of Plenty we understand that we are interconnected and what is good for one is good for all. Council continues to enjoy the benefits of contracting or sharing services with other councils and organisations in the interests of either doing it better or cheaper. At an operational level there are several specialist functions performed on a shared basis with our fellow councils of the eastern Bay of Plenty. We continue to support organisations such as Toi-EDA, CoBop and BOPLASS for strategic outcomes for the district. At a more local level council appreciates the hard work of our Technical Advisory Group on the proposed harbour development and the continued relationship with Whakatōhea. We are also enjoying the new relationships and ways of working together at the new DOC/ISITE/ODC/BOPRC facility on Bridge Street and continue to enjoy our shared facility at the SPCA.

In the area of Civil Defence, both the mayor and CEO take leadership roles in the Baywide civil defence "Group", this year gaining regional cooperation to significantly increase budgets for civil defence in the region. The benefits will be seen as staffing levels and capacity increases across the Bay. At a local level we secured some Ministry of CD funding for emergency sirens. Although we had some initial frustration we have finally secured New Zealand Fire Service approval to use existing sirens, meaning we will have a practical and affordable warning tool. The roll out of another warning mechanism – Readynet is also progressing.

Council assisted or ran a range of community events during the year. The Community Awards saw a full house, with class acts – both on stage performing and receiving awards. Acknowledging volunteerism is an important part of holding together efforts so vital to community wellbeing. St John ambulance, fire brigade, coast guard, MWWL among many others make considerable contributions in our community. The inaugural dunes dash exceeded our expectations and lays the foundation for becoming an annual event. Silent movies, Asian movies and Te Radar also put our theatre to good use. Our thanks to all the organisations that worked together to ensure these events were a success.

The last year has seen the evolution of a government agenda around local government that could give rise to the most change the sector has seen since the major reforms and amalgamations of 1989. In March Minister Smith launched an 8 step reform package, placing legislative reforms ahead of the evidence based investigations into the question of what reforms are needed. This was surprising considering that the effects of the previous reforms of the then Minister Hide were yet to be bedded in. The extent of response required to this reform package has diverted attention from the delivery of services and unsettled local government across the country. We hope that sensible amendments are made allowing councils to refocus on delivering the business of local government.

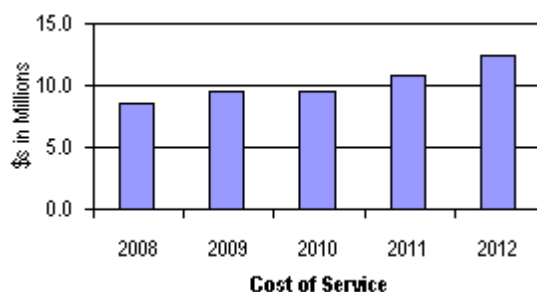
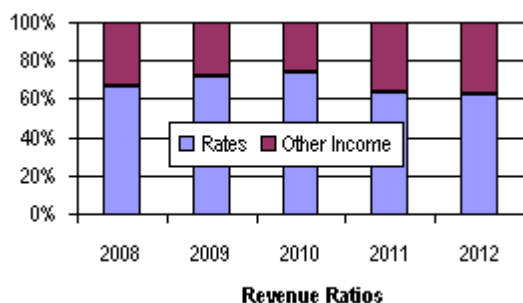
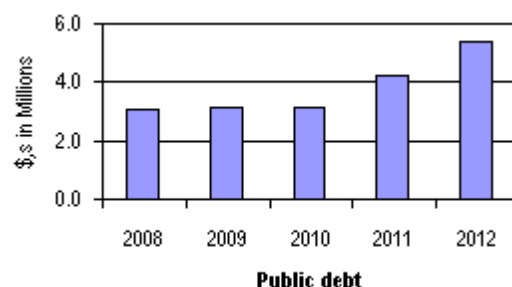
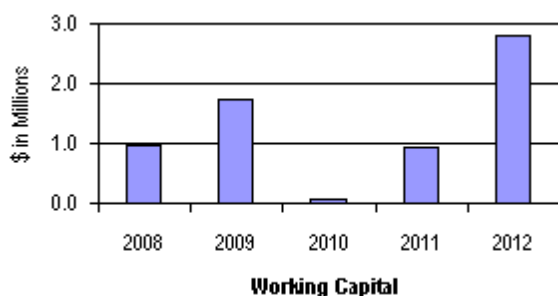
**John Forbes**  
Mayor of Opotiki

**Aileen Lawrie**  
Chief Executive Officer

## 5 YEAR FINANCIAL SUMMARY

For the year to 30 June:

	2008	2009	2010	2011	2012
	\$000	\$000	\$000	\$000	\$000
<b>Income Statement</b>					
Rates (including penalties)	6,627	7,036	7,324	7,661	7,898
Other income	3,373	2,722	2,532	4,340	4,679
	10,000	9,758	9,856	12,001	12,577
Cost of services	8,595	9,490	9,472	10,799	12,363
<b>Net surplus/(deficit)</b>	<b>1,405</b>	<b>268</b>	<b>384</b>	<b>1,202</b>	<b>214</b>
<b>Financial Position</b>					
Current assets	3,696	4,449	4,806	5,400	6,685
Current liabilities	2,745	2,724	4,731	4,459	3,564
Working capital	951	1,725	75	941	3,121
Non current assets	169,023	168,501	168,667	179,833	180,481
	169,974	170,226	168,742	180,774	183,602
Term Liabilities	3,243	3,227	1,359	3,060	5,674
<b>Net assets</b>	<b>166,731</b>	<b>166,999</b>	<b>167,383</b>	<b>177,714</b>	<b>177,928</b>
<b>Financed by:</b>					
Ratepayers equity	124,262	123,961	123,974	125,328	125,625
Reserves	42,469	43,038	43,409	52,386	52,303
	166,731	166,999	167,383	177,714	177,928





**REPORT FROM AUDIT NEW ZEALAND**

**AUDIT NEW ZEALAND**  
 Mana Arotake Aotearoa

**Independent Auditor's Report**

**To the readers of  
 Ōpōtiki District Council's  
 annual report  
 for the year ended 30 June 2012**

The Auditor-General is the auditor of Ōpōtiki District Council (the District Council). The Auditor-General has appointed me, B H 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 17 to 54, that comprise the statement of financial position as at 30 June 2012, 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 10 to 11, 15, 55 to 93 that includes other information required by schedule 10 of the Local Government Act 2002.

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

In our opinion:

- The financial statements of the District Council on pages 17 to 54:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2012; 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 55 to 93:
  - 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 2012, 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 30 October 2012. 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 preparation of the District Council's 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, non-financial performance 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 and carrying out the audit of the long term plan, we have no relationship with or interests in the District Council.



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

### **Matters relating to the electronic presentation of the audited financial statements, non-financial performance information and the other requirements**

This audit report relates to the financial statements, non-financial performance information and the other requirements of Ōpōtiki District Council for the year ended 30 June 2012 included on Ōpōtiki District Council's website. The Council is responsible for the maintenance and integrity of Ōpōtiki District Council's website. We have not been engaged to report on the integrity of Ōpōtiki District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, non-financial performance information and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, non-financial performance 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, non-financial performance 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, non-financial performance information and the other requirements as well as the related audit report dated 30 October 2012 to confirm the information included in the audited financial statements, non-financial performance 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 is:

### 'Strong Community – Strong Future'

<b>Ngakau- tapatahi me te Pononga</b> Kaore matou a marie i a matou uaratanga a, ka mahi i roto i te huatanga matatika i nga wa katoa.	<b>Integrity and Honesty</b> We will not compromise our values and will act in a trustworthy manner at all times.
<b>Manakuratanga</b> 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.	<b>Leadership</b> We will take an active role in issues that affect our community by providing governance, representation, advocacy, guidance and opinion.
<b>Mahorahora me nga Herenga</b> Ka whakahaeretia a matou mahi i roto i te ariā kia kitea ai e te iwi whanui a, kia mohiotia a matou mahinga me nga tutukitanga me te whakaae ano mo aua kawenga.	<b>Openness and Accountability</b> 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.
<b>Tokeke me te Ture o te Tika</b> 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 uga kaupapa.	<b>Fairness and Equity</b> We will act to ensure that all have equal opportunities and we will be unbiased in the implementation of policies.
<b>Whakatutukitanga Whakawaiatanga</b> Ka whiwhi hua i roto i te auaha me te ngawaritanga.	<b>Achievements Orientated</b> We will gain results in a timely, innovative and economic manner.
<b>Tikanga Tutohungatanga</b> 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.	<b>Relationships</b> We will acknowledge the special place of Tangata Whenua in our community, and respect the different views and values of our community.
<b>Tumanako Manawareka</b> 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.	<b>Satisfying Expectations</b> 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.

### Economic Growth

While the Ōpōtiki District comprises 3% of the Bay of Plenty population, our economy only contributes 1.7% to the gross domestic product of the region. Economic growth that creates sustainable employment and respects environmental qualities is the district's highest priority. 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 Ōpōtiki Harbour entrance will be constructed within the life of the current ten year plan, enabling the landing and processing of mussels and other products from the Ōpōtiki marine 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. Regional and district promotions, the Mōtū Trails cycleway, events, and an increasing number and quality of attractions, including the branding and development of the town centre as an historic precinct, will create a new level of interest in our District.

Priorities for Council action

- Ōpōtiki Harbour development
- Providing visitor and business investment information and support
- Supporting local and regional business growth and workforce development
- Promotion of facilities and activities to increase visitors, including historic precinct development and Mōtū Trails cycleway.

### Quality of Life

The quality of life of individuals must continue to improve if a community is to be sustainable. The quality of life for Ōpōtiki residents will be underpinned by Council's core services such as water, stormwater, sewerage, roads and solid waste management. These services will be complemented by facilities that promote community well-being, including park and recreation facilities and libraries.

Council will also work with other relevant agencies to ensure that their services enhance the quality of life for residents. This includes policing, 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 indigenous 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, stormwater, sewerage, waste management, renewal of Ōpōtiki Township wastewater reticulation network
- Advocacy with and on behalf of Ōpōtiki communities to central government
- Upgrading library services
- Walkways and cycleway maintenance
- Support initiatives for development in the Coast ward.

## Environmental Quality

Another major strength of the Ōpōtiki district is the high quality of its environment. Over 80% of the district is in native vegetation and there are 13 major rivers and 160km or over half the Bay of Plenty coastline within the council's boundaries.

We are proud of our natural environment. The maintenance and enhancement of environmental quality is therefore an important part of the district's future and a key focus area for the district strategy.

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 Ōpōtiki 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
- Maintenance and enhancement of parks and reserves
- Partnership with community groups and BOPRC and DOC to undertake environmental restoration projects
- Continuing the partnership with Gisborne District Council, Whakatōhea, DOC and Mōtū Trails Charitable Trust in maintaining and enhancing the Mōtū Trails cycleway.

## Strong Community Spirit

An existing strength of the Ōpōtiki district is the strong community spirit. This is often reflected in the high levels of volunteerism on marae, organising events or running local clubs and community initiatives. However, Ōpōtiki is not immune to global trends such as declining volunteerism, increasing disconnection of individuals and families, and increasing crime. A sustainable community requires a strong community spirit.

Ōpōtiki 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's community. Overall, Ōpōtiki 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 awards for achievers and volunteers every 3 years, 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, marine farm, recovery and growth of the kiwifruit industry and settlement of outstanding Treaty of Waitangi claims will increase the vitality of the community. Ōpōtiki 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.

Priorities for Council action

- Tri-annual community awards event
- Promotion and support for community events



Opotiki's new Pakowhai ki Otutaopuku Bridge spans the Otara River

## 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:

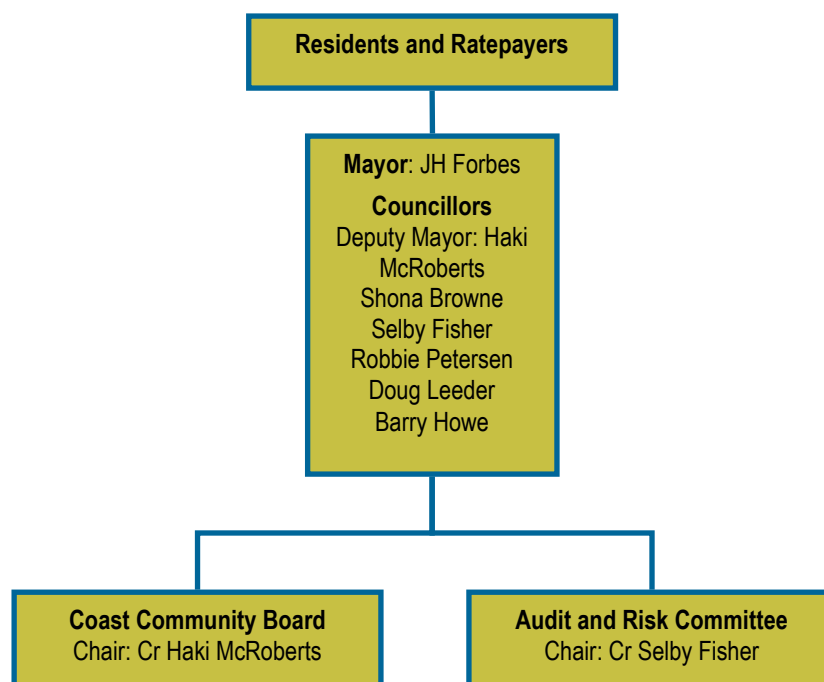
- things the local authority is prohibited from doing by law (examples from the Act include charging a membership fee for a library, or selling water and sewage disposal assets to the private sector)
- things the local authority must do by law (e.g. Local authorities must prepare a district plan or regional 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** (meets six weekly on Tuesday at 9.00am – Chair: His Worship the Mayor)  
Full Council meet 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** (meets 6 weekly – Chair: Cr Haki McRoberts) Committee resolves and/or recommends solutions pertaining to the Coast ward.
- **Audit and Risk Committee** (meets as required – Chair: Cr Selby Fisher). The Audit Committee meet 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 His Worship the Mayor ex officio
Opotiki Theatre Trust	Cr Petersen

## Organisation Structure

<b>Chief Executive Officer</b>  <b>Aileen Lawrie</b>	<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>	
<b>Engineering &amp; Services Manager</b>  <b>Jim Finlay</b>	Consultancy BU Solid Waste Rooding Rural Fire	Sewerage Stormwater Water Supply Property
<b>Planning &amp; Regulatory Manager</b>  <b>Barbara Dempsey</b>	Animal Control Building Inspection Bylaws Civil Defence	Environmental Health Liquor Licensing Noise Control Planning
<b>Finance and Corporate Services Manager</b>  <b>Mark Lester</b>	Cash Receipting Debtors/Creditors Financial Reporting Investments Insurance Payroll Public Debt	Water Billing Rates Communications Customer Services Creative New Zealand Governance Support
<b>Parks, Recreation and Tourism Manager</b>  <b>Mike Houghton</b>	Parks Reserves Airport Cemetery Tourism	Promotions Economic Development Events I-Site Information Centre 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 were related to the skill and experience necessary for the job.

## STATEMENT OF COMPLIANCE AND RESPONSIBILITY

For the Year Ending 30 June 2012

### Compliance

The Council and management of the Opotiki District Council confirm that all the statutory requirements in relation to the annual report as outlined in 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 2012, fairly reflect the financial position and operations of the Opotiki District Council.



JH Forbes  
**MAYOR**  
Date: 30 October 2012



A Lawrie  
**CHIEF EXECUTIVE**  
Date: 30 October 2012

CONTENTS TO FINANCIAL STATEMENTS	PURPOSE OF FINANCIAL STATEMENTS
<a href="#"><u>Statement of Comprehensive Income</u></a> ..... 17	<b>Statement of Comprehensive Income</b> 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.
<a href="#"><u>Statement of Financial Position</u></a> ..... 18	<b>Statement of Financial Position</b> 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.
<a href="#"><u>Statement of Changes in Equity</u></a> ..... 19	<b>Statement of Changes in Equity</b> 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.
<a href="#"><u>Statement of Cash Flows</u></a> ..... 20	<b>Statement of Cash Flows</b> 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"> <li>• repay debt; or</li> <li>• re-invest to maintain or expand operating capacity</li> </ul> It also provides useful information about the cash flows generated from Council's investing and financing activities, both debt and equity.
<a href="#"><u>Statement of Accounting Policies</u></a> ..... 21	<b>Statement of Accounting Policies</b> Provides details of policies adhered to in the preparation of Financial Statements.
<a href="#"><u>Notes to Financial Statements</u></a> ..... 21	<b>Notes to Financial Statements</b> Provides analysis and detail of various aspects of the Financial Statements.
<a href="#"><u>Capital Expenditure</u></a> ..... 91	



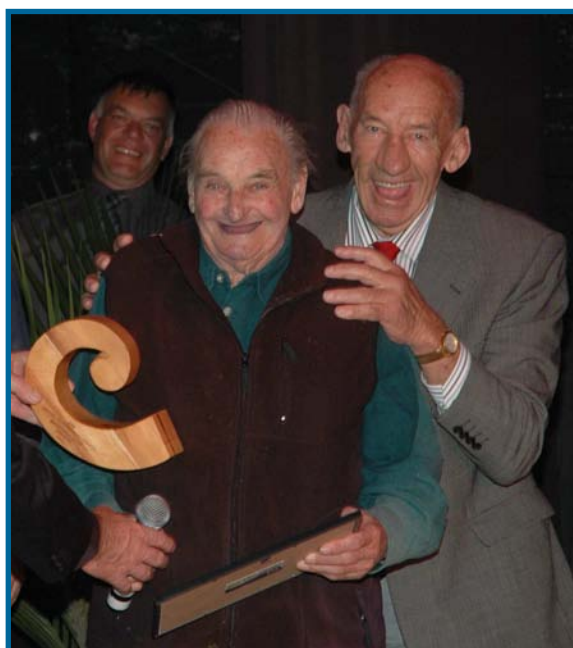
## STATEMENT OF COMPREHENSIVE INCOME

### OPOTIKI DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 30 June 2012

	Note	Actual 2012 \$000	Budget 2012 \$000	Actual 2011 \$000
<b>Income</b>				
Rates revenue	3	7,898	7,933	7,661
Financial Income	4	102	129	76
Other revenue	5	4,577	4,452	4,003
Gains/(losses)	6	0	155	261
Total Income		12,577	12,669	12,001
<b>Expenditure</b>				
Personnel costs	7	2,653	2,875	2,655
Depreciation and amortisation	13, 14	2,157	2,105	1,857
Finance costs	4	336	296	209
Losses / (Gains)	6	296	0	0
Transfer of DOC portion of Mōtū Trails	13A	1,291	0	0
Other expenses	8	5,630	5,510	6,078
Total operating expenditure		12,363	10,786	10,799
<b>Surplus / (deficit)</b>		<b>214</b>	<b>1,883</b>	<b>1,202</b>
<b>Other comprehensive income</b>				
Gain on property revaluation	13	0	0	9129
<b>Total comprehensive income</b>		<b>214</b>	<b>1,883</b>	<b>10,331</b>

*The accompanying notes form part of these financial statements*

*Explanations of significant variances against budget are detailed in note 31*



**Alan Rowe – Opotiki's Citizen of the Year 2011-12**

# STATEMENT OF FINANCIAL POSITION

## OPOTIKI DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION As at 30 June 2012

	Note	Actual 2012 \$000	Budget 2012 \$000	Actual 2011 \$000
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	9	3,086	2,022	2,507
Debtors and other receivables	10	2,980	2,569	2,846
Other financial assets	11	617	400	4
Non-current assets held for sale	12	0	0	43
Available for sale investments	12	2	0	43
Total current assets		6,685	4,991	5,443
<b>Non-current assets</b>				
Property, plant and equipment	13	178,287	186,671	177,973
Intangible assets	14	25	17	38
Investment property	15	2,164	1,346	1,534
Other financial assets	11	5	250	288
Total non-current assets		180,481	188,284	179,833
<b>Total Assets</b>		<b>187,166</b>	<b>193,275</b>	<b>185,276</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	17	3,238	2,850	2,885
Provisions	18	8	7	8
Employee benefit liabilities	19	318	311	291
Borrowings	20	0	0	1,275
Total current liabilities		3,564	3,168	4,459
<b>Non-current liabilities</b>				
Provisions	18	128	121	101
Derivative financial instruments	18A	83	0	24
Employee benefit liabilities	19	27	22	25
Borrowings	20	5,436	5,486	2,910
Total non-current liabilities		5,674	5,629	3,060
<b>Total liabilities</b>		<b>9,238</b>	<b>8,797</b>	<b>7,519</b>
<b>Equity</b>				
Retained earnings	21	125,625	127,897	125,328
Other reserves	21	52,303	56,581	52,386
<b>Total Equity</b>		<b>177,928</b>	<b>184,478</b>	<b>177,714</b>

*The accompanying notes form part of these financial statements*

*Explanations of significant variances against budget are detailed in note 31*



JH Forbes  
MAYOR  
Date: 30 October 2012



A Lawrie  
CHIEF EXECUTIVE  
Date: 30 October 2012

## STATEMENT OF CHANGES IN EQUITY

### OPOTIKI DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY For the Year Ended 30 June 2012

		Actual 2012 \$000	Budget 2012 \$000	Actual 2011 \$000
<b>Balance at 1 July</b>		<b>177,714</b>	<b>182,595</b>	<b>167,383</b>
Surplus / (deficit)	21	214	1,883	1,202
Total comprehensive income previously reported	21	0	0	9,129
Total recognised revenue and expenditure for the year		214	1,883	10,331
<b>Balance at 30 June</b>		<b>177,928</b>	<b>184,478</b>	<b>177,714</b>

*The accompanying notes form part of these financial statements*



**Bike Victoria NZ Great Escapade – February 2012**

## STATEMENT OF CASHFLOWS

### OPOTIKI DISTRICT COUNCIL STATEMENT OF CASH FLOWS For the Year Ended 30 June 2012

		<b>Actual 2012 \$000</b>	<b>Budget 2012 \$000</b>	<b>Actual 2011 \$000</b>
	<b>Note</b>			
<b>Cash flows from operating activities</b>				
Receipts from rates revenue		7,793	7,459	7,305
Interest received		102	129	76
Receipts from other revenue		4,892	4,607	3,936
Payments to suppliers and employees		(8,113)	(8,048)	(8,510)
Interest paid		(336)	(296)	(185)
Goods and services tax (net)		62	0	51
Regional Council rates		(80)	0	(66)
Net cash from operating activities	22	<u>4,320</u>	<u>3,851</u>	<u>2,607</u>
<b>Cash flows from investing activities</b>				
Receipts from sale of property, plant and equipment		242	16	53
Receipts from sale of investments		4	0	404
Purchase of intangible assets		0	0	(8)
Purchase of property, plant and equipment		(3,995)	(5,378)	(3,448)
Acquisition of investment property		(921)		
Acquisition of investments		(322)	0	0
Net cash from investing activities		<u>(4,992)</u>	<u>(5,362)</u>	<u>(2,999)</u>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		2,526	2,526	2,910
Repayment of borrowings		(1,275)	(1,275)	(1,865)
Repayment of finance lease liabilities		0	0	0
Net cash from financing activities		<u>1,251</u>	<u>1,251</u>	<u>1,045</u>
<b>Net increase / ( decrease ) in cash, cash equivalents and bank overdrafts</b>		<b><u>579</u></b>	<b><u>(260)</u></b>	<b><u>653</u></b>
Cash, cash equivalents and bank overdrafts at the beginning of the year		2,507	2,282	1,854
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	9	<b><u>3,086</u></b>	<b><u>2,022</u></b>	<b><u>2,507</u></b>

*The accompanying notes form part of these financial statements*

*Explanations of significant variances against budget are detailed in note 31*



## NOTES TO FINANCIAL STATEMENTS

### NOTE 1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2012

#### 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 2012. The financial statements were authorised for issue by Council on 30 October 2012.

#### 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.

The Council and group have adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- Amendments to NZ IAS 1 Presentation of Financial Statements. The amendments introduce a requirement to present, either in the statement of changes in equity or the notes, for each component of equity, an analysis of other comprehensive income by item. The Council has decided to present this analysis in note 21.
- FRS-44 New Zealand Additional Disclosures and Amendments to NZ IFRS to harmonise with IFRS and Australian Accounting Standards (Harmonisation Amendments) – The purpose of the new standard and amendments is to harmonise Australian and New Zealand accounting standards with source IFRS and to eliminate many of the differences between the accounting standards in each jurisdiction. The main effect of the amendments on the Council and group is that certain information about property valuations is no longer required to be disclosed. Note 13 has been updated for these changes.
- Amendments to NZ IFRS 7 Financial Instruments: Disclosures – The amendment reduces the disclosure requirements relating to credit risk. Note 10 has been updated for the amendments.

#### 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 and group 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. 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 financial liability requirements are the same as those of NZ IAS 39, except for when an entity elects to designate a financial liability at fair value through the surplus/deficit. The new standard is required to be adopted for the year ended 30 June 2016. However, as a new Accounting Standards Framework will apply before this date, there is no certainty when an equivalent standard to NZ IFRS 9 will be applied by public benefit entities.

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, the Council is classified as a Tier 1 reporting entity and it will be required to apply full Public Benefit Entity Accounting Standards (PAS). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements. As the PAS are still under development, the Council is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in the Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

**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. Interest income on an impaired financial asset is recognized using the original effective interest rate. 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**

The Council has elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities. Consequently, all 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 an 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 2012.

*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 has been redeveloped and the entire property is now classified as investment property. .

**Note 2: Summary cost of services**

	<b>Actual 2012 \$000</b>	<b>Budget 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Income</b>			
Representation	985	988	933
Tangata Whenua relationships	12	17	12
Community sponsorship	280	322	232
Parks & recreation	1,976	2,176	1,450
Library	233	246	230
Property	823	819	570
Solid waste	1,194	1,194	1,209
Water supplies	1,206	1,236	1,006
Sanitary services	544	551	434
Stormwater	188	138	231
Transport services	3,467	3,310	3,907
Emergency management	171	207	156
Animal control	203	191	188
Regulatory	436	497	525
Environmental management	286	239	266
Tourism & promotion	364	347	231
Harbour development	247	235	173
Total activity income	12,615	12,713	11,753
Other income	19	11	316
Less internal income	(57)	(55)	(68)
<b>Total income</b>	<b>12,577</b>	<b>12,669</b>	<b>12,001</b>

**Note 2: Summary cost of service continued...****Expenditure**

Representation	985	988	933
Tangata Whenua relationships	12	17	12
Community sponsorship	280	322	232
Parks & recreation	867	957	924
Library	233	246	228
Property	507	583	443
Solid waste	1,113	1,186	1,218
Water supplies	1,043	989	965
Sanitary services	475	453	414
Stormwater	188	137	167
Transport services	3,423	3,247	3,792
Emergency management	171	207	156
Animal control	203	191	188
Regulatory	436	497	525
Environmental management	286	239	266
Tourism & promotion	364	347	231
Harbour development	247	235	173
Total activity expenditure	10,833	10,841	10,867
Loss / (Gain)	296		
Less internal expenditure	(57)	(55)	(68)
Plus Mōtū Trails	1,291		
<b>Total expenditure</b>	<b>12,363</b>	<b>10,786</b>	<b>10,799</b>

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**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>General rate</b>	<b>5,638</b>	<b>5,358</b>
<b>Targeted rates attributable to activities</b>		
Water	736	758
Sewerage	432	429
Public Space Litter Control	87	89
Resource Recovery Centres	647	629
Urban Refuse Collection	182	175
Information Centre	39	40
Roading (Town Centre)	83	84
Rate penalties	54	99
<b>Total revenue from rates</b>	<b>7,898</b>	<b>7,661</b>

**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.

**Note 3: Rates revenue continued...****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

- a. set aside as Waahi Taapu; or
- b. set aside for the preservation of natural characteristics etc; or
- c. 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.

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Total rates revenue</b>	8,059	7,765
<b>Rates remissions</b>		
Community, sporting and other organisations	7	7
Penalties	82	39
Economic development	13	12
Maori Freehold Land		
- General	22	20
- Economic	37	26
Total remissions	<u>161</u>	<u>104</u>
Rates revenue net of remissions	<u>7,898</u>	<u>7,661</u>

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**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
Finance income		
Interest income		
- term deposits	88	62
- loan advance	14	14
Total finance income	102	76
Finance costs		
Interest expense		
- interest on borrowings	225	182
- discount unwind on provisions (note 18)	28	3
SWAP valuation - Out of money (Note 18A)	83	24
Total finance costs	336	209
Net finance costs	234	133

**Note 5: Other revenue**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
User charges	745	690
Land Transport NZ government grants	1,431	1,898
Regulatory income	199	190
Rental income from investment property	109	71
Infringements and fines	2	1
Rendering of services	10	39
Petrol tax	62	64
Vested assets	1	2
Reserve contributions	4	18
Development contributions	64	129
Other	1,950	901
Total other revenue	4,577	4,003

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

**Note 6: Other gains / (losses)**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
Gain on disposal of property, plant and equipment	(5)	13
Gain on sale of Non Current Assets held for sale	0	0
Gain on changes in fair value of investment property (note 15)	(291)	248
Total gains/(losses)	(296)	261

**Note 7: Personnel costs**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
Salaries & wages	2,623	2,638
Defined contribution plan employer contributions	12	40
Increase / (decrease) in employee benefit liabilities	18	(23)
Total employee benefit expenses	<u>2,653</u>	<u>2,655</u>

**Note 8: Other expenses**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
Fees paid to principal auditor:		
Audit fees for financial statement audit	74	72
Audit fees for long term plan audit	77	0
General grants	59	48
Impairment of property, plant and equipment (note 13)	0	0
Minimum lease payments under operating leases	8	18
Direct expenses from investment property generating income	14	17
Other operating expenses	<u>5,398</u>	<u>5,923</u>
	<u>5,630</u>	<u>6,078</u>

**Note 9: Cash and cash equivalents**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
Cash at bank and in hand	1,325	772
Short term deposits maturing three months or less from date of acquisition	<u>1,761</u>	<u>1,735</u>
Total cash and cash equivalents	<u>3,086</u>	<u>2,507</u>

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

**Note 10: Debtors and other receivables**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
Rates receivable	3,655	3,422
Other receivables	314	463
Sundry debtors	<u>547</u>	<u>389</u>
	4,516	4,274
Less provision for impairment of receivables	<u>(1,536)</u>	<u>(1,428)</u>
Total debtors and other receivables	<u>2,980</u>	<u>2,846</u>

*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.

**Note 10: Debtors and other receivables continued...***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 status of rates receivables is as follows:

	<b>Gross \$000</b>	<b>Impairment \$000</b>	<b>Net \$000</b>
<b>2012</b>			
< 12 months	890		890
1 to 2 years	420	41	378
2 to 3 years	684	322	362
> 3 years	1,661	1,094	567
	<u>3,655</u>	<u>1,457</u>	<u>2,198</u>
	<b>Gross \$000</b>	<b>Impairment \$000</b>	<b>Net \$000</b>
<b>2011</b>			
< 12 months	1,195		1,195
1 to 2 years	678	39	639
2 to 3 years	490	298	192
> 3 years	1,059	1,012	47
	<u>3,422</u>	<u>1,349</u>	<u>2,073</u>

The status of receivables, other than rates receivables, is as follows:

	<b>Gross \$000</b>	<b>Impairment \$000</b>	<b>Net \$000</b>
<b>2012</b>			
Not past due	714	0	714
Past due 1-60 days	17	0	17
Past due > 60 days	130	79	51
	<u>861</u>	<u>79</u>	<u>782</u>
	<b>Gross \$000</b>	<b>Impairment \$000</b>	<b>Net \$000</b>
<b>2011</b>			
Not past due	500	0	500
Past due 1-60 days	4	0	4
Past due > 60 days	162	79	83
	<u>666</u>	<u>79</u>	<u>587</u>

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.

	<b>2012 \$000</b>	<b>2011 \$000</b>
Individual impairment	74	55
Collective impairment	<u>1,462</u>	<u>1,373</u>
	<u>1,536</u>	<u>1,428</u>

**Note 10: Debtors and other receivables continued...**

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

	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
Not past due	0	0
Past due 1-60 days	0	0
Past due > 60 days	74	55
	<u>74</u>	<u>55</u>

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

	<b>Actual</b>	<b>Actual</b>
	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
At 1 July	1,428	1,428
Additional provisions made during the year	298	173
Receivables written off during the period	(190)	(173)
At 30 June	<u>1,536</u>	<u>1,428</u>

**Note 11 Other financial assets**

	<b>Actual</b>	<b>Actual</b>
	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>
<b>Current portion</b>		
<i>Loans and receivables</i>		
Short term deposits with maturities of 4 -12 month	322	0
<i>Held to maturity</i>		
Loan Advance	295	4
Total loans and receivables	<u>617</u>	<u>4</u>
<b>Non-current portion</b>		
<i>Held to maturity</i>		
Total loans and receivables	4	287
<i>Fair value through equity</i>		
Listed shares Horizon Energy Ltd	0	0
Unlisted shares in Bay of Plenty Local Authority Shared Services Ltd	1	1
	<u>5</u>	<u>288</u>

**Unlisted Shares**

Unlisted shares are recognised at cost. Management have decided that cost price is used as there is not an active market to determine fair value. Also the value of the shares is not material.

**Term Deposits**

The carrying amount of term deposits approximates fair value.

**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 \$287,500 (2011 \$276,443) and an advance was made to the Opotiki RSA for infrastructural improvement to sewerage and stormwater. Fair value of the advance is \$11,210 (2011 \$14,375).

Fair value has been determined by using cash flows discounted at a rate of 4.0% (2011 4.0%).

**Note 11 Other financial assets continued...***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**

Shares held in Horizon Energy Ltd have been included as Available for Sale Investments because of their ready saleable nature. They have been included at market price. In 2011 they were disclosed as assets held for sale.

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Assets held for sale are:</b>		
Former depot building	0	41
Listed shares Horizon Energy Ltd	0	2
	0	43
	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Available for sale investments:</b>		
Listed shares Horizon Energy Ltd	2	0
	2	0

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

The most recent valuation of land and buildings was performed by an independent valuer, Kerry Stewart FPINZ, FNZIV of Darroch Valuations. Operational buildings are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. The valuation is as at 30 June 2011.

*Infrastructural asset classes: land sewerage, water, drainage and roads*

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

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.

Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation of infrastructural assets was performed by ODC engineering staff and peer reviewed by Robert Berghuis of Beca Valuations Ltd and the valuation is effective as at 30 June 2011.

## Note 13 Property, plant and equipment

### *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*

Library collections are valued at depreciated replacement cost in accordance with the guidelines released in 2002 by the New Zealand Library Association and the National Library. Library valuations are performed by the Head Librarian, N Morgan. The last valuation was effective as at 30 June 2012.

### **Work in progress**

The total amount of property, plant and equipment in course of construction is \$1,200,000 ( 2011 \$744,000 )

### **Leasing**

The net amount of plant and equipment held under finance leases is \$Nil ( 2011 \$Nil )

### **Note 13A Mōtū Trails**

All costs for the Mōtū Trails project have been accounted for in the ODC Financial Statements. All parties originally agreed that the total asset would be disclosed as an asset in the ODC Financial statements. The Department of Conservation has decided that their portion of the asset should be disclosed within their financial statements.

Therefore, costs of \$1,291,628 that relate to the Department of Conservation have been expensed through the Statement of Comprehensive Income. The only remaining asset is the ODC portion of the Mōtū Trails being \$951,100 that is included as Work In Progress within the Property, Plant and Equipment Schedule (Note 13).

Revenue of \$1,244,462 (2011 \$504,311) is included in other revenue and relates to receipts for claims for reimbursement of the total project costs for Mōtū Trails from the Ministry of Economic Development.



**ODC Parks Recreation and Tourism Manger, Mike Houghton  
and Motu Trails Charitable Trust Administrator, Jo Pentreath**



Note 13: Property, plant and equipment												
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
<b>Operational assets</b>												
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
<b>Infrastructural assets</b>												
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
<b>Restricted assets</b>												
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...												
2012	Cost/ revaluation 30-Jun-11	Accumulated depreciation and impairment charges 30-Jun-11	Carrying amount 30-Jun-11	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Depreciation Write Back	Revaluation surplus	Cost/ revaluation 30-Jun-12	Accumulated depreciation and impairment charges 30-Jun-12	Carrying amount 30-Jun-12
<b>Operational assets</b>												
Land	931	0	931	11						942	0	942
Buildings	1,397	0	1,397	0			49			1,397	49	1,348
Plant, machinery and vehicles	1,161	555	606	125	36		83	-5		1,250	643	607
Fixtures, fittings and equipment	668	546	122	17			59			685	605	80
Library collections	653	524	129	31			33			684	557	127
Work in progress	0	0	0	17			0			17	0	17
Total operational assets	4,810	1,625	3,185	201	36	0	224	-5	0	4,975	1,854	3,121
<b>Infrastructural assets</b>												
Road network	140,561	0	140,561	1,485	176		1211			141,870	1,211	140,659
Water systems	9,543	0	9,543	53	30		340			9,566	340	9,226
Sewerage system	4,667	0	4,667	93			171			4,760	171	4,589
Stormwater	4,880	0	4,880	323			104			5,203	104	5,099
Work in progress	491	0	491	553						1,044	0	1,044
Total infrastructural assets	160,142	0	160,142	2,507	206	0	1,826	0	0	162,443	1,826	160,617
<b>Restricted assets</b>												
Land	11,457	0	11,457							11,457	0	11,457
Buildings	2,936	0	2,936	111			94			3,047	94	2,953
Work in progress	253	0	253	139	253					139	0	139
Total restricted assets	14,646	0	14,646	250	253	0	94	0	0	14,643	94	14,549
Total property, plant and equipment	179,598	1,625	177,973	2,958	495	0	2,144	-5	0	182,061	3,774	178,287
The net carrying amount of PPE held under finance lease is \$0 (2011: \$0)												

**Note 14 Intangible assets**

	<b>2012 Computer software</b>	<b>2012 Easement</b>	<b>2011 Computer software</b>	<b>2011 Easement</b>
Balance at 1 July				
Cost	220	8	220	0
Accumulated amortisation and impairment	190	0	177	0
Opening carrying amount	30	8	43	0
Additions	0	0	0	8
Amortisation charge	13	1	13	0
Closing carrying amount	17	7	30	8
Balance at 30 June				
Cost	220	8	220	8
Accumulated amortisation and impairment	203	1	190	0
Closing carrying amount	17	7	30	8

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**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
Balance 1 July	1,534	1,230
Additions from acquisitions	921	97
Disposals - Former Depot building to Assets held for sale ( note 12 )	0	(41)
Fair value gains/( losses ) on valuation ( note 6 )	(291)	248
Balance 30 June	2,164	1,534

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 Darroch Valuations. Darroch Valuations are an experienced valuer with extensive market knowledge in the types of properties owned by ODC.

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
Rental income	111	71
Expenses from investment property generating income	14	17
Expenses from investment property not generating income	0	0
Contractual obligations for capital expenditure ( note 23 )	0	299
Contractual obligations for operating expenditure	0	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:

- Use Joint Procurement to add value to goods and services sourced for its constituent Councils
- Facilitate Shared Services that benefit Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value
- Pursue best practice in the management of all activities to obtain best value and minimise risk
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, Council contributions, or Government funding where available
- Allow other Councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly
- Represent the collective views of its shareholders in matters with which it is associated.

#### SUBSIDIARY

Bay Broadband Ltd that was set up as a wholly owned subsidiary of BoPLASS has now been wound up.

Summary Statement of Financial Position	BOPLASS	BOPLASS	Consolidated		
	Actual	Actual	Actual	Actual	
	2012	2011	2012	2011	
	\$0	\$0	\$0	\$0	
Total Current Assets	1374	1477	1374	1477	
Total Non-current Assets	1	48	1	48	
Total Assets	1375	1525	1375	1525	
Total Current Liabilities	1449	1591	1449	1591	
Total Liabilities	1449	1591	1449	1591	
Net Assets	-74	-66	-74	-66	
Summary Statement of Comprehensive Income					
	BOPLASS	BOPLASS	BOPLASS	Consolidated	Consolidated
	Actual	Budget	Actual	Actual	Actual
	2012	2012	2011	2012	2011
	\$0	\$0	\$0	\$0	\$0
Total Operating Revenue	2,180	256	1,387	2,180	1,387
Total Operating Expenditure	2,188	298	1,405	2,188	1,405
Surplus/(Deficit) after Tax	(8)	(42)	(18)	(8)	(18)

## 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, Opoitiki 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 2012 \$000	Actual 2011 \$000
Trade payables	1,144	802
Retained contract monies	156	192
Deposits and bonds	98	98
Accrued expenses	235	367
Amounts due to related parties (note 25)	252	52
Rates in advance	255	235
Rates due to Environment BOP	367	447
GST Liability	489	426
Other payables	242	266
Total trade and other payables	3,238	2,885

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**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Current provisions are represented by:</b>		
Landfill aftercare provision	8	8
	<u>8</u>	<u>8</u>

**Non-current provisions are represented by:**

Landfill aftercare provision	101	74
Weathertightness claims	27	27
	<u>128</u>	<u>101</u>

**Landfill aftercare provision**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
Opening balance	82	56
Additional provisions made during the year	3	27
Amounts used during the year	(4)	(4)
Unused amounts reversed during the year	0	0
Discount unwinding ( note 4 )	28	3
Closing Balance	<u>109</u>	<u>82</u>

ODC gained a 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% (2011 4.50%).

**Weathertightness claims Provision**

One claim assessed as eligible has been lodged with the Weathertight Homes Resolution Service as at 30 June 2012 (2011 one).

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**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Current liability portion</b>		
Interest rate swap - cash flow hedge	0	0
Total current liability portion	<u>0</u>	<u>0</u>
<b>Non-current liability portion</b>		
Interest rate swap - cash flow hedge (note 4)	83	24
Total non-current liability portion	<u>83</u>	<u>24</u>



**Note 18A Derivative financial instruments continued...****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 (2011 \$1,360,000). The fixed interest rate of cash flow interest rate swap was 4.80%.

**Note 19 Employee benefit liabilities**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
Accrued pay	42	32
Annual leave	276	258
Retirement gratuities	26	25
Sick leave	1	1
Total employee benefit liabilities	345	316
Comprising		
Current	318	291
Non-current	27	25
Total employee benefit liabilities	345	316

The present value of retirement gratuities depends upon a number of factors determined on an actuarial basis. Two key assumptions used in calculating the liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability. The salary inflation factor used is 3% and is based upon historical inflation trends. A discount rate of 5% is used based upon historical trends. The discount rates used match as closely as possible future cash outflows.

**Note 20 Borrowings**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Current</b>		
Bank overdraft	0	0
Secured loans	0	1,275
Debentures	0	0
Lease liabilities	0	0
Total current borrowings	0	1,275
<b>Non-current</b>		
Secured loans	5,436	2,910
Debentures	0	0
Lease liabilities	0	0
Total non-current borrowings	5,436	2,910

**Secured loans**

Of ODC's secured debt of \$5,436,000 (2011 \$4,185,000) \$4,076,000 (2011 \$2,910,000) 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 of \$1,360,000 (2011 \$1,275,000) is issued at fixed rates of interest.

**Security**

There is a bank overdraft facility available, with no balance outstanding at 30 June 2012 (2011 Nil). The maximum amount that can be drawn down against the overdraft facility is \$100,000 (2011 \$100,000). There are no restrictions on the use of this facility.

**Note 20 Borrowings continued...**

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:

	<b>Carrying amounts</b>		<b>Fair Values</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Secured loans	5,436	4,185	5,099	3,752
Debentures	0	0	0	0
Total	5,436	4,185	5,099	3,752

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.0% (2011 4.50%).

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**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Retained earnings</b>		
As at 1 July	125,328	123,974
Transfers to:		
Council created reserves	(372)	(616)
Transfers from:		
Council created reserves	441	768
Asset Revaluation Reserve	14	0
Surplus/ ( deficit ) for year	214	1,202
As at 30 June	125,625	125,328
<b>Council created reserves</b>		
As at 1 July	2,235	2,387
Transfers to:		
Retained earnings	(441)	(768)
Transfers from:		
Retained earnings	372	616
As at 30 June	2,166	2,235
<b>Asset revaluation reserve</b>		
As at 1 July	50,151	41,022
Revaluation gains/ ( losses )	0	9,129
Transfer to Asset Revaluation Reserve	(14)	
As at 30 June	50,137	50,151
<b>Total Equity</b>	<b>177,928</b>	<b>177,714</b>

**Note 21 Equity continued...****Asset revaluation reserve consists of:***Operational assets*

Land	189	189
Buildings	412	412

*Infrastructural Assets*

Roading	32,704	32,714
Roading components	5,847	5,849
Water systems	3,789	3,791
Sewerage systems	1,919	1,919
Stormwater system	3,843	3,843

*Restricted assets*

Land	1,270	1,270
Buildings	164	164
	<u>50,137</u>	<u>50,151</u>

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**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Surplus / (deficit )</b>	214	1,202
<b>Add / (less ) non-cash items:</b>		
Depreciation and amortisation	2,157	1,857
Impairment charges	108	0
Vested assets	(1)	(2)
<b>Add / (less ) items classified as investing or financing activities</b>		
( Gains ) / losses on disposal of property, plant and equipment	5	(13)
( Gains ) / losses on revaluation of Investment Property	291	(248)
( Gains ) / losses on fair value adjustment to other financial assets	(12)	(18)
( Gains ) / losses Derivative financial instruments	59	24
Transfer of DOC portion of Motu Trails to DOC	1,291	0
<b>Add / (less ) movements in working capital items</b>		
Accounts receivable	(242)	(408)
Accounts payable	353	179
Non-current assets for sale	41	
Provisions	27	53
Employee benefits	29	(19)
<b>Net cash inflow / ( outflow ) from operating activities</b>	<u>4,320</u>	<u>2,607</u>

**Note 23 Capital commitments and operating leases**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>Capital commitments</b>		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	774	0
Refer to note 15 for capital commitments for investment properties.	0	299

**Note 23 Capital commitments and operating leases continued...****Operating commitments**

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

1,748	2,280
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**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 2012 \$000	Actual 2011 \$000
<b>Non-cancellable operating leases as lessor</b>		
Not later than one year	1	2
Later than one year and not later than five years	2	0
Later than five years	0	0
Total non-cancellable operating leases	3	2

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 2012 \$000	Actual 2011 \$000
<b>Non-cancellable operating leases as lessee</b>		
Not later than one year	2	10
Later than one year and not later than five years	5	8
Total non-cancellable operating leases	7	18

**Note 24 Contingencies****Contingent liabilities**

As disclosed in note 18, a provision of \$27,000 (2011 : \$27,000) 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.

Council has a contingent liability relating to the decontamination of the saleyards property situated at Wellington Street. A report into the property has identified part of the site has contamination levels exceeding the Ministry of Environment guidelines. Council will use the soil from the contaminated site as part of the base course for a sewage effluent pond, and will replace with non-contaminated soil. The site will be cleared of any contaminated material and will be brought up to Ministry of Environment required standards. Council has estimated the cost of decontamination at \$27,000 (2011 nil). However there is uncertainty on the cost and the timing of the project because the actual amount of fill to be removed from the site may be significantly different than the estimate.

**Contingent assets***Club room buildings on reserves*

ODC operates a scheme whereby sports clubs are able to construct facilities (e.g. 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 2012 there are 2 facilities having an approximate value of \$330,000 (2011: 2 facilities: \$330,000). This estimate has been based on valuations of similar facilities in the area.

*Waihou Bay toilet advance*

ODC advance the funding required for the construction of a toilet facility at Waihou 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 prorata basis of the unexpired portion of the term. At 30 June 2012 this amounted to \$32,240 (2011: \$33,829).

**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 totalled \$618,391 (2011 \$1,169,542) and was negotiated on normal commercial terms. There is a balance of \$18,919 (2011 \$52,810) outstanding for retentions at year-end.

During the year ODC contracted with Trade Education Ltd, in which His Worship the Mayor's sister and brother in-Law are shareholders and directors. The value of the contracts totalled \$48,847 (2011 \$77,921) and was negotiated on normal commercial terms.

During the year ODC contracted with NZ Walking Commission, in which His Worship the Mayor is Chairperson. The value of the contracts totalled \$135 (2011 nil) and was negotiated on normal commercial terms.

During the year ODC contracted with Art Society Opotiki, in which His Worship the Mayor's wife is a member and office-holder. The value of the contracts totalled \$600 (2011 nil) and was negotiated on normal commercial terms.

During the year ODC contracted with Ocean Seafoods, in which Councillor Barry Howe is the owner. The value of contracts totalled \$419 (2011 nil).

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 totalled \$15,557 (2011 \$87,407) and was negotiated on normal commercial terms.

During the year ODC contracted with Mahy Crane Hire Ltd., a subsidiary of 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 totalled \$67,660 (2011 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 (2011 \$nil).

**Key management personnel compensation**

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
Salaries and other short term employee benefits	801	805
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	0	27

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.

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<u>BOPLASS</u>		
Annual contribution	5	2
Services provided	19	19
<u>Toi EDA</u>		
Annual contribution	31	15
Services provided	6	25

**Note 26 Remuneration***Chief Executive*

The Chief Executive received the following remuneration

	<b>2012</b>	<b>2011</b>
Salary of Chief Executive	147,314	140,000
Vehicle (Market plus FBT)	16,694	16,583
Kiwi Saver contributions	2,946	2,800

*Elected representatives*

	<b>2012</b>	<b>2011</b>
Mayor - John Forbes ( Includes vehicle valued at \$5383 )	59,000	57,200
Deputy Mayor - Selby Fisher - to 9 October 2010	0	7,554
Councillor Chair of Community Board - Haki McRoberts - to 9 October 2010	0	6,104
Deputy Mayor - Chair of Community Board - Haki McRoberts - from 26 October 2010	28,697	19,976
Councillor - Alex Dobie - to 9 October 2010	0	4,678
Councillor - Barry Howe	17,750	17,221
Councillor - Doug Leeder	17,750	17,221
Councillor - Robbie Petersen	17,750	17,221
Councillor - Selby Fisher - from 16 October 2010 (Includes Commissioner fees of \$1360)	17,750	13,903
Councillor - Shona Browne - from 16 October 2010	17,750	12,543
	<b>176,447</b>	<b>173,621</b>

**Note 27 Severance Payments**

For the year ended 30 June 2012 ODC made no severance payments. (2011 \$27,429).

**Note 28 Events after balance sheet date**

There were no significant events after balance sheet date.

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

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

	<b>Actual 2012 \$000</b>	<b>Actual 2011 \$000</b>
<b>FINANCIAL ASSETS</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	3,086	2,507
Debtors and other receivables	2,980	2,846
Other financial assets		
- term deposits	0	0
- Loan advances	299	291
Total loans and receivables	6,365	5,644
<b>Fair value through other comprehensive income</b>		
Other financial assets		
- listed shares	0	0
- Unlisted shares	1	1
Total fair value through other comprehensive income	1	1



**Note 29 Financial instrument continued...****FINANCIAL LIABILITIES****Financial liabilities at amortised cost**

Creditors and other payables	2,749	2,459
Borrowings		
- secured loans	5,436	4,185
- debentures	0	0
Total financial liabilities at amortised cost	8,185	6,644

**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	Quoted market price	Valuation technique Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
<b>30 June 2012</b>				
<b>Financial Assets</b>				
Shares	1	0	0	1
<b>30 June 2011</b>				
<b>Financial Assets</b>				
Shares	1	0	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:

	2012 \$000	2011 \$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
<b>Balance at 30 June</b>	<b>1</b>	<b>1</b>

**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 are disclosed in note 11 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 2012 \$000	Actual 2011 \$000
Cash at bank and term deposits	3,086	2,507
Debtors and other receivables	2,980	2,846
Other financial assets		
- term deposits	0	0
- Loan advances	299	291
<b>Total credit risk</b>	<b>6,365</b>	<b>5,644</b>

**29C FINANCIAL INSTRUMENT RISKS continued...****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 2012 \$000	Actual 2011 \$000
<b>COUNTERPARTIES WITH CREDIT RATINGS</b>		
<b>Cash at bank and term deposits</b>		
AA	3,086	2,507

**COUNTERPARTIES WITHOUT CREDIT RATINGS****Other financial assets**

Existing counterparty with no defaults in the past	299	291
--	-----	-----

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 (2011 \$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 2012 \$000	Contractual cash flows \$000	Less than 1 year \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
Creditors and other payables	2,749	2,749	2,749	0	0	0
Secured loans	5,436	5,436	0	0	1,550	3,886
<b>Total</b>	<b>8,185</b>	<b>8,185</b>	<b>2,749</b>	<b>0</b>	<b>1,550</b>	<b>3,886</b>
<b>2011</b>						
Creditors and other payables	2,459	2,459	2,459	0	0	0
Secured loans	4,185	4,852	1,451	141	1,881	1,379
<b>Total</b>	<b>6,644</b>	<b>7,311</b>	<b>3,910</b>	<b>141</b>	<b>1,881</b>	<b>1,379</b>

**29C FINANCIAL INSTRUMENT RISKS continued...***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
2012	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	3,086	3,086	3,086	0	0	0
Debtors and other receivables	2,980	2,980	2,980	0	0	0
Other financial assets						
- term deposits	0	0	0	0	0	0
- Loan advances	299	299	292	4	3	0
	6,365	6,365	6,358	4	3	0
2011						
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

*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	2012 \$000			2011 \$000			
			-100bps Other	+100bps Other		-100bps Other	+100bps Other	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit
<b>INTEREST RATE RISK</b>								
<b>Financial assets</b>								
Cash and cash equivalents	1	(12)	0	12	0	(25)	0	25
<b>Financial liabilities</b>								
Borrowings								
- debentures	2	0	0	0	0	0	0	0
Total sensitivity to interest rate risk		(12)	0	12	0	(25)	0	25
<b>EQUITY PRICE RISK</b>								
<b>Financial assets</b>								
Other financial assets								
- quoted share investments	3	0	0	0	0	0	0	0
Total sensitivity to equity price risk		0	0	0	0	0	0	0

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

Cash and cash equivalents include deposits at call totaling \$1,216,119 (2011 \$2,506,448) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$12,161 (2011 \$25,064).

**2. Debentures**

ODC has debentures with interest rates fixed on an annual basis, with a principal amount totaling \$ nil (2011 \$nil). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$ nil (2011 \$nil).

**29C FINANCIAL INSTRUMENT RISKS continued...****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 (2011 \$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 Plan (LTP) 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 LTP.

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

- a. receive contributions for loan repayments for each activity where a loan has been raised and
- b. 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 2011/2012 Annual Plan are as follows:

**Statement of Comprehensive Income**

**2012**  
**\$000**

**Actual Surplus of \$0.214 million versus budget surplus of \$1.883 million**

**An unfavourable variance of \$1.669 million.**

**Total revenue of \$12.577 million was \$0.092 million under budget made up as follows:**

Rates Revenue	35
Financial Income	27
Other Revenue	a (125)
Gains/(Losses)	b 155
	92

**Note 31 Explanation of major variances against budget****Total Expenditure of \$12.363 million was \$1.577 million over budget as set out below:**

Personnel costs	c	(222)
Depreciation and Amortisation		52
Finance costs		40
Losses/ (Gains)	d	296
Transfer of DOC portion of Motu Trails	e	1,291
Other Revenue	f	120
		<u>1,577</u>
		<u>1,669</u>

a. Other Revenue is over budget due to additional subsidies received from flood damage claims.

b. There was a loss on investment properties transferred to expenditure.

c. Personnel costs were lower as a result of a reduction in forecast development for building and planning activities, plus economies in the level of salaries for replacement staff in engineering, and resource recovery centres.

d. The loss is for Council's investment properties of \$0.291 million and loss on sale of assets.

e. The transfer of DOC portion of Mōtū Trails asset is detailed in Note 13A.

f. Other revenue is higher than budgeted due to accrual of Te Kaha drinking water subsidy of \$0.222 million.

**Statement of Financial Position****Actual net equity of \$177.928 million versus budget of \$184.478 million, variance of \$6.550 million.**

An analysis of the major variances are set out below:

An increase in cash and cash equivalents	g	1,064
An increase in debtors and other receivables	h	411
An decrease in Property, Plant and Equipment	i	(8,384)
An increase in Investment Property	j	818
An increase in creditors and other payables	k	(388)
		<u>(6,479)</u>

g. The increase in cash and cash equivalents is due to the unspent portion of debt drawn down on November 2011, plus postponement of capital projects.

h. The increase in debtors and other receivables is due to an increase in rates debtors of \$0.177 million and accrual for Te Kaha subsidy from the Ministry of Health of \$0.222 million.

i. The decrease in Property, Plant and Equipment is as a result of the revaluation being \$4.560 million under the estimate in 2011, plus postponement of capital projects of \$3.05 million, and disposals of \$0.495 million.

j. The increase in investment property is due to the completion of the i-SITE/DOC building in Bridge Street at a cost of \$0.920 million.

k. The increase in creditors and other payables is due to a higher level of trade creditors than budgeted.

**Statement of Cash Flows****2012 actual movement was an increase in cash held of \$0.579 million versus a budgeted decrease in cash of \$0.260 million.**

The large cash balance remaining unspent at year end 2012 was as a result of the unspent portion of debt drawn down in November 2011, and the postponement of capital projects.

**Net cash flow from operating activities was \$3.029 million against a budget of \$3.851 million.**

The unfavourable variance is due to the transfer of the DOC portion of the Mōtū Trails of \$1.29 million less the increase in rates revenue of \$0.313 million.

**Net cash flow from investing activities was (\$3.701) million versus a budget of (\$5.362) million.**

The favourable variance is due to under expenditure on capital projects.

**Net cash flow from financing activities was 1.251 million versus a budget of 1.251 million.**

## HOW COUNCIL PERFORMED IN 2011-2012

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 2011-2012.

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

The 2011-12 financial year has been a challenging but in many ways a rewarding year for the Opotiki District Council and the Community.

The Community has again proven its resilience in the face of adversity. Extreme weather events have once more caused significant damage to both the local roading network and state highways. In particular the damage and ongoing repair works to important state highway linkages such as State Highway 35 (Maraenui Hill Realignment) and State Highway 2 (Waioeka Gorge Slip) has resulted in parts of the community being isolated and has restricted the movement of goods and services in and out of the District. Positive confirmation of the presence of PSA in the District has also been of major concern to those directly and indirectly involved in the local Kiwi Fruit Industry. Whilst the local community has responded to the presence of PSA well to date the ongoing economic impact of PSA for the local Kiwifruit Industry will not be known for some time yet.

In spite of these challenges the Council and the Community have managed to achieve many things over the twelve months ended 30 June 2012 and have plenty to celebrate.

Significant milestones reached during the year include:

### Roading

#### Flood damage

The cost of repairs for flood damage on Council's roads was about one third of that for the previous year due to less severe weather. Sites of damage and related repair costs were:

• Opape Beach Road -carriageway washout	35,000
• Otara East Road – bridge approach washout	150,000
• Motu Road – washouts	50,000
• Waiotahi Valley Road – carriageway washout	20,000
• Bridge abutment washout, Wainui Road	50,000
• Wainui Road/ Nukahou Stream bank reinstatement	100,000
• Crooked Road under road washout	<u>30,000</u>
Total	\$435,000

The NZ Transport Agency approved 53% assistance funding for these works.

### Reseals

As identified in Council's forward work programme, 9 kilometres of rural roads and 0.9 kilometres of urban roads were resurfaced which in both cases represents approximately 3% of the lengths of these roads. In all, 18 separate sections of surface were renewed.

### Seal Extensions

Council had made provision to seal 2.8 kilometres of Tablelands Road in the 2011-12 works programme, however followed application and contributions from McGregor Road residents the 2.1 kilometre length of this road was also sealed. A 330 metre section of Te Wakanui Road at Tirohonga was also sealed following agreement and funding provided by two developers. The total length sealed for the year was therefore 5.23 Kilometres.

### Cycle Trail

This year has seen the completion and official opening of the Motu Trails Cycle Trail, a largely government project completed in partnership with the Department of Conservation, Gisborne District Council and the Whakatohea Maori Trust Board. The completion of the Cycle Trail represents a major asset to the Opotiki Community, the Eastern Bay of Plenty and to Gisborne. Further to the benefits of having an iconic cycle trail within the Opotiki District the project enabled Council to realize a long term aspiration of the community through the construction of a suspension (walking/cycling) bridge over the Otara River connecting the town to the beach. Importantly this project has grown into something more than just a cycle trail - stories and place names that celebrate our history and culture are woven throughout the trail reminding us of our rich and diverse heritage.



### **Liquor Liaison Group**

Ōpōtiki District Council, New Zealand Police and Whakatohea Iwi Social and Health Services have formed the Ōpōtiki Liquor Liaison Group. The purpose of the group is to work together to look at initiatives to raise awareness of the Sale of Liquor Act and the Ōpōtiki Liquor Bylaw.

The group's long term goals long term goal is:

*Working collaboratively to raise awareness and reduce the effect of alcohol related harm within our community.*

At the end of June 2012 the group had issued several joint media releases, replaced the Liquor Ban signage in the township and jointly met with some License holders to assist with understanding of responsibilities under the Sale of Liquor Act. The group will also support Council with the implementation of the changes to the Sale of Liquor Act which is expected to come into force late 2012.

### **Relocation of i-Site and Redevelopment of Council Depot**

During the year Council completed the relocation of the i-SITE building to a new site on Bridge Street. The relocation project represents another example of Council working collaboratively with other organisations in that the new building is a multipurpose facility that not only houses the i-SITE but also the local offices of the Department of Conservation and the Bay of Plenty Regional Council. Visitor numbers are consistent with the previous year – within 0.5% - in contrast to an annual reduction experienced by most other i-SITES nationally.

### **Earthquake Prone Buildings**

In 2011 Opotiki District Council completed a broad assessment to identify those commercial buildings within the Opotiki township centre that may possess characteristics which could lead to them being defined as earthquake prone.

Opotiki District Council undertook a desktop exercise that identified 71 buildings did not meet the minimum seismic grading under the Building Act 2004 and therefore are identified as earthquake prone. Discussions with building owners identified that the community may benefit from Council's assistance to facilitate this project and in doing so not only assist with the process but recognise savings from bulk purchases of expertise.

Council is facilitating a unique collective process of procuring professional engineering services on behalf of the group of commercial building owners. While the Council is facilitating the process, the building owners are responsible for completing the works. Contracts will be directly between the consultant and the building owners and the building owners will at all times sign off before any expense occurs.

### **2012-2022 Long Term Plan**

During the year Council developed and consulted the community on the 2012-2022 Long Term Plan. The Long Term Plan sets out Council's intentions in terms of its work programme for the next ten years. Various building blocks were required for the Long Term Plan including important policies such as the Revenue and Financing Policy and Infrastructural Asset Management Plans. The Long Term Plan was adopted on 27 June 2012 with an unmodified opinion from Audit New Zealand. The opinion also drew the reader's attention to the uncertainty of the assumption surrounding the funding to be received from central government and the regional council in relation to completing the Opotiki Harbour Development project. An important aspect of the 2012-2022 Plan is the inclusion of funding for the redevelopment of the Opotiki Harbour which in the past has not been included in Council's long term financial forecasts. For further information on this important project refer to the planning assumptions and Audit Opinion contained in the 2012-2022 Long Term Plan.

### **Consent Monitoring**

Council continues to strive to ensure that all applications, that include all of the required information, are processed within the legal timeframes. It is pleasing to report that Council has achieved 100% compliance with timelines therefore giving customers certainty that complete applications will be processed within the timeframes.

### **Harbour Entrance**

Council was generously supported in the harbour development activity over the last year by BayTrust and NZTE Regional Strategy Fund grants and other in kind support. Good progress was made towards developing the harbour through the preparation of a detailed project plan, a business case for funding, an economic and social benefits assessment, and by fulfilling all audit requirements for the harbour to be included in our Long Term Plan. Developing the plan involved using all the available information to make assumptions about the future (growth etc) and then determine what infrastructure and planning needs are over the next 10 years. The Long Term Plan now lays out the path to realize the long held aspiration to reinstate a functioning harbour and develop a successful aquaculture industry.

Another success was securing funding through the Bay of Plenty Regional Council Long Term Plan for the activity for 2012-2014.

Community interest and stakeholder/partner support continue, with the Council's community survey in January 2011 showing that 89% of ratepayers consider the harbour development project to be important. Consultation for the 2012-2022 Long Term

Plan confirmed community support for the harbour development project with 82% of submitters agreeing that Council should continue to plan for the project and 65% agreeing that Council should part fund the project.

### **Advocacy and Planning for 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.

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.

### **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.



**ODC Mayor John Forbes and East Coast MP Anne Tolley applaud the opening of the new i-SITE in Bridge Street Opotiki**

**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.





Motu Trails Grand Opening 20 May 2012

## 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
	Fair and efficient leadership	A governance structure is provided to effectively represent the community.
	A strong and distinctive 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	Council held nine ordinary meetings, five extra-ordinary meetings and seven workshops between 01 July 2011 and 30 June 2012.
The number of occasions that Opotiki issues are represented in regional and national forums.	12	Achieved	Council was represented by the Mayor and/or Chief Executive on 24 regional or national forums. Representation included forums such as LGNZ sector Meetings, the New Zealand Access Commission and Emergency Management forums.
Improvement in community satisfaction with Council representation. (Community survey measured every three years.)	Undertaken 2010/11	Not measured	Survey last undertaken in January 2011. Not measured in 2011-2012 year as only carried out every three years. In 2008 Community satisfaction with Mayor and Councillors under Very Good / Fairly Good was 62% In 2011 Community satisfaction with Mayor and Councillors under Very Good / Fairly Good was 65%

### COST OF SERVICE AND FUNDING STATEMENT



Actual 2010/11 (\$'000's)	<u>Representation</u>	Budget 2011/12 (\$'000's)	Actual 2011/12 (\$'000's)
<b>Operational expenditure</b>			
933	Operating Costs including Overheads	988	985
933		988	985
<b>Operating revenue</b>			
	Rates Income		
910	- General Rates	980	985
23	Activity income	8	0
933		988	985
0	<b>Surplus from operating</b>	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
	Fair and efficient leadership	The needs of Tangata Whenua are understood and considered in decision making.
	A strong and distinctive 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	Consultation meetings were held with all 3 Iwi during the Annual Plan process. CEO and Mayor have attended a Whakatōhea Māori Trust Board meeting. Monthly meetings are scheduled with representatives of the Whakatohea Maori Trust Board and ODC CEO and are attended when possible. A meeting was held with Ngāi Tai Iwi Authority November 2011 at Tōrere Marae and Te Whānau a Apanui Tribal Authority on 18 October 2011 at Te Kaha.
Contribute to the upkeep of hapu marae urupa/cemeteries	22	Achieved	Urupa Grants of \$460 each were made to the 22 Marae Committees on 18 June 2012. Council has committed via the Annual Plan to continue its support of hapū marae urupa/cemeteries.

### COST OF SERVICE AND FUNDING STATEMENT



Actual 2010/11 (\$000's)	<u>Tangata Whenua Relationships</u>	Budget 2011/12 (\$000's)	Actual 2011/12 (\$000's)
	<b>Operational expenditure</b>		
12	Operating Costs including Overheads	17	12
12		17	12
	<b>Operating revenue</b>		
	Rates Income		
12	- General Rates	17	12
12		17	12
0	<b>Surplus from operating</b>	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 meet our needs	Without Council and other funders, the community services would not be provided or would cost more to provide.
 A strong and distinctive 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	4 MOU's maintained with 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 received are administered by Council in terms of MOU. New MOU's not developed due to revised Long Term Plan alignment requirements not being available until late June 2012.
The tri-annual Community Contributions Awards will be organised	Due 2012	Achieved	Community Contributions Awards were held in May 2012.

#### COST OF SERVICE AND FUNDING STATEMENT

Actual 2010/11 (\$000's)	Community Sponsorship	Budget 2011/12 (\$000's)	Actual 2011/12 (\$000's)
	<b>Operational expenditure</b>		
232	Operating Costs including Overheads	322	280
232		322	280
	<b>Operating revenue</b>		
	Rates Income		
232	- General Rates	322	280
0	Activity income	0	0
232		322	280
0	<b>Surplus from operating</b>	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
- Coastal initiative projects
- Urban/rural walkways
- Upgrade sewage reticulation
- Piping urban drains in Ōpōtiki
- Seal extension programme
- Urban street upgrades
- Water grading improvements
- 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
	Development and protection of natural resources	Council provides reserves which protect and provide public access to our natural environment.
	A strong and distinctive community spirit	People enjoy a range of leisure opportunities in reserves.
	History and culture is treasured	Reserves protect significant historical and cultural sites.

### How did we do?

Measured	Target	Result	Level of Achievement
The number of day's principal sport and events venues are available	350	Not Measured	Not measured due to reporting system not being established or available. New reporting system under development.
No more than 20 complaints regarding the sports fields or reserves or gardens	< 20	Achieved	7 complaints received in total regarding the sports fields or reserves or gardens as per contact centre reporting.
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 and responding to any complaints according to the work plan.



Memorial Park Pavilion blessing 20 February 2012

**COST OF SERVICE AND FUNDING STATEMENT**

Actual	<u>Parks and Recreation</u>	Budget	Actual	Key Variances
2010/11		2011/12	2011/12	
(\$000's)		(\$000's)	(\$000's)	
<b>Operational expenditure</b>				
924	Operating Costs including Overheads	931	867	Reduced maintenance and sanitation costs
0	Interest	15	0	
0	Depreciation	11	0	
924		957	867	
<b>Operating revenue</b>				
	Rates Income			
730	- General Rates	806	561	
699	Activity income	1,360	1,408	
3	Interest Received	5	3	
18	Reserve contributions	5	4	
0	Development contributions	0	0	
1,450		2,176	1,976	
526	<b>Surplus from operating</b>	1,219	1,109	
<b>Capital Costs</b>				
538	Capital Expenditure - Enhancements	1,736	1,648	Please refer to Capital Expenditure Summary on page 92 for detailed commentary
21	Contributions to Reserves	30	26	
0	Debt Repayment	0	0	
559		1,766	1,674	
<b>Funded By</b>				
526	Surplus from operating	1,219	1,109	
	Loans raised	536	536	
17	- Depreciation	11	11	
64	- Withdrawal from reserves	0	0	
(48)	- From retained or future earnings	0	18	
559		1,766	1,674	




## 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 meet our needs	The Library Activity provides a service and a facility that meets the needs of the community including the provision of Internet and electronic media as key tools in delivering services.
	Purposeful Work and learning opportunities	Provides resources for life-time learning, contributing to self-esteem and personal development.
	History and culture are treasured	The Library Activity supports this Community Outcome by preserving and protecting historic books and information including Maori history for future generations. It encourages appreciation of history and culture.

### How did we do?

Measure	Target	Result	Level of Achievement
The door count of visitors to the library will increase	5%	Not Achieved	An increase of 1,505 or 2.1% from last year. Data obtained from Watchman People Counter monitored daily and calculated monthly.
There is an increase in the number of issues per head of population	7,100	Not Achieved	Total issues (46,968) decreased by approximately 15.9% compared to 55,849 last year.
An increase in the usage of library computer services	5%	Not Achieved	Overall increase of 1.5% of library computer services. Reduced usage of 3.6% of computer terminals and increased usage of 30% in terms of access to internet via wireless service.

Note, the above targets (established by the 2009 – 2019 Long Term Plan) were unrealistic in the absence of population growth.

**COST OF SERVICE AND FUNDING STATEMENT**

Actual	<u>Library</u>	Budget	Actual
2010/11		2011/12	2011/12
(\$000's)		(\$000's)	(\$000's)
<b>Operational expenditure</b>			
193	Operating Costs including Overheads	206	200
35	Depreciation	40	33
228		246	233
<b>Operating revenue</b>			
	Rates Income		
179	- General Rates	198	184
49	Activity income	48	48
2	Vested Assets	0	1
230		246	233
2	<b>Surplus from operating</b>	0	0
<b>Capital Costs</b>			
37	Capital Expenditure - Renewals	40	31
37		40	31
<b>Funded By</b>			
2	Surplus from operating	0	0
	Reserves and future surpluses		
35	- Depreciation	40	31
37		40	31





Peoples Network computers are well used at Opotiki District Library

## 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	Adequate land and buildings that enable the delivery of Council services.
	A strong and distinctive community spirit	Provide opportunities that assist in accommodating community organisations.

### 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	76.2% of Annual Plan estimate achieved. Tenderer approved for Memorial Park Sports Pavilion, depot yard upgrade completed. Office upgrade to be completed in 2012/13.
The maintenance programme is to be developed for existing buildings	100%	Partially Achieved	Property Asset Management Plan under development which will finalise lifecycle maintenance plans.
Percentage of properties to be maintained under the life cycle maintenance programme	90%	Not Achieved	Property Asset Management Plan under development which will finalise lifecycle maintenance plans.



Ground works being at the site of the new Memorial Park Pavilion  
February 2012-10-12

**COST OF SERVICE AND FUNDING STATEMENT**

Actual	Property	Budget	Actual	Key Variances
2010/11		2011/12	2011/12	
(\$000's)		(\$000's)	(\$000's)	
<b>Operational expenditure</b>				
266	Operating Costs including Overheads	257	207	Less than forecast depreciation costs due to postponement of capital projects
5	Interest	66	34	
172	Depreciation	260	266	
443		583	507	
<b>Operating revenue</b>				
	Rates Income			
273	- General Rates	340	550	
118	Investment income	145	119	
93	Activity income	234	110	Less than forecast development has resulted in lower development contribution income
86	Development contributions	100	44	
0	Reserve contributions	0	0	
570		819	823	
127	<b>Surplus from operating</b>	236	316	
<b>Capital Costs</b>				
657	Capital Expenditure - Renewals	516	310	Please refer to Capital Expenditure Summary on page 92 for detailed commentary Please refer to Capital Expenditure Summary on page 92 for detailed commentary
	Capital Expenditure - Enhancements	850	261	
159	Contributions to reserves	195	129	
0	Debt Repayment	0	0	
816		1,561	700	
<b>Funded By</b>				
127	Surplus from operating	236	316	
605	Loans raised	630	630	
28	Asset Sales	16	36	
	Reserves and future surpluses			
284	- Depreciation	387	200	Please refer to Capital Expenditure Summary on page 92 for detailed commentary Please refer to Capital Expenditure Summary on page 92 for detailed commentary
10	- Withdrawal from reserves	267	35	
(238)	- Retained or future earnings	25	(517)	
816		1,561	700	







## 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 natural resources	Complete collection and disposal of solid waste ensures surrounding environment remains unchanged.
	Fair and efficient leadership	Activity is prudently managed; policies reviewed and updated as and when necessary.
	Development supports the community	Support and service is provided based on community needs.
	Services and facilities meet our needs	This activity has provided eight new full-time equivalent jobs within the community. Staff will continue to gain knowledge for enhancing the service.

### 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. Data supplied from ODC to Bay of Plenty Regional Council which is assessed along with any site visits as considered necessary. BoPRC then issue summary compliance/ non compliance report annually.
“Fly tipping” reports are responded to within 5 working days	100%	Achieved	10 Reports of “Fly tipping” received by Contact Centre. All reports responded to within 5 working days.
Number of public educational activities undertaken to encourage residual waste reduction and good recycling practice	3	Achieved	5 public educational activities undertaken with St Josephs School, Waioeka School, Waiotahi School, Ashbrook School and Maraenui School including visits to the Resource Recovery Centre. Also information on residual waste reduction and recycling available on ODC Website.
Residual waste per year is less than 1400 tonnes	<1,400 tonnes	Achieved	1052.7 tonnes exported to landfill from Opotiki RRC.

**COST OF SERVICE AND FUNDING STATEMENT**

Actual	<u>Solid Waste</u>	Budget	Actual	Key Variances
2010/11		2011/12	2011/12	
(\$000's)		(\$000's)	(\$000's)	
<b>Operational expenditure</b>				
1,202	Operating Costs including Overheads	1,180	1,110	Reduced operating and overhead costs for Ōpōtiki Resource Recovery centre
9	Interest	6	3	
7	Depreciation	0	0	
1,218		1,186	1,113	
<b>Operating revenue</b>				
Rates Income				
30	- General Rates	3	3	
893	- Targeted Rates	920	916	
285	Activity income	270	274	
1	Investment income	1	1	
1,209		1,194	1,194	
(9)	<b>Surplus from operating</b>	8	81	
<b>Capital Costs</b>				
0	Capital Expenditure	0	0	
11	Contributions to Reserves	8	8	
	Debt Repayment	120	120	
11		128	128	
<b>Funded By</b>				
(9)	Surplus from operating	8	81	
	Loans Raised	80	80	
	Reserves and future surpluses			
7	- Depreciation	0	0	
0	- Withdrawal from reserves	40	40	
13	Retained or future earnings	0	(73)	
11		128	128	



Ōpōtiki Resource Recover Centre


## 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, Ōhiwa, Opotiki, Hikutaia and Waitohi 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%	Not Achieved	One occasion when mains burst caused 4 hour outage, low pressure period early hours of 21.10.11.
Compliance with NZ water quality standards.			
Bacterial compliance	100%	Not Achieved 75%	Bacteria compliance achieved for Ōpōtiki Hikutaia and Te Kaha. One bacterial transgression for Ōhiwa supply in 4th quarter, 3 retests showed compliance.
Protozoal compliance	100%	Achieved For Ōpōtiki Supply	Source security provided for protozoal contamination for Ōpōtiki supply, capital development approved for Te Kaha. Note that the supply area that is compliant serves 90% of the population receiving potable water supply.
All service main repairs are completed within four hours of receiving service request	100%	Achieved	Seven service main repairs were completed. All service main repairs were complete within four hours of receiving service required.

Note: Protozoal compliance. MoH report filed 1 October 2012 above states no supply has protozoal compliance for 2011-12. This is because the two old bores (which we had advised could be used if new ones failed) were non-compliant. The two new ones received "secure status" in May 2012 (which is protozoal compliance). The MoH have assumed that because we have the old bores then we are at risk. This is a communications error as we had eliminated the risk by removing power to the bore pumps. Therefore we achieved protozoal compliance in 2011-12. We are shortly to have pumps removed from the old bores and stored.

**COST OF SERVICE AND FUNDING STATEMENT**

Actual	Water Supplies	Budget	Actual	Key Variances
2010/11		2011/12	2011/12	
(\$000's)		(\$000's)	(\$000's)	
	Operational expenditure			
435	Operating Costs including Overheads	453	447	
220	Interest	207	256	
310	Depreciation	329	340	
965		989	1,043	
	Operating revenue			
	Rates Income			
758	- Targeted Rates	736	736	
241	Activity income	489	459	
7	Investment income	11	11	
1,006		1,236	1,206	
41	Surplus from operating	247	163	
	Capital Costs			
980	Capital Expenditure - Renewals	21	15	Please refer to Capital Expenditure Summary on page 92 for detailed commentary
	Capital Expenditure - Enhancements	330	73	
223	Contributions to Reserves	97	97	
1,515	Debt Repayment	845	845	
2,718		1,293	1,030	
	Funded By			
41	Surplus from operating	247	163	
2,020	Loans raised	600	600	
	Reserves and future surpluses			
310	- Depreciation	329	340	
347	- Withdrawal from reserves	120	100	
0	Retained or future earnings	(3)	(173)	
2,718		1,293	1,030	

**Opotiki Water Treatment Plant**



## 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 Waitohi Drifts while the other serves a small subdivision at Waihou 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.

### 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%	100%	Fully compliant with all resource consent conditions as per Bay of Plenty Regional Council Consent and Compliance Forms. 1 Assessment undertaken by BOPRC and summary annual compliance notice issued 7 June 2012.
% of service requests that are resolved within one day	100%	Not Achieved	1 request received and resolved within 1 ½ days.
At least 3 km of Opotiki sewer is investigated for upgrading per year	>3	>39	System analysis (pump station flow reports) showed widespread infiltration and 2 year investigation to select new reticulation approved. 39.7 kms of reticulation and service connections covered.



**COST OF SERVICE AND FUNDING STATEMENT**

<b>Actual</b>	<b><u>Sanitary Services</u></b>	<b>Budget</b>	<b>Actual</b>	<b>Key Variances</b>
<b>2010/11</b>		<b>2011/12</b>	<b>2011/12</b>	
<b>(\$000's)</b>		<b>(\$000's)</b>	<b>(\$000's)</b>	
<b>Operational expenditure</b>				
255	Operating Costs including Overheads	284	273	
15	Interest	24	31	
144	Depreciation	145	171	
414		453	475	
<b>Operating revenue</b>				
	Rates Income			
429	- Targeted Rates	437	432	
2	Activity income	112	110	
3	Investment income	2	2	
434		551	544	
20	<b>Surplus from operating</b>	98	69	
<b>Capital Costs</b>				
279	Capital Expenditure - Renewals	435	93	
46	Contributions to Reserves	20	20	
385	Debt repayment	0	0	
710		455	113	
<b>Funded By</b>				
20	Surplus from operating	98	69	
400	Loans raised	180	180	
	Reserves and future surpluses			
144	- Depreciation	142	171	
146	- Withdrawal from reserves	35	0	
0	Retained or future earnings	0	(307)	
710		455	113	




Please refer to Capital  
Expenditure Summary on page  
92 for detailed commentary

## Activity 10: Storm Water

### What we do and why

Council provides a storm water drainage system in the Opotiki urban area and at the Waiotahi 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. Bay of Plenty Regional Council 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 meet our needs	The schemes are effective and efficient to meet the needs of the users.
	History and culture are treasured.	Excavations and works are consistent with Tangata Whenua cultural requirements; historic findings are identified and preserved.

### How did we do?

Measured	Target	Result	Level of Achievement
At least 50 meters of open drains are piped per annum	>50	Achieved	Nelson St and New World site to Forsyth Street as per contracts 081 and 074 were piped being 25 metres in Nelson St and 174 metres from Union to Forsyth St (0.199 Kms in all).
All urban flooding reports are investigated and appropriate action taken that ensures a resolution within 7 days	100%	Achieved	9 Reports received. All reports resolved within 7 days as per contact centre data and contractor records.
All 7 pump stations available for emergencies	7	Achieved	Contractors monthly check reports. There were no issues.



Flooding Wainui Road – New Years Day 2012



COST OF SERVICE AND FUNDING STATEMENT				
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Actual	<u>Stormwater</u>	Budget	Actual	Key Variances
2010/11		2011/12	2011/12	
(\$000's)		(\$000's)	(\$000's)	
<b>Operational expenditure</b>				
134	Operating Costs including Overheads	91	84	Increased depreciation is due to increased capital expenditure.
	Interest	8	0	
33	Depreciation	38	104	
167		137	188	
<b>Operating revenue</b>				
	Rates Income			
203	- General Rates	138	187	
28	Activity income	0	1	
231		138	188	
64	<b>Surplus from operating</b>	1	0	
<b>Capital Costs</b>				
107	Capital Expenditure - Renewals	160	0	Please refer to Capital Expenditure Summary on page 92 for detailed commentary Please refer to Capital Expenditure Summary on page 92 for detailed commentary
	Capital Expenditure - Enhancements	80	323	
	Contributions to Reserves	5	5	
107		245	328	
<b>Funded By</b>				
64	Surplus from operating	1	0	
	Loans raised	200	200	
	Reserves and future surpluses			
33	- Depreciation	38	104	
10	- Withdrawal from reserves	0	0	
0	- Retained or future earnings	6	24	
107		245	328	






## 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 Otago 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 the natural environment	Construction and maintenance of roads undertaken to accepted specifications to protect the environment.
	Services and facilities meet our needs	The transport service is effective and efficient to meet the needs of the users.
	Fair and efficient leadership	The sub-activities are prudently managed; policies are reviewed and updated as and when necessary.
	Development supports the community	Providing good infrastructure will contribute to attracting new development and business confidence.
	History and culture is treasured	Communities, in particular, Tangata Whenua are consulted and the Historic Places Act complied with.

### 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 measured	Survey last undertaken in January 2011. Not measured in 2011-2012 year as only carried out every three years. In 2011 Survey the % of residents satisfied was 74% Very / fairly satisfied, 24% Not very satisfied and 2% Don't know or unable to say.
No more than two serious accidents per year on the district's roads (state highways excluded)	< 3	Achieved	One fatality due to speed and alcohol.
The road maintenance programme is approved by NZTA	100%	Achieved	Prior to June 2011
200m of urban street upgraded	200m	Achieved	Nelson Street 210m
1 km of metal road sealed	1km	Achieved	Tablelands Road 2.7 Km McGregors Road 2.1 Km Te Wakanui Road 0.3 Km

COST OF SERVICE AND FUNDING STATEMENT				
Actual	<u>Transport</u>	Budget	Actual	Key Variances
2010/11		2011/12	2011/12	
(\$000's)		(\$000's)	(\$000's)	
<b>Operational expenditure</b>				
2,732	Operating Costs including Overheads	2,068	2,187	Emergency works from rainfall events cost in excess of \$430K against a budget of \$2589K
34	Interest	23	13	
1,026	Depreciation	1,156	1,223	
3,792		3,247	3,423	
<b>Operating revenue</b>				
Rates Income				
1,736	- General Rates	1,738	1,766	Increase in NZTA grant income to assist with emergency works.
84	- Targeted Rates	88	83	
2,030	Activity income	1,414	1,575	
14	Investment income	20	23	
43	Development contributions	50	20	
3,907		3,310	3,467	
115	<b>Surplus from operating</b>	63	44	
<b>Capital Costs</b>				
1,136	Capital Expenditure - Renewals	739	712	Please refer to Capital Expenditure Summary on page 92 for detailed commentary
	Capital Expenditure - Enhancements	473	567	
132	Contributions to Reserves	119	87	
75	Debt Repayment	455	455	
1,343		1,786	1,821	
<b>Funded By</b>				
115	Surplus from operating	63	44	
	Loans raised	300	300	
	Reserves and future surpluses			
1,026	- Depreciation	1,156	1,223	
189	- Withdrawal from reserves	267	267	
13	- Retained or future earnings	0	(13)	
1,343		1,786	1,821	

## 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

- Maintain Building Accreditation



**Opotiki Mayor John Forbes presents certificates to ODC Staff Stu Chapman and Dan Mitchell for their work in Christchurch following the earthquakes – December 2011**





## 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 the natural environment.	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.
	Fair and efficient leadership.	Provides District-wide leadership at times when required to manage emergencies and fire control.
	Purposeful work and learning opportunities.	Training and qualification opportunities exist within the activity.

### How did we do?

Measured	Target	Result	Level of Achievement
A current rural fire plan and civil defence plan are in operation	100%	Achieved	Rural Fire Plan approved – 2011 Civil Defence Plan approved - 2005
Number of public educational activities undertaken to raise awareness of emergency management procedures	2	Not Achieved	One completed this financial year.

### COST OF SERVICE AND FUNDING STATEMENT

Actual	Emergency Management	Budget	Actual
2010/11		2011/12	2011/12
(\$000's)		(\$000's)	(\$000's)
<b>Operational expenditure</b>			
151	Operating Costs including Overheads	207	164
5	Depreciation	0	7
156		207	171
<b>Operating revenue</b>			
Rates Income			
151	- General Rates	200	161
5	Activity income	7	10
156		207	171
0	<b>Surplus from operating</b>	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.
	Fair and efficient leadership	Council has a duty to ensure unbiased application of the requirements of the Dog Control Act and the Impounding Act.
	A strong and distinctive community spirit	Provision and fulfilment of this service by local providers contributes to community strength.

### How did we do?

Measured	Target	Result	Level of Achievement
An increase in the number of registered dogs in the District.	1,515	Not Achieved	1,325 Dogs Registered as at 30 June 2012.
% of animal control complaints that are resolved within one day.	>95%	Achieved	99% 328 out of 329 complaints were resolved within one day.
% of Residents satisfied with animal control. (Baseline response rate 2007/08). Survey conducted every 3 years.	>50%	Not measured	Survey last undertaken in January 2011. Not measured in 2011-2012 year as only carried out every three years.  In 2011 % of Residents satisfied was 60% Very / Fairly satisfied, 38% Not satisfied and 2% Don't know or unable to say.

## COST OF SERVICE AND FUNDING STATEMENT

Actual	<u>Animal Control</u>	Budget	Actual
2010/11		2011/12	2011/12
(\$000's)		(\$000's)	(\$000's)
<b>Operational expenditure</b>			
188	Operating Costs including Overheads	191	203
188		191	203
<b>Operating revenue</b>			
Rates Income			
122	- General Rates	126	120
66	Activity income	65	83
188		191	203
0	<b>Surplus from operating</b>	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 Opotiki 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	The protection and sustainability of natural resources is addressed in provision of the District Plan. Resource consents issued take provisions of the district plan into account.
 Services and facilities meet our needs	By responding to customer enquiries, processing applications and providing advice in a timely and efficient manner.
 Fair and efficient leadership	Council has a duty to ensure unbiased application of regulatory requirements.
 A strong and distinctive community spirit	Provision and fulfilment of this service by Council and/or local providers, contributes to community strength.
 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	>96%	Achieved	100% - 141 consents were issued within statutory timelines.
% of time resource consents are issued within the statutory timeframes	>94%	Achieved	100% - 22 consents were issued within statutory timelines

### COST OF SERVICE AND FUNDING STATEMENT

Actual	<u>Regulatory</u>	Budget	Actual	Key Variances
2010/11		2011/12	2011/12	
(\$000's)		(\$000's)	(\$000's)	
Operational expenditure				Reduced costs due to a reduction in forecast development
525	Operating Costs including Overheads	497	436	
525		497	436	
Operating revenue				
	Rates Income			
335	- General Rates	266	241	
190	Activity income	231	195	
525		497	436	
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, and other methods that 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 processes the community's infrastructure, recreation, residential, commercial, industrial and tourism requirements.
	Fair and efficient leadership	Council's leadership is required in setting policy directions to manage environmental change, whilst protecting environmental qualities valued by the community.
	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 being fostered.
	History and culture are treasured.	Protection of the Districts' historical and cultural wellbeing is an integral part of the RMA and district planning process.

### 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 no non-complying resource consents granted that compromised environmental sustainability requiring rules in the District Plan to be amended.
District Plan policy is developed to promote and guide future growth.	% of Growth Strategy developed.	100%	Draft Planning Assumptions including Growth forecasts were presented to Council for inclusion in LTP

## COST OF SERVICE AND FUNDING STATEMENT

<b><u>Environmental &amp; Development Management</u></b>				
<b>Actual</b>		<b>Budget</b>	<b>Actual</b>	<b>Key Variances</b>
<b>2010/11</b>		<b>2011/12</b>	<b>2011/12</b>	
<b>(\$000's)</b>		<b>(\$000's)</b>	<b>(\$000's)</b>	
<b>Operational expenditure</b>				
266	Operating Costs including Overheads	239	286	Increase in overhead costs
266		239	286	
<b>Operating revenue</b>				
Rates Income				
266	- General Rates	238	281	
0	Activity income	1	5	
266		239	286	
0	<b>Surplus from operating</b>	0	0	



Beautiful Te Kaha in Opotiki District

## 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 groyne.



Dairying, Kukumoa – Opotiki District




## 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
	Development and protection of natural resources	Tourist attractions are enhanced or developed while protecting natural and cultural values.
	Development supports the community	Investment appropriate to the District is encouraged.
	History and culture are treasured.	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	Total number of visitors recorded for 2011/12 was 11622. 2010/11 was 11960 so there was a decrease of .03%.
Increase the number of people attending events	5%	Not measured	No event statistics recorded this year. New statistics reporting under development to reflect results of i-SITE facilitated events in line with 2012-2022 LTP KPIs.

### COST OF SERVICE AND FUNDING STATEMENT

Actual	<u>Tourism &amp; Promotion</u>	Budget	Actual
2010/11		2011/12	2011/12
(\$'000's)		(\$'000's)	(\$'000's)
<b>Operational expenditure</b>			
231	Operating Costs including Overheads	347	364
231		347	364
<b>Operating revenue</b>			
Rates Income			
185	- General Rates	303	309
40	- Targeted Rates	39	39
6	Activity income	5	16
231		347	364
0	<b>Surplus from operating</b>	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
 Development and protection of natural resources	Access to the expansive Opotiki coast is enhanced while addressing actual or potential environmental effects.
 Services and facilities meet our needs	A public facility is created which provides for a range of high priority community needs.
 Purposeful work and learning opportunities	With the proposed marine farm, creating the harbour entrance will provide a large range of purposeful work and learning opportunities.

### How did we do?

Measured	Target	Result	Level of Achievement
Resource consent for the groynes will be granted	Granted 2010/11	N/A	Granted in 2009 without appeal
Groynes will be constructed	2012/13 measure	N/A	2012/2013 measure but current development plan shows construction commencing 2016.
Port business case and strategic development plan will be adopted by Council	Due 2011/12	Achieved	Interim business case adopted at 20 December Council meeting. Strategic Development plan completed in the form of a Gantt chart.

**COST OF SERVICE AND FUNDING STATEMENT**

<b>Actual</b>	<b><u>Harbour Development</u></b>	<b>Budget</b>	<b>Actual</b>
<b>2010/11</b>		<b>2011/12</b>	<b>2011/12</b>
<b>(\$000's)</b>		<b>(\$000's)</b>	<b>(\$000's)</b>
	<b>Operational expenditure</b>		
173	Operating Costs including Overheads	235	247
173		235	247
	<b>Operating revenue</b>		
	Rates Income		
93	- General Rates	50	52
80	Activity income	185	195
173		235	247
0	<b>Surplus from operating</b>	0	0

**Waioeka and Otara Rivers Confluence**



## CAPITAL EXPENDITURE

Capital Expenditure Amounts in \$000's	Annual Plan 2010/11	Annual Plan 2011/12	Carry Forwards	Amendments	Total Budget	Expenditure to 30/06/2011	Expenditure to 31/06/2012	Total Expenditure
Motu Trail Cycleway	900	1,736		-1035	1601	491	460	951
<b>Parks &amp; Reserves - Capital Enhancements</b>	<b>900</b>	<b>1736</b>		<b>-1035</b>	<b>1601</b>	<b>491</b>	<b>460</b>	<b>951</b>
Library Book Stock		40			40		31	31
<b>Library - Capital Renewals</b>		<b>40</b>			<b>40</b>		<b>31</b>	<b>31</b>
Computer Equipment/Development		27			27		4	4
Computer room expansion		25			25		1	1
Playground Replacements / Upgrade		25			25		5	5
Painting - RRC		10			10		0	0
Office extension		200			200		17	17
Depot Yard Reseal		130			130		130	130
Furnishings Fixtures & Fittings		27			27		13	13
Vehicles/Plant Additional		72			72		74	74
Library Upgrade		0			0		39	39
Waioeka Domain Drainage		0	20		20		16	16
Saleyard - Contamination		0			0		11	11
<b>Property - Capital Renewals</b>		<b>516</b>	<b>20</b>		<b>536</b>		<b>310</b>	<b>310</b>
Civil Defence Equipment		14			14		0	0
Coastal Access		17			17		0	0
Walkways Urban/Rural		60			60		51	51
Coast Initiatives		32	29		61		9	9
Vehicles/Plant - Replacements		77			77		62	62
Memorial Park - Pavilion		650			650		139	139
<b>Property - Capital Enhancements</b>		<b>850</b>	<b>29</b>		<b>879</b>		<b>261</b>	<b>261</b>
Opotiki Water Treatment Plant		11			11		0	0
Ohiwa Water Pipework tank to road		10			10		15	15
<b>Water - Capital Renewals</b>		<b>21</b>			<b>21</b>		<b>15</b>	<b>15</b>
Opotiki Water Backflow prevention		50			50		28	28
Te Kaha Water Treatment Plants		280			280		45	45
<b>Water - Capital Enhancements</b>		<b>330</b>			<b>330</b>		<b>73</b>	<b>73</b>
Opotiki Sewerage Treatment Plants		435		-200	235		93	93
<b>Sanitary - Capital Renewals</b>		<b>435</b>			<b>235</b>		<b>93</b>	<b>93</b>
Stormwater Pump Stations - Tarawa Creek		160			160			
<b>Stormwater - Capital Renewals</b>		<b>160</b>			<b>160</b>		<b>0</b>	<b>0</b>
Opotiki Stormwater Forsyth St Reserve		80		205	285		323	323
<b>Stormwater - Capital Enhancements</b>		<b>80</b>			<b>285</b>		<b>323</b>	<b>323</b>
Unsealed Roads Metalling		129			129		158	158
Sealed road resurfacing - Rural		290			290		249	249
Sealed road resurfacing - Urban		65			65		88	88
Drainage Renewals		67			67		73	73
Pavement Rehabilitation - Urban		124			124		92	92
Traffic Service Renewals - Rural		22			22		40	40
Traffic Service Renewals - Urban		22			22		12	12
Associated improvements		20			20		0	0
<b>Transport - Capital Renewals</b>		<b>739</b>			<b>739</b>		<b>712</b>	<b>712</b>
Minor Safety Projects		163			163		133	133
Seal Extension - Unsubsidised		280		241	521		402	402
Footpaths		30			30		32	32
<b>Transport - Capital Enhancements</b>		<b>473</b>		<b>241</b>	<b>714</b>		<b>567</b>	<b>567</b>
Depot/DOC/i-SITE Development	746				746	253	538	791
<b>Investment Property - Enhancements</b>	<b>746</b>	<b>0</b>			<b>746</b>	<b>253</b>	<b>538</b>	<b>791</b>
<b>TOTAL</b>	<b>1646</b>	<b>5380</b>	<b>49</b>	<b>-794</b>	<b>6286</b>	<b>744</b>	<b>3383</b>	<b>4127</b>

**Parks & Reserves - Capital Enhancements**

Parks and Reserves Capital Enhancements is under budget due to delay in receiving final invoices for completion of the Motu Cycleway project. It is anticipated that the final project will be at the budgeted cost. The amendment to the budget is due to additional costs with the Tirohanga section of the Motu cycleway, of \$256K less the transfer of the DOC portion of Motu Trails to DOC of \$1.291 million.

**Property - Capital Renewals**

Capital Expenditure Renewals for Property is under budget due to deferral of the Council Office Upgrade project of \$200,000. The project is expected for completion in October 2012.

**Property - Capital Enhancements**

Capital expenditure enhancements for Property is under budget by \$618,000 due to postponement of the construction of the Memorial Park pavilion project of \$650,000. Delay occurred in securing external funding, renegotiating the original tender, and allowing time for the site to stabilise after preloading the foundations. Council has spent \$139,000 on this project as at June 2012, with the balance of \$511,000 carried forward to the 2012/13 financial year. The project is expected for completion in December 2012.

**Property – Funded by Depreciation and Withdrawal from Reserves**

Funding of capital projects was budgeted from depreciation reserves of \$387,000, and from other reserves of \$267,000. The postponement of the key projects detailed above reduced the funding required for this activity. Accordingly the funding required from depreciation reserves for the year was \$200,000, and other reserves was \$35,000.

**Water - Capital Enhancements**

Capital expenditure enhancements for water is under budget due to the Te Kaha drinking water project being deferred until September 2012. The deferral is due to delay in formalising the funding agreement with the Ministry of Health.

**Sanitary - Capital Renewals & Stormwater - Capital Renewals**

Council made an amendment to the capital budgets for sewerage and stormwater in March 2012 eliminating the budget of \$200,000 for a proposed new pump station in Union Street, and increasing the stormwater budget by \$205,000. Expenditure on sanitary costs and stormwater are being treated as one total project for the Union street upgrade, with additional costs for stormwater being met from the savings in the sewerage budget.

The total expenditure in the line item includes:

- Revised reticulation work to replace Union Street pump station and a major part of reticulation renewal
- New pump controllers for three existing sewer pump stations
- Renewal works to one of the pumps in No 1 station.

The Stormwater project for a pump station at Tarawa Creek of \$160,000 is carried forward to the 2012/13 year due to a lack of resources to complete this project within the 2011-12 year.

**Transport - Capital Enhancements**

The budget for Capital expenditure enhancements Transport was amended to take account of additional roading projects approved by Council after the Annual Plan was approved in June 2011. Council resolved in August 2011 to approve the sealing of McGregors Road at \$205,000 and Te Wakanui Road in November 2011 at a cost of \$36,000. The budgeted seal extension projects are funded from a combination of development contributions and private contributions, roading reserves, and internal loan funding as per Council's seal extension policy.

## STATE OF SIGNIFICANT ACQUISITIONS

### Motu Trails

**\$951,100**

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

**\$667,908**

**(Total Project Cost \$920,559)**

The new i-SITE building in Bridge Street, which also provides rental accommodation for DOC and BOPRC in Ōpōtiki was completed and occupied in October 2011.

The depot yard revision works were completed in November 2011. These works included new depot sheds for Council and DOC, a 14m high communications tower, new power and communication cabling, revised stormwater and sewer infrastructure, new road entrances, car park, bus bay, yard sealing, gardens and signage.

### Seal Extension- Tablelands Road ) - McGregors Road ) - Te Wakanui Road )

**\$401,211**

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

Tablelands Road	2.8 km
McGregor Road	2.1 km
Te Wakanui Road	0.3 km

### Pavement Rehabilitation

**\$92,555**

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

Nelson Street 210m

### Reseals - Urban - Rural

**\$88,212**

**\$249,112**

As part of the ongoing reseal programme, .9 km of urban and 9.0 km of rural roads were resealed: being approximately 3.4 and 2.9 per cent of the respective part of the network.

### Stormwater

**\$323,223**

New Stormwater Pump Station and Gravity outlet to river in Forsyth Street Reserve.

### Ōhiwa Water

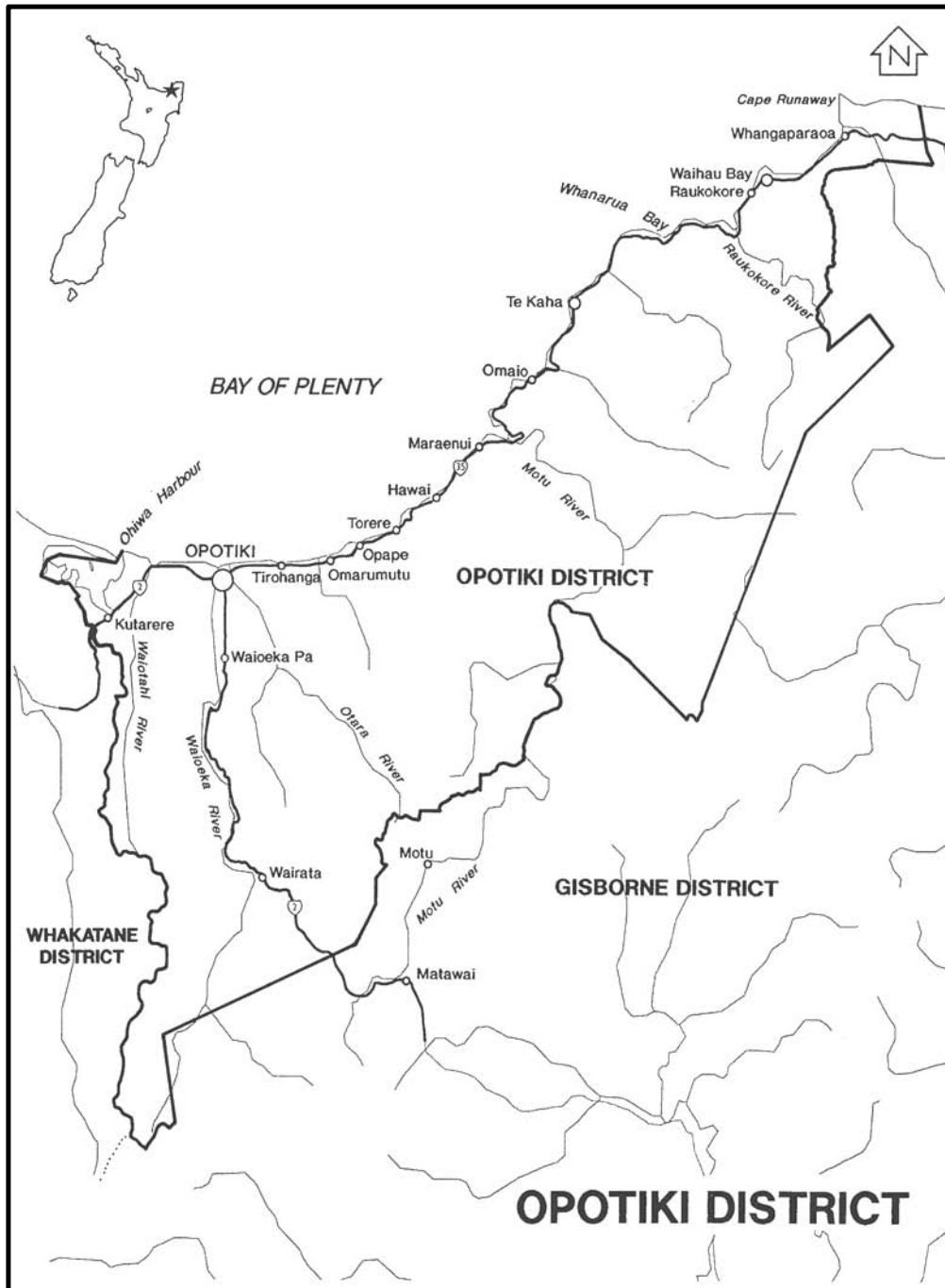
**\$15,237**

Replacement at Pipe work

### Memorial Park Pavilion

**\$139,361**

Construction of new Sports Pavilion situated at Memorial Park due for completion in December 2012.



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