



Ōpōtiki District Council

2013 – 2014 Annual Report

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Directory

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Executive Staff

Aileen Lawrie
Chief Executive Officer
 Jim Finlay
Engineering & Services Manager
 Bevan Gray
Finance and Corporate Services Group Manager
 Barbara Dempsey
Planning & Regulatory Manager
 Mike Houghton
Parks Recreation and Tourism Manager

Your Representatives

Council	Community Board
John Harris Forbes (Mayor) 315 7362	Haki McRoberts (Chairman)
Ōpōtiki Ward:	Muriwai Jones
Shona Browne 315 7347	Edward Matchitt
Arihia Tuoro 0272742268	Tiaki (Jack) Parata
Barry Howe 315 6003	Gail Keepa
Coast Ward:	
Haki McRoberts (Deputy Mayor) 325 2833	
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Lyn Riesterer 3156627	
Ken Young 3157919	

From the Mayor and CEO

In setting its budget for the 2013-2014 year council was mindful of the impact of PSA on our kiwifruit industry and a stagnant national economy. A number of projects were deferred to keep the rates rise at a minimum. The district wide revaluation in 2013 has meant that kiwifruit orchards have had some relief in rates, and it is pleasing to see confidence returning to the point that there is now growth in the sector. We are now also seeing growth in the districts' GDP and our district can now look forward to a more prosperous future in this industry than was envisaged a year ago.

Council and staff enjoyed sharing information and receiving feedback from the public at the "pop up shop" we held in February. We hope the community have seen some of their ideas being implemented already. We hope you will support us to make this an annual event.

The past year has seen Council maintaining its services while positioning itself for three major projects with background work.

An announcement was made in August 2013 that Ōpōtiki District Council had been successful in securing a pledge of \$18M from the Bay of Plenty Regional Council Infrastructure fund for the Harbour transformation project, following a detailed application and due diligence process. Immediately following the funding announcement, Council embarked on re-shaping the documentation for a government audience, and began talking with a range of central government officials and ministers. We are hopeful the hard work will result in a similar pledge from central government in the 2014-15 year.

The approach to an upgrade of the Ōpōtiki Sewerage system has been two pronged. We have bought time by building an innovative overflow pond using carefully tested waste fill from the Ōpōtiki Sale Yards site. We have also increased our focus on investigating and analysing the problems with the existing system. We expect this will mean we can make a better and potentially more cost effective decision on the solution.

The Ōpōtiki Technology and Research Library project is progressing well, with a successful fund raising launch held at the end of June. There was overwhelming support within the community for the project to go ahead. We are hoping this project will be well underway by the end of next year.

This year has seen a number of retirements both within the staff and in the elected members. While we have lost experience, we have gained new ideas.



A handwritten signature in dark ink that reads "John Forbes". The signature is fluid and cursive, with the first name being more prominent.

John Forbes
Mayor of Ōpōtiki



A handwritten signature in dark ink that reads "Aileen Lawrie". The signature is cursive and elegant, with the first name being more prominent.

Aileen Lawrie
Chief Executive Officer

Key Issues

- **Elections**

The 2013 election saw the retirement of three experienced Councillors, and one Community Board member. With a turnover of 50% of the Councillors there were risks that organisational knowledge would be lost. Through the election, the community delivered us a range of elected members that are reflective of our community make-up, and provided well for succession planning.

We welcome Arihia Tuoro, Lyn Riesterer, Ken Young and Gail Keepa to Council and Coast Community Board.

- **Act and legislation changes**

Council faced an onslaught of legislative changes that took effect or have been in process this year. The Sale and Supply of Alcohol act took effect in December 2013, significantly changing the way we administer this part of the business. The impact of the Freedom Camping Act was felt as we started the implementation of a Freedom Camping policy, in conjunction with a Reserves Act Management Plan, and an amendment to the Public Places Bylaw. Likewise the Psychoactive Substances Act and subsequent amendment took up resources. We have also been involved in submissions to the Food Act 2014, changes to the Building Act, the Local Government Act, the Health and Safety Act and the proposal to amend the Resource Management Act.

Keeping abreast and ensuring input into these processes is demanding, yet important that the voice of a small community is heard. We continue to promote cost effective and integration messages to central government in these processes, and are always looking to articulate any unintended consequences that we foresee.

Roading reviews, 3 Waters reviews, and spatial planning have added to the work load, but we hope some of these will provide cost savings, or level of service improvements in the years ahead.



- **Wastewater upgrade and works**

Because of the significant investment and the risks around the proposed waste water upgrade, Council made a decision to create a Technical Advisory Group to assist with overseeing the project. Independent appointee Richard Kirby brings a wealth of technical experience to support Council with the very important decisions about advancing this project. During the course of the year the Council decided to seek further information on the state of, and problems with, the current sewerage system to allow a full range of options to be considered. This has resulted in a delay to what was programmed in our Long Term Plan, but Council firmly believes the monitoring currently underway will result in longer term savings.

- **Harbour Development**

Council has continued to advance the Harbour Development and this year we have seen significant progress in both the harbour and, independently of Council, the commercial activity of establishing the farm. Issues still facing us are the commitment of government to the final tranche of funding and aligning the timing of the infrastructure provision with the needs (and production volumes) of the commercial entity.

Opotiki's Mayor, John Forbes met with Prime Minister, John Key and our local MP Anne Tolley in Whakatane recently. Mr Key said the government are looking at the proposal and that they have an optimistic view.



- **Economic Development**

The year has seen the resurgence of confidence in the Kiwifruit industry resulting in significant expansion of packhouse operations. This is placing some demands upon Council to supply services and infrastructure to accommodate growth and on the private sector, in particular to meet the demand to accommodate the growing seasonal workforce.



Established dairy and forestry industries are stable although subject to fluctuating commodity prices. There is some indication that the tourism industry is picking up with an increase in the accommodation index – this and hospitality sector have been boosted somewhat by the success of Mōtū Trails cycleway. There is some confidence in the establishment of new industry around Manuka honey and oil.

Council were disappointed to see one of the partners in Toi-EDA pull out, with little notice, during the course of the year but the organisation has been retained with support from the Bay of Plenty Regional Council and continues to operate on a reduced basis. We are pleased to see Whakatāne District Council back at the table, albeit in a reduced financial capacity.

- **Earthquake Prone Buildings**

The CBD has a major issue with a significant number of earthquake prone buildings, or buildings that could potentially be earthquake prone, at the last LTP the community got together to contract the services of an assessor to bulk assess all of the potential earthquake prone buildings in town. For a number of reasons this assessment process fell over and was not undertaken. The community as a whole is still left with an issue of not understanding the extent that some of the buildings are prone to falling down in an earthquake, and what percentage compliance of the current building code these buildings are.

We have seen recently the effect of this with Smith City, who nationally have a policy not to put their staff in earthquake prone buildings. As health and safety in the workplace becomes more and more important, and there seems to be an ever-increasing focus on this. This type of scenario is going to become more frequent. We were lucky to have somewhere available and up to a minimum percentage of code for Smith City to move into, otherwise the community could have potentially lost one of the large businesses in town.

We are very aware of the impact that losing business in the CBD could have upon the community, and we would dearly like to avoid this occurring. In the Long Term Plan which will be going out for consultation early next year we would like to get feedback from the community on how Council can help address this issue. There is and has been opportunity for developers to purchase these properties and renovate them, or rebuild them. Yet this has not happened. Is there an opportunity for Council to get involved to help get the ball rolling here? We are already planning significant development work with the proposed Technology and Research Centre.

- **Growth – preparing for it, enabling it**

This is not a bad problem to have really is it? And most wouldn't think of it as a problem at all. However, if we are not prepared for it then growth can be sporadic and unsustainable, and eventually lose momentum and halter. We are actively involved in communicating with business in the district, looking for opportunities to lend a hand and align our growth projects with theirs. This is going to play a big part in developing the next long term plan. We have to keep a focus on what is our key growth project, the harbour and aquaculture development, but we must always be aware of the plans for development of other businesses in the community. Ideally we need to be responsive enough, and have allowed enough breathing space in our financial strategy and the limits we set on rates and debt, to enable growth in business, by providing much needed services, where and when they are needed. To do anything else risks additional cost to council for being too early, or loss to the business industry by being too late.

- **Technology and Research Centre**



Council has developed some conceptual plans for the upgrade of the district library, we have undertaken considerable research on libraries nationwide and accounted for the move to the digital age of communication and resources. What Council is proposing is not simply a replace like for like with this library redevelopment project. Council is attempting to predetermine what the public's needs are going to be in the future and to ensure that this new facility encompasses those needs now at a design level.

We are proposing the development of a Technology and Research Centre to replace the current library, we expect this facility to be able to provide vast improvements to technological services and e-communication, as well as providing an aesthetically pleasing impact on the CBD. We hope that this facility will be a focal point of the town and enable multiple uses. With the proposed investment regionally in aquaculture we are anticipating a need for research into multiple aspects of the aquaculture industry, which this facility will be able to provide.

Council expects to put \$300,000 towards the project to redevelop the library into Opotiki's Technology and Research Centre. This is not a significant sum of money when considering projects of the size and scale of either the harbour or the redevelopment of our Library which could cost around \$3 million. Both projects rely heavily on external grant funding.

If the project to redevelop the Library does not receive the required amount from grant funding, Council will be required to decide on whether they underwrite the project or not.

- **FAR – outcomes of the review**

The NZTA subsidy for the maintenance, renewal and improvement of the Local Roding Network is Council's single largest source of income after rates revenue.



In 2013 NZTA indicated that it would review the funding assistance rates (FAR) nationally across all councils. The aim was to smooth out some of the discrepancies between the different funding rates that councils were getting. And to also apply more attention to roads of significance and Auckland. Also each council would receive different rates for different types of work, so there was a lack of clarity within the system.

The review indicated a number of possible funding scenarios and sent these to Local Authorities to make submissions on. In May 2014 NZTA released the results of the review and submission process and indicated what the new rates would be for the next National Land Transport Funding (NLTF) period, which

is 2015-2018. The result is that no council will have a subsidy rate of less than 52%. This means our rate will increase from a current 50% to 52% for the first 3 years of the next Long Term Plan.

NZTA have indicated that they will try to move all councils to their new final rates over a 9 year period, or 3 NLTF periods. The new funding rates will take into account, deprivation, affordability, roads of significance, and a number of other factors. Early estimates indicate that our funding rate could end up as high as 65%. So we will move up to this rate over the first 9 years of the LTP.

The setting of this new rate however removes any increased subsidy that we used to receive on minor improvements work, which was an additional 10% over and above the operational rate of 50% that we were receiving for operational and renewal costs. From 2015 onwards all works will be covered by the one funding rate.

The emergency works rate however will still be higher than the normal funding rate, but NZTA have tightened up on what qualifies for this rate. The rate for this will be the normal funding rate plus 20% and will only be received on out of the ordinary short duration natural events. In the next Long Term Plan council will need to make some assumptions about what rate it receives in the short term, and also make some decisions about what works it undertakes until we can clearly assess the impact on rates of each of the project types.

- **Affordability**

Council continues to balance its activities with affordability to the local community. Maintaining our current levels of service to the community is constantly challenged by incremental and cumulative effects of legislative changes, increasing the pressure and standard by which we must do things. Inevitably more cost is added to the business to ensure Council continues to comply with legislative requirements. To deal with this Council is constantly looking at how to maximise grant funding for activities, and our planned Hukutaia water supply upgrade is a good example of this, and we are also constantly considering how we can share services with others to gain expertise to implement better standards but without the full cost.

- **Collaboration**

Council continues to work closely with others where it can, and the majority of the time we benefit more than our counterparts due to our small size, and the somewhat more resources they tend to have. This works out well for us.

There are a number of changes in legislation and other legislative requirements that have fallen upon Local Government this year, and thankfully a lot of these initiatives have been picked up by some of the bigger Councils. This enables us to carry on with business as usual and have input into these initiatives, but not have to carry the cost and burden of undertaking them ourselves.

This is becoming more and more important to do as there seems to be an ever increasing list of demands coming down the chain from Central Government.



The three Eastern Bay of Plenty Councils, Kawerau, Whakatane and Oportiki take turns each year to host the Mayors Taskforce for Jobs Graduation Ceremony. In 2013 it was Oportiki's turn to toast the success of Industry Training graduates from the Eastern Bay of Plenty.

Highlights

- **Securing \$18 million from Regional Council for the harbour development**

In August 2013 Council were fortunate to be pledged \$18M from the contestable Regional Infrastructure Fund. Money for the fund was raised through a share issue in the Bay of Plenty Regional Councils wholly owned Quayside Holdings Limited through which it holds its investment in the Port of Tauranga. Importantly this money was raised from a very successful investment and without tapping into rates. The announcement of the \$18M pledge followed a yearlong process where Ōpōtiki District Council competed with 47 initial applicants seeking a total of \$126M. This was reduced to 19 final applications, of which 4 were successful. A great deal of work went into the application, and the due diligence process was demanding on Council. The remainder of the 2013 year saw us engaging with Ministers and officials with a re-packaged application suitable for government. We hope to see the results in the coming year.

- **BCA Audit**

In order for a building control authority (BCA) to undertake the function under the Building Act 2004, the BCA must be accredited in accordance with Building (Accreditation of Building Consent Authorities) Regulations 2006.

The council initially became accredited in 2008, from then on council has had to undergo regular reviews to ensure that procedures are up to scratch and take into account any changes in legislation. Our most recent routine reassessment was undertaken between 23 and 25 July 2014. No corrective actions were identified, therefore continuation of accreditation was recommended. Corrective Action Requests (CARs) are identified where there are incidents of non-compliance with the Regulations. If the BCA received CARs they would have two months to take corrective action. If this corrective action was not taken and approved by IANZ, then ODC's accreditation would be cancelled. (Note in some circumstances a one month extension may be approved). It is understood that we are the first BCA in the Bay of Plenty to have a clear audit.

This is a huge achievement for a council our size, especially with the limited resources that we have, and is an absolute credit to the hard working planning and regulatory team that we have.

- **Joining LGFA and repaying debt**

This year Council finalised the process of joining the Local Government Funding Agency (LGFA), which is a lending institution set up by Local Government, for Local Government. It has similar security levels to that of Central Government, so therefore carries less risk, and can provide cheaper funds. So far the LGFA has issued \$3.98 billion in debt in the short few years that it has been in action. In fact there is \$240 million of debt due to mature in April 2015. This will be the first of the current 6 tranches of debt to mature.

The LGFA has been hugely successful so far and has had an immense impact on the debt scene for Local Government, not only has it provided cheap debt to Councils, it has also forced banks and other lending institutions to lower rates to get a foot in with local government. We still see a role to play for the banks in Ōpōtiki's borrowing portfolio, however this will be a minor role, and one of providing cash flows and bridging finance between LGFA maturities.

It is expected that Council will borrow from the LGFA over the next financial year for the capital projects we have budgeted to undertake, and to also replace some maturing bank debt that it has.

Over this year Council repaid \$771 thousand in current borrowings, and did not redraw any additional borrowings.

- **Withdrawal from LAPP, infrastructure cover provided through AON**

This year we withdrew from the Local Authority Protection Programme, which provides insurance cover for our below ground infrastructure assets. Since the Christchurch earthquakes wiped out the reserves that this fund had in it, there has been considerable change to the way that this fund has operated. It moved from providing 100% cover in any disaster event to one of mutual liability.



The fund would provide cover up to a certain amount, and then all the rest of the members would be liable to cover the rest. Along with this change the annual premium amounts doubled what they were before the earthquakes. So the impact of the changes were more than two fold. To make matters worse calculations showed that the likelihood of Opoitiki ever having a disaster large enough to trigger anyone else having to put money in was next to nothing. But there was a very real risk that Opoitiki would have to put money in to fund other councils, and for Opoitiki this contribution would be significant.

It was then that AON came up with a product whereby they would provide 100% cover through commercial brokers for 40% of the liability (which is what Councils are required to cover in any disaster event, Central Government has and is committed to paying 60% towards any recovery costs). For Opoitiki this was a no

brainer. Not only were the annual premiums considerably cheaper, the excess/deductible was also cheaper, and there was absolutely no risk that we would have to pay for a natural disaster occurring elsewhere.

• Coast Community Board work

Some of the projects that the Coast Community Board undertook over the 2013/14 financial year were:

- Drainage work around Kauaetangohia Marae
- Sealing of Putiki Road
- Funded a camera at the Te Kaha Medical Centre to enable the Telehealth initiative
- Funded \$1,000 each to four district Kapa Haka groups
- Funded \$4,000 to two Kapa Haka groups to attend the National Secondary Schools Kapa Haka Competition
- Funded the shortfall in erecting a sign at Te Whānau a Apanui Area School.

The Community Board also undertook a significant amount of work to try to enable the erection of a Vodafone tower in Te Kaha, due to a number of issues however this project did not proceed. The board is currently reviewing plans for playground upgrades in Waihou Bay and Maraetai Bay. They also dealt with concerns from the public in relation to freedom camping. This required careful consideration as we still want to promote the Ōpōtiki District and all it has to offer, but not allow open slather on the coast for campers. There is a need to respect the environment and those that live in the coastal communities as well.

• Grant funding



accordance to the purpose of Local Government.

This year Council paid out roughly \$125,000 in grants and operational funding to organisations in the community, the majority of these grants are the main bread and butter for some of these local organisations, and without them it would be difficult if not impossible for some of them to continue. Council prides itself as being an enabler within the district, and supporting our local businesses and organisations is very important to us.

With a number of these organisations Council has drafted Memorandums of Understanding (MoU's) to show a commitment to provide ongoing support in tough times. It is also ever increasingly important for Council to be conscious of the cost of funding these organisations, so these MoU's help Council to show that these grants, where given, are given in

Some of the organisations that Council helps to fund in the district:

- Ōpōtiki College
 - Community Activities Officer
 - Swimming Pool
- Hiona St Stephens Church
- Ōpōtiki Museum
- Ōpōtiki Theatre
- Surf Lifesaving NZ
- Mōtū Trails
- Ōpōtiki SPCA
- District Marae





• Mōtū Trails

The Mōtū trails have continued to go from strength to strength. The Mōtū Trails Charitable Trust continues to market and we are seeing new and expanded businesses in the district as a result. A report by the Ministry of Business Innovation and Employment (MBIE) has shown that we have a significant asset in the Trail, but have some way to go to ensure it is sufficiently supported with services. A particular highlight this year was the completion of the link to Tirohanga in conjunction with the Department of Conservation and Whakatōhea. It is a privilege for Council to be part of constructing the trail through this very culturally and environmentally sensitive area. We encourage the community to treat the area with the sensitivity and respect it deserves.

The opening of the Tirohanga Bluff section of the Mōtū Cycle Trails in June 2014 marked the completion of construction of the Trail. The total cost of the project including staff time and

partner contributions was in the order of \$3m of which \$2m was received from Government funding. The Dunes Trail in particular is proving very popular with 16,000 riders counted in the past 12 months - nearly double the previous year's count. We can expect a further increase with the stunning Tirohanga section capturing people's interest. The trail has attracted three recent visits from Ministry of Tourism staff and many favourable reviews by riders. The trail has captured the heart of the community by providing a longed for link between town and the beach, celebrating our heritage and treasuring our coastal environment. Work is proceeding on options to extend the cycling experience around Ōpōtiki to grow the visitor economy based on enjoyment of our outdoor environment.

• Ōhiwa Walkways / Cycleway

Stage 2 of the Ōhiwa trail was completed in October 2013 – extending the existing Stage 1 along Ōhiwa Harbour Rd another 2km to finish at the Ōhiwa Loop Rd boatramp. This is another recreation opportunity enjoyed by both locals and visitors. Consent for Stage 3 is in progress – the trail will complement proposed development of Onekawa –Te Mawhai Regional Park and initiatives that result from the Ōhiwa Harbour Strategy.



Councillors, Council Staff, Contractors, Community members and Local Iwi came out in force on 4 November 2013 to bless the opening of the new Ōhiwa Walkway.

5 Year Financial Summary

FIVE YEAR FINANCIAL SUMMARY

For the year to 30 June:

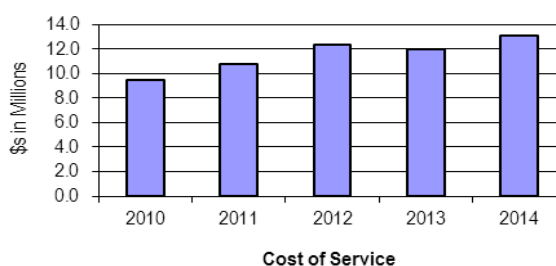
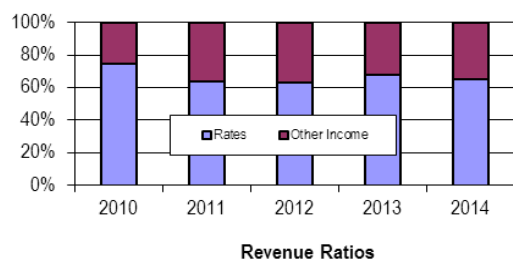
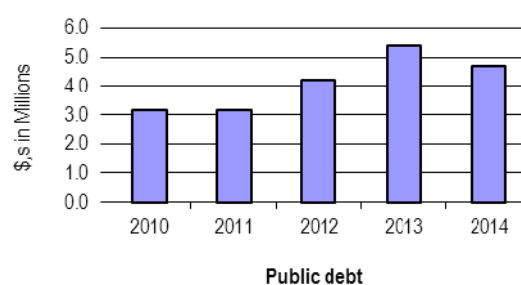
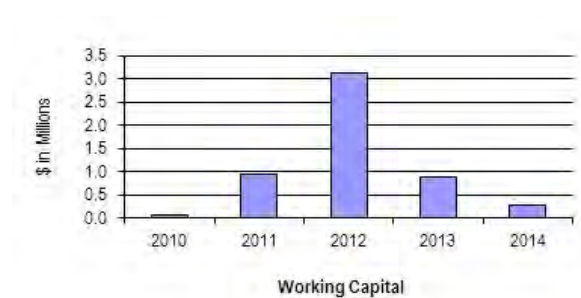
	2010	2011	2012	2013	2014
	\$000	\$000	\$000	\$000	\$000
Income Statement					
Rates (including penalties)	7,324	7,661	7,898	8,217	8,668
Other income	2,532	4,340	4,679	3,868	4,244
	9,856	12,001	12,577	12,085	12,912
Cost of services	9,472	10,799	12,363	11,968	13,141
Net surplus/(deficit)	384	1,202	214	117	-229

Financial Position

Current assets	4,806	5,400	6,685	6,086	5,537
Current liabilities	4,731	4,459	3,564	5,198	5,257
Working capital	75	941	3,121	888	280
Non current assets	168,667	179,833	180,481	181,262	180,513
	168,742	180,774	183,602	182,150	180,793
Term Liabilities	1,359	3,060	5,674	4,105	2,610
Net assets	167,383	177,714	177,928	178,045	178,183

Financed by:

Ratepayers equity	123,974	125,328	125,625	125,753	126,355
Reserves	43,409	52,386	52,303	52,292	51,828
	167,383	177,714	177,928	178,045	178,183



The graphs above demonstrate financial prudence over time. Our working capital has fallen below zero for the first time in the last 5 years as at 30 June, this has a lot to do with the

timing of receiving the NZTA subsidy for works. In 2012 this was very high as we had emergency works subsidies due for a weather event that occurred in June. The working capital

position takes into account cash on hand as well, and this year we have utilised available cash to pay down public debt, instead of keeping it in the bank earning a lower interest rate than we are paying on borrowings. We still maintain a relatively modest level of public debt and are planning on reducing this further this year as it matures, and also replacing bank debt with cheaper LGFA debt. Rate revenue continues to be Council's main source of income. The

proportionate increase in 'other income' in recent years is due to Council being successful in the securing of external (grant) funding for important capital projects such as the Mōtū Trails Cycleway. Our cost of providing services is coming down, which is very pleasing to see. We are striving to achieve efficiencies in how we work and manage our infrastructure assets. We also undertake collaboration with others where we can to reduce costs.

2013-2014 – Performance Overview

Overall Council has achieved an operating deficit of \$229,000 for the year against a budgeted surplus of \$1,720,000. The main reason for the operating deficit being less than budget is that actual operating revenue received during the year was less than forecast.

Operating revenue for the financial year was \$1,019,000 less than expected due to other revenue received being around \$552,000 less than budgeted. The reasons for this are we budgeted to receive external funding for the Library redevelopment, the Pakahi Bridge renewal, and the Water Supply capital works project. The latter project got pushed out a year so we hopefully should receive this in the 2014-15 financial year. The Library redevelopment project is continuing but there will be delays to the project as it won't progress until the funding is secured. Finance revenue is below budget as we expected higher interest rates on both investments and borrowing than eventuated, so there will be less than budgeted for both interest revenue and interest expenditure. We budgeted optimistically to receive \$108,000 in development contributions following the recovery from the global financial crisis; these did not eventuate as planned. We still expect significant growth in the future, but pinning the timing down is difficult. The other side of this though is that we incurred less cost in relation to consenting, so the reduced income offsets against reduced expenditure.

Subsidy revenue for the year was below budget by \$138,000 due to not having the extent of emergency works in the land transport activity that we budgeted for.

Overall operating expenditure was higher than budget by \$930,000. The main factor was Losses of \$1,404,000 including write-off of abandoned assets of \$916,000, revaluation losses of \$286,000 and loss on the change in fair value of investment assets. This was offset by other expenses being lower than budget by \$264,000, depreciation being \$25,000 less than budget, and finance costs being \$184,000 lower than budget for the reasons mentioned above.

A system/treatment issue existed where it was not possible to demonstrate that all after hour calls in the period 1 July 2013 to 30 September 2013 (as they relate to KPI's) have been logged in to Council's Customer Contact Centre. Whilst Council is confident that all relevant after hour calls have been captured this was an area that required improvement which was undertaken and operational from 1 October 2013.

Opportunities for Māori to contribute to our decision making process

Council has continued throughout the year to establish and maintain mechanisms for Māori to contribute to its decision making processes. The Coast Community Board has members from both Te Whānau A Apanui and Ngaitai Iwi. Council also has a close relationship with the Whakatohea Māori Trust Board.

The following table show how Council has performed against key financial performance indicators/policy limits established by the 2012-2022 Long Term Plan.

Key Performance targets			
Measure	Policy Target/Limit	2013/14 Forecast	2013/14 Actual
Increase in Total rates Revenue	5.40%	5.40%	5.50%
Public Debt	20,500,000	5,998,000	4,665,000
Net interest bearing debt/Total revenue	< 120%	20.80%	16.41%
Net interest expense/Total Revenue	< 10%	1.80%	1.00%
Net interest expense/Rates Revenue	< 15%	2.80%	1.49%
Net cash flow from Operating Activities / Net interest expense	> 2.0	16.50	24.16

The table demonstrates that Council has operated well within the financial parameters established by the 2012-2022 Long Term Plan and very close to forecasts for the 2013-2014 financial year.

Council has not only managed its finances in a prudent manner but has also met a number of key milestones throughout the financial year.

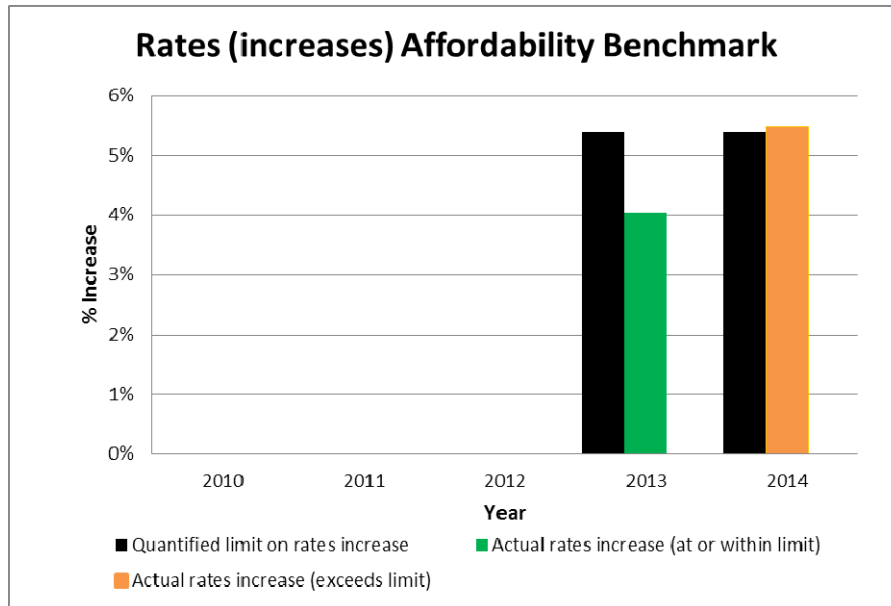
Financial Reporting and Prudence

Annual report disclosure statement for year ending 30 June 2014

Rates (increases) Affordability Benchmark

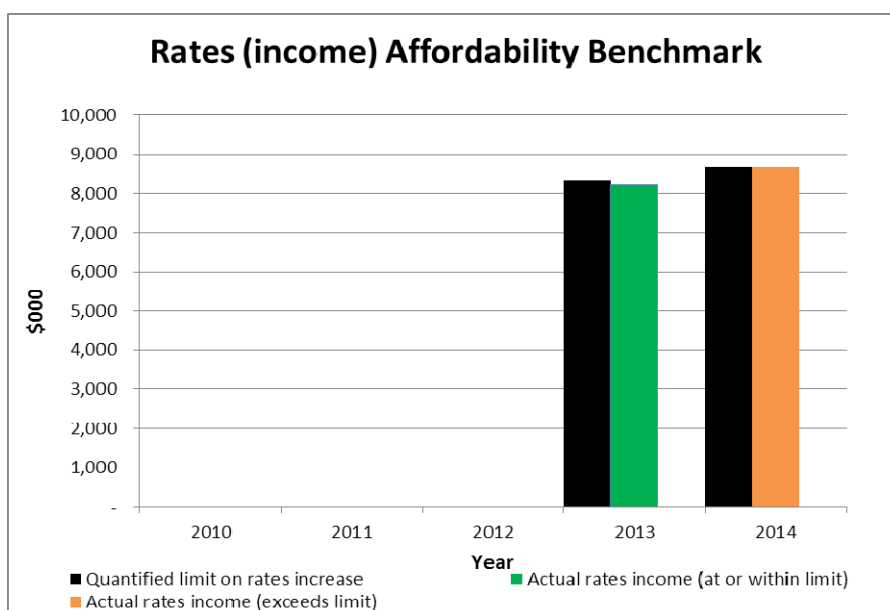
The following graph compares the council's actual rates increases with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The quantified limit is 5.40%.

The Council meets this benchmark if its actual rates increases equal or are less than each quantified limit on rates increases.



Rates (Income) Affordability Benchmark

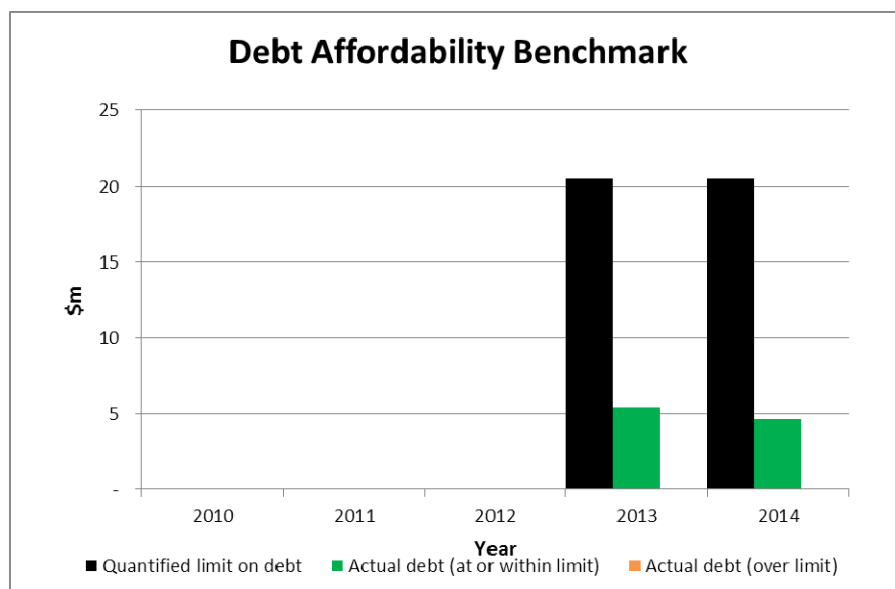
The following graph compares the council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long-term plan. The Council meets this benchmark if its actual rates income is not more than 5.40% higher than the previous year's rates income.



Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The following graph compares the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

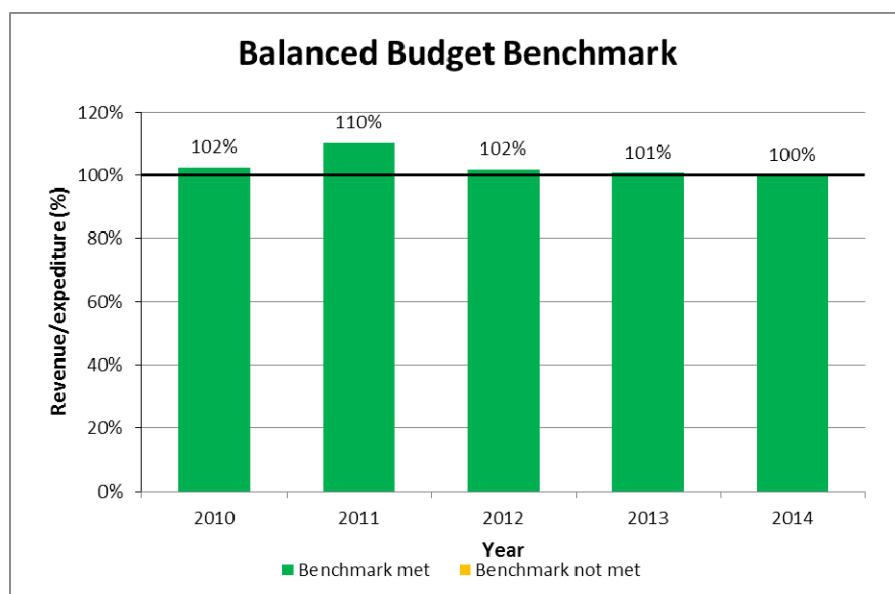
The quantified limit is net debt less than \$20.5 million.



Balanced Budget Benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

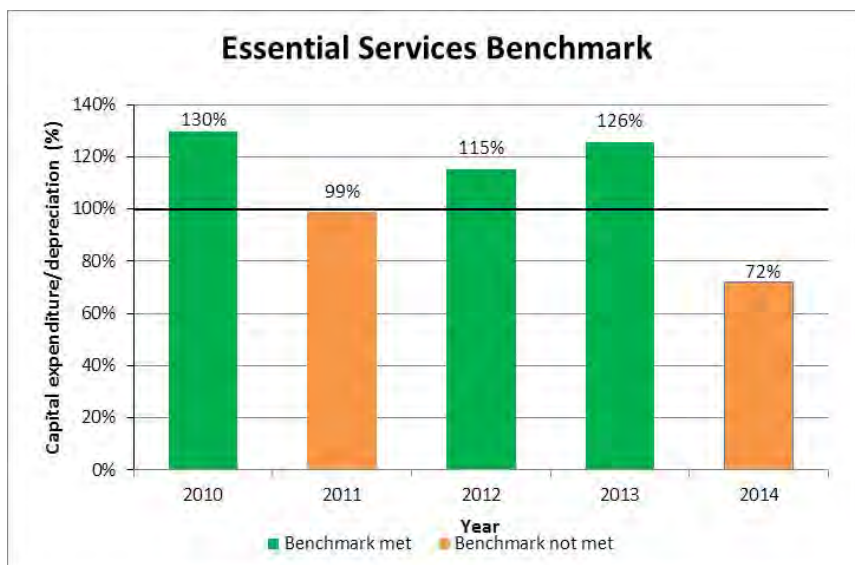
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential Services Benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

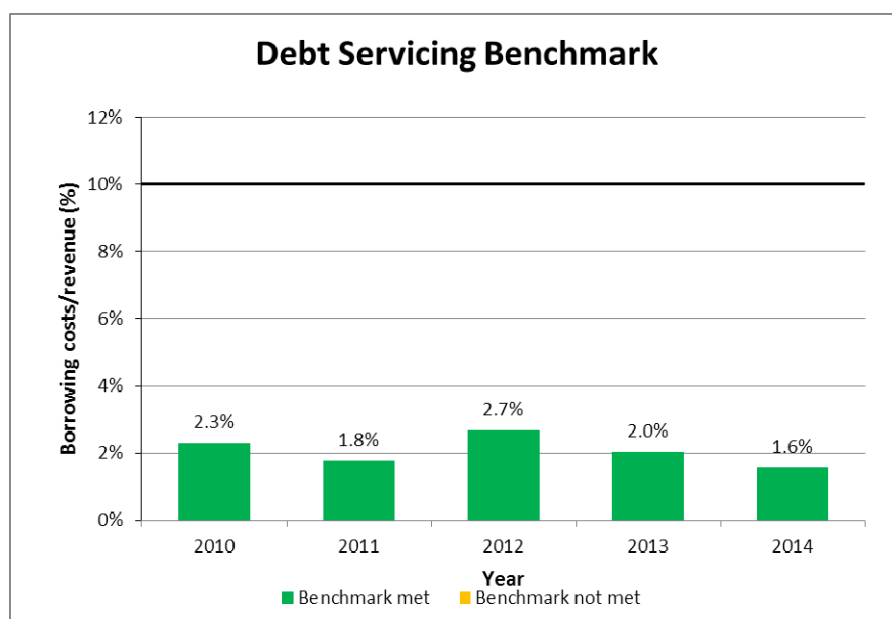
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt Servicing Benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and costs equal revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

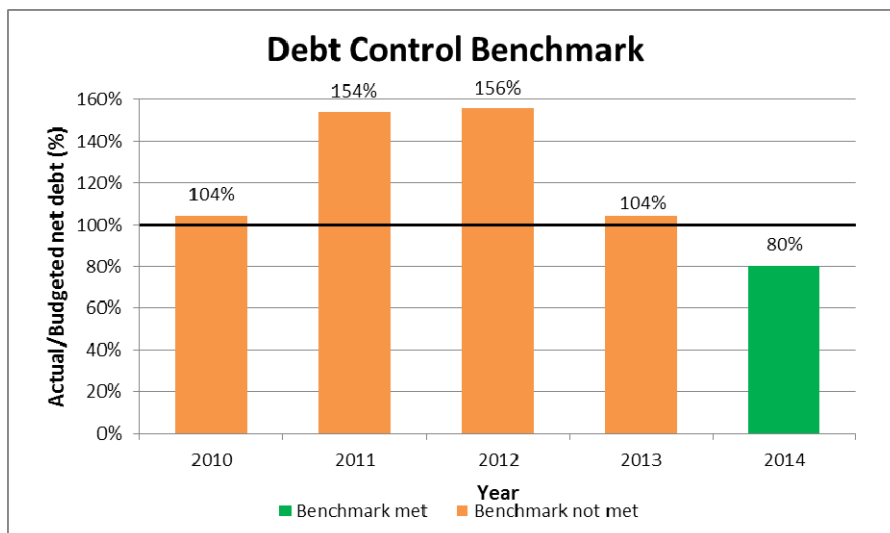


Debt Control Benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt.

In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables).

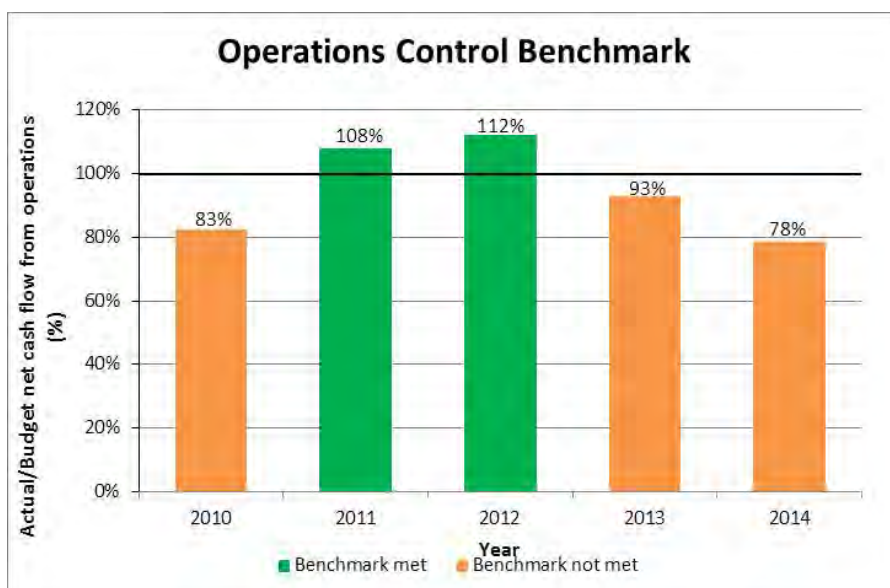
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations Control Benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Reasons for Benchmarks not being achieved

The Rates (Increases) and Rates (affordability) benchmarks have not been achieved for 2014 with Council exceeding the quantified limit by \$7k.

The Essential Services Benchmark for 2014 has not been achieved due to the level of expenditure on capital projects being relatively low. Council has planned on reducing the level of expenditure from \$2.365 million in 2013 to \$1.375 million in 2014. This is reflected in reduced expenditure of \$580k in Land Transport relating to seal extension, \$352k in Water Reticulation and \$95k in Wastewater.

Council budgeted to spend \$279k on water reticulation at Te Kaha in 2013 to upgrade the water supply. In addition \$60k was proposed to be spent on the reticulation of the Ōpōtiki water supply and \$30k on pressure monitoring of the Ōpōtiki water supply. Council has not budgeted for any additional capital expenditure on Te Kaha and only \$50k in total for Ōpōtiki for the renewal of tanks, and additional treatment plants and monitoring for 2014.

Council budgeted to spend \$151k on Ōpōtiki wastewater and \$25k on Waihou Bay wastewater projects in 2013. This has been reduced to \$81k for research on options to replace and upgrade the existing Ōpōtiki sewerage reticulation network for 2014.

The Operations Control Benchmark has not been met for 2014, with the level of cash received being \$884k less than budgeted for the 2014 year. This is due to budgeted subsidy/fundraising income for the development of the new library of \$600k not being received during the year. This project won't proceed until the funding is received or confirmed. In addition lower subsidy from New Zealand Transport Agency (NZTA) for the maintenance of our roading network of \$256k. Following the review of the Funding Assistance Rates for local authorities a higher subsidy rate should be received from NZTA.



Image: Councillor Lyn Riesterer and Mayor John Forbes display some of the feedback received regarding the proposed Ōpōtiki Technology and Research Center. The feedback came from a two day 'pop up shop' Council held in January to encourage the community to find out more about what the Council does, get involved, and help decide the future for our District.

Capital Expenditure 30 June 2014

Community Facilities

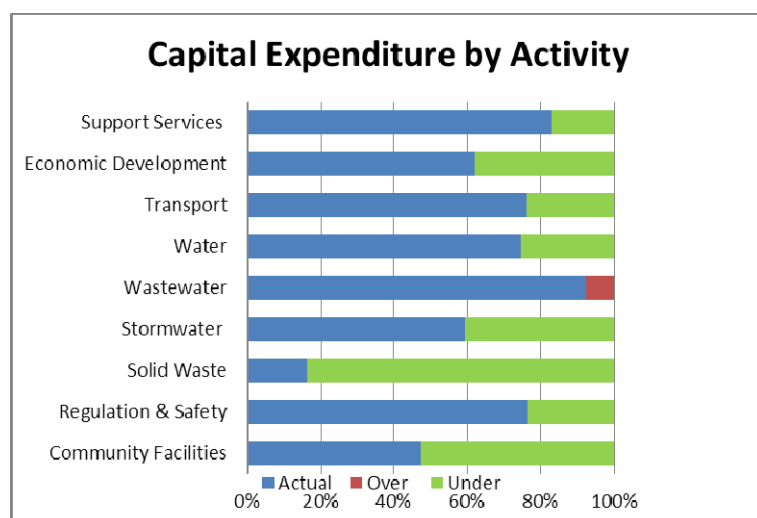
We budgeted to spend \$1.3 million on community facilities over the year but only spent \$601,000. The variance is due to two reasons, a large portion of the Motu Trails project was funded by DOC which meant Council saved over \$230,000 in budgeted costs. And the Library redevelopment project for which Council budgeted to spend \$600,000 has been delayed until sufficient external funding can be obtained to progress the development.

Regulation & Safety

We budgeted to spend \$21,000 for the year and we actually spent \$16,000. This was for the purchase of civil defence equipment.

Solid Waste

We budgeted to spend \$61,000 in solid waste this year but only spent \$10,000. This was for the new bins at the Opotiki Resource Recovery Centre. The underspend was in relation to renewal expenditure and painting work which will be undertaken next year.



Stormwater

We budgeted to spend \$311,000 but only spent \$184,000. The major variance to budget here was the work we had planned to do around pump stations where we had budgeted to spend \$125,000. We only spent \$19,000 and have not yet completed this project, initial works undertaken indicated that we would need to spend more than what we had budgeted for, so a decision was made to defer the project to the 2014-15 financial year and increase the budget.

Wastewater

We budgeted to spend \$223,000 and actually spent \$254,000. This overspend was because of additional unbudgeted renewal works that we needed to undertake over the year. One of the renewal projects mentioned was the

replacement of the switchboard and telemetry for remote monitoring of Waihou Bay. This work was budgeted for in the 2012-13 financial year but had to be delayed to this year. The other renewal project was the replacement of 80 metres of sewer line in Opotiki. This was purely because of failure of the existing line, and was funded partly from contributions from the Baptist Church, and partly from unused maintenance budgets. In terms of the work that we did budget for, we came in under budget by \$5,000.

Water Supplies

We budgeted to spend \$400,000 on water supplies over the year but only spent \$299,000. The largest area of underspend here was in relation to reticulation renewal in Opotiki township. We have deferred this project to 2014-15 financial year and tied this in with the extension work to Hukutaia and Woodlands, which will be partly funded by subsidy from the Ministry of Health.

Land Transport

We budgeted to spend \$1.2 million on roading capital over the year but only needed to spend \$939,000, the bulk of this was for budgeted emergency works and flood damage which had occurred in previous years, but thankfully this year was for the most parts event free.

Economic Development

This year we budgeted to spend \$730,000 but only spent \$453,000. The variance arose around budgeted amounts for geotechnical work and project management costs totaling \$630,000. There is still a significant amount of work that we need to do with this project, and we are actively trying to manage timelines to coincide with funding from Central Government, so trying to spend as little as possible until the project gets the green light.

Support Services

We budgeted to spend \$347,000 but only spent \$288,000. This budget covers vehicle, computer hardware and software, furniture and fittings, and plant replacement.

Council Organisation

Council Values

Integrity and Honesty

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

Ngakau- tapatahi me te Pononga

Kaore matou a marie © a matou uaratanga a, ka mahi © roto © te huaranga matatika © nga wa katoa.

Leadership

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

Manakuratanga

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

Openness and Accountability

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

Mahorahora me nga Herenga

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

Fairness and Equity

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

Tokeke me te Ture o te Tika

Ka mahi matou ia hua ai ka orite te whiwhi mea angitu o te katoa me 19ae ate tokeke © roto © iaga whakatinanatanga o uga kaupapa.

Achievements Orientated

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

Whakatutukitanga Whakawaiatanga

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

Relationships

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

Tikanga Tutohungatanga

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

Satisfying Expectations








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

Tumanako Manawareka


Ka ahei tonu matou kia mohio ki nga tumanako o to tatou iwi māori me te whakamatau kia 19ae ate tairanga teitei o te whakanatanga o te iwi whanui.

Representation

Opotiki District Council 2013 to 2016

		Contact Details	Ward
	Mayor John Forbes	PH 07 315 7362 PH Mobile 029 255 7702 johnf@odc.govt.nz Jonrobforbes@clear.net.nz	District
	Deputy Mayor Haki McRoberts	PH Mobile 027 668 6683 07 325 2833 Phone & Fax mcroberts833@gmail.com	Coast
	Councillors Barry Howe	07 315 6003 Home 07 315 6335 Work PH Mobile 027 315 6345 bazzshazz@xtra.co.nz	Opotiki
	Shona Browne	PH HM 07 315 7347 PH Mobile 027 477 3761 shonab@xtra.co.nz	Opotiki
	Arihia Tuoro	PH Mobile 027 274 2268 arihiatuoro@gmail.com	Opotiki
	Lyn Riesterer	PH Home 315 6627 PH Mobile 0211602040 lynr@opotikicol.school.nz	Waioeka/Waiotahe
	Ken Young	PH 07 3157919 Mobile 027 245 8690 kw.young@xtra.co.nz	Waioeka/Waiotahe

Organisational Structure

Council			
			
	Chief Executive Aileen Lawrie	The chief executive appoints a range of skilled staff to carry out the activities the council undertakes on behalf of the community. This is the organisational arm of local government. 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.	
			
	Engineering and Services Manager Jim Finlay	Consultancy BU Solid Waste Roading Rural Fire Sewerage Stormwater Water Supply	Property
	Planning and Regulatory Manager Barbara Dempsey	Animal Control Building Control Bylaw Compliance Civil Defence Emergency Management	Environmental Health Liquor Licensing Noise Control Resource Management Planning
	Finance and Corporate Services Group Manager Bevan Gray	Cash Receipting Debtors/Creditors Financial Reporting Investments Insurance Payroll Public Debt	Water Billing Rates Communications Customer Services Creative New Zealand Governance Support
	Parks, Recreation and Tourism Manager Mike Houghton	Parks and Reserves Airport Cemetery Tourism and Promotions Economic Development	Events i-SITE Information Center Sports Co-ordination Library

Priorities for Council action

1

Economic Growth

- Opotiki Harbour Development
- District Plan and Building Act implementation
- Providing visitor and business investment information and support
- Supporting local and regional business growth and workforce development
- Promotion of activities to increase visitors, including the historic precinct development
- Support and promotion for aquaculture.

2

Quality of Life

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

3

Strong Community Spirit

- Tri-annual community awards event and community day.

4

Environmental Quality

- District Plan and Building Act implementation
- Maintenance and enhancement of parks and reserves
- Partnership with community groups and Environment BOP to undertake environmental restoration projects.

Council's vision for the district is:
'Strong Community – Strong future'

EEO Report

The Ōpōtiki 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.

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:

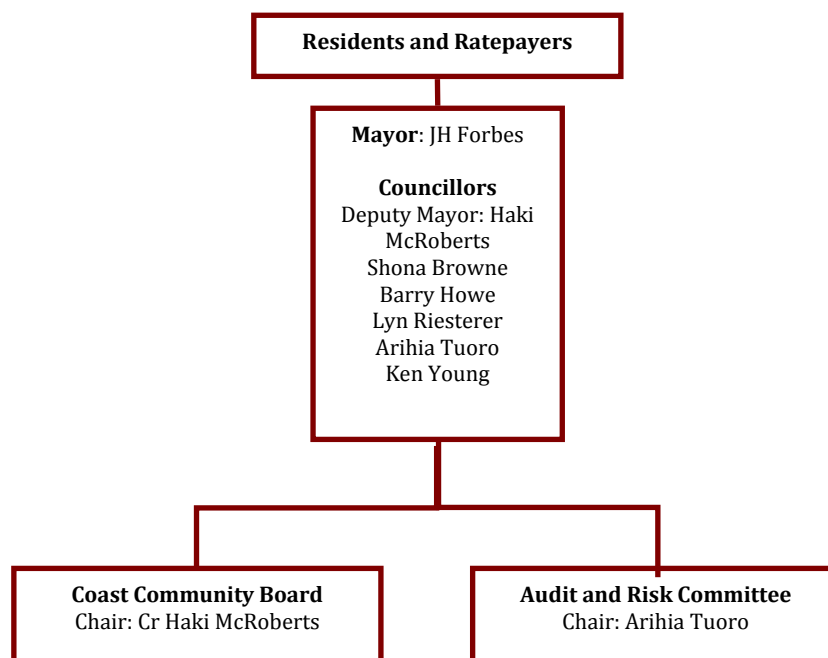
- things the local authority is prohibited from doing by law (examples from the Act include charging a membership fee for a library, or selling water and sewage disposal assets to the private sector)
- things the local authority must do by law (e.g. Local authorities must prepare a district plan or regional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



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) Committee resolves and/or recommends solutions pertaining to the Coast ward.

Coast Community Board Members

Chairperson Haki McRoberts
Muriwai Jones
Edward Matchitt
Tiaki (Jack) Parata
Gail Keepa

- **Audit and Risk Committee** (meets as required – Chair: Cr Arihia Tuoro). 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 31 October 2013 the following appointments were approved for the 2013-2016 Triennium.

Council Committees

Audit and Risk

Hearings Committee - Dog Control

2013-2016 Triennium

Chairperson: Cr Tuoro
Member 2: Cr Young
Mayor Forbes Ex Officio

Member 1: Cr Young
Member 2: Cr McRoberts
Member 3: Cr Browne
Member 4: Cr Howe
Chairperson to be elected at first meeting

Technical Advisory Group

Sewerage Upgrade
Steering Committee

Mayor Forbes
Cr Howe
Cr Browne
Cr Tuoro
Independent Expert: Richard Kirby

Joint Committees

Eastern Bay of Plenty Joint Committee

Regional Transport Committee

Civil Defence Emergency Management Group Joint Committee

Eastern Bay Road Safety Committee

Opotiki Marine Advisory Group (OMAG)

Mayor Forbes
Cr Riesterer

Mayor Forbes
Reserve: Cr Young

Mayor Forbes
Alternate - Shona Browne

Deputy Mayor McRoberts

Mayor Forbes
Cr Howe

External Organisation

Creative Communities New Zealand

CAO Pool Administration Committee (One required)

Waioeka-Otara Flood Scheme Liaison Group (Two required)

Opotiki Fibre and Fleece Trust (One required)

Ohiwa Harbour Implementation Forum (One required)

Opotiki Theatre Trust

Sport NZ Rural Travel Fund

2013-2016 Triennium

Cr Riesterer
Cr Browne

Cr Howe

Cr Young
Cr Tuoro

Cr Tuoro

Cr Riesterer

Cr Browne

Cr Riesterer



Image: Ranginui Walker, Jerry Warren and Marnie Anstis at the launch of the fundraising drive for the proposed Opotiki Technology and Research Center

Council Activities and Performance

Activity Groups

[Community and Cultural Sustainability](#)

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[Environmental Sustainability](#)

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[Economic Sustainability](#)

Page 60

The purpose of Local Government

The purpose of local government is to enable democratic local decision-making and action by, and on behalf of communities. It is also to meet the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses.

Considering community wellbeing in the present and for the future focuses Council's actions towards sustainable development. By identifying Outcomes, the community has

an opportunity to voice a direction and to indicate priorities for the district. In particular, Outcomes provide the framework for Council to target specific activities, projects or issues through the provision of its services.

The LGA recognises that different organisations, individuals and Council must work together to achieve Outcomes. This Annual Report provides information to the community on what Council has done to promote the achievement of Outcomes that it can influence.

A guide to the groups of activities

This section explains the Council's significant activities and how they contribute to the future of the district. Information shows how the Council plans, manages, delivers and funds the activities it is involved in. Council services have been banded together into groups of activities. An example of this is Stormwater, Resource Management,

Wastewater; all of these activities come under the group Environmental Sustainability. There are three groups with a total of 12 activities. Each group is introduced and then the activities that make up that group follow.

Council groups of activities

Community and Cultural Sustainability

Leadership
Community Facilities
Community Development
Economic Development
Regulation and Safety

Environmental Sustainability

Solid Waste Management
Stormwater
Resource Management
Wastewater

Economic Sustainability

Water Supply
Land Transport
Investments

What we do and why

This section gives a brief description of the activity that the Council provides and discusses the reason for providing the particular service.

Contribution to community outcomes

Each activity within the group contributes to specific community outcomes.

Levels of service

This section says what level of service the Council will provide for a particular activity, states how performance will be measured for the activity and then provides the source that will be used to assess the performance measure.

What negative effects will the activities have?

It is the Council's job to consider whether there are any significant negative effects (social, economic, environmental or cultural) for each of the activities it is involved in.

Financial Information

The financial information provided is a set of financial results for each activity over the 2013-14 year. For each Activity the following financial information is provided:

- Funding Impact Statement
- Statement of Capital Expenditure.

Community and Cultural Sustainability

Why we provide this group of activities:

The group of activities promotes outcomes that help build a strong and cohesive community within the Opotiki District. Council provides a range of services and facilities to the various communities in the Opotiki District in order to achieve this.

Significant Activities Comprised in this Group:

Leadership, Community Facilities, Community Development, Economic Development, Regulation and Safety

Leadership

What we do and Why:

This Activity includes the preparation of advice, strategies and policies to inform Council decision making. It includes the development of statutory and non-statutory policies and plans and reports and includes the facilitation of gaining community input to decision making.

Opportunities for Maori to contribute to our decision making process

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 provides both parties with an opportunity to identify and address issues of

mutual concern and encourages involvement in democracy. Council also encourages and partners with Iwi in special projects.

This Significant Activity is important to enable Council to discharge its statutory role as well as ensure that it is satisfactorily discharging its governance role by accurately reflecting community needs and desires in decision making processes.

Activities included in this Significant Activity include:

Representation, Strategic Planning and Policy Development, Cultural Liaison, Monitoring and Reporting

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
Fair and efficient leadership	To ensure effective and fair community representation and support and that policies and plans are integrated and wherever possible reflect the views of the wider community and stakeholders.
A strong and distinctive community spirit	

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
It may be possible that at times Council decisions can have a negative effect on the well-being of some individuals or groups within the community.	Social, Economic	Council has a role to consider the community at large when making decisions that impact on community well-being and seeks to use the guidance provided by the Local Government Act and its understanding of the Opotiki District Community to weigh up the competing demands of different interest groups.

Levels of Service:

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Council will provide representation and leadership at a local, regional and national level.			
Council will hold a minimum of 8 meetings throughout the year.	8	18	Achieved - Council has held 10 Ordinary Council, 3 Extra Ordinary Council and 5 Coast Community Board meetings from 1 July to 30 June 2014
Improvement with community satisfaction with Council leadership.	80%	71%	Not Achieved – Approximately 71% of respondents that had an opinion rated performance of Mayor and Councillors as very good or fairly good. This rating is above the national average
Decision making in compliance with the Local Government Act 2002.	No successful challenges to Council decision making process	No successful challenges to Council decision making process	Achieved - No challenges received in period to 30 June 2014

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
The Annual Plan is adopted in accordance with the Local Government Act 2002 on or before 30 June each year.	100%	100%	Achieved - Annual Plan for 2014-2015 was adopted at an Extra Ordinary Council meeting on 24 June 2014
The LTP is adopted in accordance with the Local Government Act 2002 on or before 30 June every three years.	-	-	Not required till 4th quarter 2014-2015 financial year
The Annual Report will be published in accordance with the Local Government Act 2002 within four months of the end of each financial year.	100%	100%	Achieved – 2012-13 Annual Report adopted at Extra Ordinary Council meeting 11 October 2013

Key Achievements for the Leadership Activity for the 2013-14 year include:

Election

- The 2013 election saw the retirement of three experienced Councillors, and one Community Board member. Normally a turnover of such magnitude would carry a significant risk of losing operational continuity. However, the new elected members bring with them a renewed drive and passion for the district which is working well.

Pop up Shop

- Council ran a “pop up shop” in February where we engaged with the community and sought feedback on issues and what Council was planning to do in the Annual Plan. Some of the ideas that the community provided Council have been implemented already. We are planning on making this an annual event where we can gather thoughts, views and direction from the community.

Long Term Plan

- Council is already starting the process of planning for the next ten years. The 2015-25 Long Term Plan needs to be completed and adopted by June 2015. As part of this process we will be consulting with the community early next year. From early discussions with businesses in the district there is a considerable amount of growth planned for the next three years, so Council is very excited about working alongside business to help enable this growth.



Image: Arihia Tuoro is sworn in as a new Councillor at the inaugural meeting of Council on 31 October 2013.

Financial Information:

FUNDING IMPACT STATEMENT FOR 2013/14 FOR LEADERSHIP

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	1,187	1,255	1,189
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	9	30	39
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	1,196	1,285	1,228
<i>Application of operating funding</i>			
Payments to staff and suppliers	341	397	334
Finance costs	-	-	-
Internal charges and overheads applied	855	888	880
Other operating funding applications	-	-	-
Total application of operating funding (B)	1,196	1,285	1,214
Surplus (deficit) of operating funding (A - B)	-		14
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	-	-	-
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) reserves	-	-	14
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	-	-	14
Surplus (deficit) of capital funding (C - D)	-	-	(14)
Funding balance ((A - B) + (C - D))	-	-	-

Community Facilities

What we do and Why:

This Activity includes the provision of Parks and other recreation/amenity services to the people of the Opotiki District. These services provide lifestyle opportunities to residents and visitors of the Opotiki District. They provide opportunities for recreation, beautification, conservation of the natural environment and public access. Such facilities promote a range of public good outcomes around health and

wellbeing which are becoming increasingly desirable to New Zealanders and visitors alike.

Activities included in this Significant Activity include:

Parks and Recreation (Airport, Cemeteries, Public Toilets, Parks and Reserves, Playgrounds, District Library and Cycle Way).

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
Development and Protection of the natural environment	The Council will provide quality parks and recreation facilities that meet community expectations for outdoor recreation, a pleasant townscape, protection of the environment and access to the coast.
A strong and distinctive community spirit	
History and culture is treasured	Ensure that amenity facilities are maintained to a high standard for the residents and visitors to the Opotiki District. Library services that inspire learning and celebration of our culture.
Services and facilities meet our needs	

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
Community expectations for growth in services and facilities may exceed Council's programme.	Economic	Consultation to ensure proposals meet community expectations based on accurate assessments of current and future demand for the use of facilities. Council is of the view that it has the capability to provide for increased growth forecast by the planning assumptions that underpin the 2012-22 LTP.
Ongoing maintenance and depreciation may cause increased or unexpected costs.	Economic	Accurate forecasting and budgeting to accommodate ongoing costs of ownership.
Providing access to facilities and services to smaller remote communities within the district could be cost prohibitive.	Social	Consider alternatives such as partnerships with other agencies and transport.

Level of Service:

Strategic Goal: The Council will provide quality parks and recreation facilities that meet community expectations for outdoor recreation, a pleasant townscape, protection of the environment and access to the coast.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Planned development of quality parks and recreation facilities.			
Management Plans that include facility development plans adopted for principal reserves.	Management Plans completed for all recreation reserves.	Management Plans completed for all recreation reserves.	Achieved – Reserve Management Plans adopted by Council at Ordinary Council meeting on 27 August 2013.
Level of Service: High quality parks and recreation facilities provided and accessible to the community.			
% of community satisfied with the quality of recreation facilities in annual surveys.	>75%	85%	Achieved – 85% of those who had an opinion responded that they are very/fairly satisfied.
Appropriate response to all service requests within ten working days.	95%	94%	Not achieved - 15 requests received. 14 responded to within 10 days and 1 over 10 days.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Playgrounds comply with NZSS 5828 (2004).			
% of play equipment compliant with NZSS 5828.*	>80%	29%	Not achieved - 29% Compliant (up from 4% in 2011). Upgrades underway aiming for 60% compliance by June 2014, with further improvements scheduled for 2014/15.

- or subsequent update / replacement of this NZ standard.

Strategic Goal: Ensure that amenity facilities are maintained to a high standard for the residents and visitors to the Opotiki District.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Public toilets are clean, safe and operational.			
% of community satisfied with the quality of toilet facilities in annual surveys.	>80%	77%	Not achieved – 77% of those that had an opinion responded that they are very/fairly satisfied.
Valid service requests are responded to within 24hrs.	100%	100%	Achieved - 11 requests received and all responded to within 24 hours.
Level of Service: Cemeteries maintained to a high standard; accurate records maintained and accessible.			
90% of community satisfied with the provision of cemetery services and maintenance of grounds.	>90%	93%	Achieved – 93% of those that had an opinion responded that they are very/fairly satisfied.
Complaints regarding cemetery records.	< 12 per year	0	Achieved – no complaints received.

Strategic Goal: Library services that inspire learning and celebration of our culture.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Provision of a comprehensive community library service for the community.			
Percentage of the community satisfied with the library facility and service.	>70%	78%	Achieved – 78% of those that had an opinion responded that they are very/fairly satisfied.
Number of new issues each year.	1,000	0	Not achieved – number of new issues declining (in line with National trend).

Key Achievements for the Community Facilities Activity for the 2013-14 year include:

Mōtū Trails

- Opening of the Tirohanga Bluff section in June 2014 marked the completion of construction of the Mōtū Trails Cycle Trail.

Ōhiwa Trail

- Stage 2 of the Ōhiwa trail was completed in October 2013 – extending the existing Stage 1 along Ōhiwa Harbour Rd another 2km to finish at the Ōhiwa Loop Rd boatramp.

Library Redevelopment

- Plans for the proposed Ōpōtiki Technology and Research Library were unveiled in July coinciding with the launch of a fund raising campaign.

Financial Information:**CAPITAL EXPENDITURE PROJECTS FOR COMMUNITY FACILITIES**

	2013/14 AP \$ 000's	2013/14 Actual \$ 000's
<i>To meet additional demand</i>		
Coastal access	18	7
Walkways urban/rural	31	122
Coast Initiatives	37	-
Waiotahi Drifts playground	-	6
Purchase & refit records shed	15	8
Sewerage investigation equipment		35
Plant - Gen sets	42	46
	143	224
<i>To improve level of service</i>		
Library Building	600	77
Office building improvements	-	3
Saleyard decontamination	140	22
Cycleway improvements	31	
	771	102
<i>To replace existing assets</i>		
Library book stocks	39	30
Furnishings, fixtures & fittings	28	17
Computer equipment	38	16
Software upgrades (intangibles)	10	14
Vehicles/plant renewals	229	198
	344	275
Total capital expenditure	1,258	601

INTERNAL BORROWING**Amount of Internal Borrowing for Community Facilities**

Balance 1/07/2013 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2014 \$ 000's	Interest 30/06/2014 \$ 000's
140	140		280	6
140	140	0	280	6

FUNDING IMPACT STATEMENT FOR 2013/14 FOR COMMUNITY FACILITIES

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	1,000	996	913
Targeted rates (other than targeted rate for water supply)	35	42	38
Subsidies and grants for operating purposes	-	-	32
Fees, charges and targeted rates for water supply	315	328	285
Internal charges and overheads recovered	268	294	222
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	88
Total operating funding (A)	1,618	1,660	1,578
<i>Application of operating funding</i>			
Payments to staff and suppliers	1,191	1,227	1,113
Finance costs	115	150	71
Internal charges and overheads applied	192	198	208
Other operating funding applications	-	-	-
Total application of operating funding (B)	1,498	1,575	1,392
Surplus (deficit) of operating funding (A - B)	120	85	186
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	-	900	23
Development and financial contributions	70	72	6
Increase (decrease) in debt	-	300	9
Gross proceeds from sale of assets	32	71	42
Lump sum contributions	-	51	165
Total sources of capital funding (C)	102	1,394	245
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	835	227	224
- to improve level of service	237	1,241	102
- to replace existing assets	319	334	275
Increase (decrease) reserves	(1,169)	(323)	(245)
Increase (decrease) of investments	-	-	75
Total application of capital funding (D)	222	1,479	431
Surplus (deficit) of capital funding (C - D)	(120)	(85)	(186)
Funding balance ((A - B) + (C - D))	-	-	-

Community Development

What we do and Why:

The Community Development Activity is one where Council, in a number of ways, is involved in helping the community help itself. This activity enables the Council to assist the community to work towards community outcomes that on its own it may not be able to achieve. In many ways similar to the Leadership Activity this is about the Council being connected and partnering with its community and other

stakeholders within the community in working towards common objectives.

Functions included in this Significant Activity include:

Community Support, including Community Grants and Healthy and Active Communities.

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
A strong and distinctive community spirit	To help assist the development of an inclusive community that provides a healthy, safe and friendly place to live, work and visit.
History and culture is treasured	
Services and facilities meet our needs	

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
Community expectations around funding community development initiatives may not be met.	Cultural, Social	Pursuing economic development opportunities that will in time provide capacity for community development aspirations.

Levels of Service:

Strategic Goal: To help assist the development of an inclusive community that provides a healthy, safe and friendly place to live, work and visit.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Provide assistance for community support activities.			
Grants for the maintenance of the 22 district Urupa will be distributed by 31 December each year.	100%	0%	Not Achieved - Grants distributed in January 2014
Service level agreements and/or memorandum of understandings for community grants will be reviewed every three years.	50%	100%	Achieved. All MOUs have been reviewed. Signed review returned from Hiona St Stephens Catholic Church and reviews still to be returned from Motu Trails Charitable Trust, Opotiki Museum, and Opotiki Theatre.
Level of Service: Enhance community Safety.			
Routine maintenance checks of CCTV cameras and related systems.	Quarterly	Quarterly	Achieved - Maintenance checks completed. New camera purchased this year and Uninterrupted Power Supply (UPS) replaced in Police Station.
Number of reported outages of CCTV system.	<4 per annum	<4 per annum	Achieved – No reported outages received

Financial Information:

FUNDING IMPACT STATEMENT FOR 2013/14 FOR COMMUNITY DEVELOPMENT

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	367	341	339
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	33
Total operating funding (A)	367	341	372
<i>Application of operating funding</i>			
Payments to staff and suppliers	9	-	266
Finance costs	-	-	-
Internal charges and overheads applied	27	28	28
Other operating funding applications	331	313	-
Total application of operating funding (B)	367	341	294
Surplus (deficit) of operating funding (A - B)	-	-	78
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	-	-	-
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) reserves	-	-	78
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	-	-	78
Surplus (deficit) of capital funding (C - D)	-	-	(78)
Funding balance ((A - B) + (C - D))	-	-	-

Economic Development

What we do and why:

This significant activity looks to support the development and growth of the Opotiki District by investigating and promoting business development; promoting the district as a tourism destination; operation of an i-SITE service in Opotiki Township and facilitating new events. Key components of this Significant Activity are the economic growth opportunities associated with Opotiki Harbour Transformation project and the developing Aquaculture Industry which is considered central to our future well-being. Economic Development is seen as an essential element to growing a more thriving and cohesive community as it will:

- Impact positively on the overall social, economic and cultural well-being of the Opotiki Community and the Eastern Bay of Plenty
- Promotes investment, industry and employment in the district

- Enhance recreation opportunities and public access to the coast
- Capitalise on opportunities from the Aquaculture Industry already under development off shore from Ōpōtiki
- Assist in flood mitigation for the Opotiki Township and surrounding area and
- Achieve a long standing community aspiration and in doing so take a significant step forward to realising the community's vision for the area.

Activities included in this Significant Activity include:

Investigation, promotion and support of new initiatives that contribute growth of the local economy, with a particular focus on tourism and the Opotiki Harbour Transformation Project.

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
Development and protection of the natural environment	To create a sustainable economic future by broadening the District's economic and therefore employment base.
Services and facilities meet our needs	
Purposeful work and learning opportunities	
Development supports the community	

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
Increasing visitor and population numbers may put pressure on infrastructure, environment and other resources, particularly in summer periods.	Economic, Environmental	Council is of the view that it has the capability to provide for increased growth forecast by the planning assumptions that underpin the 2012-22 LTP and that it has made adequate provision for investment in infrastructure to cater for expected demand.
Capital costs associated with Harbour Transformation Project are not sustainable for the Opotiki District alone.	Economic	To partner with Central and Regional Government and potentially the private sector to fund the Harbour Transformation Project.

Levels of Service

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

Key Performance Indicator (KPI)	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Redevelopment of the Opotiki Harbour Entrance.			
Finalise future harbour ownership maintenance model to support funding agreements.	Structure / entity (if required) established – 100%	100%	Achieved - Council workshop held in February 2014. Interim decision made in June 2014 that Council intend to own the harbour but that a final decision awaits terms and conditions of final funder.
Flood Modelling Updated with recent data.	-	-	Completed 2012-2013
Geotechnical Investigation complete.	100%	100%	Achieved - Physical work completed. Results incorporated in specimen design.

Key Performance Indicator (KPI)	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Redevelopment of the Opotiki Harbour Entrance.			
Development of secure funding agreements with agreed funding partners based on finalised business case and social impact assessment.	Funding secured - 100%	50%	Not achieved - In final stages of negotiation with Bay of Plenty Regional Council over Heads of Agreement for Regional Infrastructure fund
Construction of groynes and Harbour Redevelopment.	-	-	Not required in 2013-14 year
Growth in the number of new rating units.	-	-	Not required in 2013-14 year
Level of Service: Investigate and promote investment in a range of economic development opportunities.			
Prepare and implement an Economic Development Strategy.	Strategy implemented	100%	Achieved - Strategy adopted 8 October 2013. Implementation progressing based on Actions identified in Strategy.
Maintain a current database of business contacts and communicate regularly with business sector groups.	Achieved	Achieved	Database updated - communication sent to business sector in November 2013, February and June 2014.
Level of Service: Promote the district as a tourism destination; support tourism operators and events.			
Maintain and evaluate visitor numbers to i-SITE quarterly.	Achieved	Achieved	Reported to Council March & August 2013.
Number of facilitated community events per year.	Two events per year	>2 Events	Achieved - Mayors Task Force for Jobs Graduation ceremony held and Summer Festival included multiple events.
Maintain a current database of business operators and regular communication with tourism and events sector groups.	Database revised quarterly, 4 bulletins posted per annum	Database revised quarterly, 4 bulletins posted	Achieved - Data base current, four sector communications - August and December 2013 and January and March 2014

Key Achievements for the Leadership Activity for the 2013-14 year include:

Harbour Development

- During the year Council received confirmation from the Bay of Plenty Regional Council that it would contribute \$18 million towards the harbour development project. This is a giant milestone on the way to providing the Ōpōtiki district with a valuable piece of infrastructure to unlock the immense potential of aquaculture in the seas off our coast. A huge amount of work and resource went in to securing this pledge, so we are all very pleased with the result.

Financial Information:

CAPITAL EXPENDITURE PROJECTS FOR ECONOMIC DEVELOPMENT

	2013/14 AP \$ 000's	2013/14 Actual \$ 000's
<i>To meet additional demand</i>		
Harbour Development		
Geotechnical	400	146
Tender	100	167
Project management	230	140
	730	453

FUNDING IMPACT STATEMENT FOR 2013/14 FOR ECONOMIC DEVELOPMENT

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	373	365	355
Targeted rates (other than targeted rate for water supply)	74	74	76
Subsidies and grants for operating purposes	140	113	230
Fees, charges and targeted rates for water supply	37	38	10
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	624	590	671
<i>Application of operating funding</i>			
Payments to staff and suppliers	463	410	490
Finance costs	-	12	-
Internal charges and overheads applied	161	168	154
Other operating funding applications	-	-	-
Total application of operating funding (B)	624	590	644
Surplus (deficit) of operating funding (A - B)	-	-	27
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	-	577	350
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	650	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	-	1,227	350
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	-	1,239	454
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) reserves	-	(12)	(77)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	-	1,227	377
Surplus (deficit) of capital funding (C - D)	-	-	(27)
Funding balance ((A - B) + (C - D))	-	-	-

Regulation and Safety

What we do and why:

The Regulation and Safety Significant Activity works towards ensuring a healthy and safe environment for residents and visitors to the Opotiki District. This Significant Activity includes a range of functions that are required of Council by legislation and also the administration of a range of bylaws designed to ensure a health and nuisance free District for residents and visitors alike. Further to the legislative requirements behind many of these services, there is a public expectation that the Council will regulate behaviours

in public places in a manner that is in the interest of the community at large. The Regulation and Safety Activity is required to assist in maintaining community safety and to enhance community well-being.

Activities included in this Significant Activity include:

Regulation (Environmental Health, Noise Control, Animal Control, Building Control Services and Liquor Licensing), Safety (Emergency Management and Rural Fire).

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
Development and protection of the natural environment	<p>To ensure that public health and safety is protected and enhanced through the effective and efficient implementation of legislation (Environmental Health, Liquor and Noise Control) and fit for purpose bylaws.</p> <p>To protect the interest of public health, safety, infrastructure and ensure the welfare of animals through the delivery of animal (particularly dog) control.</p> <p>To ensure the construction of sustainable buildings to protect current and future users through the administration of the Building Control Act 2004 and relevant regulations.</p> <p>To ensure that both the Council and the Community are prepared for a Civil Emergency or Rural Fire Event and adequate systems are in place to enable recovery following a civil emergency.</p>
Services and facilities meet our needs	
A strong and distinctive community spirit	
Development supports the community	

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
Some could consider that the enforcement nature of the Regulation and Safety Activity infringes on the way of life of residents and ratepayers and the experience that the East Coast has to offer visitors.	Social	<p>Council is required to implement legislation as intended by Central Government and will wherever possible take a fit for purpose approach in doing so. The health and safety of the community at large and the protection of public and private property must take priority over individual needs and desires. Council will also continue to explore opportunities for shared service delivery arrangements with other organisations with a view to ensure that fit for purpose solutions are delivered in the most effective and efficient manner. Wherever possible costs will be recovered from the applicant or the exacerbator.</p>
That the cost associated with monitoring and enforcement is beyond the community's ability to pay.	Economic	

Levels of Service:

Strategic Goal: To ensure that public health and safety is protected and enhanced through the effective and efficient implementation of legislation (Environmental Health, Liquor and Noise Control) and fit for purpose bylaws.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The Council will provide and maintain a quality service to meet statutory requirements and community expectations.			
<p>Licensed premises comply with the Sale and Supply of Alcohol Act 2012.</p> <p>Two Controlled purchase operations are conducted annually.</p> <p><i>Note: The performance target for this activity has been amended following the enactment of the Sale and Supply of Alcohol Act 2012.</i></p>	2 (see note at left – this is a new target)	100%	<p>Achieved - Two Controlled Purchase Operations were undertaken. Operation September conducted on the 13 September and Operation Verde conducted on the 17 December 2013.</p> <p>76 liquor license applications were determined with 73 of these applications approved.</p>

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The Council will provide and maintain a quality service to meet statutory requirements and community expectations.			
Health – Registered premises are inspected a minimum of once per year for compliance with all statutory requirements.	100%	100%	Achieved - 62 of 62 registered premises have been inspected with a total of 87 inspections undertaken.

Strategic Goal: To protect the interest of public health, safety, infrastructure and ensure the welfare of animals through the delivery of animal (particularly dog) control.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The Council will provide and maintain a quality service to meet statutory requirements and community expectations.			
An increase in the number of registered dogs in the District.	1,500	1,555	Achieved.
All animal control complaints of an aggressive or threatening nature are responded to within 1 hour from receipt of complaint.	100%	98%	Not achieved – 48 reports received and 47 responded to within 1 hour. 1 responded to within 6 hours.
% of Residents satisfied with animal control services.	>65%	54%	Not achieved – 54% of those that had an opinion responded that they are very/fairly satisfied.

Strategic Goal: To ensure the development of sustainable buildings that protect current and future users through the administration of the Building Control Act 2004 and relevant regulations.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The Council will provide and maintain a quality service to meet statutory requirements and community expectations.			
% of time building consents are issued within the statutory timeframes.	100%	100%	Achieved - 134 consents issued within statutory timeframes
% of Customer satisfaction with level of service (as measured by the annual BCA survey).	>80%	100%	Achieved – Satisfaction survey emailed 4th quarter 2014 and of those who responded all were satisfied with Building Consent Authority.
Minimum number of public educational activities to keep the community informed on changes to the Building Act 2004 and compliance documents.	4	4	Achieved – 4 Newsletters and media release actioned in the reporting period. Plus Council's Information brochures were updated to inform public of changes to Building Act.

Strategic Goal: To ensure that both the Council and the Community are prepared for a Civil Emergency or Rural Fire Event.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The Council will provide an emergency management service that meets statutory requirements and community expectations.			
The rural fire plan and the civil defence plan are updated in accordance with legislation and are available for operation on an ongoing basis.	100%	100%	Achieved - Rural Fire Plan approved December 2013. Civil Defence Plan approved – 2005 and has bi annual review the last undertaken January 2013 and approved August 2013.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The Council will provide an emergency management service that meets statutory requirements and community expectations.			
Civil Defence refresher training courses are undertaken by staff on basis of one shift group for the Emergency Operating Centre per annum.	95%	100%	Achieved - Emergency Operating Centre training undertaken 11 November 2013 with EOC set up and desktop exercise.
Rural Fire fighters meet response times provided in contract specification.	100%	100%	Achieved - 41 call outs for fires and all response times met.
Number of public educational activities undertaken per year to raise awareness of emergency management procedures.	2	2	Achieved – 2 activities undertaken. Release of general civil defence information pack with updated Tsunami warning information and a leaflet drop to campgrounds with CD siren information.

Key Achievements for the Regulation and Safety Activity for the 2013-14 year include:

- Council implemented the Sale and Supply of Alcohol Act 2012 during this reporting period. This required the development of a Policy, establishment of a Licensing Committee and the recruitment of a District Licensing Secretary. This was a collaborative project by the three eastern bay Councils.
- Council's Building Control function was audited by IANZ as is required under the Building Act. It was pleasing that all the hard work put into establishing process and procedures resulted in a clear audit.
- Council ran a very successful "Pop Up" shop in January 2014. Over 300 people attended and were given information relating to Council's major projects.
- All staff have undergone Civil Defence Training. Council now has two response teams that can respond to an event.

Financial Information:

CAPITAL EXPENDITURE FOR REGULATION AND SAFETY

	2013/14 AP \$ 000's	2013/14 Actual \$ 000's
<i>To improve level of service</i>		
Civil Defence warning systems	21	16
Total capital expenditure	21	16

FUNDING IMPACT STATEMENT FOR 2013/14 FOR REGULATION AND SAFETY

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	588	612	589
Targeted rates (other than targeted rate for water supply)	55	57	68
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	215	222	258
Internal charges and overheads recovered	48	51	71
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	34
Total operating funding (A)	906	942	1,020
<i>Application of operating funding</i>			
Payments to staff and suppliers	593	606	578
Finance costs	-	-	-
Internal charges and overheads applied	289	304	300
Other operating funding applications	-	-	-
Total application of operating funding (B)	882	910	878
Surplus (deficit) of operating funding (A - B)	24	32	142
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	-	-	-
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	-	-	-
- to improve level of service	35	21	16
- to replace existing assets	-	-	-
Increase (decrease) reserves	(11)	11	126
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	24	32	142
Surplus (deficit) of capital funding (C - D)	(24)	(32)	(142)
Funding balance ((A - B) + (C - D))	-	-	-

Environmental Sustainability

Why we provide this group of activities:

The Environmental Sustainability Group of Activities works towards those community outcomes that promote environmental well-being. Communities have an impact on our natural environment in many ways. This group of activities works towards mitigating and managing those impacts so that future generations can enjoy our Districts' pristine natural environment.

Significant Activities Comprised in this Group:

Solid Waste Management, Stormwater, Resource Management and Wastewater.

Solid Waste Management

What we do and Why:

This Significant Activity provides for the minimisation, collection, management and disposal of Solid Waste in the Opotiki District. The provision of solid waste services is vital to both environmental and public health.

effective and efficient waste minimisation and management. The following minimisation and management hierarchy drives Council's philosophical approach to Solid Waste Management and provides context for the Resource Recovery Facilities within the District:

Activities included in this Significant Activity include:

Solid Waste and Recyclables Collection (Kerbside Collection)

Solid Waste Management (Resource Recovery Facilities, Waste Minimisation, Litter Control and the management and monitoring of closed landfills within the District).

- Reduction
- Reuse
- Recycling
- Recovery
- Treatment
- Disposal

Council is responsible under the Waste Minimisation Act 2008 for preparing and implementing a waste management and minimisation plan and for overseeing and promoting

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
Development and protection of natural environment	Ensure the environmentally safe collection and disposal of waste. Minimise the creation of waste within the District.
Development supports the community	
Services and facilities meets our needs	

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
Public Health, odour and environmental degradation.	Social, Environmental	The provision of effective and efficient waste collection and disposal facilities.
High waste volumes can increase the costs of waste management.	Economic	A focus on waste minimisation through waste reduction, reuse and recycling.
Because of the cost of disposal of waste some community members may resort to fly tipping.	Economic, Environmental	Ensuring a balance between economic incentives for waste reduction and the cost associated with waste disposal through fees and charges.

Levels of Service:

Strategic Goal: Ensure the environmentally safe collection and disposal of waste.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The kerbside collection of bagged refuse and recyclables where the service is provided is efficient and effective. (Note: service provided in Opotiki township, Hikutaia /Woodlands)			
Number of service complaints in any one month regarding the quality of the kerbside refuse / recycling collection service. (Note: service conditions outlined on brochure mailed annually)	<3	<3	Achieved. A total of 7 complaints received with a maximum of 2 in any one month.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The network's recycling facilities are in good condition and 'fit for purpose'.			
Number of complaints per month regarding Council's three recycling facilities.	<2	<2	Achieved. 1 complaint received.
Level of Service: Provision of effective waste service for the community.			
Customer satisfaction rating of waste transfer stations good or better.	60%	87%	Achieved – 87% of those that had an opinion rated the waste transfer stations as excellent or good.
Level of Service: Comply with the Resource Management Act 1991 (RMA) for closed landfill at Woodlands Road.			
Percentage compliance with resource consent conditions at closed landfill.	100%	100%	Achieved - No non-compliance notices received from regional council.

Strategic Goal: Minimise the creation of waste within the District.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Waste minimisation education reduces household waste and good recycling practices.			
Number of public education activities completed.	3	6	Achieved - activities completed - Maraenui Pa school visited Opotiki RRC, Waste Education activities completed at Omarumutu, Te Kura Kaupapa Maori o Waioweka, Raukokore, Te Whanau a Apanui and Waiotaha Schools.
Level of Service: Service provided keeps residual waste to minimum quantity.			
Residual waste per year is reduced by 10% by 2018 over the 2010 year result (1062 tonnes).	1035 tonnes	866 tonnes	Achieved.

Key Achievements for the Solid Waste Activity for the 2013-14 year include:

Tonnages for Recyclables sorted by RRC Staff

- Cardboard 138.7 Tonnes
- Paper 128 Tonnes
- Plastic (4 separate streams) 33.2 Tonnes
- Glass 316.3 Tonnes
- Residual waste 865 Tonnes

Financial Information:

CAPITAL EXPENDITURE PROJECTS FOR SOLID WASTE

	2013/14 AP \$ 000's	2013/14 Actual \$ 000's
<i>To improve level of service</i>		
Develop outside bins	10	10
	10	10
<i>To replace existing assets</i>		
Painting - Ōpōtiki	26	-
	10	-
Painting - Ōpōtiki	15	-
	51	-
Total capital expenditure	61	10

FUNDING IMPACT STATEMENT FOR 2013/14 FOR SOLID WASTE MANAGEMENT

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	695	779	782
Targeted rates (other than targeted rate for water supply)	211	217	216
Subsidies and grants for operating purposes	26	27	8
Fees, charges and targeted rates for water supply	254	262	255
Internal charges and overheads recovered	56	57	57
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	1
Total operating funding (A)	1,242	1,342	1,319
<i>Application of operating funding</i>			
Payments to staff and suppliers	1,018	1,050	1,026
Finance costs	5	6	3
Internal charges and overheads applied	211	218	213
Other operating funding applications	-	-	-
Total application of operating funding (B)	1,234	1,274	1,242
Surplus (deficit) of operating funding (A - B)	8	68	77
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	(15)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	-	-	(15)
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	-	-	-
- to improve level of service	-	10	10
- to replace existing assets	11	51	-
Increase (decrease) reserves	(3)	7	52
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	8	68	62
Surplus (deficit) of capital funding (C - D)	(8)	(68)	(77)
Funding balance ((A - B) + (C - D))	-	-	-

Stormwater

What we do and why:

This Significant Activity provides for the collection and disposal of stormwater predominantly in the urban environment. Stormwater drainage systems are provided in the Opotiki Township and the Waioatahe Drifts subdivision with a view to mitigate surface flooding following rainfall. Council is involved in this activity to fulfil its legal obligations for the control of stormwater systems and to ensure the protection of public health and property.

Activities included in this Significant Activity include:

Stormwater collection and disposal.

The Local Government Act 2002 empowers Council to be involved in the ownership of stormwater assets and the provision of such services.

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
Development and protection of natural environment	To Protect the environment from the adverse effects of stormwater.
Development supports the community	To protect public health and property.
Services and facilities meets our needs	Facilities and services that meet the expectations of the community for quality of life.

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
The discharge of pollutants to stormwater reticulation can be harmful to the natural environment.	Environmental	Mitigate risk through education, monitoring and where necessary enforcement.
Inadequate stormwater systems may lead to the flooding of property and/or surcharge of the wastewater reticulation network both of which represent risk to public health and property.	Social, Economic, Environmental	Reduce the risk by maintaining existing urban drainage systems and undertake catchment modelling to understand future stormwater management needs in line with future development. Ensure buildings have appropriate stormwater design and suitable drainage fittings.

Levels of Service:

Strategic Goal: To protect public health and property.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The urban stormwater activity is managed to protect people and property from the impacts of flooding.			
Annual incidence of inundation of habitable buildings in urban areas from big storm events. (>50 year return)	0	0	Achieved - no reports received.
The number of complaints of surface water flooding in urban areas in any event.	<10	<10	Achieved – 4 reports of surface water flooding received.
Level of Service: A reliable service is provided.			
Failure of drainage system due to poor condition or lack of maintenance.	0	0	Achieved - no failures reported.
Level of Service: Service requests and complaints are processed as they come in.			
Response times to complete works following requests and complaints for each incidence.	<7 days	87% <7 days 13% <14 days	Not achieved - 15 requests received. 13 processed in less than 7 days and 2 processed within 14 days.

Strategic Goal: To protect the environment from the adverse effects of stormwater.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Stormwater water quality will be managed effectively for 365 days of the year.			
Response time for investigation and setting up response plans of reported pollution incidents is less than 12 hours for each incidence.	<12 hours	0 hours	Achieved - no reports of pollution incidents received.

Strategic Goal: To enable economic development by encouraging growth and development with quality of life benefit.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Overflow stormwater drainage available to all new urban properties where a Council operated stormwater system is provided.			
Percentage of new customers within defined urban stormwater drainage areas that can connect to the network.	100%	100%	Achieved – 6 applications requesting connection received.

Key Achievements for the Stormwater Activity for the 2013-14 year include:

Modelling

- This year the Council undertook a significant amount of work in relation to modelling the flows and catchments for stormwater as part of a regional requirement. We are a considerable way down this track now, and are working with Regional Council to finalise the model.

Mapping

- This year we completed the survey work for all of the district stormwater assets. We are in the process of componentising these and loading them into our GIS database.



Image: The second annual Opotiki Dunes Dash held in September 2013 drew around 1000 competitors and a large contingent of onlookers at the Memorial Park Pavilion.

Financial Information:

FUNDING IMPACT STATEMENT FOR 2013/14 FOR STORMWATER

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	226	343	344
Targeted rates (other than targeted rate for water supply)	20	30	30
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	246	373	374
<i>Application of operating funding</i>			
Payments to staff and suppliers	80	83	66
Finance costs	16	18	8
Internal charges and overheads applied	19	20	20
Other operating funding applications	-	-	-
Total application of operating funding (B)	115	121	94
Surplus (deficit) of operating funding (A - B)	131	252	280
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	-	25	10
Development and financial contributions	-	-	-
Increase (decrease) in debt	42	-	16
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	42	25	26
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	-	-	-
- to improve level of service	233	270	146
- to replace existing assets	-	-	38
Increase (decrease) reserves	(60)	7	122
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	173	277	306
Surplus (deficit) of capital funding (C - D)	(131)	(252)	(280)
Funding balance ((A - B) + (C - D))	-	-	-

CAPITAL EXPENDITURE PROJECTS FOR STORMWATER

	2013/14 AP \$ 000's	2013/14 Actual \$ 000's
<i>To improve level of service</i>		
Asset Management	51	38
Pump Stations	125	19
Discharge Consents	1	
Reticulation	93	89
	270	146
<i>To replace existing assets</i>		
Bryans Road Culvert	40	38
	40	38
Total capital expenditure	310	184

INTERNAL BORROWING

Amount of Internal Borrowing for Stormwater

Balance 1/07/2013 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2014 \$ 000's	Interest 30/06/2014 \$ 000's
0	16	0	16	0
0	16	0	16	0

Resource Management

What we do and why:

The purpose of the Resource Management Significant Activity is to provide a framework for managing future growth and land use activities in order that they provide a high quality environment for present and future generations. Council's principal document for the delivery of this significant activity is the District Plan and Council has a statutory responsibility under the Resource Management Act 1991. Under this Significant Activity Council develops appropriate land use controls for the Otago District, fosters

good working relationships with Tangata Whenua and other stakeholders and monitors and enforces rules and policies.

Activities included in this Significant Activity include:

District Planning (reviewing and amending the District Plan as appropriate)

District Plan Implementation (issuing of resource consents for land use and subdivision and monitoring of consents for compliance with conditions).

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
Development and protection of natural environment	To assist the development of a safe and sustainable environment through the administration of the Otago District Plan and the Resource Management Act 1991. To provide a District Plan that responds to and manages growth and development in terms of environmental sustainability.
Development supports the community	
Services and facilities meets our needs	

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
The District Plan could be seen as either a barrier to growth or to enabling causing environmental degradation.	Economic	Council will ensure that any amendments to the District Plan balance the need for environmental protection and desirable development.
Cost of process could be seen by some as excessive.	Economic	Efficient processes while ensuring purpose of Act is met.

Levels of Service:

Strategic Goal: To assist the development of a safe and sustainable environment through the administration of the Otago District Plan and the Resource Management Act 1991.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The Council will provide and maintain a quality service to meet statutory requirements.			
% of time resource consents are issued within the statutory timeframes.	100%	100%	Achieved -15 consents issued within timeframes
Number of successful appeals of Council decisions.	100%	100%	Achieved - No appeals

Strategic Goal: To provide a District Plan that responds to and manages growth and development in terms of environmental sustainability.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Maintain an operative District Plan that is compliant with Legislation.			
Commence the scheduled review of the District Plan in accordance with the RMA prior to September 2015.	N/A	N/A	Project to review the Ōpōtiki District Plan was launched at the Council "Pop Up" shop on 30 and 31 January 2014

Financial Information:

FUNDING IMPACT STATEMENT FOR 2013/14 FOR RESOURCE MANAGEMENT

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	338	364	337
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	40	41	39
Internal charges and overheads recovered	169	183	101
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	547	588	477
<i>Application of operating funding</i>			
Payments to staff and suppliers	311	339	175
Finance costs	-	-	-
Internal charges and overheads applied	236	249	232
Other operating funding applications	-	-	-
Total application of operating funding (B)	547	588	407
Surplus (deficit) of operating funding (A - B)	-	-	70
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	-	-	-
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) reserves	-	-	70
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	-	-	70
Surplus (deficit) of capital funding (C - D)	-	-	(70)
Funding balance ((A - B) + (C - D))	-	-	-

Wastewater

What we do and Why:

This Significant Activity provides for the environmentally safe collection, treatment and disposal of the District's sewage wastes. Council operates two schemes. One serves the township of Opotiki and the Waioatahe Drifts while the other serves a small subdivision at Waihou Bay. Both schemes discharge primary treated effluent to field soakage systems. All other dwellings in the District are serviced by privately owned septic tank systems.

Council is involved in the Wastewater Significant Activity as the collection, treatment and safe disposal of human and

commercial/trade wastes are essential for the protection of public health and environmental outcomes in urban areas.

Activities included in this Significant Activity include:

Reticulation, Treatment and Disposal (Opotiki and Waihou Bay).

The Local Government Act 2002 empowers Council to be involved in the ownership of wastewater assets and the provision of services.

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
Development and protection of natural environment	To protect public health and property from sewage overflows.
Development supports the community	To enable economic growth with quality of life benefit.
Services and facilities meets our needs	To protect the environment from the adverse effects of wastewater.

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
Groundwater infiltration could overload the treatment and reticulation systems and limit new connections – a barrier to community growth and development.	Social, Economic, Environmental	Robust wastewater asset management planning and design avoids adverse effects on the environment. Council's dedication to a sustainable reticulation renewal programme will mitigate against groundwater infiltration.

Levels of Service:

Strategic Goal: To protect public health and property from sewage overflows.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: A reliable removal and treatment service is provided in areas serviced by Council operated sewerage systems.			
Number of notified sewage overflow events for the Opotiki scheme.	<10	2	Achieved – two overflow events recorded.
Number of notified sewage overflows for the Waihou Bay scheme.	<2	0	Achieved - no overflow events recorded.
Level of Service: Service requests and failures are responded to as they come in.			
Response time for requests for service do not exceed 4 hours.	90%	89%	Not achieved – 9 requests received. 8 responded to within 4 hours and 1 within 29 hours.
Level of Service: Sewage is managed without risk to public health.			
Number of sewage overflows into habitable buildings due to faults in the wastewater system.	0	0	Achieved – no overflows into habitable buildings reported.
Level of Service: Service provides social benefits to the whole of the community.			
Percentage of connected residents at each Wastewater scheme who are satisfied there are no indicators of environmental pollution from each scheme.	100%	89%	Not achieved – 89% of those that had an opinion responded that they were very/fairly satisfied.

Strategic Goal: To enable economic development by encouraging growth and development with quality of life benefit.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Wastewater connections are available within areas serviced by a Council operated service.			
Percentage of ratepayers within each serviced area who can connect to the network.	100%	100%	Achieved. No properties required to have on-site disposal systems in the targeted rate areas.
Opotiki scheme	100%	100%	
Waihou Bay scheme			

Strategic Goal: To protect the environment from the adverse effects of wastewater.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The quality of effluent leaving the treatment plant is of a standard required by consents.			
All test results meet consent conditions.	100%	100%	Achieved - No follow up tests required from shellfish result from previous tests in Waioeka Estuary. All other test results compliant.
Water sampling results in the environment meet consent conditions	100%	100%	Achieved - Two initial non-compliance heavy metal (Cu and Pb) results. Follow-up estuary sediment results all clear.
Level of Service: Effluent is disposed to land without adversely affecting the quality of the adjacent river, estuary and coastline features.			
Number of complaints regarding overflows of effluent outside the land disposal area.	0	0	Achieved - no reports received.

Key Achievements for the Wastewater Activity for the 2013-14 year include:

Surveying

- This year we started the project of surveying all of our wastewater pipes in the township. At balance date we had completed roughly 70% of the project. This will enable us to plan the appropriate renewal and development projects to cater for growth, and address infiltration and flooding issues.

Renewal Works

- Replaced a pump in the number 1 sewer pump station. Renewed the switch board and installed telemetry at Waihou Bay. Constructed an overflow pond at the disposal site. Installed upgraded telemetry equipment in the pump stations. And relined 80 metres of sewer main west of Church Street, as well as renewing failed branch connections in Brabant, Windsor, and Ford Streets.

Financial Information:

CAPITAL EXPENDITURE PROJECTS FOR WASTEWATER

	2013/14 AP \$ 000's	2013/14 Actual \$ 000's
<i>To improve level of service</i>		
Research & Consultants - Ōpōtiki	81	77
Pond extension - Ōpōtiki	72	76
Treatment plant capacity upgrade	70	73
Waihou Bay treatment plant	-	28
	223	254
Total capital expenditure	223	254

INTERNAL BORROWING**Amount of Internal Borrowing for Wastewater**

Balance 1/07/2013 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2014 \$ 000's	Interest 30/06/2014 \$ 000's
0	10	0	10	0
0	10	0	10	0

FUNDING IMPACT STATEMENT FOR 2013/14 FOR WASTEWATER

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	52	53	54
Targeted rates (other than targeted rate for water supply)	466	481	485
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	4	5	9
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	10
Total operating funding (A)	522	539	558
<i>Application of operating funding</i>			
Payments to staff and suppliers	239	248	305
Finance costs	31	33	19
Internal charges and overheads applied	59	61	61
Other operating funding applications	-	-	-
Total application of operating funding (B)	329	342	385
Surplus (deficit) of operating funding (A - B)	193	197	173
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(20)	(80)	(170)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	(20)	(80)	(170)
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	-	-	-
- to improve level of service	163	81	254
- to replace existing assets	13	-	-
Increase (decrease) reserves	(3)	36	(251)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	173	117	3
Surplus (deficit) of capital funding (C - D)	(193)	(197)	(173)
Funding balance ((A - B) + (C - D))	-	-	-

Economic Sustainability

Why we provide this group of activities:

The Economic Sustainability Group of Activities are those that provide infrastructure that enables the community to grow and prosper. The Opotiki District relies on reliable infrastructure to support business and industry development. By way of example primary industries depend on a reliable transport network to enable them to get produce to market. The developing Aquaculture Industry will need a secure and reliable potable water supply for processing its products.

Significant Activities Comprised in this Group:

Water Supply, Land Transport and Investments.

Water Supply

What we do and why:

The Water Supply Significant Activity provides for the environmentally safe collection, treatment and reticulation of potable water supply to certain parts of the community. A reliable and safe Water Supply is provided to approximately 5,750 of the Opotiki District population in Te Kaha, Ōpōtiki, Hikutaia, Waioatahe Drifts and Ōhiwa. Efficient, safe and sustainable water supplies are essential for the social, economic and environmental well-being of the District. Reliable drinking water supports public health outcomes,

industry growth and development and community safety by way of providing fire fighting capacity in urban areas.

Activities included in this Significant Activity include:

Extraction, Treatment and Reticulation of potable water.

The Local Government Act 2002 empowers Council to be involved in the ownership of Water Supply assets and the provision of services.

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
Development and protection of natural environment	Safe drinking water in accordance with NZ Drinking Water Standards. Reliable water supplies, minimising supply disruptions through improved maintenance and meeting peak water supply demands. Cost effective operation, maintenance of and improvements to water supply systems including treatment facilities, pumping stations, reservoirs and piped reticulation.
Development supports the community	
Services and facilities meets our needs	

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
Growth could exceed the capacity of the water supply infrastructure.	Social, Economic	Robust Water Supply asset management planning and design avoids adverse effects on the environment. The Water Supply Asset Management Plan adequately provides for projected growth, particularly through extended reticulation.
Excessive abstraction of raw water at the point of intake has the potential for negative impact on the environment.	Environmental	Robust assessment of effects carried out in support of resource consent to take water. Regional Council monitoring of Aquifer.

Levels of Service:

Strategic Goal: Safe drinking water in accordance with NZ Drinking Water Standards.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Pleasant tasting and looking drinking water is provided from Council operated supplies.			
Measure of customers who are satisfied with the quality of their drinking water.	85%	88%	Achieved – 88% of those that had an opinion responded that they are very/fairly satisfied.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Pleasant tasting and looking drinking water is provided from Council operated supplies.			
Compliance with NZ Drinking Water Standards 2005 (revised 2008).	100%	99%	Not Achieved - Opotiki town supply- total compliance. Hukutaia total compliance. Te Kaha Supply- achieved bacterial compliance for service area, 1non-compliance turbidity result for plant. Ohiwa supply full bacteria compliance
Public Health Risk Management Plans adopted and implemented.	100%	100%	Achieved - plans for Te Kaha and Opotiki supplies adopted and implemented.

Strategic Goal: Reliable water supplies, minimising supply disruptions through improved maintenance and meeting peak water supply demands.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Where Council provides a water supply that is reliable.			
Measure of customers served by Council supply who are satisfied with the reliability of their water supply services.	80%	97%	Achieved – 97% of those that had an opinion responded that they are very/fairly satisfied.
Level of Service: Failures and service requests are responded to promptly.			
Number of incidents a year where restoration of service exceeds 4 hours.	0	7	Not achieved - 13 incidents of no (or unusable) supply received. 6 restored within 4 hours, 2 within 6 hours, 4 within 24 hours and 1 more than 1 day.
Level of Service: Water resources are used efficiently and sustainably.			
Average daily water consumption per connection at each scheme area where measured. (Applies at Opotiki and Te Kaha schemes).	800	<800	Achieved - Opotiki & Hikutaia serviced area: 620 Litres/day. Te Kaha: 493 Litres/day. Ohiwa: 338 L/d Nov 2013-2014 billing period.
Level of Service: Water supply is adequate for firefighting purposes.			
Percentage of serviced properties within each scheme area having an operational fire hydrant within distance specified by Fire Service.	80%	90%	Achieved - Three new hydrants installed at Ohiwa so this supply area now has total coverage. Te Kaha area not fully covered due to small size of part of reticulation.
Minimum of six fire hydrants tested and meeting tri-annual compliance test with firefighting standards.	6	8	Achieved. 1 of 9 hydrants (Baird Rd extremity) non-complaint.

Strategic Goal: Cost effective operation, maintenance of and improvements to water supply systems including treatment facilities, pumping stations, reservoirs and piped reticulation.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The services are managed at the lowest possible all of life cycle cost for the required level of service.			
Percentage of customers who are satisfied that the water supply cost and service is fair and reasonable.	75%	86%	Achieved – 86% of those who had an opinion responded that they are very/fairly satisfied.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The services are managed at the lowest possible all of life cycle cost for the required level of service.			
Percentage of capital and renewal projects as set out in the LTP implemented on time and within budget so that level of pressure and flow are not affected by decline in service and growth.	100%	75%	Not achieved - Opotiki main renewal under river: deferral to 2015/16 year approved by Council to get MoH funding. Te Kaha booster pump project 90% complete. Delay agreed with MoH following site change. No unsatisfactory pressure and flow complaints however 1 hydrant test at Baird Road extremity gave low result.

Key Achievements for the Water Supply Activity for the 2013-14 year include:

Ōpōtiki

- Installed new replacement solution tank at the treatment plant.
- Developed a water reticulation model to monitor pressure and flow rates.
- Renewed 60 metres of pipework.
- Prepared an application to the Ministry of Health to install a pipe under the river to connect Hikutaia to the town water supply. This application has since been accepted and we have received confirmation that a grant will be received.

Te Kaha

- Completed the installation of 605 metres of 100mm diameter mains pipe around the Church Road loop.
- Obtained resource consent, building permit, and arranged land lease for the installation of a new booster station on Copenhagen Road. This was 70% complete as at 30 June.
- Installed a generator at the Te Kaha treatment plant and modified the controls to suit.

Ōhiwa

- Replaced 340 metres of main with new 100mm diameter to firefighting standards, with 3 new hydrants, renewed water meters and laterals to half of consumers.

Financial Information:

CAPITAL EXPENDITURE PROJECTS FOR WATER SUPPLIES

	2013/14 AP \$ 000's	2013/14 Actual \$ 000's
<i>To meet additional demand</i>		
Treatment Plants - Ōpōtiki	16	-
Reticulation - Te Kaha	120	187
	136	187
<i>To replace existing assets</i>		
Reticulation - Ōpōtiki	190	61
Water meter replacement - Ōpōtiki	32	33
WTP Chemical Tanks - Ōpōtiki	19	-
Reticulation - Ōhiwa	20	15
Service lines - Ōhiwa	3	3
	264	112
Total capital expenditure	400	299

INTERNAL BORROWING

Amount of Internal Borrowing for Water

Balance 1/07/2013 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2014 \$ 000's	Interest 30/06/2014 \$ 000's
1034	10	115	929	41
1034	10	115	929	41

FUNDING IMPACT STATEMENT FOR 2013/14 FOR WATER SUPPLIES

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	50	53	53
Targeted rates (other than targeted rate for water supply)	714	742	-
Subsidies and grants for operating purposes	230	-	-
Fees, charges and targeted rates for water supply	248	261	1,015
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	11
Total operating funding (A)	1,242	1,056	1,079
<i>Application of operating funding</i>			
Payments to staff and suppliers	377	395	436
Finance costs	213	237	139
Internal charges and overheads applied	116	119	119
Other operating funding applications	-	-	-
Total application of operating funding (B)	706	751	694
Surplus (deficit) of operating funding (A - B)	536	305	385
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	-	-	135
Development and financial contributions	-	-	-
Increase (decrease) in debt	(43)	(118)	(450)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	(43)	(118)	(315)
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	321	31	187
- to improve level of service	-	-	-
- to replace existing assets	81	19	112
Increase (decrease) reserves	91	137	(229)
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	493	187	70
Surplus (deficit) of capital funding (C - D)	(536)	(305)	(385)
Funding balance ((A - B) + (C - D))	-	-	-

Land Transport

What we do and why:

Council provides on-going management, development and maintenance of the District Land Transport Network. The Land Transport Network in the Opotiki District enables the safe and efficient movement of people and goods and services that avoids damage to the environment. The Land Transport Network contributes to the social and economic development of the District Community.

An efficient, safe and reliable Land Transport Network is essential for the economic well - being of our District. Roads provide access to properties, the passage of traffic and the transportation of goods and services.

Activities included in this Significant Activity include:

Subsidised Roothing, Unsubsidised Roothing.

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
Development and protection of natural environment	The transport network supports the economic and lifestyle needs of the District through provision of access to properties, passage of through traffic, and effective transportation of goods and services.
Development supports the community	
Services and facilities meets our needs	
A strong and distinctive community	

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
Carbon emissions and safety associated with using the transport network.	Social, Environmental	Alternative fuel and product sources need to be considered. Education and safer road corridors.
Road standards and capacity could result in delays to the transport of good and services and access to emergency services and daily employment.	Social, Economic	Responding to damages and repairs in a timely and appropriate manner.
There may be a gap between community expectations for roading and the subsidised funding from government.	Cultural, Social, Economic	Consultation with community about choice between rates finding and level of service. Focussed Advocacy efforts.

Levels of Service:

Strategic Goal: The transport network supports the economic and lifestyle needs of the District through provision of access to properties, passage of through traffic, and effective transportation of goods and services.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: The surface of the roading network is maintained in good condition and is 'fit for purpose'.			
The number of service complaints in any one month regarding the condition of the roading surface.	<20	3	Achieved - no more than 3 complaints received in any one month.
Level of Service: The transportation system is reliable and travel times are predictable.			
Percentage of persons who rate the reliability of the District's roading network as good or excellent in the Customer satisfaction survey.	65%	82%	Achieved – 82% of those that had an opinion rated the reliability of the District's roading network as good or excellent.
Level of Service: Road users find the road environment predictable and the road safe to use.			
Percentage of persons who as users rate the safety of the District's roads as good or excellent in the Customer satisfaction survey.	70%	76%	Achieved – 76% of those that had an opinion rated the safety of the District's roads as good or excellent.
Level of Service: Traffic services (street lighting, roadside vegetation, road signs, road markings) are visible and accurate.			
Percentage of road users satisfied that traffic services on the network are accurate and visible in the Customer satisfaction survey.	70%	90%	Achieved – 90% of those that had an opinion were very/fairly satisfied.
Level of Service: Road Corridor users (pedestrians, joggers, disabled persons etc.) are able to use the road corridors in a safe and convenient manner.			
The number of users who agree the standard of footpaths is good or excellent in the Customer satisfaction survey.	70%	63%	Not achieved – 63% of those that had an opinion rated the standard of footpaths as good or excellent.

Key Achievements for the Land Transport Activity for the 2013-14 year include:Capital

- Resealed 9.8 km of roads.
- Resurfaced 16.5km of unsealed roads.
- Urban upgrade of Wharf Street and west ends of Princess and High Streets, including new footpaths.
- 240 metres of Church Street between Richard and King Street resurfaced with asphaltic cement.

Financial Information:**CAPITAL EXPENDITURE PROJECTS FOR LAND TRANSPORT**

	2013/14 AP \$ 000's	2013/14 Actual \$ 000's
<i>To meet additional demand</i>		
Seal Extension	22	-
Footpaths	31	7
Urban Kerb & Channel	31	28
	84	35
<i>To improve level of service</i>		
Minor Safety Projects	106	124
Major Drainage control	70	75
	176	199
<i>To replace existing assets</i>		
Unsealed Roads	133	129
Sealed road resurfacing - Rural	271	200
Sealed road resurfacing - Urban	136	198
Pavement Rehabilitation - Urban	129	112
Traffic Service Renewals - Rural	23	35
Traffic Service Renewals - Urban	23	3
Associated improvements	21	17
Pakihi Bridge Pile replacement & upgrade	240	13
	976	707
Total capital expenditure	1,236	941

FUNDING IMPACT STATEMENT FOR 2013/14 FOR LAND TRANSPORT

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	1,832	1,908	1,969
Targeted rates (other than targeted rate for water supply)	63	88	61
Subsidies and grants for operating purposes	785	775	694
Fees, charges and targeted rates for water supply	-	-	28
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	70	72	68
Total operating funding (A)	2,750	2,843	2,820
<i>Application of operating funding</i>			
Payments to staff and suppliers	1,897	1,929	1,674
Finance costs	20	23	9
Internal charges and overheads applied	211	217	216
Other operating funding applications	-	-	-
Total application of operating funding (B)	2,128	2,169	1,899
Surplus (deficit) of operating funding (A - B)	622	674	921
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	483	493	450
Development and financial contributions	35	36	8
Increase (decrease) in debt	-	-	(100)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	275	-	-
Total sources of capital funding (C)	793	529	358
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	653	62	35
- to improve level of service	178	176	199
- to replace existing assets	723	736	707
Increase (decrease) reserves	(139)	229	338
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	1,415	1,203	1,279
Surplus (deficit) of capital funding (C - D)	(622)	(674)	(921)
Funding balance ((A - B) + (C - D))	-	-	-

Investments

What we do and why:

The Investment Activity provides for Council's ownership stake in Council Controlled Organisation namely BOP LASS Ltd (Bay of Plenty Local Authority Shared Services) and TOI-EDA (Eastern Bay of Plenty Regional Economic Development Agency). Council has an investment stake in these organisations as by doing so it can leverage outcomes that are important to the Otago District that it may not be able to achieve on its own. By having an ownership stake in these organisations Council is partnering with other units of Local Government within the Bay of Plenty Region to achieve common objectives.

Established in 2007/08 BOP LASS was created to foster shared services between participating Council's. It provides a vehicle to investigate, procure, develop and deliver shared services where a clear benefit (in terms of quality of service or cost) exists for member local authorities.

TOI-EDA

Toi-EDA is the Eastern Bay of Plenty regional Economic Development Agency established by the three territorial authorities (Kawerau, Otago and Whakatāne) working together with local Iwi. Toi-EDA has a strong focus on its vision of enhancing the Eastern Bay of Plenty's economic growth and resultant social and economic wealth for its communities.

Activities included in this Significant Activity include:

BOP LASS Ltd

Contribution to community outcomes:

Community Outcomes	How This Activity Contributes
Services and facilities meets our needs	Council investments contribute to the social and economic well-being of the District.
A strong and distinctive community	
Fair and efficient leadership	

Potential Significant Negative Effect:

Potential Significant Negative Effect	Affected Well-being	Sustainable Solution
Other parties with an ownership stake withdraw support.	Economic	Council will continue to be an active member of CCO's at both a governance and operational level with a view to ensure they continue to add value to all those with an ownership stake.
CCO's are perceived as a threat to community autonomy.	Social	Council will continue to be an active member of CCO's at both a governance and operational level with a view to ensure they continue to be about advancing common objectives.

Levels of Service:

Strategic Goal: Council investments contribute to the social and economic well-being of the District.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Shared Services.			
Investigate and implement shared services.	Initiate at least one shared service each year and no less than two shared services successfully implemented within three years	0%	Not achieved – a strategic review in late 2013 reset the strategy of the company, and the shared services targets will no longer be applicable or achieved.
Communication.	Communicate with each shareholding Council at appropriate levels with at least one meeting with each Executive Leadership Team	100%	Achieved – meetings were held with all shareholding companies
Financial Sustainability.	Ensure sufficient income is available from activities to sustain a viable company	100%	Achieved – Council contributions levied, activity groups levied, contributions received from savings. Non-voting shares issued to improve equity ratios.

Key Performance Indicator	LTP Target for 2013/14	Actual Performance for 2013/14	Commentary
Level of Service: Toi-EDA.			
Implementation of agreed Strategic Direction.	Review and implement Economic Development Plan on an annual basis Implement key actions annually from the Toi-EDA Strategic Plan	A revised Strategy and Work Plan was developed and approved by the Trustees which focusses on sector-level projects and advocacy. Significant projects during the year were: <ul style="list-style-type: none"> • Advocacy and support for the Opotiki Aquaculture & Harbour developments, and Industrial Symbiosis Kawerau. • First stage of implementation of the new BOP Maori ED Strategy • * Funding and advisory support for the BOP Tertiary Action Plan. 	Achieved - The revision in strategy followed advice of Whakatāne District Council intention to cease funding, countered by strong commitments of support from the Opotiki, Kawerau and Regional councils for continuance of an independent Economic Development agency in the Eastern Bay.



Image: The Pakowhai ki Otutaopuku Bridge at the start of the Motu Trails continues to delight cyclists – 2014

Financial Information:**FUNDING IMPACT STATEMENT FOR 2013/14 FOR INVESTMENTS**

	2012/13 LTP \$ 000's	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
<i>Sources of operating funding</i>			
General rates, uniform annual general charge, rates penalties	5	5	23
Targeted rates (other than targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	165	170	190
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
Total operating funding (A)	170	175	213
<i>Application of operating funding</i>			
Payments to staff and suppliers	118	121	154
Finance costs	-	-	-
Internal charges and overheads applied	34	36	33
Other operating funding applications	18	18	-
Total application of operating funding (B)	170	175	187
Surplus (deficit) of operating funding (A - B)	-	-	26
<i>Sources of capital funding</i>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	-	-	-
<i>Application of capital funding</i>			
Capital Expenditure			
- to meet additional demand	-	-	-
- to improve level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) reserves	-	-	26
Increase (decrease) of investments	-	-	-
Total application of capital funding (D)	-	-	26
Surplus (deficit) of capital funding (C - D)	-	-	(26)
Funding balance ((A - B) + (C - D))	-	-	-

Financial Statements

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Purpose of Financial Statements

Statement of Comprehensive Income

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

Statement of Changes in Equity

This financial statement contributes to the objectives of general purpose financial reporting by combining information about net surplus (deficit) with other aspects of Council's financial performance in order to give a degree of measure of comprehensive income.

Statement of Financial Position

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

Statement of Cash Flows

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

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

It also provides useful information about the cash flows generated from Council's investing and financing activities, both debt and equity.

Funding Impact Statement

Notes to Financial Statements

Provides analysis and detail of various aspects of the Financial Statements.

Statement of Comprehensive Income

OPOTIKI DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 30 June 2014

	Note	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Income				
Rates other than targeted rate for water supply	2	7,920	7,962	7,510
Fees, charges and targeted rates for water supply	2	1,602	1,659	1,516
Development and financial contributions		14	108	(1)
Subsidies and grants	3	1,932	2,070	1,637
Financial Income	4	71	154	78
Other revenue	5	1,373	1,925	1,345
Gains/(losses)	6	0	53	0
Total Income		12,912	13,931	12,085
Expenditure				
Personnel costs	7	2,932	2,933	2,760
Depreciation and amortisation	13, 14	2,358	2,383	2,219
Finance costs	4	200	384	245
Losses / (Gains)	6	1,404	0	407
Transfer of DOC portion of Mōtū Trails	13A	0	0	48
Other expenses	8	6,247	6,511	6,289
Total operating expenditure		13,141	12,211	11,968
Surplus / (deficit)		(229)	1,720	117
Other comprehensive income				
Gains (losses) on property revaluation		367	12,405	0
Total comprehensive income		138	14,125	117

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 31

Statement of Changes in Equity

OPOTIKI DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY For the Year Ended 30 June 2014

	Note	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Balance at 1 July		178,045	178,270	177,928
Surplus / (deficit)	21	138	14,125	117
Total comprehensive income previously reported	21	0	0	0
Total recognised revenue and expenditure for the year		138	14,125	117
Balance at 30 June		178,183	192,395	178,045

The accompanying notes form part of these financial statements

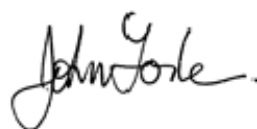
Statement of Financial Position

OPOTIKI DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION As at 30 June 2014

	Note	Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
Assets				
Current assets				
Cash and cash equivalents	9	2,192	3,211	2,578
Debtors and other receivables	10	2,969	2,820	3,167
Prepayments		20	0	0
Other financial assets	11	354	4	339
Available for sale investments	12	2	0	2
Total current assets		5,537	6,035	6,086
Non-current assets				
Property, plant and equipment	13	178,440	193,581	178,919
Intangible assets	14	19	23	12
Investment property	15	2,031	2,253	2,308
Investment in CCOs and other similar entities	11	23	3	23
Total non-current assets		180,513	195,860	181,262
Total Assets		186,050	201,895	187,348
Liabilities				
Current liabilities				
Creditors and other payables	17	2,688	3,030	3,214
Provisions	18	7	7	131
Employee benefit liabilities	19	367	335	303
Borrowings	20	2,195	0	1,550
Total current liabilities		5,257	3,372	5,198
Non-current liabilities				
Provisions	18	123	130	139
Derivative financial instruments	18A	17	0	51
Employee benefit liabilities	19	0	0	29
Borrowings	20	2,470	5,998	3,886
Total non-current liabilities		2,610	6,128	4,105
Total liabilities		7,867	9,500	9,303
Equity				
Retained earnings	21	126,355	127,368	125,753
Other reserves	21	51,828	65,027	52,292
Total Equity		178,183	192,395	178,045

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 31



JH Forbes
MAYOR
Date: 28 October 2014



A Lawrie
CHIEF EXECUTIVE
Date: 28 October 2014

Statement of Cashflows

OPOTIKI DISTRICT COUNCIL STATEMENT OF CASH FLOWS For the Year Ended 30 June 2014

		Actual 2014 \$000	Budget 2014 \$000	Actual 2013 \$000
	Note			
Cash flows from operating activities				
Receipts from rates revenue		7,726	8,583	8,220
Interest received		71	154	78
Receipts from other revenue		5,129	4,975	3,470
Payments to suppliers and employees		(9,308)	(9,356)	(9,069)
Interest paid		(200)	(384)	(245)
Goods and services tax (net)		(346)	0	89
Regional Council rates		44	0	109
Net cash from operating activities	22	3,116	3,972	2,652
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		42	71	39
Receipts from sale of investments		0	4	292
Purchase of intangible assets		(14)	(10)	0
Purchase of property, plant and equipment		(2,744)	(4,229)	(3,406)
Acquisition of investment property		0	0	(53)
Acquisition of investments		(15)	0	(32)
Net cash from investing activities		(2,731)	(4,164)	(3,160)
Cash flows from financing activities				
Proceeds from borrowings		0	520	0
Repayment of borrowings		(771)	0	0
Repayment of finance lease liabilities		0	0	0
Net cash from financing activities		(771)	520	0
Net increase / (decrease) in cash, cash equivalents and bank overdrafts		(386)	328	(508)
Cash, cash equivalents and bank overdrafts at the beginning of the year		2,578	2,883	3,086
Cash, cash equivalents and bank overdrafts at the end of the year	9	2,192	3,211	2,578

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 31

Funding Impact Statement

The funding impact statement provides an overview of how the Ōpōtiki District Council obtains its funding.

The Council has set out the sources of its funding in the Revenue and Financing Policy. Each property in the district pays toward the provision of facilities and services for the community by way of rates.

All properties pay a **Uniform Annual General Charge** which is the same amount for all properties. They also pay **General Rates** which are calculated on the capital value of the property.

Services are provided to some areas of the district and not in others therefore a **Targeted Rate** is applied to those properties that have access to or benefit from a particular service.

FUNDING IMPACT STATEMENT FOR 2013/14 (WHOLE OF COUNCIL)				
	2012/13	2012/13	2013/14	2013/14
	Annual Plan	Annual Report	Annual Plan	Actual
	\$ 000's	\$ 000's	\$ 000's	\$ 000's
<i>Sources of operating funding</i>				
General rates, uniform annual general charge, rates penalties	6,714	6,603	6,986	6,947
Targeted rates (other than targeted rate for water supply)	1,636	907	1,728	973
Subsidies and grants for operating purposes	855	938	947	963
Fees, charges and targeted rates for water supply	1,839	2,597	1,937	2,705
Interest and dividends from investments	108	78	155	71
Local authorities fuel tax, fines, infringement fees and other receipts	70	233	73	128
Total operating funding (A)	11,222	11,356	11,826	11,787
<i>Application of operating funding</i>				
Payments to staff and suppliers	8,882	7,770	9,107	9,066
Finance costs	333	251	385	200
Other operating funding applications	349	787	340	-
Total application of operating funding (B)	9,564	8,808	9,832	9,266
Surplus (deficit) of operating funding (A - B)	1658	2,548	1,994	2,521
<i>Sources of capital funding</i>				
Subsidies and grants for capital expenditure	810	493	1,898	968
Development and financial contributions	105	(1)	108	14
Increase (decrease) in debt	42	-	550	(771)
Gross proceeds from sale of assets	31	39	71	42
Lump sum contributions	275	237	51	165
Total sources of capital funding (C)	1,263	768	2,678	418
<i>Application of capital funding</i>				
Capital Expenditure				
- to meet additional demand	1,864	1,420	1,144	899
- to improve level of service	791	899	1,458	727
- to replace existing assets	1,146	1,087	1,636	1,133
Increase (decrease) reserves	(241)	117	438	165
Increase (decrease) of investments	(639)	(207)	(4)	15
Total application of capital funding (D)	2,921	3,316	4,672	2,939
Surplus (deficit) of capital funding (C - D)	(1,658)	(2,548)	(1,994)	(2,521)
Funding balance ((A - B) + (C - D))	-	-	-	-

Local Government (Financial Reporting) Regulations 2011

The funding impact statement is presented for compliance with Local Government (Financial Reporting) Regulations 2011.

In accordance with the regulations, the information is incomplete and not prepared in compliance with generally accepted accounting practice. It should not be relied upon for any other purpose than compliance with the Local Government (Financial Reporting) Regulations 2011.

The key differences between the Funding Impact Statement and the Statement of Comprehensive income are:

- Depreciation, vested assets and gains or losses on revaluation of assets are excluded from the Funding Impact Statements
- The Group of Activities Funding Impact Statements, elsewhere in this document, also include internal borrowing and internal charges.

DEPRECIATION BY GROUP OF ACTIVITIES

	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
Community Facilities	450	431
Economic Development	3	2
Regulation & Safety	11	5
Solid Waste Management	9	16
Stormwater	160	115
Wastewater	200	175
Water Supplies	330	306
Land Transport	1,220	1,308
Total depreciation	2,383	2,358



Image: In April this year the Opotiki i-SITE launched its great new website www.opotikin.z.com and has received many great reviews.

Notes to Financial Statements

NOTE 1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2014

REPORTING ENTITY

Ōpōtiki 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 2014. The financial statements were authorised for issue by Council on 28 October 2014.

BASIS OF PREPARATION

Statement of compliance

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

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

Measurement base

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

Functional and presentation currency

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

Changes in accounting policies

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

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

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

Construction Contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract, and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the surplus or deficit.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred. When it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented as a liability.

Development and Financial 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

Short-term debtors and other receivables are recorded at their face value, less any provision for impairment.

Impairment of a receivable is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation, and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. 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 surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

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.

Derivative Financial Instruments

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The resulting gain or loss is recognised in the surplus or deficit as part of finance costs.

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) 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.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

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.

Subsequent costs

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

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

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 comprehensive income.

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 its 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 comprehensive income.

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

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 comprehensive income.

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 Ōpōtiki. 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 maintenance 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 2013.

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: Rates revenue

	Actual 2014 \$000	Actual 2013 \$000
General rate	6,851	6,810
Targeted rates attributable to activities		
Communities of Interest	297	0
Sewerage	485	451
Urban Refuse Collection	193	187
Rate penalties	94	62
Total Rates excluding targeted water rates	7,920	7,510
Targeted water supply rates	748	707
Total rates income	8,668	8,217
Fees and Charges		
Water supply	748	707
Fees and Charges	854	809
Total rate income	1,602	1,516

Rate Remissions

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

Community, sporting and other organisations

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

Uniform charges on rating units owned by the same ratepayer

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

Penalties

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

Note 2: Rates revenue continued...

	Actual 2014 \$000	Actual 2013 \$000
Total rates revenue	8,854	8,488
Rates remissions		
Community, sporting and other organisations	9	8
Penalties	64	63
Economic development	11	11
Maori Freehold Land		
- General	57	148
- Economic	45	41
Total remissions	186	271
Rates revenue net of remissions	8,668	8,217

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.

Rating Base Information as at 30 June 2013

	2013
Number of rating units within the district	5,630
Total capital value of rating units within the district	1,832,760,150
Total land value of rating units within the district	1,104,072,650

Note 3: Subsidies and grants

	Actual 2014 \$000	Actual 2013 \$000
New Zealand Transport Rooding Subsidies	1,132	1,210
Grants towards Harbour Development	580	142
Grants towards Memorial Park Pavilion	0	265
Grants from Ministry for the Environment to Resource Recovery Centres	8	20
Ministry of Health subsidy towards Te Kaha water supply	135	0
Grants towards the construction of the Mōtū Trails	4	0
Grant from Bay of Plenty Regional Council for environmental enhancement	27	0
Grant from Bay of Plenty Regional Council for Ōhiwa Walkway	23	0
Grant from Bay of Plenty regional Council for Bryan's Beach stormwater	10	0
Grant from Eastern Bay Energy Trust for Christmas Lights	12	0
Grants towards maintenance of cemetery	1	0
	1,932	1,637

Note 4: Finance income and finance costs

	Actual 2014 \$000	Actual 2013 \$000
Finance income		
Interest income		
- term deposits	71	78
- loan advance	0	0
Total finance income	71	78
Finance costs		
Interest expense		
- interest on borrowings	200	251
- discount unwind on provisions (note 18)	0	(6)
SWAP valuation - Out of money	0	0
Total finance costs	200	245
Net finance costs	129	167

Note 5: Other revenue

	Actual 2014 \$000	Actual 2013 \$000
Regulatory income	198	233
Rental income from investment property	112	113
Infringements and fines	21	12
Rendering of services	13	4
Petrol tax	59	59
Vested assets	0	2
Other	970	922
Total other revenue	1,373	1,345

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

Note 6: Other gains / (losses)

	Actual 2014 \$000	Actual 2013 \$000
Profit on disposal of property, plant and equipment	41	(530)
Swap Valuation - in the money	34	32
Write out of abandoned assets	(916)	0
Revaluation losses in excess of Revaluation Reserve	(286)	0
Gain (Loss) on changes in fair value of investment property (note 15)	(277)	91
Total gains/(losses)	(1,404)	(407)

Note 7: Personnel costs

	Actual 2014 \$000	Actual 2013 \$000
Salaries & wages	2,884	2,776
Defined contribution plan employer contributions	13	13
Increase / (decrease) in employee benefit liabilities	35	(29)
Total employee benefit expenses	<u>2,932</u>	<u>2,760</u>

Note 8: Other expenses

	Actual 2014 \$000	Actual 2013 \$000
Fees paid to principal auditor:		
Audit fees for financial statement audit	90	77
Audit fees for long term plan audit	0	0
General grants	88	93
Impairment of receivables (note 10)	175	87
Impairment of property, plant and equipment (note 13)	0	0
Minimum lease payments under operating leases	3	5
Direct expenses from investment property generating income	8	12
Other operating expenses	<u>5,883</u>	<u>6,015</u>
	<u>6,247</u>	<u>6,289</u>

Note 9: Cash and cash equivalents

	Actual 2014 \$000	Actual 2013 \$000
Cash at bank and in hand	144	64
Short term deposits maturing three months or less from date of acquisition	<u>2,048</u>	<u>2,514</u>
Total cash and cash equivalents	<u>2,192</u>	<u>2,578</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

	Actual 2014 \$000	Actual 2013 \$000
Rates receivable	3,940	3,735
Other receivables	406	630
Sundry debtors	421	426
	<u>4,767</u>	<u>4,791</u>
Less provision for impairment of receivables	<u>(1,798)</u>	<u>(1,624)</u>
Total debtors and other receivables	<u>2,969</u>	<u>3,167</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:

	Gross \$000	Impairment \$000	Net \$000
2014			
< 12 months	1,392	0	1,392
1 to 2 years	840	200	640
2 to 3 years	570	451	119
> 3 years	1,138	1,059	79
	<u>3,940</u>	<u>1,710</u>	<u>2,230</u>
	Gross \$000	Impairment \$000	Net \$000
2013			
< 12 months	1,465	0	1,465
1 to 2 years	717	172	545
2 to 3 years	494	391	103
> 3 years	1,059	979	80
	<u>3,735</u>	<u>1,542</u>	<u>2,193</u>

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

	Gross \$000	Impairment \$000	Net \$000
2014			
Not past due	576	0	576
Past due 1-60 days	108	0	108
Past due > 60 days	143	88	55
	<u>827</u>	<u>88</u>	<u>739</u>
	Gross \$000	Impairment \$000	Net \$000
2013			
Not past due	671	0	671
Past due 1-60 days	2	0	2
Past due > 60 days	383	82	301
	<u>1056</u>	<u>82</u>	<u>974</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.

	2014 \$000	2013 \$000
Individual impairment	82	85
Collective impairment	1,716	1,538
	<u>1,798</u>	<u>1,623</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:

	2014	2013
	\$000	\$000
Not past due	0	0
Past due 1-60 days	0	0
Past due > 60 days	82	85
	<u>82</u>	<u>85</u>

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

	Actual	Actual
	2014	2013
	\$000	\$000
At 1 July	1,623	1,536
Additional provisions made during the year	398	355
Receivables written off during the period	(223)	(268)
At 30 June	<u>1,798</u>	<u>1,623</u>

Note 11 Other financial assets

	Actual	Actual
	2014	2013
	\$000	\$000
Current portion		
<i>Loans and receivables</i>		
Short term deposits with maturities of 4 -12 month	350	336
<i>Held to maturity</i>		
Loan Advance	4	3
Total loans and receivables	<u>354</u>	<u>339</u>
Non-current portion		
<i>Held to maturity</i>		
Total loans and receivables	0	4
<i>Fair value through equity</i>		
Unlisted shares in Bay of Plenty Local Authority Shared Services Ltd	5	1
Unlisted shares in Civic Assurance Ltd	18	18
	<u>23</u>	<u>23</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 represent a registered mortgage arising on the sale of Councils pensioner housing units.

Fair value of the advance was made to the Opotiki RSA for infrastructural improvement to sewerage and stormwater. Fair value of the advance is \$4,039 (2013 \$7,746).

Fair value has been determined by using cash flows discounted at a rate of 4.0% (2013 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 Assets available for sale

	Actual 2014 \$000	Actual 2013 \$000
Assets available for sale are:		
Listed shares Horizon Energy Ltd	2	2
	2	2

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, Maria McHugh BCom(SPM) MPINZ of QV Asset and Advisory. 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 at 30 June 2014.

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 2014.

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.

Work in progress

The total amount of property, plant and equipment in course of construction is \$561,699 (2013 \$16,797)

Leasing

The net amount of plant and equipment held under finance leases is \$Nil (2013 \$Nil)

Note 13 Property, plant and equipment continued...**Replacement Cost**

Set out below is the most recent estimate of replacement cost for infrastructural assets.

	Estimated Replacement cost \$'000	Date of Estimate
Roading network	145,537	30 June 2014
Water systems		30 June 2014
- Treatment Plants & Facilities	9,181	30 June 2014
- Other	4,312	30 June 2014
Sewerage system		30 June 2014
- Treatment Plants & Facilities	9,555	30 June 2014
- Other	2,327	30 June 2014
Stormwater	8,475	30 June 2014

Insurance

The total value of all assets that are covered by insurance contracts is \$17,453,764, and the maximum amount to which they are insured is \$17,428,264. The total value of all assets that are covered by financial risk-sharing arrangements is \$24,027,492. The maximum amount available under this arrangement is \$23,809,292.

The total value of assets that are self insured is \$nil. There is no fund maintained for this purpose.

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 \$27,257 (2013 \$47,991) 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 \$1,021,100 (2013 \$1,021,100) that is included as an asset within the Property, Plant and Equipment Schedule (Note 13).

Work in progress of \$951,100 was included as part of Property, Plant and Equipment in 2012 and capitalised in 2013.

DEPRECIATION BY GROUP OF ACTIVITIES

	2013/14 LTP \$ 000's	2013/14 Actual \$ 000's
Community Facilities	450	431
Economic Development	3	2
Regulation & Safety	11	5
Solid Waste Management	9	16
Stormwater	160	115
Wastewater	200	175
Water Supplies	330	306
Land Transport	1,220	1,308
Total depreciation	2,383	2,358

Note 13 Property, plant and equipment continued...

2013	Cost/ revaluation 30-Jun-12	Accumulated depreciation and impairment charges 30-Jun-12	Carrying amount 30-Jun-12	Current year additions Constructed	Current year additions Vested	Current year impairment charges	Current year disposals	Current year depreciation	Depreciation Write Back	Revaluation surplus	Cost/ revaluation 30-Jun-13	Accumulated depreciation and impairment charges 30-Jun-13	Carrying amount 30-Jun-13
Operational assets													
Land	942	0	942	0							942	0	942
Buildings	1,397	49	1,348	368				51			1,765	100	1,665
Plant, machinery and vehicles	1,250	643	607	210			39	143	0		1,421	786	635
Fixtures, fittings and equipment	685	605	80	94		0	0	57			779	662	117
Library collections	684	557	127	34	2			34			720	591	129
Work in progress	17	0	17	0			0	0			17	0	17
Total operational assets	4,975	1,854	3,121	706	2	0	39	285	0	0	5,644	2,139	3,505
Infrastructural assets													
Roading network	141,870	1,211	140,659	1,071			301	1,219			142,640	2,430	140,210
Water systems													
- Treatment Plants & Facilities	2,602	108	2,494	313			16	96			2,899	204	2,695
- Other	6,964	232	6,732	54			279	205			6,739	437	6,302
Sewerage system													
- Treatment Plants & Facilities	1,220	40	1,180	12				40			1,232	80	1,152
- Other	3,540	131	3,409	75			(80)	133			3,695	264	3,431
Stormwater	5,203	104	5,099	234			14	114			5,423	218	5,205
Mōtū Trails	0	0	0	1,032				11			1,032	11	1,021
Work in progress	1,044	0	1,044	-1,044				0			0	0	0
Total infrastructural assets	162,443	1,826	160,617	1,747	0	0	530	1,818	0	0	163,660	3,644	160,016
Restricted assets													
Land	11,457	0	11,457								11,457	0	11,457
Buildings	3,047	94	2,953	1,092				104			4,139	198	3,941
Work in progress	139	0	139	(139)				0			0	0	0
Total restricted assets	14,643	94	14,549	953	0	0	0	104	0	0	15,596	198	15,398
Total property, plant and equipment	182,061	3,774	178,287	3,406	2	0	569	2,207	0	0	184,900	5,981	178,919

Note 13 Property, plant and equipment continued...

Note 13: Property, plant and equipment continued...													
2014	Cost/ revaluation 30-Jun-13	Accumulated depreciation and impairment charges 30-Jun-13	Carrying amount 30-Jun-13	Current year additions	Current year additions Vested	Current year impairment charges	Current year disposals	Current year depreciation	Depreciation Write Back	Revaluation surplus	Cost/ revaluation 30-Jun-14	Accumulated depreciation and impairment charges 30-Jun-14	Carrying amount 30-Jun-14
Operational assets													
Land	942	0	942	22			1			(316)	647	0	647
Buildings	1,765	100	1,665	21				65		(273)	1,348	0	1,348
Plant, machinery and vehicles	1,421	786	635	260			337	156	287		1,344	655	689
Fixtures, fittings and equipment	779	662	117	68		0	153	58	171		694	549	145
Library collections	720	591	129	30			93	36	89		657	538	119
Work in progress	17	0	17	77			0	0			94	0	94
Total operational assets	5,644	2,139	3,505	478	0	0	584	315	547	(589)	4,784	1,742	3,042
Infrastructural assets													
Roading network	142,640	2,430	140,210	928			18	1,308	18	455	140,285	0	140,285
Water systems													
- Treatment Plants & Facilities	2,899	204	2,695					105		42	2,632	0	2,632
- Other	6,739	437	6,302	299			888	201	41	35	5,588	0	5,588
Sewerage system													
- Treatment Plants & Facilities	1,232	80	1,152	227			25	40	2	131	1,447	0	1,447
- Other	3,695	264	3,431	27				135		370	3,693	0	3,693
Stormwater	5,423	218	5,205	184			43	115	1	816	6,048	0	6,048
Mōtū Trails	1,032	11	1,021	0				11		80	1,090	0	1,090
Work in progress - Harbour				454							454	0	454
Work in progress - Pakihi Bridge	0	0	0	13				0			13	0	13
Total infrastructural assets	163,660	3,644	160,016	2,132	0	0	974	1,915	62	1,929	161,250	0	161,250
Restricted assets													
Land	11,457	0	11,457							(1,429)	10,028	0	10,028
Buildings	4,139	198	3,941	134				125		170	4,120	0	4,120
Work in progress	0	0	0	0				0			0	0	0
Total restricted assets	15,596	198	15,398	134	0	0	0	125	0	(1,259)	14,148	0	14,148
Total property, plant and equipment	184,900	5,981	178,919	2,744	0	0	1,558	2,355	609	81	180,182	1,742	178,440
The net carrying amount of PPE held under finance lease is \$0 (2013: \$0)													
										286			
										367			

Note 14 Intangible assets

	2014 Computer software	2014 Easement	2013 Computer software	2013 Easement
Cost				
Balance at 1 July	220	7	220	7
Additions	14	0	0	0
Disposals	0	0	0	0
Balance 30 June	234	7	220	7
Accumulated amortisation and impairment				
Balance at 1 July	215	0	203	0
Amortisation charge	3	0	12	0
Disposals	4	0	0	0
Balance 30 June	222	0	215	0
Carrying amounts				
Balance at 1 July	5	7	17	7
Balance at 30 June	12	7	5	7

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

Impairment**Easements**

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

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

Note 15 Investment property

	Actual 2014 \$000	Actual 2013 \$000
Balance 1 July	2,308	2,164
Additions from acquisitions	0	53
Fair value gains/(losses) on valuation (note 6)	(277)	91
Balance 30 June	2,031	2,308

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 Maria McHugh Bcom (VPM) MPINZ an independent valuer from QV Asset & Advisory. QV Asset & Advisory are an experienced valuer with extensive market knowledge in the types of properties owned by ODC.

	Actual 2014 \$000	Actual 2013 \$000
Rental income	112	107
Expenses from investment property generating income	8	12
Expenses from investment property not generating income	0	0
Contractual obligations for capital expenditure (note 23)	0	0
Contractual obligations for operating expenditure	0	0

Note 16 Council Controlled Organisations

Bay of Plenty Local Authority Shared Services Limited (BOPLASS Ltd)

BACKGROUND

Ōpōtiki 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
	Actual	Actual
	2014	2013
	\$000	\$000
Total Current Assets	1189	939
Total Non-current Assets	0	1
Total Assets	1189	940
Total Current Liabilities	1133	975
Total Liabilities	1133	975
Net Assets	56	(35)

Summary Statement of Comprehensive Income

	BOPLASS	BOPLASS	BOPLASS
	Actual	Budget	Actual
	2014	2014	2013
	\$000	\$000	\$000
Total Operating Revenue	1,504	1,558	1,889
Total Operating Expenditure	1,502	1,558	1,850
Surplus/(Deficit) after Tax	2	0	39

TOI EDA

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

2013 was a difficult year, with Whakatāne District Council (WDC) unexpectedly ceasing its funding of Toi in December 2013. The assistance of the Bay of Plenty Regional Council and some funding from WDC on a case by case basis has meant Toi could continue and the entity has now refocused its efforts.

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 enable access to various types of funding. It is run by talented professionals and governed by a board of accomplished and experience trustees.

Toi-EDA plays an important role in the Bay of Plenty regional partnership – Bay of Connections, particularly in terms of representing Eastern Bay of Plenty economic development interests and assisting to implement sector strategies.

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 (GDP Growth).

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 2014 \$000	Actual 2013 \$000
Trade payables	884	1,172
Retained contract monies	215	180
Deposits and bonds	115	99
Accrued expenses	183	117
Amounts due to related parties (note 25)	12	34
Rates in advance	261	250
Rates due to Bay of Plenty Regional Council	570	526
GST Liability	182	528
Other payables	266	308
Total trade and other payables	2,688	3,214

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

Note 18 Provisions

	Actual 2014 \$000	Actual 2013 \$000
Current provisions are represented by:		
Clean up of contaminated Site	0	123
Landfill aftercare provision	7	8
	<u>7</u>	<u>131</u>
Non-current provisions are represented by:		
Clean up of contaminated Site	0	17
Landfill aftercare provision	96	95
Weathertightness claims	27	27
	<u>123</u>	<u>139</u>

	Contaminated Site Clean up \$000	Landfill Aftercare \$000	Weathertightness Claims \$000
Balance at 1 July 2012	140	109	27
Additional provisions made during the year	0	5	0
Amounts used during the year	(140)	(5)	0
Unused amounts reversed during the year	0	0	0
Discount unwinding (note 4)	0	(6)	0
Balance as at 30 June 2013	<u>0</u>	<u>103</u>	<u>27</u>
Balance at 1 July 2013		103	27
Additional provisions made during the year		5	0
Amounts used during the year		(3)	0
Unused amounts reversed during the year		0	0
Discount unwinding (note 4)		(2)	0
Balance as at 30 June 2014		<u>103</u>	<u>27</u>

Contaminated site clean up

Council owns a former saleyard property on which there was a sheep dip. Soils around this area were contaminated with arsenic.

Clean up works were undertaken during the 2013/14 year and testing has been undertaken by OPUS and the property is now clear of the contamination.

Landfill aftercare provision

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% (2013 4.50%).

Weathertightness claims Provision

One claim assessed as eligible has been lodged with the Weathertight Homes Resolution Service as at 30 June 2014 (2013 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

	Actual 2014 \$000	Actual 2013 \$000
Current liability portion		
Interest rate swap - cash flow hedge	0	0
Total current liability portion	0	0
Non-current liability portion		
Interest rate swap - cash flow hedge (note 4)	17	51
Total non-current liability portion	17	51

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 (2013 \$1,360,000). The fixed interest rate of cash flow interest rate swap was 4.80%.

Note 19 Employee benefit liabilities

	Actual 2014 \$000	Actual 2013 \$000
Accrued pay	62	45
Annual leave	276	258
Retirement gratuities	28	28
Sick leave	1	1
Total employee benefit liabilities	367	332
Comprising		
Current	367	303
Non-current	0	29
Total employee benefit liabilities	367	332

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

	Actual 2014 \$000	Actual 2013 \$000
Current		
Bank overdraft	0	0
Secured loans	2,195	1,550
Debentures	0	0
Lease liabilities	0	0
Total current borrowings	2,195	1,550
Non-current		
Secured loans	2,470	3,886
Debentures	0	0
Lease liabilities	0	0
Total non-current borrowings	2,470	3,886

Secured loans

ODC's secured debt is \$4,665,000 (2013 \$5,436,000). Of this \$3,305,000 (2013 \$4,076,000) is issued at floating rates on 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 (2013 \$1,360,000) is issued at fixed rates of interest.

Security

There is a bank overdraft facility available, with no balance outstanding at 30 June 2014 (2013 Nil).

The maximum amount that can be drawn down against the overdraft facility is \$100,000 (2013 \$100,000). There are no restrictions on the use of this facility.

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

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

Refinancing

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

Fair values of non-current borrowings are as follows:

	Carrying amounts		Fair Values	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000
Secured loans	4,665	5,436	4,068	5,104
Debentures	0	0	0	0
Total	4,665	5,436	4,068	5,104

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.0% (2013 4.0%). The carrying amounts of borrowings repayable within one year approximate their fair value.

Internal Borrowings

Internal borrowings are utilised to fund projects for various activities instead of obtaining funding from external sources.

Interest is charged to the various activities for their internal borrowing at a rate between the average borrowing and average investment rates of interest obtained in the previous year. For the year ended 30 June 2014, this rate is 4.00%. Internal borrowings are eliminated on consolidation of activities in the financial statements.

Groups of Activities	Opening balance	Additional Funds borrowed	Funds Repaid	Closing Balance	Interest Paid
	\$000	\$000	\$000	\$000	\$000
Community Facilities	140	140	0	280	6
Water	1,034	10	(115)	929	41
Wastewater	0	10	0	10	0
Stormwater	0	16	0	16	0
Total Internal Borrowing	1,174	176	(115)	1,235	47

Finance lease liabilities

ODC has no finance lease liabilities.

Note 21 Equity

	Actual 2014 \$000	Actual 2013 \$000
Retained earnings		
As at 1 July	125,753	125,625
Transfers to:		
Council created reserves	(436)	(852)
Transfers from:		
Council created reserves	913	794
Asset Revaluation Reserve	354	69
Surplus/ (deficit) for year	(229)	117
As at 30 June	126,355	125,753
Council created reserves		
As at 1 July	2,224	2,166
Transfers to:		
Retained earnings	(913)	(794)
Transfers from:		
Retained earnings	436	852
As at 30 June	1,747	2,224
Asset revaluation reserve		
As at 1 July	50,068	50,137
Revaluation gains/ (losses)	367	0
Transfer to Retained Earnings	(354)	(69)
As at 30 June	50,081	50,068
Total Equity	178,183	178,045

Note 21 Equity continued...

Asset revaluation reserve consists of:

Operational assets

Land	0	189
Buildings	139	412

Infrastructural Assets

Roading	33,090	32,635
Roading components	5,847	5,847
Water systems	3,512	3,789
Sewerage systems	2,420	1,919
Stormwater system	4,659	3,843
Mōtū Trails	80	0

Restricted assets

Land	0	1,270
Buildings	334	164
	<u>50,081</u>	<u>50,068</u>

Restricted reserves relate to:

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



Ōpōtiki Aerodrome

Note 21A Reserve Funds						
Reserves are held to ensure that funds received for a particular purpose are used for that purpose. Any surplus created is credited with interest to the reserve account.						
Reserves are not separately held in cash and the funds are managed as part of council's treasury management.						
Reserve		Purpose & Activities	Balance 1/07/2013 \$000	Deposits \$000	Withdrawals \$000	Balance 30/06/2014 \$000
Special Reserves	Activities to which the reserve relates					
Cash in lieu of reserves	Economic Development	For general purpose funding	116	5	(2)	119
Car Parking Reserve	Land Transport	For parking operating surpluses and deficits	4			4
General Purposes (Electricity Proceeds)	Economic Development	For general purpose funding from the proceeds of the for	32	1		33
Development Reserves - Recreational Facilities	Community Facilities	For development of recreational facilities	803	27	(17)	813
Development Reserves - Roads	Land Transport	For development of road reserves	138	11	(12)	137
Road Upgrading	Land Transport	For upgrading of roading	86	2	(5)	83
District Plan	District Planning	For District Plan	0	78		78
			1179	124	(36)	1267
Treasury Reserves						
Opotiki Water	Water Supply	For Ōpōtiki water operating surpluses and deficits	399	121	(345)	175
Te Kaha Water	Water Supply	For Te Kaha water operating surpluses and deficits	0	8		8
Ohiwa Water	Water Supply	For Ohiwa water operating surpluses and deficits		1		1
Roading - Urban	Land Transport	For Ōpōtiki roading operating surpluses and deficits	102	56	(100)	58
Opotiki Sewerage	Wastewater	For Ōpōtiki sewerage operating surpluses and deficits	360	40	(263)	137
Waihou Bay Sewerage	Wastewater	For Waihou Bay sewerage operating surpluses and deficits	22	1	(22)	1
Stormwater	Stormwater	For Ōpōtiki stormwater operating surpluses and deficits	10	5		15
Stormwater - Rural	Stormwater	For Rural stormwater operating surpluses and deficits		2	(1)	1
Refuse recovery centre	Solid Waste Management	For Refuse recovery centre operating surpluses and deficits	17	7	(15)	9
General Funds	Economic Development	For general purpose funding	5	5	(5)	5
Property - Administration building and depot	Community Facilities	For Property operating surpluses and deficits	92	44	(90)	46
Parks & Reserves	Community Facilities	For Parks & Reserves operating surpluses and deficits	0	4		4
Cycleway	Community Facilities	For Cycleway operating surpluses and deficits	37	19	(36)	20
			1044	313	(877)	480
			2223	437	(913)	1747

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

	Actual 2014 \$000	Actual 2013 \$000
Surplus / (deficit)	(229)	117
Add / (less) non-cash items:		
Depreciation and amortisation	2,358	2,219
Impairment charges	0	0
Vested assets	0	(2)
Add / (less) items classified as investing or financing activities		
(Gains) / losses on disposal of property, plant and equipment	911	530
(Gains) / Losses on revaluation in excess of revaluation reserve	286	0
(Gains) / losses on revaluation of Investment Property	277	(90)
(Gains) / losses on fair value adjustment to other financial assets	0	0
(Gains) / losses Derivative financial instruments	(34)	(32)
Add / (less) movements in working capital items		
Accounts receivable	211	(187)
Prepayments	(20)	0
Other Financial assets	0	0
Accounts payable	(539)	(24)
Provisions	(140)	134
Employee benefits	35	(13)
Net cash inflow / (outflow) from operating activities	<u>3,116</u>	<u>2,652</u>

Note 23 Capital commitments and operating leases

	Actual 2014 \$000	Actual 2013 \$000
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	0	0
Refer to note 15 for capital commitments for investment properties.	0	0
	Actual 2014 \$000	Actual 2013 \$000
Operating commitments		
Operating expenditure for future years contracted on non-cancellable contracts at balance date but not yet incurred	1,047	2,049
Not later than one year	662	1,788
Later than one year and not later than five year	385	261
Later than five years	0	0
	<u>1,047</u>	<u>2,049</u>

Note 23 Capital commitments and operating leases continued...**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 2014 \$000	Actual 2013 \$000
Non-cancellable operating leases as lessor		
Not later than one year	1	1
Later than one year and not later than five years	0	1
Later than five years	0	0
Total non -cancellable operating leases	1	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 2014 \$000	Actual 2013 \$000
Non-cancellable operating leases as lessee		
Not later than one year	1	1
Later than one year and not later than five years	2	4
Total non -cancellable operating leases	3	5

Note 24 Contingencies**Contingent liabilities**

As disclosed in note 18, a provision of \$27,000 (2013: \$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 reported a provision in 2013 for \$140,000 relating to the decontamination of the saleyards property at Wellington Street. Council has completed the removal of the contaminated soil, and does not have any additional contingent liability.

Council collected development contributions from 2004 for projects which included a sport and events center. The sports and events centre was deferred and construction is not yet contemplated. Given that ten years has elapsed since development contributions were initially collected for this project, Council is declaring a contingent liability for the share of development contributions collected in 2004/05 financial year applying to the sports and events centre. A contingent liability of \$97,240 (2013 \$nil) is therefore declared.

This contingent liability will increase each year the project is not undertaken.

Contingent assets*Club room buildings on reserves*

ODC operates a scheme whereby sports clubs are able to construct facilities (eg club rooms) on reserve land. The clubs control the use of these facilities and ODC will only gain control of the asset if the club vacates the facility. Until this event occurs these assets are not recognised as assets in the Statement of Financial Position. As at 30 June 2014 there are 2 facilities having an approximate value of \$456,000 (2013: 2 facilities: \$330,000). This estimate has been based on the valuation of land and buildings by Quotable Value New Zealand as at 1 September 2013.

Note 24 Contingencies continued...

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 2014 this amounted to \$28,453 (2013: \$30,352).

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 to 21 October 2013 ODC contracted with Waiotahi Contractors Ltd, in which Councillor Petersen is a shareholder and Company Director. The value of the contract works for the year ended 30 June 2014 totalled \$65,873 (2013 \$307,680) was negotiated on normal commercial terms. There is a balance of \$5,287 (2013 \$5,287) outstanding for retentions and a balance of \$nil (2013 \$34,127) outstanding for unpaid invoices at 30 June 2014. Councillor Petersen did not seek re-election at the local authority elections of 12 October 2013 and left office on 21 October 2013.

During the prior year ODC contracted with NZ Walking Access Commission, in which mayor John Forbes is Chairperson. The value of the contract works totalled \$Nil (2013 \$1523) and was negotiated on normal commercial terms. There is a balance of \$nil (2013 \$nil) outstanding for unpaid invoices at year end. Council provided services to the NZ Walking Access Commission, to the value of \$1,121 (2013 \$nil) on normal commercial terms. There is a balance of \$229 (2013 \$nil) outstanding for unpaid invoices at year end.

During the year ODC contracted with Local Government New Zealand, in which mayor John Forbes is Vice President. ODC received services to the value of \$39,202 (2013 \$11,997) and was negotiated on normal commercial terms. There is a balance of \$nil (2013 \$nil) outstanding for unpaid invoices at year end. Council provided services to Local Government New Zealand, to the value of \$10,760 (2013 \$nil) on normal commercial terms. There is a balance of \$122 (2013 \$nil) outstanding for unpaid invoices at year end.

During the prior year ODC contracted with Opotiki Junior Rugby, in which Councillor Barry Howe is President. ODC received services to the value of \$Nil (2013 \$1,600) and was negotiated on normal commercial terms. There is a balance of \$nil (2013 \$nil) outstanding for unpaid invoices at year end.

During the prior year ODC contracted with Richard Howe Builder, a son of Councillor Barry Howe. ODC received services to the value of \$Nil (2013 \$100,505) and was negotiated on normal commercial terms. There is a balance of \$nil (2013 \$nil) outstanding for unpaid invoices at year end.

During the prior year ODC contracted with Sam Howe Plumber, a son of Councillor Barry Howe. ODC received services to the value of \$Nil (2013 \$9,081) and was negotiated on normal commercial terms. There is a balance of \$nil (2013 \$nil) outstanding for unpaid invoices at year end.

During the prior 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 \$Nil (2013: \$608) and was negotiated on normal commercial terms. There is a balance of \$nil (2013 \$nil) outstanding for unpaid invoices at year end.

During the year ODC contracted with Ocean Seafoods, in which Councillor Barry Howe is the owner. The value of contracts totalled \$91 (2013: \$239) and was negotiated on normal commercial terms. There is a balance of \$nil (2013 \$nil) outstanding for unpaid invoices at year end. Council provided services to Ocean Seafoods, to the value of \$313 (2013 \$nil) on normal commercial terms. There is a balance of \$nil (2013 \$nil) outstanding for unpaid invoices at year end.

Council provided services to B J Howe and Sons, in which Barry Howe is a Director and Shareholder to the value of \$21 (2013 \$nil) on normal commercial terms. There is a balance of \$nil (2013 \$nil) outstanding at year end.

Council provided services to Trade Education, in which his Worship the Mayor's brother is owner to the value of \$315 (2013 \$nil) on normal commercial terms. There is a balance of \$nil (2013 \$nil) outstanding at year end.

During the year ODC contracted with Whakatōhea Māori Trust Board, in which Councillor Arihia Tuoro is a Trustee. ODC received services to the value of \$1,717 (2013 \$nil) and was negotiated on normal commercial terms.

ODC provided services to Whakatōhea Māori Trust Board. There is a balance of \$10 (2013 \$nil) outstanding for unpaid invoices at year end.

Note 25 Related party transactions continued...

During the year ODC contracted with Mōtū Trails Charitable Trust, in which Councillor Arihia Tuoro is a Trustee. ODC received services to the value of \$30,959 (2013 \$nil) and was negotiated on normal commercial terms. There is a balance of \$6,900 (2013 \$nil) outstanding for unpaid invoices at year end.

During the year ODC contracted with Tablelands Irrigation Company Ltd., in which Councillor Ken Young is Chairman, Director and Shareholder. ODC received services to the value of \$550 (2013 \$nil) and was negotiated on normal commercial terms. There is a balance of \$nil (2013 \$nil) outstanding for unpaid invoices at year end.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2013 \$nil).

Key management personnel compensation

	Actual 2014 \$000	Actual 2013 \$000
Salaries and other short term employee benefits	854	828
Post employment benefits	23	0
Other long term benefits	0	0
Termination benefits	27	0

Key management personnel include the Mayor, Councillor'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). There is a balance of \$290.95 (2013 \$nil) outstanding for unpaid invoices at year end. Council also has an interest in Toi EDA the Eastern Bay of Plenty Development Agency set up by the three local authorities (Kawerau, Opoitiki and Whakatane District Councils) working together with local Iwi. This organisation has been exempted as a Council Controlled Organisation under section 7 of the Local Government Act 2002.

	Actual 2014 \$000	Actual 2013 \$000
<u>BOPLASS</u>		
Annual contribution	12	2
Services provided	20	13
Equity Contribution	4	0
<u>Toi EDA</u>		
Annual contribution	31	31
Services provided	5	10

Note 26 Remuneration

Chief Executive

The Chief Executive received the following remuneration

	2014	2013
Salary of Chief Executive	183,221	165,040
Vehicle (Market plus FBT)	16,694	16,694
Kiwi Saver contributions	5,298	3,301
	205,213	185,035

Elected representatives

	2014	2013
Mayor - John Forbes (Including salary plus car plus FBT)	61,740	59,000
Deputy Mayor - Chair of Community Board - Haki McRoberts	25,202	28,827
Councillor - Barry Howe	17,480	17,840
Councillor - Doug Leeder to 21 October 2013	5,473	17,840
Councillor - Robbie Petersen to 21 October 2013	5,473	17,840
Councillor - Selby Fisher to 21 October 2013	5,473	17,840
Councillor - Shona Browne	17,480	17,840
Councillor - Arihia Tuoro from 22 October 2013	12,007	
Councillor - Lyn Reisterer from 22 October 2013	12,007	
Councillor - Ken Young from 22 October 2013	12,007	
	174,342	177,027

Staff

	2014	2013
Number of full time employees	32	34
Number of full time equivalent of all other employees	13	11
Number of employees receiving less than \$60,000	42	48
Number of employees receiving between \$60,000 and \$80,000	6	3
Number of employees receiving between \$80,000 and \$200,000	6	5
Total number of Employees	54	56

Note 27 Severance Payments

For the year ended 30 June 2014 ODC made severance payments of \$26,500. (2013 Nil).

Note 28 Events after balance sheet date

There were no significant events after balance date.

Note 29 Financial Instrument

29A FINANCIAL INSTRUMENT CATEGORIES

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

	Actual 2014 \$000	Actual 2013 \$000
FINANCIAL ASSETS		
Loans and receivables		
Cash and cash equivalents	2,192	2,578
Debtors and other receivables	2,956	3,167
Other financial assets		
- term deposits	350	336
- Loan advances	4	7
Total loans and receivables	5,502	6,088
Fair value through other comprehensive income		
Other financial assets		
- listed shares	2	2
- Unlisted shares	23	19
Total fair value through other comprehensive income	25	21
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Creditors and other payables	2,675	2,686
Borrowings		
- secured loans	4,665	5,436
- debentures	0	0
Total financial liabilities at amortised cost	7,340	8,122

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 \$000	Valuation technique		Significant non-observable inputs \$000
		Quoted market price \$000	Observable inputs \$000	
30 June 2014				
Financial Assets				
Shares	23	22	0	1
30 June 2013				
Financial Assets				
Shares	19	18	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:

	2014	2013
	\$000	\$000
Balance at 1 July	19	1
Gain and losses recognized in the surplus or deficit	0	0
Gain and losses recognized in other comprehensive income	0	0
Purchases	4	18
Sales	0	0
Transfers into level 3	0	0
Transfers out of level 3	0	0
Balance at 30 June	23	19

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 2014 \$000	Actual 2013 \$000
Cash at bank and term deposits	2,192	2,578
Debtors and other receivables	2,956	3,167
Other financial assets		
- term deposits	350	336
- Loan advances	4	7
Total credit risk	5,502	6,088

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 2014 \$000	Actual 2013 \$000
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits		
AA	2,542	2,578

COUNTERPARTIES WITHOUT CREDIT RATINGS**Other financial assets**

Existing counterparty with no defaults in the past	4	7
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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 (2013 \$100,000). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

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

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
2014	\$000	\$000	\$000	\$000	\$000	\$000
Creditors and other payables	2,493	2,493	2,493	0	0	0
Secured loans	4,665	4,665	2,195	1,110	1,360	0
Total	7,158	7,158	4,688	1,110	1,360	0

2013						
Creditors and other payables	2,749	2,749	2,749	0	0	0
Secured loans	5,436	5,436	0	1,550	3,886	0
Total	8,185	8,185	2,749	1,550	3,886	0

Contractual maturity analysis of financial assets

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

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
2014	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	2,192	2,192	2,192	0	0	0
Debtors and other receivables	2,969	2,969	2,969	0	0	0
Other financial assets						
- term deposits	350	350	350	0	0	0
- Loan advances	4	4	4	0	0	0
	5,515	5,515	5,515	0	0	0
2013						
Cash and cash equivalents	2,578	2,578	2,578	0	0	0
Debtors and other receivables	3,167	3,167	3,167	0	0	0
Other financial assets						
- term deposits	336	336	336	0	0	0
- Loan advances	7	7	3	4	0	0
	6,088	6,088	6,084	4	0	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	2014		2013					
		\$000		\$000					
		- 100bps Other Profit	Equity	+100bps Other Profit	Equity	- 100bps Other Profit	Equity	+100bps Other Profit	Equity
INTEREST RATE RISK									
Financial assets									
Cash and cash equivalents	1	(22)	0	22	0	(26)	0	26	0
Financial liabilities									
Borrowings									
- debt	2	(35)	0	35	0	(41)	0	41	0
Total sensitivity to interest rate risk		(57)	0	57	0	(67)	0	67	0
EQUITY PRICE RISK									
Financial assets									
Other financial assets									
- quoted share investments	3	0	0	0	0	0	0	0	0
Total sensitivity to equity price risk		0	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 \$2,191,948 (2013 \$2,578,152) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$21,919 (2013 \$25,781).

2. Debt

ODC has fixed debt of \$1.36 million at 4.80% and floating debt of \$3.305 million. A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$35,000 (2013 \$40,760).

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 on the fair value through equity reserve is \$22.4 (2013 \$22.4).

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 2013/14 Annual Plan are as follows:

Statement of Comprehensive Income		2014
		\$000
Actual deficit of \$229 thousand versus budget surplus of \$1,720 thousand		
An unfavourable variance of \$1,949 thousand.		
Total revenue of \$12.912 million was \$1.019 million under budget made up as follows:		
Rates Revenue	a	(42) U
Fees and Charges	b	(57) U
Development and financial contributions	c	(94) U
Subsidies and grants	d	(138) U
Financial Income	e	(83) U
Other Revenue	f	(552) U
Gains/(Losses)	g	(53) U
		(1,019) U
Total Expenditure of \$13.141 million was \$0.930 million over budget as set out below:		
Personnel costs	1	F
Depreciation and Amortisation		25 F
Finance costs	h	184 F
Losses/ (Gains)	i	(1,404) U
Other Expenditure	j	264 F
		(930) U
		(1,949) U

- a. Rates revenue is lower than budget due to higher remissions than budgeted.
- b. Fees and Charges are lower than budgeted with lower recovery from RRC and rentals.
- c. Development and financial contributions are lower than budget due to the lower level of activity.
- d. Subsidies and grants are lower than budget due to LTNZ Subsidy being lower than budget.
- e. Financial Income is lower due to lower interest rates of 4% against 6.5% budgeted.
- f. Other revenue is lower than budget due to lower recoveries from services and petrol tax, and budgeted income for development for new library facility not received.
- g. Gains (losses) is under budget as there was a loss on investment property.
- h. Finance costs are under budget due to actual rates of under 4% against 6.50% budgeted rates.

Note 31 Explanation of major variances against budget continued...

i. Losses/ (gains) are over budget as a result of the loss on revaluation of investment assets and write out of abandoned assets, mostly the Opotiki water supply dam and associated reticulation.

j. Other expenditure is under budget due to underspending on roading.

Statement of Financial Position**Actual net equity of \$178,183 million versus budget of \$192.395 million, variance of \$14.21 million.**

An analysis of the major variances are set out below:

An decrease in cash and cash equivalents	k	(1,019)
An increase in other debtors and other receivables	l	149
An increase in other financial assets	m	350
An decrease in Property, Plant and Equipment	n	(15,141)
An decrease in Investment Property	o	(222)
An decrease in creditors and other payables	p	342
An decrease in borrowings	q	1,333
		<u>(14,210)</u>

k. The decrease in cash and cash equivalents is due to repayment of \$0.771 million, and \$0.52 million of debt not uplifted.

l. The increase in other debtors and other receivables is due to rates being higher than budgeted.

m. The increase in other financial assets is due to term deposits of maturity from 4 to 6 months of \$350k not budgeted.

n. The decrease in Property, Plant and Equipment is due to revaluation of \$12.4 million not materialising, the abandonment of water supply dam and associated reticulation and postponement of capital projects.

o. The decrease in investment property is due to the loss on revaluation as at 30 June 2014.

p. The decrease in creditors and other payables is due to a lower level of trade creditors than budgeted.

q. The decrease in borrowings is due to repayment of debt of \$0.771 million, and \$0.52 million of debt that was budgeted not uplifted.

Statement of Cash Flows**2014 actual movement was an decrease in cash held of \$0.386 million versus a budgeted increase in cash of \$0.328 million.****Net cash flow from operating activities was \$3.116 million against a budget of \$3.972 million.**

The unfavourable variance is due to the lower operating receipts and operating expenditure. See explanation above.

Net cash flow from investing activities was (\$2731) million versus a budget of (\$4.164) million.

The favourable variance is due to the library development \$0.523m, harbour development \$0.277m, Ōpōtiki Water upgrade \$0.130m and the Pakihi bridge \$0.270m upgrade being deferred or progressing at a slower rate than originally thought. Also a short term investment (\$0.335m) was uplifted.

Net cash flow from financing activities was (\$0.771) versus a budget of \$0.520 million

The unfavourable variance is due to council repaying \$0.771m and not uplifting \$0.520m of borrowings through various projects not progressing at the rate envisaged.

State of Significant Acquisitions

Reseals 9.8km of reseals carried out	\$398,175
Pavement Rehabilitation Street upgrades were carried out for Wharf Street and west end of Princess and High Street 240 metres of Church Street between Richard & King Street resurfaced with asphaltic cement	\$112,229
Metaling of Unsealed Road 16.5km of unsealed roads resurfaced with gravel	\$128,452
Stormwater Installed new 600mm pipes High Street Completed GPS survey of township stormwater assets Installed underground cabling for Tarawa Creek pump station	\$166,757
Wastewater Opotiki Relined 80 metres sewer main Church Street Replacement of pump for no 1 sewer station Constructed new overflow pond at effluent site north of Ōpōtiki Installed upgraded telemetry & flow recording equipment in pump stations	\$150,123
Wastewater Waihau Bay Renewal of switch board & installation of new telemetry	\$27,624
Water Supply Ōpōtiki Installed new solution tank at Treatment Plant Purchased and replaced 60 meters of pipes	\$94,590
Water Supply Te Kaha Installed 605m new 100mm main Church Road loop Installation of new booster station Copenhagen Road Installed generator at Te Kaha Treatment Plant	\$102,120
Water Supply Ōhiwa Replaced 340m of main with new 100mm pipe Renewed water meters and laterals	\$17,897
Walkways Completion of stage 2 of the Ōhiwa trail completed in October 2013 Opening of Tirohanga section of Mōtū Trails June 2014	\$128,787
Seal Extension Seal Extension for 170 metres on Putiki Road completed.	\$13,000
Solid Waste Installation of precast concrete units for bunker bins for residual waste and recyclable material	\$9,900

Statement of Compliance and Responsibility

For the Year Ending 30 June 2014.

Compliance

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

The Council and management of the Ōpōtiki 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 Ōpōtiki District Council, the annual financial statements for the year ended 30 June 2014, fairly reflect the financial position and operations of the Ōpōtiki District Council.



JH Forbes
MAYOR
Date: 28 October 2014



A Lawrie
CHIEF EXECUTIVE
Date: 28 October 2014

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 2014

The Auditor-General is the auditor of Ōpōtiki District Council (the District Council). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand to audit:

- the financial statements of the District Council that comprise:
 - the statement of financial position as at 30 June 2014 on page 68;
 - the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2014 on pages 67 and 69;
 - the funding impact statement of the District Council on page 70;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 38 to 61; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 72 to 111;
- the statement of service provision (referred to as activity groups) of the District Council on pages 27 to 65 and the funding impact statements in relation to each group of activities of the District Council on pages 30 to 65; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 13 to 16.

In addition, the Auditor-General has appointed me to report on whether the District Council's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 97;
 - reserve funds on page 99;
 - each group of activities carried out by the District Council on pages 27 to 65;
 - remuneration paid to the elected members and certain employees of the District Council on page 104;

- employee staffing levels and remuneration on page 104;
- severance payments on page 104;
- rating base units on page 82; and
- insurance of assets on page 88.
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 12; and
- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 113.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council on pages 67 to 111:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2014; and
 - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the District Council on page 70, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 27 to 65, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the activity groups of the District Council on pages 27 to 65:
 - 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 2014, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.

- the funding impact statements in relation to each group of activities of the District Council on pages 30 to 65, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the disclosures on pages 13 to 16 represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the District Council's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 28 October 2014. 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 we 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 information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and activity groups. 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 information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited that fairly reflect the matters to which they relate. We consider internal control in order to design 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 information we audited;
- determining the appropriateness of the reported activity groups within the Council's framework for reporting performance; and

- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and activity groups 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;
- a funding impact statement that fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that fairly reflects by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan; and
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the *Other Requirements*, we have no relationship with, or interests, in the District Council.



Clarence Susan
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

