



Ōpōtiki District Council

2014 – 2015 Annual Report

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Onekawa Te Mawhai Regional Park, Opotiki
Photo – Sarah Wilson

Produced by Ōpōtiki District Council
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Directory

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Auditors	Audit New Zealand on behalf of the Auditor General
Solicitors	Simpson Grierson Wellington
Insurance Brokers	Aon New Zealand Tauranga

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
Community Facilities Manager

Your Representatives

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

From the Mayor and CEO

This year has seen important progress on our two large projects – the Harbour and the Upgrade of the Sewerage reticulation.

Work on the proposed Ōpōtiki Harbour Transformation Project has progressed on a number of fronts. The major piece of work for council has been the completion of a Better Business Case, at the request of central government. We think the document is a compelling story that can only lead to a positive outcome to our funding request to central government for the remaining cost of the harbour. Another piece of work was the development and signing of a Heads of Agreement with the Regional Council for their share. In their Long Term Plan process the Regional Council pledged a further \$2M.

Out on the water the farm has been commercially operating for the last year and within 2 years will be the biggest single mussel farm in New Zealand. This has prompted us to turn our attention to ensuring that the maximum local benefit is achieved from the development. We have therefore been working with a range of partners to understand the districts workforce and look at ways of helping locals into the jobs that will result.

Our investigation of inflow and infiltration of the town sewer got underway with flow equipment deployed in the sewers, level monitors on both the rivers and rain gauges in various places around the town. We then waited for rain and finally in April and May we got the data we needed for analysis. This data will be very valuable in working out the best and most cost effective solution.

The past year has also seen Council very busy preparing a Long Term Plan. The process has been very important to re-test our work plan for the next 10 years and re-consider our financial planning. The new requirement to do a 30 year Infrastructure Strategy meant that we also needed to look further out and consider our assets and affordability in to the future. We kicked off the public consultation with our pop up shop held in January. Staff and councillors enjoyed talking to our community through these two days and the conversations were valuable to a number of processes including the Long Term Plan. We were pleased to present a Consultation Document and final Long Term Plan to our community. The plan retains the Harbour Development at its centre as the key to unlocking economic growth and social development.

The Library has undergone an operational transformation with the arrival of modern technology - free 24/7 wifi, 3D printer and a new “Kotui” library system. Staff have had a focus on developing better ways of engaging with the community and making the library a welcoming, warm vibrant place. We have also been fundraising and making funding applications for the proposed transformation of the building.

During the year both our major kiwifruit packhouses announced major expansions at the Waioeka Road Industrial area. As a consequence Council brought forward the project to construct sewerage reticulation to the area, albeit with stop gap measures to manage peak flows until the town sewer is upgraded or replaced.

The review of the district plan took some big steps forward during the year with the completion of back ground technical work. Council has also taken part in an application to government for fast broadband in the Ōpōtiki District. The hope is the groundwork we are laying on our many projects will lead to many opportunities and prosperity for the district into the future.



John Forbes
Mayor of Ōpōtiki



Aileen Lawrie
Chief Executive Officer

Highlights

- **Harbour Development Project**

Preparing a Business Case for Government

Over the last year Council has undertaken a better Business Case process at the request of government to provide them the formal documentation they require to make a decision on funding the remaining cost of the harbour. The process kicked off in early January with very well attended stakeholders workshops. It was apparent from early in the process that the local stakeholders were fully aligned in their thinking. Workshops with government officials from MPI, MBIE, DIA, Treasury and DPMC followed in both Wellington and Ōpōtiki. The business case was reviewed by all Ministries and several independents and was delivered in final form in August (after balance date). It is a very compelling, if reasonably technical, document.

Regional Infrastructure fund

In the course of the year Council signed off a Heads of Agreement with the Bay of Plenty Regional Council for their \$18M share of the harbour costs. That document was a year in the negotiating. In June this year the Bay of Plenty Regional Council (BOPRC) advised they had agreed to contribute a further \$2M, taking their total contribution to \$20M. The Heads of Agreement (HoA) has a range of conditions that Council is working through.

Watching our Aquaculture Industry grow

Over the last year Council has watched the transformation of our water space from a test/research farm to a fully commercial operating farm. The investment in the water through Whakatōhea Aquaculture Ōpōtiki Limited, Whakatōhea Opotiki Mussels Limited and Eastern Seafarms has seen 42 lines (of 4.5 km each) deployed during the year, and the first commercial spat catch. It was another milestone that the farm survived Cyclone Pam largely unscathed. The progress out on the water meant we could take



our Harbour business case forward with confidence.

Council is in the process of developing a detailed memorandum of understanding with the Aquaculture companies.

Identifying Other Users and District Plan Requirements

During the year Council carried out a project to identify potential other users of the harbour, and to estimate potential revenue that could support the Harbour project. Consultants identified and interviewed a range of users, producing estimates of revenue that supported our business case and our Long Term Plan financial assumptions. We also took the opportunity to identify asset and planning requirements for those other uses. That information will help inform the review of the district plan that is underway.

Starting the thinking on Workforce Development

Council contracted Martin Jenkins to consider the available workforce in and around Opotiki, and do a stocktake on training opportunities. Further work has been carried out by Toi-EDA with the kiwifruit industry and the coming year will see Toi-EDA undertaking work around the complementarity of the two industries.

- **Opotiki District Library**

In a year we have transformed the library! We've made it into a community lounge where we can deliver the latest 21st century service. The Library is now a much brighter, welcoming space where the whole whānau can relax, read and learn something new every time they visit.

Visitors can get connected with the latest books, magazines and newspapers onsite, and access a wide range of eBooks and articles from their homes through our website. The Library also hosts live readings and performances – and Monday morning storytimes are a hit with the wee ones.

This transformation means visitor numbers to the Library are increasing and a bigger space is needed.

• Fundraising for the new Technology and Research Centre

The current library does not meet the minimum seismic grading for Earthquake buildings and this along with a long standing aspiration of the Ōpōtiki Community to upgrade the library has led to a design of the replacement building being approved. Fundraising has commenced to raise the money required to build a new Technology and Research Centre. Over the last year several local fundraisers such as Quiz nights, raffles and book sales have taken place. Eastern Bay Energy Trust has also pledged \$225,000 towards the project. This is an exciting project for Ōpōtiki community and fundraising for the money required along with grant applications will continue into the 2015/16 financial year.

• Whakaruru Playground

Deputy Mayor Haki McRoberts, who is also Chair of the Coast Community Board, officially opened the new Maraetai Bay playground on May 26. The new playground caters to a wide range of ages and can stand up to the harsh coastal conditions. Council is continuously looking for ways to meet community needs and we think this upgraded playground will enable more families to enjoy the fantastic outdoor environment the Ōpōtiki region is known for.

Ōpōtiki District Council's 2013/14 draft annual plan identified the need for a playground upgrade, and the Coast Community Board supported this. It applied to the Transpower Community Care Fund for assistance and was granted \$33,758 to make the project a reality. The total cost was \$53,000, with the remaining money coming from Ōpōtiki District Council and the Coast Community Board Coast Initiative Fund.

• Wastewater

Over the last year Council has developed an effective Technical Advisory Group that is providing governance oversight of the Wastewater Upgrade project. An independent expert has been appointed to that governance group along with four Councillors. They have overseen the design and implementation of a monitoring and investigation project, with the assistance of external technical expertise as well as Council staff.

In late 2014 Council deployed 8 groundwater monitors, 3 river level monitors and 9 sewer depth monitors. Because we had a dry summer we were able to get good information about our base flow in low groundwater conditions. We finally had rain in March and April capped off with a 15 year rain event in May. These events saw our sewage flows rise from less than 1000 cubic metres per day to 14,500 cubic metres per day. These results indicate large inflows and infiltration into the pipe system. The data is proving very useful to identify the precise problems in the system, and we are now able to target further investigation to assess the most cost effective way we can upgrade the system to better meet the community's expectations.

Waioeka Wastewater Extension

Works were substantially completed in July 2015 to provide for the collection of sewage from the Opac and Eastpack coolstores to enable their sites to be further developed for business expansion. The project included a new pump station with emergency storage at the corner of Stoney Creek Road, and pipeline along Waioeka Road with connection made to the township's reticulation in Church Street. The system has been designed so flow rates can be managed or stalled to allow for periods when the flows in the town are at excessive levels.

• Transport

Transport highlights and major works over the 2014-15 year include:

- 8.9% of sealed road surfaces resealed (15 km of 168 km)
- 16.5% of unsealed roads re-metalled (27.5 km of 167.1 km)
- New kerb and channel, drainage, footpath and entrance ways for a 260 m section of Grant Road
- \$225,000 Emergency-storm damage repair undertaken under a slip on Tablelands Road. 51% funded by NZTA
- 2015-18 Opotiki Land Transport Plan and budget prepared and NZTA approval gained

Wainui Road River Protection

Erosion over the years resulted in route security issues for a length of road along Wainui road. Full funding of \$200k from the Bay of Plenty Regional Council meant that Council could arrange and supervise the rock protection control works. This was an unanticipated project.





• Solid Waste

Following submissions received for the 2015-25 LTP, Council decided to increase the refuse collection services to peripheral housing clusters around the current serviced urban area.

Capacity and performance is being reviewed to assess if further expansion is possible and what effects on the cost will result.

Council continues to support waste minimisation public education activities such as the Woodlands School Trash and Treasure event held every year.

• Ministry of Health Funding for Water Projects

The Ministry of Health approved 85% assistance funding for extending the Te Kaha water reticulation northwards and for upgrading the treatment rate to cater for the additional consumers. Extensive consultation will need to be completed before funds are committed as the extension will require some local contribution from new consumers.

• Stormwater

Stormwater highlights and major works over the 2014-15 year include:

- Consent applications lodged for Tarawa Creek and St John pump station capacity upgrades
- New Tarawa Creek pump installed with 3 times greater capacity
- Pump refurbished for new St John St station, inlet structure works completed
- Opotiki township stormwater modelling substantially completed
- New Stormwater Asset Management Plan prepared and approved.

• Cycle Trails

Over the past year we have been working with our neighbouring Councils to link Mōtū Trails and Ōpōtiki to Whakatāne, Kawerau and potentially Rotorua. While this does not change our plans to further develop Trails in Opotiki it will mean we get better connected.

In Ōpōtiki we plan to extend the Mōtū Trails out west – 17 km along Waiōtahe Trail to Ōhiwa Harbour. We are fortunate to have a corridor of public land that provides access along the coast – making it easy for users to love our coast on their waewae or bicycle.



Council and Mōtū Trails Charitable Trust, with support from the Bay of Plenty Regional Council have installed a number of Whakaruruhau on the trails, these are shade huts that provide a great place to stop and enjoy what we like most about our turangawaewae – our coast, bush and rivers.

• Civil Defence

From 1 July 2015, Ōpōtiki District Council has entered into an agreement to be a part of a centrally managed locally delivered model for Civil Defence Emergency Management. The new delivery model is based on all the operational emergency management staff from across the Councils in the Bay of Plenty coming together into one team. This new entity is known as Bay of Plenty Emergency Management.

Bringing the emergency management resources together under one umbrella is designed to enable more collaborative working, sharing of resources, and to gain efficiencies through a shared business delivery model.

Key Issues

• Harbour

Previous years had seen a delay in the decision making around the Regional Infrastructure Fund and therefore Council progress against the KPI's set in the 2012-22 Long Term Plan has slipped. This slippage was further compounded this year by a delay in the government decision making on funding the harbour. We had expected a decision by the end of June but the Better Business Case process took longer than had been anticipated, partly because of the number of iterations by the various government departments we were dealing with. While it has taken longer this should lead to more comprehensive consideration of our case. Our timeline is still aligned (and in fact dependent upon) with the timeline of the commercial aquaculture interests.



• Opotiki Wastewater Replacement

Council's wastewater investigation has taken longer than anticipated due to the lack of rain following the deployment of our monitoring equipment into the sewers. The equipment was fully in place by December but we had to wait until May for a large enough event to carry out the necessary technical analyses. Every cloud has a silver lining however and the very dry conditions allowed us an opportunity to better understand our base flows.

Waioeka extension

In August this year council received a request from Opac to extend the sewer to its site at Factory Road. The work was in the Council's Long Term plan but not for several more years. In the current year it had not been anticipated, was not funded and staff were fully employed on other projects. Discussions with Eastpack and Opac resulted in a Memorandum of Understanding with the



two companies agreeing to cover consultancy costs, and the cost of a loan until such time as Council would have undertaken the work. A further complication arose because of the performance issues of the downstream system when it rains. The solution was to design a holding tank that could store sewage for several days and then drip feed it into the system after the rainfall event had subsided.

During the final stages of investigation we unexpectedly found historic items at the pump station site and had to seek approval from Heritage New Zealand to modify an archaeological site. This held up work for several months. The work was complete before the end of the year however, aided by the dry conditions over late summer.

• Internet Connectivity in Opotiki

This year Council seized an unexpected opportunity to lodge an application for ultrafast broadband roll out and mobile blackspot funding.

The district has one of the countries lowest uptake of internet services, not because people don't want internet, but because there are only small pockets of the district where a suitable internet service is provided, and there is limited choice of providers.

Geographically the district is difficult to service. The big players are unlikely to invest money in more infrastructure to increase services to small pockets of people. Council have been working with an internet service provider to formulate a solution to service the needs to the Opotiki District. Evolution Networks is a joint venture set up by 3 service providers from Taupō, Tauranga, and Gisborne with a purpose of providing a suitable solution for the Ōpōtiki district. They have now got internet services up and running to Ōhiwa, and are looking to expand over the hill to Ōpōtiki shortly. Phase two of the application process occurs in the coming year with the submission of a digital enablement plan.



• District Plan Review

A district plan review is potentially a large and expensive task. The 10 yearly review process kicked off this year with some unanticipated support from the Ministry for Primary Industry who helped fund several pieces of underlying work for this process. In kind support from the Bay of Plenty Regional Council was also appreciated. The coming year will see consultation on a draft document before we formally notify it as a proposed plan.

• Technology and Research Centre

Fundraising for the Technology and Research Centre has proceeded well with most of the events/funds we have been looking to. We were disappointed

however, following encouragement by DIA staff, to be turned down by the DIA significant facilities fund. The need for significant grant funding means the timing on this project is difficult to predict.

• 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 legislation 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 Hikutaia water supply upgrade is a good example of this. We are also constantly considering how we can share services with others to gain expertise to implement better standards but without the full cost.

The use of technology plays, and will increasingly play a major role in ensuring Council meets standards and service levels, whilst still maintaining affordability to the community. You will begin to see more and more of Councils services provided online as we look to implement the systems that many other Councils already have. There are two main reasons why we haven't made these changes yet and now have to play catch up, one is the cost, and the other is the connectivity. Full utilisation of online services will only be achieved once the rest of the community is connected as well.



• 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.

Capital projects

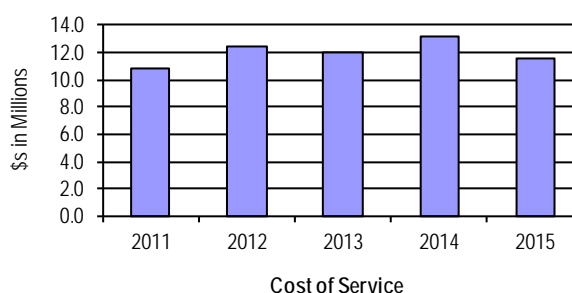
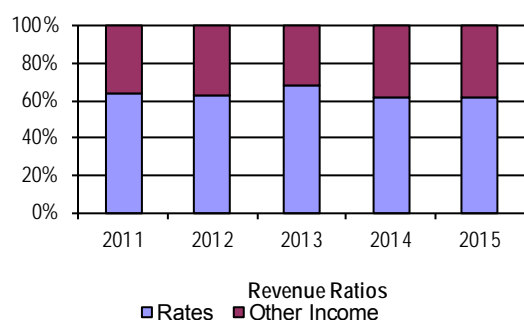
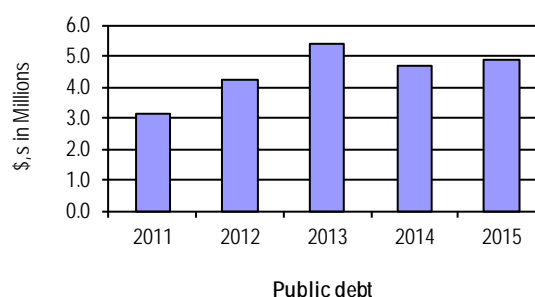
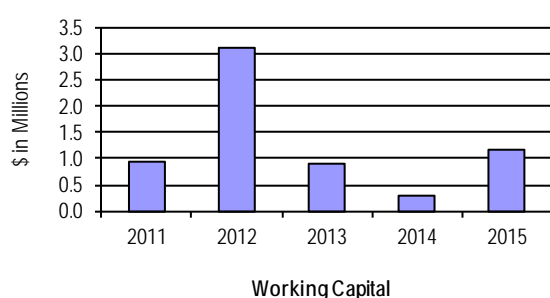
At years end we were \$1.7M underspent in capital. There were a range of reasons for this underspend:

- Project delays resulting from consultants, landowner approval issues, unanticipated projects requiring staff resourcing
- Lack of accompanying grant funding to go ahead with the project
- Direct funding of costs that were otherwise budgeted.

5 Year Financial Summary

FIVE YEAR FINANCIAL SUMMARY

	<i>For the year to 30 June:</i>				
	2011	2012	2013	2014	2015
	\$000	\$000	\$000	\$000	\$000
Income Statement					
Rates (including penalties)	7,661	7,898	8,217	7,920	8,148
Other income	4,340	4,679	3,868	4,992	5,013
	12,001	12,577	12,085	12,912	13,161
Cost of services	10,799	12,363	11,968	13,141	11,569
Net surplus/(deficit)	1,202	214	117	-229	1,592
Financial Position					
Current assets	5,400	6,685	6,086	5,537	6,366
Current liabilities	4,459	3,564	5,198	5,257	5,199
Working capital	941	3,121	888	280	1,167
Non current assets	179,833	180,481	181,262	180,513	181,862
	180,774	183,602	182,150	180,793	183,028
Term Liabilities	3,060	5,674	4,105	2,610	3,679
Net assets	177,714	177,928	178,045	178,183	179,350
Financed by:					
Ratepayers equity	125,328	125,625	125,753	126,355	128,079
Reserves	52,386	52,303	52,292	51,828	51,271
	177,714	177,928	178,045	178,183	179,350



5 Year Financial Summary

The graphs and summary tables above demonstrate Council's financial prudence over time. Council is focussed on keeping levels of debt as low as possible before the two large capital expenditure projects of the harbour and wastewater replacement begin. There is always a lot of public scrutiny on Council debt levels nationally, and there are a number of cases where some Councils have let debt levels get out of hand. Sustainable debt levels and debt management is extremely important to Council, and is an area which is managed well. Debt levels for Ōpōtiki are some of the lowest in the country.

It does need to be mentioned that the appropriate utilisation of debt means that rates increases can be managed more effectively over a longer term. Take for example Council undertaking a capital project costing \$100,000. This represents a 1% increase in rates. But if it was funded by borrowing, then the impact on rates would be 0.1% of rates, meaning we could undertake \$1,000,000 worth of projects for the same rating impact of one \$100,000 project. The use of debt also helps smooth rate increases out between years, by spreading the impact of a large capital project over a number of rating years. This reduces the lumpiness and rate increases of big projects.

Whilst debt is crucial to ensuring the Council is managing its assets appropriately, it also plays a significant role in ensuring that Council meets the service levels needs of its community. Where there are new requirements for services driven by growth, Council needs to be able to respond to these needs. Debt is the appropriate tool to fund this response as the cost is spread over a long period. This promotes the term intergenerational equity. Intergenerational equity is a term used widely in Local Government because the assets we tend to build last many generations. Sometimes three or more generations. It is fair that the cost of the future benefit received by future generations is paid by future generations. Otherwise it would be the "now" generation paying for the benefit that those in the future would receive.



Image: i-SITE Manager Tina Cornwell shows off the new Locator Beacons available for hire – February 2015

2014-2015 – Performance Overview

Overall Council has achieved an operating surplus of \$1,592,000 for the year against a budgeted surplus of \$1,648,000.

Operating revenue is \$1,240,000 lower than budgeted for the year mainly due to subsidies and grants received being significantly lower as we did not receive funding for the library development project.

Rates revenue received for the year was \$1,034,000 lower than budget due to the additional rates rebates, remissions, and write offs of outstanding rates debts this year. \$748,000 relates to the reclassification of targeted rates for water supplies to fees and charges revenue. This was incorrectly disclosed as rates revenue in the 2014/15 Annual Plan.

Fees and charges revenue was exactly as budgeted, however when taking into account the reclassification of targeted rates for water supplies it would be \$747,000 lower than budgeted. This is due to the removal of professional services revenue from fees and charges, this is effectively an internal recovery so has been offset against the recoverable expenditure. There is a corresponding reduction in operating costs.

Other revenue is \$467,000 higher than budgeted due to receipts of contributions towards the Te Kaha water supplies extension works, increased rental revenue received on Council property, gifted assets from Mōtū Trails Charitable Trust, in the form of trail equipment, and a premium earned on a loan drawn down with the LGFA. Council made a gain on revaluation of investment property over the year as well.

Operating Expenditure is \$1,184,000 lower than budget for the year, \$727,000 relating to the offset of internal expenditure recovery as stated above shown in other expenses.

Depreciation and amortisation is \$249,000 lower than budgeted due to having a lower carrying value of assets as revalued last year than expected.

Employee benefit costs are also lower than budget by \$133,000 due to a few budgeted roles not yet being filled, and those that were filled were done so part way through the year, where budget was allocated for the full year.

Finance costs are \$76,000 below budget due to Council choosing to repay debt with available cash instead of drawing down additional debt.

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	2014/15 Forecast	2014/15 Actual
1	Increase in Total rates Revenue	5.40%	5.38%	2.63%
2	Public Debt	20,500,000	6,265,000	4,860,000
3	Net interest bearing debt/Total revenue	< 120%	27.37%	15.96%
4	Net interest expense/Total Revenue	< 10%	1.38%	1.22%
5	Net interest expense/Rates Revenue	< 15%	2.16%	1.97%
6	Net cash flow from Operating Activities /	> 2.0	20.2	23.89
	Net interest expense			

The table demonstrates that Council has operated well within the financial parameters established by the 2012-2022 Long Term Plan and better than the forecasts for the 2014/15 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 2015

What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings. The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of the terms used in this statement.

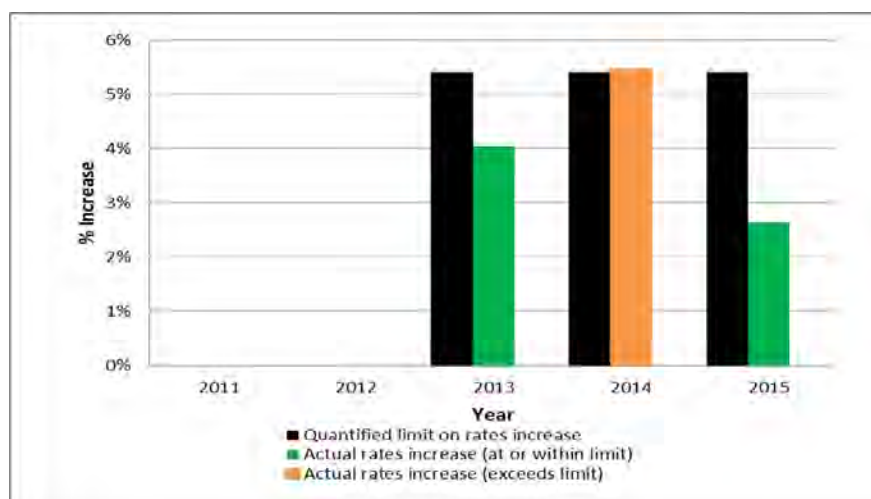
Rates Affordability Benchmark

The council meets the rates affordability benchmark if -

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

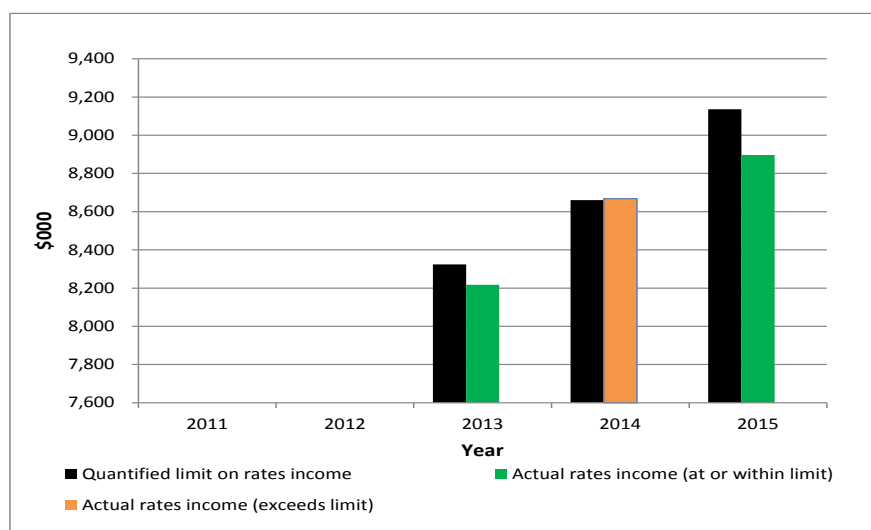
Rates (increases) Affordability Benchmark

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



Rates (Income) Affordability Benchmark

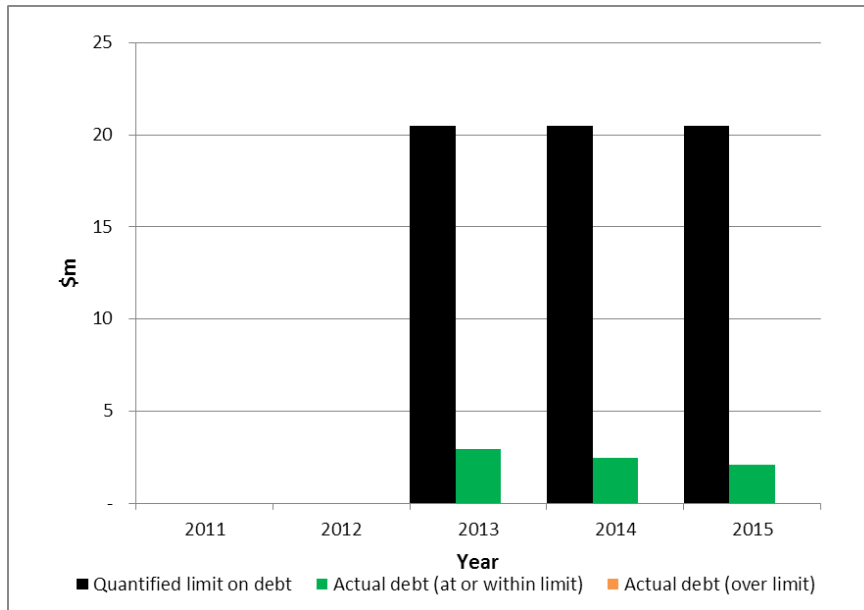
The following graph compares the council's actual rates income with a quantified limit on rates income contained in the financial strategy included in the council's long-term plan. The quantified limit is \$9.136 million.



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.

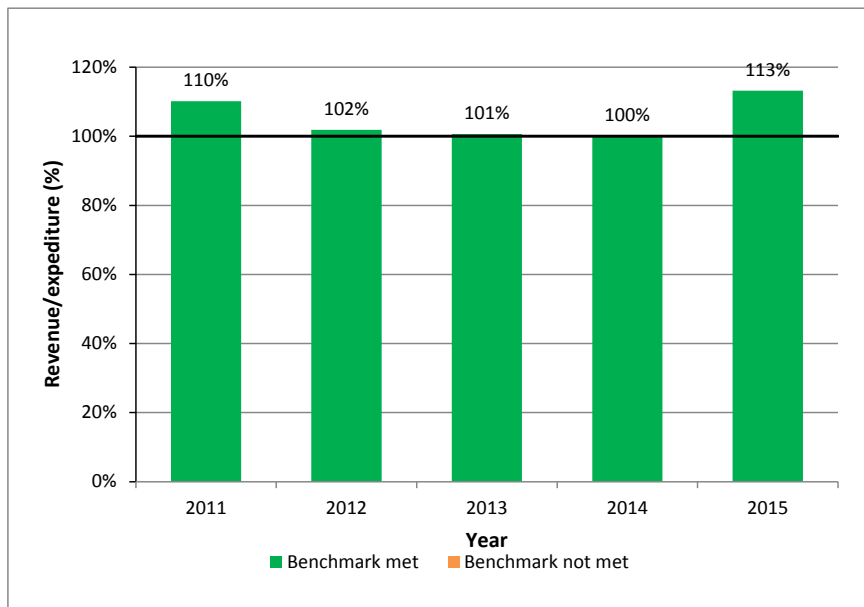
The quantified limit is net debt less than \$20.5 million.



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).

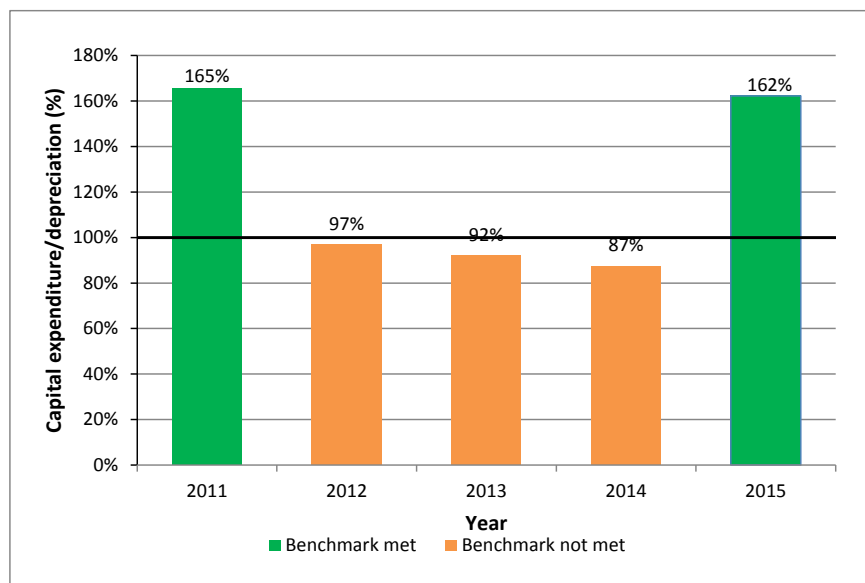
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential Services Benchmark

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

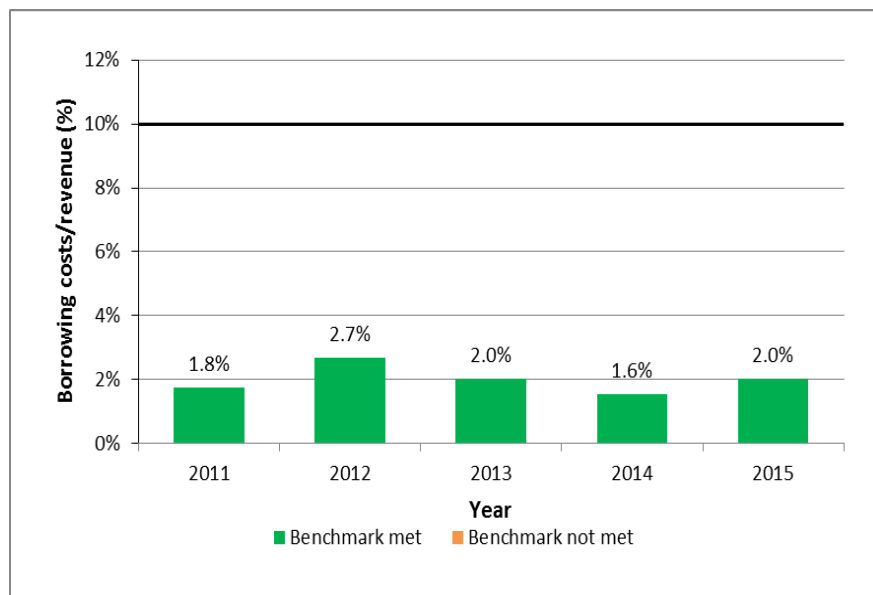
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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.

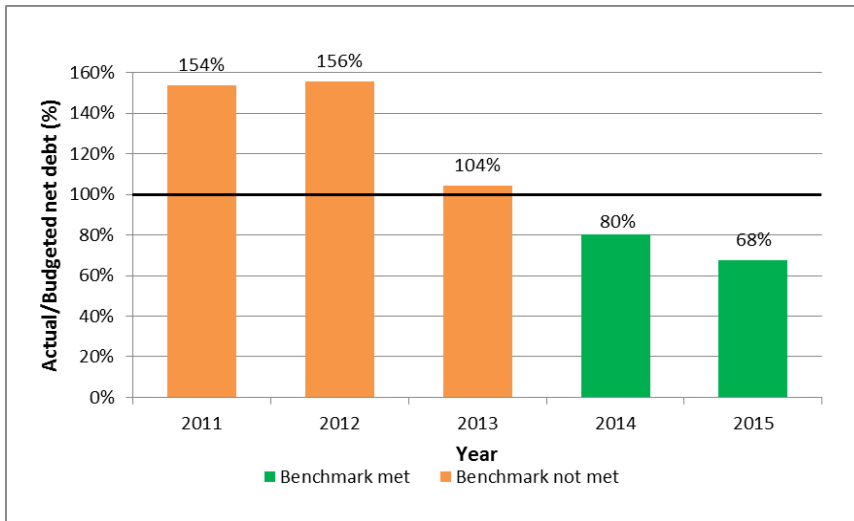


Debt Control Benchmark

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).

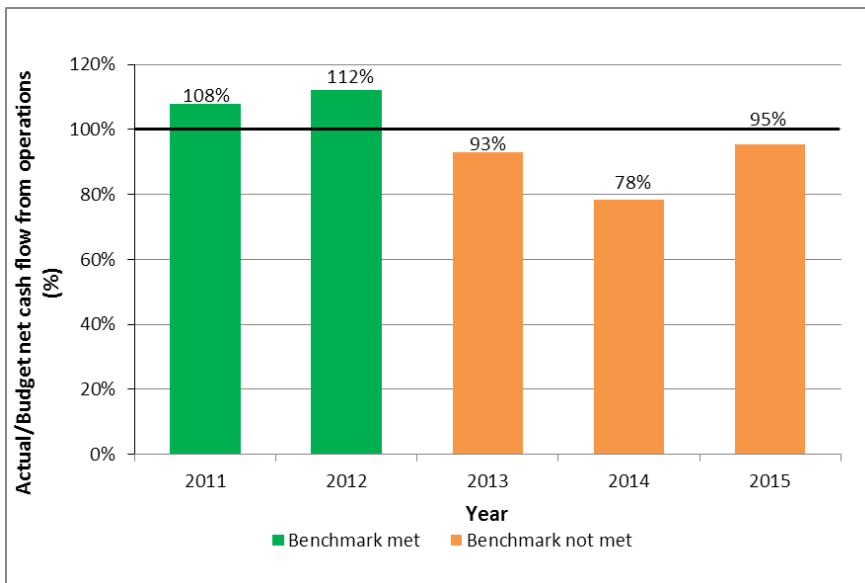
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



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 no being achieved

The operations control benchmark was not met for 2015, with the level of cash received being \$190k less than budgeted for the year. This is due to receiving less subsidy revenue than budgeted because of delays in capital projects.

Capital Expenditure 30 June 2015

Community Facilities

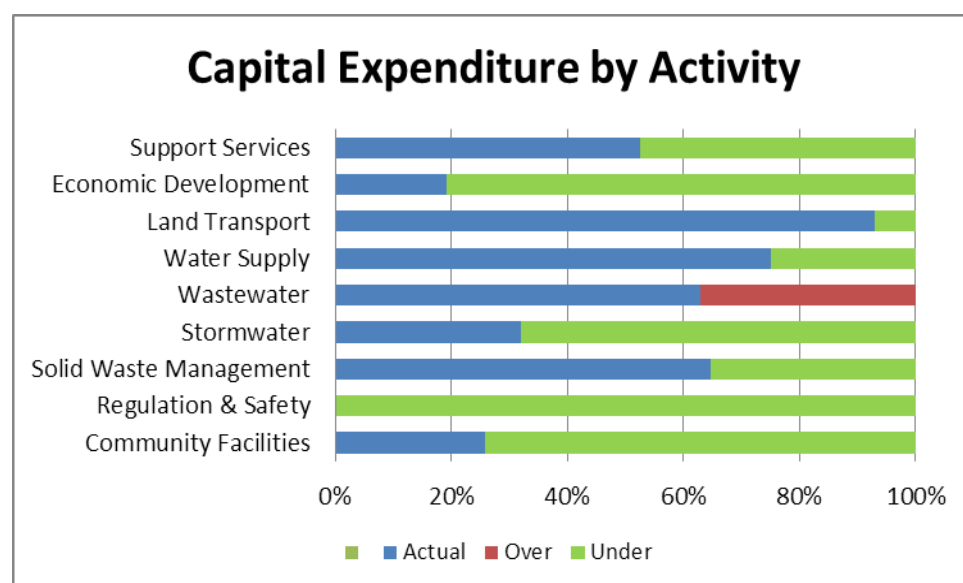
We budgeted to spend \$1.2 million on community facilities over the year but only spent \$292,000. The variance is due to the Library redevelopment project for which Council budgeted to spend \$950,000 has been delayed until sufficient external funding can be obtained to progress the development.

Regulation & Safety

We budgeted to spend \$21,000 for the year for civil defence equipment but we didn't spend any. We did this as the Civil Defence function regionally has been undergoing a review and reshape over the last 12 months. Once the new structure has been resolved and bedded in we will have a clearer understanding of what our contribution towards the role will be.

Solid Waste

We budgeted to spend \$26,000 on outside bins this year but only spent \$17,000. The layout of the bins were revised and constructed at lower cost than anticipated.



Stormwater

We budgeted to spend \$438,000 but only spent \$140,000.

The Tarawa Creek pump station renewal was deferred and instead the capacity of the existing station was substantially increased. Computer modelling showed that storage and pipe upgrades should be completed first to determine finite details, including the location for a new station.

Wastewater

We budgeted to spend \$400,000 and actually spent \$980,000.

Council was requested by OPAC and Eastpack to provide the new sewer extension proposed for Waioeka Road in advance of programme. The packhouse companies are meeting costs for this charge.

Water Supplies

We budgeted to spend \$526,000 on water supplies over the year but only spent \$395,000. There were delays in tendering and awarding the contract to thrust the pipe under the river to Hikutaia and Woodlands which meant that we have not progressed as far with this project as we would have liked. We have carried forward the remaining budget and complete this project this year.

Land Transport

We budgeted to spend \$1.4 million on roading capital over the year but only needed to spend \$1.3 million, the bulk of this was for budgeted renewals and stormwater damage repair. The underspend was mainly due to Wainui Road Torere not being sealed due to deferral by the forestry harvest company which is funding the project. Unbudgeted capital works occurred on Wainui Road but was 100% funded by Bay of Plenty Regional Council.

Economic Development

This year we budgeted to spend \$666,000 but only spent \$128,000. This is due to the delay in the harbour development project which has been mentioned earlier in the report.

Support Services

We budgeted to spend \$259,000 but only spent \$199,000. This budget covers vehicle, computer hardware and software, furniture and fittings, and plant replacement.








Council Organisation

Council Values

Ngakau- tapatahi me te Pononga Kaore matou a marie i a matou uaratanga a, ka mahi i roto i te huatanga matatika i nga wa katoa.	Integrity and Honesty We will not compromise our values and will act in a trustworthy manner at all times.
Manakuratanga Ka kakama matou i roto i nga take e pa ana ki to tatou iwi whanui ma te whakahaere tikanga, ma te kanohi, kai tautoko arahitanga me te whakaaro.	Leadership We will take an active role in issues that affect our community by providing governance, representation, advocacy, guidance and opinion.
Mahorahora me nga Herenga Ka whakahaeretia a matou mahi i roto i te aria kia kitea ai e te iwi whanui a, kia mohiotia a matou mahinga me nga tutukitanga me te whakaae ano mo aua kawenga.	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.
Tokeke me te Ture o te Tika Ka mahi matou ia hua ai ka orite te whiwhi mea angitu o te katoa me te noho tokeke i roto i iaga whakatinanatanga o uga kaupapa.	Fairness and Equity We will act to ensure that all have equal opportunities and we will be unbiased in the implementation of policies.
Whakatutukitanga Whakawaiatanga Ka whiwhi hua i roto i te auaha me te ngawaritanga.	Achievements Orientated We will gain results in a timely, innovative and economic manner.
Tikanga Tutohungatanga Ka manako matou i te wahi motuhake o te Tangata Whenua i roto i te iwi whanui a me te whakarite ano i nga kitenga rereketanga, me nga uaratanga o to tatou iwi whanui.	Relationships We will acknowledge the special place of Tangata Whenua in our community, and respect the different views and values of our community.
Tumanako Manawareka Ka ahei tonu matou kia mohio ki nga tumanako o to tatou iwi kainga me te whakamatau kia taea te tairanga teitei o te whakanatanga o te iwi whanui.	Satisfying Expectations We will always look to understand our community's expectations and try to achieve a high level of community satisfaction.

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 microberts833@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
	Community Facilities Manager Mike Houghton	Parks and Reserves Airport Cemetery Tourism and Promotions Economic Development	Events i-SITE Information Centre 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

Council Activities and Performance

Activity Groups

Community and Cultural Sustainability

Page 25

Environmental Sustainability

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Economic Sustainability

Page 53

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 2014-15 year. For each Activity the following financial information is provided:

- Funding Impact Statement
- Statement of Capital expenditure
- Statement of Internal borrowing.

Please note that the methodology for reporting on Key Performance Indicators has changed for those requiring Council's annual Customer Satisfaction Survey as the data source. In previous years the no comment responses had not been included in the result. We now record those that provide no response to a question within the overall result. We feel that this provides more transparent reporting to our ratepayers. This has created some variance in results between this year and last year, in particular reporting of Community Facilities.

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 2014-15 year	Actual Performance for 2014-15 year	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	20	Achieved – Council held 7 Coast Community Board, 4 Extra Ordinary and 9 Ordinary Council Meetings from 1 July 2014 to 30 June 2015.
Improvement with community satisfaction with Council leadership.	80%	60%	Not Achieved – 60% rated performance of Mayor and Councillors as very good or fairly good. 5% of respondents answered don't know or no opinion.
Decision making in compliance with the Local Government Act 2002.	No successful challenges to Council decision making process	Achieved	Achieved - No successful challenges to Council decision making process.

Key Performance Indicator	LTP Target for 2014-15 year	Actual Performance for 2014-15 year	Commentary
The Annual Plan is adopted in accordance with the Local Government Act 2002 on or before 30 June each year.	N/A	N/A	N/A
The LTP is adopted in accordance with the Local Government Act 2002 on or before 30 June every three years.	100%	100%	Achieved. The 2015-25 Long Term Plan was adopted at an Extra Ordinary Council meeting on 30 June 2015.
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. The 2013-14 Annual Report was adopted at an Extra Ordinary Council meeting on 28 October 2014.

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.



Image: Mayor John Forbes accepts a leadership award at the Horizon Business Awards – November 2014

Funding Impact Statement for 2014-15

LEADERSHIP	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,255	1,286	1,362
Targeted rates (other than targeted rates for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges (and targeted rates for water supply)	30	10	2
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total Operating Funding (A)	1,285	1,296	1,364
Applications of Operating Funding			
Payments to staff and suppliers	397	366	503
Finance Costs	-	-	-
Internal charges and overheads applied	888	930	907
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,285	1,296	1,410
Surplus (deficit) of operating funding (A-B)	-	-	(47)
Sources of capital funding			
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)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(47)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	-	-	(47)
Surplus (deficit) of capital funding (C-D)	-	-	47
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 2014/15	Actual Performance for 2014/15	Commentary
Level of Service: Planned development of quality parks and recreation facilities.			
Management Plans that include facility development plans adopted for principal reserves.	Implementation of reserve Management Plans.	In progress	Not achieved - Selected 'Marine Precinct' Reserves require further consultation.
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%	75%	Not achieved – 75% rated their satisfaction as very/fairly satisfied. 10% responded that they don't know or are unable to say.
Appropriate response to all service requests within ten working days.	95%	85%	Not achieved. 27 service requests received – 23 actioned within 10 days and 4 actioned within 11 to 22 days.

Key Performance Indicator	LTP Target for 2014/15	Actual Performance for 2014/15	Commentary
Level of Service: Playgrounds comply with NZSS 5828 (2004).			
% of play equipment compliant with NZSS 5828.*	>90%	61%	Not achieved – play equipment improved to 61% compliance from 29% in 2013.

- 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 Otago District.

Key Performance Indicator	LTP Target for 2014/15	Actual Performance for 2014/15	Commentary
Level of Service: Public toilets are clean, safe and operational.			
% of community satisfied with the quality of toilet facilities in annual surveys.	>80%	59%	Not achieved – 59% rated their satisfaction as very/fairly satisfied. 20% of respondents said they don't know or are unable to say.
Valid service requests are responded to within 24hrs.	100%	86%	Not achieved - 21 requests received. 18 responded to within 24 hours and 3 responded to within 48 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%	71%	Not achieved – 71% rated their satisfaction as very/fairly satisfied. 26% of respondents said they don't know or are unable to say.
Complaints regarding cemetery records.	< 12 per year	0	Achieved – no complaints regarding cemetery records received.

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

Key Performance Indicator	LTP Target for 2014/15	Actual Performance for 2014/15	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%	72%	Achieved – 72% rated their satisfaction as very/fairly satisfied. 22% of respondents said they don't know or are unable to say.
Number of new issues each year.	1,000	Not achieved	Not likely to be achieved – number of new issues declining (in line with National trend).

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.

Internal Borrowing

INTERNAL BORROWING	Opening Balance 1/07/2014 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2015 \$ 000's	Interest \$ 000's
Cycleway	400	38	10	428	23
Property	1,320	-	31	1,289	72
Playgrounds	-	12	-	12	-
	1,720	50	42	1,729	95

Capital Expenditure Projects for 2014-15

CAPITAL EXPENDITURE PROJECTS FOR COMMUNITY FACILITIES GROUP OF ACTIVITIES

	2014/15 Annual Plan \$ 000's	2014/15 Actual \$ 000's
<i>To meet additional demand</i>		
Public Toilets - Ōhiwā	-	-
Public Toilets - Waiotahi Drifts	-	-
Coastal access	18	-
Walkways urban/rural	32	11
Coast Initiatives	38	-
Purchase & refit records shed	15	-
Waiotahi Drifts playground	-	-
Te Kaha playground	-	54
	103	65
<i>To improve level of service</i>		
Dip Road Cemetery	10	0
Library Building	950	42
Library Scanner	30	-
Cycleway improvements	32	49
	1,022	91
<i>To replace existing assets</i>		
Dip Road Cemetery	-	11
Saleyard Decontamination	-	8
Wharf - redevelopment	-	49
Library book stocks	40	39
Library computer management system	25	-
Furnishings, fixtures & fittings	29	22
Computer equipment	38	7
	132	137
Total capital expenditure	1,257	293

CAPITAL EXPENDITURE PROJECTS FOR SUPPORT SERVICES GROUP OF ACTIVITIES

	2014/15 Annual Plan \$ 000's	2014/15 Actual \$ 000's
<i>To meet additional demand</i>		
Plant - Gen sets	54	54
	54	54
<i>To improve level of service</i>		
Software upgrades (intangibles)	-	71
	-	71
<i>To replace existing assets</i>		
Software upgrades (intangibles)	11	-
Vehicles/plant renewals	194	74
	205	74
Total capital expenditure	259	199

Funding Impact Statement for 2014-15

	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
COMMUNITY FACILITIES			
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	996	1,267	1,242
Targeted rates (other than targeted rates for water supply)	42	44	46
Subsidies and grants for operating purposes	-	-	-
Fees and charges (and targeted rates for water supply)	328	339	145
Internal charges and overheads recovered	294	296	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	220
Total Operating Funding (A)	1,660	1,946	1,654
Applications of Operating Funding			
Payments to staff and suppliers	1,227	1,265	1,220
Finance Costs	150	155	96
Internal charges and overheads applied	198	212	232
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,575	1,632	1,547
Surplus (deficit) of operating funding (A-B)	85	314	106
Sources of capital funding			
Subsidies and grants for capital expenditure	900	-	44
Development and financial contributions	72	75	9
increase (decrease) in debt	300	-	9
Gross proceeds from sale of assets	71	63	-
Lump sum contributions	51	-	-
Other dedicated capital funding	-	-	5
Total sources of capital funding (C)	1,394	138	67
Applications of capital funding			
Capital expenditure			
- to meet additional demand	227	251	65
- to improve the level of service	1,241	37	91
- to replace existing assets	334	350	137
Increase (decrease) in reserves	(323)	(186)	(119)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,479	452	173
Surplus (deficit) of capital funding (C-D)	(85)	(314)	(106)
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 2014/15	Actual Performance for 2014/15	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%	100%	Achieved - All grants paid 26 November 2014.
Service level agreements and/or memorandum of understandings for community grants will be reviewed every three years.	-	N/A	N/A
Level of Service: Enhance community Safety.			
Routine maintenance checks of CCTV cameras and related systems.	Quarterly	Quarterly	Achieved. All quarterly reports received. One camera reset (Eastbay Motors) in 1st quarter.
Number of reported outages of CCTV system.	<4 per annum	0	Achieved – no outages reported.

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.

Funding Impact Statement for 2014-15

	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
COMMUNITY DEVELOPMENT			
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	341	369	385
Targeted rates (other than targeted rates for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and 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)	341	369	385
Applications of Operating Funding			
Payments to staff and suppliers	-	-	299
Finance Costs	28	29	-
Internal charges and overheads applied	313	340	40
Other operating funding applications	-	-	-
Total applications of operating funding (B)	341	369	339
Surplus (deficit) of operating funding (A-B)	-	-	46
Sources of capital funding			
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)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	46
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	-	-	46
Surplus (deficit) of capital funding (C-D)	-	-	(46)
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	
A strong and distinctive community spirit	

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 2014/15	Actual Performance for 2014/15	Commentary
Level of Service: Redevelopment of the Opotiki Harbour Entrance.			
Finalise future harbour ownership maintenance model to support funding agreements.	-	-	Not required in 2014-15 year.
Flood Modelling Updated with recent data.	-	-	Completed 2012-2013.
Geotechnical investigation complete.	-	100%	Achieved - Physical work completed. Results incorporated in specimen design.

Key Performance Indicator (KPI)	LTP Target for 2014/15	Actual Performance for 2014/15	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.	Investment Decision	Achieved in part	Heads of Agreement signed with BOPRC in December 2014. Better Business case process commenced with government in Dec 2014 and still in process at end of financial year.
Construction of groynes and Harbour Redevelopment.	Construction begins – April 2015	-	Not achieved. Now likely to be 2018.
Level of Service: Investigate and promote investment in a range of economic development opportunities.			
Prepare and implement an Economic Development Strategy.	Strategy implemented	On-going	Not achieved – focus has been on twin projects – Harbour and Aquaculture.
Maintain a current database of business contacts and communicate regularly with business sector groups.	Achieved	Achieved	Achieved.
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	Visitor numbers to i-SITE are evaluated quarterly.
Number of facilitated community events per year.	Two events per year	Achieved	Dunes Dash September 2014, Multiple Summer Fest 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	Achieved	Achieved.

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.

Capital Expenditure Projects for 2014-15

CAPITAL EXPENDITURE PROJECTS FOR ECONOMIC DEVELOPMENT GROUP OF ACTIVITIES

	2014/15 Annual Plan \$ 000's	2014/15 Actual \$ 000's
<i>To meet additional demand</i>		
Harbour Development		
Geotechnical	-	-
Tender	-	-
Pre construction assessment	315	-
Project management	351	128
Construction	-	-
Total capital expenditure	666	128

Funding Impact Statement for 2014-15

	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
ECONOMIC DEVELOPMENT			
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	365	400	473
Targeted rates (other than targeted rates for water supply)	74	79	84
Subsidies and grants for operating purposes	113	72	22
Fees and charges (and targeted rates for water supply)	38	39	19
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total Operating Funding (A)	590	590	597
Applications of Operating Funding			
Payments to staff and suppliers	410	351	372
Finance Costs	12	52	-
Internal charges and overheads applied	168	175	175
Other operating funding applications	-	-	-
Total applications of operating funding (B)	590	578	547
Surplus (deficit) of operating funding (A-B)	-	12	50
Sources of capital funding			
Subsidies and grants for capital expenditure	577	188	290
Development and financial contributions	-	-	-
increase (decrease) in debt	650	200	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	1,227	388	290
Applications of capital funding			
Capital expenditure			
- to meet additional demand	1,239	370	128
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	(12)	30	212
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,227	400	340
Surplus (deficit) of capital funding (C-D)	-	(12)	(50)
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 2014/15	Actual Performance for 2014/15	Commentary
Level of Service: The Council will provide and maintain a quality service to meet statutory requirements and community expectations.			
<p>Liquor Licence applications are processed in accordance with Sale and Supply of Alcohol Act 2012 within 15 working days after receipt of all reports and information required.</p> <p><i>Note: The performance target for this activity has been amended following the enactment of the Sale and Supply of Alcohol Act 2013.</i></p>	100% (see note at left – this is a new target)	100%.	Achieved. 64 liquor applications received. 61 liquor applications were processed within timeframe. 2 applications were withdrawn and 1 Managers Certificate application on is hold awaiting requested additional information.

Key Performance Indicator	LTP Target for 2014/15	Actual Performance for 2014/15	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. 49 premises and camping grounds, 6 mobile shops and 4 hairdressers registered. All premises inspected once with additional inspection undertaken where necessary.

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 2014/15	Actual Performance for 2014/15	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.	1,600	90%	Not achieved. 1442 dogs registered to date.
All animal control complaints of an aggressive or threatening nature are responded to within 1 hour from receipt of complaint.	100%	98%	Not achieved – 63 complaints received. 62 responded to within 1 hour and 1 responded to within 4 days.
% of Residents satisfied with animal control services.	>70%	56%	Not achieved – 56% rated their satisfaction as very/fairly satisfied. 2% said they didn't know or are unable to say.

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 2014/15	Actual Performance for 2014/15	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. 117 building consents processed within the statutory timeframe.
% of Customer satisfaction with level of service (as measured by the annual BCA survey).	>80%	100%	Achieved: 10 surveys sent April – 2 returned 100% of returned surveys were satisfied with the level of service.
Minimum number of public educational activities to keep the community informed on changes to the Building Act 2004 and compliance documents.	4	4	Achieved. Newsletters to builders sent February, March, April and June 2015.

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 2014/15	Actual Performance for 2014/15	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 2014/15	Actual Performance for 2014/15	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.	100%	100%	Achieved – exercise undertaken October 2014.
Rural Fire fighters meet response times provided in contract specification.	100%	100%	Achieved.
Number of public educational activities undertaken per year to raise awareness of emergency management procedures.	2	100%	Achieved. 7 public educational activities were undertaken – School competition, review of procedures for Ōpōtiki College and Ōmaio School, four workshops held at Ōpōtiki College, display at Ōpōtiki Youth Expo, Marae preparedness workshops, public display at Ōpōtiki Trash and Treasure and Get Ready week promotions.

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.

Capital Expenditure Projects for 2014-15

CAPITAL EXPENDITURE FOR REGULATION AND SAFETY GROUP OF ACTIVITIES

	2014/15 Annual Plan \$ 000's	2014/15 Actual \$ 000's
<i>To improve level of service</i>		
Civil Defence warning systems	21	-
Total capital expenditure	21	-

Funding Impact Statement for 2014-15

	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
REGULATION & SAFETY			
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	612	624	645
Targeted rates (other than targeted rates for water supply)	57	60	70
Subsidies and grants for operating purposes	-	-	-
Fees and charges (and targeted rates for water supply)	222	229	378
Internal charges and overheads recovered	51	51	87
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total Operating Funding (A)	942	964	1,181
Applications of Operating Funding			
Payments to staff and suppliers	606	610	671
Finance Costs	-	-	-
Internal charges and overheads applied	304	318	330
Other operating funding applications	-	-	-
Total applications of operating funding (B)	910	928	1,001
Surplus (deficit) of operating funding (A-B)	32	36	179
Sources of capital funding			
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)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	21	21	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	11	15	179
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	32	36	179
Surplus (deficit) of capital funding (C-D)	(32)	(36)	(179)
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.

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).

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

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

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 2014/15	Actual Performance for 2014/15	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	1	Achieved – Only 1 complaint received in the period 1 July 2014 to 30 June 2015.
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	0	Achieved. No complaints received in period 1 July 2014 to 30 June 2015.
Level of Service: Provision of effective waste service for the community.			
Customer satisfaction rating of waste transfer stations good or better.	60%	83%	Achieved. 83% of those who had an opinion rated the waste transfer stations good or better.
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.

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

Key Performance Indicator	LTP Target for 2014-15 year	Actual Performance for 2014-15 year	Commentary
Level of Service: Waste minimisation education reduces household waste and good recycling practices.			
Number of public education activities completed.	3	3	Achieved - School visits and Woodlands School Trash & Treasure event.
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	951 tonnes	Achieved. 10.4 % reduction met within 4 of the 8 years.

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.

Internal Borrowing

INTERNAL BORROWING	Opening Balance 1/07/2014 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2015 \$ 000's	Interest \$ 000's
Solid Waste	65	17	4	78	4

Capital Expenditure Projects for 2014-15

CAPITAL EXPENDITURE PROJECTS FOR SOLID WASTE GROUP OF ACTIVITIES

	2014/15	2014/15
	Annual Plan	Actual
	\$ 000's	\$ 000's
<i>To improve level of service</i>		
Develop outside bins	26	17
Total capital expenditure	26	17



Image: Kiwifruit orchards, Te Kaha, Opotiki

Funding Impact Statement for 2014-15

	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
SOLID WASTE MANAGEMENT			
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	779	754	803
Targeted rates (other than targeted rates for water supply)	217	225	226
Subsidies and grants for operating purposes	27	28	-
Fees and charges (and targeted rates for water supply)	262	271	270
Internal charges and overheads recovered	57	59	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total Operating Funding (A)	1,342	1,337	1,300
Applications of Operating Funding			
Payments to staff and suppliers	1,050	1,084	1,120
Finance Costs	6	6	4
Internal charges and overheads applied	218	229	79
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,274	1,319	1,203
Surplus (deficit) of operating funding (A-B)	68	18	97
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
increase (decrease) in debt	-	-	13
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	-	-	13
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	17
- to improve the level of service	10	11	-
- to replace existing assets	51	-	-
Increase (decrease) in reserves	7	7	92
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	68	18	109
Surplus (deficit) of capital funding (C-D)	(68)	(18)	(97)
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 Waiotaha 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. To protect public health and property. Facilities and services that meet the expectations of the community for quality of life.
Development supports the community	
Services and facilities meets our needs	

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 2014/15	Actual Performance for 2014/15	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 of inundation of habitable buildings in urban areas from big storm events received.
The number of complaints of surface water flooding in urban areas in any event.	<10	2	Achieved – 2 reports of surface water flooding in urban areas received for one event.
Level of Service: A reliable service is provided.			
Failure of drainage system due to poor condition or lack of maintenance.	0	0	Achieved – No reports received.

Key Performance Indicator	LTP Target for 2014/15	Actual Performance for 2014/15	Commentary
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.	<3days	2	Achieved. 2 complaints were received and responded to within 1 day.

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

Key Performance Indicator	LTP Target for 2014/15	Actual Performance for 2014/15	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	Achieved. No reported 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 2014/15	Actual Performance for 2014/15	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.

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.

Internal Borrowing

INTERNAL BORROWING	Opening Balance 1/07/2014 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2015 \$ 000's	Interest \$ 000's
Stormwater	216	35	3	248	13

Capital Expenditure Projects for 2014-15

CAPITAL EXPENDITURE PROJECTS FOR STORMWATER GROUP OF ACTIVITIES

	2014/15 Annual Plan \$ 000's	2014/15 Actual \$ 000's
<i>To improve level of service</i>		
Asset Management	5	-
Pump Stations - St John St	125	-
Pump Stations - Tarawa Creek	300	-
Discharge Consents	8	-
Reticulation - Ōpōtiki	-	35
	438	35
<i>To replace existing assets</i>		
Reticulation - Ōpōtiki		105
		105
Total capital expenditure	438	140

Funding Impact Statement for 2014-15

	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
STORMWATER			
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	343	258	296
Targeted rates (other than targeted rates for water supply)	30	22	25
Subsidies and grants for operating purposes	-	-	-
Fees and charges (and targeted rates for water supply)	-	-	18
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total Operating Funding (A)	373	280	339
Applications of Operating Funding			
Payments to staff and suppliers	83	85	82
Finance Costs	18	18	13
Internal charges and overheads applied	20	21	22
Other operating funding applications	-	-	-
Total applications of operating funding (B)	121	124	117
Surplus (deficit) of operating funding (A-B)	252	156	222
Sources of capital funding			
Subsidies and grants for capital expenditure	25	-	-
Development and financial contributions	-	-	-
increase (decrease) in debt	-	-	32
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	25	-	32
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	270	88	35
- to replace existing assets	-	-	105
Increase (decrease) in reserves	7	68	114
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	277	156	254
Surplus (deficit) of capital funding (C-D)	(252)	(156)	(222)
Funding Balance ((A-B)+(C-D))	-	-	-

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 Opotiki 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 Opotiki 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 Opotiki District Plan and the Resource Management Act 1991.

Key Performance Indicator	LTP Target for 2014/15	Actual Performance for 2014/15	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. 23 Land Use resource consents and 9 subdivision resource consents were granted within statutory 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 2014/15	Actual Performance for 2014/15	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.	100%	100%	Achieved: The district plan review commenced mid-2014. The review is proceeding in accordance with the RMA guidelines and a draft plan will be ready for consultation in October 2015.

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.

Funding Impact Statement for 2014-15

	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
RESOURCE MANAGEMENT			
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	364	378	345
Targeted rates (other than targeted rates for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges (and targeted rates for water supply)	41	43	50
Internal charges and overheads recovered	183	191	186
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total Operating Funding (A)	588	612	581
Applications of Operating Funding			
Payments to staff and suppliers	339	353	218
Finance Costs	-	-	-
Internal charges and overheads applied	249	259	264
Other operating funding applications	-	-	-
Total applications of operating funding (B)	588	612	483
Surplus (deficit) of operating funding (A-B)	-	-	98
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	20
increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	-	-	20
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	118
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	-	-	118
Surplus (deficit) of capital funding (C-D)	-	-	(98)
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 Waiotaha 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 2014/15	Actual Performance for 2014/15	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	0	Achieved – no notified sewage overflow events for Ōpōtiki scheme.
Number of notified sewage overflows for the Waihou Bay scheme.	<2	0	Achieved – no notified sewage overflow events for Waihou Bay scheme.
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%	100%	Achieved. 3 requests received relating to Wastewater activity and all responded to within 4 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 notifications of sewage overflows into habitable buildings.
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%	80%	Not achieved – 80% rated their satisfaction as very/fairly satisfied. 10% said they didn't know or are unable to say.

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

Key Performance Indicator	LTP Target for 2014/15	Actual Performance for 2014/15	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.
Opotiki scheme	100%	N/A	No requests received for Waihou Bay.
Waihou Bay scheme			

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

Key Performance Indicator	LTP Target for 2014/15	Actual Performance for 2014/15	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%	94%	Not achieved. Ongoing investigation as to whether recorded results are due to effluent or natural ground conditions.
Water sampling results in the environment meet consent conditions	100%	100%	Achieved.
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 complaints regarding overflows of effluent outside the land disposal area received.

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.

Internal Borrowing

INTERNAL BORROWING	Opening Balance 1/07/2014 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2015 \$ 000's	Interest \$ 000's
Ōpōtiki Sewerage	310	712	24	998	37

Capital Expenditure Projects for 2014-15

CAPITAL EXPENDITURE PROJECTS FOR WASTEWATER GROUP OF ACTIVITIES

	2014/15 Annual Plan \$ 000's	2014/15 Actual \$ 000's
<i>To meet additional demand</i>		
Waioeka Road Sewer Reticulation	-	712
	-	712
<i>To improve level of service</i>		
Research & Consultants - Ōpōtiki	400	-
	400	-
<i>To replace existing assets</i>		
Reticulation Renewal - Ōpōtiki	-	267
	-	267
Total capital expenditure	400	979

Funding Impact Statement for 2014-15

WASTEWATER	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	53	59	56
Targeted rates (other than targeted rates for water supply)	481	530	496
Subsidies and grants for operating purposes	-	-	-
Fees and charges (and targeted rates for water supply)	5	8	1
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total Operating Funding (A)	539	597	552
Applications of Operating Funding			
Payments to staff and suppliers	248	257	295
Finance Costs	33	87	37
Internal charges and overheads applied	61	66	67
Other operating funding applications	-	-	-
Total applications of operating funding (B)	342	410	398
Surplus (deficit) of operating funding (A-B)	197	187	154
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
increase (decrease) in debt	(80)	950	688
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	(80)	950	688
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	712
- to improve the level of service	81	1,074	(0)
- to replace existing assets	-	-	267
Increase (decrease) in reserves	36	63	(137)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	117	1,137	843
Surplus (deficit) of capital funding (C-D)	(197)	(187)	(154)
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, Waitaha 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 2014/15	Actual Performance for 2014/15	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%	95%	Achieved - 95% rated their satisfaction as very/fairly satisfied.

Key Performance Indicator	LTP Target for 2014/15	Actual Performance for 2014/15	Commentary
Level of Service: Council will provide safe drinking water			
Compliance with NZ Drinking Water Standards 2005 (revised 2008). Bacterial Compliance Protozoal Compliance	100% 100%	100% 25%	Ōpōtiki, Hikutaia, Te Kaha and Ōhiwa schemes all achieved 100% Bacterial compliance. Ōpōtiki scheme achieved 100% Protozoal compliance. Hikutaia, Te Kaha and Ōhiwa schemes did not achieve 100% Protozoal Compliance. Note: with MoH funding approved last year we expect the Hikutaia scheme will achieve 100% compliance when work is completed. Funding was also approved for the Te Kaha scheme for 2015-17 plan so this is also expected to reach 100% compliance after works are complete.
Water Safety (Previously called Public Health Risk Management) Plans adopted and implemented.	100%	33%	Achieved for Ōpōtiki/Hikutaia combined scheme only. Note: The Te Kaha plan is currently being updated to reflect new works from funding. For the Ōhiwa scheme (as outlined in the Drinking Water Standards for a scheme of this size) the Water Safety Plan is required by June 2016.

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

Key Performance Indicator	LTP Target for 2014/15	Actual Performance for 2014/15	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%	98%	Achieved - 98% rated their satisfaction as 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	2	Not achieved - 5 incidents of no service/water reported. 3 restored within 4 hours, 1 within 12 hours and 1 within 14 hours.
Level of Service: Water resources are used efficiently and sustainably.			
Average daily water consumption per connection at each scheme area where measured. (Applies at Ōpōtiki and Te Kaha schemes).	750	653 694	Achieved - Ōpōtiki. Achieved - Te Kaha.
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.	85%	85%	Achieved – Fire hydrants included in Te Kaha extension.
Minimum of six fire hydrants tested and meeting tri-annual compliance test with firefighting standards.	6	14	Achieved – 14 tested and meeting tri-annual compliance test with fire fighting standards.

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 2014/15	Actual Performance for 2014/15	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%	82%	Achieved – 82% rated their satisfaction as very/fairly satisfied.
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%	100%	No level of service loss however Ōpōtiki scheme projects (Waioeka river crossing, Hikutaia water extensions) deferred to 2015/16 year.

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.

Internal Borrowing

INTERNAL BORROWING	Opening Balance 1/07/2014 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2015 \$ 000's	Interest \$ 000's
Ōpōtiki Water	3,160	7	93	3,074	173
Ōhiwa Water	21	-	-	21	1
Te Kaha Water	8	44	1	51	2
	3,188	51	94	3,145	176

Capital Expenditure Projects for 2014-15

CAPITAL EXPENDITURE PROJECTS FOR WATER SUPPLIES GROUP OF ACTIVITIES

	2014/15 Annual Plan \$ 000's	2014/15 Actual \$ 000's
<i>To meet additional demand</i>		
Reticulation - Hikutaia	400	-
Reticulation - Te Kaha	-	202
	400	202
<i>To improve level of service</i>		
Reticulation - Te Kaha		47
Reticulation - Hikutaia		50
River crossing Ōpōtiki	-	18
		115
<i>To replace existing assets</i>		
Reticulation - Ōpōtiki	-	57
Water meter replacements - Hikutaia	32	5
Reticulation - Te Kaha	52	-
Service lines - Ōhiwa	3	-
WTP Chemical Tanks - Ōpōtiki	19	-
Reticulation - Ōhiwa	20	17
	126	79
Total capital expenditure	526	396

Funding Impact Statement for 2014-15

WATER SUPPLY	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	53	55	54
Targeted rates (other than targeted rates for water supply)	742	783	748
Subsidies and grants for operating purposes	-	-	-
Fees and charges (and targeted rates for water supply)	261	272	285
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total Operating Funding (A)	1,056	1,110	1,087
Applications of Operating Funding			
Payments to staff and suppliers	395	412	376
Finance Costs	237	250	176
Internal charges and overheads applied	119	129	144
Other operating funding applications	-	-	-
Total applications of operating funding (B)	751	791	695
Surplus (deficit) of operating funding (A-B)	305	319	392
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	93
Development and financial contributions	-	-	-
increase (decrease) in debt	(118)	(3)	(43)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	38
Total sources of capital funding (C)	(118)	(3)	87
Applications of capital funding			
Capital expenditure			
- to meet additional demand	31	288	202
- to improve the level of service	-	-	114
- to replace existing assets	19	19	79
Increase (decrease) in reserves	137	9	84
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	187	316	479
Surplus (deficit) of capital funding (C-D)	(305)	(319)	(392)
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 Roding, Unsubsidised Roding.

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 2014-15 year	Actual Performance for 2014-15 year	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.	<15	3	Achieved. Total of 16 complaints received in the 1 July 2014 to 30 June 2015 period regarding the condition of the roading surface with a maximum of 3 complaints 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.	70%	78%	Achieved – 78% rated the reliability as good or excellent. 1% said they don't know.
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.	75%	74%	Achieved – 74% rated the safety as good or excellent. 1% said they don't know.
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%	92%	Achieved – 92% rated their satisfaction as very/fairly satisfied. 1% said they don't know or are unable to say.

Key Performance Indicator	LTP Target for 2014-15 year	Actual Performance for 2014-15 year	Commentary
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%	60%	Not achieved – 60% rated the standard as good or excellent.

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.

Internal Borrowing

INTERNAL BORROWING	Opening Balance 1/07/2014 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2015 \$ 000's	Interest \$ 000's
Roading	200	-	97	103	11

Capital Expenditure Projects for 2014-15

CAPITAL EXPENDITURE PROJECTS FOR LAND TRANSPORT GROUP OF ACTIVITIES

	2014/15 Annual Plan \$ 000's	2014/15 Actual \$ 000's
<i>To meet additional demand</i>		
Seal Extension	415	-
Minor Safety Projects	52	-
Footpaths	32	-
Urban Kerb & Channel	32	-
	531	-
<i>To improve level of service</i>		
Minor Safety Projects	55	100
Tablelands Wall		183
Major Drainage control	71	194
	126	477
<i>To replace existing assets</i>		
Unsealed Roads	136	124
Footpaths	-	1
Major Drainage control	-	54
Sealed road resurfacing - Rural	276	243
Sealed road resurfacing - Urban	138	84
Pavement Rehabilitation - Urban	131	122
Traffic Service Renew als - Rural	24	23
Traffic Service Renew als - Urban	24	7
Pakihi Bridge	-	107
Bridges -assess lives	-	64
Associated improvements	21	-
	750	829
Total capital expenditure	1,407	1,306

Funding Impact Statement for 2014-15

	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
LAND TRANSPORT			
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	1,908	1,962	1,958
Targeted rates (other than targeted rates for water supply)	88	108	15
Subsidies and grants for operating purposes	775	759	883
Fees and charges (and targeted rates for water supply)	-	-	4
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	72	75	58
Total Operating Funding (A)	2,843	2,904	2,918
Applications of Operating Funding			
Payments to staff and suppliers	1,929	1,962	1,692
Finance Costs	23	23	11
Internal charges and overheads applied	217	233	277
Other operating funding applications	-	-	-
Total applications of operating funding (B)	2,169	2,218	1,980
Surplus (deficit) of operating funding (A-B)	674	686	938
Sources of capital funding			
Subsidies and grants for capital expenditure	493	509	703
Development and financial contributions	36	37	12
increase (decrease) in debt	-	-	(97)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Total sources of capital funding (C)	529	546	618
Applications of capital funding			
Capital expenditure			
- to meet additional demand	62	418	-
- to improve the level of service	176	178	477
- to replace existing assets	736	750	829
Increase (decrease) in reserves	229	(114)	249
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,203	1,232	1,556
Surplus (deficit) of capital funding (C-D)	(674)	(686)	(938)
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 Opotiki 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.

Activities included in this Significant Activity include:

BOP LASS Ltd

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, Opotiki 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.

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 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 2014/15	Actual Performance for 2014/15	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	>1	Achieved. Shared services achieved in Insurance, Risk Management, Office products and aerial mapping areas.
Communication.	Communicate with each shareholding Council at appropriate levels with at least one meeting with each Executive Leadership Team	Achieved	2 or more Directors meetings held.
Financial Sustainability.	Ensure sufficient income is available from activities to sustain a viable company	Achieved	Performance against budgets reviewed quarterly. Company remains financially viable.
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	2015/16 ED Work Plan implemented. 92% of planned actions fully or partly achieved.	A dominant activity was to represent the Eastern Bay in the MBIE/MPI BOP Growth Study. Other significant projects were: <ul style="list-style-type: none"> Continued support for the Opotiki sea farm & harbour development. Kiwifruit/Aquaculture Workforce development. Implementation of Bay of Connections strategies in Eastern Bay.

Please note that we have amended the methodology for reporting on results that require Council's annual Customer Satisfaction Survey as the data source – further details can be found at the start of the Activities section on page 24.

Funding Impact Statement for 2014-15

	LTP 2014 000's	LTP 2015 000's	Actual 2015 000's
INVESTMENTS			
Sources of Operating Funding			
General rates, uniform annual general charges, rates penalties	5	5	20
Targeted rates (other than targeted rates for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges (and targeted rates for water supply)	170	176	0
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total Operating Funding (A)	175	181	21
Applications of Operating Funding			
Payments to staff and suppliers	121	124	51
Finance Costs	-	-	-
Internal charges and overheads applied	36	38	12
Other operating funding applications	18	19	-
Total applications of operating funding (B)	175	181	63
Surplus (deficit) of operating funding (A-B)	-	-	(43)
Sources of capital funding			
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)	-	-	-
Applications of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(43)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	-	-	(43)
Surplus (deficit) of capital funding (C-D)	-	-	43
Funding Balance ((A-B)+(C-D))	-	-	-



Image: Waiohau Beach – Photo courtesy Sarah Wilson

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 revenue.

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.

Ōpōtiki District Council - Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2015

		Actual 2015 000's	Budget 2015 000's	Actual 2014 000's
	Note			
Revenue				
Rates (other than targeted rates for water supply)	2	8,148	9,182	7,920
Subsidies and Grants	4	2,035	2,690	1,932
Development and Financial Contributions		41	22	14
Fees and Charges (and targeted rates for water supply)	3	2,235	2,235	1,602
Finance Revenue	5	105	143	71
Other Revenue	6	596	129	1,373
Total Revenue		13,161	14,401	12,912
Expenditure				
Other Expenses	8	6,131	6,858	6,247
Depreciation and Amortisation	13, 14	2,171	2,420	2,358
Personnel Costs	7	3,000	3,133	2,932
Finance Costs	5	266	342	200
Losses/(Gains)		-	-	1,404
Total Expenditure		11,569	12,753	13,141
Net Surplus		1,592	1,648	(229)
Other Comprehensive Revenue and Expense				
Gain on Asset Revaluations		-	-	367
Total Other Comprehensive Revenue and Expense		-	-	367
Total Comprehensive Revenue and Expense		1,592	1,648	138

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 29

Ōpōtiki District Council - Statement of Changes in Equity

For the Year Ended 30 June 2015

		Actual 2015 000's	Budget 2015 000's	Actual 2014 000's
	Note			
Equity balance at 1 July		178,183	191,600	178,045
Comprehensive revenue and expense for year	22	1,592	1,648	138
Transfer to Provisions	22	(425)	-	-
Equity Balance 30 June		179,350	193,248	178,183
Components of Equity				
Retained Earnings at 1 July		126,355	127,368	125,753
Net Surplus/(Deficit)		1,592	1,371	(229)
Transfers to / (from) equity		132	-	831
Retained earnings 30 June		128,079	128,739	126,355
Asset Revaluation Reserves at 1 July		50,081	62,556	49,714
Transfers to / (from) reserves		(38)	-	-
Revaluation Gains		-	-	367
Revaluation Reserves 30 June		50,043	62,556	50,081
Special Funded Reserves at 1 July		1,747	1,676	1,747
Transfers to / (from) reserves		(518)	277	
Council created Reserves 30 June		1,229	1,953	1,747
Equity at 30 June		179,350	193,248	178,183

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 29

Ōpōtiki District Council - Statement of Financial Position

As at 30 June 2015

	Note	Actual 2015 000's	Budget 2015 000's	Actual 2014 000's
ASSETS				
Current Assets				
Cash & Cash Equivalents	9	2,759	2,323	2,192
Debtors & Other Receivables	10	3,193	2,920	2,969
Other Financial Assets	11	365		354
Available for Sale Assets	12	2		2
Prepayments		46		20
Total Current Assets		6,366	5,243	5,537
Non-Current Assets				
Investment Property	15	2,103	2,307	2,031
Investments in CCO's and Other Similar Entities	11	79	3	23
Property Plant & Equipment	13	179,598	195,549	178,440
Intangible Assets	14	81	27	19
Total Non-Current Assets		181,862	197,886	180,513
TOTAL ASSETS		188,227	203,129	186,050
LIABILITIES				
Current Liabilities				
Trade & Other Payables	17	3,081	3,130	2,688
Borrowings	21	1,360	2,910	2,195
Employee Benefit Liabilities	20	326	353	367
Provisions	18	432	7	7
Total Current Liabilities		5,199	6,400	5,257
Non-Current Liabilities				
Borrowings	21	3,500	3,355	2,470
Derivative Financial Instruments	19	9		17
Provisions	18	170	126	123
Total Non-Current Liabilities		3,679	3,481	2,610
TOTAL LIABILITIES		8,877	9,881	7,867
NET ASSETS (assets minus liabilities)		179,350	193,248	178,183
EQUITY				
Retained Earnings	22	128,079	128,739	126,355
Asset Revaluation Reserves	22	50,043	62,556	50,081
Council Created Reserves	22	1,229	1,953	1,747
TOTAL EQUITY		179,350	193,248	178,183

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 29

JH Forbes
MAYOR
Date:

A Lawrie
CHIEF EXECUTIVE
Date:

Ōpōtiki District Council - Statement of Cashflows

For the Year Ended 30 June 2015

	Actual 2015 000's	Budget 2015 000's	Actual 2014 000's
Cashflow from Operating Activities			
Cash was provided from:			
Rates	7,746	9,082	7,726
Grants & Subsidies	2,035	2,690	1,932
Fees and Charges	2,235	2,332	3,197
Interest and dividends from investments	105	143	71
GST (net change)	187	-	-
Other Revenue	638	-	-
	12,946	14,247	12,926
Cash was disbursed to:			
Payments Staff & Suppliers	(8,841)	(9,877)	(9,610)
Finance Costs	(266)	(342)	(200)
	(9,107)	(10,219)	(9,810)
Net Cashflow from Operating Activity	3,839	4,028	3,116
Cashflow from Investing Activities			
Cash was provided from:			
Proceeds Sale of Assets	103	42	42
Proceeds from Investments	708	4	-
	811	46	42
Cash was disbursed to:			
Purchase of Assets	(3,458)	(4,989)	(2,758)
Purchase of Investments	(764)	(11)	(15)
	(4,222)	(5,000)	(2,773)
Net Cashflow from Investing Activity	(3,411)	(4,954)	(2,731)
Cashflow from Financing Activities			
Cash was provided from:			
Loans Raised	3,444	1,070	-
	3,444	1,070	-
Cash was disbursed to:			
Loan Repayments	(3,305)	-	(771)
	(3,305)	-	(771)
Net Cashflow from Financing Activity	139	1,070	(771)
Net Increase (Decrease) in Cash Held	567	144	(386)
Add Opening Cash brought forward	2,192	2,179	2,578
Closing Cash Balance	2,759	2,323	2,192
Closing Balance made up of Cash and Cash Equivalents	2,759	2,323	2,192

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 29

Ōpōtiki District Council - Funding Impact Statement

For the Year Ended 30 June 2015

	Budget 2014 000's	Actual 2014 000's	Budget 2015 000's	Actual 2015 000's
Sources of Operating Funding				
General rates, uniform annual general charges, rates penalties	6,986	6,947	7,479	7,186
Targeted rates (other than targeted rates for water supply)	1,728	973	1,703	1,710
Subsidies and grants for operating purposes	947	963	744	905
Fees and charges (and targeted rates for water supply)	1,937	2,705	1,963	1,624
Interest and dividends from investments	155	71	143	105
Local authorities fuel tax, fines, infringement fees, and other	73	128	75	417
Total Operating Funding (A)	11,826	11,787	12,107	11,947
Applications of Operating Funding				
Payments to staff and suppliers	9,107	9,066	9,618	9,132
Finance Costs	385	200	343	266
Other operating funding applications	340	-	376	-
Total applications of operating funding (B)	9,832	9,266	10,337	9,398
Surplus (deficit) of operating funding (A-B)	1,994	2,521	1,770	2,549
Sources of capital funding				
Subsidies and grants for capital expenditure	1,898	968	1,946	1,130
Development and financial contributions	108	14	22	41
increase (decrease) in debt	550	(771)	1,090	139
Gross proceeds from sale of assets	71	42	42	-
Lump sum contributions	51	165	275	43
Total sources of capital funding (C)	2,678	418	3,375	1,353
Applications of capital funding				
- to meet additional demand	1,144	899	1,754	1,124
- to improve the level of service	1,458	727	2,033	789
- to replace existing assets	1,636	1,133	1,213	1,545
Increase (decrease) in reserves	438	165	149	445
Increase (decrease) of investments	(4)	15	(4)	-
Total applications of capital funding (D)	4,672	2,939	5,145	3,902
Surplus (deficit) of capital funding (C-D)	(1,994)	(2,521)	(1,770)	(2,549)
Funding Balance ((A-B)+(C-D))	-	-	-	-

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 29

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.

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 Revenue and Expense 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 ACTIVITY	2014/15	2014/15
	Budget	Actual
	\$000's	\$000's
Community Facilities	481	180
Economic Development	13	1
Land Transport	1,234	1,126
Regulation & Safety	15	8
Solid Waste Management	11	15
Stormwater	157	132
Support Services	-	227
Wastewater	193	213
Water Supply	316	269
Total depreciation	2,420	2,171

Notes to Financial Statements

NOTE 1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2015

REPORTING ENTITY

Ōpōtiki District Council (ODC) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations include the LGA and the Local Government (Rating) Act 2002.

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

The Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements of ODC are for the year ended 30 June 2015. The financial statements were authorised for issue by Council on 27 October 2015.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

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

These financial statements have been prepared in accordance with the reduced disclosure of a Tier 2 PBE accounting entity. ODC qualifies for the Tier 2 exemptions as it does not have debt or equity instruments that are traded in a public market nor hold assets in a fiduciary capacity for a broad group of outsiders; and has total expenses between \$2 million and \$30 million. These financial statements comply with PBE Standards.

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. The material adjustments arising on transition to the new PBE accounting standards are explained in note 30.

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.

Presentation currency and rounding

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

Standards issued and not yet effective and not early adopted.

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014. ODC has applied these standards in preparing the 30 June 2015 financial statements.

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. ODC will apply these updated standards in preparing its 30 June 2016 financial statements. ODC expects that there will be minimal or no change in applying these updated accounting standards.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is measured at the fair value.

The specific accounting policies for significant revenue items are explained below:

Exchange Transactions

Exchange transactions are transactions where Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Specific accounting policies for major categories of exchange revenue transactions are listed below.

Interest and dividends

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Other gains and losses

Other gains and losses includes fair value gains and losses on financial instruments at fair value through surplus or deficit, unrealised fair value gains and losses on the revaluation of investment properties and realised gains and losses on the sale of PPE held at cost.

Non-Exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange, or where the value given or received is not able to be accurately measured.

An inflow of resources from a non-exchange transaction, whether this be an asset or revenue, is only recognised if a liability is not also recognised for that particular asset or revenue.

A liability is only recognised to the extent that the present obligations have not been satisfied. A liability in respect of a transferred asset is recognised only when the transferred asset is subject to a condition, such as a condition for the asset to be consumed as specified and/or that future economic benefits or service potential must be returned to the owner.

Specific accounting policies for major categories of non-exchange revenue transactions are listed below.

Rates revenue

The following policies for rates have been applied:-

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

Development and Financial Contributions

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

New Zealand Transport Agency Roadway Subsidies

ODC receives funding assistance from New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roadway infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other Grants Received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and Resource Consent Revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Sale of goods

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

Provision of Commercially based Services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date.

Infringement Fees and Fines

Infringement Fees and Fines mostly relate to fees and fines for use of library books. The fair value is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when ODC obtains control over the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developers, the fair value is based on the construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), ODC immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and Bequeathed Financial Assets

Donated and Bequeathed Financial Assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

Direct charges

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council or Group is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as resource consents, building consents, water connections, dog licencing, etc.), and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such services is recognised when the Council or Group issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council or Group has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council or Group for the service) if the service is not completed.

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.

Borrowing Costs

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

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

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

Income Tax

ODC is exempt from income tax.

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 surplus or deficit 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.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Receivables

Receivables are recorded at their face value, less any provision for impairment.

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 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 has 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 or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

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.

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 surplus or deficit.

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 surplus or deficit as a grant expense. The loans are subsequently measured at amortised cost using the effective interest method.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is 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 revenue and expense

Financial assets at fair value through other comprehensive revenue and expense 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 revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

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

Impairment of financial assets

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

Loans and receivables, and held-to-maturity investments

Impairment is established when there is evidence that ODC 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 indicators that the asset 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. 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 surplus or deficit.

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). Impairment in term deposits, local authority stock, government stock, government bonds, and community loans, are recognised directly against the instruments carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

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 surplus or deficit.

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.

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.

Revaluation of property, plant and equipment are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the value of the amount previously expensed, and then recognised in other comprehensive revenue and expense.

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.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, 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.

Subsequent Costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with this item will flow to ODC 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.

Depreciation

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

- Buildings
 - Structure 35 to 85 years (2.86% - 1.18%)
 - Roof 40 years (2.5%)
 - Services 15 to 50 years (6.67% - 2.0%)
 - Internal fit out 15 to 35 years (6.67% - 2.86%)
- Plant and machinery 5 to 10 years (10% - 20%)
- Fixed plant @ refuse recovery centre 30 years (3.33%)
- Motor vehicles 5 years (20%)
- Fixtures, fittings and equipment 3 to 5 years (33% - 20%)
- Library collections 5 to 10 years (10% - 20%)
- Infrastructural assets
 - Roading network
 - Formation N/A (Nil)
 - Sub base N/A (Nil)
 - Basecourse (unsealed) 8 years (12.5%)
 - Basecourse (sealed) 25 to 50 years (2% - 4%)
 - Seal 15 years (6.67%)
 - Bridges 100 years (1.0%)
 - Hot mix 10 years (10.0%)
 - Kerb and footpaths 50 years (2.0%)
 - Reticulation 5 to 100 years (1% - 20.0%)
 - Traffic facilities (roading components) 10 to 20 years (5.0% - 10.0%)
 - Culverts (roading components) 50 years (2.0%)
 - Pumps 10 to 20 years (5.0% - 10.0%)
 - Meters, valves and connections 25 to 75 years (1.33% - 4.0%)
 - River protection works 100 years (1.0%)
- Open drains associated with the roading infrastructure is not depreciated. The annual maintenance programme set out in the asset management plan will ensure the specific level of service is maintained.

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

Intangible assets

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

Costs associated with development and maintenance of the Council's website is 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 the surplus or deficit.

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

Computer software 3 to 5 years (20% - 33%)

Impairment of property, plant and equipment and intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or not yet available for use, and goodwill are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in Use for Non-cash-Generating Assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in Use for Cash-Generating Assets

Cash-Generating Assets are those assets that are held with the primary objective of generating a commercial return.

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

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 at each reporting date.

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

Payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. 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 expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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, and sick leave.

A liability for sick leave is recognised to the extent that absences in the coming year are expected to be greater than the sick leave entitlements 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.

A liability and an expense are recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

Presentation of Employee Entitlements

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

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Provisions

A provision is recognised 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 an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of 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 and is included in "finance costs".

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 the following components.

- Accumulated funds
- Restricted reserves
- Property revaluation reserves
- Fair value through other comprehensive revenue and expense 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.

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 assets classified as fair value through other comprehensive revenue and expense.

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 2015.

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 2015 \$000	Actual 2014 \$000
General rate	7,186	7,037
Targeted rates attributable to activities		
Communities of Interest	268	297
Sewerage	496	485
Urban Refuse Collection	198	193
Rate penalties	158	94
Rates Remissions	-158	-186
Total rates income	8,148	7,920

Rate Remissions

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

Community, sporting and other organisations

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

Uniform charges on rating units owned by the same ratepayer

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

Penalties

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

Economic Development

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

Land used for natural, historic, cultural and conservation purposes

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

Extreme financial hardship

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

Rating units affected by calamity

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

Maori land general remission

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

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

Maori land economic adjustment remission

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

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 2014

	2014	2013
Number of rating units within the district	5,643	5,630
Total capital value of rating units within the district	1,671,751,060	1,832,760,150
Total land value of rating units within the district	958,778,090	1,104,072,650

The rating base information disclosed is based on the rating base information as at the end of the preceeding year.

Note 3: Fees and Charges

	Actual 2015 \$000	Actual 2014 \$000
User fees and charges	1,059	510
Regulatory and resource consent charges	362	310
Infringements and fines	27	21
Rendering of services	39	13
Targeted water supply rates	748	748
	<u>2,235</u>	<u>1,602</u>

Note 4: Subsidies and grants

	Actual 2015 \$000	Actual 2014 \$000
New Zealand Transport Roding Subsidies	1,394	1,132
Grant from Bay of Plenty Regional Council for Wainui Road	192	0
Grants towards Harbour Development	290	580
Grants from Ministry for the Environment to Resource Recovery Centres	0	8
Ministry of Health subsidy towards Te Kaha water supply	32	135
Grants towards the construction of the Mōtū Trails	0	4
Grant from Bay of Plenty Regional Council for environmental enhancement	0	27
Grant from Bay of Plenty Regional Council for Ōhiwa Walkway	0	23
Grant from Bay of Plenty regional Council for Bryan's Beach stormwater	0	10
Grant from Eastern Bay Energy Trust for Christmas Lights	0	12
Grants towards maintenance of cemetery	0	1
Grant from Ministry of Health for Hitutaia Water Supply	61	0
Grant from Transpower for development of Maraetai Bay Playground	29	0
Grant from Ministry of Business, Innovation & Employment for Cycleway	15	0
Grant from the Southern Trust for the 2014 Summer Festival	9	0
Grant from the Eastern Bay Energy Trust for the 2014 Summer Festival	6	0
Grant from Zoe's Campsite for the 2014 Summer Festival	7	0
	<u>2,035</u>	<u>1,932</u>

Note 5: Finance revenue and finance costs

	Actual 2015 \$000	Actual 2014 \$000
Finance revenue		
Interest revenue		
- term deposits	105	71
Total finance revenue	<u>105</u>	<u>71</u>
Finance costs		
Interest expense		
- interest on borrowings	266	200
Total finance costs	<u>266</u>	<u>200</u>
Net finance costs	<u>161</u>	<u>129</u>

Note 6: Other revenue

	Actual 2015 \$000	Actual 2014 \$000
Regulatory revenue	0	198
Rental revenue from investment property	204	112
Infringements and Fines	0	21
Rendering of Services	0	13
Petrol tax	58	59
Vested assets	14	0
Profit on disposal of property, plant and equipment	11	0
Swap Valuation - in the money	8	0
Write out of abandoned assets	(25)	0
Gain (Loss) on changes in fair value of investment property (note 15)	118	0
Other Revenue	208	970
	<u>596</u>	<u>1,373</u>

Note 7: Personnel costs

	Actual 2015 \$000	Actual 2014 \$000
Salaries & wages	3,014	2,884
Defined contribution plan employer contributions	13	13
Increase/ (decrease) in employee benefit liabilities	(27)	35
Total employee benefit expenses	<u>3,000</u>	<u>2,932</u>

Note 8: Other expenses

	Actual 2015 \$000	Actual 2014 \$000
Fees paid to principal auditor:		
Audit fees for financial statement audit	92	90
General grants	90	88
Impairment of receivables (note 10)	296	175
Impairment of property, plant and equipment (note 13)	0	0
Minimum lease payments under operating leases	3	3
Direct expenses from investment property generating income	8	8
Other operating expenses	5,642	5,883
	<u>6,131</u>	<u>6,247</u>

Note 9: Cash and cash equivalents

	Actual 2015 \$000	Actual 2014 \$000
Cash at bank and in hand	16	144
Short term deposits maturing three months or less from date of acquisition	2,743	2,048
Total cash and cash equivalents	<u>2,759</u>	<u>2,192</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 2015 \$000	Actual 2014 \$000
Rates receivable	4,155	3,940
Other receivables	705	406
Sundry debtors	427	421
	5,287	4,767
Less provision for impairment of receivables	(2,094)	(1,798)
Total debtors and other receivables	3,193	2,969

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

	Actual 2015 \$000	Actual 2014 \$000
At 1 July	1,798	1,623
Additional provisions made during the year	491	398
Receivables written off during the period	(195)	(223)
At 30 June	2,094	1,798
Total receivables comprise:		
Exchange Transactions	278	338
Non-exchange Transactions	2,915	2,631
	3,193	2,969

Receivables from exchange transactions includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.

Receivables from non-exchange transactions includes outstanding amounts for rates, grants infringements, and fees and charges that are partly subsidised.

Note 11 Other financial assets

	Actual 2015 \$000	Actual 2014 \$000
Current portion		
<i>Loans and receivables</i>		
Short term deposits with maturities of 4 -12 month	365	350
<i>Held to maturity</i>		
Loan Advance	-	4
Total loans and receivables	365	354
Non-current portion		
<i>Held to maturity</i>		
Total loans and receivables	-	-
Local Government Funding Authority Borrowing Notes	56	-
	56	-
<i>Fair value through equity</i>		
Unlisted shares in Bay of Plenty Local Authority Shared Services Ltd	5	5
Unlisted shares in Civic Assurance Ltd	18	18
	23	23
	79	23

Note 11 Other financial assets - Continued

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.

Term Deposits

The carrying amount of term deposits approximates fair value.

Held to maturity

Loans and receivables represents a registered mortgage arising on the sale of Councils pensioner housing units.

Fair value of the advance was made to the Opotiki RSA for infrastructural improvement to sewerage and stormwater. Fair value of the advance is \$4,039 (2014 \$4,039).

Fair value has been determined by using cash flows discounted at a rate of 4.0% (2014 4.0%).

Quoted shares

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

Impairment

There were no impairment provisions for other financial assets.

Note 12 Assets available for sale

Assets available for sale are:

Listed shares Horison Energy Ltd

Actual 2015 \$000	Actual 2014 \$000
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(VPM) 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 as 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 as at 30 June 2014. The Three Waters valuation was performed by ODC engineering staff and peer reviewed by Robert Berghuis of Beca Valuations Ltd. The roading asset valuation was performed by Sid Christy of Beca Ltd.

Land under roads

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

Work in progress

The total amount of property, plant and equipment in course of construction is \$1,766,035 (2014 \$561,699)

Restrictions

Land and buildings in the "Restricted Asset" category are subject to either restrictions on use, or disposal or both. This includes restrictions from legislation (such as land declared as a Reserve under the Reserves Act 1977), or other restrictions (such as land and buildings under a bequest or donation that restricts the purpose for which assets can be used).

Leasing

The net amount of plant and equipment held under finance leases is \$Nil (2014 \$Nil)

Note 13 Property, plant and equipment - continued**Core Infrastructure Assets**

Included within the Council infrastructure assets are the following core Council Assets:-

	Closing book value \$'000	Additions constructed by Council \$'000	Additions transferred to Council \$'000	Replacement Cost estimate \$'000
2015				
Roading network	140,286	1,136	-	146,673
Water systems				
- Treatment Plants & Facilities	2,553	13	-	9,194
- Other	5,725	314	-	4,626
Sewerage system				
- Treatment Plants & Facilities	1,463	57	-	9,612
- Other	3,732	210	-	2,537
Stormwater	5,996	105	-	8,580
2014				
Roading network	140,285	928	-	145,537
Water systems				
- Treatment Plants & Facilities	2,632			9,181
- Other	5,588	299	-	4,312
Sewerage system				
- Treatment Plants & Facilities	1,447	227	-	9,555
- Other	3,693	27	-	2,327
Stormwater	6,048	184	-	8,475

Insurance

	Actual 2015 \$000	Actual 2014 \$000
The total value of all assets that are covered by insurance contracts	17,512	17,454
The maximum amount to which they are insured	17,501	17,428
The total value of all assets that are covered by financial risk-sharing arrangements	10,000	24,027
The maximum amount available under this arrangement	9,900	23,809
The total value of assets that are self insured	0	0
There is no fund maintained for this purpose.		

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	Current year Write Back	Depreciation surplus	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)

Revaluation loss on land assets expensed	286
Revaluation Gain	367

Note 13 Property, plant and equipment continued...

2015	Cost/ revaluation 30-Jun-14	Accumulated depreciation and impairment charges 30-Jun-14	Carrying amount 30-Jun-14	Current year additions	Current year additions Vested	Current year impairment charges	Current year disposals	Current year depreciation	Current year Depreciation Write Back	Current year Revaluation surplus	Cost/ revaluation 30-Jun-15	Accumulated depreciation and impairment charges 30-Jun-15	Carrying amount 30-Jun-15
Operational assets													
Land	647	0	647	9							656	0	656
Buildings	1,348	0	1,348	17				47			1,365	47	1,318
Plant, machinery and vehicles	1,344	655	689	127			35	153	12		1,436	796	640
Fixtures, fittings and equipment	694	549	145	29				56			723	605	118
Library collections	657	538	119	39				38			696	576	120
Work in progress	94	0	94	91							185	0	185
Total operational assets	4,784	1,742	3,042	312	0	0	35	294	12	0	5,061	2,024	3,037
Infrastructural assets													
Roading network	140,285	0	140,285	1,136				1,135			141,421	1,135	140,286
Work in progress - Pakihi Bridge	13		13	107							120		120
Work in progress - Assess Bridge Life		0	0	64							64		64
Water systems													
- Treatment Plants & Facilities	2,632	0	2,632	13				92			2,645	92	2,553
- Other	5,588	0	5,588	314				177			5,902	177	5,725
Work in progress - Hikutaia				68							68		68
Sewerage system													
- Treatment Plants & Facilities	1,447	0	1,447	57				41			1,504	41	1,463
- Other	3,693	0	3,693	210			6	165	0		3,897	165	3,732
Work in progress - Waioeka Sew Ext				712							712		712
Stormwater	6,048	0	6,048	105			26	133	2		6,127	131	5,996
Work in progress - Stormwater				35							35		35
Mōtū Trails	1,090	0	1,090	46				11			1,136	11	1,125
Work in Progress - Harbour	454		454	128							582	0	582
Total infrastructural assets	161,250	0	161,250	2,995	0	0	32	1,754	2	0	164,213	1,752	162,461
Restricted assets													
Land	10,028	0	10,028	0							10,028	0	10,028
Buildings	4,120	0	4,120	75				123			4,195	123	4,072
Work in progress	0	0	0	0				0			0	0	0
Total restricted assets	14,148	0	14,148	75	0	0	0	123	0	0	14,223	123	14,100
Total property, plant and equipment	180,182	1,742	178,440	3,382	0	0	67	2,171	14	0	183,497	3,899	179,598

The net carrying amount of PPE held under finance lease is \$0 (2014: \$0)

Note 14 Intangible assets

	2014 Computer software	2014 Easement	2014 Total
Cost			
Balance at 1 July	220	7	227
Additions	14	0	14
Disposals	0	0	0
Balance 30 June	234	7	241
Accumulated amortisation and impairment			
Balance at 1 July	215	0	215
Amortisation charge	3	0	3
Disposals	4	0	4
Balance 30 June	222	0	222
Carrying amounts			
Balance at 1 July	5	7	12
Balance at 30 June	12	7	19

	2015 Computer software	2015 Easement	2015 Total
Cost			
Balance at 1 July	234	7	241
Additions	71	3	74
Disposals	0	0	0
Balance 30 June	305	10	315
Accumulated amortisation and impairment			
Balance at 1 July	222	0	222
Amortisation charge	12	0	12
Disposals	0	0	0
Balance 30 June	234	0	234
Carrying amounts			
Balance at 1 July	12	7	19
Balance at 30 June	71	10	81

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 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 2015 \$000	Actual 2014 \$000
Balance 1 July	2,031	2,308
Additions	0	0
Disposals	(46)	0
Fair value gains/(losses) on valuation (note 6)	118	(277)
Balance 30 June	<u>2,103</u>	<u>2,031</u>

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 of QV Asset & Advisory. QV Asset & Advisory are an experienced valuer with extensive market knowledge in the types of properties owned by ODC.

The fair value of investment property has been determined using the capitalisation of net revenue and discounted cash flow methods. These methods are based upon assumptions including future rental revenue, anticipated maintenance costs, and appropriate discount rates.

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.

Note 16 Council Controlled Organisations - continued**Summary Statement of Financial Position**

	BOPLASS	BOPLASS
	Actual	Actual
	2015	2014
	\$000	\$000
Total Current Assets	1105	1189
Total Non-current Assets	0	0
Total Assets	1105	1189
Total Current Liabilities	1046	1133
Total Liabilities	1046	1133
Net Assets	59	56

Summary Statement of Comprehensive Income

	BOPLASS	BOPLASS	BOPLASS
	Actual	Budget	Actual
	2015	2015	2014
	\$000	\$000	\$000
Total Operating Revenue	1,691	1,106	1,504
Total Operating Expenditure	1,689	1,106	1,502
Surplus/(Deficit) after Tax	2	0	2

TOI EDA

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

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 experienced 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:-**

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 that the settlers have no power to give directions to or exercise control over the Trustees or any part of the Trust's activities.

The key activities during the year have been:

- Continued support for the Ōpōtiki sea farm and harbour developments, facilitation of service and support activities, contribution to the harbour business case and advocacy at regional and national level
- Commissioning a new collaborative workforce development project across the kiwifruit and emerging aquaculture industries
- Advocating the expansion of the high productivity vehicle network in the eastern bay to service our key manufacturing industries
- Representing the eastern Bay in the Bay of Connections economic development framework at operational and governance levels and the implementation of BOC freight logistics, forestry, aquaculture and Māori economic development strategies
- Steering group roles for the Tertiary Strategy, Regional Growth study and land utilisation projects

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 Māori and the Eastern Bay of Plenty Community
- Promote the economic, environmental, cultural and social wellbeing of Māori 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 Māori 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 2015 \$000	Actual 2014 \$000
Trade payables	1,073	884
Retained contract monies	141	215
Deposits and bonds	111	115
Accrued expenses	200	183
Rates in advance	288	261
Rates due to Bay of Plenty Regional Council	616	570
GST Liability	383	182
Other payables	269	278
Total trade and other payables	3,081	2,688
Exchange Transactions	1,737	1,804
Non-exchange Transactions	1,344	884
	3,081	2,688

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 2015 \$000	Actual 2014 \$000
Current provisions are represented by:		
Landfill aftercare provision	7	7
Development Contributions Repayment	425	0
	432	7
Non-current provisions are represented by:		
Landfill aftercare provision	93	96
Weathertightness claims	77	27
	170	123

	Landfill Aftercare \$000	Weathertightness Claims \$000	Development Contributions \$000
Balance at 1 July 2013	103	27	0
Additional provisions made during the year	5	0	0
Amounts used during the year	(3)	0	0
Unused amounts reversed during the year	0	0	0
Discount unwinding (note 4)	(2)	0	0
Balance as at 30 June 2013	103	27	0
Balance at 1 July 2014	103	27	0
Additional provisions made during the year	5	50	425
Amounts used during the year	(5)	0	0
Unused amounts reversed during the year	0	0	0
Discount unwinding (note 4)	(3)	0	0
Balance as at 30 June 2015	100	77	425

Note 18 Provisions - Continued**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% (2014 4.50%).

Weathertightness claims Provision

Two claims for weathertightness have been made (2014 one) one assessed as eligible has been lodged with the Weathertight Homes Resolution Service as at 30 June 2015. 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. Council has also filed one claim with its insurance company as at 30 June 2015 (2014 nil), and has included the insurance excess of \$50,000 in the provision.

Development Contributions Provision

Council has provided \$425,000 in 2015 (2014 \$nil) for the repayment of development contributions collected for the proposed events centre. In the 2012 Long Term Plan the proposal to build an events centre was discontinued, and Council resolved in September 2015 to refund contributions attributable to the events centre. Previously this was disclosed as a contingent liability.

Note 19 Derivative financial instruments

	Actual 2015 \$000	Actual 2014 \$000
Current liability portion		
Interest rate swap	0	0
Total current liability portion	0	0
Non-current liability portion		
Interest rate swap (note 4)	9	17
Total non-current liability portion	9	17

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 (2014 \$1,360,000). The fixed interest rate of cash flow interest rate swap was 4.80%.

Note 20 Employee benefit liabilities

	Actual 2015 \$000	Actual 2014 \$000
Accrued pay	69	62
Annual leave	255	276
Retirement gratuities	0	28
Sick leave	2	1
Total employee benefit liabilities	326	367
Comprising		
Current	326	367
Non-current	0	0
Total employee benefit liabilities	326	367

Note 21 Borrowings

	Actual 2015 \$000	Actual 2014 \$000
Current		
Bank overdraft	0	0
Secured loans	1,360	2,195
Debentures	0	0
Lease liabilities	0	0
Total current borrowings	1,360	2,195
Non-current		
Secured loans	3,500	2,470
Debentures	0	0
Lease liabilities	0	0
Total non-current borrowings	3,500	2,470

Secured loans

ODC's secured debt is \$4,860,000 (2014 \$4,665,000). Of this \$2,000,000 (2014 \$3,305,000) is issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90 day bank bill rate plus a margin for credit risk. The balance of \$2,860,000 (2014 \$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 2015 (2014 Nil).

The maximum amount that can be drawn down against the overdraft facility is \$100,000 (2014 \$100,000)

There are no restrictions on the use of this facility.

ODC's loans 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.

Internal Borrowings

Information about internal borrowings is provided on pages 23 to 61 of the Council's annual report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

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	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000
Secured loans	4,860	4,665	4,464	4,068
Debentures	0	0	0	0
Total	4,860	4,665	4,464	4,068

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 4.0% (2014 4.0%).

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

Finance lease liabilities

ODC has no finance lease liabilities.

Note 22 Equity

	Actual 2015 \$000	Actual 2014 \$000
Retained Earnings		
Ast at 1 July	126,355	125,753
Transfers to:		
Council created reserves	(119)	(436)
Transfer to Provisions	(425)	-
Transfers from:		
Council created reserves	637	913
Property revaluation reserves on disposal	38	354
Surplus/(deficit) for year	1,592	(229)
As at 30 June	128,078	126,355
Council Created Reserves		
Ast at 1 July	1,747	2,224
Transfers to:		
Retained Earnings	(637)	(913)
Transfers from:		
Retained Earnings	119	436
As at 30 June	1,229	1,747
Asset Revaluation Reserve		
Ast at 1 July	50,081	50,068
Revaluation gains/(losses)	-	367
Transfer to accumulated funds on disposal of property	(38)	(354)
As at 30 June	50,043	50,081
	179,350	178,183
	Actual 2015 \$000	Actual 2014 \$000
Asset revaluation reserve consists of:		
<i>Operational assets</i>		
Buildings	139	139
<i>Infrastructural Assets</i>		
Roading	33,097	33,090
Roading components	5,840	5,847
Water systems	3,511	3,512
Sewerage systems	2,420	2,420
Stormwater system	4,622	4,659
Mōtū Trails	79	80
<i>Restricted assets</i>		
Buildings	334	334
	50,043	50,081

Note 22: Council Created Reserve Funds
Reserve

			Balance 1-Jul-14 \$000	Deposits \$000	Withdrawals \$000	Balance 30-Jun-15 \$000
Special Reserves						
Cash in Lieu of Reserves	Economic Development	For general purpose funding	119	26	-	145
Car Parking Reserve	Land Transport	For parking operating surpluses and deficits	4	-	-	4
General Purposes (Electricity Proceeds)	Economic Development	For general purpose funding	33	1	-	34
Development Contributions - Facilities	Community Facilities	For development of recreational facilities	813	39	(482)	370
Development Contributions - Rooding	Land Transport	For development of roads	137	18	(155)	-
Road Upgrade Reserve	Land Transport	For upgrading of roading	83	4	-	87
Destination Playground	Community Facilities	For Development of Playground	-	3	-	3
Library Redevelopment Reserve	Community Facilities	For the Library Development Project	-	2	-	2
Whakaari Taonga Management Reserve	Community Facilities	For the development of reserves	-	3	-	3
District Plan Reserve	District Planning	For District Plan	78	3	-	81
			1,267	99	(637)	728
Treasury Reserves						
Ōpōtiki Water	Water Supply	For operating surpluses and deficits	175	7	-	182
Te Kaha Water	Water Supply	For operating surpluses and deficits	8	1	-	9
Ōhiwa Water	Water Supply	For operating surpluses and deficits	1	-	-	1
Rooding - Urban	Land Transport	For operating surpluses and deficits	58	2	-	60
Ōpōtiki Sewerage	Wastewater	For operating surpluses and deficits	137	6	-	143
Waihau Bay Sewerage	Wastewater	For operating surpluses and deficits	1	-	-	1
Stormwater	Stormwater	For operating surpluses and deficits	15	-	-	15
Stormwater - Rural	Stormwater	For operating surpluses and deficits	1	-	-	1
Refuse Recovery Centre	Solid Waste Management	For operating surpluses and deficits	9	-	-	9
General Funds	Economic Development	For operating surpluses and deficits	5	-	-	5
Property - Administration buildings	Community Facilities	For operating surpluses and deficits	46	2	-	48
Parks & Reserves	Community Facilities	For operating surpluses and deficits	4	3	-	7
Cycleway	Community Facilities	For operating surpluses and deficits	20	-	-	20
			480	21	-	501
			1,747	120	(637)	1,229

Reserve		Purpose & Activities	Balance 1/07/2013 \$000	Deposits \$000	Withdrawals \$000	Balance 30/06/2014 \$000
<i>Special Reserves</i>	<i>Activities to which the reserve relates</i>					
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
<i>Treasury Reserves</i>						
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	0	8
Ohiwa Water	Water Supply	For Ohiwa water operating surpluses and deficits		1	0	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 defic	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 defic	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
Library	Community Facilities	For Library operating surpluses and deficits	0	0	-	0
Cycleway	Community Facilities	For Cycleway operating surpluses and deficits	37	19	(36)	20
Harbour	Economic Development	For Harbour operating surpluses and deficits	0	0	0	0
			1044	313	(877)	480
			2223	437	(913)	1747

Note 23 Capital commitments and operating leases**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 2015 \$000	Actual 2014 \$000
-------------------------	-------------------------

Operating commitments

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

3,383 1,047

Not later than one year

1,866 662

Later than one year and not later than five year

1,517 385

Later than five years

0

3,383 1,047

Actual 2015 \$000	Actual 2014 \$000
-------------------------	-------------------------

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 2015 \$000	Actual 2014 \$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 0

Later than five years

0 0

Total non-cancellable operating leases

1 1

Actual 2015 \$000	Actual 2014 \$000
1	1
0	0
0	0
1	1

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 2015 \$000	Actual 2014 \$000
-------------------------	-------------------------

Non-cancellable operating leases as lessee

Not later than one year

1 1

Later than one year and not later than five years

0 2

Total non-cancellable operating leases

1 3

Actual 2015 \$000	Actual 2014 \$000
1	1
0	2
1	3

Note 24 Contingencies

Contingent liabilities

As disclosed in note 18, a provision of \$77,000 (2014: \$27,000) has been recognised for weathertightness claims. Council is aware of two specific potential future claims. 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 collected development contributions from 2004 for projects which included a sport and events centre.

Council discloses a contingent liability for the refundable unutilised portion of development contributions collected for 2015 of \$nil (2014 \$97,240). A provision has been made in the accounts for 2015. Refer to note 18 : Provisions.

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 2015 there are 2 facilities having an approximate value of \$456,000 (2014: 2 facilities : \$456,000). This estimate has been based on the valuation of land and buildings by Quotable Value New Zealand as at 1 September 2013.

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 2015 this amounted to \$26,439 (2013 : \$28,453)

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). All related-party transactions were conducted at arms length, and therefore do not require disclosure.

Key management personnel compensation

	Actual 2015 \$000	Actual 2014 \$000
<i>Councillors</i>		
Remuneration	174	174
Full time equivalent members	7	7
<i>Senior Management Team</i>		
Remuneration	732	680
Full time equivalent members	7	7
Total key management personnel remuneration	906	854
Total full-time equivalent personnel	14	14

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). Council also has an interest in Toi EDA the Eastern Bay of Plenty Development Agency set up by the three local authorities (Kawerau, Opotiki and Whakatane District Councils) working together with local Iwi. This organisation has been exempted as a Council Controlled Organisation under section 7 of the Local Government Act 2002.

Note 25 Related party transactions continued

	Actual 2015 \$000	Actual 2014 \$000
<u>BOPLASS</u>		
Annual contribution	12	12
Services provided	21	20
Equity Contribution	0	4
<u>Toi EDA</u>		
Annual contribution	31	31
Services provided	0	0

Note 26 Remuneration

Chief Executive

The Chief Executive received the following remuneration

	2015	2014
Salary of Chief Executive	188,746	183,221
Vehicle (Market plus FBT)	16,694	16,694
Kiwi Saver contributions	5,662	5,298
	211,102	205,213

Elected representatives

	2015	2014
Mayor - John Forbes (Including salary plus car plus FBT)	63,481	61,740
Deputy Mayor - Chair of Community Board - Haki McRoberts	24,360	25,202
Councillor - Barry Howe	17,400	17,480
Councillor - Doug Leeder to 21 October 2013	0	5,473
Councillor - Robbie Petersen to 21 October 2013	0	5,473
Councillor - Selby Fisher to 21 October 2013	0	5,473
Councillor - Shona Browne	17,400	17,480
Councillor - Arihia Tuoro from 22 October 2013	17,400	12,007
Councillor - Lyn Reisterer from 22 October 2013	17,400	12,007
Councillor - Ken Young from 22 October 2013	17,400	12,007
	174,841	174,342

Staff

	2015	2014
Number of full time employees	34	32
Number of full time equivalent of all other employees	9	13
Number of employees receiving less than \$60,000	38	42
Number of employees receiving between \$60,000 and \$80,000	7	6
Number of employees receiving between \$80,000 and \$140,000	6	5
Number of employees receiving between \$140,000 and \$220,000	1	1
Total number of Employees	52	54

Note 27 Severance Payments

For the year ended 30 June 2015 ODC made no severance payments. (2014 \$26,500)

Note 28 Events after balance sheet date

There were no significant events after balance date.

Note 29 Explanation of major variances against budget

Explanations for major variations from ODC's estimated figures in the 2014/15 Annual Plan are as follows:

Statement of Comprehensive Income		2015 \$000
Actual surplus of \$1.592 million versus budget surplus of \$1.648 million		
A unfavourable variance of \$0.056million.		
Total revenue of \$13.161 million was \$1.24 million under budget made up as follows:		
Rates Revenue	a	(1,034) U
Subsidies and grants	b	(655) U
Development and financial contributions		19 F
Financial Income		(38) U
Other Revenue	c	467 F
		<u>(1,240)</u>
Total Expenditure of \$11.569 million was \$1.184 million under budget as set out below:		
Personnel costs	d	133 F
Depreciation and Amortisation	e	249 F
Finance costs	f	76 F
Other Expenditure	g	727 F
		<u>1,185</u>
		<u><u>(56)</u></u>

a. Rates revenue is lower than budget due to increased rates remissions paid and provision for doubtful debts than anticipated. \$748,000 relates to the reclassification of targeted rates for water supply that was incorrectly classified as rates revenue in the 2014/15 Annual Plan.

b. Subsidies and grants are lower than budget due to slower progression of the Library development project than anticipated, resulting in a shortfall of \$800k in revenue. We did receive other unexpected subsidies for the Wainui Road River protection work.

c. Other Revenue is higher than budgeted due to increased property rents and gains on investment assets.

d. Personnel costs are lower than budgeted due to unfilled positions and the cost savings in employing staff during the year with a full years salary budgeted.

e. Depreciation and amortisation is lower than budgeted due to deferral and slower progression in completing several capital projects.

f. Finance costs are under budget due to delay in completing capital projects and repaying term debt earlier than projected

g. Other expenditure is under budget due to underspending on roading \$167k, insurance \$65k, water control \$84k and building control \$41k, and support services \$381k

Note 29 Explanation of major variances against budget - continued

Statement of Financial Position

Actual net equity of \$179.350 million versus budget of \$193.248 million, variance of \$13.898 million.

An analysis of the major variances are set out below:

An increase in cash and cash equivalents	k	436 F
An increase in debtors and other receivables	l	273 F
An increase in other financial assets	m	489 F
A decrease in Property, Plant and Equipment	n	(15,950) U
A decrease in Investment Property	o	(204) U
An decrease in creditors and other payables	p	76 F
A decrease in borrowings	q	1,405 F
An increase in Provisions	r	(468) U
An increase in intangible assets	s	54 F
An increase in derivative financial instruments		(9) U
		<u>(13,898)</u>

k. The increase in cash and cash equivalents is due to reduced capital requirements.

l. The increase in debtors and other receivables is due to Rates and NZTA Debtor being higher than anticipated.

m. The increase in other financial assets is due to LGFA borrowing notes of \$58k, a requirement in borrowing from LGFA and short term deposits of over 3 months of \$365,000.

n. The decrease in Property, Plant and Equipment is due to the asset valuation being lower than projected and postponement of capital projects.

o. The decrease in investment property is due to the sale of one investment property, and the gain on revaluation being lower than anticipated.

p. The decrease in creditors and other payables is due to a lower level of capital expenditure than planned.

q. The decrease in borrowings is due to the postponement of capital projects.

r. The increase in provisions is due to the new provision for repayment of development contributions.

s. The increase in intangible assets is due to the purchase of kotui library software.

Statement of Cash Flows

2015 actual movement was an increase in cash held of \$0.567 million versus a budgeted increase in cash of \$0.144 million.

Net cash flow from operating activities was \$3.839 million against a budget of \$4.028 million.

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

Net cash flow from investing activities was (\$3.411) million versus a budget of (\$4.954) million.

The favourable variance is due to the library development \$0.950m, harbour development \$0.277m, seal extension Wainui Road \$0.415m being deferred or progressing at a slower rate than originally planned.

Net cash flow from financing activities was \$0.139 versus a budget of \$1.070 million

The favourable variance is due to council not uplifting \$0.875m of borrowings through various projects not progressing at the rate envisaged.

Note 30 Adjustments to the Comparative Year Financial Statements

These financial statements are the first financial statements presented in accordance with the new PBE accounting standards. There have been no changes to the comparative year financial statements required.

Statement of Compliance and Responsibility

For the Year Ending 30 June 2015.

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 2015, fairly reflect the financial position and operations of the Ōpōtiki District Council.

JH Forbes

MAYOR

Date: 27 October 2015

A Lawrie

CHIEF EXECUTIVE

Date: 27 October 2015

Report from Audit New Zealand

Independent Auditor's Report

To the readers of Ōpōtiki District Council's annual report for the year ended 30 June 2015

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 2015 on page 66;
 - the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ending 30 June 2015 on pages 64 to 67;
 - the funding impact statement of the District Council on page 68;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 27 to 61; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 70 to 102;
- the statement of service provision (referred to as council activities and performance) of the District Council on pages 24 to 61 and the funding impact statements in relation to each group of activities of the District Council on pages 27 to 61; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 12 to 15.

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 pages 29 to 58;
 - reserve funds on page 97;
 - each group of activities carried out by the District Council on pages 24 to 61;

- remuneration paid to the elected members and certain employees of the District Council on page 100;
- employee staffing levels and remuneration on page 100; and
- severance payments on page 100;
- rating base units on page 80; and
- insurance of assets on page 86;
- 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 25; and
- a statement of compliance signed by the mayor of the Council, and by the District Council's chief executive on page 103.

Opinion

Audited information

In our opinion:

- the financial statements of the District Council on pages 64 to 67 and pages 70 to 102:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2015;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand;
- the funding impact statement of the District Council on page 68, present fairly, in all material respects, 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 61, present fairly, in all material respects, 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 council activities and performance of the District Council on pages 24 to 61:
 - presents fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan;

- the reasons for any significant variances between the actual service and the expected service; and
- complies with generally accepted accounting practice in New Zealand;
- the funding impact statements in relation to each group of activities of the District Council on pages 27 to 61, present fairly, in all material respects, 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; and
- the disclosures on pages 12 to 15 represent a complete list of required disclosures and accurately reflects the information drawn from District Council's audited information.

Compliance with the other requirements of schedule 10

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 27 October 2015. 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 council activities and performance. 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 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 the disclosures in the information we audited;
- determining the appropriateness of the reported council activities and performance 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 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 council activities and performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the District Council's financial position, financial performance and cash flows;
 - present fairly its service performance, including achievements compared to forecast;
- a funding impact statement that presents fairly 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 presents fairly 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 presents fairly 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;

- 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's responsibilities arise under 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.

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.

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 and the audit of the District Council's 2015-25 Long Term Plan and an independent assurance review of the District Council's Debenture Trust Deed 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

