



Ōpōtiki District Council

# 2016/17 Annual Report

ISSN 1173-184





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# Introduction



# Directory

Council Office	108 St John Street P O Box 44 Ōpōtiki 3162 New Zealand
Telephone	64 7 315 3030
Facsimile	64 7 315 7050
E-mail	<a href="mailto:info@odc.govt.nz">info@odc.govt.nz</a>
Web	<a href="http://www.odc.govt.nz">www.odc.govt.nz</a>
Bankers	ANZ 57 Spring Street Tauranga
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**

Bevan Gray

**Finance and Corporate Services Group Manager**

Chris Hopman

**Engineering and Services Manager**

Gerard McCormack

**Planning and Regulatory Manager**

Mike Houghton

**Community Facilities Manager**

# Your representatives

## Council

John Harris Forbes (Mayor) 315 7362

### **Ōpōtiki Ward:**

Shona Browne 315 7347

Arihia Tuoro 0272742268

Barry Howe 315 6003

### **Coast Ward:**

Haki McRoberts 325 2833

### **Waioatahe/Waioeka Ward:**

Lyn Riesterer (Deputy Mayor) 3156627

Ken Young 3157919

## Community Board

Haki McRoberts (Chairman)

Gail Keepa

Michael (Spike) Collier

Tiaki (Jack) Parata

Allen Waenga

# From the Mayor and CEO

We're pleased to present the community with this year's annual report. While many may be wondering what's been happening with the Ōpōtiki Harbour Transformation project, we assure you there's been plenty of progress on 18 related workstreams to support government's investment in the project. The major achievement was the highly technical and detailed tender process for design and construction of the harbour, which saw HEB Construction enter negotiations with us as the preferred tenderer. That process will be completed in the 2017-18 financial year. We proudly saw the first commercial harvest of Ōpōtiki mussels sold in supermarkets across the North Island and watched as the marine farm expanded beyond expectations. In collaboration with our partners and local education and training providers, we continued to prepare the community for jobs through the pathways to work initiative.

Council completed its investigation into infiltration and inflow into our town sewerage and began a project to rehabilitate the sewer, prioritising the worst affected areas. The decision to invest in understanding the system, its issues and potential solutions has helped to programme what needs doing now versus what can wait.

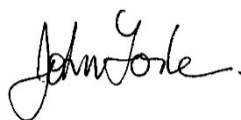
The success of the sewer investigation confirmed the value in investing in understanding our assets. Results from investigations into our stormwater system and modelling of future changes will feed into our planning, and proposals for mitigation will be part of our Long Term Plan consultation. We're also mindful of central government's water quality targets and are considering how they might drive infrastructure changes.

We invested in Evolution Networks during the year with the intention of supporting the roll out of a wifi service to our broader community, or driving competition for the same result. We're pleased with the rapid growth of this service, including the company's expansion into other districts, with the prospect of the Council gaining additional revenue to support our activities.

Our Building Control team achieved a very positive report on their continued accreditation as a Building Control Authority. This is a remarkable outcome for a small rural council and we're happy we're able to continue to offer this service to our ratepayers.

Many hours went into the preparation, notification and hearing of the District Plan review. While these processes are increasingly driven by national and regional direction, it's important that local flavour is added. We're therefore very pleased that a number of community members took the time to make submissions in writing and at the hearing. Commissioners are considering those submissions and will release a decision in the 2017-18 year.

Tragically, last November we lost our friend and long serving staff member, Dale Ashford-Hill. Her sudden loss was deeply felt by the community, staff and councillors, and has had an ongoing impact on the people and the organisation.



John Forbes  
**Mayor of Ōpōtiki**



Aileen Lawrie  
**CEO**



# Highlights and significant events

## Harbour Development Project

### Validation stage partnership

In October 2015, Ministers Joyce, Tolley and Flavell visited Ōpōtiki to announce the government's commitment of up to \$3 million for a 'validation stage' to test the viability of the Ōpōtiki Harbour Development Project. A project board was jointly established by ODC, Bay of Plenty Regional Council (BOPRC), Ministry of Business, Innovation and Employment (MBIE), Ministry for Primary Industries, and Whakatōhea Māori Trust Board to provide direction, guidance and decision making for successful delivery of the validation stage. In March 2017, government committed further funding for the validation stage. Information and outcomes from the validation stage will be summarised in a revised business case, which will inform the government's decision on whether to support a substantial investment in the harbour.

### Validation stage workstreams

Over the past year, ODC and its partners largely completed the 18 workstreams that make up the validation stage. These workstreams address the planning and development of the infrastructure required to support an aquaculture industry, and the wider value that will be realised from the harbour, marine farm and associated development. A number of ODC "business as usual" functions contribute to the wider harbour project, such as the District Plan review, ongoing infrastructure planning, reserves development, wharf consenting and demolition, and recreation planning.

Of particular interest, one of the workstreams identified potential for significant expansion of marine farming in the Bay of Plenty, while another focussed on innovative opportunities and potential for farming species other than Greenshell mussels. A significant event after 1 July 2017 was the Crown signing an Agreement in Principle for Settlement with Whakatōhea that reserves an additional 5000 ha of water space in the Eastern Bay of Plenty for Whakatōhea.

### Design and construct tender process

Following a request for statements of interest and ability in early 2016, ODC selected two tenderers, HEB Construction (HEB) and Brian Perry Civil (BPC), to enter a closed tender process for design and construction of the Ōpōtiki Harbour Development Project. ODC developed a comprehensive request for proposal (RFP) in collaboration with HEB and BPC and issued it to the tenderers in September 2016. The tenderers developed and modelled their designs over the following months, testing whether they met requirements set in the RFP around navigability, durability and earthquake resilience. Modelling also included checks that designs did not increase flood risk. Tenders closed on 17 March 2017 and were evaluated by a tender evaluation team, which included representatives from BOPRC and MBIE. On 23 May 2017, Council resolved that HEB construction was the preferred tenderer and entered a negotiation phase. ODC is working with HEB to reach a best price for design and construction of the Ōpōtiki Harbour Development Project.

### Marine farm developments

A number of companies are operating in the existing consented 3,800 ha water space, with Eastern Sea Farms Limited (ESL) being the "landlord" as holder of the resource consent and owning a good proportion of the infrastructure in the water. Sanford leases lines from ESL and Whakatōhea Mussels (Ōpōtiki) Limited (WMOL) hold a lease for 80% of the space.

The mussel farm has developed faster than originally planned to around 200 lines at the end of the financial year, with more being deployed. The Northern Quest, the largest mussel processing barge in

New Zealand, continues to service the Ōpōtiki farm out of Whakatāne in the short term, and is also employed on farms in the Coromandel. Local jobs are already being created through the aquaculture companies and the companies supporting them.

WMOL's first commercial harvest in 2016 was met with great community excitement about the size, quality and taste of the Open Ocean Greenshell™ Mussels. Spat harvest for sale and reseedling continues.



**Image: Open Ocean Greenshell™ Mussels**

### **Pathways to work**

The pathways to work workstream was catalysed by the harbour project and focuses on identifying the necessary training and opportunities to encourage local people into new jobs created through the Ōpōtiki Harbour Development Project. Pathways to work is led by Toi EDA in close partnership with Te Pou Oranga ō Whakatōhea. It is part of a wider workforce development project, which includes industries throughout the Eastern Bay of Plenty. Through work carried out by Toi-EDA in collaboration with local agencies and employers, significant progress has been made in aligning training and education opportunities with industry demand, addressing common barriers to participation in work, and delivering funding to programmes.

### **Bay of Plenty Regional Council Infrastructure fund**

Council continues to work with BOPRC to satisfy their conditions for the \$20M of pledged funding.

### **Ōpōtiki Research and Technology Library**

Fundraising for Te Tāhuhu o Te Rangi had success with \$400k support from BayTrust and various community initiatives including the Real Ōpōtiki Art Show, Pechakucha and the annual Lantern Festival. A major application to Lotteries has been delayed until we achieve two thirds of the project cost.

Committed funding is now close to \$1million and we have tasked ourselves with raising the middle million in the next year, to be in a stronger position to apply to Lotteries and other external agencies.

### **Opotiki Sewerage**

In 2016/17 the Ōpōtiki sewerage investigation project was completed providing Council with a clear direction for future decision making. The investigation revealed the severity and extent of the inflow of stormwater and infiltration of groundwater across the scheme. The option to rehabilitate pipelines rather than install new reticulation was found to be the most cost effective solution to improve the level of service and allow for growth. A rehabilitation programme will now begin and continue over the next 2-

3 years. The programme will include relining and replacement of pipelines from the worst affected to the least affected, targeting mainlines across the scheme as well as private pipelines.

Budget for further extension to the wastewater network on Factory Road included at the request of businesses there has been carried forward with the expectation of further growth. Like the initial wastewater extension project there will be no rating impact to the general ratepayer. The loan for this work will be funded by those requesting and connecting to this extension.

## Water Supply

With nationwide scrutiny on the supply of drinking water we can report council has achieved some good outcomes in its water services this year.

With public health in mind, Chlorination has been installed on the Ōhiwa supply. On the Ōpōtiki supply, a failing water reservoir lid was replaced. We increased the resilience of the network by completing the Factory Road loop main a year ahead of schedule, and below overall budget, thanks to some good contractor rates. We complied with all our drinking water standards with the exception of technical non-compliances at Te Kaha and Ōhiwa.

We faced a number of challenges when Cyclone Cook hit, while we were still cleaning up from Cyclone Debbie. We faced extreme winds, some rain and a subsequent power cut. With the help of generators that we have been gradually investing in over a number of years, we managed to keep our services running. Minor issues with the Ōpōtiki water has prompted the purchase of an additional generator at the treatment plant to ensure uninterrupted performance of our Ph Regulation.



**Image: Cyclone Debbie caused flooding in our district in early April.**

## Te Kaha Water Supply Projects

Two water supply projects originally planned for completion in 2016/17 will now be completed in 2017/18. The first project "Te Kaha Southern Extension 2" will extend service from its end just off the state highway along Parekura Hei Rd. The second project "Te Kaha Northern Extension" which is already largely complete, will extend the reticulation from Copenhagen Road north along State Highway 35 to Maungaroa.

## Opotiki Stormwater Projects

Investigations for two stormwater projects were completed in 2016/17. The first project was to install a stormwater detention basin in the Volkner's Island reserve and the second was to install a new trunk main along Richard St. Geotechnical investigation of the detention basin area found that much of the

area was occupied by a historical landfill. This has necessitated further investigation through 2017/18 to ensure the stability of the adjacent stop bank is maintained and so that a cost effective solution is found. Groundwater monitoring around the township has revealed the persistence of high groundwater levels in Ōpōtiki year round. The presence of groundwater causes higher construction costs for deep pipelines. As a result the Richard St trunk main will be further investigated to find the best possible solution before construction begins in summer.

### **Asset Renewal**

Council will continue with programmed works to maintain and upgrade its assets:

- Reseal sections of urban and rural pavements, re-metal unsealed road surfaces in accordance with the asset management plan programme
- Complete the annual rehabilitation / upgrade urban street project as per the asset management plan programme.

### **Road Seal Extension**

During the LTP preparation, Council consulted on what would be done about continuing road seal extensions within the district where New Zealand Transport Agency (NZTA) no longer provided 60 percent funding assistance. Recent changes to NZTA's funding principles meant that they would no longer provide funding for these types of capital works, and there was a risk of losing the operational renewal funding for them in future.

Consultation resulted in a reasonably split decision about ceasing seal extension or carrying it on. In order to gain a better understanding of the situation, Council decided when adopting the LTP to put seal extensions on hold for a year while investigating options. There is still significant demand and need for seal extensions across the district, particularly where there is an economic benefit, for example dust suppression around kiwifruit orchards.

Council took these views into consideration through this AP process and have put aside budget in the 2016/17 Annual Plan to undertake a maximum of 2km seal extension work should a ratepayer request it and provide 60 percent of the cost that would previously have been funded by NZTA. Should there be no demand to seal new roads, Council will carry forward the budget to the following year, and the same principles will apply.

Council will review this stance constantly and wherever there are other funding opportunities, or changes in NZTA's funding assistance rates.

### **Walkways/Coastal Access**

The LTP provides for budget to develop walkways and coastal access. In 2016 MBIE announced funding would be available for Extensions and Enhancements to Cycle Trails. In response to this opportunity, only part of the budget has been used in the preparation of consent applications, securing access and preparing a business case to support an application to the fund. In this way budgeted Council funds are being used to leverage additional funding.

Council also continues to support the Mōtū Trails Charitable Trust with \$20,000 to market Mōtū Trails for the economic benefits and grow the visitor industry.

### **Animal Control**

Our team continued their proactive role in delivering an improved service to our community. Daily patrols, responding promptly to service requests, maintaining our pound and spending one on one time with animal owners has seen an improvement in many areas, including a decline in the numbers of

infringements issued and dog related service requests and a significant decline in the numbers of dogs being impounded.

Unfortunately, these trends are not always reflected in the community's perception of the service Council provides. There was a slight decrease in the percentage who responded that they were very/fairly satisfied with Animal Control during Council's annual customer satisfaction survey and the number of roaming and dangerous dogs in the district is still a concern to many residents.

In response, Council approached Central Government in 2016 to be part of a trial de-sexing programme for dangerous breeds. The aim of the trial was to further reduce the risk and harm of dog attacks. Ōpōtiki District Council was the first to roll out the scheme and to date over 52 dogs have been de-sexed in our district. The scheme was so successful in Ōpōtiki that it was quickly rolled out to the rest of the country.



**Image: Council was excited when the first dog was de-sexed under the dangerous dogs pilot programme. The dog though? He thought it was all a bit of a yawn.**

### **Building Control Authority**

Council was pleased to receive a very positive report from International Accreditation New Zealand's (IANZ) bi-annual review of our Building Consent Authority (BCA) in July last year.

This enables Council's continued accreditation as a BCA. The report found no corrective action requests were required, a result not many BCAs achieve and particularly notable considering the small size of our BCA.

Recommendations from the review report related to administrative issues rather than technical matters and represent opportunities to fine tune our processes. The review result confirms and provides the Ōpōtiki community with assurance that the technical advice they receive is robust and accurate systems and procedures comply with legislation.

### **District Plan**

Council reviewed its Operative District Plan achieving a number of significant milestones over the last year. The draft plan was made available for comment with feedback informing the proposed plan process. In September 2016, the draft plan was publically notified and a call for submissions was made. A summary of the submissions was publically notified, further submissions were called for, and staff prepared section 42a reports.



Hearings on the Proposed District Plan took place in July and August 2017. Council appointed a hearings panel to hear and consider submissions. The panel included Deputy Mayor Lyn Riesterer, and two independent commissioners, Christine Chambers and Dayle Hunia.



**Image: Proposed Ōpōtiki District Plan hearings commissioners from left to right, Dayle Hunia, Christine Chambers and Ōpōtiki District Council Deputy Mayor Lyn Riesterer.**

### Council website

Council launched its new website in February 2017 allowing customers to experience a fully responsive site with increased features and support for online services.

Since 2009 when the old site was launched, advances in technology, changes in customer's expectations and a huge increase in the number of users accessing the site from mobile devices meant there was a need for a complete revamp. Significant design and development work was undertaken to provide the following advantages to our customers:

- Fully responsive – displays correctly on any device
- Ability to provide online services – making our services easier to access for our ratepayers
- Higher levels of security and accessibility compliance
- Wider range of navigation features
- New Property and Rating search feature
- Large range of online forms
- Expanded online payment section
- Newsletter sign up features
- RSS Newsfeed

### Staffing

Even though Council has a small staff for a district of its size, this year was particularly busy for human resources. 2016/17 saw a total of 20 recruitments. These were due either to replacements or new roles being established as Council prepares for the increased workload and new skills required for the implementation of its key strategic projects.

Cyclone Debbie caused destructive flooding in the Whakatāne township of Edgecumbe and also caused our Council to lose one of its valued senior managers after Planning and Regulatory Manager, Barbara Dempsey joined the re-build team at Whakatāne District Council. Her replacement joins us shortly and we are confident they will continue to lead and support the Planning and Regulatory team as they maintain delivery of a high level of service to our communities.

The Ōpōtiki Library continues Council's work to support the community, with its student training scheme. Two local students work after school and on Saturday mornings and are involved in all library services including digital developments. Council hopes to also provide training and mentoring in any areas the students are particularly interested in.

### **Investment in Evolution Networks**

In October 2016 Council purchased a 30% shareholding in Evolution Networks Limited, a local wireless internet provider, to help provide better connectivity to the community, district, and wider Eastern Bay of Plenty. There are many parts of our district that have little to no connectivity or cell phone coverage.

Council submitted a registration of interest in support of Evolution Networks Limited to government for funding to provide internet and increased cell phone coverage through the Rural Broadband Initiative and the Mobile Blackspot Fund. The government process was lengthy and took longer than anticipated. Meanwhile much of the community remained without access. Council resolved to invest \$120,000 into the company for tower builds and to help kick-start connectivity, drive competition in the space and accelerate internet take up in the district.

One of Council's largest restrictions is that it is heavily reliant on rates as a revenue source for the district, with little opportunity to receive income from other sources. Ultimately the harbour development project will open up further revenue sources but in the interim having a shareholding in a company that provides services outside of the district may also provide the Council with another revenue stream, and potentially alleviate some of the burden of cost on rates.



**Image: Evolution Networks small community relay in Wainui providing Internet coverage in an area that previously had no Internet at all.**

Since October, Evolution Networks Limited has built towers in Ōmaio, Nukuhou, Stanley Road, Wainui Road, won tenders to provide wireless internet to Kawerau and Edgecumbe, and provided connectivity to the Library and i-SITE, as well as back up service to the Council. It also submitted a bid to government for the second stage of the Rural Broadband Initiative to provide high speed wireless internet to the whole Eastern Bay of Plenty where there is currently very little connectivity in most parts. Interestingly Kawerau and Edgecumbe were excluded from the area by government because it is expected that there is already sufficient connectivity there, and they are also on the roadmap for fibre in a number of years.

# 5 Year Financial Summary

## FIVE YEAR FINANCIAL SUMMARY

For the year to 30 June:

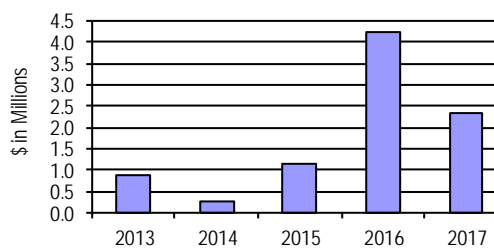
	2013	2014	2015	2016	2017
	\$000	\$000	\$000	\$000	\$000
<b>Income Statement</b>					
Rates (including penalties)	8,217	7,920	8,896	9,850	10,207
Other income	3,868	4,992	4,264	3,848	5,869
	12,085	12,912	13,160	13,698	16,076
Cost of services	11,968	13,141	11,568	11,526	13,091
<b>Net surplus/(deficit)</b>	<b>117</b>	<b>-229</b>	<b>1,592</b>	<b>2,172</b>	<b>2,985</b>

## Financial Position

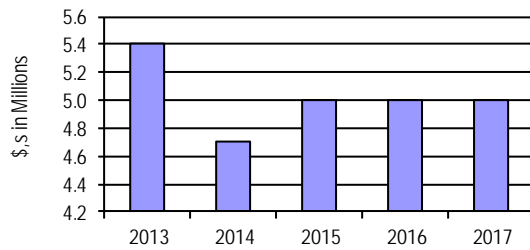
Current assets	6,086	5,537	6,366	8,159	8,769
Current liabilities	5,198	5,257	5,199	3,919	6,443
Working capital	888	280	1,167	4,240	2,326
Non current assets	181,262	180,513	181,862	182,421	185,528
	182,150	180,793	183,029	186,661	187,854
Non current liabilities	4,105	2,610	3,679	5,139	3,134
<b>Net assets</b>	<b>178,045</b>	<b>178,183</b>	<b>179,350</b>	<b>181,522</b>	<b>184,720</b>

## Financed by:

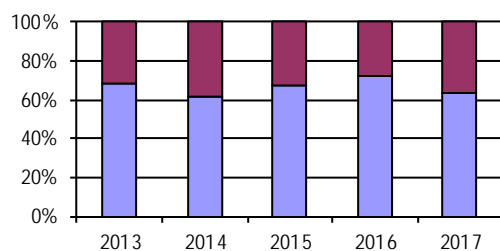
Ratepayers equity	125,753	126,355	128,079	127,971	131,185
Reserves	52,292	51,828	51,271	53,552	53,535
	178,045	178,183	179,350	181,522	184,720



Working Capital

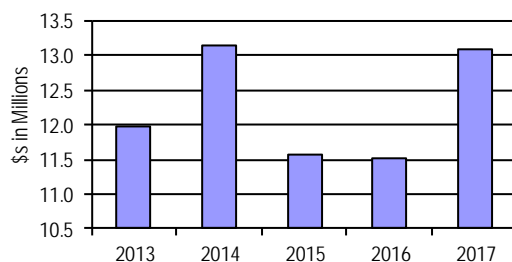


Public debt



Revenue Ratios

■ Rates ■ Other Income



Cost of Service

The graphs and summary tables above demonstrate Council's financial prudence over time. Council is focused 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 currently and as the financial prudence measures outline further on in this report, are very sustainable in terms of Councils ability to meet its financial obligations.

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 over 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 level 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.

# 2016/17 Performance Overview

Overall Council has achieved an operating surplus of \$2.98 million for the year against a budgeted surplus of \$4.86 million.

Operating revenue is \$2.22 million 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 and the harbour development project construction start has been delayed as we continue to engage with government.

Rates revenue received for the year was \$16k higher than budget due to slightly less rate rebates and remissions being applied for during the year.

Fees and charges revenue was \$346k lower than budget due to a reclassification of rental revenue from fees and charges to other revenue. Other revenue is \$404k higher than budgeted because of this.

Operating Expenditure in total is \$339k lower than budget for the year as outlined below. More information about variances in operational expenditure is available at an activity level in the following activity statements.

Depreciation and amortisation is \$114k lower than budgeted due to having a lower carrying value of assets following revaluation in 2015 than expected. This is always a difficult amount to budget for as we set the budgets effectively two years ahead and make informed estimates of what revaluation movement we expect to see in the \$183 million worth of assets we manage. Just minor movements in asset inflation rates can have a significant impact on the actual outcome of revaluations.

Employee benefit costs are also lower than budget by \$161k due to a few budgeted roles being filled part way through the year, where budget was allocated for the full year.

Finance costs are \$64k less than budget for the year, this was brought about by Council not needing to borrow any additional money during the year to fund capital projects. Also all Council debt is now with LGFA on very favourable rates.



# Financial Reporting and Prudence

## Annual report disclosure statement for year ending 30 June 2017

### 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.

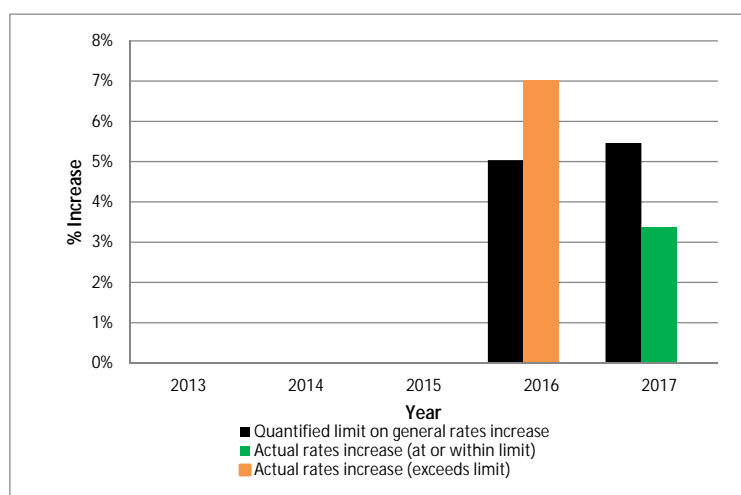
### Rates Affordability Benchmark

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.

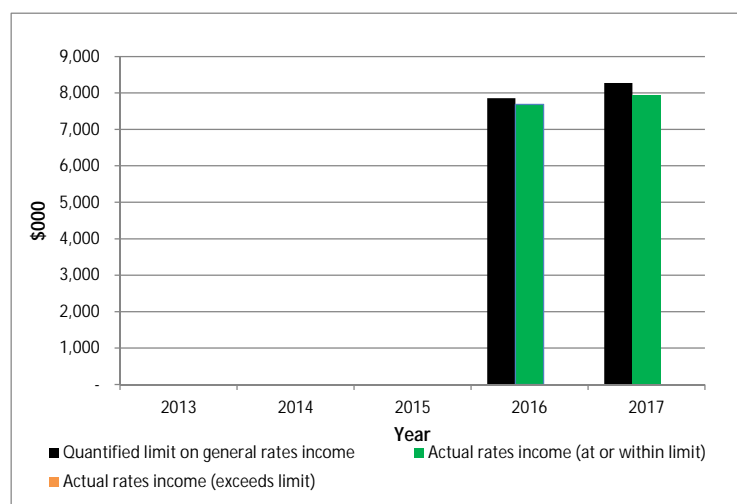
#### Rates (increases) Affordability Benchmark – General Rates

The following graph compares the council's actual general rates increases with a quantified limit on general rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is LGCI plus 3%.



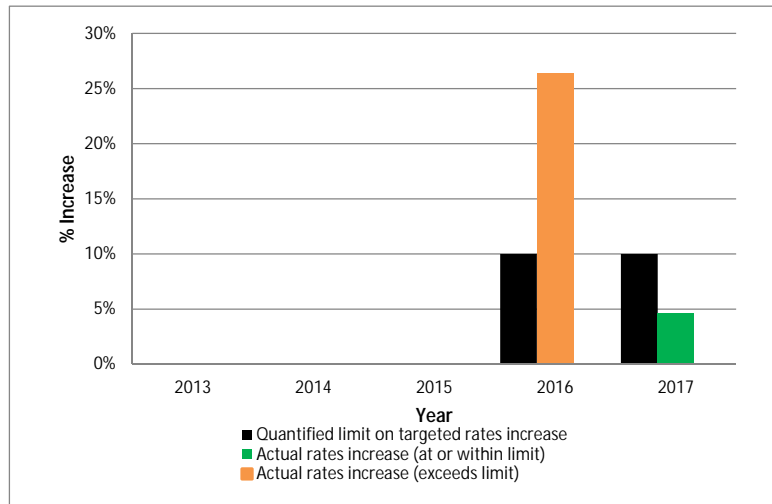
#### Rates (Income) Affordability Benchmark – General Rates

The following graph compares the council's actual general rates income with a quantified limit on general rates income contained in the financial strategy included in the council's long-term plan. The quantified limit is \$8.276 million.



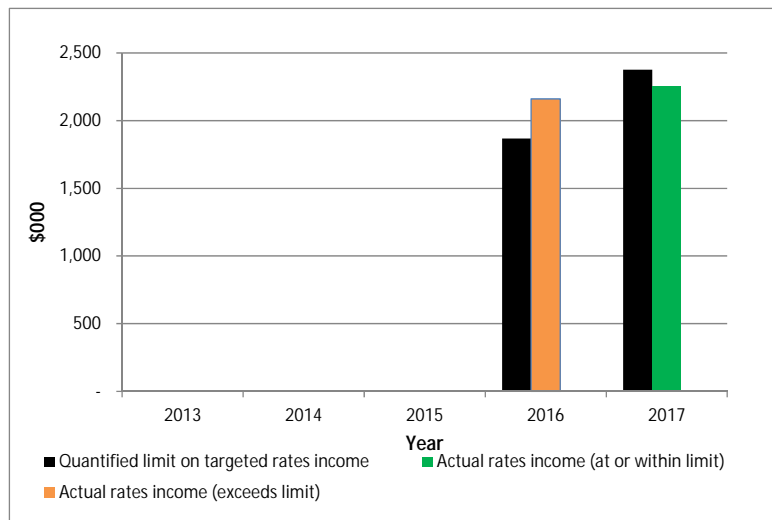
### Rates (increases) Affordability Benchmark – Targeted Rates

The following graph compares the council's actual targeted rates increases with a quantified limit on targeted rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is 10%



### Rates (Income) Affordability Benchmark – Targeted Rates

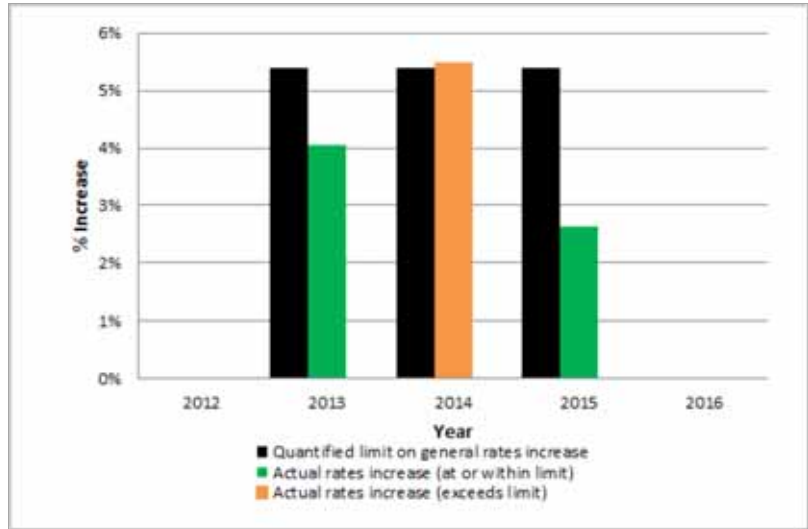
The following graph compares the council's actual targeted rates income with a quantified limit on targeted rates income contained in the financial strategy included in the council's long-term plan. The quantified limit is \$2.376 million.



### Rates (Increases) Affordability Benchmark – Total Rates

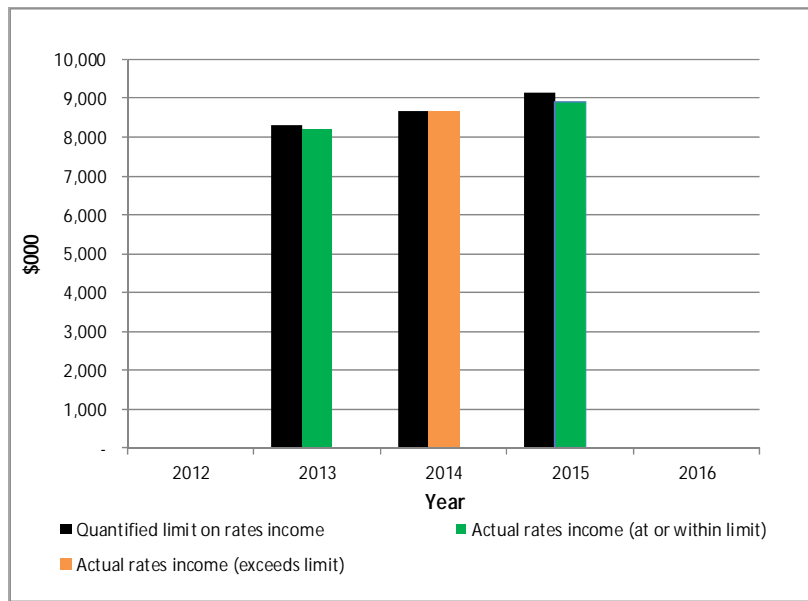
The following graph compares the council's actual total rates increases with a quantified limit on total rates increases contained in the financial strategy included in the council's 2012-22 long-term plan. The quantified limit is 5.40%. This limit was amended in the 2015-25 Long Term Plan, and two separate limits have been created on general and targeted rates.

We have included this graph for complete the picture of financial prudence in previous years.



### Rates (Income) Affordability Benchmark – Total Rates

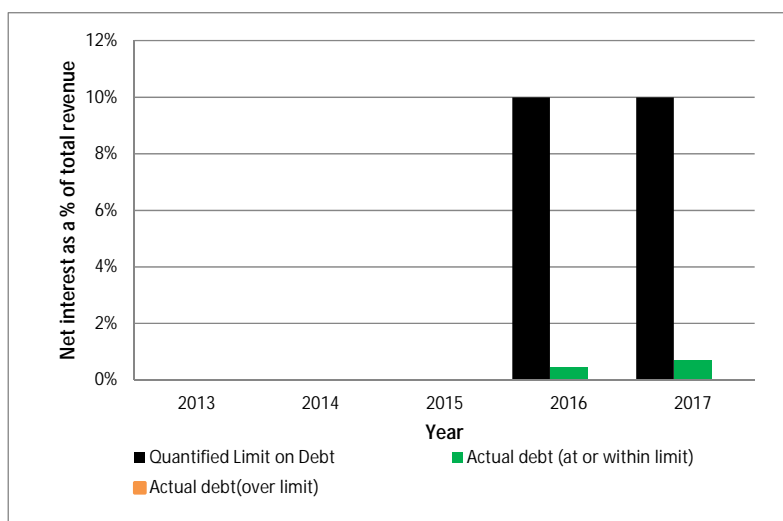
The following graph compares the council's actual total rates income with a quantified limit on total rates income contained in the financial strategy included in the council's 2012-22 Long-Term Plan. In the 2015-25 Long Term Plan the limits on rates were split between General and Targeted Rates, we have included this graph to complete the picture of financial prudence over prior years.



### Debt Affordability Benchmark

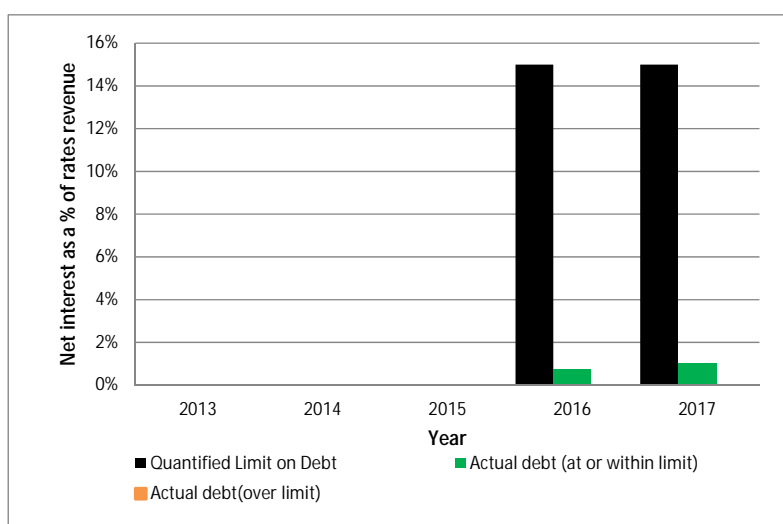
The council meets the debt affordability benchmarks if its actual borrowings are within each quantified limit on borrowing. The following graph compare the council's actual borrowings with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

The quantified limit is net interest expense/total revenue is less than or equal to 10%.



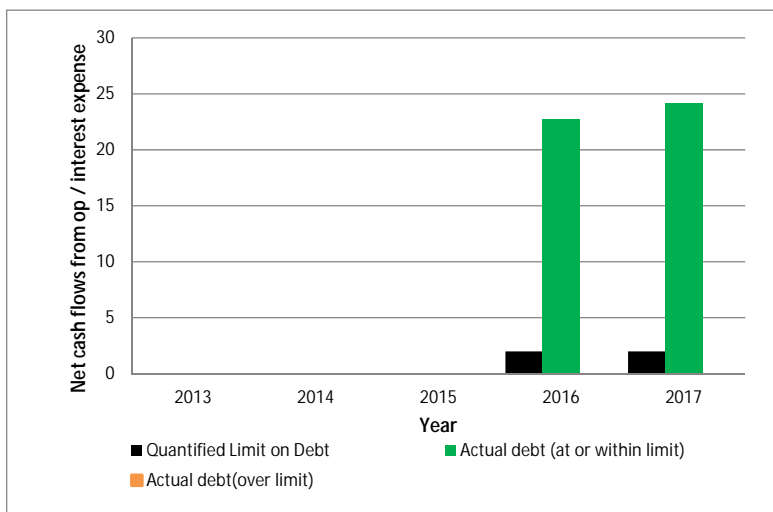
The council meets the debt affordability benchmarks if its actual borrowings are within each quantified limit on borrowing. The following graph compare the council's actual borrowings with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

The quantified limit is net interest expense/rates revenue is less than or equal to 15%.



The council meets the debt affordability benchmarks if its actual borrowings are within each quantified limit on borrowing. The following graph compare the council's actual borrowings with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

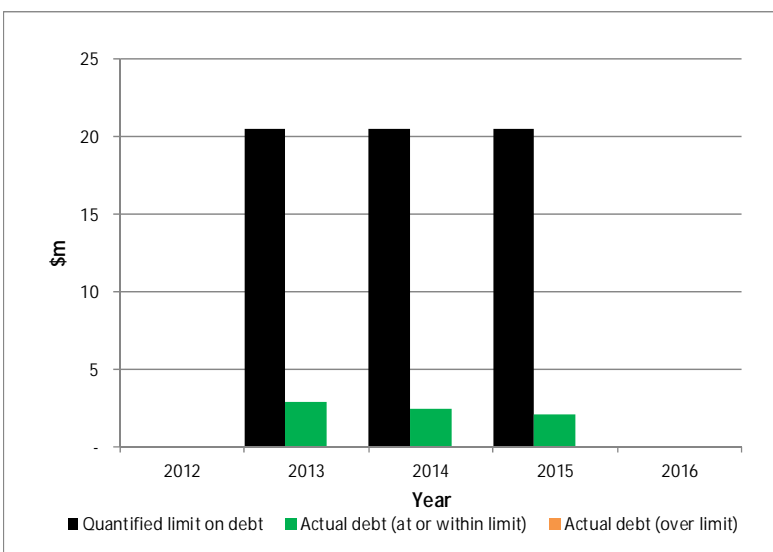
The quantified limit is net cash flows from operating activities/interest expense is greater than or equal to 2.



### Debt Affordability Benchmark

The council meets the debt affordability benchmarks if its actual borrowings are within each quantified limit on borrowing. The following graphs compare the council's actual borrowings with a quantified limit on borrowing stated in the financial strategy included in the council's 2012-22 Long-Term Plan.

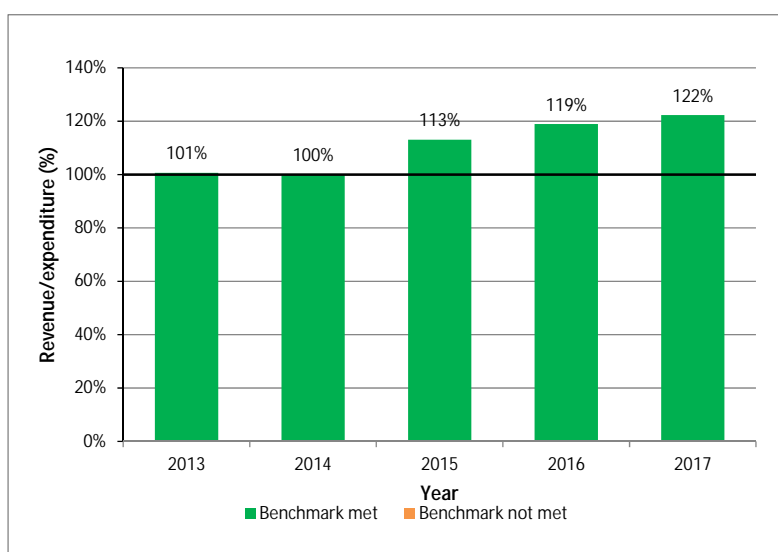
The quantified limit was net debt will be less than \$20.5 million. This limit was changed in the 2015-25 Long Term Plan to be based upon ability to service the debt as a more accurate reflection of financial prudence. We have included this graph to complete the picture of financial prudence in prior years.





### 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).

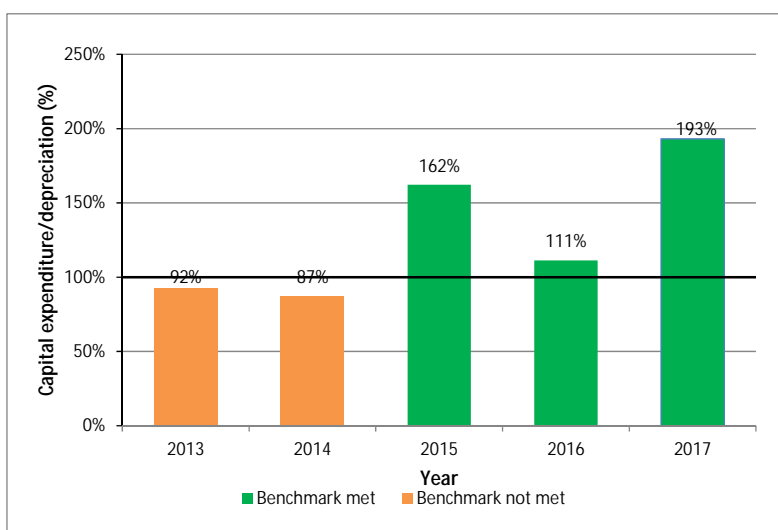


The council meets this benchmark if its revenue equals or is greater than its operating expenses.

### Essential Services Benchmark

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

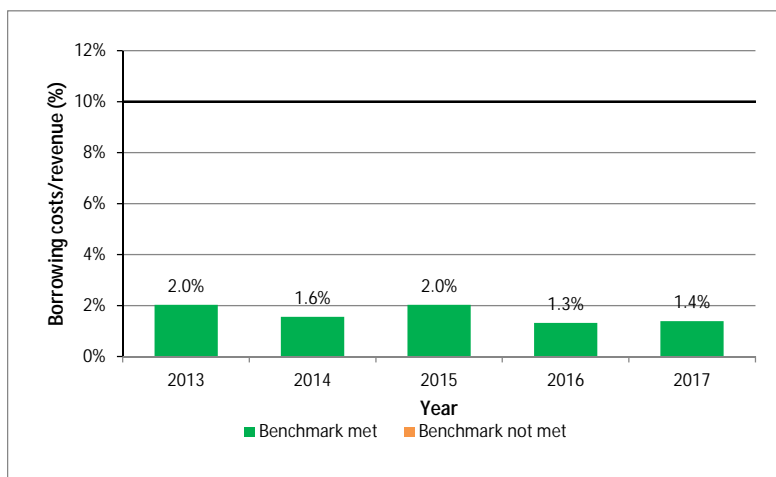
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



### 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.

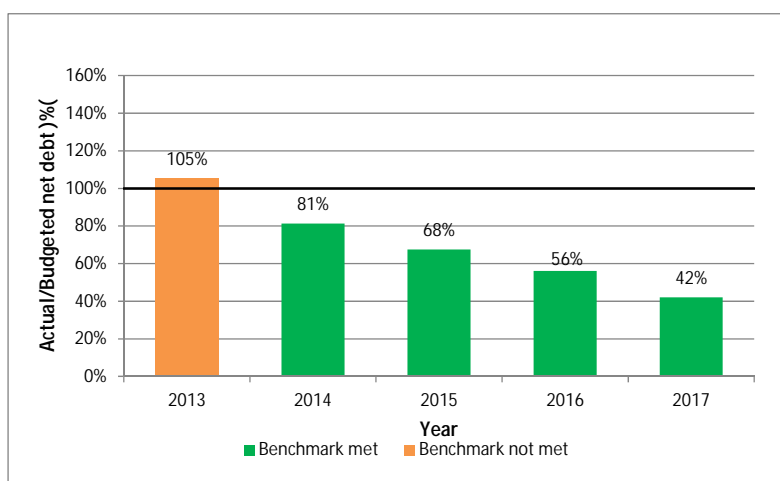


### Debt Control Benchmark

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.

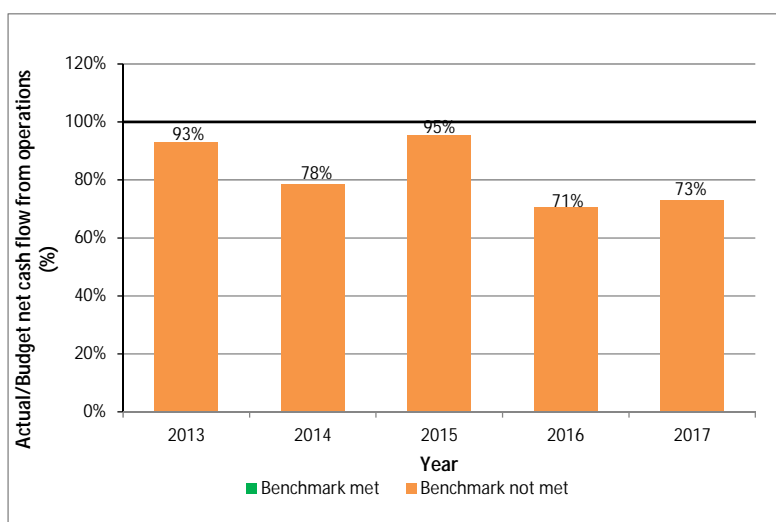


\* The comparative figure for 2016 was revised from 36% to 56% to include the employee entitlements liability that was previously excluded, and to exclude investment property, which was previously included.

### Operations Control Benchmark

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

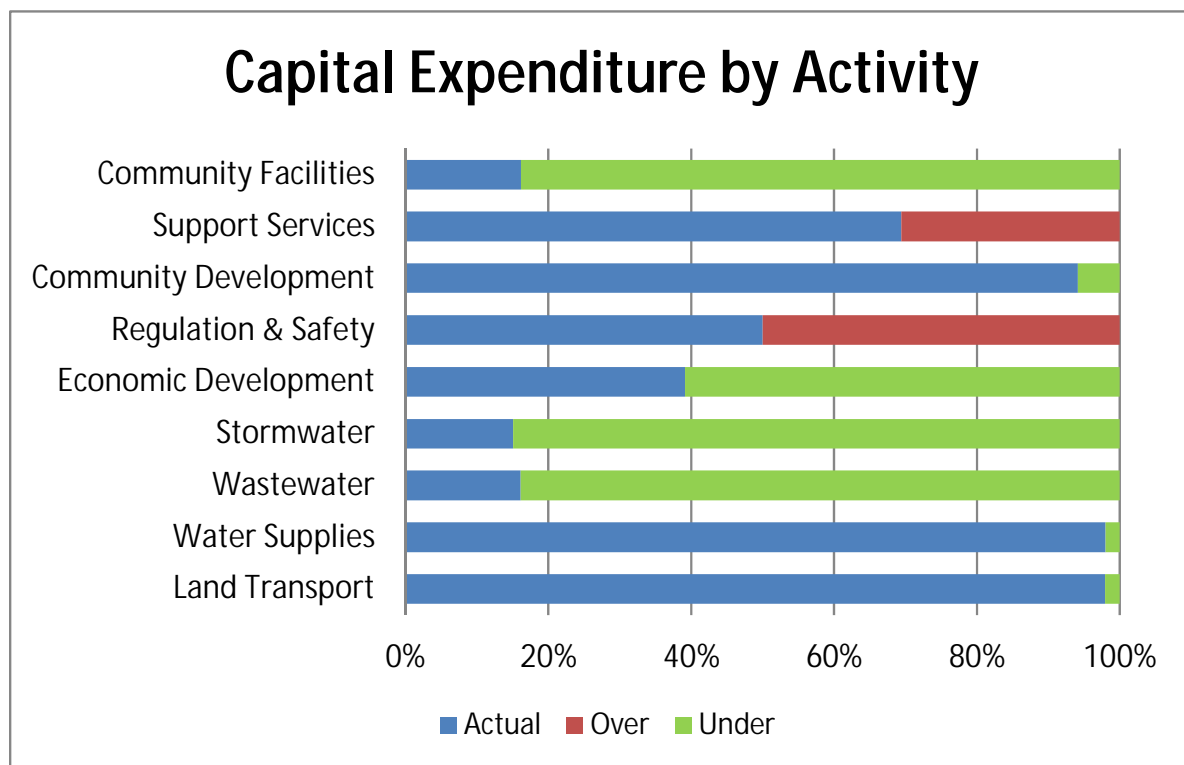
The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



### Reasons for Benchmarks not being achieved

The operations control benchmark was not met due to the reduced subsidy revenue that we received for capital projects, in some ways this measure doesn't truly reflect cash from operating activities when it includes revenue for capital expenditure. Where there are significant capital projects that rely on subsidy revenue from third parties, and that funding is not received it makes this measure very difficult to achieve.

# Capital Expenditure 30 June 2017



## **Community Facilities**

This activity is under budget due to the library development project not progressing as quickly as expected. There are also a number of smaller projects across this activity that have either not progressed or not been completed before year end.

## **Support Services**

This year we spent over the allocated budget to improve the software and systems that Council provide to the public, and to purchase additional plant and vehicles to continue to improve service levels and respond to growth in demand for services.

## **Regulation & Safety**

We spent an additional \$15k this year to improve the civil defence equipment available to the community during disaster.

## **Economic Development**

We spent less than budgeted due to the delay in starting the harbour project, and being caught up in the additional workstreams funded by government.

## **Stormwater**

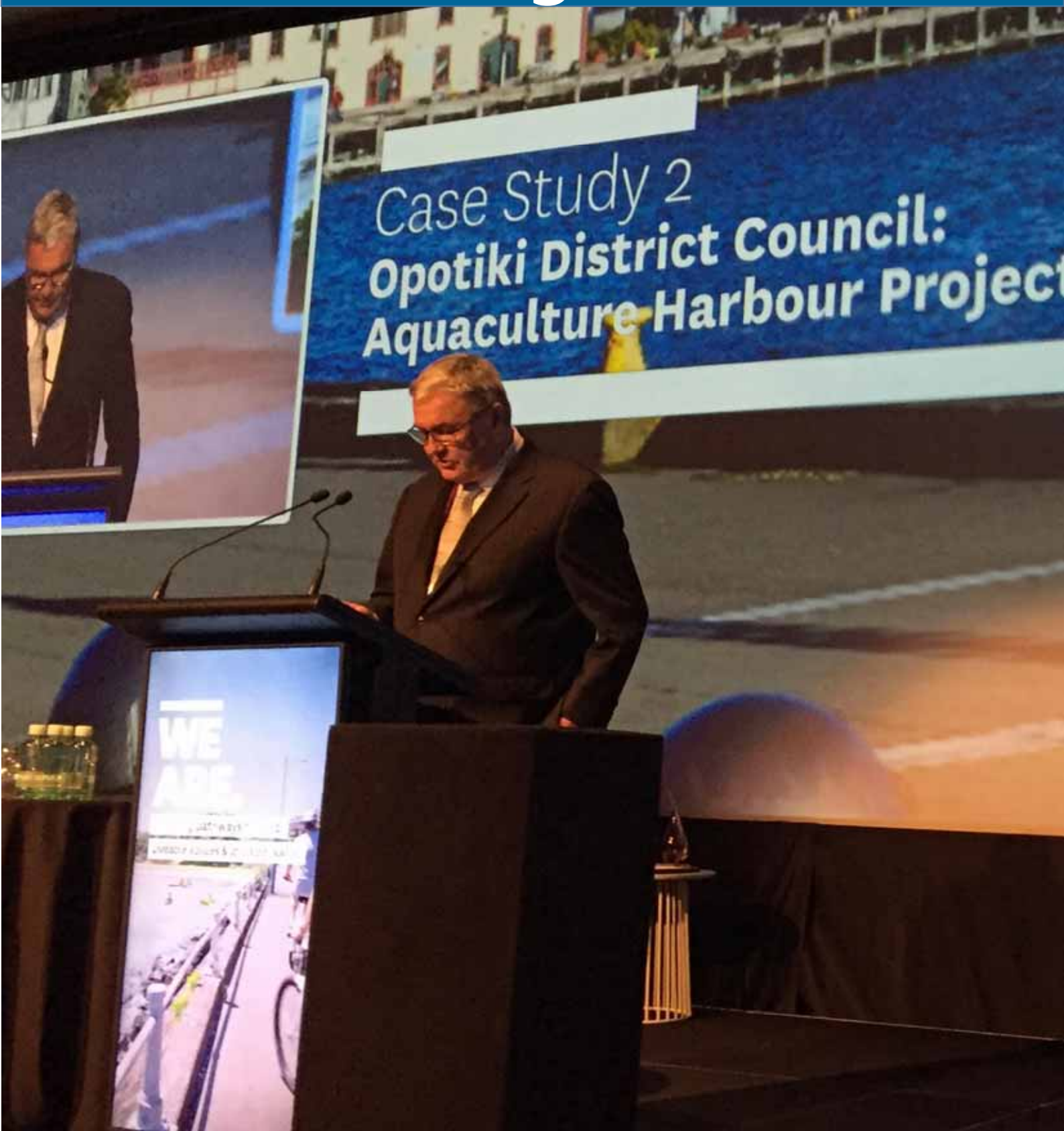
Complexities in stormwater project investigations have caused delays with the progression of a number of key projects.

## **Wastewater**

Investigation was completed and the major renewal works will commence next financial year.



# Council Organisation



# Council Values

## Integrity and Honesty

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

### **Ngakau- tapatahi me te Pononga**

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

## Leadership

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

### **Manakuratanga**

*Ka kakama matou 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.*

## Openness and Accountability

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

### **Mahorahora me nga Herenga**

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

## Fairness and Equity

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

### **Tokeke me te Ture o te Tika**

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

## Achievements Orientated

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

### **Whakatutukitanga Whakawaiaatanga**

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

## Relationships

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

### **Tikanga Tutohungatanga**

*Ka manako matou 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.*

## Satisfying Expectations

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

### **Tumanako Manawareka**

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

Council's vision for the district is:

**'STRONG COMMUNITY STRONG FUTURE'**



# Representation



**Mayor John Forbes - DISTRICT**

PH Home 07 315 7362

Mobile 029 255 7702

johnf@odc.govt.nz or Jonrobforbes@clear.net.nz



**Deputy Mayor Lyn Riesterer - WAIOEKA/WAIOTAHE**

PH Home 07 315 6627

Mobile 021 160 2040

lyn@driftwooddreamers.com



**Councillor/Coast Community Board Chair Haki McRoberts - COAST**

Mobile 027 668 6683

PH & FAX 07 325 2833

mcroberts833@gmail.com



**Councillor Shona Browne – ŌPŌTIKI**

PH Home 07 315 7347

Mobile 027 477 3761

shonab@xtra.co.nz



**Councillor Barry Howe - ŌPŌTIKI**

PH Home 07 315 6003

PH Work 07 315 6335 or 027 315 6345

bazzshazz@xtra.co.nz



**Councillor Arihia Tuoro - ŌPŌTIKI**

Mobile 027 274 2268

arihiatuoro@gmail.com



**Councillor Ken Young - WAIOEKA/WAIOTAHE**

PH Home 07 315 7919

Mobile 027 245 8690

kw.young@xtra.co.nz

# Organisational Structure

Council



## **Aileen Lawrie - CEO**

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.



## **Bevan Gray - Finance and Corporate Services Group Manager**

Cash Receipting, Debtors/Creditors, Financial Reporting, Investments, Insurance, Payroll, Public Debt, Water Billing, Rates, Communications, Creative New Zealand, Governance Support.



## **Gerard McCormack - Planning and Regulatory Manager**

Animal Control, Building Control, Bylaw Compliance, Civil Defence Emergency Management, Environmental Health, Liquor Licensing, Noise Control, Resource Management, Planning.



## **Mike Houghton - Community Facilities Manager**

Parks, Reserves, Airport, Cemetery, Tourism, Promotions, Economic Development, Events, i-SITE Information Centre, Sports Co-ordination, Property.



## **Chris Hopman - Engineering and Services Group Manager**

Consultancy BU, Solid Waste, Roding, Rural Fire, Sewerage, Stormwater, Water Supply.

# Priorities for Council Action

## Economic Growth

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

## Quality of Life

- Provision of infrastructure e.g. roads, water, stormwater, sewerage, waste management, renewal of Ōpōtiki township wastewater reticulation network
- Advocacy with and on behalf of Ōpōtiki communities to central government
- The development of the Technology and Research Centre
- Walkways and cycleway maintenance
- Support initiatives for development in the Coast ward.

## Strong Community Spirit

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

## Environmental Quality

- District Plan review and implementation
- Maintenance and enhancement of parks and reserves
- Partnership with community groups, Bay of Plenty Regional Council and Department of Conservation (DOC) to undertake environmental restoration projects
- Continuing the partnership with Gisborne District Council, Whakatōhea, DOC and Mōtū Trails Charitable Trust in maintaining and enhancing the Mōtū Trails cycleway.

# 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

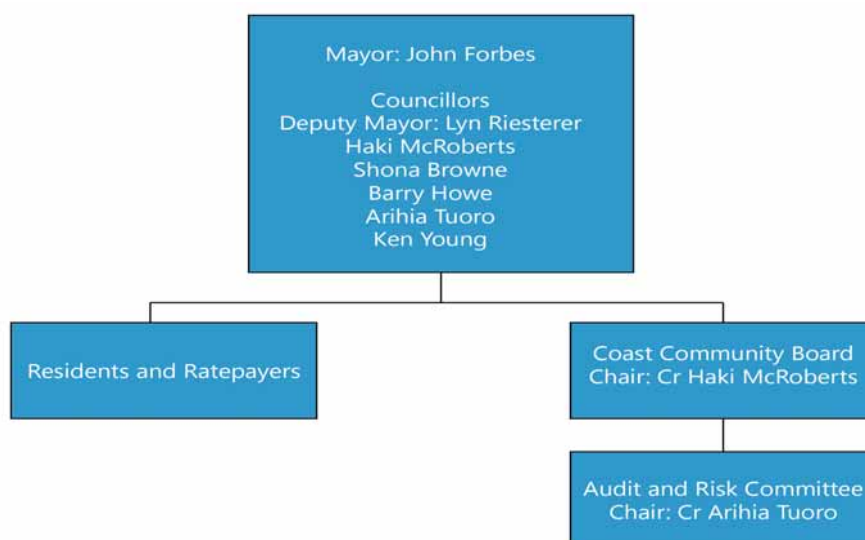
The policy setting role involves deciding what the local authority should be doing, i.e. what activities should the local authority engage in and why, what regulatory intervention should the local authority make and why etc. This policy setting takes place within a framework of:

- 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.



## 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

Allen Waenga

Michael (Spike) Collier

Tiaki (Jack) Parata

Gail Keepa

**Audit and Risk Committee** (meets as required – Chair: Cr Arihia Tuoro). 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 2016 the following appointments were approved for the 2016-2019 Triennium.

### Council committees

Audit and Risk

### 2016-2019 Triennium

Member 1: Cr Tuoro (Chairperson)

Member 2: Cr Young

Ex Officio: Mayor Forbes

External member: David Love

Hearings Committee – Dog Control

Member 1: Cr Young

Member 2: Cr McRoberts

Member 3: Cr Browne

Member 4: Cr Howe

Committee to elect Chairperson at first meeting

### Internal working parties/groups

Sewerage Upgrade Steering Group

Mayor Forbes

Cr Howe

Cr Browne

Cr Tuoro

Property Working Party

Cr Young

Cr Brown

Library Fundraising Working Party

Deputy Mayor Riesterer

Cr Brown

## Joint Committees

Eastern Bay of Plenty Joint Committee

Regional Transport Committee

Civil Defence Emergency Management Group  
Joint Committee

Eastern Bay Road Safety Committee

## 2016-2019 Triennium

Mayor Forbes  
Deputy Mayor Riesterer

Mayor Forbes  
Reserve: Cr Young

Mayor Forbes  
Reserve: Cr Browne

Cr McRoberts

## External Organisation

Creative Communities New Zealand (two required) Deputy Mayor Riesterer  
Cr Browne

CAO Pool Administration Committee (one required) Cr Howe

Waioeka-Otara Flood Scheme Liaison Group (two required) Cr Young  
Cr Tuoro

Ōhiwa Harbour Implementation Forum (two required) Deputy Mayor Riesterer  
Reserve: Cr Young

Ōpōtiki Marine Advisory Group (OMAG) (two required) Mayor Forbes  
Cr Howe  
Cr Browne

Ōpōtiki Theatre Trust Cr Browne

Sport NZ Rural Travel Fund Cr Howe



# Council Activities and Performance



This section explains the Council's significant activities and how they contribute to the district's future. Information is provided about how the Council plans, manages, delivers and funds the activities it is involved in.

## Activity groups



## A guide to the groups of activities

Council services have been banded together into groups of activities. An example of this is Stormwater, District Plan, 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.

A 'traffic light' system has been used to clearly show at a glance which Key Performance Indicators have been achieved and which haven't.



Green for achieved

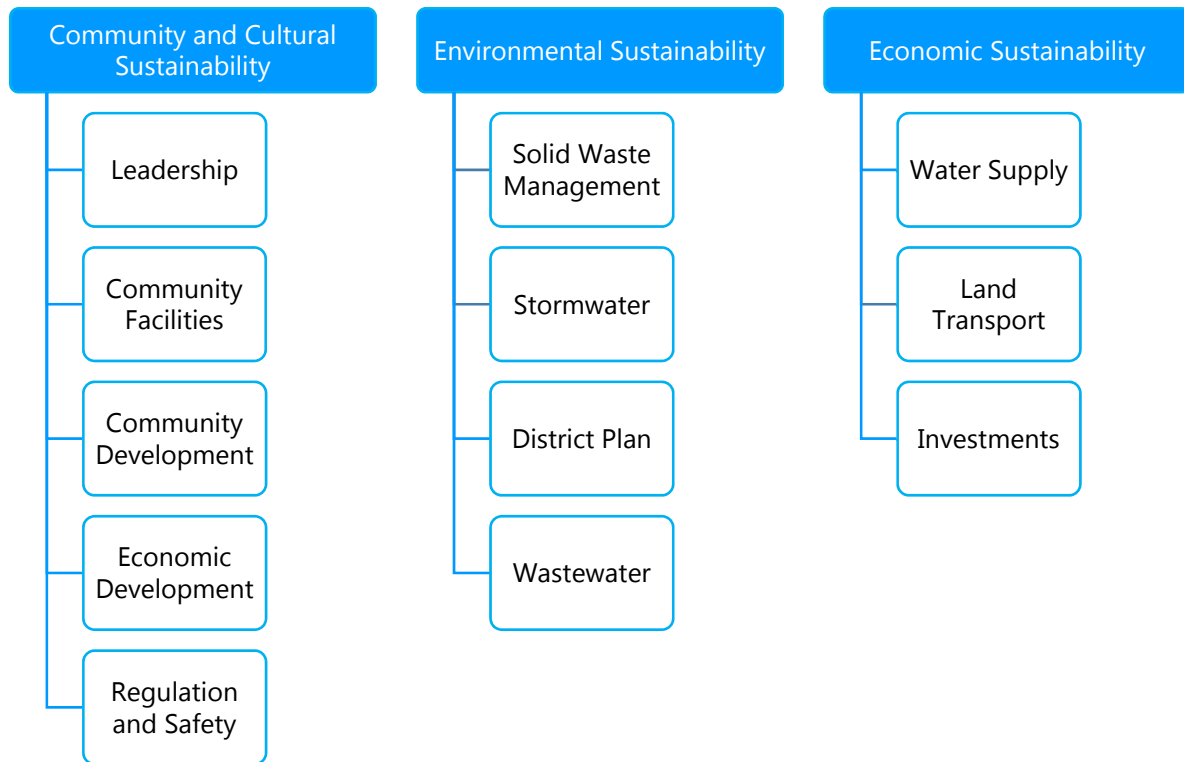


Red for not achieved



Blue if no target was set/required for 2016/17 year

# Council groups of activities



## 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

This section explains how each activity within the group contributes to specific community outcomes.

## Levels of service

This section specifies what level of service the Council will provide for a particular activity and states how performance will be measured.

## 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 summary

The financial information provided is a set of financial results for each activity over the 2016/17 year. For each Activity the following financial information is provided:

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

# 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 Ōpōtiki District. Council provides a range of services and facilities to the various communities in the Ōpōtiki District in order to achieve this.

## Significant activities 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, plans and reports, and the facilitation of 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. Engaging with Tangata Whenua also provides both parties with an opportunity to identify and address issues of mutual concern and encourages involvement in democracy. Council 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.



### This significant activity includes:





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

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.	

Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
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.		✓	✓		Council has a role to consider the community when making decisions that impact on community well-being and uses the guidance provided by the Local Government Act 2002 and its understanding of the Ōpōtiki District community to weigh up the competing demands of different interest groups.

#### Levels of service:

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
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	26	22	Achieved. Council has held 10 Ordinary Council, 3 Extra Ordinary Council, 6 Audit and Risk and 7 Coast Community Board meetings from 1 July 2016 to 30 June 2017.	
Community satisfaction with Council leadership.	80%	66%	63%	Not achieved. 66% rated the performance of the Mayor and Councillors as very or fairly good.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Decision making in compliance with the Local Government Act 2002.	No successful challenges to Council decision making process	No successful challenges to Council decision making process	No successful challenges to Council decision making process	Achieved.	
The Annual Plan is adopted in accordance with the Local Government Act 2002 on or before 30 June each year.	100%	100%	100%	Achieved. The Annual Plan was adopted at an Extra Ordinary Council meeting on 30 June 2017.	
The LTP is adopted in accordance with the Local Government Act 2002 on or before 30 June every three years.	NA	N/A	N/A	Not applicable for the 2016/17 year as the next LTP is not due to be adopted until 2018.	
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%	100%	Achieved. Annual Report for 2015-16 adopted at an Extra Ordinary Council Meeting 31 October 2016.	



## Funding Impact Statement

### Ōpōtiki District Council - Leadership Activity

#### Funding Impact Statement for 30 June 2017

##### Sources of operating funding

General rates, uniform annual general charge, rates penalties	771	859	865
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	27	1
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	1	29

##### Total operating funding ( A )

##### Applications of operating funding

Payment to staff and suppliers	645	757	641
Finance costs	2	2	-
Internal charges and overheads applied	124	127	131
Other operating funding applications	-	-	-

##### Total applications of operating funding ( B )

##### Surplus (deficit) of operating funding ( A - B )

##### Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	15	(30)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

##### Total sources of capital funding ( C )

##### Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	15	(29)	123
Increase (decrease) in investments	-	-	-

##### Total applications of capital funding ( D )

##### Surplus (deficit) of capital funding ( C - D )

##### Funding balance ((A - B) + (C - D))

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
<b>Total operating funding ( A )</b>	<b>771</b>	<b>887</b>	<b>895</b>
<b>Total applications of operating funding ( B )</b>	<b>771</b>	<b>886</b>	<b>772</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>-</b>	<b>1</b>	<b>123</b>
<b>Total sources of capital funding ( C )</b>	<b>15</b>	<b>(30)</b>	<b>-</b>
<b>Total applications of capital funding ( D )</b>	<b>15</b>	<b>(29)</b>	<b>123</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>-</b>	<b>(1)</b>	<b>(123)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Community Facilities

## What we do and why:

This activity includes the provision of Parks and other recreation/amenity services to the people of the Ōpōtiki District. These services provide lifestyle opportunities to residents and visitors. 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.




## This significant activity includes:



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

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	
Services and facilities meet our needs	<p>Ensure that amenity facilities are maintained to a high standard for the residents and visitors to the Ōpōtiki District.</p> <p>Library services that inspire learning and celebration of our culture.</p>

Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Community expectations for growth in services and facilities may exceed Council's programme.			✓		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 2015-2025 LTP.
Ongoing maintenance and depreciation may cause increased or unexpected costs.			✓		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.		✓			Consider alternatives such as partnerships with other agencies and transport.

### Levels of service:

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Planned development of quality parks and recreation facilities					
Management Plans for principal reserves completed; staged development implemented.	Management Plans developed for key reserves; management and development of reserves consistent with Management Plans.	Not achieved	2 out of 3 compendium Management Plans developed for key reserves; management and development of reserves consistent with Management Plans for developed plans.	Management and development of reserves consistent with Management Plans for developed plans. Review of Management Plans for harbour reserves in progress. On hold pending Treaty negotiations.	
High quality parks and recreation facilities provided and accessible to the community					
% of community satisfied with the provision of recreation facilities in annual surveys.	>80%	77%	76%	Not achieved. 77% rated satisfaction with recreation facilities as very or fairly satisfied.	
Playgrounds comply with NZSS 5828 (2004)					
% of play equipment compliant with NZSS 5828 or relevant standard.	70%	71%	71%	Achieved. Desktop audit conducted this year. Upgrade of playground equipment and safe fall areas continued throughout the year. Next external audit scheduled for 2017/18.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Public toilets are clean, safe and operational					
% of community satisfied with the quality of toilet facilities in annual surveys.	>80%	52%	57%	Not achieved. 52% rated satisfaction with toilet facilities as very or fairly satisfied.	
Cemeteries maintained to a high standard; accurate records maintained and accessible					
90% of community satisfied with the provision of cemetery services, maintenance and records.	90%	72%	73%	Not achieved. 72% rated satisfaction with cemetery services, maintenance and records as very or fairly satisfied.	
Provision of a comprehensive community library service for the community					
Percentage of the community satisfied with the library facility and service.	>75%	76%	80%	Achieved. 76% rated satisfaction with library facility and service as very or fairly satisfied.	
Number of Library facilitated programmes per year.	6 programmes per year	>6	>6	Achieved. 4 Pechakucha evenings; daily school holiday programmes; hosted two monthly book discussion groups.	

## Internal Borrowing

	Opening Balance 1/07/2016 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2017 \$ 000's	Interest 2017 \$ 000's
Cemeteries	-	6	0	6	0
Cycle Way	433	38	15	456	20
Parks & Reserves	6	51	1	56	1
Playgrounds	11	-	0	11	1
Property	1,301	238	44	1,495	63
Public Toilets	19	36	1	53	2
<b>Total</b>	<b>1,770</b>	<b>369</b>	<b>62</b>	<b>2,078</b>	<b>87</b>

## Capital Expenditure

	Actuals 2017 000's	LTP 2017 000's
<b>- to meet additional demand</b>		
CBD Integration with Harbour Environment - Investigation	-	102
Memorial Park - enhancement	31	-
Ohiwa Spit - new toilet	36	-
Ōpōtiki - Waiōtahe Beach - Ōhiwa	3	82
Property Development - Potts	170	-
Recreation enhancement - Memorial Park	-	10
Tirohanga Military Track	2	41
Wharf Removal and Rebuild	68	-
<b>- to meet additional demand Total</b>	<b>309</b>	<b>236</b>
<b>- to improve the level of service</b>		
Bookscanning system and software	-	51
Cemetery Improvements	6	-
Furniture and fittings new facility	-	46
Hukuwai Bridges	14	-
Library Relocation Costs	-	41
New Technology and Research Centre	-	1,690
Seal internal road - Memorial Park	20	20
Trail enhancements	20	10
<b>- to improve the level of service Total</b>	<b>60</b>	<b>1,859</b>
<b>- to replace existing assets</b>		
Book stock replacement	45	46
Earthquake Prone Buildings	-	51
I Site Toilets	12	-
New play equipment	10	31
Renew Pipi Beds Disposal Field	3	-
Replacement Furniture & Fitt	13	-
<b>- to replace existing assets Total</b>	<b>82</b>	<b>128</b>
<b>Total capital expenditure</b>	<b>451</b>	<b>2,222</b>



## Funding Impact Statement

### Ōpōtiki District Council - Community Facilities Activity

#### Funding Impact Statement for 30 June 2017

##### Sources of operating funding

General rates, uniform annual general charge, rates penalties	1,875	1,933	1,754
Targeted rates	26	28	26
Subsidies and grants for operating purposes	-	-	21
Fees and charges	217	223	220
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	42	34	15

##### Total operating funding ( A )

2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
2,160	2,218	2,036

##### Applications of operating funding

Payment to staff and suppliers	1,221	1,199	1,253
Finance costs	113	143	87
Internal charges and overheads applied	461	473	459
Other operating funding applications	-	-	-

##### Total applications of operating funding ( B )

1,795	1,815	1,799
-------	-------	-------

##### Surplus (deficit) of operating funding ( A - B )

365	403	237
-----	-----	-----

##### Sources of capital funding

Subsidies and grants for capital expenditure	1,525	1,542	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	803	502	307
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

##### Total sources of capital funding ( C )

2,328	2,044	307
-------	-------	-----

##### Application of capital funding

Capital expenditure			
- to meet additional demand	680	236	309
- to improve the level of service	1,700	1,859	60
- to replace existing assets	100	128	82
Increase (decrease) in reserves	213	224	93
Increase (decrease) in investments	-	-	-

##### Total applications of capital funding ( D )

2,693	2,447	544
-------	-------	-----

##### Surplus (deficit) of capital funding ( C - D )

(365)	(403)	(237)
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##### Funding balance ((A - B) + (C - D))

-	-	-
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# 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.




## This significant activity includes:

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

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.	

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


### Levels of service:

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
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%	100%	Achieved. All maintenance grants for the 22 Urupa paid out on 30 November 2016.	
Service level agreements and/or memorandum of understandings for community grants will be reviewed every three years.	NA	N/A	100%	Not applicable as no target set for the 2016/17 year in the 2015-2025 Long Term Plan.	
Enhance community Safety					
Routine maintenance checks of CCTV cameras and related systems.	Quarterly	Quarterly	Quarterly	Achieved. Quarterly checks of CCTV cameras and related systems undertaken and Service Level Agreements in place for continued maintenance checks.	

## Internal Borrowing

	Opening Balance 1/07/2016 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2017 \$ 000's	Interest 2017 \$ 000's
Community Development	4	120	2	122	3
<b>Total</b>	<b>4</b>	<b>120</b>	<b>2</b>	<b>122</b>	<b>3</b>

## Capital Expenditure

	Actuals 2017 000's	LTP 2017 000's
 - to meet additional demand		
Investment in Evolution Networks	120	-
<b>- to meet additional demand Total</b>	<b>120</b>	<b>-</b>
<b>Total capital expenditure</b>	<b>120</b>	<b>-</b>

## Funding Impact Statement

Ōpōtiki District Council - Community Development Activity	2016	2017	2017
	Long-term	Long-term	Actual
Funding Impact Statement for 30 June 2017	plan	plan	
	(\$000)	(\$000)	(\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	204	209	284
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	36
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
<b>Total operating funding ( A )</b>	<b>204</b>	<b>209</b>	<b>320</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	124	127	224
Finance costs	-	-	3
Internal charges and overheads applied	80	82	92
Other operating funding applications	-	-	-
<b>Total applications of operating funding ( B )</b>	<b>204</b>	<b>209</b>	<b>319</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	118
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding ( C )</b>	<b>-</b>	<b>-</b>	<b>118</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	120
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(1)
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding ( D )</b>	<b>-</b>	<b>-</b>	<b>119</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>-</b>	<b>-</b>	<b>(1)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Economic Development

## What we do and why:

This significant activity looks to support the development and growth of the Ōpōtiki District by investigating and promoting business development; promoting the district as a tourism destination; operation of an i-SITE service in Ōpōtiki Township and facilitating new events. Key components of this Significant Activity are the economic growth opportunities associated with Ōpōtiki 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 Ōpōtiki 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 Ōpōtiki 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.



## This significant activity includes:

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







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





Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Increasing visitor and population numbers may put pressure on infrastructure, environment and other resources, particularly in summer periods.			✓	✓	Council is of the view that it has the capability to provide for increased growth forecast by the planning assumptions that underpin the 2015-25 LTP and that it has made adequate provision for investment in infrastructure to cater for expected demand.
Capital costs associated with Ōpōtiki Harbour Transformation Project are not sustainable for the Ōpōtiki District alone.			✓		To partner with Central and Regional Government and potentially the private sector to fund the Harbour Transformation Project.

#### Levels of service:


Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Redevelopment of the Ōpōtiki Harbour Entrance.					
Bay of Plenty Regional Council funding - comply with conditions of Regional Infrastructure fund Heads of Agreement/Funding Agreement.	100%	Not measurable	N/A	Not able to be measured until funding received so that all clauses can be measured against.	
Sea farm funding confirmed 1 July 2016.	100%	Not achieved	N/A	Sea farm funding deadline has moved to mid 2018, or a year following government commitment to fund the harbour.	



Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Crown Funding - Complete secure funding agreement with Crown 1 July 2016.	100%	Not achieved	N/A	Through the Memorandum of Understanding for the Validation Phase this date has moved to late 2017 at the earliest.	
Construction of training walls and Harbour redevelopment tender process.	N/A	N/A	N/A	Not applicable as no KPI/target set or required for the 2016/17 year in the 2015-2025 Long Term Plan	
Construction works.	N/A	N/A	N/A	Not applicable as no KPI/target set or required for the 2016/17 year in the 2015-2025 Long Term Plan	
Social Planning.	N/A	N/A	Report presented to Council on 30 June 2016	Not applicable as no KPI/target set or required for the 2016/17 year in the 2015-2025 Long Term Plan	
Long Term Success - Growth in the number of new rating units.	N/A	N/A	N/A	Not applicable as no KPI/target set or required for the 2016/17 year in the 2015-2025 Long Term Plan	
Investigate and promote investment in a range of economic development opportunities.					
Implement Economic Development Strategy.	Strategy actions implemented	Not achieved	On-going. Not achieved	Economic Development officer position remained vacant during 2016/17 year.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Maintain a current database of business contacts and communicate regularly with business sector.	Achieved	Not achieved	Achieved	Economic Development officer position remained vacant during 2016/17 year.	
Promote the district as a tourism destination; support tourism operators and events.					
Maintain and evaluate visitor numbers to i-SITE quarterly.	Achieved	Achieved	Achieved	2 six monthly reports completed.	
Facilitate community events.	Two events per year	7	>6	Achieved. 7 events were planned, held and run by the I-SITE staff.	
Maintain a current database and regular communication with tourism sector.	Database revised quarterly, 4 bulletins posted per annum	Database revised quarterly. 3 bulletins posted.	Database revised quarterly, 4 bulletins posted per annum	Not fully achieved. 3 bulletins sent.	

## Capital Expenditure

	Actuals 2017 000's	LTP 2017 000's
 - to meet additional demand		
Harbour Development Project - Construction	664	-
Harbour Development Project - Project Management	318	293
<b>- to meet additional demand Total</b>	<b>982</b>	<b>293</b>
<b>Total capital expenditure</b>	<b>982</b>	<b>293</b>

## Funding Impact Statement

### Ōpōtiki District Council - Economic Development Activity

#### Funding Impact Statement for 30 June 2017

##### Sources of operating funding

General rates, uniform annual general charge, rates penalties	374	384	394
Targeted rates	93	96	98
Subsidies and grants for operating purposes	-	-	730
Fees and charges	16	16	18
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	9	9	8

##### Total operating funding ( A )

##### Applications of operating funding

Payment to staff and suppliers	250	255	990
Finance costs	18	21	-
Internal charges and overheads applied	216	221	212
Other operating funding applications	-	-	-

##### Total applications of operating funding ( B )

##### Surplus (deficit) of operating funding ( A - B )

##### Sources of capital funding

Subsidies and grants for capital expenditure	667	264	982
Development and financial contributions	-	-	-
Increase (decrease) in debt	67	22	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

##### Total sources of capital funding ( C )

##### Application of capital funding

Capital expenditure			
- to meet additional demand	741	293	982
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	1	1	46
Increase (decrease) in investments	-	-	-

##### Total applications of capital funding ( D )

##### Surplus (deficit) of capital funding ( C - D )

##### Funding balance ((A - B) + (C - D))

2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
374	384	394
93	96	98
-	-	730
16	16	18
-	-	-
9	9	8
<b>492</b>	<b>505</b>	<b>1,248</b>
250	255	990
18	21	-
216	221	212
-	-	-
<b>484</b>	<b>497</b>	<b>1,202</b>
<b>8</b>	<b>8</b>	<b>46</b>
667	264	982
-	-	-
67	22	-
-	-	-
-	-	-
-	-	-
<b>734</b>	<b>286</b>	<b>982</b>
741	293	982
-	-	-
-	-	-
1	1	46
-	-	-
<b>742</b>	<b>294</b>	<b>1,028</b>
<b>(8)</b>	<b>(8)</b>	<b>(46)</b>
-	-	-

# 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 Ōpōtiki 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.


## This significant activity includes:





Regulation (Environmental Health, Noise Control, Animal Control, Building Control Services and Liquor Licencing), Safety (Emergency Management and Rural Fire), and District Plan Implementation.




Community Outcomes	How 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 and infrastructure and ensure the welfare of animals through the delivery of animal (particularly dog) control.</p> <p>To ensure the construction of sustainable buildings and to protect current and future users through the administration of the Building Control Act 2004 and relevant regulations.</p> <p>To ensure that the Council and 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.	

Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
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.		✓			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 and protection of public and private property must take priority over individual needs and desires. Council will 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.
The cost associated with monitoring and enforcement may be beyond the community's ability to pay.			✓		



#### Levels of service:


Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
The Council will provide and maintain a quality service to meet statutory requirements and community expectations					
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.	100%	41%	98%	Not achieved. 34 applications received in total and 14 processed within 15 days. A vacancy in this area has now been filled which should see an improvement in service levels.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Health – Registered premises are inspected a minimum of once per year for compliance with all statutory requirements.	100%	52%	73%	Not achieved. 33 premises of a total 63 inspected due to changes to staffing and processes in this area. New reporting apps have now been implemented and new staff trained to carry out and report inspection results.	
An increase in the number of registered dogs in the District.	1,550	1461	1580	Not achieved. 94% of target for 2016-17 met.	
All animal control complaints of an aggressive or threatening nature are responded to within 1 hour from receipt of complaint.	100%	78%	100%	Not achieved. 63 complaints received and 49 responded to within 1 hour of receipt. The main reasons for complaints not being responded to within 1 hour were Animal Control officers were out of range (e.g. further up the coast) or they were already involved on other call outs.	
% of time building consents are issued within the statutory timeframes.	100%	99%	97%	Not achieved. 125 applications approved with one application out of timeframe by 2 days due to high workload.	


Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
% of Customer satisfaction with level of service (as measured by the annual BCA survey).	>85%	0%	100%	Not achieved. Surveys not sent for 2016/17 year due to changes in survey processes not being implemented on time. New online survey form link now in place and to be sent out for all applications from 1 July 2017.	
% of roles that have been identified and staffed for 24 hours operation of the Emergency Coordination Centre.	100%	91%	100% of roles filled by identified staff for 2 shifts.	31 of 34 roles have been appointed to specific staff members. The remaining roles were unfilled while waiting for open vacancies to be filled.	
% of staff identified for roles in the Emergency Operations Centre (EOC) that are trained to an appropriate level agreed by the Group.	100%	100%	100%	All 31 staff appointed to roles in the EOC have attained the required minimum training.	



Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Council actively engages with the wider community to increase the level of awareness preparedness and resilience.					
Minimum number of council delivered initiatives to promote community resilience and safety.	4 initiatives delivered annually	8 initiatives delivered	4 initiatives delivered	Achieved. Undertook tsunami evacuation and emergency planning with Te Whānau a Apanui, Waiotahi Valley, Tōrere and Maraenui schools and Tirohanga store. All provided with resources and information. Kohanga Reo (Hokota and Te Kaha) completing Ministry of Education templates for emergency planning. Civil Defence stand at 2017 Council Pop up Shop.	
The Council will provide an emergency management service that meets statutory requirements and community expectations.					
Rural Fire fighters meet response times provided in contract specification.	100%	100%	100%	Total of 41 Fires in 2016-17. Seven required rural fire fighter attendance and response times were met on all seven.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
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%	100%	Achieved. 32 resource consent applications, 4 Section 221 consent notice changes and 2 certificates issued. All issued on time.	

## Capital Expenditure

	Actuals 2017 000's	LTP 2017 000's
 - to replace existing assets		
Civil Defence Renewals	15	-
<b>- to replace existing assets Total</b>	<b>15</b>	<b>-</b>
<b>Total capital expenditure</b>	<b>15</b>	<b>-</b>

## Funding Impact Statement

### Ōpōtiki District Council - Regulation & Safety Activity

#### Funding Impact Statement for 30 June 2017

##### Sources of operating funding

General rates, uniform annual general charge, rates penalties	722	754	751
Targeted rates	82	84	94
Subsidies and grants for operating purposes	-	-	-
Fees and charges	353	362	396
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	20

##### Total operating funding ( A )

**1,157      1,200      1,261**

##### Applications of operating funding

Payment to staff and suppliers	825	859	814
Finance costs	1	2	-
Internal charges and overheads applied	324	332	339
Other operating funding applications	-	-	-

##### Total applications of operating funding ( B )

**1,150      1,193      1,153**

##### Surplus (deficit) of operating funding ( A - B )

**7      7      108**

##### Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	23	(7)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

##### Total sources of capital funding ( C )

**23      (7)      -**

##### Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	30	-	15
Increase (decrease) in reserves	-	-	93
Increase (decrease) in investments	-	-	-

##### Total applications of capital funding ( D )

**30      -      108**

##### Surplus (deficit) of capital funding ( C - D )

**(7)      (7)      (108)**

##### 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 Ōpōtiki District. The provision of solid waste services is vital to both environmental and public health.

## This significant activity includes:

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

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

Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Public Health, odour and environmental degradation.		✓		✓	The provision of effective and efficient waste collection and disposal facilities.
High waste volumes can increase the costs of waste management.			✓		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.			✓	✓	Ensuring a balance between economic incentives for waste reduction and the cost associated with waste disposal through fees and charges.

#### Levels of service:

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
The kerbside collection of bagged refuse and recyclables where the service is provided is efficient and effective. (NB: service provided in Ōpōtiki 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	2	Achieved. No more than 1 complaint received in any one month. A total of 2 complaints received. 1 in January 2017 and 1 in April 2017.	
Provision of effective waste service for the community					
Customer satisfaction rating of waste transfer stations good or better.	>65%	91%	91%	Achieved. 91% rated their satisfaction as good or better.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Waste minimisation education reduces household waste and increases good recycling practices					
Number of public education activities completed.	3	9	10	Achieved. Waste Education programmes taught in Torere (2), Waiotahi Valley, Kutarere, Opotiki Primary, Whangaparaoa (2), Maraenui, Ashbrook, classes. Also involved in Paper 4 trees programme.	
Service provided keeps residual waste to minimum quantity.					
Residual waste per year does not exceed 120 kg per person per year.	120 kg / person / year	118.55 kgs / person / year	117.66kgs / person / year	Achieved. 1000.08 tonnes of residual waste was transported to landfill. The Opotiki District has a population of 8436 people.	

### Internal Borrowing

	Opening Balance 1/07/2016 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2017 \$ 000's	Interest 2017 \$ 000's
Solid Waste Management	73	-	5	68	3
<b>Total</b>	<b>73</b>	<b>-</b>	<b>5</b>	<b>68</b>	<b>3</b>

## Funding Impact Statement

### Ōpōtiki District Council - Solid Waste Management Activity

#### Funding Impact Statement for 30 June 2017

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
<b>Sources of operating funding</b>			
General rates, uniform annual general charge, rates penalties	1,037	1,060	1,025
Targeted rates	330	338	334
Subsidies and grants for operating purposes	27	28	34
Fees and charges	288	295	275
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1	1	-
<b>Total operating funding ( A )</b>	<b>1,683</b>	<b>1,722</b>	<b>1,668</b>
<b>Applications of operating funding</b>			
Payment to staff and suppliers	1,183	1,210	1,084
Finance costs	3	3	3
Internal charges and overheads applied	479	491	498
Other operating funding applications	-	-	-
<b>Total applications of operating funding ( B )</b>	<b>1,665</b>	<b>1,704</b>	<b>1,585</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>18</b>	<b>18</b>	<b>83</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	3	(4)	(5)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
<b>Total sources of capital funding ( C )</b>	<b>3</b>	<b>(4)</b>	<b>(5)</b>
<b>Application of capital funding</b>			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	20	-	-
Increase (decrease) in reserves	1	14	78
Increase (decrease) in investments	-	-	-
<b>Total applications of capital funding ( D )</b>	<b>21</b>	<b>14</b>	<b>78</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>(18)</b>	<b>(18)</b>	<b>(83)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>



# 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 Ōpōtiki Township and the Waiotahi 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.

## This significant activity includes:



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.





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

Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
The discharge of pollutants to stormwater reticulation can be harmful to the natural environment.				✓	Mitigate risk through education, monitoring and enforcement where necessary.
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.		✓	✓	✓	<p>Reduce the risk by maintaining existing urban drainage systems and undertake catchment modelling to understand future stormwater management needs in line with future development.</p> <p>Ensure buildings have appropriate stormwater design and suitable drainage fittings.</p>

#### Levels of service:

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
The urban stormwater activity is managed to protect people and property from the impacts of flooding.					
The number of flooding events that occur in the district.	5	0	3	Achieved. There were no flooding events where an overflow of stormwater from Council's urban stormwater system affected a habitable floor.	
For each flooding event the number of habitable floors affected per 1000 connections.	0	0	0	Achieved. There were no flooding events where an overflow of stormwater from Council's urban stormwater system affected a habitable floor.	


Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Service requests and complaints are processed as they come in.					
Median response time to attend a flooding event, from notification to personnel on site.	3 days	33 minutes	30 minutes	Achieved. 19 complaints or requests for service received and median response time from notification to personnel on site was 33 minutes.	
Number of complaints about the performance of the stormwater system per 1000 connections.	<5	27	16	Not achieved. 19 complaints received in total which is 27 per 1000 connections. This result is based on an estimated 700 connections as Council does not have knowledge of the exact number of connections in the district. The estimate of 700 connections is based on half of the available connections. Opotiki experienced two extreme weather events during this period. Namely Cyclone Debbie in early April and Cyclone Cook mid April 2017 which resulted in increased complaints and requests for service.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Stormwater water quality will be managed effectively for 365 days of the year.					
The number of Abatement notices received regarding discharge compliance.	0	0	0	Achieved.	
The number of Infringement notices received regarding discharge compliance.	0	0	0	Achieved.	
The number of Enforcement orders received regarding discharge compliance.	0	0	0	Achieved.	
The number of convictions regarding discharge compliance.	0	0	0	Achieved.	

### Internal Borrowing

	Opening Balance 1/07/2016 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2017 \$ 000's	Interest 2017 \$ 000's
Stormwater	491	51	14	528	23
<b>Total</b>	<b>491</b>	<b>51</b>	<b>14</b>	<b>528</b>	<b>23</b>

### Capital Expenditure

	Actuals 2017 000's	LTP 2017 000's
 - to improve the level of service		
Comprehensive Discharge RC	11	-
Condition and Performance Assessments	-	10
Ricardo Performance & Maintenance Monitoring System	2	-
Tarawa Creek Flood Water Storage Area	23	311
Upgrade to Richard St Gravity Main	19	446
Wellington/Brabant St Pump Station	8	-
<b>- to improve the level of service Total</b>	<b>62</b>	<b>768</b>
<b>Total capital expenditure</b>	<b>62</b>	<b>768</b>

## Funding Impact Statement

### Ōpōtiki District Council - Stormwater Activity

#### Funding Impact Statement for 30 June 2017

##### Sources of operating funding

General rates, uniform annual general charge, rates penalties	416	464	438
Targeted rates	45	50	48
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1	7	-

##### Total operating funding ( A )

**462      521      486**

##### Applications of operating funding

Payment to staff and suppliers	227	236	164
Finance costs	21	45	23
Internal charges and overheads applied	55	56	50
Other operating funding applications	-	-	-

##### Total applications of operating funding ( B )

**303      337      237**

##### Surplus (deficit) of operating funding ( A - B )

**159      184      249**

##### Sources of capital funding

Subsidies and grants for capital expenditure	-	-	11
Development and financial contributions	-	-	-
Increase (decrease) in debt	335	726	37
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

##### Total sources of capital funding ( C )

**335      726      48**

##### Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	360	768	62
- to replace existing assets	-	-	-
Increase (decrease) in reserves	134	142	235
Increase (decrease) in investments	-	-	-

##### Total applications of capital funding ( D )

**494      910      297**

##### Surplus (deficit) of capital funding ( C - D )

**(159)      (184)      (249)**

##### Funding balance ((A - B) + (C - D))

**-      -      -**

# District Plan

## What we do and why:

The purpose of the District Plan 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 Ōpōtiki District, fosters good working relationships with Tangata Whenua and other stakeholders and monitors and enforces rules and policies.

## This significant activity includes:


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).

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

Potential Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
The District Plan could be seen as either a barrier to growth or as enabling environmental degradation.			✓		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.			✓		Efficient processes while ensuring purpose of the RMA is met.

## Levels of service:

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Maintain an operative District Plan that is compliant with Legislation.					
Review District Plan in accordance with the RMA.	Review in accordance with project plan	Review in accordance with project plan	Review progressed as per project plan	Achieved. Review on target. Proposed District Plan, Section 42A planning reports have been prepared with recommendations to submissions and further submissions. These reports are to inform the hearings process which begins in the new financial year.	



## Funding Impact Statement

### Ōpōtiki District Council - District Plan Activity

#### Funding Impact Statement for 30 June 2017

##### Sources of operating funding

General rates, uniform annual general charge, rates penalties	234	213	227
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	4	4	-

##### Total operating funding ( A )

##### Applications of operating funding

Payment to staff and suppliers	223	201	324
Finance costs	-	-	-
Internal charges and overheads applied	11	12	11
Other operating funding applications	-	-	-

##### Total applications of operating funding ( B )

##### Surplus (deficit) of operating funding ( A - B )

##### Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	3
Increase (decrease) in debt	(4)	(4)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

##### Total sources of capital funding ( C )

##### Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(105)
Increase (decrease) in investments	-	-	-

##### Total applications of capital funding ( D )

##### Surplus (deficit) of capital funding ( C - D )

##### Funding balance ((A - B) + (C - D))

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
<b>Total operating funding ( A )</b>	<b>238</b>	<b>217</b>	<b>227</b>
<b>Total applications of operating funding ( B )</b>	<b>234</b>	<b>213</b>	<b>335</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>4</b>	<b>4</b>	<b>(108)</b>
<b>Total sources of capital funding ( C )</b>	<b>(4)</b>	<b>(4)</b>	<b>3</b>
<b>Total applications of capital funding ( D )</b>	<b>-</b>	<b>-</b>	<b>(105)</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>(4)</b>	<b>(4)</b>	<b>108</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# 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 Ōpōtiki and the Waioatahe Drifts while the other serves a small subdivision at Waihou Bay. Both schemes discharge primary treated effluent to field soakage systems. All other dwellings in the District are serviced by privately owned septic tank systems.

Council is involved in the Wastewater Significant Activity as the collection, treatment and safe disposal of human and commercial/trade wastes are essential for the protection of public health and environmental outcomes in urban areas.

## This significant activity includes:



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






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






## Levels of service:

Community Outcomes	How 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	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Groundwater infiltration could overload the treatment and reticulation systems and limit new connections creating a barrier to community growth and development.		✓	✓	✓	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.

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
A reliable removal and treatment service is provided in areas serviced by Council operated sewerage systems.					
Number of complaints about sewerage system faults per 1000 connections.	<5	10	7.2	Not achieved. A total of 16 complaints or requests for service received which is 10 per 1000 connections. This is based on a total of 1661 connections. Opotiki experienced two extreme weather events during this period. Namely Cyclone Debbie in early April and Cyclone Cook mid April 2017 which resulted in increased complaints and requests for service.	
Number of complaints about sewerage system blockages per 1000 connections.	<5	4	6	Achieved. A total of 7 complaints received which is 4 per 1000 connections based on a total of 1661 connections.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Number of complaints about council's response to issues within the sewerage system per 1000 connections.	<10	0	0	Achieved.	
Service requests and failures are responded to as they come in.					
Median fault attendance time; time from notification to personnel on site.	4 hours	14.50 minutes	13 minutes	Achieved. A total of 16 complaints or requests for services were received and the median fault attendance time from notification to personnel on site was 14.50 minutes.	
Median fault attendance time; time from notification to resolution of problem.	4 days	24 hours and 36 minutes	3 hours and 28 minutes	Achieved. A total of 16 complaints or requests for services were received and the median fault attendance time from notification to resolution of problem was 24.6 hours which is 1 day and 36 minutes.	
Number of complaints about sewerage odour per 1000 connections.	<10	0	1	Achieved.	
Sewage is managed without risk to public health.					
Number of sewage overflows into habitable buildings due to faults in the wastewater system.	0	0	0	Achieved.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
The number of dry weather sewerage overflows per 1000 connections.	2	2	1	Achieved. A total of 3 dry weather sewerage overflows were reported which is 2 per 1000 connections based on a total of 1661 connections.	
The quality of effluent leaving the treatment plant is of a standard required by consents.					
Number of Abatement notices regarding discharge compliance.	0	0	0	Achieved.	
Number of Infringement notices regarding discharge compliance.	0	0	0	Achieved.	
Number of Enforcement orders regarding discharge compliance.	0	0	0	Achieved.	
Number of Convictions regarding discharge compliance.	0	0	0	Achieved.	

## Internal Borrowing

	Opening Balance 1/07/2016 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2017 \$ 000's	Interest 2017 \$ 000's
Opotiki Sewerage	1,297	28	54	1,271	58
<b>Total</b>	<b>1,297</b>	<b>28</b>	<b>54</b>	<b>1,271</b>	<b>58</b>

## Capital Expenditure

	Actuals 2017 000's	LTP 2017 000's
<b>☐ - to meet additional demand</b>		
Waioeka Sewerage Road Extn	28	-
<b>- to meet additional demand Total</b>	<b>28</b>	<b>-</b>
<b>☐ - to replace existing assets</b>		
Soakage lines renewal	20	26
Waihau Bay Sewerage Pump Repla	1	-
WW Opotiki 2017	373	-
WW Stage 1 - First Section Reticulation & Design	-	2,489
<b>- to replace existing assets Total</b>	<b>395</b>	<b>2,515</b>
<b>Total capital expenditure</b>	<b>423</b>	<b>2,515</b>

## Funding Impact Statement

### Ōpōtiki District Council - Wastewater Activity

#### Funding Impact Statement for 30 June 2017

##### Sources of operating funding

General rates, uniform annual general charge, rates penalties	243	278	257
Targeted rates	564	641	601
Subsidies and grants for operating purposes	-	-	-
Fees and charges	8	9	6
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	6	7	3

##### Total operating funding ( A )

##### Applications of operating funding

Payment to staff and suppliers	362	416	427
Finance costs	99	155	58
Internal charges and overheads applied	138	141	139
Other operating funding applications	-	-	-

##### Total applications of operating funding ( B )

##### Surplus (deficit) of operating funding ( A - B )

##### Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	169	2,304	(26)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

##### Total sources of capital funding ( C )

##### Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	28
- to improve the level of service	-	-	-
- to replace existing assets	380	2,515	395
Increase (decrease) in reserves	11	12	(206)
Increase (decrease) in investments	-	-	-

##### Total applications of capital funding ( D )

##### Surplus (deficit) of capital funding ( C - D )

##### Funding balance ((A - B) + (C - D))

2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
821	935	867
599	712	624
222	223	243
169	2,304	(26)
391	2,527	217
(222)	(223)	(243)
-	-	-

# 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 Ōpōtiki 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 Ōpōtiki District population in Te Kaha, Ōpōtiki, Hikutaia, Waiotahe 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.

### This significant activity includes:

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.



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







Potential Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Growth could exceed the capacity of the water supply infrastructure.		✓	✓		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.				✓	Robust assessment of effects carried out in support of resource consent to take water. BOPRC monitoring of aquifer.



#### Levels of service:

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
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%	89%	90%	Achieved. 89% rated satisfaction with the quality of their drinking water as very or fairly satisfied.	
Council will provide safe drinking water.					
Number of complaints about; drinking water clarity per 1000 connections.	<5	<1	1	Achieved. 2 complaints received about drinking water clarity which is <1 per 1000 connections based on 2455 connections.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Number of complaints about; drinking water taste per 1000 connections.	<5	<2	0	Achieved. 3 complaints received about drinking water taste which is <2 per 1000 connections based on 2455 connections.	
Number of complaints about; drinking water odour per 1000 connections.	<5	<1	0	Achieved. 2 complaints received about drinking water odour which is <1 per 1000 connections based on 2455 connections.	
Council provides supplies that are reliable and are managed at the lowest possible all of life costs					
Measure of customers served by Council supply who are satisfied with the reliability and cost of their water supply services.	85%	91%	90%	Achieved. 91% rated their satisfaction with the reliability and cost of their water supply services as very or 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%	100%	All water supply schemes have spare capacity for growth and to maintain service levels. All water supply projects both planned and underway are intended for increases in resilience and extension to further users.	



Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Failures and service requests are responded to promptly.					
For urgent call outs; median time from notification to personnel on site.	<4 hours	48 minutes	5 minutes	Achieved. 2 urgent requests received and median time from notification to personnel on site is 48 minutes.	
For urgent call outs; median time from notification to resolution of problem.	<1 day	3 hours	1 hour and 27 minutes	Achieved. 2 urgent requests received and median time from notification to resolution of problem is 3 hours.	
For non-urgent call outs; median time from notification to personnel on site.	<1 day	48 minutes	20 minutes	Achieved. 83 non-urgent requests received and median time from notification to personnel on site is 48 minutes.	
For non-urgent call outs; median time from notification to resolution of problem.	<4 days	22 hours and 56 minutes	23 hours and 52 minutes	Achieved. 83 non-urgent requests received and median time from notification to resolution of problem is 22 hours and 56 minutes.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Number of complaints about drinking water pressure or flow per 1000 connections.	<10	<1	1	Achieved. 1 complaint received regarding drinking water pressure or flow which is 0.4 per 1000 connections based on 2455 connections.	
Number of complaints about continuity of supply per 1000 connections.	<10	0	0	Achieved.	
Number of complaints about council's response to any of the drinking water issues per 1000 connections.	<5	0	0	Achieved.	
Water resources are used efficiently and sustainably.					
Average consumption of drinking water per day per resident.	<400L	384L	279L	Achieved for Opotiki supply. Currently no reliable data available for Ohiwa and Te Kaha supplies.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Percentage of real water loss from networked reticulation system.	<10%	Opotiki 16.4%, Te Kaha 29%	Ōpōtiki 7.0% Te Kaha 22%	Not achieved. Repairs completed in Te Kaha show reduction in losses however a larger sample is required to confirm remediation has been successful. Opotiki is showing an increase in losses since September 2016 suggesting a leak or data error has occurred.	
Water supply is adequate for firefighting purposes.					
Minimum of six fire hydrants tested and meeting tri-annual compliance test with firefighting standards.	6	16	7	Achieved. Total of 16 hydrants tested covering all 3 supplies.	

Key Performance Indicator	
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Council will provide safe drinking water.

Compliance with NZ Drinking Water Standards 2005 (revised 2008)	<b>TARGET</b>  100%  100%		<b>Performance Achieved 2016/17</b>	<b>Performance Achieved 2015/16</b>	<b>Performance Achieved 2016/17</b>	<b>Performance Achieved 2015/16</b>	<b>Performance Achieved 2016/17</b>	<b>Performance Achieved 2015/16</b>	
		<b>Location</b>	<b>Opotiki</b>	<b>Ōpōtiki</b>	<b>Te Kaha</b>	<b>Te Kaha</b>	<b>Ohiwa</b>	<b>Ohiwa</b>	
		<b>Bacterial Compliance</b>	Compliant	Compliant	Compliant	Compliant	Compliant	Non-compliant	
		<b>Protozoal Compliance</b>	Compliant	Compliant	Non-compliant	Non-compliant	Non-compliant	Non-compliant	
<b>COMMENTARY</b> Achieved 100% Bacterial compliance. Chlorination plant installed at Ōhiwa during period. Not achieved - Protozoa compliance. 96% compliance percentage by population. Compliant at Ōpōtiki. Non-compliant at Te Kaha and Ōhiwa. Work is still in progress to achieve protozoa compliance for the Te Kaha supply.  These results are provisional, pending the assessment of compliance by the independent Drinking-Water Assessor.  The Protozoal non-compliance at Ōhiwa is due to the fact there is no Protozoal barrier in place. A UV unit is planned for approx. 2021.  The Protozoal non-compliance at Te Kaha is due to the UV not being effective because of the high turbidity of the source water following rain events. Council is investigating the option of increasing storage capacity and adding a further UV unit so that the plant can be shut down when the turbidity is high.									

## Internal Borrowing

	Opening Balance 1/07/2016 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2017 \$ 000's	Interest 2017 \$ 000's
Ohiwa Water	20	17	1	37	1
Opotiki/Hikutaia Water	3,121	297	123	3,294	145
Te Kaha Water	63	88	4	148	5
<b>Total</b>	<b>3,204</b>	<b>402</b>	<b>127</b>	<b>3,478</b>	<b>151</b>

## Capital Expenditure

	Actuals 2017 000's	LTP 2017 000's
<b>- to meet additional demand</b>		
Dip Rd Replacement 2km	-	280
Hikutaia Booster Station plus Storage	9	52
Northern Ext Stage 1	422	384
Southern Ext Stage 2a - Southern Ring Main	70	-
<b>- to meet additional demand Total</b>	<b>501</b>	<b>716</b>
<b>- to improve the level of service</b>		
Clarks Cross Rd Otara Rd Booster 2.1km Main	-	830
Clarks Cross/Otara Rd booster	18	-
Condition and Performance Assessments	-	5
Factory Road Loop Main	279	-
Ohiwa Chlorination	15	-
Ohiwa UV Treatment Facility	2	-
Te Kaha UV Unit	37	56
<b>- to improve the level of service Total</b>	<b>350</b>	<b>892</b>
<b>- to replace existing assets</b>		
Ōpōtiki Reservoir Lid - Replace	119	-
Otara Rd Clarks Cross/Factory Rd Connection 1.3km	343	550
Te Kaha Valves, Hydrants and Meters	3	-
WTP Backwash Pump	15	36
WTP Treatment Equipment & Service Pumps	24	5
<b>- to replace existing assets Total</b>	<b>503</b>	<b>592</b>
<b>Total capital expenditure</b>	<b>1,355</b>	<b>2,200</b>

## Funding Impact Statement

### Ōpōtiki District Council - Water Supplies Activity

#### Funding Impact Statement for 30 June 2017

##### Sources of operating funding

General rates, uniform annual general charge, rates penalties	145	137	129
Targeted rates	727	762	1,036
Subsidies and grants for operating purposes	-	-	-
Fees and charges	283	294	7
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	12	17	1

##### Total operating funding ( A )

2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
1,167	1,210	1,173

##### Applications of operating funding

Payment to staff and suppliers	534	544	555
Finance costs	159	173	151
Internal charges and overheads applied	167	171	175
Other operating funding applications	-	-	-

##### Total applications of operating funding ( B )

860	888	881
-----	-----	-----

##### Surplus (deficit) of operating funding ( A - B )

307	322	292
-----	-----	-----

##### Sources of capital funding

Subsidies and grants for capital expenditure	767	1,429	441
Development and financial contributions	-	-	-
Increase (decrease) in debt	104	508	274
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

##### Total sources of capital funding ( C )

871	1,937	715
-----	-------	-----

##### Application of capital funding

Capital expenditure			
- to meet additional demand	495	716	501
- to improve the level of service	570	892	350
- to replace existing assets	5	592	503
Increase (decrease) in reserves	108	59	(347)
Increase (decrease) in investments	-	-	-

##### Total applications of capital funding ( D )

1,178	2,259	1,007
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##### Surplus (deficit) of capital funding ( C - D )

(307)	(322)	(292)
-------	-------	-------

##### Funding balance ((A - B) + (C - D))

-	-	-
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Council was required to reclassify metered water charges from fees and charges revenue to targeted rates revenue this year.



# 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 Ōpōtiki 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.


## This significant activity includes:



Subsidised Roothing, Unsubsidised Roothing.



Community Outcomes	How 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	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Carbon emissions and safety associated with using the transport network.		✓		✓	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.		✓	✓		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.	✓	✓	✓		Consultation with community about choice between rates finding and level of service. Focussed Advocacy efforts.




## Levels of service:

Key Performance Indicator		Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
The surface of the roading network is maintained in good condition and is 'fit for purpose'.						
Percentage of requests relating to roads and footpaths that are responded to within timeframes set in Long Term Plan: Urgent calls: 1 day Non-urgent: 4 days.						
	Urgent calls - Response within 1 day	100%	95%	100%	Not achieved. A total of 19 urgent requests were received and 18 were responded to within 1 day. Opotiki experienced two extreme weather events during this period. Namely Cyclone Debbie in early April and Cyclone Cook mid April 2017 which resulted in increased requests for service.	

Key Performance Indicator		Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
	Non-urgent calls - Response within 4 days	100%	83%	93%	Not achieved. A total of 185 non-urgent requests received and 154 were responded to within 4 days. Opotiki experienced two extreme weather events during this period. Namely Cyclone Debbie in early April and Cyclone Cook mid April 2017 which resulted in increased requests for service.	
Percentage of sealed road network resurfaced.		>6%	6.40%	Not fully achieved	Achieved. 11.16km of District roads were sealed of a 174km sealed network.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
To undertake grading on unsealed roads in accordance with the operations & maintenance contract specification.	100%	74.60%	100%	Not achieved. 474 km of unsealed roads were graded. Weather conditions and effects on the roads allowed for planned grading not to be fully required or needed. The specified annual programme target was 635 km per year based on an unsealed road length of 162.7km.	
To apply new gravel to unsealed roads to the renewal schedule outlined in the operations & maintenance contract specification.	> \$100,000	\$229,911	\$158,865	Achieved. The programmed distance to metal was 26.15km. Actual km metalled was 43.14 km due to cheaper contract rates, reduction in grading requirements and favourable weather conditions.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
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.	>75%	75%	79%	Not achieved – 75% rated the reliability of the District's roading network as good or excellent.	
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.	>80%	73%	73%	Not achieved - 73% rated the safety of the District's roads as good or excellent.	
Average ride quality of sealed road network.	91-95%	N/A	94%	Not Measured. Reported on 2 yearly basis as per New Zealand Transport Agency Requirements. Last report carried out 2015/16 so performance carried over from that period.	
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.	>80%	84%	87%	Achieved – 84% stated they were very or fairly satisfied that traffic services on the network are accurate and visible.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
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.	>75%	69%	65%	Not achieved – 69% rated the standard of footpaths as good or excellent.	
Percentage of footpaths that are up to standard as set in plans.	80% of qualifying footpath faults scheduled for repair	0%	57%	Not achieved. No footpaths repaired in the 2016/17 year. Footpath repair contract tendered but contract delivery delayed until 2017/18 due to contractor availability.	
Change from previous financial year in number of fatalities and serious injury crashes on the local road network.	Not targeted - recorded for analysis purposes only	N/A	N/A	There was a total of 5 accidents on local roads that involved serious injury which was 3 more than the 2015/16 year.	

## Internal Borrowing

	Opening Balance 1/07/2016 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2017 \$ 000's	Interest 2017 \$ 000's
Subsidised Roading	41	29	2	68	2
<b>Total</b>	<b>41</b>	<b>29</b>	<b>2</b>	<b>68</b>	<b>2</b>

## Capital Expenditure

	Actuals 2017 000's	LTP 2017 000's
<b>☐ - to improve the level of service</b>		
Minor Improvements	63	106
<b>- to improve the level of service Total</b>	<b>63</b>	<b>106</b>
<b>☐ - to replace existing assets</b>		
Drainage Renewals	107	67
Emergency Reinstatement - Storm Damage	-	263
Footpath	4	32
Ngarue Road Bridge	131	-
Pakihi Bridge Renewal	880	-
Pavement Rehabilitation	167	196
Sealed Resurfacing	308	395
Seismic Assessments for Bridges	-	168
Traffic Services Renewals	19	45
Unsealed road metalling and rehab	(0)	130
Urban Kerb & Channel	44	32
<b>- to replace existing assets Total</b>	<b>1,660</b>	<b>1,328</b>
<b>Total capital expenditure</b>	<b>1,724</b>	<b>1,435</b>

## Funding Impact Statement

### Ōpōtiki District Council - Land Transport Activity

#### Funding Impact Statement for 30 June 2017

##### Sources of operating funding

General rates, uniform annual general charge, rates penalties	2,045	2,155	2,390
Targeted rates	-	-	-
Subsidies and grants for operating purposes	900	925	915
Fees and charges	42	42	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	16	17	115

##### Total operating funding ( A )

2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
3,003	3,139	3,420

##### Applications of operating funding

Payment to staff and suppliers	1,621	1,841	2,047
Finance costs	37	39	2
Internal charges and overheads applied	559	572	613
Other operating funding applications	-	-	-

##### Total applications of operating funding ( B )

2,217	2,452	2,662
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##### Surplus (deficit) of operating funding ( A - B )

786	687	758
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##### Sources of capital funding

Subsidies and grants for capital expenditure	854	738	1,080
Development and financial contributions	-	-	-
Increase (decrease) in debt	49	23	27
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

##### Total sources of capital funding ( C )

903	761	1,107
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##### Application of capital funding

##### Capital expenditure

- to meet additional demand	-	-	-
- to improve the level of service	110	106	63
- to replace existing assets	1,565	1,328	1,660
Increase (decrease) in reserves	14	14	142
Increase (decrease) in investments	-	-	-

##### Total applications of capital funding ( D )

1,689	1,448	1,865
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##### Surplus (deficit) of capital funding ( C - D )

(786)	(687)	(758)
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##### Funding balance ((A - B) + (C - D))

-	-	-
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# 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), TOI-EDA (Eastern Bay of Plenty Regional Economic Development Agency), and Evolution Networks Limited. Council has an investment stake in these organisations as by doing so it can leverage outcomes that are important to the Ōpōtiki 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 and business within the Bay of Plenty Region to achieve common objectives.

## This significant activity includes:

### **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, Ōpōtiki 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.


### **Evolution Networks Limited**

Evolution Networks Limited is a wireless internet company originating from and based in the Bay of Plenty. Council took a 30% shareholding in the company during the year to increase connectivity within the district and wider Eastern Bay of Plenty. Evolution Networks Limited specialises in providing high speed wireless internet connections to remote rural areas other internet service providers have ignored. Their innovative approach has also seen the provision of the Sigfox Internet of Things (IoT) platform rolled out across the Eastern Bay of Plenty as well.

Community Outcomes	How Activity Contributes
Services and facilities meets our needs	Council's 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	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Other parties with an ownership stake withdraw support.			✓		Council will continue to be an active member of CCOs at a governance and operational level to ensure they continue to add value to all those with an ownership stake.
CCOs are perceived as a threat to community autonomy.		✓			Council will continue to be an active member of CCOs at a governance and operational level to ensure they continue to be about advancing common objectives.

#### Levels of service:

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
<b>BOPLASS</b>					
Investigate new Joint Procurement initiatives for goods and service for BOPLASS councils.	4	>4	Minimum of four new procurement initiatives investigated	Achieved. See commentary below.	
<p><b>Commentary:</b></p> <p>Joint procurement initiatives undertaken for:</p> <p>Health and Safety Training Preferred Supplier – Vertical Horizonz NZ were appointed as the preferential Health and Safety training supplier for the BOPLASS and Waikato LASS councils. Access to improved and consistent levels of service achieved at significantly reduced costs through a collaborative agreement covering both LASS.</p> <p>Security Services - BOPLASS investigated the opportunity for a consolidated security contract across multiple councils – covering manpower services, alarm systems, CCTV. It was determined that this was not feasible given local requirements and little benefit would be derived from consolidating the services. Geographical grouping of councils for security service contracts was recommended.</p> <p>Health &amp; Safety Elected Members Training – Collective Health and Safety at Work Act 2015 training was completed for elected members of BOPLASS and Waikato LASS councils, with BOPLASS engaging a qualified presenter from Simpson Grierson at a fraction of the cost of councils arranging individual training.</p>					

**Commentary continued:**

Additional Infrastructure Insurance - Representing a collective group of 39 councils in negotiations for placement of councils' infrastructure insurance in the London markets significant leverage was obtained and, despite increased limits and higher insured values for the councils, a 16% overall reduction of premiums was achieved for BOPLASS councils.

In anticipation of future changes to the current 60/40 natural hazard arrangements, capacity for further coverage was also secured through the London markets.

BOPLASS has been managing a project to insure 100% of the first \$10M of any natural hazard loss to councils' infrastructure to reduce potential exposure/shortfall of the non-guaranteed 60% portion provided from Central Government.

The 2016/17 programme limit has been increased with an additional \$250M layer negotiated. The extra layer provides councils with a total loss limit of \$500M, with a negotiated premium achieved at a lower cost than the 2015 loss limit of \$140M.

GIS Training – NSG was engaged by BOPLASS to provide collaborative training on Geocortex Workflow for BOPLASS councils GIS staff. Significant cost savings and inter-council information sharing.



EMA Membership – In conjunction with Waikato LASS BOPLASS investigated the opportunity for councils' to participate in discounted joint membership with Employers and Manufacturers Association (EMA). Following fluctuating and diminishing offers from EMA during negotiations, the LASS and councils elected not to enter into an agreement.


Environmental Insurance / Gradual Contamination Insurance – BOPLASS project to investigate environmental impairment insurance to cover councils for: gradual pollution, most types of pollutant (including asbestos), 1st & 3rd party loss and restorative/clean-up costs.

Event Management Liabilities Legal Opinion – In conjunction with Waikato LASS BOPLASS sought legal opinion from Tompkins Wake Lawyers on event management liabilities. Collaboration in this procurement delivered significant savings and provided for consistent standards across all BOP and Waikato councils.

Aerial Photography 2016-17 – Two tenders for BOPLASS councils' specific areas and requirements within the BOPLASS regional flying calendar were awarded to AAM NZ Ltd. The collaborative approach has provided further savings in the cost of capture and production of imagery.

Health, Safety & Risk Management Software – Working collectively with Waikato LASS councils, BOPLASS was able to leverage improved services from Vault and provide for discounted pricing for Eastern Bay councils joining the agreement.

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Communication	100%	100%	Communication with each shareholding Council at appropriate levels with at least four meetings held and at least one meeting with each Executive Leadership Team.	Achieved. BOPLASS committees are still meeting regularly.	
<b>Toi-EDA</b>					
Develop and implement a Strategy and Annual Work Plan that supports and develops key sectors in the Eastern Bay economy to grow employment and wealth	80% achievement of Work Plan actions	Achieved	80%	Strategy re-developed with new Board and GM in December 2016 with focus on Aquaculture, Kiwifruit, Manufacturing, Tourism, International Education and Workforce Development. All work plans on track.	

Key Performance Indicator	Performance target 2016/17	Performance Achieved 2016/17	Performance Achieved 2015/16	Commentary	
Represent the Eastern Bay in all relevant wider economic development activities, planning strategies and initiatives.	Submissions lodged on all regional and EBOP district plans. Active participation in 80% of Regional Governance Group and Management Group meetings	Partially achieved	Submissions lodged on all available regional and district plans. Active participation in 95% of Governance and Management Group Meetings	Submissions not lodged as preferred alternative to meet periodically with Council Executives and elected representatives to update on growth prospects and implications for each sub-region. Active participation at Governance and Management Group Meetings as well as Action Leads for RGS program. 100% attendance where able.	

## Funding Impact Statement

### Ōpōtiki District Council - Investments Activity

#### Funding Impact Statement for 30 June 2017

##### Sources of operating funding

General rates, uniform annual general charge, rates penalties	80	81	103
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	19	19	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-

##### Total operating funding ( A )

##### Applications of operating funding

Payment to staff and suppliers	54	54	48
Finance costs	-	-	-
Internal charges and overheads applied	45	46	52
Other operating funding applications	-	-	-

##### Total applications of operating funding ( B )

##### Surplus (deficit) of operating funding ( A - B )

##### 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	-	-	-
Other dedicated capital funding	-	-	-

##### Total sources of capital funding ( C )

##### Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(85)
Increase (decrease) in investments	-	-	88

##### Total applications of capital funding ( D )

##### Surplus (deficit) of capital funding ( C - D )

##### Funding balance ((A - B) + (C - D))

	2016 Long-term plan (\$000)	2017 Long-term plan (\$000)	2017 Actual (\$000)
<b>Total operating funding ( A )</b>	<b>99</b>	<b>100</b>	<b>103</b>
<b>Total applications of operating funding ( B )</b>	<b>99</b>	<b>100</b>	<b>100</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>Total sources of capital funding ( C )</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total applications of capital funding ( D )</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>-</b>	<b>-</b>	<b>(3)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Financial Information



# Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2017

	Note	Actual 2017 000's	Budget 2017 000's	Actual 2016 000's
<b>Revenue</b>				
Rates	2	10,207	10,191	9,850
Subsidies and Grants	4	4,250	6,429	2,229
Fees and Charges	3	1,032	1,378	1,432
Dividend & Subvention Income		-	-	-
Interest Revenue	5	120	203	110
Other Revenue	7	467	63	77
<b>Total Revenue</b>		<b>16,076</b>	<b>18,264</b>	<b>13,698</b>
<b>Expenditure</b>				
Other Expenses	9	6,897	6,897	6,012
Depreciation and Amortisation	14,15	2,394	2,508	2,259
Personnel Costs	8	3,546	3,707	3,073
Finance Costs	5	222	286	182
Losses/(Gains)		-	-	-
<b>Total Expenditure</b>		<b>13,059</b>	<b>13,398</b>	<b>11,526</b>
Share of associate's surplus/(deficit)	13	(32)	-	-
<b>Surplus / (Deficit)</b>		<b>2,985</b>	<b>4,866</b>	<b>2,172</b>
<b>Other Comprehensive Revenue and Expense</b>				
Property, plant, and equipment revaluation		-	6,720	-
Gain / (Loss) on Financial Assets		-	-	-
<b>Total Other Comprehensive Revenue and Expense</b>		<b>-</b>	<b>6,720</b>	<b>-</b>
<b>Total Comprehensive Revenue and Expense</b>		<b>2,985</b>	<b>11,586</b>	<b>2,172</b>

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 29



# Statement of Changes in Equity

For the Year Ended 30 June 2017

		Actual 2017 000's	Budget 2017 000's	Actual 2016 000's
	Note			
Equity balance at 1 July		181,523	185,680	179,351
Comprehensive revenue and expense for year	21	2,985	11,586	2,172
Transfers	21	212	(425)	-
<b>Equity Balance 30 June</b>		<b>184,720</b>	<b>196,841</b>	<b>181,523</b>
<b>Components of Equity</b>				
Accumulated Funds at 1 July		127,970	126,355	128,079
Net Surplus/(Deficit)		2,985	1,592	2,172
Transfers to / (from) equity		230	13,507	(2,281)
Accumulated Funds 30 June		131,185	141,454	127,970
Asset Revaluation Reserves at 1 July		50,043	50,081	50,043
Transfers to / (from) reserves		-	(94)	-
Revaluation Gains		-	6,720	-
Revaluation Reserves 30 June		50,043	56,707	50,043
Council Created Reserves at 1 July		3,509	1,747	1,229
Transfers to / (from) reserves		(17)	(3,067)	2,280
Council created Reserves 30 June		3,492	(1,320)	3,509
<b>Equity at 30 June</b>		<b>184,720</b>	<b>196,841</b>	<b>181,523</b>

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 29

# Statement of Financial Position

As at 30 June 2017

	Note	Actual 2017 000's	Budget 2017 000's	Actual 2016 000's
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & Cash Equivalents	10	4,601	774	4,524
Debtors & Other Receivables	11	4,092	3,193	3,583
Other Financial Assets	12	32	1,125	-
Available for Sale Assets		-	-	-
Prepayments		44	-	52
		-	-	-
<b>Total Current Assets</b>		<b>8,769</b>	<b>5,092</b>	<b>8,159</b>
<b>Non-Current Assets</b>				
Investment Property	16	2,259	2,366	2,115
Investment in Associate	13	88	-	-
Other Financial Assets				
- Investments in CCO's and Other Similar Entities	12	23	79	23
- Investment in other entities	12	48	-	80
Property Plant & Equipment	14	182,964	198,607	180,128
Intangible Assets	15	146	81	75
<b>Total Non-Current Assets</b>		<b>185,528</b>	<b>201,133</b>	<b>182,421</b>
<b>TOTAL ASSETS</b>		<b>194,297</b>	<b>206,225</b>	<b>190,580</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade & Other Payables	18	4,130	3,081	3,408
Borrowings	21	2,000	-	-
Employee Benefit Liabilities	20	306	326	341
Provisions	19	7	-	169
Other Financial Liabilities		-	-	-
<b>Total Current Liabilities</b>		<b>6,443</b>	<b>3,407</b>	<b>3,918</b>
<b>Non-Current Liabilities</b>				
Borrowings	21	3,000	5,797	5,000
Employee Benefit Liabilities	20	-	-	-
Provisions	19	134	180	139
<b>Total Non-Current Liabilities</b>		<b>3,134</b>	<b>5,977</b>	<b>5,139</b>
<b>TOTAL LIABILITIES</b>		<b>9,577</b>	<b>9,384</b>	<b>9,057</b>
<b>NET ASSETS (assets minus liabilities)</b>		<b>184,720</b>	<b>196,841</b>	<b>181,523</b>
<b>EQUITY</b>				
Accumulated Funds	22	131,185	141,454	127,970
Asset Revaluation Reserves	22	50,043	56,707	50,043
Council Created Reserves	22	3,492	(1,320)	3,509
<b>TOTAL EQUITY</b>		<b>184,720</b>	<b>196,841</b>	<b>181,523</b>

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 29



JH Forbes

**MAYOR**

Date: 31 October 2017



A Lawrie

**CHIEF EXECUTIVE**

Date: 31 October 2017

# Statement of Cashflows

**For the Year Ended 30 June 2017**

	<b>Actual 2017 000's</b>	<b>Budget 2017 000's</b>	<b>Actual 2016 000's</b>
<b>Cashflow from Operating Activities</b>			
Receipts from rates revenue	10,258	10,191	11,509
Subsidies and grants received	3,525	6,429	2,229
Fees and charges received	1,032	1,378	1,432
Interest received	116	203	110
Receipts from other revenue	326	63	40
Payments to suppliers and employees	(10,167)	(10,604)	(9,082)
Interest paid	(222)	(286)	(182)
Payments to/on behalf of other authorities*	965	-	(1,868)
Goods and services tax (net)	(368)	-	(53)
<b>Net cashflow from operating activities</b>	<b>5,465</b>	<b>7,374</b>	<b>4,135</b>
<b>Cashflow from Investing Activities</b>			
Receipts from sale of property, plant and equipment	85	-	(1)
Receipts from sale of investments	-	4,000	367
Purchases of property, plant and equipment	(5,049)	(11,896)	(2,852)
Acquisition of investments	(303)	(275)	(24)
Purchases of intangible assets	(121)	-	-
<b>Net cashflow from investing Activities</b>	<b>(5,388)</b>	<b>(8,171)</b>	<b>(2,510)</b>
<b>Cashflow from Financing Activities</b>			
Proceeds from borrowings	-	797	1,500
Repayment of borrowings	-	-	(1,360)
<b>Net cashflow from financing activities</b>	<b>-</b>	<b>797</b>	<b>140</b>
 Net Increase / (Decrease) in Cash and cash equivalents	 77	 -	 1,765
Opening Cash and cash equivalents	4,524	774	2,759
<b>Closing Cash and cash equivalents</b>	<b>4,601</b>	<b>774</b>	<b>4,524</b>

\* Rates collected on behalf of the Bay of Plenty Regional Council are included in the Receipts of Rates Revenue and the subsequent payment in Payments to/on behalf of other entities. These are not included in the budget figures.

**The accompanying notes form part of these financial statements**

**Explanations of significant variances against budget are detailed in note 29**

# Funding Impact Statement

## Ōpōtiki District Council - Whole of Council

Funding Impact Statement for 30 June 2017

	2016 Annual plan (\$000)	2016 Annual report (\$000)	2017 Annual Plan (\$000)	2017 Actual (\$000)
<b>Sources of operating funding</b>				
General rates, uniform annual general charge, rates penalties	7,847	7,689	8,272	7,948
Targeted rates	1,868	2,160	1,919	2,259
Subsidies and grants for operating purposes	927	960	1,000	1,737
Fees and charges	1,407	1,427	1,378	1,032
Interest and dividends from investments	119	110	203	120
Local authorities fuel tax, fines, infringement fees, and other receipts	-	75	63	412
<b>Total operating funding ( A )</b>	<b>12,168</b>	<b>12,421</b>	<b>12,835</b>	<b>13,508</b>
<b>Applications of operating funding</b>				
Payment to staff and suppliers	9,848	9,101	10,604	10,444
Finance costs	281	182	286	222
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding ( B )</b>	<b>10,129</b>	<b>9,283</b>	<b>10,890</b>	<b>10,666</b>
<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>2,039</b>	<b>3,138</b>	<b>1,945</b>	<b>2,842</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	3,812	1,269	5,429	2,513
Development and financial contributions	-	1	-	3
Increase (decrease) in debt	(262)	140	797	-
Gross proceeds from sale of assets	-	-	-	(80)
Lump sum contributions	-	1	-	-
Other dedicated capital funding	-	-	-	-
<b>Total sources of capital funding ( C )</b>	<b>3,550</b>	<b>1,411</b>	<b>6,226</b>	<b>2,436</b>
<b>Application of capital funding</b>				
Capital expenditure				
- to meet additional demand	1,916	965	4,059	1,931
- to improve the level of service	2,855	467	2,844	781
- to replace existing assets	2,320	1,504	4,993	2,939
Increase (decrease) in reserves	498	1,613	275	(605)
Increase (decrease) in investments	(2,000)	-	(4,000)	232
<b>Total applications of capital funding ( D )</b>	<b>5,589</b>	<b>4,549</b>	<b>8,171</b>	<b>5,278</b>
<b>Surplus (deficit) of capital funding ( C - D )</b>	<b>(2,039)</b>	<b>(3,138)</b>	<b>(1,945)</b>	<b>(2,842)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

*This statement complies with the Local Government (Financial Reporting and Prudence) Regulations 2014*

**The accompanying notes form part of these financial statements**

# Notes to Financial Statements

## **NOTE 1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2017**

### **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 the purpose of complying with generally accepted accounting practice.

The financial statements of ODC are for the year ended 30 June 2017. The financial statements were authorized for issue by Council on 31 October 2017.

### **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 and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with 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.

### **Presentation currency and rounding**

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the remuneration in Note 26, the severance payments in Note 27, contingencies in Note 24 and the related party transaction disclosures in note 25. These transaction disclosures are rounded to the nearest dollar.

## **Standards issued and not yet effective, and not early adopted**

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

### *Impairment of Revalued Assets*

In April 2017, the XRB issued *Impairment of Revalued Assets* (PBE IPSAS 21), which now scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards. The new standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council has not yet assessed the effects of this new standard.

### *Interests in other entities*

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 – 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 – 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council has not yet assessed the effects of this new standard.

### *Financial instruments*

In January 2017, the XRB issued PBE IFRS 9 *Financial Instruments*. PBE IFRS 9 replaces PBE IPSAS 29 *Financial Instruments: Recognition and Measurement*. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early adoption permitted.

The Council plans to apply the new standards in preparing the 30 June 2022 financial statements. The Council has not yet assessed the effects of this new standard.

## **Other changes in accounting policies**

There have been no other changes in accounting policies.

## **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.

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.

#### *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.

#### *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 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.

#### *New Zealand Transport Agency Roading Subsidies*

ODC receives funding assistance from New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading 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.

#### *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.

### **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.

### **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 or 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 uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

### **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 revenue and expense

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 surplus or deficit 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 revenue and expense 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. If assets are impaired, the amount not expected to be collected is recognised in the surplus/deficit.

### *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 revenue and expense, 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 revenue and expense 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.

Land (operational and restricted) is measured at fair value, and buildings and infrastructural assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost 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.

Revaluation movements 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.

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.

#### *Disposals*

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

## *Depreciation*

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

### Buildings

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

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

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

Motor vehicles 5 years (20%)

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

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

### Roading network

- Formation – not depreciated
- Sub base – not depreciated
- 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%)
- Cycleways 50 years (2%)

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 in the surplus or deficit 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 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 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.

For revalued assets, the 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 the amount borrowed plus transaction costs. Interest due on borrowings is subsequently accrued and added to the borrowings balance.

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 and annual leave 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".

## **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
- Council created reserves
- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserve

### *Council Created reserves*

Council created 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.

Council created 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 council created 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.

### *Asset revaluation reserves*

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

### *Fair value through other comprehensive revenue and expense 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 in its 2016/17 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.

*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 2017 \$000	Actual 2016 \$000
<b>General rate</b>	8,273	7,936
<b>Targeted rates attributable to activities</b>		
Communities of Interest	341	304
Sewerage	601	567
Urban Refuse Collection	280	269
Water Supplies	719	733
Metered Water*	318	288
Rate penalties	143	173
Rates Remissions	(468)	(419)
<b>Total rates income</b>	<b>10,207</b>	<b>9,850</b>

### Rate Remissions

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

#### Community, sporting and other organisations

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

#### Uniform charges on rating units owned by the same ratepayer

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

#### 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

	2017	2016
Number of rating units within the district	5,627	5,568
Total capital value of rating units within the district	1,693,017,400	1,691,651,400
Total land value of rating units within the district	963,786,900	963,042,900
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**

User fees and charges  
Regulatory and resource consent charges  
Infringements and fines  
Rendering of services

Actual 2017 \$000	Actual 2016 \$000
636	1,013
365	391
16	20
15	8
1,032	1,432

**Note 4: Subsidies and grants**

New Zealand Transport Rooding Subsidies  
Grants towards Harbour Development  
Grant from Bay of Plenty Regional Council for Rooding  
Grant from Bay of Plenty Regional Council for Parks  
Grant from Bay of Plenty Regional Council for District Planning  
Grants for Summer festival  
Grant from Ministry of Health for Healthy Communities  
Grant for Driver Licensing Programme  
Ministry of Health subsidy towards upgrade of water supplies  
Grant from Eastern Bay Energy Trust for CCTV Cameras  
Grant for Waste Minimisation  
Other

Actual 2017 \$000	Actual 2016 \$000
1,978	1,431
1,668	542
4	24
-	10
-	7
44	-
-	8
36	-
439	168
-	24
34	15
47	-
4,250	2,229

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

**Note 5: Finance revenue and finance costs**

Interest revenue  
Interest revenue  
- term deposits  
Total finance revenue

Actual 2017 \$000	Actual 2016 \$000
120	110
120	110

Finance costs  
Interest expense  
- interest on borrowings  
Total finance costs  
Net finance costs

222	182
222	182
102	72

**Note 6: Exchange and non-exchange revenue**

Revenue from exchange transactions  
Rental Revenue  
Finance Revenue  
Total revenue from exchange transactions

Actual 2017 \$000	Actual 2016 \$000
205	195
120	110
325	305

Revenue from non-exchange transactions  
Fees and charges from activities  
Rate revenue  
Subsidies and grants  
Other non-exchange revenue  
Total revenue from non exchange transactions

1,032	1,024
10,207	9,850
4,250	2,229
262	289
15,751	13,392

**Note 7: Other revenue**

	Actual 2017 \$000	Actual 2016 \$000
Petrol tax	70	49
Profit on disposal of property, plant and equipment	49	(1)
Swap Valuation - in the money	-	9
Gain (Loss) on changes in fair value of investment property (note 16)	63	12
Other Revenue	285	8
	467	77

**Note 8: Personnel costs**

	Actual 2017 \$000	Actual 2016 \$000
Salaries & wages	3,371	2,930
Defined contribution plan employer contributions	96	74
Increase/ (decrease) in employee benefit liabilities	(35)	15
Training costs	114	54
Total employee benefit expenses	3,546	3,073

**Note 9: Other expenses**

	Actual 2017 \$000	Actual 2016 \$000
Fees paid to principal auditor:		
Audit fees for financial statement audit	99	93
Audit fees for Debenture Trust Deed assurance engagement	4	4
General grants	57	77
Impairment of receivables (note 11)	99	(38)
Minimum lease payments under operating leases	15	8
Direct expenses from investment property generating income	67	58
Subsidised roading	1,770	1,352
Non-subsidised roading	161	128
Water supplies, stormwater and wastewater	661	888
Subscription and license fees	317	250
Legal costs	81	36
Rates expense on Council property	161	143
Insurance	78	75
Other operating expenses	3,327	2,938
Total Other Operating Expenses	6,897	6,012

**Note 10: Cash and cash equivalents**

	<b>Actual 2017 \$000</b>	<b>Actual 2016 \$000</b>
Cash at bank and in hand	1,076	1,100
Short term deposits maturing three months or less from date of acquisition	3,525	3,424
Total cash and cash equivalents	4,601	4,524

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

**Note 11: Debtors and other receivables**

	<b>Actual 2017 \$000</b>	<b>Actual 2016 \$000</b>
Rates receivable	4,441	4,490
Other receivables	1,581	858
Sundry debtors	225	291
	6,247	5,639
Less provision for impairment of receivables	(2,155)	(2,056)
Total debtors and other receivables	4,092	3,583

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

	<b>Actual 2017 \$000</b>	<b>Actual 2016 \$000</b>
At 1 July	2,056	2,094
Additional provisions made during the year	99	(38)
Receivables written off during the period	-	-
At 30 June	2,155	2,056
Total receivables comprise:		
Exchange Transactions	235	261
Non-exchange Transactions	3,857	3,322
	4,092	3,583

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 12: Other financial assets**

	Actual 2017 \$000	Actual 2016 \$000
<b>Current portion</b>		
Local Government Funding Authority Borrowing Notes	32	-
Total current	32	-
<b>Non-current portion</b>		
<i>Other Investments</i>		
Local Government Funding Authority Borrowing Notes	48	80
	48	80
<i>Investments in CCO's and other similar entities</i>		
Unlisted shares in Bay of Plenty Local Authority Shared Services Ltd	5	5
Unlisted shares in Civic Assurance Ltd	18	18
Total Investment in CCO's and other similar entities	23	23
Total Non current	71	103
Total Other Financial Assets	103	103

*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.

*Impairment*

There were no impairment provisions for other financial assets. (2016 : nil)

**Note 13: Investment in Associate**

	2017 \$000	2016 \$000
Investment in Evolution Networks Limited	120	-
Equity accounted carrying amount	88	-
<i>Summarised financial information of associate presented on a gross basis</i>		
Assets	102	-
Liabilities	11	-
Revenues	113	-
Surplus/(deficit)	(124)	-
Council interest	30%	-
Share of associate's contingent liabilities incurred jointly with other investors	-	-
Contingent liabilities that arise because of several liability	-	-



## **Note 14: 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 \$2,584,394 (2016 \$1,612,211)

### **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 (2016 \$Nil )

## Note 14 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
<b>2017</b>				
Roading network	140,912	2,071	-	147,281
Water systems				
- Treatment Plants & Facilities	2,872	481	-	4,183
- Other	6,131	399	-	13,565
Sewerage system				
- Treatment Plants & Facilities	1,420	24	-	2,366
- Other	4,641	364	-	31,235
Stormwater	6,025	49	-	11,493
<b>2016</b>				
Roading network	140,041	912	-	145,372
Water systems				
- Treatment Plants & Facilities	2,479	5	-	3,748
- Other	5,920	383	-	8,305
Sewerage system				
- Treatment Plants & Facilities	1,449	38	-	1,070
- Other	4,450	877	-	11,736
Stormwater	6,119	284	-	8,744

### Insurance

	Actual 2017 \$000	Actual 2016 \$000
The total value of all assets that are covered by insurance contracts	18,838	17,379
The maximum amount to which they are insured	16,981	17,368
The total value of all assets that are covered by financial risk-sharing arrangements	10,000	10,000
The maximum amount available under this arrangement	9,900	9,900
The total value of assets that are self insured	-	-
- there is no fund maintained for this purpose		

### DEPRECIATION BY GROUP OF ACTIVITY

	Budget 2017 \$000's	Actual 2017 \$000's	Actual 2016 \$000's
Community Facilities	231	201	197
Economic Development	7	1	1
Land Transport	1,236	1,200	1,169
Regulation & Safety	7	7	8
Solid Waste Management	17	16	16
Stormwater	157	143	141
Support Services	333	307	240
Wastewater	231	226	210
Water Supplies	289	275	265
Community Development	-	16	12
<b>Total depreciation</b>	<b>2,508</b>	<b>2,394</b>	<b>2,259</b>

## Note 13 Property, plant and equipment continued...

2017	Cost/ revaluation 2016	Accumulated depreciation and impairment charges 2016	Carrying amount 2016	additions	additions Vested	impairment charges	disposals	depreciation	Depreciation Write Back	Revaluation surplus	Cost/ revaluation 2017	Accumulated depreciation and impairment charges 2017	Carrying amount 2017
<b>Operational assets</b>													
Land	656	-	656	40	-	-	-	-	-	-	696	-	696
Buildings	1,414	94	1,320	112	-	-	1	49	-	-	1,525	143	1,382
Plant, machinery and vehicles	1,482	758	724	305	-	-	212	203	177	-	1,575	784	791
Fixtures, fittings and equipment	789	663	126	100	-	-	13	72	13	-	875	722	153
Library collections	741	616	125	45	-	-	-	40	-	-	786	655	131
Total operational assets	5,082	2,131	2,951	601	-	-	226	364	190	-	5,456	2,304	3,152
<b>Infrastructural assets</b>													
Roads & footpaths	142,333	2,292	140,041	2,071	-	-	-	1,200	-	-	144,402	3,490	140,912
Water systems													
- Treatment Plants & Facilities	2,650	171	2,479	481	-	-	-	88	-	-	3,131	258	2,872
- Other	6,285	365	5,920	399	-	-	-	187	-	-	6,682	551	6,131
Sewerage system													
- Treatment Plants & Facilities	1,542	93	1,449	24	-	-	-	53	-	-	1,566	146	1,420
- Other	4,754	304	4,450	364	-	-	-	173	-	-	5,119	478	4,641
Stormwater drainage	6,354	235	6,119	49	-	-	-	143	-	-	6,403	379	6,025
Cycle Ways	1,142	23	1,119	40	-	-	-	12	-	-	1,182	35	1,147
Total infrastructural assets	165,060	3,483	161,577	3,427	-	-	-	1,857	-	-	168,485	5,337	163,148
<b>Restricted assets</b>													
Land	10,036	-	10,036	6	-	-	-	-	-	-	10,042	-	10,042
Buildings	4,195	247	3,948	214	-	-	-	124	-	-	4,409	371	4,038
Total restricted assets	14,231	247	13,984	220	-	-	-	124	-	-	14,451	371	14,080
Commissioned property, plant and equipment	184,373	5,861	178,512	4,249	-	-	226	2,345	190	-	188,392	8,012	180,380
<b>WIP</b>	<b>Cost</b>		<b>Carrying Amount</b>	<b>Year Movement</b>							<b>Cost</b>		<b>Carrying Amount</b>
	<b>2016</b>		<b>2016</b>								<b>2017</b>		<b>2017</b>
Work in progress - Roads & footpaths	459		459	(459)							0		0
Work in progress - Water	25		25	477							502		502
Work in progress - Sewerage	-		-	35							35		35
Work in progress - Stormwater drainage	-		-	14							14		14
Work in Progress - Harbour	888		888	982							1,870		1,870
Work in Progress - Community Facilities and Property	239		239	(75)							164		164
Total work in progress	1,611	-	1,611	973	-	-	-	-	-	-	2,584	-	2,584
Total property, plant and equipment	185,984	5,861	180,123	5,222	-	-	226	2,345	190	-	190,976	8,012	182,964

The net carrying amount of PPE held under finance lease is \$0 (2016: \$0)

## Note 13 Property, plant and equipment continued...

2016	Cost/ valuation 2015	Accumulated depreciation and impairment	Carrying amount 2015	additions	additions Vested	impairment	disposals	depreciation	Depreciation Write Back	Revaluation surplus	Cost/ valuation 2016	Accumulated depreciation and impairment	Carrying amount 2016
	2015											2016	
<b>Operational assets</b>													
Land	656	-	656								656	-	656
Buildings	1,365	47	1,318	49				47			1,414	94	1,320
Plant, machinery and vehicles	1,436	796	640	271			225	91	129		1,482	758	724
Fixtures, fittings and equipment	723	605	118	67			1	58			789	663	126
Library collections	696	576	120	45				40			741	616	125
Total operational assets	4,876	2,024	2,852	432	-	-	226	236	129	-	5,082	2,131	2,951
<b>Infrastructural assets</b>													
Roads & footpaths	141,421	1,135	140,286	912				1,157			142,333	2,292	140,041
Water systems													
- Treatment Plants & Facilities	2,645	92	2,553	5				79			2,650	171	2,479
- Other	5,902	177	5,725	383				188			6,285	365	5,920
Sewerage system													
- Treatment Plants & Facilities	1,504	41	1,463	38				52			1,542	93	1,449
- Other	3,897	165	3,732	877			20	158	19		4,754	304	4,450
Stormwater drainage	6,127	131	5,996	284			57	141	37		6,354	235	6,119
Cycle Ways	1,136	11	1,125	6				12			1,142	23	1,119
Total infrastructural assets	162,632	1,752	160,880	2,505	-	-	77	1,787	56	-	165,060	3,483	161,577
<b>Restricted assets</b>													
Land	10,028	-	10,028	8							10,036	-	10,036
Buildings	4,195	123	4,072					124			4,195	247	3,948
Total restricted assets	14,223	123	14,100	8	-	-	-	124	-	-	14,231	247	13,984
Commissioned property, plant and equipment	181,731	3,899	177,832	2,945	-	-	303	2,147	185	-	184,373	5,861	178,512
<b>WIP</b>	<b>Cost 2015</b>		<b>Carrying Amount 2015</b>	<b>Year Movement</b>							<b>Cost 2016</b>		<b>Carrying Amount 2016</b>
Work in progress - Roads & footpaths	184		184	275							459		459
Work in progress - Water	68		68	(43)							25		25
Work in progress - Sewerage	712		712	(712)							-		-
Work in progress - Stormwater drainage	35		35	(35)							-		-
Work in Progress - Harbour	582		582	306							888		888
Work in Progress - Community Facilities and Property	185		185	54							239		239
Total work in progress	1,766	-	1,766	(155)	-	-	-	-	-	-	1,611	-	1,611
Total property, plant and equipment	183,497	3,899	179,598	2,790	-	-	303	2,147	185	-	185,984	5,861	180,123

The net carrying amount of PPE held under finance lease is \$0 (2015: \$0)

Plant, machinery and vehicles carry forward figures for cost and depreciation were overstated by \$67k in 2015, the net effect of which is Nil.

Plant, machinery and vehicles, disposals and depreciation have been adjusted by \$67k in 2016 to ensure correct carry forward figures for cost and depreciation at the end of 2016, the net effect of which is Nil.

Roads & footpaths carry forward figure for depreciation was overstated by \$10k in 2015, in 2016 depreciation has been adjusted by \$10k to ensure correct carry forward figures for depreciation at the end of 2016.

## Note 15 Intangible assets

	Computer software	Easement	Total
<b>Cost</b>			
Balance at 1 July 2016	337	10	347
Additions	121	-	121
Disposals	-	-	-
Balance 30 June 2017	458	10	468
Balance at 1 July 2015	337	10	347
Balance at 30 June 2016	306	10	316
<b>Accumulated amortisation and impairment</b>			
Balance at 1 July 2016	272	-	272
Amortisation charge	50	-	50
Disposals	-	-	-
Balance 30 June 2017	322	-	322
Balance at 1 July 2015	235	-	235
Balance at 30 June 2016	272	-	272
<b>Carrying amounts</b>			
Balance at 1 July 2016	65	10	75
Balance 30 June 2017	136	10	146
Balance at 1 July 2015	102	10	112
Balance at 30 June 2016	65	10	75

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 16 Investment property

	Actual 2017 \$000	Actual 2016 \$000
Balance 1 July	2,115	2,103
Additions	254	-
Disposals	(173)	-
Fair value gains/( losses ) on valuation ( note 7 )	63	12
Balance 30 June	2,259	2,115

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 Peter Erceg an independent valuer from Aon New Zealand, who 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 highest and best use method.

Highest and best use is defined as the most probable use of the asset that is physically possible, appropriately justified, legally permissible, financial feasible, and which results in the highest value.

**Note 17 Council Controlled Organisations**

Council make contributions to both BOP LASS and Toi EDA. This has currently been included under Note 25 Related party transactions. Council has 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, Opoitiki and Whakatane District Councils) working together with local Iwi. This organisation has been exempted as a Council Controlled Organisation under section 7 of the Local Government Act 2002.

**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 shareholders 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.

## BOPLASS Performance Report

The nature and scope of the activities provided by BOPLASS are that of collaborative procurement

The key performance target, performance measures and actual results have been listed in the following table:

Levels of Service	Measures	Actual Results
Investigate new joint procurement initiatives for goods and services for BOPLASS Councils	A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.	Achieved: Joint procurement for; 1. Health and safety training preferred supplier 2. Security services 3. Health and safety elected members training 4. Additional infrastructure insurance 5. GIS training 6. EMA membership 7. Environmental insurance/gradual contamination insurance 8. Event management liabilities legal opinion 9. Aerial photography 2016-17 10. Health, safety and risk management software
Provide support to BoPLASS Councils managing or investigating Shared Services Projects	BOPLASS to provide 0.25 FTE resource and expertise assist councils in shared services developments and projects	0.25 FTE provided through engagement of a contractor and IT manager  Support provided to councils in development of the following services;  1. Solid waste services 2. Information services strategic plan 3. Historical aerial imagery 4. Contractor health and safety prequalification 5. Inter-council health and safety auditing 6. Audit and risk insights panel 7. Health and safety in procurement of machinery 8. Shared health and safety training 9. Inter-council network review, redesign and renegotiation
Further develop and extend the Collaboration Portal for access to, and sharing of project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.	Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access. Proactively market the benefits to councils.	Achieved: 1. Collaboration portal further developed to include options for central government agencies and an activity area dedicated to the Department of Internal Affairs to engage and network with councils. 2. New LASS and councils signed up to the Collaboration Portal 3. On-boarding and training provided to new councils to maximise usage and ensure increased uptake 4. National awareness of Collaboration Portal created through BOP LASS presentation to LG Commissioner. 5. During 2016-17 year 15 new local government organisations outside of BOPLASS joined the portal and have licensed users with access to the Collaboration Portal and shared information. 6. The Collaboration Portal now has a membership of 40 councils, 59 organisations in total, and 516 users.

Ensure appointed vendors remain competitive & continued best value is returned to shareholders.	Manage and/or renegotiate existing contracts.	Achieved: Contracts negotiated and/or renewed for:  1. Video Conferencing Services 2. ESRI Enterprise Licensing Agreement 3. Multi-function devices (copiers/printers) 4. Liability insurance 5. GIS software and services 6. Print media copyright agency contract 7. Media Monitoring
Complete independent review of governance performance and structure to ensure it supports BoPLASS Strategic Direction.	Engage external party to complete independent review of BOPLASS governance.	Achieved: 1. Strategic review completed by the Board  2. Board review of operations governance structure and 3. 2017-20 Statement of Intent developed to include an independent governance review 3. 2017-20 Statement of Intent, including governance changes, circulate to all shareholding councils. SOI received by all councils with affirmative feedback received from all shareholders
Communicate with each shareholding council at appropriate levels	Meeting with each Executive Leadership Team	Achieved: Executive-level meetings held with councils  Five operations committee meetings held during the year ELT representation and attendance at one or more meetings from every Council
Ensure current funding model is appropriate	Review BOPLASS expenditure and income and review council contributions and other sources of funding	Achieved: 1. Council contributions levied 2. Contributions received from activities producing savings 3. Vendor rebates collected 4. Monthly and quarterly performance reviewed 5. Financial statements reported and reviewed at board meetings 6. Financial position year end 30 June 2017: \$2,254 surplus

#### **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.

### Toi-EDA Performance Report

The nature and scope of the activities provided by Toi-EDA are that of economic development with focus on the harbour project to inject vitality into an emerging aquaculture industry and a focus upon workforce development to support economic activity.

The key performance target, performance measures and actual results have been listed in the following table:

Levels of Service	Measures	Actual Results
Support the establishment of an aquaculture industry in Eastern Bay of Plenty (EBoP)	Maintain the support for Opotiki aquaculture and harbour development projects.	Achieved:
	Advocate at district, regional & national level in support	Achieved:
	Facilitation as required for use of Whakatane Harbour	Achieved:
	Membership of OMAG	Achieved:
	Champion the case for sector growth to meet the BoP Regional Strategy Goal of \$250million by 2015	Achieved:
Maximize local employment opportunities in kiwifruit & aquaculture industries	Complete Phase 2 of the kiwifruit & aquaculture Workforce Development Project	Achieved:
Increase the level of value added processing of the regional forest harvest	Champion full HPMV on key routes.	Achieved:
	Support industrial symbiosis Kawerau ISK	Achieved:
	Participation in BOC, FWAG & FLAG	Achieved:

Work with Eastern Bay Iwi & Hapū to implement He Mauri Ohoooho (Bay of Connections Māori ED Strategy)	Identify and develop effective interactions with Iwi and Hapu for ED purposes and projects.	Achieved:
	Develop specific project ideas from above, write up and seek funding	Achieved:
Provide information & analysis on key economy measures & trends	Commission economic profile reports on EB economy	Achieved:
	Identify key economic drivers and changes and communicate	Achieved:
Facilitate/Coordinate Youth engagement, training & employment	Engage with existing programmes and projects.	Achieved:
	Profiling of existing and planned initiatives.	Achieved:
Communicate with Community & Partners	Develop new public relations and communications strategy	Achieved:
	Engage with all key stakeholders	Not Achieved:
	Enhance Toi EDA brand and encourage ownership of brand.	Achieved:
	Communicate the mandate, strategic intent and goals of Toi-EDA and encourage feedback	Achieved:
Secure Funding & diversify TOI-EDA Funding Base	To make submissions to the councils' Annual Plan for resources for Toi-EDA	Not Achieved:
	Meet CEs & Other funding sources	Achieved:
	Develop key projects and secure funding from outside agencies	Part Achieved:
MBIE/MPI Regional Growth Implemented in EBoP	Active participation in the Regional Growth Study Action Implementation phase.	Achieved:
Implement Eastern Bay recommendations from BoP tertiary intentions strategy	Engage with relevant partners for each action Integrate with He Mauri Ohoooho actions re education and skill development	Part Achieved:
To identify and develop relationship and linkages with key industry players	To engage with BoC and assist with the implementation of the strategies, ensure that Eastern Bay projects are supported and activity is aligned across the region	Achieved:
Contribute to Eastern Bay Spatial Plan	Provide data, information and advice on economic and wealth factors for the spatial plan. Scope and provide or facilitate information on other relevant areas of expertise, eg transport and logistics, primary industry etc	Not Achieved:
Engage in statutory planning processes on Eastern Bay economic development matters	Submit to local authority and other relevant planning processes on ED matter of importance to Eastern Bay	Part Achieved:

**Note 18: Trade and other payables**

	Actual 2017 \$000	Actual 2016 \$000
Trade payables	1,623	1,408
Retained contract monies	271	178
Deposits and bonds	81	111
Accrued expenses	196	84
Rates in advance	318	316
Rates due to Bay of Plenty Regional Council	1,679	714
GST Liability	(38)	330
Other payables	-	266
Total trade and other payables	4,130	3,408
Exchange Transactions	1,809	1,993
Non-exchange Transactions	2,321	1,415
	4,130	3,408

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 19: Provisions**

	Actual 2017 \$000	Actual 2016 \$000
<b>Current provisions are represented by:</b>		
Landfill aftercare provision	7	7
Development Contributions Repayment	-	162
Other	-	-
	7	169
<b>Non-current provisions are represented by:</b>		
Landfill aftercare provision	84	89
Weathertightness claims	49	50
Other	1	-
	134	139

	Landfill Aftercare \$000	Weathertightness Claims \$000	Development Contributions \$000
Balance at 1 July 2015	100	77	425
Additional provisions made during the year	4	23	-
Amounts used during the year	(2)	(50)	(263)
Unused amounts reversed during the year	-	-	-
Discount unwinding	(6)	-	-
Balance as at 30 June 2016	96	50	162
Additional provisions made during the year	-	50	-
Amounts used during the year	(5)	(50)	(5)
Unused amounts reversed during the year	-	-	(157)
Discount unwinding	-	-	-
Balance as at 30 June 2017	91	50	-

### 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% (2016 4.50%).

### Weathertightness claims provision

The last of the weathertightness claims made in 2015 was settled for \$50,000 in 2017.

We have recently been joined to the Ministry of Education claim against Carter Holt Harvey, along with 48 other Councils.

At this stage we have classified this as a contingent liability as there is still a lot of uncertainty around the case but also raised a provision of \$50,000 to cover ongoing legal costs in relation to the case. (2016: \$162,000)

### Development Contributions Provision

Council provided \$425,000 in 2015 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. As at 30 June 2017 no amount remains to be claimed as the balance was transferred to reserve following the 2016 Annual Report.

### Note 20: Employee benefit liabilities

	Actual 2017	Actual 2016
Annual leave	216	233
Accrued pay	90	108
Total employee benefit liabilities	306	341
Comprising		
Current	306	341
Total employee benefit liabilities	306	341

**Note 21: Borrowings**

	Actual 2017 \$000	Actual 2016 \$000
<b>Current</b>		
Secured loans	2,000	-
Total current borrowings	2,000	-
<b>Non-current</b>		
Secured loans	3,000	5,000
Total non-current borrowings	3,000	5,000

**Secured loans**

ODC's secured debt is \$5,000,000 (2016 \$5,000,000). Of this \$2,000,000 (2016 \$2,000,000) 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 \$3,000,000 (2016 \$3,000,000) is issued at fixed rates of interest.

**Security**

ODC's loans are secured over either separate of general rates of the Council.

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 37 to 103 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 and investment Management policy. These policies have been adopted as part of the ODC's Long-Term Plan.

## Note 22: Equity

	Actual 2017 \$000	Actual 2016 \$000
<b>Retained earnings</b>		
As at 1 July	127,969	128,078
Transfers to:	-	-
Council created reserves	(3,291)	(4,369)
Transfer to provisions	-	-
Transfers from:		
Council created reserves	3,308	2,089
Transfer from provisions	213	-
Asset Revaluation Reserve	-	-
Surplus/ ( deficit ) for year	2,986	2,171
As at 30 June	<u>131,185</u>	<u>127,969</u>
 Council created reserves		
As at 1 July	3,509	1,229
Transfers to:		
Retained earnings	(3,308)	(2,089)
Transfers from:		
Retained earnings	3,291	4,369
As at 30 June	<u>3,492</u>	<u>3,509</u>
 Asset revaluation reserve		
As at 1 July	50,043	50,043
Revaluation gains/ ( losses )	-	-
Transfer to Retained Earnings	-	-
As at 30 June	<u>50,043</u>	<u>50,043</u>
 <b>Total Equity</b>	<u>184,720</u>	<u>181,521</u>
 Asset revaluation reserve consists of:		
Operational assets		
Land and Buildings	139	139
Infrastructural Assets		
Roading	38,937	38,937
Water systems	3,511	3,511
Sewerage systems	2,420	2,420
Stormwater system	4,622	4,622
Cycle Ways	79	79
Restricted assets		
Land and Buildings	335	335
	<u>50,043</u>	<u>50,043</u>

Restricted reserves relate to :

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

## Note 21: Council Created Reserve Funds

### Special Reserves - 2017

<b>Special Reserves</b>	<b>Activity</b>	<b>Purpose</b>	<b>Balance 01-Jul-16 \$000</b>	<b>Deposits \$000</b>	<b>Withdrawals \$000</b>	<b>Balance 30-Jun-17 \$000</b>
Cash in Lieu of Reserves	Economic Development	For general purpose funding	149	7	-	156
Car Parking Reserve	Land Transport	For parking operating surpluses and deficits	5	-	-	5
General Purposes (Electricity Proceeds)	Economic Development	For general purpose funding	36	2	-	38
Development Contributions - Facilities	Community Facilities	For development of recreational facilities	391	17	-	408
CBD Development Reserve	Community Development	For development of the town CBD	-	37	-	37
Road Upgrade Reserve	Land Transport	For upgrading of roading	108	5	-	113
Destination Playground	Community Facilities	For Development of Playground	3	-	-	3
Elections Reserve	Leadership	For Funding Triennial Elections	16	1	-	17
Coast Community Board Reserve	Community Development	For Funding CCB Projects	49	51	-	100
Library Redevelopment Reserve	Community Facilities	For the Library Development Project	117	180	-	297
Whakaari Taonga Management Reserve	Community Facilities	For the development of reserves	7	3	-	10
District Plan Reserve	District Planning	For District Plan	86	-	(86)	-
			967	303	(86)	1,184

### Other Reserves - 2017

	<b>Purpose</b>	<b>Balance 01-Jul-16 \$000</b>	<b>Deposits \$000</b>	<b>Withdrawals \$000</b>	<b>Balance 30-Jun-17 \$000</b>
Treasury Reserves	For operating surpluses and deficits	588	-	-	588
Depreciation Reserves	For funding replacement of existing assets	1,954	2,988	(3,222)	1,720
		2,542	2,988	(3,222)	2,308
		3,509	3,291	(3,308)	3,492

## Note 21: Council Created Reserve Funds- continued

### Special Reserves - 2016

<b>Special Reserves</b>	<b>Activity</b>	<b>Purpose</b>	<b>Balance 1-Jul-15 \$000</b>	<b>Deposits \$000</b>	<b>Withdrawals \$000</b>	<b>Balance 30-Jun-16 \$000</b>
Cash in Lieu of Reserves	Economic Development	For general purpose funding	145	5	-	149
Car Parking Reserve	Land Transport	For parking operating surpluses and deficits	4	0	-	5
General Purposes (Electricity Proceeds)	Economic Development	For general purpose funding	34	2	-	36
Development Contributions - Facilities	Community Facilities	For development of recreational facilities	370	21	-	391
Road Upgrade Reserve	Land Transport	For upgrading of roading	87	22	-	108
Destination Playground	Community Facilities	For Development of Playground	3	0	-	3
Elections Reserve	Leadership	For Funding Triennial Elections	-	16	-	16
Coast Community Board Reserve	Community Development	For Funding CCB Projects	-	65	(16)	49
Library Redevelopment Reserve	Community Facilities	For the Library Development Project	2	116	-	117
Whakaari Taonga Management Reserve	Community Facilities	For the development of reserves	3	4	-	7
District Plan Reserve	District Planning	For District Plan	81	5	-	86
			728	255	(16)	967

### Other Reserves - 2016

	<b>Purpose</b>	<b>Balance 01-Jul-16 \$000</b>	<b>Deposits \$000</b>	<b>Withdrawals \$000</b>	<b>Balance 30-Jun-17 \$000</b>
Treasury Reserves	For operating surpluses and deficits	501	87	-	588
Depreciation Reserves	For funding replacement of existing assets	-	4,027	(2,073)	1,954
		501	4,114	(2,073)	2,542
		1,229	4,369	(2,089)	3,509



## 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

Comprising

Water system

Road network

Buildings

### Total capital Commitments

Actual 2017 \$000	Actual 2016 \$000
1,162	109
1,162	109
437	109
44	
681	
1,162	109

### Operating commitments

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

Not later than one year

Later than one year and not later than five year

Later than five years

Actual 2017 \$000	Actual 2016 \$000
1,661	2,044
1,661	2,044
-	-
-	-
1,661	2,044

### 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:

### Non-cancellable operating leases as lessor

Not later than one year

Later than one year and not later than five years

Later than five years

Total non-cancellable operating leases

Actual 2017 \$000	Actual 2016 \$000
-	-
-	-
-	2
-	2

No contingent rents have been recognised in the statement of comprehensive revenue and expense 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:

### Non-cancellable operating leases as lessee

Not later than one year

Later than one year and not later than five years

Later than five years

Total non-cancellable operating leases

Actual 2017 \$000	Actual 2016 \$000
13	-
48	8
-	-
61	8

## Note 24: Contingencies

### Contingent liabilities

As disclosed in note 18, a provision of \$50,000 (2016: \$50,000) has been recognised for weathertightness 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 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.

Carter Holt Harvey (CHH) and others alleging inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in December 2016, CHH commenced third party proceedings against 48 Councils, including Opotiki District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates. The Councils have applied for orders setting aside and striking out CHH's claims against them. The MOE's claim against CHH is for 833 school buildings, 3 of which are located within the Opotiki District. At present there is insufficient information to conclude on potential liability and claim quantum, if any. However we have included a provision of \$50,000 as disclosed in note 18 to cover ongoing legal costs relating to the case.

### Contingent assets

#### *Buildings on council land and reserves*

ODC is aware that there are a number of buildings that have been erected either on council owned land or reserves, some of these are community type buildings such as the club rooms mentioned in this note in prior years, and some are more commercial buildings such as hangars at the aerodrome. For consistency these should all be recognised and treated equally.

Where a building is allowed to be built on Council land or reserves there are generally clauses in all such agreements that should the tenure come to an end the building will either be removed at the cost of the owner, or ownership of the property forfeited to Council.

Given that this relates to a great number of buildings across the district we have chosen not to singularly identify these assets or provide a value for them in our Annual Report.

This clause only becomes relevant when the building owner or leasee is dissolved or forfeits the lease.

#### *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 2017 this amounted to \$26,439 (2016 : \$26,439)

## Note 25: Related party transactions

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

	<b>Actual 2017 \$000</b>	<b>Actual 2016 \$000</b>
<b>BOPLASS</b>		
Annual contribution	12	12
Equity Contribution	-	5
Services Provided	20	66
	<b>Actual 2017 \$000</b>	<b>Actual 2016 \$000</b>
<b>Toi EDA</b>		
Annual contribution	31	34
Services Provided	79	63

### 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 2017 \$000	Actual 2016 \$000
<i>Councillors</i>		
Remuneration	206	174
Full time equivalent members	7	7
<i>Senior Management Team</i>		
Remuneration	765	759
Full time equivalent members	4	5
<b>Total key management personnel remuneration</b>	<b>971</b>	<b>933</b>
<b>Total full-time equivalent personnel</b>	<b>11</b>	<b>12</b>

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

### Note 26: Remuneration

#### Chief Executive

The total remuneration (including any non-financial benefits) paid or payable for the year to the Chief Executive was \$233,001 (2016: 219,543)

#### Elected representatives

	2017	2016
Mayor - John Forbes ( Including salary plus car plus FBT )	66,238	60,796
Deputy Mayor - Lyn Reisterer	29,052	17,703
Councillor - Audit & Risk Chair - Arihia Tuoro	27,872	17,700
Councillor - Coast Community Board Chair - Haki McRoberts	28,154	24,791
Councillor - Barry Howe	18,231	17,700
Councillor - Shona Browne	18,231	17,700
Councillor - Ken Young	18,231	17,700
	206,009	174,090

#### Staff

	2017	2016
Number of full time employees	43	41
Number of full time equivalent of all other employees	7	7
Number of employees receiving less than \$60,000	38	48
Number of employees receiving between \$60,000 and \$79,999	8	6
Number of employees receiving between \$80,000 and \$219,999	8	6
Total number of Employees	54	60

### Note 27: Severance Payments

For the year ended 30 June 2017 ODC made one severance payment for \$7,500. (2016 \$0)

### Note 28: Events after balance sheet

#### Credit Union Central Building

CUC occupy premises located on Council owned land. The lease of the land to a previous party terminated in 2016 and purchase of the building by Council occurred in August 2017.

## Note 29: Explanation of major variances against budget

Explanations for major variations from ODC's estimated figures in the 2015-2025 Long Term Plan are as follows:

Statement of Comprehensive Income		2017	
		\$000	
<b>Actual surplus of \$2,985 million versus budget surplus of \$11,586 million</b>			
<b>A Unfavourable variance of \$8,601 million.</b>			
<b>Total revenue of \$16,076 million was \$2,188 million under budget made up as follows:</b>			
Rates Revenue	a	16	Favourable
Subsidies and grants	b	(2,179)	Unfavourable
Fees and charges	c	(346)	Unfavourable
Financial Income		(83)	Unfavourable
Other Revenue (Fees & Charges)	c	404	Favourable
		<b>(2,188)</b>	
<b>Total expenditure of \$13,059 million was \$0,339 million under budget made up as follows:</b>			
Personnel costs	d	161	Favourable
Depreciation and Amortisation	e	114	Favourable
Finance costs	f	64	Favourable
Other Expenditure		0	Favourable
		<b>339</b>	
<b>Net Operating Surplus</b>		<b>(1,849)</b>	
Property Plant & Equipment Revaluation		(6,720)	
		<b>(8,569)</b>	

a. Rates revenue is as budgeted

b. Subsidies and grants are lower than budget due to a delay in the library development project which expected subsidy revenue of \$1.5 million. Delays to the progress of the harbour development project whilst we undertake additional workstreams ahead of a funding commitment have meant that the start of construction won't be until next year.

c. Fees and charges revenue is lower than budgeted due to reclassifying rental income as other income, other income is over budget by a proportionate amount.

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, as well as prior year asset revaluations being lower than expected, impacting on future depreciation expenditure.

f. Finance costs are under budget due to delay in completing capital projects and transitioning all of Council's debt across to LGFA which are at lower rates than available through the bank.

## Note 29: Explanation of major variances against budget - continued

### Statement of Financial Position

**Actual net equity of \$184,720 million versus budget of \$196,841 million, variance of \$12,121 million.**

An analysis of the major variances are set out below:

An increase in cash and cash equivalents	h	3,827	Favourable
An increase in debtors and other receivables	i	899	Favourable
A decrease in other financial assets	j	(1,093)	Unfavourable
A decrease in Property, Plant and Equipment	k	(15,643)	Unfavourable
A decrease in Investment Property	l	(107)	Unfavourable
An increase in intangible assets	m	65	Favourable
An increase in prepayments		44	Favourable
An increase in investments in associates		88	Favourable
A decrease in Investments in CCO's and other similar entities		(8)	Favourable
An increase in creditors and other payables	n	(1,049)	Unfavourable
A decrease in borrowings	o	797	Favourable
A decrease in Provisions		39	Favourable
A decrease in employee benefit liabilities		20	Favourable
		<u>(12,121)</u>	

h. The increase in cash and cash equivalents is due to Council building enough reserves to fund the significant Wastewater Renewal project that we begin embarking on next year.

i. The increase in debtors and other receivables is due to Harbour and NZTA Debtors being higher than anticipated. Budget for this line item is inflation adjustment to the prior year.

j. The decrease in other financial assets is due to investing cash into term deposits in accordance with Council's investment policy of having term deposits of no longer than 90 days. This is classified as cash and cash equivalents.

k. The decrease in Property, Plant and Equipment is due to the asset values at the last revaluation being lower than projected and postponement and delays of budgeted capital projects.

l. The decrease in investment property is due a lower increase from revaluation than expected on investment property and the removal of a community building previously incorrectly classified as an investment property.

m. The increase in intangible assets is due to the purchase of new software and investment in a new council website.

n. The increase in creditors and other payables is due to a large payment owing to Regional Council for rates collected on their behalf. We have also incurred additional expenditure in relation to the harbour development project that has been funded by government.

o. The decrease in borrowings is due to the postponement of capital projects requiring loan funding, and also to some extent the funding commitment of \$3 million from Central Government, meaning that the capital works that we had planned for around the harbour development project was funded by subsidy rather than loan.

## **Note 29: Explanation of major variances against budget - continued**

### **Statement of Cash Flows**

**2017 actual movement was an \$0.007 million increase in cash held versus a budgeted increase in cash of \$0**

**Net cash flow from operating activities was \$5.465 million against a budget of \$7.374 million.**

The unfavourable variance is due to the lower operating receipts from subsidy revenue than budgeted.

**Net cash flow from investing activities was -\$5.388 million against a budget of -\$8.171 million.**

This favourable variance is driven by the delays and deferrals to capital expenditure as outlined earlier in the report.

**Net cash flow from financing activities was \$0 against a budget of \$0.797 million.**

The favourable variance is due to council not uplifting additional borrowings through various projects not progressing at the rate envisaged.

# Statement of Compliance and Responsibility

**For the Year Ending 30 June 2017.**

## **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 2017, fairly reflect the financial position and operations of the Ōpōtiki District Council.



JH Forbes

**MAYOR**

Date: 31 October 2017



A Lawrie

**CHIEF EXECUTIVE**

Date: 31 October 2017

# Report from Audit New Zealand

AUDIT NEW ZEALAND  
Mana Arotake Aotearoa

## Independent Auditor's Report

### To the readers of Ōpōtiki District Council's annual report for the year ended 30 June 2017

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 report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 31 October 2017. This is the date on which we give our report.

### Opinion on the audited information

In our opinion:

- the financial statements on pages 108 to 158:
  - present fairly, in all material respects:
    - the District Council's financial position as at 30 June 2017;
    - 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 in accordance with the Public Benefit Entity Reporting Standards;
- the funding impact statement on page 112, presents 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 Council's activities and performance information on pages 37 to 106:
  - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2017, including:
    - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;



- the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
  - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 37 to 106, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 37 to 106, presents 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 Long-term plan.

### **Report on the disclosure requirements**

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 19 to 26, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council's audited information and, where applicable, the District Council's long-term plan and annual plans.

### **Basis for opinion on the audited information**

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

### **Responsibilities of the Council for the audited information**

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

### **Responsibilities of the auditor for the audited information**

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan and Long-term plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the Council's activity and performance information, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Other Information**

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 8 to 18 and 27 to 36, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Independence**

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our audit report on the disclosure requirements, we have carried out an assignment in the area of auditing the debenture trust deed, which is compatible with those independence requirements. Other than this assignment, we have no relationships with or interests in the District Council.



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

