



# Opotiki District Council

*"To develop a strong, vibrant and cohesive community"*

## **2003/2004**

## ***Annual Report***



ISSN 1173-1842



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<b>EXECUTIVE STAFF</b>		
Patrick Gargiulo	Chief Executive Officer	
David Reece	Engineering & Services Manager	
Donna Young	Corporate Services Manager	
Vaughan Payne	Environment & Planning Manager	
John Rollo	Finance Manager	

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### **YOUR REPRESENTATIVES** (from October 2001)

John Harris Forbes (Mayor) 315 7362  
Selby Edwin Fisher (Deputy Mayor) 315 7624

#### **Opotiki Ward:**

Alex Dobie 315 8009  
Debi Hocart 315 5140  
Robbie Petersen 315 6580  
Alan Rowe 315 7332

#### **Coast Ward:**

Erueti Koopu 325 2620  
Haki McRoberts 325 2833

#### **Waiotahi Ward:**

Selby Fisher 315 7624  
Doug Leeder 315 4839

#### **Waioeka/Otara Ward:**

John Hedley 315 7807  
Adrian Gault 315 7789

### **Adoption of Annual Report**

This Annual Report and Audited Financial Statements of the Opotiki District Council, together with the Report of the Audit Office, were adopted by Council on Tuesday 23 November 2004

## MISSION VISION AND VALUES

**Ta Matou Whaingā**  
**(He Aha E Ora Nei Te Kaunihera)**  
Ki te whakahiato i tetahi iwi whānui kaha, kakapa, ngatahi

**Our Mission**  
**(Why Council Exists)**  
To develop a strong, vibrant and cohesive community

**Ta matou whakakitenga**  
**(ko ta te Kaunihera e ngakauui ana kia tutuki)**

**Vision**  
**(What Council Aspires to Achieve)**

Hai te tau 2004 ka taea e matou:

By 2004 we will have:

- Kawea tonu te whakaaturanga kaiarahi
- Maha ake te tūhūngatanga tikanga
- Whakahiatoia tetahi wahanga maia, a, rata ake o te kawangatanga iwi Whānui
- Whakareia nga angitu mo te whai hua whanaketanga
- Hikitia te papa tautoko hanganga
- Whakakahangia te whakarurutanga me te oranga o te iwi kainga
- Whakareia te taiao
- Whakapai ake i te paerewa mohiotanga o te iwi whānui ki te Kaunihera
- Tetahi ropu maia, totika ake

- Continued to demonstrate leadership
- Developed a more efficient and responsive unit of local government
- Improved the level of community understanding of the Council
- Increased cultural sensitivity
- Strengthened community safety and wellbeing
- Upgraded Infrastructure
- Enhanced our environment
- Enhanced opportunities for economic development
- A more efficient and effective organisation

### **Nga Uaratanga a te Kaunihera**

Kua whakaae te Kaunihera kei a ia e pupuri ana e hapai ana uga uaratanga -ka noho hei papa mo ana tikanaga me ana mahi:

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

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

#### **Manakuratanga**

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

#### **Mahorahora me nga Herenga**

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

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

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

#### **Whakatutukitanga Whakawaiatanga**

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

#### **Tikanga Tūhūngatanga**

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

#### **Tumanako Manawareka**

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

### **Council Values**

Council has agreed that it holds and promotes the following values that will be the foundation for its policies and actions:

#### **Integrity and Honesty**

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

#### **Leadership**

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

#### **Openness and Accountability**

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

#### **Fairness and Equity**

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

#### **Achievements Orientated**

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

#### **Cultural Sensitivity**

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

#### **Satisfying Expectations**

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

## HIGHLIGHTS

- Surplus of \$499,000 which is \$463,000 ahead of budget mostly due to Vested Assets
- Waiotahi Drifts subdivision progressed
- Capital Works of \$1,019,000 including:
  - Development of Dip Road Cemetery Site Access
  - Seal Extension
  - Reconstruction Wellington Street
- Conclusions of Landfill – Residual Waste to be carted to Kawerau 2004/05
- Public Debt reduced by \$313,000 to \$6,430,000
- Investigations to Harbour opening continue
- Mussel Farm consent process continues
- Local Government Commission downsized Council to 6 and Mayor.
- Application from Paparoa/Burke Road residents to transfer to Whakatane District before Local Government Commission

**FROM THE MAYOR**

The past year has been a steady one for Opotiki District Council.

Capital value rating has bedded in to a begrudging acceptance from the community. New valuations in the coming year may alter the incidence of rating.

The Local Government Commission heard appeals to our electoral review and upheld the appeals. This has resulted in a council comprising a Mayor and six elected councillors. The ward boundaries have been adjusted and a 'Coast Community Board' of four elected members has been instituted. A Community Board is a new development for Opotiki and will probably take some work to establish and get fully functioning.

A group of residents in the Burke and Paparoa Road area applied to have the District boundary adjusted so they would become part of the Whakatane District. After hearing submissions from the residents and other interested parties Council declined the application. I believe it was the strong submission from Tangata Whenua that influenced Council the most. They firmly ascribe to the area remaining within the boundaries of Opotiki District Council. In fact they went further, claiming the boundary should be adjusted the other way to bring all of their traditional lands within the ambit of Opotiki District Council. The Council decision has been appealed to the Local Government Commission and this appeal will be heard later in the year.

During the year the Opotiki Theatre Trust reviewed its operation and decided to virtually curtail the showing of movies. It also approached council to ask for financial help in restructuring its activities.

Work on the feasibility of constructing a harbour entrance was completed with a positive outcome. Further work will be undertaken to measure the social and economic impacts of the proposal. A dialogue with Central Government was commenced on funding possibilities and this will be progressed in the future.



**John Forbes**  
**MAYOR**

5 YEAR FINANCIAL SUMMARY

FIVE YEAR FINANCIAL SUMMARY

For the year to 30 June:    **2000**    **2001**    **2002**    **2003**    **2004**

dollars in thousands

**Income Statement**

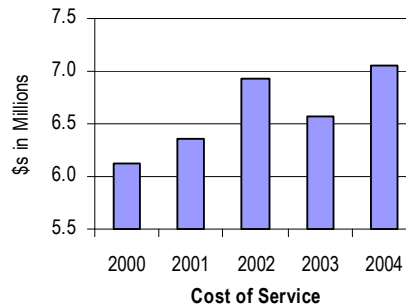
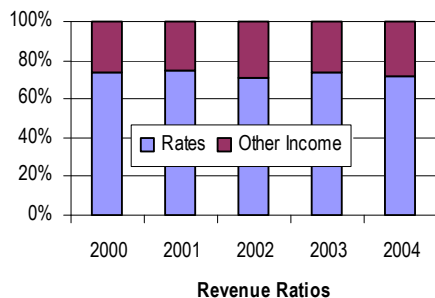
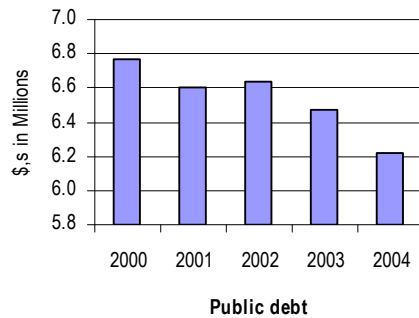
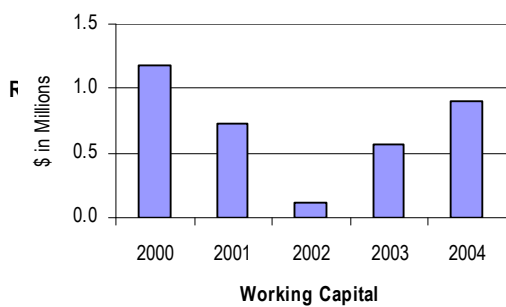
Rates (including penalties)	4,718	4,906	4,942	5,194	5,388
Other income	1,710	1,661	2,005	1,807	2,157
	6,428	6,567	6,947	7,001	7,545
Cost of services	6,126	6,362	6,922	6,563	7,046
<b>Net surplus/(deficit)</b>	<b>302</b>	<b>205</b>	<b>25</b>	<b>438</b>	<b>499</b>
Discontinuing operations and period adjustments	(41)	(1)		(284)	
<b>Net surplus/(deficit) after adjustments</b>	<b>261</b>	<b>204</b>	<b>25</b>	<b>154</b>	<b>499</b>

**Financial Position**

Current assets	2,712	2,708	2,217	2,653	3,388
Current liabilities	1,529	1,985	2,095	2,084	2,478
Working capital	1,183	723	122	569	910
Investments	68	60	58	53	50
Non current assets	118,199	118,701	122,119	116,827	116,735
	119,450	119,484	122,299	117,449	117,695

**Financed by:**

Ratepayers equity	95,110	95,067	95,053	95,201	95,660
Reserves	17,408	17,655	20,374	15,587	15,627
Public debt	6,769	6,599	6,636	6,468	6,218
Term liabilities	163	163	236	193	190
	119,450	119,484	122,299	117,449	117,695



REPORT OF THE AUDITOR GENERAL

REPORT OF THE AUDITOR GENERAL

## LOCAL GOVERNMENT ACT 2002 CHANGES THINGS

### 1 INTRODUCTION

The new Local Government Act 2002 (the Act) fundamentally changes the way that Councils make decisions and govern.

The Act requires that local authorities put in place a consultative process for communities to identify what they consider important for their social, economic, environmental and cultural wellbeing (outcomes). These outcomes form part of a Long-Term Council Community Plan, and all decisions by the local authority have to progress those outcomes. Furthermore, the Council has to encourage **other** agencies to implement their services **in line with outcomes identified by the community**.

This has significant implications on the decision-making framework of Council, as well as how Council governs. This document briefly covers the following aspects of the Local Government Act<sup>1</sup>:

**Decision-making:** The decision-making function of Council is fundamentally changed by applying concepts of "significance" and "significant".

**Community outcomes:** Communities identify their desired wellbeings and priorities thereof.

**Long-Term Council Community Plan:** The Long-Term Council Community Plan progresses the outcomes identified by communities.

**Annual Plan:** The Annual Plan is more limited in content and importance in informing decision-making processes than it was previously.

**Annual Report:** The Annual Report compares actual delivery with what Council planned.

**Governance:** Local authorities are required to prepare a number of documents and statements ensuring transparency and accountability.

**Triennial Agreements:** Local authorities, regional and district councils, are to co-ordinate their efforts in progressing community outcomes via Triennial Agreements.

### 2 DECISION-MAKING

Both "significance" and "significant" are defined in section 5 of the Act and are integral to the decision-making processes of Council. In essence, local authorities will no longer be able to make decisions on significant matters without community consultation.

Very briefly, "significance" is the degree of importance in terms of **impact** on:

- community wellbeing generally,
- particular groups of persons, and
- the local authority itself.

"Significant" means that a project has been assessed by the local authority as having high significance. Both terms are necessary, because the Act uses the concept in two slightly different ways.

"Significance" represents a continuum from very little importance to extremely important. It is referred to as a matter to be considered by local authorities when deciding what nature and extent of compliance with procedural requirements will be appropriate in a particular case.

"Significant" is used as a threshold for the application of a range of statutory requirements – the general thrust is that requirements apply if the matter is assessed as being significant but not otherwise. Such assessments are subjective and context-dependant, which limits the guidance that can usefully be given, but it will always be relevant to consider the intent of that particular requirement and whether this would be frustrated if it were not complied with in a particular case.

### 3 COMMUNITY OUTCOMES

Local authorities are required to initiate a process whereby communities identify what they think are important for their wellbeing (an outcome). This has to be done at least once every six years. The Local Government Act sets out a process that the local authority must follow.

Following the identification of community outcomes, the local authority has to try and work to achieve the community outcomes. In doing so, the local authority has to partner external agencies (e.g. central government agencies) in ensuring that services provided are meeting the needs of the community. Such collaboration is dependent on:

- whether or not advantages exist;
- the priorities of other agencies; and
- the community outcomes identified in the Long-Term Council Community Plan.

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<sup>1</sup> If more detail is required, a copy of the Local Government Act 2002 is available at the council offices.

### 3.1 Consultation

In addition to identifying community outcomes in a collaborative way, the Act sets out principles and procedures providing an important way for citizens and communities to engage in local authorities. Consultation enables elected representatives to make better informed decisions thereby enhancing their representation.

#### 3.1.1 Special Consultative Procedure

The Act sometimes requires the use of a special consultative process (SCP) which is a minimum standard of consultation.

The SCP can be used:

- in adopting the Long-Term Council Community Plan
- the Annual Plan
- bylaws
- certain decisions
- change of mode of significant activity
- other reasons as detailed by the Act.

As a general rule, the elements of a special consultative process include the following:

- statement of proposal
- summary of statement of proposal
- public notice
- submission.

Because the Long-Term Council Community Plan must describe the prioritised community outcomes, community consultation has to pre-empt the plan.

### 3.2 Involvement of Maori

The Act requires local authorities to specifically involve Maori in the decision-making process. Particular provisions require the local authority to take into account the relationship of Maori, culture and traditions in their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga. The Act also requires local authorities to establish and maintain processes for Maori to contribute to decision-making (relationship building) and consider ways of fostering the development of Maori capacity.

## 4 LONG-TERM COUNCIL COMMUNITY PLAN

The Long-Term Council Community Plan sets the priorities for the medium to longer term, and how the local authority will contribute to community wellbeing during the life of the plan.

The Long-Term Council Community Plan has to:

- describe local authority activities
- describe community outcomes of district
- provide integrated decision-making and coordination
- provide long-term focus for decisions and activities of the local authority
- provide the basis for accountability of the local authority to the community
- provide an opportunity for accountability of the local authority to the community
- provide an opportunity for public participation in the decision-making process

The Long-Term Council Community Plan must cover a period of at least 10 years. The intention is to provide a strategic framework within which to operate.

### 4.1 Annual Plan

The Annual Plan is linked with the Long-Term Council Community Plan. In the year that the Long-Term Council Community Plan is adopted, the Annual Plan and funding information forms part of the Long-Term Council Community Plan and no separate Annual Plan is prepared.

A separate Annual Plan is prepared during the second or third years (no preparation of the Long-Term Council Community Plan).

A separate Annual Plan and amendment to the Long-Term Council Community Plan is prepared during the second or third years if an amendment is made.

The contents of the Long-Term Council Community Plan can only be changed via an amendment, which triggers the Special Consultative Process.

#### 4.2 Adoption of Long-Term Council Community Plan

Council adopted its first Long-Term Council Community Plan for the year beginning July 1, 2004. The contents of the Long-Term Council Community Plan are:

- Community outcomes,\*
- Groups of activities (of local authority),
- Water and sanitary assessments,
- Waste management plan,\*
- Policy on council controlled organisations,
- Funding and financial policies,
- Forecast financial statements,
- Funding Impact Statement,
- Summary of significance policy,
- The steps the local authority is taking to foster capacity of Maori to contribute to decision-making processes during the Long-Term Council Community Plan.

#### 4.3 Financial Management

The Local Government Act sets out a number of financial management requirements which are to be included in the Long-Term Council Community Plan:

- The new balanced budget (no longer have to fund depreciation),
- Making funding policy,
- Funding impact statement,
- Investment policies,
- Liability management policies and borrowing,
- Development contributions policy,
- Policies on public/private sector partnerships,
- Remission policies, postponement policies and rates relief on Maori land policy.

### 5 ANNUAL PLAN

The Annual Plan is more limited in content and less focal in decision-making processes than previously.

It performs an operational function by implementing the integrated strategy developed and adopted through the Long-Term Council Community Plan.

The Annual Plan is to:

- Support the Long-Term Council Community Plan in providing integrated decision-making and coordination of the resources and the local authority,
- Increase public participation in decision-making processes related to costs and funding,
- Contribute to the accountability of the local authority to the community,
- Detail the annual budget and Funding Impact Statement,
- Identify variances from funding and financial information in the Long-Term Council Community Plan for that year.

The purpose of the Annual Plan is to provide the accountability base for setting and assessing of rates. Rates cannot be set until the Annual Plan is adopted.

The Annual Plan can be described as a budgeting instrument.

The focus of the Annual Plan (in the year of the Annual Plan) is on financial matters.

The role, scope, service levels and priority of local authority activities are dealt with through the preparation and adoption of the Long-Term Council Community Plan (and amendments if needed).

### 6 ANNUAL REPORT

The Annual Report will now report on the community's progress against its desired outcomes during the past year. It is a 'report card' and compares what was planned with what actually happened.

The purposes of the Annual Report are to:

- Promote accountability to the community for the local authority decisions made through the year; and,
- Compare actual activities and results with the Long-Term Council Community Plan and Annual Plan.

The Annual Report has to be adopted by the end of October.

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\* Need not be included in the Long-Term Council Community Plan of July 1, 2004, but has to be done by 2006.

**7 GOVERNANCE**

The Act spells out major changes in governance and requires local authorities to prepare a number of documents, statements and policies ensuring transparency and accountability. These include:

- Local Governance Statement which provides information on:
  - functions, responsibilities and achievements of the council
  - electoral arrangements
  - governance structures and processes
  - how elected representatives make decisions, relate to each other and the management of local authority
  - key policies
- Codes of Conduct – sets out how elected members should behave.
- Indemnity for elected members and any other member appointed by the local authority to a committee or community board for losses to a third party resulting from actions of the elected member.
- Recruitment and performance of Chief Executives by the local authority.
- Council organisations and council controlled organisations – sets out the working relationship between them and the local authority.

**8 TRIENNIAL AGREEMENTS**

The Act requires that councils recognise that community wellbeing is influenced by many factors – many of them beyond local authority boundaries. Local authorities are therefore required to coordinate their efforts via a triennial agreement with outside agencies, including other local authorities.

## CHIEF EXECUTIVE'S REVIEW

The 2003 to 2004 year was significant for Opotiki District Council being the first full year operating under the new Local Government Act 2002. This legislation heralded a major change in the way Council operated and saw the adoption of Council's first Governance Statement, a revision of the Code of Conduct and Standing Orders and the development and adoption of a programme for bylaw review.

The new legislation also resulted in Council adopting its first Long Term Council Community Plan. This Plan is based on Council determined community outcomes. Councils will focus all operations and resources to the achievement of these outcomes creating more targeted results and greater certainty for both residents and potential investors in the district.

During the year Council undertook a review of representation arrangements. An appeal to the Local Government Commission resulted in the reduction of councillor numbers from ten to six and the introduction of a community board for the Coast Ward.

The Local Government Commission has also heard the appeal of the Paparoa Reorganisation Scheme which would see some 1.5% of the Opotiki District move to Whakatane District Control. Opotiki District Council originally declined the scheme on the basis that it was not in the best interests of governance in the region. The results of the appeal are pending.

Three new council committees have been created this year. The Sport and Recreation Committee and Tourism and Promotion Committee have both added another dimension to council's governance with a greater degree of community participation in policy setting and implementation. The Joint Committee on Shared Services has seen closer working relationships formed with our neighbouring Eastern Bay of Plenty councils.

The Long Term focus of council remains the potential development the Opotiki harbour mouth and the creation of an all weather port. A favourable feasibility report has been received by council and a social and economic study has been commissioned. A favourable social and economic study will see a resource consent programme developed in the coming year.

Council's financial position remains buoyant with a further surplus being recorded and Council's debt being reduced by \$313,000 on top of the reduction of \$278,000 achieved on the previous financial year. The withdrawal of crime prevention funding from the social development and the July 2004 civil defence emergency will both place pressure on future year finances.

Opotiki District Council is well positioned to meet the challenges of the future. A regional Economic Development Agency is in the advance stages of being formed to progress regional economic goals. The Regional Civil Defence Plan will be put in place in 2005 and the Coast Community Board will have its inaugural meeting in October 2004.

In 2004 / 2005 Council will undertake an extensive programme of community engagement to further define the community outcomes. This joint Opotiki District Council, Whakatane District Council, Kawerau District Council and Environment BOP project will underpin Long Term Council Community Plans for the four local authorities in future years.

The effective operation of Opotiki District Council has been made possible by the continued commitment and professionalism of its staff. Throughout the year Opotiki District Council has shown that although it is a small organisation it offers skills and efficiencies which are equal and in some cases, exceed those available to other local authorities.

I believe Opotiki can be proud of what has been achieved and can look forward to continued progress and development in the coming year.



**PJ Gargiulo**  
**CHIEF EXECUTIVE**

## ENVIRONMENTAL MANAGEMENT

Under the Resource Management Act 1991, Council is given important obligations to carry out sound management of the environment of the district. Council is required to establish a framework of environmental policy for the district in the form of the District Plan. This process has largely been completed and it follows from an extensive programme of environmental research and monitoring and consultation with the community. Some 13 references were lodged with the Environment Court against some decisions that Council has made in regard to submissions lodged against the proposed district plan. During the past year all of these references have been negotiated to the point where there is agreement between the parties and orders are awaiting approval from the Environment Court. It can therefore be expected that the District Plan will become operative shortly.

Building and Resource consent granted by Council increased over previous years. Two hundred and twenty nine building consents were granted (compared to 213 in 2002/03) with a total capital value of \$9,014 m (compared to \$8.661.m in 2002/03). Fifty four resource consents / land uses and subdivisions) were granted this year up 35% on the previous year.

During the year, and in association with EBOP, Council has continued investigations into coastal hazards along the Opotiki coastline. This work has involved scientific research and a sound programme of community consultation. The aim of the investigations is to increase public knowledge and awareness of the risks arising from coastal processes and to include provisions in the district plan that will serve to increase the level of safety to communities and public and private assets. The assessment including public consultation is largely complete.

The harvesting of exotic forests in the hinterland along the coastal strip of the district continues. These forest harvesting activities are gradually increasing and there is a gradual but continual increase in the number of logging trucks using roads through the district to take logs to processing sites and the Port of Tauranga. This growing amount of log transport through the district will have an increasing impact not only on the roads but also on the local communities and these impacts will need to be carefully monitored.

EBOP has granted a resource consent application to establish a large mussel farm in the ocean off the coast of Opotiki. Council is supportive of this proposal largely for the reasons that it should give rise to good employment opportunities for the people of the district. Council has continued investigations to determine the feasibility and costs of opening up and developing the Opotiki Harbour. These investigations are continuing, and have included public meetings and meetings with key stakeholders.

Council continues to be a leader in New Zealand with its Zero Waste Policy. Already this policy is giving rise to some significant environmental benefits. Council's Zero Waste Policy was introduced in 1999. In July 1999, the amount of residual waste generated was 10,000 tonnes per annum but this amount has reduced significantly year by year following the adoption of the new policy and new approaches to waste management. For 2003/04 residual waste outputs have reduced to approximately 1200 tonnes.

**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, ie. 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:

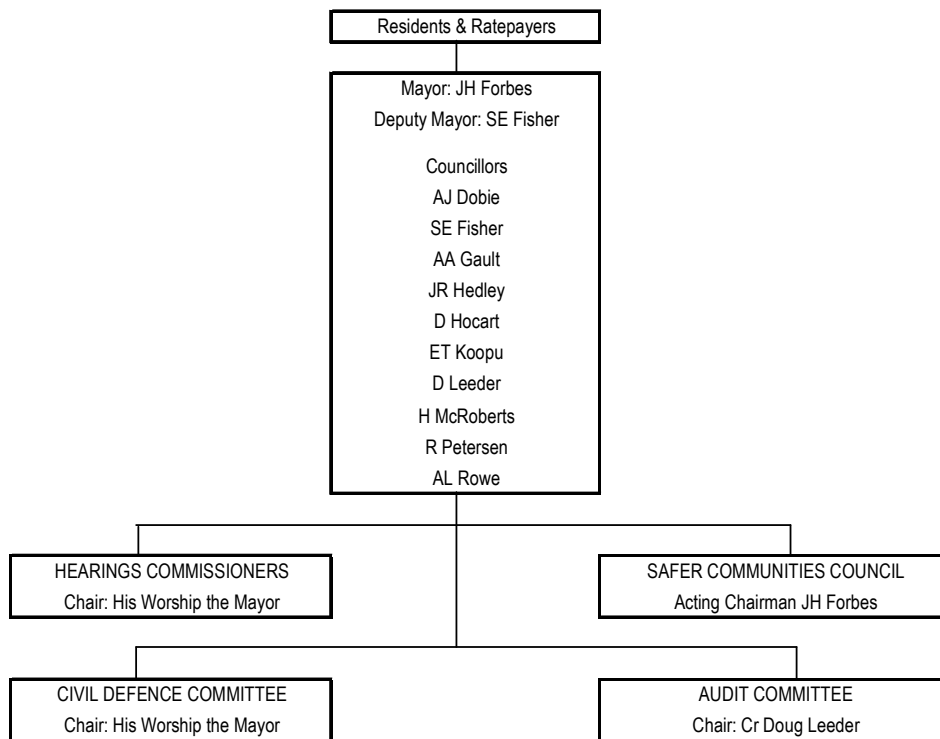
- things the local authority is prohibited from doing by law (examples from the Act include charging a membership fee for a library, or selling water and sewage disposal assets to the private sector)
- things the local authority must do by law (eg. Local authorities must prepare a district plan or regional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

**Monitoring and Review**

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

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

**Governance Structure**



## Governance and Structure continued

### Purpose of Committees

- **Council** (meets monthly on the 4th Tuesday at 9 am – Chair: His Worship the Mayor)  
Council abandoned the Standing Committee structure in 1999 as a cost saving measure. Council's meeting agenda is ordered into two sections and with items grouped into strategic result areas. The first section deals with items requiring Council decision in respect to policy, delegation or monitoring. The second section is information only.

The procedure seems to be working well in general, although there are some Councillors who believe a return to standing committees would improve the quality of Council's decisions with greater debate prior to policy being made.

Council is required to separate its regulatory responsibilities from other activities as far as is practical, and this should be reinforced by the management structure. We believe this is achieved with the current structure in a cost effective manner i.e. use of hearings commissioners and separation of other regulatory matters on the Council agenda.

- **Hearings Commissioners** (meets as required – His Worship the Mayor, the Deputy Mayor and Councillor appointed on three-monthly rotational basis)

The Hearings Commissioners are delegated to hear and determine all resource consent applications brought before it.

- **Audit Committee** (meets as required – Chair Cr Leeder, Crs Gault, Hedley, and His Worship the Mayor) Review operation of internal control, monitors auditors management reports, accounting, policies, risk management and investigates suspected fraud.

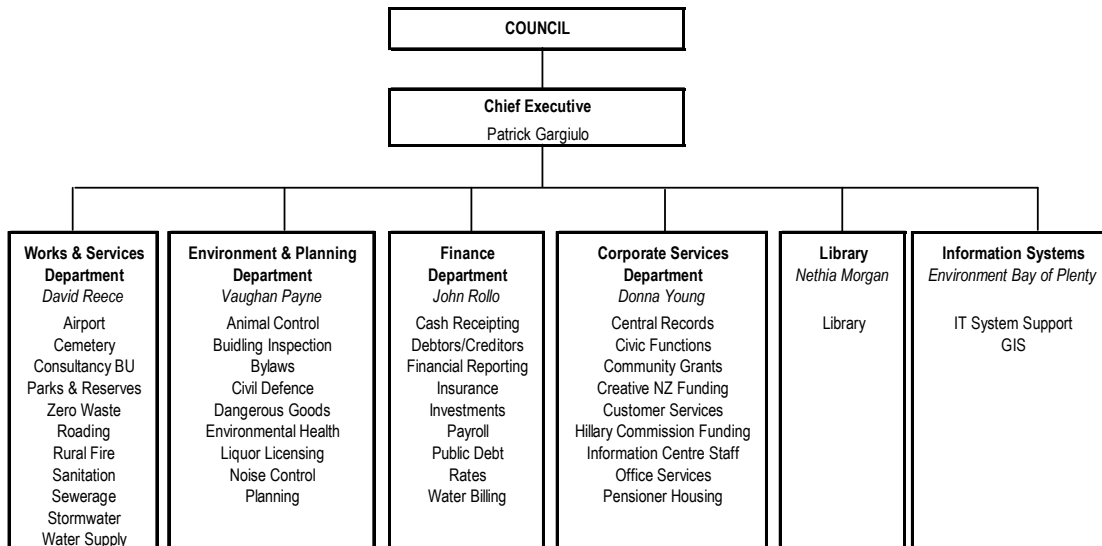
- **Civil Defence Committee** (meets as required – Chair: Local Controller – His Worship the Mayor)  
An advisory body recommending on matters associated with the Civil Defence Act and civil emergency preparedness.

### Opotiki Safer Communities Council/Te Kaunihera Whakaruruhau O Opotiki.

With this Crime Prevention Unit of the Department of the Prime Minister and Cabinet having refocused their method of service delivery, their support for the Safer Communities Council has been withdrawn from 30 June 2004. This has brought about the conclusion of the Opotiki Safer Communities Council.

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

### Management Structure



## **EEO REPORT**

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

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

### **Objectives**

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

### **Outcomes**

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

## STATEMENT ON LONG-TERM FINANCIAL STRATEGY AND FINANCIAL POLICIES

### Introduction

The purpose of this Annual Report is to compare Council's actual performance for the year with that which was projected in the Annual Plan for the same period. The report has an accountability and informative role. The relative importance of these roles may vary for different users. Accountability is the requirement for Council to account to ratepayers, residents and other interested parties for its performance over the last year. This requires financial reports that:

- Identify the objectives and targets established by formal process
- Measures actual achievements against those objectives and targets.

Such objectives and targets are both financial and non-financial. The annual report is therefore an important link in Councils planning process and annual communication cycle.

The Local Government Act 2002 changes the planning documents and policies as indicated earlier in this report. This Annual Report is in effect through the transition period. From 2004/05 the Long Term Council Community Plan will include the Long Term Financial Planning Strategy. Councils existing LTFS was last reviewed with the 2002/03 Annual Plan.

### Long Term Financial Strategy and Annual Plan

#### Financial Performance Strategy

The operating surplus of \$499,000 after charging \$1,305,000 for depreciation and including vested assets of \$218,000 was \$463,000 greater than the budgeted surplus of \$36,000 in the Annual Plan and \$82,000 greater than the projected surplus of \$417,000 in the LTFS.

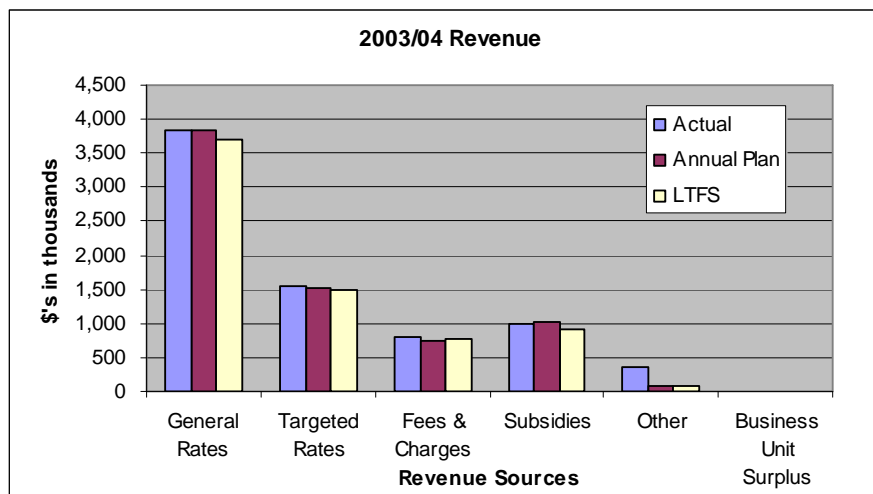
#### Statement of Financial Performance

For the year ended 30 June 2004

\$'s in thousands	Actual	Annual Plan	Variance	LTFS	Variance
Revenue	7,545	7,183	362 (F)	6,969	576 (F)
Expenditure	7,046	7,147	101 (F)	6,552	494 (U)
Surplus	499	36	463 (F)	417	82 (F)

(F) means favourable result between the actual result and the Annual Plan/LTFS budget

(U) means unfavourable result between the actual result and the Annual Plan/LTFS budget



It should be noted that in the LTFS, bad debts were netted off against rate revenue whereas for the Annual Plan and actual the cost has been reported as an expense.

### Explanation of Significant Variances

#### General Rates

General rates revenue is \$3,000 ahead of Annual Plan and \$125,000 ahead of LTFS. This is mainly through the rate write off being netted from rates in the LTFS

#### Separate Rates

\$'s in thousands	Actual	Annual Plan	Variance	LTFS	Variance
Water	602	563	39 (F)	582	20 (F)
Sewerage	306	309	3 (U)	313	7 (U)
Public Space Litter Collection	82	80	2 (F)	112	30 (U)
Resource Recovery Facilities	357	356	1 (F)	289	68 (F)
Urban Refuse Collection	101	101		97	4 (F)
Information Centre	35	36	1 (U)	25	10 (F)
Roading (Town Centre)	75	76	1 (U)	72	3 (F)
	1,558	1,521	37 (F)	1,490	68 (F)

The Targeted rate for Opotiki Water has produced more revenue than anticipated in both the Annual Plan and the LTFS. Solid waste charges between Public Space Litter Collection and Resource Recovery Centres have been modified since the LTFS to more correctly reflect the operations and costs.

Since the LTFS the rate for the Information Centre has been increased to recover a greater private benefit share.

#### Fees & Charges

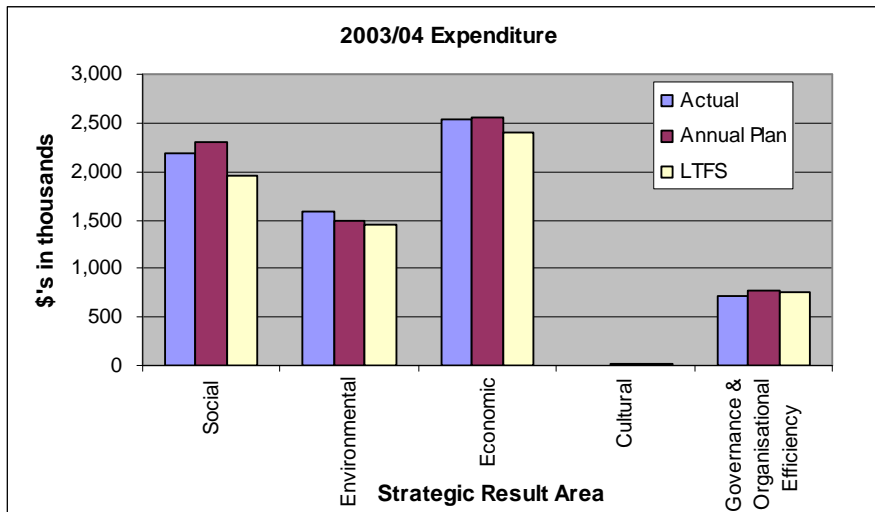
Fees and charges are ahead of both the Annual Plan and LTFS estimates through increased revenue from the RRC and increased activity in both environmental planning and building consent fees.

#### Subsidy

Transfund subsidy is \$13,000 less than Annual Plan estimate and \$87,000 greater than LTFS. The LTFS estimate anticipated that subsidy would not be available for the seal extension projects which was incorrect.

#### Other Revenue

The significant increase over both Annual Plan and LTFS arises from the inclusion of \$218,000 of vested assets.



### Social

The major reason for an increase in expenditure over the LTFS is the treatment of bad debts which was netted from rates in the LTFS but expensed in both the Annual Plan and Actual costs.

### Environment

Actual costs for the RRC's and the Opotiki Sewerage scheme are in excess of both Annual Plan and LTFS. The operation of the RRC is proving significantly more expensive than was thought and the sewerage overspending arose through a failure for a portion of reticulation in Church Street.

### Economic

With little rural fire activity costs were less than Annual Plan. However the LTFS had not provided for any Harbour Development costs so expenditure is ahead of the LTFS.

### Cultural

Little of this budget was spent.

### Governance & Organisational Efficiency

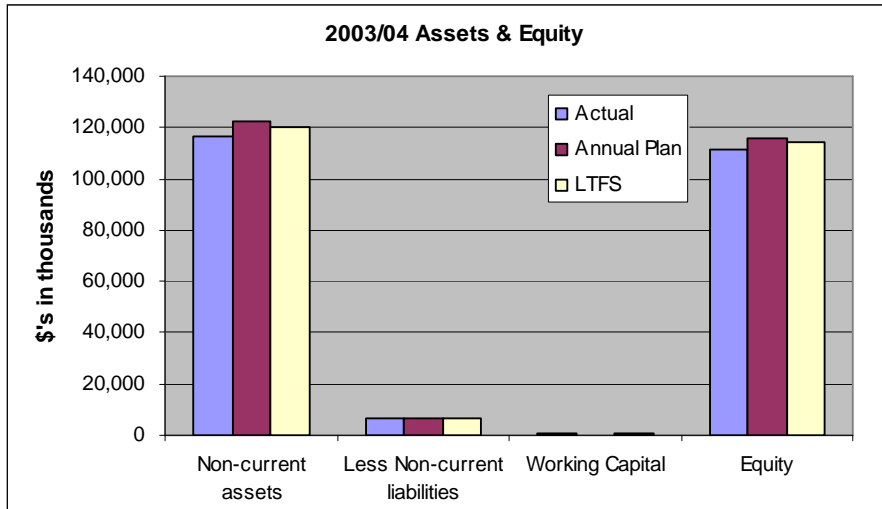
Expenditure in the strategic planning area was less than Annual Plan and LTFS.

### Statement of Financial Position For the year ended 30 June 2004

\$'s in thousands	Actual	Annual Plan	Variance	LTFS	Variance
Non-current assets	116,785	122,166	5381 (U)	120,355	3570 (U)
Less Non-current liabilities	6,408	6,835	427 (U)	6,961	553 (U)
Working Capital	910	228	682 (F)	793	117 (F)
Equity	111,287	115,559	4272 (U)	114,187	2900 (U)

**Assets & Equity**

Infrastructural Assets were revalued at 1 July 2002. This resulted in a material reduction in the roading asset which does not reflect in the Annual Plan or LTFS figures. Public debt is also being repaid at a faster rate than provided for in the Annual Plan or LTFS.



**Working Capital**

Working Capital is ahead of that projected in both the Annual Plan and the LTFS. It is low and an improvement is desirable.

**Financial Indicators**

	2000	2001	2002	2003	2004
Current Ratio	1.77	1.36	1.06	1.27	1.37
Term debt/Equity Ratio	0.06	0.06	0.06	0.06	0.06
Rates/Expenses Ratio	0.77	0.77	0.71	0.79	0.76
Total Income/Rates percentage	73%	75%	71%	74%	71%

**Definition of Financial Indicators**

- Current Ratio Current assets divided by current liabilities, used as a measure of Council's financial liquidity.
- Term debt/equity ratio The total public debt divided by total ratepayers equity, reserves and special funds, measures the coverage of long term debt by ratepayers equity.
- Rates/Expenses ratio Is the total rates divided by total expenses and is a measure of the dependence of Council on rates to fund its operating activities.
- Total income/rates percentage Is the total rates divided by total income revenue showing the dependency on rates for revenue to fund Council's total activities.

**Capital Expenditure**

The Annual Plan provided for \$1.383million of capital expenditure and the LTFS provided for \$1.498million. Actual cost was \$1.019million. The table below sets out the expenditure by asset category.

	Actual	Annual Plan	Variance	LTFS	Variance
\$'s in thousands					
Operational Property	6	88	82 (F)	120	114 (F)
Restricted Land					
Restricted Buildings	79	255	176 (F)	397	318 (F)
Equipment	65	114	49 (F)	20	45 (U)
Plant	84	97	13 (F)	66	18 (U)
Library Collection	29	35	6 (F)	35	6 (F)
Roading	648	762	114 (F)	812	164 (F)
Water	67	32	35 (U)	3	64 (U)
Sewerage	41		41 (U)		41 (U)
Stormwater				45	45 (F)
	1019	1383	364 (F)	1498	479 (F)

(F) means favourable result between the actual result and the Annual Plan/LTFS budget

(U) means unfavourable result between the actual result and the Annual Plan/LTFS budget

**Public Debt**

Council's debt is managed in accordance with the Liability Management Policy.

The Table below shows the actual debt as compared to the Annual Plan and LTFS

	Actual	Annual Plan	Variance	LTFS	Variance
\$'s in thousands					
<b>Loans raised including renewal Loans</b>					
Sewerage	385	450	65 (F)	450	65 (F)
Water	1405	1390	15 (U)	1387	18 (U)
Town Centre	75	75		100	25 (F)
Parks & Reserves		26	26 (F)	258	258 (F)
RRC's		80	80 (F)	60	60 (F)
Computer		60	60 (F)		
Cemetery		90	90 (F)	87	87 (F)
	1865	2171	306 (F)	2342	477 (F)
<b>Loans repaid including renewal Loans</b>					
Sewerage	472	472		472	
Water	1477	1477		1477	
Town Centre	193	193		193	
Parks & Reserves	30	30		30	
Pensioner Housing	5	5		5	
Rural Housing	1	1		1	
	2178	2178		2178	
<b>Debt (External)</b>					
Debt 1 July	6743	6763	20 (F)	6880	137 (F)
Add new loans	1865	2171	306 (F)	2342	477 (F)
Less Loans repaid	2178	2178		2178	
Debt 30 June	6430	6756	326 (F)	7044	614 (F)

The table below shows the total Public Debt and the assets that have been acquired with the debt

	Actual	Annual Plan	Variance	LTFS	Variance
\$'s in thousands					
Opotiki Sewer	705	770	65 (F)	770	65 (F)
Opotiki Water	4065	4070	5 (F)	4070	5 (F)
Stormwater	38	38		37	1 (U)
Town Centre	593	593		618	25 (F)
Parks & Reserves	83	109	26 (F)	411	328 (F)
Rural Roads	84	84		87	3 (F)
Computer	178	238	60 (F)	220	42 (F)
RRF's	428	508	80 (F)	488	60 (F)
Cemetery	180	270	90 (F)	267	87 (F)
Pensioner Housing	69	69		69	
Rural Housing	7	7		7	
	6430	6756	326 (F)	7044	614 (F)

### Revenue and Financing Policy

The Council adopted a Revenue and Financing Policy with the adoption of the 2003/04 Annual Plan. This Policy replaces the former Funding Policy. The 2003/04 Annual Report is consistent with the Revenue and Financing Policy.

### Liability Management Policy

The Liability Management Policy is a new policy required by the Local Government Act 2002. It replaces the Borrowing Management Policy and is consistent with that policy.

**Achievements**

The Policy targets have been complied with as demonstrated below.

	Actual	Annual Plan	LTFS	Policy
Net Interest Bearing Debt/Total Revenue	85.4	94.8	99.1	<130%
Net Interest Expense/Total Revenue	6.4	6.5	7.5	<10%
Net Interest Expense/Rates Revenue	8.2	8.7	10.0	<17%
Net Cash Flows from Operating Activities/Net Interest Expense	2.2	3.4	2.6	>1.6
Short Term Available Funds/Short term Debt	8.7	3.6	3.0	>2.0

**Investment Policy****Policies**

The policies addressed the following topics: application of policies to new and existing investments, default risk, expected return, liquidity and duration, portfolio diversification, classes of investments, investment by class, individual investments, settlement risk, disposition of revenue and proceeds, and management and reporting. New Investment Policies were adopted by Council on 24 June 2003 to conform with the Local Government Act 2002.

**Achievements**

All policies have been complied with except policies limiting low risk investments by class has been exceeded. With Council's limited liquidity nearly all council's investments have been for short terms with its bank, Bank of New Zealand, which fall into the Low Risk Investment class. Therefore the 60% limit has been exceeded.

**CONTENTS TO FINANCIAL STATEMENTS**

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**PURPOSE OF FINANCIAL STATEMENTS**

**Statement of Financial Performance**

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

**Statement of Movement in Equity**

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

**Statement of Financial Position**

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

**Statement of Cash Flows**

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

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

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

**Statement of Commitments**

Provides details of Council's uncompleted contracts and ongoing commitments.

**Statement of Compliance and Responsibility**

This statement is a declaration by His Worship the Mayor and Chief Executive as to compliance and responsibility for financial reporting, management and controls.

**Statement of Accounting Policies**

Provides details of policies adhered to in the preparation of Financial Statements.

**Notes to Financial Statements**

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

**OPOTIKI DISTRICT COUNCIL**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
For the Year Ending 30 June 2004

	Note	Actual 30-Jun-04 \$000	Estimate 30-Jun-04 \$000	Actual 30-Jun-03 \$000
<b>REVENUE</b>				
Rates	2	5,388	5,348	5,194
Rates attributable to activities	2	(1,558)	(1,521)	(1,503)
Revenue from activities	1	3,358	3,265	3,175
Other revenue	3	357	90	127
Surplus (deficit) from business unit	23		1	8
<b>Total operating revenue</b>		<b>7,545</b>	<b>7,183</b>	<b>7,001</b>
<b>EXPENDITURE</b>				
Expenditure on activities	1	7,046	7,147	6,563
<b>OTHER ITEMS</b>				
Revaluation of infrastructural assets				247
Loss on sale of house				37
<b>Total operating expenditure</b>		<b>7,046</b>	<b>7,147</b>	<b>6,847</b>
<b>Net Surplus / (Deficit) For the year</b>	4	<b>499</b>	<b>36</b>	<b>154</b>

**Explanation of Council Net Surplus**

The major reasons for the movement in the surplus arise from:

- Assets arising from sub-divisions being vested in Council
- Social Development and Strategic planning including community engagement not undertaken
- Opotiki Water Supply revenue increase and interest savings

**OPOTIKI DISTRICT COUNCIL**  
**STATEMENT OF MOVEMENTS IN EQUITY**  
For the Year Ending 30 June 2004

	Note	Actual 30-Jun-04 \$000	Estimate 30-Jun-04 \$000	Actual 30-Jun-03 \$000
<b>Equity at the start of the year</b>		<b>110,788</b>	<b>115,523</b>	<b>115,427</b>
Net surplus (deficit) for the year		499	36	154
Increase (Decrease) in asset revaluation reserve				(4,793)
Total recognised revenue and expenditure for the year		499	36	(4,639)
<b>Equity at end of the year</b>		<b>111,287</b>	<b>115,559</b>	<b>110,788</b>

The accompanying accounting policies and notes form part of these financial statements

**OPOTIKI DISTRICT COUNCIL**  
**STATEMENT OF FINANCIAL POSITION**  
As at 30 June 2004

	Note	Actual 30-Jun-04 \$000	Estimate 30-Jun-04 \$000	Actual 30-Jun-03 \$000
<b>EQUITY</b>				
Accumulated funds	5	95,660	95,413	95,201
Restricted reserves	5	25	24	23
Council-created reserves	5	823	659	785
Asset revaluation reserve	5	14,779	19,463	14,779
<b>Total Equity</b>		<b>111,287</b>	<b>115,559</b>	<b>110,788</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and bank		210	60	156
Short-term investments	6	1,749	500	1,121
Prepayments and receivables	8	1,429	1,601	1,376
<b>Total current assets</b>		<b>3,388</b>	<b>2,161</b>	<b>2,653</b>
<b>Non-current assets</b>				
Investments	6	50	51	53
Fixed assets	9	116,735	122,115	116,827
<b>Total non-current assets</b>		<b>116,785</b>	<b>122,166</b>	<b>116,880</b>
<b>Total Assets</b>		<b>120,173</b>	<b>124,327</b>	<b>119,533</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	12	1,968	1,620	1,531
Employee entitlements	13	246	150	199
Provision for closure & aftercare of landfill - current portion	10	40	8	42
Public debt - current portion	14	224	155	312
<b>Total current liabilities</b>		<b>2,478</b>	<b>1,933</b>	<b>2,084</b>
<b>Non-current liabilities</b>				
Public debt - term portion	14	6,218	6,656	6,468
Provision for closure & aftercare of landfill - term portion	10	39	23	35
Employee entitlements	13	151	156	158
<b>Total non-current liabilities</b>		<b>6,408</b>	<b>6,835</b>	<b>6,661</b>
<b>Total liabilities</b>		<b>8,886</b>	<b>8,768</b>	<b>8,745</b>
<b>NET ASSETS</b>		<b>111,287</b>	<b>115,559</b>	<b>110,788</b>

The accompanying accounting policies and notes form part of these financial statements

**OPOTIKI DISTRICT COUNCIL**  
**STATEMENT OF CASH FLOWS**  
For the Year Ending 30 June 2004

	Actual Note	Estimate 30-Jun-04	Actual 30-Jun-03
	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash was provided from:			
Rates	5,131	5,325	4,940
Other income	1,687	1,597	1,779
Interest received	81	70	59
Goods and services tax (net)	35	0	0
Regional Council rates	638	550	591
	<b>7,572</b>	<b>7,542</b>	<b>7,369</b>
Cash was applied to:			
Suppliers and employees	4,683	4,937	4,465
Goods and services tax (net)		30	24
Interest on public debt	444	465	476
Regional Council rates	443	550	543
	<b>5,570</b>	<b>5,982</b>	<b>5,508</b>
<b>Net cash inflow/(outflow) from operating activities</b>	<b>15 2,002</b>	<b>1,560</b>	<b>1,861</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash was provided from:			
Proceeds from sale of fixed assets	19	23	31
	<b>19</b>	<b>23</b>	<b>31</b>
Cash was applied to:			
Purchase of fixed assets	1,004	1,352	1,035
Increase in investments	416		510
	<b>1,420</b>	<b>1,352</b>	<b>1,545</b>
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(1,401)</b>	<b>(1,329)</b>	<b>(1,514)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash was provided from:			
Loans raised	1,865	2,211	1,430
	<b>1,865</b>	<b>2,211</b>	<b>1,430</b>
Cash was applied to:			
Repayment of public debt	2,178	2,178	1,615
Reduction of lease liabilities	25	25	24
	<b>2,203</b>	<b>2,203</b>	<b>1,639</b>
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(338)</b>	<b>8</b>	<b>(209)</b>
Net increase/(decrease) in cash held	<b>263</b>	<b>239</b>	<b>138</b>
Plus opening cash balance	561	321	423
<b>Closing cash balance</b>	<b>824</b>	<b>560</b>	<b>561</b>
<b>Represented by</b>			
Cash	210	60	156
At call deposits	614	500	405
	<b>824</b>	<b>560</b>	<b>561</b>

The accompanying accounting policies and notes form part of these financial statements

**OPOTIKI DISTRICT COUNCIL  
STATEMENT OF COMMITMENTS AS AT 30 JUNE 2004**

	<b>Actual 30-Jun-04 \$000</b>	<b>Actual 30-Jun-03 \$000</b>
<b>Capital commitments approved and contracted</b>		
Financial information systems	0	15
Cemetery	48	
<b>Other non-cancellable contracts</b>		
Rozing maintenance		
0 to 1 years	1,150	1,150
1 to 2 years	0	1,150
2 to 3 years	0	0
Closure & Restoration of Landfill	40	
<b>Total commitments</b>	<b>1,238</b>	<b>2,315</b>

**STATEMENT OF COMPLIANCE AND RESPONSIBILITY  
For the Year Ending 30 June 2004**

**Compliance**

The Council and management of the Opotiki District Council confirm that all the statutory requirements of Section 283 of the Local Government Act 2002, which includes the requirement to comply with Part VIIA of Local Government Act 1974 regarding financial management and borrowing have been complied with.

**Responsibility**

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

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

In the Opinion of the Council and management of the Opotiki District Council, the annual financial statements for the year ended June 30 2004, fairly reflect the financial position and operations of the Opotiki District Council.

JH Forbes  
**MAYOR**  
Date 28 October 2004

PJ Gargiulo  
**CHIEF EXECUTIVE**  
Date 28 October 2004

## STATEMENT OF ACCOUNTING POLICIES for the year ended June 30 2004

### 1 REPORTING ENTITY

Opotiki District Council is a territorial local authority governed by the Local Government Act 2002. The Transitional provision of the 2002 Act require that the 2004 Financial Statements prepared in accordance with S22E of the Local Government Act 1974 which includes the requirement to comply with the generally accepted accounting practice.

### 2 MEASUREMENT BASE

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on a historical cost basis modified by the revaluation of certain fixed assets have been followed.

### 3 ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of results and financial position have been applied.

#### (i) Budget Figures

The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the annual plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

#### (ii) Revenue Recognition

Rates and levies are recognised as income upon the striking of rates. Other revenue is recognised at the time of performance of the service provided. Assets vested in Council are recognised as revenue when control over the assets is obtained.

#### (iii) Debtors

Debtors are stated at expected realisable value after providing against debts where collection is considered doubtful.

#### (iv) Mortgages Advanced & Share Certificates

Mortgages advanced and share certificates are recorded at cost or valuation.

#### (v) Work in Progress

Work in progress is valued at the lower of cost and net realisable value.

#### (vi) Fixed Assets

Valuation of:

**Operational Land** is initially recorded at cost, and is re-valued at 3-yearly intervals to fair values by Quotable Value New Zealand, the most recent being 1 September 2001.

**Operational Buildings** are initially recorded at cost and are depreciated. They have been subsequently re-valued at 3-yearly intervals to fair values by Quotable Value New Zealand, the most recent being 1 September 2001.

**Infrastructural Assets** are the utility systems that provide a continuing service to the community and are not generally regarded as tradeable. They include roads, bridges, water and sewerage services and stormwater systems.

They are valued at 3 yearly intervals at depreciated replacement value. . The most recent was at 1 July 2002 by Council Engineering Staff, peer reviewed by an independent professional valuer, DG Baker, NZCE (Civil) REA, on a green fields basis. Subsequent assets purchased and developed from 1 July 2002 are valued at cost.

Land under roads and paper roads is valued at the average value of the land in the district.

**Restricted Assets** cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community. They are principally reserves vested under the Reserves Act. They are re-valued at 3-yearly intervals at fair value by Quotable Value valuations, the most recent being September 1, 2001.

**Library Books** are valued at depreciated replacement cost as at 30 June 1998 (internally by Council staff). Subsequent additions are valued at cost.

**Other Fixed Assets** are valued at the lower of cost or net realisable value as at 30 June 2004.

#### (vii) Additions

Additions between valuations are recorded at cost, except for vested assets. Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process. The vested reserve land has been valued at the most recent appropriately certified government valuation. Vested infrastructure assets have been valued based on the actual quantities of infrastructure components vested and the current "in the ground" cost of providing identical services.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined then all capitalised costs are written off.

#### (viii) Depreciation

**Land** is not depreciated.

**Infrastructural Assets** are depreciated on a straight line basis at rates which will write-off the cost (or valuation) of the assets over the life as follows :

Kerb and Footpaths	50yrs	2%
Reticulation	5-200yrs	1/2% - 20%
Traffic Facilities (Roading Component)	10-20yrs	5%-10%
Culverts (Roading Component)	50yrs	2%
Pumps	10-20yrs	5% - 10%
Meters, Valves and Connections	25-75yrs	1 1/2 - 4 %
River protection works	100yrs	1%

**Roads** are divided into the following components and depreciated at the following rates:

Land	N/A	Nil
Formation	N/A	Nil
Sub-base	N/A	Nil
Basecourse (unsealed)	8yrs	12 1/2%
Basecourse (sealed)	25-50yrs	2% - 4%
Seal	15yrs	6.67%
Bridges	100yrs	1%
Hot mix	10yrs	10%

Drainage 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.

**Restricted Land** is not depreciated.

**Restricted Buildings** are depreciated on a straight line basis so as to write-off the asset over its economic life.

## Statement of Accounting Policies continued

**Library Collections:**

Non-fiction	10%
Fiction	20%
Others	10%-30%

**Other Fixed Assets** are depreciated on a straight line basis so as to write-off the cost or valuation of the asset over their expected economic lives as follows:

Buildings & Restricted Buildings	2%
Plant, Machinery & Equipment	10%
Light Plant, Machinery & Vehicles	20%
Fixtures, Fittings & Office Equipment	20%

**(ix) Goods & Service Tax**

All amounts shown in these financial statements are exclusive of GST except for debtors and creditors which are shown inclusive of GST. Where GST is irrecoverable as an input tax, then it is recognised as part of the related asset or expense.

**(x) Employee Entitlements**

Provision is made in respect of the Council's liability for annual leave, long service leave, and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current rates of pay. Other entitlements are on an actuarial basis.

**(xi) Leases**

Finance Leases – Leases which effectively transfer to the lessee substantially all the risks and benefits incident to ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the statement of financial position. The leased assets are depreciated over the period the Council is expected to benefit from their use.

Operating Leases – Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

**(xii) Financial Instruments**

Council is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors, creditors and loans. All financial instruments are recognised in the statement of financial position and all revenues and expenses in relation to financial instruments are recognised in the statement of financial performance. Except for loans, which are recorded at cost, and those items covered by a separate accounting policy, all financial instruments are shown at their estimated fair value.

**(xiii) Investments**

Share investments are valued at market value. Other investments are valued at the lower of cost or net realisable value. Any decreases are recognised in the Statement of Financial Performance (refer to Notes 6 & 7).

**(xiv) Public Equity**

Public equity is the community's interest in the Council as measured by the value of total assets less total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clear identification of the specified uses Council makes of its accumulated surpluses.

The public equity of Council is made up of the following components:

- Accumulated Funds
- Council Created Reserves
- Asset Revaluation Reserve
- Restricted Reserves

**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 [eg statutory funds] or created by Council [eg Plant Purchase and Renewal Reserve].

**Restricted Reserves** are those reserves subject to specific conditions accepted as binding by the Council, and which may not be revised by Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or if certain specified conditions are met.

**Council Created Reserves** are a part of the accumulated balance and are established at the will of Council. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves is at the discretion of Council.

**(xv) Landfill Post-closure Costs**

Council, as operator of the Woodlands Road landfill, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

Amounts provided for post-closure are capitalised to the landfill assets where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

**(xvi) Statement of Cash Flows**

Cash means balances on hand, held in bank accounts, and other highly liquid investments in which the Council invests as part of its day-to-day cash management.

Operating activities include cash received from all income sources of the group and record the cash payments made of the supply of goods and services. Agency transactions [the collection of regional council rates] are recognised as receipts and payments in the Statement of Cash Flows given that they flow through the Council main bank account.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt capital structure of the Council.

**Statement of Accounting Policies continued****(xvii) Cost Allocation**

Opotiki District Council has derived the net cost of service for each significant activity of the Council using the cost allocation system outlined below.

**Allocation of Overheads**

All overheads are allocated out to significant service activities on the basis of service level agreements, negotiated between the various departments within Council at the start of the year as part of the annual planning process. These agreements cover charges on fixed fees for services in the year, or charges based on levels of usage. It is the policy of Council that all Support activities recover their costs in full.

**Cost Allocation Policy**

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

**Cost of Service Statements**

The cost of service statements, as provided in the Statement of Service Performance, report the net cost of services for significant activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

**4 CHANGES IN ACCOUNTING POLICIES**

There have been no changes from the accounting policies adopted in the last audited financial statements. All policies have been applied on a basis consistent with the previous years.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ending 30 June 2004**

**Note 1: Summary of Cost of Services**

	Actual 30-Jun-04 \$000	Actual 30-Jun-03 \$000
<b>REVENUE</b>		
<b>Significant activities</b>		
Social	940	859
Environmental	1,178	1,122
Economic	1,240	1,194
<b>Total activities</b>	<b>3,358</b>	<b>3,175</b>
<b>EXPENDITURE</b>		
<b>Significant activities</b>		
Social	2,195	2,111
Environmental	1,594	1,373
Economic	2535	2,407
Cultural	1	2
Governance & Organisational Efficiency	721	670
<b>Total activities</b>	<b>7,046</b>	<b>6,563</b>

Each significant activity includes separate rates ( Refer note 2)

**Note 2: Rates - Council**

	Actual 30-Jun-04 \$000	Actual 30-Jun-03 \$000
<b>Rates consist of:</b>		
<b>General Rates</b>	3830	3691
<b>Separate rates attributable to activities</b>		
Water	602	560
Sewerage	306	313
Public Space Litter Collection	82	115
Resource Recovery Facilities	357	323
Urban Refuse Collection	101	99
Information Centre	35	25
Roading (Town Centre)	75	68
<b>Total separate rates</b>	<b>1,558</b>	<b>1,503</b>
<b>Total rates</b>	<b>5,388</b>	<b>5,194</b>

Remitted Rates to value of \$370,000 were expensed to the Social significant activity

**Note 3: Other Revenue**

	Actual 30-Jun-04 \$000	Actual 30-Jun-03 \$000
Assets vested	218	16
Reserve contributions	11	30
Roading contributions	23	9
Gain on sale of assets	19	13
Electricity Refund	5	0
Interest	81	59
<b>Total other revenue</b>	<b>357</b>	<b>127</b>

**Note 4: Operating Surplus (Deficit)**

	Actual 30-Jun-04 \$000	Actual 30-Jun-03 \$000
<i>After charging</i>		
Audit fees		
Fees paid to principal auditor	53	51
Fees paid to other auditors	0	0
Other services provided by the principal auditor	6	0
Depreciation		
Roads	497	497
Roading components	275	275
Water reticulation	151	150
Sewerage reticulation	82	81
Stormwater	16	16
Restricted buildings	38	43
Operational buildings	44	44
Landfill asset	7	7
Plant, machinery and vehicles	76	81
Fixtures fittings and equipment	64	64
Library collections	32	32
Leased assets	23	23
Total depreciation	1,305	1,313
Councillors' fees	144	124
Interest expense	442	479
Finance charges on leased assets	3	6
Bad debts written off	310	341
Change in the provision for doubtful debts	0	(60)
Donations	45	16
Penalties on arrangements written off	13	50
Other rate remissions	47	26

## Note 5: Equity

	Actual 30-Jun-04 \$000	Actual 30-Jun-03 \$000
<b>(a) ACCUMULATED FUNDS</b>		
Opening balance	95,201	95,053
Surplus (deficit)	499	154
	95,700	95,207
Transfers to:		
Restricted reserves	2	16
Council created reserves	345	342
	347	358
Transfers from:		
Restricted reserves	0	0
Council created reserves	307	352
	307	352
<b>Closing balance</b>	<b>95,660</b>	<b>95,201</b>
<b>(b) RESTRICTED RESERVES</b>		
Opening Balance	23	7
Transfers to:		
Accumulated funds	0	0
	0	0
Transfers from:		
Accumulated funds	2	16
	2	16
<b>Closing balance</b>	<b>25</b>	<b>23</b>
Restricted reserves consist of:		
Special funds	25	23
	25	23

Special funds relate to donation and bequest funds provided to Council by various people for specific projects. No funds were applied by Council during the year.

**(c) COUNCIL-CREATED RESERVES**

	Actual 30-Jun-04 \$000	Actual 30-Jun-03 \$000
<b>Opening Balance</b>	<b>785</b>	<b>795</b>
Transfers to:		
Accumulated funds	307	352
	307	352
Transfers from:		
Accumulated funds	345	342
	345	342
<b>Closing balance</b>	<b>823</b>	<b>785</b>

These relate to Council reserves created for purposes which are restricted by Council resolution.  
During the year the Council applied funds as follows

- Loan Repayments	307	352
	307	352

**(d) ASSET REVALUATION RESERVES**

<b>Opening Balance</b>	<b>14,779</b>	<b>19,572</b>
Change in asset value		(4,793)
	0	(4,793)
<b>Closing balance</b>	<b>14,779</b>	<b>14,779</b>
Revaluation reserve comprises		
Land	69	69
Buildings	739	739
Roading	8,593	8,593
Roading Components	1,343	1,343
Water Reticulation	172	172
Sewerage Reticulation	29	29
Restricted Land	3,351	3,351
Restricted Buildings	483	483
	<b>14,779</b>	<b>14,779</b>

**Note 6: Investments**

	Actual 30-Jun-04 \$000	Actual 30-Jun-03 \$000
<b>(a) CURRENT</b>		
At call deposits	614	405
Short - term deposits	1,132	712
Other	3	4
	<u>1,749</u>	<u>1,121</u>

**(b) NON - CURRENT**

Shares in companies (See note 7)	2	2
Other	48	51
	<u>50</u>	<u>53</u>

**(c) INTEREST RATES**

The weighted average effective interest rates on investments (current and non-current) and the associated pricing maturities were:

**Weighted Average Effective Interest Rate**

	2004	2003
At call deposits	5.60%	5.10%
Short - term deposits	5.56%	5.11%

**Repricing Maturities**

	< 6 mths \$000	6-12 mths \$000	1-2 yrs \$000	2-5 yrs \$000	2-5 yrs \$000	Total \$000
Short - term deposits	1,132					1,132
	<u>1,132</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,132</u>

**Note 7: Other Shareholding**

**OTHER SHAREHOLDING**

Horizon Energy Distribution Ltd (formerly Bop Electricity Ltd)

- 138 (2003 - 138) shares.

	30-Jun-04 Book Value \$000	30-Jun-03 Book Value \$000
Horizon Energy Distribution Ltd**	2	2
	<u>2</u>	<u>2</u>

\*\* The fair value is the market value as quoted by the NZ Stock Exchange on 1 July 2004  
(2003 - 1 July 2003)

**Note 8: Prepayments and Receivables**

	Actual 30-Jun-04 \$000	Actual 30-Jun-03 \$000
Rates Debtors	2,275	2,393
Water Debtors	103	82
Transfund	142	133
Petrol Tax	11	11
Accrued Interest	8	4
Sundry Debtors	260	119
Prepaid Expenses	0	4
	<u>2,799</u>	<u>2,746</u>
Less provision for doubtful debts	1,370	1,370
	<u>1,429</u>	<u>1,376</u>

## Note 9: Fixed Assets

	30-Jun-04 Cost/Value \$000	30-Jun-04 Acc Depn \$000	30-Jun-04 Net B V \$000	30-Jun-03 Cost/Value \$000	30-Jun-03 Acc Depn \$000	30-Jun-03 Net B V \$000
<b>Infrastructure assets</b>						
<i>At valuation</i>						
Roads	88,874	970	87,904	88,884	494	88,390
Roading components	10,116	537	9,579	10,120	274	9,846
Water reticulation	5,451	296	5,155	5,466	149	5,317
Sewer reticulation	2,337	160	2,177	2,342	81	2,261
Stormwater	669	32	637	670	16	654
<i>At cost</i>						
Roads	1,262	13	1,249	583	3	580
Roading components	310	9	301	132	1	131
Water reticulation	110	3	107	43	1	42
Sewer reticulation	43	1	42	2	0	2
Stormwater	8	1	7	8	0	8
	109,180	2,022	107,158	108,250	1,019	107,231
<b>Restricted assets</b>						
<i>At valuation</i>						
Land	5,013	0	5,013	5,013	0	5,013
Buildings	1,365	81	1,284	1,365	54	1,311
Improvements	508	24	484	508	17	491
<i>At cost</i>						
Land	177	0	177	170	0	170
Buildings	0	0	0	0	0	0
Improvements	229	8	221	149	4	145
	7,292	113	7,179	7,205	75	7,130
<b>Operational assets</b>						
<i>At valuation</i>						
Land	258	0	258	258	0	258
Buildings	1,208	91	1,117	1,208	57	1,151
Improvements	97	7	90	97	4	93
Library books	613	496	117	605	486	119
<i>At cost</i>						
Land	46	0	46	46	0	46
Buildings	332	15	317	332	10	322
Improvements	16	3	13	10	1	9
Landfill asset				14	7	7
Plant machinery & vehicles	702	457	245	703	466	237
Fixtures fittings & equipment	643	458	185	595	404	191
	3,915	1,527	2,388	3,868	1,435	2,433
<b>Capitalised finance lease</b>						
<i>At cost</i>						
Fixtures fittings & equipment	86	76	10	86	53	33
	86	76	10	86	53	33
<b>Total</b>	<b>120,473</b>	<b>3,738</b>	<b>116,735</b>	<b>119,409</b>	<b>2,582</b>	<b>116,827</b>

**Note 10: Landfill Aftercare Provision**

Opotiki District Council holds a resource consent to operate the Woodlands Road landfill. Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. There are closure and post-closure responsibilities such as the following:

*Closure responsibilities:*

- final cover application and vegetation
- incremental drainage control features
- completing facilities for leachate collection and monitoring
- completing facilities for water quality monitoring

*Post-closure responsibilities:*

- treatment and monitoring of leachate
- ground water and surface monitoring
- implementation of remedial measures such as needed for cover, and control systems
- ongoing site maintenance for drainage systems, final cover and vegetation.

**Capacity of the Site:**

- The remaining capacity of the site is negligible (refuse, clean fill and cover)
- The estimated remaining life is 1 month

The cash outflows for landfill post-closure are expected to continue through to 2014. 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 is discounted using a discount rate of 6%.

	2004 \$000	2003 \$000
Landfill liability	79	77
Opening Balance	77	131
Additional provisions	67	(36)
Amounts used	(70)	(26)
Unused portion reversed	0	0
Discounting changes	5	8
Closing balance	<u>79</u>	<u>77</u>
Made up of:		
Current	40	42
Non-Current	39	35
	<u>79</u>	<u>77</u>

**Note 11: Bank Overdraft**

The bank overdraft is unsecured.

The facility totals \$100,000. The current interest rate on the facility is 8.95%(2003 8.95%)

**Note 12: Payables**

	Actual 2004 \$000	Actual 2003 \$000
Trade Creditors	484	496
Retained Contract Monies	195	132
Accrued Liabilities	190	122
Other Payables	210	117
Rates in Advance	171	176
Rates due to Environment B O P	323	128
GST Liability	395	360
	<b>1,968</b>	<b>1,531</b>

**Note 13: Employee Entitlements**

	Actual 2004 \$000	Actual 2003 \$000
Accrued Pay	60	36
Annual Leave	186	163
Retirement Gratuities	151	158
	<b>397</b>	<b>357</b>
Made up of:		
Current	246	199
Non Current	151	158
	<b>397</b>	<b>357</b>

**Note 14: Public Debt**

	Actual 2004 \$000	Actual 2003 \$000
<b>(a) CURRENT</b>		
Secured loans and debentures	212	287
Lease liabilities	12	25
	<b>224</b>	<b>312</b>
<b>(b) NON-CURRENT</b>		
Secured loans and debentures	6218	6456
Lease liabilities	0	12
	<b>6218</b>	<b>6468</b>

**(c) SECURITY**

Council loans / debentures are secured by way of rates

The lease liability is secured over the asset

**(d) REPAYMENT TERMS**

The following is a maturity analysis of Public Debt

	Actual Principal 2004 \$000	Actual Principal 2003 \$000
Secured Loans & Debentures		
2003/04		287
2004/05	212	1015
2005/06	1567	1567
2006/07	1307	1307
2007/08	628	2519
2008/09	9	9
2009/10	811	8
2010/11	1873	8
2011/12	9	9
2012/13	10	10
2013/14	2	2
2014/15	2	2
	<b>6430</b>	<b>6743</b>

	Actual 2004 \$000	Actual 2003 \$000
Lease Liabilities		
2003/04		25
2004/05	12	12
	<b>12</b>	<b>37</b>

**(e) INTEREST RATES**

	<b>Actual 2004 %</b>	<b>Actual 2003 %</b>
Secured loans and debentures	6.71	6.57
Lease liabilities	11.24	12.80
Overall weighted average	6.72	6.61

**(f) VARIATIONS FROM/CHANGES TO THE BORROWING MANAGEMENT POLICY**

Council adopted a new borrowing management policy on 24 June 2003 which provides the parameters under which it will manage its public debt and other borrowings.

**Note 15: Reconciliation of Net Surplus/(Deficit) to Net Cash Inflow/(Outflow) from Operating Activities**

	<b>Actual 2004 \$000</b>	<b>Actual 2003 \$000</b>
<b>Surplus/(deficit) on operations</b>	499	154
<b>Add/(less) non-cash items:</b>		
Depreciation	1,306	1,313
Vested Assets	(218)	(1)
<b>Add/(less) movements in working capital items:</b>		
Accounts receivable	(57)	151
Prepayments	4	61
Payables	437	(21)
Employee entitlements	40	62
Provision for closure & aftercare	(3)	(62)
<b>Add/(less) items classified as investing activities:</b>		
Gain/Loss on sale of fixed assets	4	24
Profit/Loss on revaluation of infrastructural assets	0	247
Interest unwind on landfill provision	5	8
Movement in capital creditors/debtors	(15)	(75)
<b>Net cash inflow (outflow) from operating activities</b>	<b>2,002</b>	<b>1,861</b>

**Note 16: Related Party Transactions**

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with Council (such as payment of rates, purchase of rubbish bags). In addition: Councillor Rowe leases a reserve from Council for his farming purposes. (\$800 pa)

Councillor Petersen is a director of a civil contracting and earth moving company which undertakes a number of contracts and other minor works for Council. The total value of these contracts for the year ended 30 June 2004 was \$208,898 excluding GST (30 June 2003 - \$281,299).

Balances outstanding at 30 June 2004 - \$11,701 excluding GST is included in the above figure.

Except for these items, no other Councillor or senior management have entered into related party transactions with the Council.

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**Note 17: Segmental Reporting**

Opotiki District Council provides local authority services to ratepayers and other residents of the Opotiki District.

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**Note 18: Post Balance Date Events**

On July 17, 2004 a Civil Defence Emergency was declared initially for the Waiotahi Ward but subsequently for the whole District. The emergency arose through extensive flooding and slip damage which made many Council Roads and the State Highways inaccessible.

Several houses were extensively damaged with some being condemned. Cost of evacuating and care for the people effected will be covered by the Ministry of Civil Defence. Other recovery costs will be subsidised within the Civil Defence formula. Road repair will also attract subsidy through Transfund. However, there will be a substantial cost which will fall on the District

**Note 19: Financial Instruments**

**Credit Risk**

Opotiki District Council has minimal credit risk in its holdings of various financial instruments. These financial instruments include bank balances, local authority stock and accounts receivable.

The Council is risk averse and seeks to minimise exposure arising from its Treasury activities.

The Council has established a Treasury Policy specifying what transactions can be entered into the policy does not allow any transactions which are speculative in nature to be entered into. The Council invests funds only in deposits with registered banks and local authority stock and limits the amount of credit exposure to any one institution or organisation.

**Fair Value**

The fair value of the financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position

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**Note 20: Chief Executive's Remuneration**

The Chief Executive of the Opotiki District Council appointed under section 119C(1)(a) of the Local Government Act 1974 received a salary of \$98,000 (2003 \$95,000) In terms of his contract, the Chief Executive also received the following additional benefits:

**Additional benefits**

	2004	2003
	\$	\$
Vehicle (market value plus FBT)	15,330	15,330

For the year ended 30 June 2004, the total annual cost including fringe benefit tax to the Opotiki District Council of the remuneration package being received by the Chief Executive is calculated at:

\$113,330 (2003 \$110,330)

**Note 21: Miscellaneous Expenditure**

	30-Jun-04	30-Jun-03
	\$	\$
Insurance premiums	66	57
Ex gratia payments	0	0
Ceremonies	1	1
Insignia and robes of office	0	0
Civic entertainment.	1	1
Subscriptions, levies and contributions made to other organisations	22	19
Unauthorised expenditure	1	1
Severance payments exceeding \$50,000	0	0
	<b>91</b>	<b>79</b>

**Note 22: Contingencies**

Forestry valuation for a number of forestry blocks are under objection since the September 2001 revaluation. Should the forest owners/leasees be successful in their objection then Council could be looking at having to refund rates for the 2002/03 and 2003/04 financial years. The maximum exposure of Council to repay rates collected is estimated at \$75,000.

**Note 23: Transit New Zealand Act Disclosures**

	Actual 30-Jun-04 \$000	Actual 30-Jun-03 \$000
<b>In-house professional services</b>		
Operating costs	115	109
Less recoveries		
Subsidised roading (minor and ancillary)	90	117
Other	25	0
<b>Net Recovery/(Cost) of service</b>	<b>0</b>	<b>8</b>

**Note:**

The surplus/(deficit) on operation of the business unit is to be transferred to the general fund. The above information is presented in accordance with section 31 of the Transit New Zealand Act.

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**Note 24: Major Budget Variations****Statement of Financial Position**

The revaluation of infrastructural assets in the 2002/03 year but not completed until after the 2003/04 budget has given a significant decrease in the asset value. This also reflects in a decrease in the Asset Valuation reserve.

**Statement of Financial Performance**

The major reasons for the movement in surplus are:

- Assets arising from subdivisions vested in Council
- Social development and other strategic planning including community engagement not undertaken
- Opotiki water supply revenue increase and interest savings

## CONTENTS TO ACTIVITY AREAS

<b>SOCIAL</b> .....	<b>48</b>
<b>ECONOMIC</b> .....	<b>51</b>
<b>ENVIRONMENTAL</b> .....	<b>54</b>
<b>CULTURAL</b> .....	<b>57</b>
<b>GOVERNANCE/ORGANISATIONAL</b> .....	<b>58</b>

### Council Activities

The Local Government Act 2002 requires Council to ensure that the "well being" of the community is planned for through a "Community Outcomes" process. The agreed outcomes are to be reached through a consultative process with communities. However the 2003/04 Annual Plan process preceded the requirement for community outcomes, as such. The grouped activities were:

- **Social:**  
This will exist when the district's communities are cohesive, self determining, healthy, supportive and safe.
- **Economic Development:**  
The process of achieving economic growth in the district and providing incentives to assist in new business creation, expansion of existing enterprise and increased employment opportunity.
- **Environmental:**  
Physical and built environment including beach, bush, land, air, soil, rivers and sea.
- **Cultural :**  
Ensuring that there is an informed attitude to the needs and expectations of the main ethnic groupings of our district, particularly Maori who are the majority.
- **Governance/Organisational**  
The process of providing direction and structure for the district through the work of the democratically elected Mayor and Councillors together with the provision of quality information and material for informed Council decisions.

### Statement of Objectives and Service Performance

This statement is to fulfil the accountability role not covered by the financial statements. Non-financial measurements determine the quantitative and qualitative elements of the outputs produced by Council. In order to be measured and therefore report actual performance against the planned performance, performance targets must have :

- quantity – how much of the service/output is being provided
- quality – how well the service/output is to be provided
- timeliness – when the service/output will be provided
- cost – how much delivery of the service/output will cost
- location – where the service/output will be provided.

Although all of the above components are relevant, some have greater importance than others. At times it may be appropriate to omit a particular component if it is clear that it is not required in a particular circumstance.

### Net Cost of Service Statement

This Statement provides financial information in summary about the cost of outputs for each significant activity.

**SOCIAL ACTIVITY AREA****1 OVERVIEW – WHERE HAVE WE BEEN?**

Social wellbeing generally was seen by Council as the responsibility of central government.
All Council services contributed to social wellbeing, to varying degrees. But the social benefits of many Council activities were seldom acknowledged and celebrated (e.g. in areas of water, roads, sewerage, waste management, parks and recreation, cemeteries, animal control, liquor licensing, noise control).
Social benefits were more obvious for activities such as the library, pensioner housing, Safer Community Council, health and employment advocacy and community grants.

**2 OVERVIEW – WHERE ARE WE NOW?**

Local Government Act requires Council to take a greater leadership role in respect of social wellbeing.
Council must lead district-wide identification of desired community outcomes, including social outcomes, and the development of the Long-Term Council Community Plan.
This is likely to increase the demand for Council's non-financial support for activities which enhance social wellbeing e.g. leadership, advocacy, facilitation, co-ordination, monitoring, information, research, promotion.
Meanwhile Council continues to provide a wide range of services which enhance social wellbeing.

**SOCIAL ACTIVITIES**

This section looks at Council's social activities in two areas:

- A Social Development**  
**B Social Infrastructure**

**3 WHAT WERE WE DOING IN 2003-2004?**

<b>ACTIVITIES</b>	<b>TARGETS</b>	<b>ACHIEVEMENTS</b>
<b>EBOP SOCIAL DEVELOPMENT STRATEGY</b>		
Actively participate in developing strategy, in conjunction with development of Long-Term Council Community Plan.	Draft strategies prepared to address six key social development outcomes which have emerged in Council's consultation on community outcomes.	Opotiki District Council took leading role in development of draft EBOP Social Development Strategy. (Chairing, co-ordination). Strategy a broad framework for the region, with implementation plans yet to be developed.
<b>SOCIAL DEVELOPMENT</b>		
Actively support Regional Intersectoral Forum (RIF) project to improve government services to Maori in Opotiki district.	Six monthly reports provided to Council on (a) assistance provided to Regional Intersectoral Forum's Opotiki district project and other initiatives to improve social wellbeing, and (b) outcomes of this assistance.	Priority given to leading development of draft EBOP Social Development Strategy, from which local initiatives to improve social wellbeing will be developed in 2004-2005. Establishment of new Community & Social Development function approved in LTCCP. Regional Intersectoral Forum project to improve government services to Maori in district made little progress. Regular Mayoral reports to Council outlined Mayor's advocacy to improve social wellbeing.
Provide non-financial assistance to other initiatives to improve social wellbeing (e.g. health advocacy).		
<b>LIBRARY</b>		
Maintain and develop effective library services and facilities.	Book collection updated with at least 1100 new titles, within budget. Membership increased by at least 2%.	1546 New books purchased at \$5917 less than budget Membership increased 2.6% to 6159 members.
<b>HOUSING</b>		
Provide safe, affordable pensioner housing at no cost to ratepayers.	Pensioner housing provided to 14 pensioners.	14 Pensioner flats available and occupied. Budget overspent by \$1758 to be recovered from subsequent year.
Actively participate in and provide non-financial support to Community Housing Project.	Six monthly reports provided to Council on (a) assistance provided to Community Housing Project, and (b) outcomes of this assistance.	Support provided by Council staff in respect to housing projects. Reports not furnished to Council.
<b>SAFER COMMUNITIES COUNCIL</b>		
Co-sponsor SCC in partnership with Crime Prevention Unit.	Annual planning and performance formally approved by Crime Prevention Unit.	Crime Prevention Unit approved annual planning and funding (July-October 2003, November 2003-June 2004). Approval of annual performance pending submission of annual report by September 30, 2004.

ACTIVITIES	TARGETS	ACHIEVEMENTS
<b>LIQUOR MANAGEMENT</b>		
Process applications.	Applications processed within 10 working days of receipt of comments from Police and Medical Officer of Health.	All applications processed within 10 days of comments being received from Police and medical Officer of Health.
Monitor responsible sale of liquor with Police.	Monitoring programme agreed with Police fully implemented.	Two meetings held with Licensees. Formal programme under development.
<b>FOOD SAFETY</b>		
Ongoing environmental health inspections of premises preparing food. Appoint independent inspector for two weeks annually.	2 inspections of all licensed food premises by June 2004. Respond to complaints within 24 hours.	Food premises only inspected once. Few complaints and all responded to within 24 hours.
<b>COMMUNITY SPONSORSHIP</b>		
Provide financial support for strategic community facilities: <ul style="list-style-type: none"> <li>Community Activities Office</li> <li>BOP Surf Lifesaving Club</li> <li>Rates/rents remissions for community organisations</li> <li>Sports BOP</li> <li>Te Kaha Pool</li> <li>Opotiki Theatre Trust</li> </ul>	Financial support provided as per budget.	<p>Grants to Community Activities office \$7500 paid 20 July 2003.</p> <p>Surf Lifesaving B.O.P \$4500 paid 20 February 2004</p> <p>Te Whanau A Apanui Area School for Te Kaha Pool \$15000 paid 20 April 2004.</p> <p>Opotiki Theatre Trust \$5000 paid 6 October 2003.</p> <p>Grant to Sport BOP for 2003/04 year not made until August 2004.</p> <p>Rate remissions for Community Organisations of \$7259 were approved by Council on 26 August 2003.</p>

## 4 WHAT WERE WE DOING IN 2003-2004?

ACTIVITIES	TARGET	ACHIEVEMENTS
<b>CEMETERY</b>		
Maintain and operate present cemetery	All requests for placement and interment provided for within 24 hours of request. The cemetery operated within budget.	All requests provided for within 24 hours. Operating budget exceeded by \$7919 through less plot sales than budgeted for.
Develop Dip Road cemetery	New cemetery development completed to specifications and within budget by June 2004.	Construction work contracted and progressed but not completed. Planting undertaken. \$44313 of the \$90000 spent at 30 June 2004.
Develop cost allocation model for the two cemeteries	Cost allocation analysis including recommendations reported to Council by June 2004.	No cost allocation model for the two cemeteries was prepared in 2003/04. Slow progress on new cemetery has caused delay.
<b>PARKS AND RECREATION</b>		
Maintain reserves.	85% customer satisfaction determined through survey and maintained within budget.	No Customer Satisfaction survey was undertaken during 2003/04 as insufficient resources were available.
Seal carpark at Waioeka Domain	Carpark sealed within specifications and within budget.	Carpark sealed. Cost not identified separately.
Recreation Trust	Trust set up and operative by December 2003.	Trust not settled as Council set up Council Committee to undertake the functions.
Reserve Management Plans	Plans progressed, received by Council by June 2004 and within budget.	Only limited progress made on Reserve Management plans and the budget was largely unspent.
<b>WATER SUPPLY</b>		
Provide effective and efficient water supplies at Opotiki/Hikutaiia, Te Kaha and Ohiwa.	All connected consumers of district's community water supplies have continuous potable water supply for 99% of the time and within budget.	All District Community water users supplied with potable water in excess of 99% of the time. All supplies operated within Budget.
<b>CIVIL DEFENCE</b>		
Provide a civil defence response capability that minimises risk to life and property from natural disasters, and a recovery with least adverse effect on the local community, economy and environment.	Civil defence exercise conducted by February 2004 to test community preparedness for flooding event in Opotiki urban area at a cost of no more than \$3,000, with favourable comment from regional civil defence authority.	Only a Regional Civil Defence exercise conducted in November 2003. No cost incurred by Opotiki District.
<b>PUBLIC TOILETS</b>		
Provide and maintain public toilets	85% customer satisfaction determined through survey.	No Customer Satisfaction survey was undertaken during 2003/04.

## Social

## Net Cost of Service Statement

<i>2003</i> <i>Actual</i> <i>Net Costs</i> <i>\$000</i>	<i>for the year ending 30 June</i>	<i>2004</i> <i>Actual</i> <i>Costs</i> <i>\$000</i>	<i>2004</i> <i>Actual</i> <i>Revenue</i> <i>\$000</i>	<i>2004</i> <i>Actual</i> <i>Net Costs</i> <i>\$000</i>	<i>2004</i> <i>Budget</i> <i>Net Costs</i> <i>\$000</i>
17	Cemetery	54	23	31	23
29	Civil Defence	34	2	32	36
366	Community Grants	424		424	431
23	Dog Control	69	43	26	35
139	Library	173	24	149	157
0	Liquor Licensing	13	11	2	7
418	Parks & Reserves	465	16	449	461
(3)	Pensioner Housing	49	47	2	
122	Public Toilets	120	4	116	126
32	Ranging & Pound	37	1	36	34
40	Safer Communities/Social Development	81	39	42	60
69	Water Supplies	676	730	(54)	0
<b>\$1,252</b>	<b>Total Net Cost of Service</b>	<b>\$2,195</b>	<b>\$940</b>	<b>\$1,255</b>	<b>\$1,370</b>

**ECONOMIC ACTIVITY AREA****1 WHERE HAVE WE BEEN?**

Government reforms removed subsidies and protection from rural, small-town New Zealand, putting stress on these areas.
Major industries closed down resulting in major job losses (dairy, footwear, poles, and transport).
Significant growth in horticulture, most notably, kiwifruit.
Retail and office closures.
Roading has always been a core function of Council.
Rural fire protection became the sole responsibility of Council in 1979 (Department of Conservation and Forestry are responsible for their own areas).
Poor telecommunications in the area.
Poor electrical supply to the area.

**2 WHERE ARE WE NOW?**

Primary sector remains the dairying, agriculture, horticulture and forestry industries.
Continued growth opportunities in horticulture (avocadoes and macadamia nuts) and forestry.
Small fishing industry.
Mussel-farming opportunities on the horizon (70% chance) with mussel farm servicing and processing opportunities.
Limited forestry (logging), but set to grow and peaking in 2015 (1 million tons of timber).
Significant "economic leakage" out of town (40% of local spending out of town).
Limited manufacturing industries remain.
Slowly increasing number of visitors to the area. Older groups are retiring in Opotiki but are moving away because of diminished health facilities.
Limited tourism facilities available.
Limited potential for lifestyle blocks.
Largely "untouched" natural and pristine environment.
Limited training opportunities / need to target specialist training for jobs, work ethics, skills, etc.
Positives and negatives of marijuana growing in the area.
Stalled Whakatohea raupatu settlement.
Continued improvement in roading infrastructure, most notably, rural seal extension and urban kerb and channelling (stormwater drains).
Requiring direction on a range of roading issues:
2.16.1 The level of investment in the urban area footpaths, stormwater, kerb and channels.
2.16.2 The level of investment in rural seal extension and what criteria should be applied to assess priorities.
2.16.3 The standard to which rural unsealed roads should be formed.
2.16.4 Council's role in traffic safety (Road Safety Strategy 2010).
2.16.5 The application of rules to stock movement on local roads. Existing Bylaw (1977) being implemented which deals with daily movement of dairy herds.
2.16.6 Whether an urban bypass be built.
2.16.7 The standard of road maintenance in the district.
2.16.8 All State Highways administered by Transit New Zealand at 100% subsidy.
2.16.9 All local roads administered by ODC at 51% subsidy.
Rural fire protection remains the sole responsibility of council.
Telecommunication network needs upgrading.
Numerous electrical supply interruptions occur.

## 3 WHAT WERE WE DOING IN 2003/2004

SHORT TERM	TARGETS	ACHIEVEMENTS
<b>ECONOMIC DEVELOPMENT</b>		
Contribute to and enter into Service Level Agreement with Eastern Bay of Plenty Regional Economic Development Agency. Monitor progress toward the setting up of a Regional Economic Development Agency.	Report Progress to Council at least six monthly.	Council informed of slow progress towards formation of REDA. Full report September 2004.
Establish economic profile of district.	Profile reported to Council by February 2004.	Environment Bay Of Plenty profile presented 28 January 2004. Summary profile included in LTCCP.
Explore opening the harbour entrance.	Feasibility study completed by December 2003 and forwarded to the Ministry of Economic Development.	Feasibility Study presented to Council 27 April 2004 and forwarded to MED.
<b>PROMOTION</b>		
Sponsorship of Fibre & Fleece Event.	Sponsorship paid as per budget.	Sponsorship of \$2500 as per budget paid 20 October 2003.
Sponsorship of Pacific Coast Highway	Sponsorship paid as per budget.	No sponsorship paid 2003/04 for Pacific Coast Highway.
Contribution to 10 000 Club Visitors Guide.	Sponsorship paid as per budget.	Sponsorship of \$1956 (\$2000 budgeted) paid 20 November 2003.
Operation of Visitors Information Centre (VIC).	Achieve a 7.5% increase in visitors to Visitor Information Centre.	Visitors to the Visitor Information Centre increased by 8.6% to 11584 visitors.
Establish formal links to Eastland Tourism.	Service Level Agreement signed by March 2004.	\$7500 paid 20 March 2004 – Service level agreement in place at that date.
Establish quarterly business breakfast.	4 meetings held by June 2004.	No business breakfasts were held in 2003/04.
<b>MAORI ECONOMIC DEVELOPMENT</b>		
Establish meaningful relationship with Nga Tahu Trust Board and Support settlement of Whakatohea raupatu claim	Memorandum of Understanding signed with Nga Tahu Trust by June 2004.	Not achieved. Incomplete strategy development has caused delays.
<b>ROADING</b>		
General maintenance of rural and urban roads and street cleaning to required standards.	Council's 2002/2005 contract maintenance programme undertaken in accordance with Transfund New Zealand and Council maintenance standards.	Council's road maintenance contract undertaken by Works Infrastructure to Transfund and Council's maintenance standards.
Road legalisation of existing formed roads.	Otara East Road and Browns Road legalisation complete by May 2004.	Legalisation of Otara East road and Browns Road only 50% complete. Finalisation not expected until June 2005.
Cleaning of the CBD, bins and pavements.	Four Central Business District cleans performed to budget.	Daily cleaning of CBD area including bins and pavement undertaken. However only one special scrub clean and therefore budget for this activity largely unspent.
Maintenance chip seals	Annual maintenance programme completed by April 2004.	Maintenance Chip Seal Programme completed 27 February 2004.
Second coat seals	Annual maintenance programme completed by April 2004.	Second Coat sealing programme completed 27 February 2004.
Undertake seal extension of the rural unsealed roading network (Motu Road).	Completed by April 2004.	Seal Extension of Motu Road completed 4 April 2004.
Wellington Street Project	Project completed by March 2004 within budget.	Wellington Street shape correction completed 7 April 2004 within budget.
Footpaths	Completed by April 2004.	Footpath contract let and 70% complete at 30 June 2004.
<b>RURAL FIRE PROTECTION</b>		
Contribution to Waihau Bay Volunteer Fire Service.	Annual contribution made.	Contribution made July 2003.
Contribution to volunteer Te Kaha Service.	Annual contribution made.	No contribution made as brigade disbanded.
Fire awareness programmes.	Completed by October 2003.	Undertaken and completed during 2003-04 Fire Season (Oct 03-April 04).
<b>AIRPORT</b>		
Review state of runway and prepare Strategic Plan.	Plan received by June 2004.	Runway reviewed and no action required. Strategic Plan complete but yet to be adopted by Council.
<b>INFRASTRUCTURE</b>		
Undergrounding of power in Elliott Street.	Undergrounding of 100m by Horizon Energy by June 2004.	Undergrounding of Elliott Street power completed prior to June 2004.

## Economic Development

## Net Cost of Service Statement

<i>2003</i>	<i>for the year ending 30 June</i>	<i>2004</i>	<i>2004</i>	<i>2004</i>	<i>2004</i>
<i>Actual</i>		<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>
<i>Net Costs</i>		<i>Costs</i>	<i>Revenue</i>	<i>Net Costs</i>	<i>Net Costs</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
(16)	Airport	14	31	(17)	(20)
4	Harbour Development	66	30	36	30
(1)	Parking		1	(1)	
16	Promotions	24		24	48
1,106	Roading	2,299	1,142	1,157	1,144
50	Rural Fire Protection	48		48	78
54	Visitor Information Centre	84	36	48	54
<b>\$1,213</b>	<b>Total Net Cost of Service</b>	<b>\$2,535</b>	<b>\$1,240</b>	<b>\$1,295</b>	<b>\$1,334</b>

**ENVIRONMENT ACTIVITY AREA****1 WHERE HAVE WE BEEN?**

Legislation. Piecemeal planning legislation that was cumbersome and costly to administer. Maori values regarding natural resources not formally recognised in planning legislation until late 1970s. Prescriptive building controls.
Natural Hazards. Ongoing risks of natural hazards (erosion, instability, flooding, inundation, earthquakes, tsunami), with increased risks by town being built on flood plain with regular surface flooding.
Natural Heritage and Landscapes. Historical land uses have reduced extensive ecosystem types and significantly modified landscapes.
Cultural heritage. A rich Maori and Pakeha heritage throughout the district.
Public Access. Public demand for access to and use of coastal resources.
Hazardous substances. Management practices involving hazardous substances (e.g. landfills, timber treatment sites) put human and environmental health at risk.
Animal control. A high level of service, including the coast and providing hydatids control.
Buildings. Buildings of varying quality (high and low). District targeted for government housing schemes.
Sewerage. Acting ultra vires by discharging sewage into the Waioeka River. Cultural concerns regarding pollution of sea and rivers, as well as disposal of septage.
Refuse. Producing 10,000 tons of residual waste annually. Little or no recycling.
Stormwater. Surface flooding in Opotiki.

**2 WHERE ARE WE NOW?**

<p><b>Legislation</b></p> <ul style="list-style-type: none"> <li>▪ Resource Management Act (RMA) is the primary planning legislation.</li> <li>▪ Significant responsibilities delegated from central to local government, with an emphasis on public participation and the need to ensure that Maori and Treaty matters are incorporated into all resource management decisions.</li> <li>▪ Still a range of different organisations managing the natural and physical resources of the district.</li> <li>▪ District Plan nearly operative, although some variations to District Plan necessary.</li> <li>▪ Current level of staffing means that monitoring the enforcement of consent conditions is minimal in relation to natural and cultural heritage protection but good in relation to engineering matters.</li> </ul>
<p><b>Natural Hazards</b></p> <p>Ongoing risks of natural hazards (erosion, instability, flooding, inundation, earthquakes, tsunami) on life and property, albeit risks have been significantly reduced by flood protection works around the town.</p>
<p><b>Natural Heritage and Landscapes</b></p> <ul style="list-style-type: none"> <li>▪ The district enjoys an abundance of natural features, landscapes and areas of flora and fauna.</li> <li>▪ Council's priorities for protection and active management have been/are natural heritage.</li> <li>▪ Increasing development pressures on the Ohiwa Harbour and coastal resources of the district.</li> <li>▪ Environment Bay of Plenty Enhancement Fund projects initiated. Other funds available.</li> </ul>
<p><b>Cultural heritage</b></p> <ul style="list-style-type: none"> <li>▪ Many existing buildings of historical significance formally recognised and protected.</li> <li>▪ Lack of understanding regarding the location and nature of remaining Maori cultural heritage resources. This is of particular concern in areas no longer in Maori ownership and subject to development pressures.</li> <li>▪ Environment Bay of Plenty and other funds available.</li> </ul>
<p><b>Walkways</b></p> <ul style="list-style-type: none"> <li>▪ Extensive walkways on DOC lands enabling people to enjoy inland landscapes and heritage (natural and cultural) resources.</li> <li>▪ Potential for significant coastal walkways (of a Milford Track standard) in conjunction with private landowners.</li> <li>▪ Boat access limited.</li> <li>▪ Pressure on coastal resources increases the risk of conflict between the public and private landowners who currently provide coastal access on a goodwill basis.</li> </ul>
<p><b>Hazardous substances</b></p> <ul style="list-style-type: none"> <li>▪ Environmental and safety risks from spillages of hazardous substances.</li> <li>▪ Lack of information on contaminated sites and hazardous facilities, in particular their nature, scale and location.</li> <li>▪ No current evidence that past management practices (e.g. old landfills) are harming the environment.</li> </ul>
<p><b>Animal control</b></p> <ul style="list-style-type: none"> <li>▪ Council initiatives regarding microchipping and good owner policy.</li> <li>▪ Some dog owners still being irresponsible with their dogs, resulting in: bites/attacks on people; noise complaints; bites/attacks on other animals (e.g. sheep); and dog roaming.</li> <li>▪ Substandard dog pound (e.g. dogs getting stolen).</li> <li>▪ Some stock owners being irresponsible, resulting in: stock roaming; unsafe roads; and damage to public and private property. Transit NZ manages stock on State highways</li> <li>▪ The current level of Council resourcing for dog control is minimal (30 hours per week) and results in: <ul style="list-style-type: none"> <li>▪ Little attention being given to the rural parts of the district;</li> <li>▪ A generally reactive approach to law enforcement;</li> <li>▪ An incomplete dog register; and,</li> <li>▪ Minimal education.</li> </ul> </li> </ul>
<p><b>Buildings</b></p> <ul style="list-style-type: none"> <li>▪ Changes to building standards and pressures to reduce inspection costs has increased risks of substandard housing and Council's liability.</li> <li>▪ The current level of Council resourcing means that Codes of Compliance Certificates are not always being issued.</li> </ul>
<p><b>Sewerage</b></p> <ul style="list-style-type: none"> <li>▪ Clean rivers and beaches through land sewage treatment.</li> <li>▪ Cultural issues addressed as to sewage disposal.</li> </ul>
<p><b>Refuse</b></p> <ul style="list-style-type: none"> <li>▪ Resource Recovery Centre receives recycled material and residual work.</li> <li>▪ More education required to engender responsible attitudes.</li> <li>▪ Businesses targeted to promote recycling. Education in schools. Promotion of cottage industries around recycled materials.</li> </ul>
<p><b>Stormwater</b></p> <ul style="list-style-type: none"> <li>▪ Small stormwater pump stations coping well in 99.7% events.</li> <li>▪ Treated stormwater to meet resource consent requirements.</li> <li>▪ Jobs created.</li> </ul>

## 3 WHAT ARE WE DOING TO GET THERE IN 2003/2004?

<b>SHORT TERM</b>	<b>TARGETS</b>	<b>ACHIEVEMENT</b>
<b>HAZARDOUS SUBSTANCES</b>		
Prepare an updated hazardous substances register.	Register prepared by March 2004.	The hazardous substances register has not been prepared. However, site files all contain test certificate and location.
Prepare an up to date spill contingency plan and annual drill.	Spill contingency plan prepared and annual drill by December 2003.	Not achieved. Now being led by NZ Fire Service.
Purchase vapour tester.	Purchased by August 2003.	Impact Vapour Tester purchased July 2003.
Prepare a register of contaminated sites.	Register prepared by March 2004.	Register exists but needs update in conjunction with Environment BOP.
<b>ANIMAL CONTROL</b>		
Maintain an up to date dog register.	Register updated by 31 August 2003.	Register updated by 31 August 2003 and regularly maintained on an ongoing basis.
Identify registered and unregistered dogs in urban areas.	Urban dog survey completed by October 2003.	Survey completed successfully over period to March 2004, Registration increased as a result.
Upgrade dog pound.	Pound upgraded by December 2003.	Pound upgrade completed December 2003.
Review and establish bylaw.	Revised bylaw prepared by March 2004.	Draft Dog Control Bylaw not adopted until August 2004.
Education programme for schools.	Half-day programme held with all pre-school and 'junior schools' by December 2003.	Poor initial response from schools and difficulty in securing contractor delayed programme. 12 schools completed by June 2004.
<b>NATURAL AND BUILT ENVIRONMENT</b>		
<b>District Plan</b>		
Make District Plan operative.	District Plan operative within 3 months of resolution of references.	Not finalised. District Plan awaiting sign off from the Environment Court.
Participation in the Environment Bay of Plenty Ohiwa Harbour Strategy.	Participation in agreed research programme with Environment Bay of Plenty.	Research programme agreed and actively participated in Ohiwa Harbour Integrated Management strategy.
<b>Research</b>		
Participate in Environment Bay of Plenty heritage strategy.	Participation in agreed research programme with Environment Bay of Plenty.	Research programme agreed. Now working in partnership with EBOP on research project into historic precinct.
Update the NZ Archaeological Association register.	Council's GIS updated in accordance with programme agreed to with Environment Bay of Plenty.	Register and GIS updated. Awaiting information from EBOP to inform Landowners.
Prepare SoE monitoring strategy.	Strategy completed by March 2004.	Draft strategy completed but not adopted by Council at June 2004.
Complete Coastal Hazards assessments	Assessment completed by December 2003.	Consultation on assessments has occurred for erosion component. Awaiting full assessment for inundation from EBOP.
<b>Subdivision and land use consent</b>		
Ongoing assessment of consent applications.	90% consent applications processed with statutory timeframes.	54 resource consents processed of which 85% were processed within statutory timeframe.
Maintain a register of consent applications.	Up to date register maintained.	Register of consent applications maintained and kept up to date.
<b>Building inspections</b>		
Process building consents and Code Compliance Certificates.	90% of consents and Code Compliance Certificates processed within statutory timeframes.	197 of the 249 building consents (79%) processed within the ten day statutory timeframe.
Ongoing supply of Property Information Memoranda.	Property Information Memoranda processed within 20 working days of request.	All PIM's processed within timeframe.
<b>NOISE CONTROL</b>		
Respond to complaints.	Within 1 hour. Monthly record of complaints and action taken by contractor.	An average of 49 noise complaints per month actioned. Time to respond to complaints not recorded.
<b>SEWERAGE</b>		
Investigate SSWS implications to the District.	Report to Council March 2004.	Investigation undertaken. Not reported to Council as outcome of assessments still to be received.
Revisit sewerage options for Woodlands.	Report to Council by December 2003.	Woodlands sewerage reconsidered. Report to Council April 2004.
<b>REFUSE</b>		
Landfill	Landfill Closure by July 2004.	Landfill closed 31 July 2004.

<i>SHORT TERM</i>	<i>TARGETS</i>	<i>ACHIEVEMENT</i>
<b>COASTAL ACCESS</b>		
Coastal Access	Project identified, approved by Council and completed within budget by June 2004.	Freer project identified and completed Dec 03 at cost of \$13,355, \$3,355 in excess of budget.
Research Policy on Vehicles on Beaches.	Policy adopted by Council by March, 2004.	Policy not completed. Programmed for a bylaw in 2004/05.
Progress Whanarua Bay access issues.	Management Plan, including investigation of eastern walkway received by Council by March 2004.	Whanarua Bay access delayed through land tenure issues. Council to receive report on walkway in August 2004.

## Environmental

### Net Cost of Service Statement

<i>2003 for the year ending 30 June</i>		<i>2004</i>	<i>2004</i>	<i>2004</i>	<i>2004</i>
<i>Actual</i>		<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>
<i>Net Costs</i>		<i>Costs</i>	<i>Revenue</i>	<i>Net Costs</i>	<i>Net Costs</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
197	Environmental Management	304	62	242	252
(60)	Landfill	20		20	
20	Noise Control	24		24	24
(8)	Public Space Litter Collection	73	82	(9)	
36	Regulation & Inspection	170	149	21	57
21	Resource Recovery Facilities	513	475	38	(9)
(16)	Sewerage	325	306	19	
61	Stormwater	67		67	66
0	Urban Refuse Collection	98	104	(6)	
<b>\$251</b>	<b>Total Net Cost of Service</b>	<b>\$1,594</b>	<b>\$1,178</b>	<b>\$416</b>	<b>\$390</b>

**CULTURAL ACTIVITY AREA***We want to be a Council that celebrates our cultural diversity***1 WHERE HAVE WE BEEN?**

Ad hoc relationships with tangata whenua (no effective two-way dialogue)
Lack of cohesion and trust (two-way thing) between Council and iwi
Lack of recognition of tangata whenua status
Composition of Council and staff is not reflective of community
Misunderstanding by community of Council roles and responsibilities
History of the confiscation / raupatu
Conflicts between Maori / pakeha have not been discussed openly
Marae traditional showcase of Maori art
Customs / traditions still functional
Strong community ethic and identity e.g. church, CWI, A & P, Rotary, Jaycees, Lions, Kiwanis, Quota

**2 WHERE ARE WE NOW?**

Legal obligations for Council to recognise tangata whenua and Treaty
Composition of staff not reflective of community
Currently reviewing electoral system in particular Maori wards and STV
Growing acceptance of commonality of problems and issues
Emergence of tangata whenua as economic potential
Difficult for Council to establish effective relationships with tangata whenua
Council perceived as being irrelevant by some iwi : relationships with Crown are more important
Maori arts / traditions enjoying higher profile in wider community
Community interaction / ethic / identity declining
Some existing strong community events (e.g. Fibre & Fleece, Rodeo, Opotiki Charity Concert, Motu Challenge, which need to be built on)

**3 WHAT WERE WE DOING IN 2003/2004?**

<b>SHORT TERM</b>	<b>TARGET</b>	<b>ACHEIVEMENT</b>
<b>Participation</b>		
Treaty of Waitangi training for elected members and staff	Training undertaken by June 2004.	Treaty of Waitangi training undertaken 19 May and 22 June 2004.
Reviewing Tangata Whenua participation in decision-making including RMA and rating issues.	Report to Council identifying issues raised in review and agreed actions to address these by December 2003.	Preliminary report prepared – not yet presented to Council due to other constraints. Proposed to present to new Council.
Co-management of Council reserves and/or Maori land.	Implementation of Co-Management Protocol for Hoani Waititi Reserve, through consultation by March 2004.	Co-Management Protocol for Hoani Waititi Reserve consulted and implemented. Signed off Sept 03.
Implement Rates Remission Policy on Maori Freehold Land	Policy refined and adopted for implementation as part of 2004/05 Long Term Community Council Plan.	Updated policy adopted with 2004/05 LTCCP.
Contribute to upkeep of Urupa and private cemeteries.	Contributions made to budget in conjunction with local Iwi by June 2004.	Grants totalling \$7980 made May 2004.

**Cultural****Net Cost of Service Statement**

	2003 for the year ending 30 June		2004	
	Actual		Actual	Budget
Net Costs	Costs	Revenue	Net Costs	Net Costs
\$000	\$000	\$000	\$000	\$000
2 Cultural Sensitivity		1	1	15
<b>\$2 Total Net Cost of Service</b>	<b>\$1</b>	<b>\$0</b>	<b>\$1</b>	<b>\$15</b>

**GOVERNANCE / ORGANISATIONAL ACTIVITY***To develop a strong, vibrant and cohesive community***1 WHERE HAVE WE BEEN?**

Council exists as result of Local Government Act 1974 defining the functions, duties and powers of local government
Opotiki Borough and County amalgamate to form Opotiki County Council
1989 Reorganisation of local authorities throughout NZ which saw Nukuhou transferred from Opotiki to Whakatane District
Resource Management Act 1991 implemented – sustainable management of natural and physical resources
Former Mayor Don Riesterer appointed VP to Local Government New Zealand 1993-96 & 1998-99 also Zone 2 rep on National Council 1992-2001
Appointment of Safer Communities Coordinator
Divestment of roading unit
Central government introduces new financial and borrowing management provisions for local government through the Local Government Amendment (No. 3) Act 1996 which requires councils to look strategically at the activities it engages in, why, how and who should undertake the activities, who benefits and who should pay, funding mechanisms to be used, proposals presented for public consultation
Plans prepared to meet LGA (No. 3) Act: <ul style="list-style-type: none"> <li>• Long-Term Financial Strategy</li> <li>• Treasury Policy</li> </ul>
Vision, mission, district values and council values developed for district
Electoral Act review
Local Government Act 2002 redefines the role of local government and the way Council will operate

**2 WHERE ARE WE NOW?**

Strategic Plan prepared 1999-2004 – plan is critical if there is to be any influence on the outcomes for our district in the future
Identity and independence of district is vital if we are to be represented at sub-regional, regional and national levels (continued leadership role and taking appropriate steps to address key issues affecting district)
Continued support for Safer Communities Coordinator
Changes to Rating Powers Act implemented
Changes to Electoral Act implemented
Current member of Local Government New Zealand
Implementation of Local Government Act 2002

**3 WHAT ARE WE DOING TO GET THERE IN 2003/2004?**

<b>SHORT TERM</b>	<b>TARGET</b>	<b>ACHIEVEMENT</b>
Undertake Review of Representation	Draft Review completed for public consultation by August 31, 2003.	Draft review adopted by Council 26 August 2003.
Identification of community outcomes for inclusion in Long-Term Council Community Plan	Outcomes identified and prioritised in 2004/05 Long-Term Council Community Plan	Outcomes identified and prioritised by Council for inclusion in LTCCP.
Develop triennial agreement with other local authorities in region	First Triennial Agreement signed by December 31, 2003	Triennial Agreement adopted by Council on 28 October 2003.
Develop Governance Statement outlining its functions, responsibilities and activities	First Governance Statement available by December 31, 2003	First Governance Statement adopted by Council 16 December 2003.
Set up Health and Safety Committee for inside and outside staff.	Committees set up by December 2003.	Committee elected and inaugural meeting held 26 February 2004.
Develop Decision Making Process and Communication Strategy to support Significance Policy.	Process and Strategy adopted by Council by October, 2003.	Process and Communication Strategy not adopted by Council.
Lobby Local Government New Zealand and Government in regard to compensation for rates forgone on Department of Conservation Estate.	Letters sent to Local Government New Zealand and Government by December 2003.	Verbal presentations made at both Central and Local Government levels.
Campaign for enrolment of non-resident ratepayers for the 2004 elections.	Enrolment promoted in Rates Newsletter by December 2003.	Promotion delayed until July 2004 to coincide with national programme.
Monitor effects of revised rating system.	Council informed of rating collection patterns and if justified rates remission and postponement policies be prepared no later than for inclusion in the 2004/05 Long Term Council Community Plan.	Rate collection detail included in Quarterly Reports. No amendment made to remission or postponement policies for 2004/05 LTCCP.
Incorporate forum on future sealing programme into Long Term Council Community Plan preparation.	Forum held and reported to Council by June 2004.	Forum not incorporated but targeted consultation took place as part of Draft LTCCP.
Prepare Code of Conduct	Code of Conduct adopted by Council by August 2003.	Code adopted by Council 22 July 2003.
Update Standing Orders	Revised Standing Orders adopted by December 2003.	Revised Standing Orders adopted by Council 22 July 2003.
Bylaw Review	Programme for review of Bylaws reported to Council by September 2003.	Bylaw Programme adopted by Council 26 August 2003.

## Governance &amp; Organisational Efficiency

## Net Cost of Service Statement

<i>2003</i>	<i>for the year ending 30 June</i>	<i>2004</i>	<i>2004</i>	<i>2004</i>	<i>2004</i>
<i>Actual</i>		<i>Actual</i>	<i>Actual</i>	<i>Actual</i>	<i>Budget</i>
<i>Net Costs</i>		<i>Costs</i>	<i>Revenue</i>	<i>Net Costs</i>	<i>Net Costs</i>
<i>\$000</i>		<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
	Representation				
188	Direct Costs	220		220	209
85	Policy Advice	106		106	105
	Strategic Planning				
20	Direct Costs	10		10	60
	Overheads				
206	Corporate Services	214		214	215
83	Finance	82		82	90
64	Asset management	68		68	67
24	Environmental Planning	21		21	29
<b>\$670</b>	<b>Total Net Cost of Service</b>	<b>\$721</b>	<b>\$0</b>	<b>\$721</b>	<b>\$775</b>

MAP OF THE DISTRICT

