



Opotiki District Council

2005/2006

Annual Report



ISSN 1173-1842

DIRECTORY	CONTENTS
Council Office	
108 St John Street	
P O Box 44	
Opotiki	
New Zealand	
Telephone	
64 7 315 3030	
Facsimile	
64 7 315 7050	
E-mail	
info@odc.govt.nz	
Bankers	
Bank of New Zealand	
Church Street	
Opotiki	
Auditors	
Auditor General	
Solicitors	
Simpson Grierson	
Wellington	
Insurance Brokers	
Jardines	
Auckland	
EXECUTIVE STAFF	
Vaughan Payne	
Chief Executive Officer	
David Reece	
Engineering & Services Manager	
Donna Young	
Corporate Services Manager	
Chris Kimpton	
Environment & Planning Manager	
John Rollo	
Finance Manager	
	DIRECTORY..... 1
	EXECUTIVE STAFF..... 1
	CONTENTS..... 1
	YOUR REPRESENTATIVES..... 1
	COMMUNITY BOARD..... 1
	MISSION VISION AND VALUES..... 2
	HIGHLIGHTS..... 3
	FROM THE MAYOR..... 4
	5 YEAR FINANCIAL SUMMARY..... 5
	REPORT OF THE AUDITOR GENERAL..... 6
	LOCAL GOVERNMENT ACT 2002 CHANGES THINGS..... 8
	CHIEF EXECUTIVE'S REVIEW..... 12
	GOVERNANCE AND STRUCTURE..... 12
	EEO REPORT..... 14
	CONTENTS TO FINANCIAL STATEMENTS..... 15
	CONTENTS TO ACTIVITY AREAS..... 38
	COUNCIL ACTIVITIES..... 38
	3.1 COMMUNITY LEADERSHIP AND GOVERNANCE..... 39
	3.2 COMMUNITY FACILITIES AND SERVICES..... 41
	3.3 COMMUNITY SAFETY..... 46
	3.4 ECONOMIC DEVELOPMENT..... 50
	3.5 ENVIRONMENTAL AND DEVELOPMENT MANAGEMENT.. 52
	3.6 SOLID WASTE..... 52
	3.7 TRANSPORT NETWORK..... 56
	3.8 WATER..... 57
	3.9 SUPPORT SERVICES..... 62
	3.10 CONSULTANCY BUSINESS UNIT.....63

YOUR REPRESENTATIVES

(from October 2004)

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

Opotiki Ward:

Alex Dobie 315 8009
 Robbie Petersen 315 6580
 Adrian Gault 315 7789

Coast Ward:

Haki McRoberts 325 2833

Waiotahi/Waioeka Ward:

Selby Fisher 315 7624
 Doug Leeder 315 4839

Community Board

Haki McRoberts (Chairman) Taiki (Jack) Parata
 Adelaide Waititi Edward Matchitt
 Rikirangi Gage

Adoption of Annual Report

This Annual Report and Audited Financial Statements of the Opoitiki District Council, together with the Report of the Audit Office, were adopted by Council on Monday 3rd October 2006

MISSION VISION AND VALUES

Ta Matou Whaingā
(He Aha E Ora Nei Te Kaunihera)
Ki te whakahiatō 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 ngakaunui ana kia tutuki)

Vision
(What Council aspires to achieve)

Hai te tau 2014 ka taea e matou:

By 2014 we will have:

- Kawea tonu te whakaaturanga kaiarahi
- Maha ake te tūhūngatanga tikanga
- Whakahiatotia tetahi wahanga maia, a, rata ake o te kawangatanga iwi Whānui
- Whakareia nga angitu mo te whai hua whānaketanga
- Hikitia te papa tautoko hanganga
- Whakakahangia te whakarururanga 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

Council Values

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

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

Ngakau - tapatahi me te Pononga

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

Integrity and Honesty

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

Manakuratanga

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

Leadership

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

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.

Openness and Accountability

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

Tokeke me te Ture o te Tika

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

Fairness and Equity

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

Whakatutukitanga Whakawaiatanga

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

Achievements Orientated

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

Tikanga Tutohungatanga

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

Cultural Sensitivity

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

Tumanako Manawareka

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

Satisfying Expectations

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

HIGHLIGHTS

- \$1,032,038 of roading assets and \$40,000 of esplanade reserves transferred to Whakatane District Council as a result of the boundary change of 1 July, 2006. \$935,118 is a charge to the statement of financial performance with the balance reducing asset revaluation reserves.
- Infrastructural assets increased in value by \$13.3 million as a result of the revaluation of July 1, 2005.
- Vested assets amounted to \$1,715,404 most of which related to stage four of the Waiotahi Drifts Subdivision.
- Surplus for the year was \$1.48 million, \$544,000 better than budget mostly through vested assets exceeding expectations.
- Capital works saw
 - 2.9 km of Tirohanga Road sealed.
 - 220 m of reconstruction of Grants Road
 - A compactor installed at Opotiki refuse recovery centre
 - St John Street drain piped.
- Public debt reduced by \$1.58 million through internal funding of loan renewals.
- The harbour development project continued.

FROM THE MAYOR

I am pleased to present the Opotiki District Council, 2005-06 Annual Report which continues to highlight the progress of the district.

The Harbour Development project continues and we have moved forward to the preparation of resource consent. This will ensure we are positioned for development when the mussel farm project proceeds.

Internal funding of loans has seen public debt reduce by \$1.5 million to a total of \$ 4.7 million which will provide a better financial position should Council require loan funding for capital developments such as the harbour.

A number of subdivisions have occurred in the district and including stage four of the Waiotahi Drifts development which saw another 29 sections released onto the market and further growth in the capital value of the district which spreads the rating load.

On the other hand the Burke Road and Paparoa Road area was transferred to Whakatane District Council following the ruling made by the Local Government commission which allowed a submission for reorganisation of boundaries to proceed despite significant opposition from residents and Iwi

Over this period Council saw the development of the first Opotiki District Long Term Community Plan which resulted in good community involvement, a minimal rate increase and good comment from the Audit New Zealand and other key partners in the district.

We continue to work effectively with other councils on a number of joint projects and on such things as the implementation of the Building Compliance Act and Council has achieved a reduction in overall spending through careful management of resources.

In July 2005 a special celebration was held to acknowledge the valuable contribution that so many make to our district. Volunteers, those who had made exceptional achievements and those who took pride in their gardens and streets received recognition at an awards event and community day held in our main street.

Council has continued to work effectively towards achieving the economic, cultural, social and environmental outcomes the community has identified while recognising the existing economic constraints of the community.

We appreciate the valuable input the community makes towards this.



John Forbes
MAYOR

5 YEAR FINANCIAL SUMMARY

For the year to 30 June: 2002 2003 2004 2005 2006

dollars in thousands

Income Statement

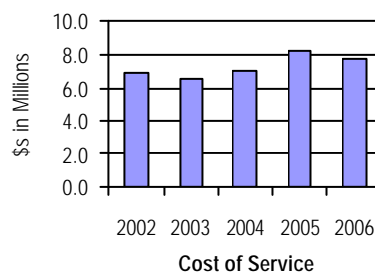
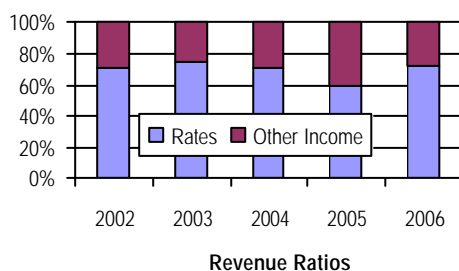
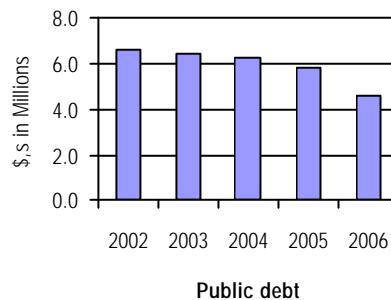
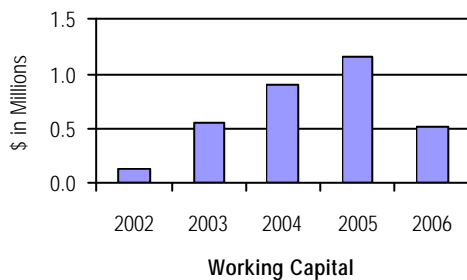
Rates (including penalties)	4,942	5,194	5,329	5,449	6,052
Other income	2,005	1,807	2,244	3,726	2,341
	6,947	7,001	7,573	9,175	8,393
Cost of services	6,922	6,563	7,074	8,162	7,696
Net surplus/(deficit)	25	438	499	1,013	697
Discontinuing operations and period adjustments		(284)		5,341	780
Net surplus/(deficit) after adjustments	25	154	499	6,354	1,477

Financial Position

Current assets	2,217	2,653	3,388	4,283	3,030
Current liabilities	2,095	2,084	2,478	3,123	2,471
Working capital	122	569	910	1,160	559
Investments	58	53	50	109	43
Non current assets	122,119	116,827	116,735	126,344	140,616
	122,299	117,449	117,695	127,613	141,218

Financed by:

Ratepayers equity	95,053	95,201	95,660	101,874	103,236
Reserves	20,374	15,587	15,627	19,674	33,163
Public debt	6,636	6,468	6,218	5,868	4,603
Term liabilities	236	193	190	197	216
	122,299	117,449	117,695	127,613	141,218



AUDIT REPORT
TO THE READERS OF
OPOTIKI DISTRICT COUNCIL'S
ANNUAL REPORT
FOR THE YEAR ENDED 30 JUNE 2006

The Auditor-General is the auditor of Opotiki District Council (the District Council). The Auditor-General has appointed me, M G Taris, using the staff and resources of Audit New Zealand, to carry out an audit on his behalf. The audit covers the District Council's compliance with the requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report of the Council for the year ended 30 June 2006, including the financial statements.

Unqualified opinion

In our opinion:

- The financial statements of the District Council on pages 16 to 64:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30 June 2006; and
 - the results of its operations and cash flows for the year ended on that date.
- The service provision information of the District Council on pages 39 to 64 fairly reflects the levels of service provision as measured against the intended levels of service provision adopted, as well as the reasons for any significant variances, for the year ended on that date; and
- The Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that apply to the annual report (the "other requirements").

The audit was completed on 27 September 2006, and is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and the Auditor, and explain our independence.

Basis of opinion

We carried out the audit in accordance with the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards.

We planned and performed the audit to obtain all the information and explanations we considered necessary in order to obtain reasonable assurance that the financial statements and the other requirements did not have material misstatements, whether caused by fraud or error.

Material misstatements are differences or omissions of amounts and disclosures that would affect a reader's overall understanding of the financial statements and the other requirements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

The audit involved performing procedures to test the information presented in the financial statements and the other requirements. We assessed the results of those procedures in forming our opinion.

Audit procedures generally include:

- determining whether significant financial and management controls are working and can be relied on to produce complete and accurate data;
- verifying samples of transactions and account balances;
- performing analyses to identify anomalies in the reported data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied; and
- determining whether all required disclosures are adequate.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements and the other requirements. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements in accordance with generally accepted accounting practice in New Zealand. Those financial statements must fairly reflect the financial position of the District Council as at 30 June 2006. They must also fairly reflect the results of its operations and cash flows and the levels of service provision for the year ended on that date. The Council is also responsible for preparing the information in the other requirements. The Council's responsibilities arise from Section 98 and Schedule 10 of the Local Government Act 2002.

We are responsible for expressing an independent opinion on the financial statements and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out the audit we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the Institute of Chartered Accountants of New Zealand.

Other than the audit and in conducting the audit of Long Term Council Community Plan, we have no relationship with or interests in the District Council.



M G Taris
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

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 Act¹:

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 can 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-dependent, 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 have had 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.

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

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

- 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 had 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.

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

Tena koutou

The year commenced on a very positive note with the inaugural Opotiki Contributions Awards, recognising the strengths of local volunteers and achievers. This event also saw the launch of the district brand "Opotiki Coast by Nature" and the Community Outcomes identifying what the community wants for the district's future.

This provided a platform for Council to identify how it would further the Community Outcomes through the Ten Year Plan which was adopted in June 2006. Through this process Council confirmed its vision and identified four new strategic platforms to prioritise Council resources:

- Economic growth
- Quality of life
- Strong Community Spirit
- Environmental Quality

Capital works completed this year included:

- Seal extensions for 2.9 km of Tirohanga Rd
- Reconstruction and kerb and channelling for 220m of Grants Rd
- Piping of the St John drain
- Installation of compacting equipment at the Opotiki Refuse Recovery Site
- Programmed plant replacements

Council's financial position continues to improve as stated in the highlights to the plan. The harbour development project was progressed without spending all the money budgeted. The emphasis has been on preparing the resource consent applications and preparing the business case for government of the project. The Council, The Coast Community Board, and the two Council Committees (Sport and Recreation, Tourism and Promotion) continue to operate well. Arising from the Committees is an increased emphasis on ongoing exciting events held in the district and enhancing community recreation facilities.

Council continues to look for efficiencies and to this end continues to progress opportunities for shared services with other local authorities and the wider community.

Over the year we farewelled a number of valued staff members, including Laurie Mitchell, Raniera Hudson, Robert Keane, Patricia Moore and Jerome Waterson.

We also welcomed new staff members Shane DeWaal, Maryanne Greenfield, Mary-Ellen Greenwood, Liz Grogan, Raniera Koopu, Merryl Watson and Robert Schlotjes.

Lastly, I wish to thank His Worship the Mayor, Councillors and staff for their continued efforts to make Opotiki a 'strong community' so as to secure a 'strong future' for the district.



Vaughan Payne
Chief Executive Officer

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:

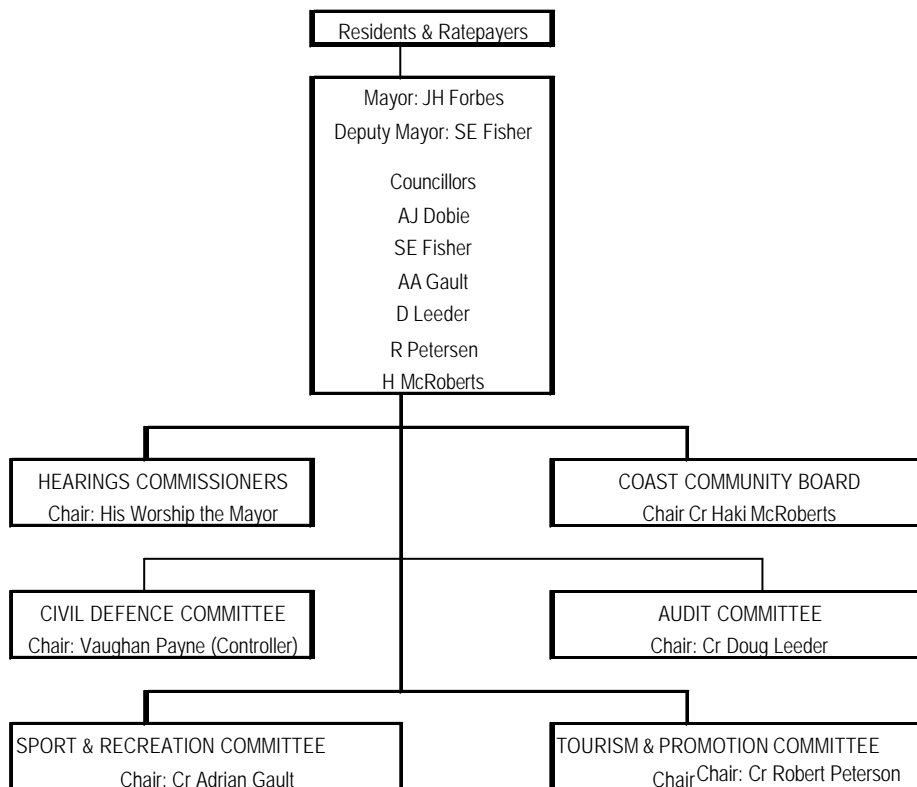
- things the local authority is prohibited from doing by law (examples from the Act include charging a membership fee for a library, or selling water and sewage disposal assets to the private sector)
- things the local authority must do by law (eg. Local authorities must prepare a district plan or regional 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 six weekly on Tuesday at 9.00am – 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.

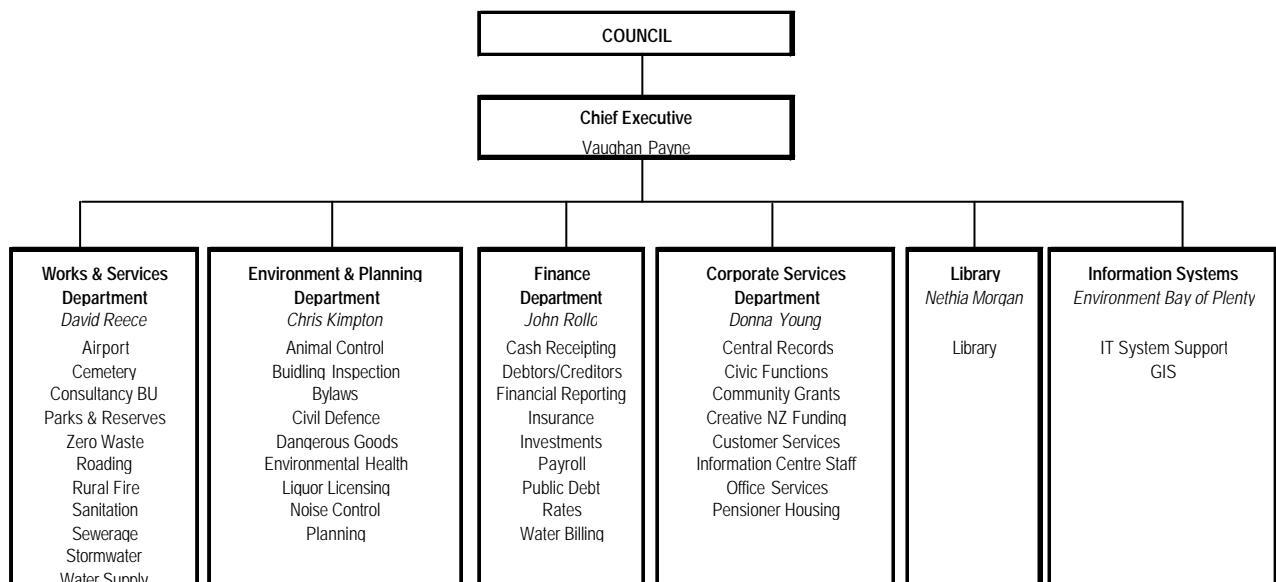
The procedure seems to be working well in general, although there are some Councillors who believe a return to standing committees would improve the quality of Council's decisions with greater debate prior to policy being made.

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.

- Coast Community Board** (meets 6 weekly – Chair Cr Haki McRoberts) Committee resolves and/or recommends solutions pertaining to the Coast ward.
- 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, McRoberts 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 – Vaughan Payne)
 An advisory body recommending on matters associated with the Civil Defence Act and civil emergency preparedness.
- Sport and Recreation Committee** (meets 6 weekly – Chair Cr Adrian Gault) Committee make recommendations to Council on sporting and recreational issues including facilities.
- Tourism and Promotion Committee** (meets 6 weekly – Chair Cr Selby Fisher) Committee make recommendations to Council on tourism and promotional activities.

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 OF COMPLIANCE AND RESPONSIBILITY

For the Year Ending 30 June 2006

Compliance

The Council and management of the Opotiki District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

Responsibility

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

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

In the opinion of the Council and management of the Opotiki District Council, the annual financial statements for the year ended June 30 2006, fairly reflect the financial position and operations of the Opotiki District Council.

JH Forbes
MAYOR
Date: 26 September 2006

V Payne
CHIEF EXECUTIVE
Date: 26 September 2006

CONTENTS TO FINANCIAL STATEMENTS	PURPOSE OF FINANCIAL STATEMENTS
Statement of Financial Performance.....19	<p>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.</p>
Statement of Movement in Equity19	<p>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.</p>
Statement of Financial Position20	<p>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.</p>
Statement of Cash Flows21	<p>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 :</p> <ul style="list-style-type: none"> • repay debt; or • re-invest to maintain or expand operating capacity <p>It also provides useful information about the cash flows generated from Council's investing and financing activities, both debt and equity.</p>
Statement of Commitments22	<p>Statement of Commitments Provides details of Council's uncompleted contracts and ongoing commitments.</p>
Statement of Compliance and Responsibility.....22	<p>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.</p>
Statement of Accounting Policies.....22	<p>Statement of Accounting Policies Provides details of policies adhered to in the preparation of Financial Statements.</p>
Notes to Financial Statements.....26	<p>Notes to Financial Statements Provides analysis and detail of various aspects of the Financial Statements.</p>

OPOTIKI DISTRICT COUNCIL
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ending 30 June 2006

	Note	Actual 30-Jun-06 \$000	Estimate 30-Jun-06 \$000	Actual 30-Jun-05 \$000
REVENUE				
Rates	2	6,052	6,098	5,449
Targeted rates attributable to activities	2	(1,870)	(1,843)	(1,603)
Revenue from activities	1	3,918	4,589	4,938
Other revenue	3	2,065	653	5,670
Share of associate surplus (deficit)	5	(60)		60
Surplus (deficit) from business unit		3	2	2
Total operating revenue		10,108	9,499	14,516
EXPENDITURE				
Expenditure on activities	1	7,696	8,566	8,162
Assets transferred		935		
Total operating expenditure		8,631	8,566	8,162
Net Surplus / (Deficit) on operations		1,477	933	6,354

Explanation of Council Net Surplus

The major reasons for the movement in the surplus are

- Vested assets being \$1.3 million greater than budget
- Harbour Development project proceeding slower than anticipated. Both expenditure and revenue under budget by \$550,000.
- Grant income of \$164,000 for the Waioeka Domain pavillion not received this year through delay in project.
- Additional costs of \$44,000 incurred by transporting residual waste from District after closure of landfill
- Infrastructural and reserve assets of \$935,000 being transferred to Whakatane with boundary adjustment.

OPOTIKI DISTRICT COUNCIL
STATEMENT OF MOVEMENTS IN EQUITY
For the Year Ending 30 June 2006

	Note	Actual 30-Jun-06 \$000	Estimate 30-Jun-06 \$000	Actual 30-Jun-05 \$000
Equity at the start of the year		121,548	117,368	111,287
Net surplus (deficit) for the year		1,477	933	6,354
Increase (Decrease) in asset revaluation reserve		13,374	21,473	3,907
Total recognised revenue and expenditure for the year		14,851	22,406	10,261
Equity at end of the year		136,399	139,774	121,548

OPOTIKI DISTRICT COUNCIL
STATEMENT OF FINANCIAL POSITION
As at 30 June 2006

	Note	Actual 30-Jun-06 \$000	Estimate 30-Jun-06 \$000	Actual 30-Jun-05 \$000
EQUITY				
Accumulated funds	6	103,236	98,655	101,874
Restricted reserves	6	28	27	27
Council-created reserves	6	1,075	933	961
Asset revaluation reserve	6	32,060	40,159	18,686
Total Equity		136,399	139,774	121,548
ASSETS				
Current assets				
Cash and bank		8	89	268
Short-term investments	7	1,606	1,300	2,747
Prepayments and receivables	9	1,416	1,500	1,268
Total current assets		3,030	2,889	4,283
Non-current assets				
Investments	7	43	45	49
Investment in associate		0	0	60
Fixed assets	10	140,616	145,211	126,344
Total non-current assets		140,659	145,256	126,453
Total Assets		143,689	148,145	130,736
LIABILITIES				
Current liabilities				
Payables	13	2,149	1,734	2,416
Employee entitlements	14	214	175	276
Provision for closure & aftercare of landfill - current portion	11	6	4	7
Public debt - current portion	15	102	197	424
Total current liabilities		2,471	2,110	3,123
Non-current liabilities				
Public debt - term portion	15	4,603	6,094	5,868
Provision for closure & aftercare of landfill - term portion	11	48	28	37
Employee entitlements	14	168	139	160
Total non-current liabilities		4,819	6,261	6,065
Total liabilities		7,290	8,371	9,188
NET ASSETS		136,399	139,774	121,548

J H Forbes - Mayor
Date: 26 September 2006

V Payne - Chief Executive
Date: 26 September 2006

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 2006

	Note	Actual 30-Jun-06 \$000	Estimate 30-Jun-06 \$000	Actual 30-Jun-05 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash was provided from:				
Rates		5,886	6,292	5,648
Other income		2,127	2,901	3,650
Interest received		165	118	171
Regional Council rates		714	600	740
		8,892	9,911	10,209
Cash was applied to:				
Suppliers and employees		5,768	6,413	5,818
Goods and services tax (net)		60		107
Interest on public debt		384	437	437
Regional Council rates		834	600	830
		7,046	7,450	7,192
Net cash inflow/(outflow) from operating activities	16	1,846	2,461	3,017
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash was provided from:				
Proceeds from sale of fixed assets		27	29	22
Reduction in investments		901		
		928	29	22
Cash was applied to:				
Purchase of fixed assets		1,753	2,106	1,774
Increase in investments			24	954
		1,753	2,130	2,728
Net cash inflow/(outflow) from investing activities		(825)	(2,101)	(2,706)
CASH FLOWS FROM FINANCING ACTIVITIES				
Cash was provided from:				
Loans raised		0	300	850
Leases entered		0	0	34
		0	300	884
Cash was applied to:				
Repayment of public debt		1,576	419	1,020
Reduction of lease liabilities		11	15	14
		1,587	434	1,034
Net cash inflow/(outflow) from financing activities		(1,587)	(134)	(150)
Net increase/(decrease) in cash held		(566)	226	161
Plus opening cash balance		985	363	824
Closing cash balance		419	589	985
Represented by				
Cash		8	89	268
At call deposits		411	500	717
		419	589	985

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

OPOTIKI DISTRICT COUNCIL
STATEMENT OF COMMITMENTS AS AT 30 JUNE 2006

	Actual 30-Jun-06 \$000	Actual 30-Jun-05 \$000
Capital commitments approved and contracted		
Financial information systems	0	5
Other non-cancellable contracts		
Roading maintenance		
0 to 1 years	1,200	1,200
1 to 2 years	0	1,200
2 to 3 years	0	0
Opotiki Rubbish Collection	105	0
Cartage of recycled materials & residual waste from RRC	100	0
Total commitments	1,405	2,405

STATEMENT OF ACCOUNTING POLICIES

for the year ended June 30 2006

1 REPORTING ENTITY

Opotiki District Council is a territorial local authority governed by the Local Government Act 2002. The provisions of the 2002 Act require that Financial Statements prepared in accordance with Sections 98, 99 and Part 3 of Schedule 10. There is also a 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 2004.

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 2004.

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 2005 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 2005 are valued at cost.

Land under roads and paper roads is valued at the average value of the land in the district. However, it is Council's policy not to revalue land under roads when revaluing the roading asset.

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, 2004.

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 cost less accumulated depreciation.

(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	½% - 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	1½ - 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	12½%
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 Reserves
- 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 2006

Note 1: Summary of Cost of Services

	Actual 30-Jun-06 \$000	Actual 30-Jun-05 \$000
REVENUE		
Significant activities		
Community Leadership and Governance	14	114
Community Facilities and Services	162	298
Community Safety	202	672
Economic Development	44	134
Environmental and Development Management	77	94
Solid Waste	902	770
Roading	1,276	1,774
Water Services	1,140	1,002
Support Services	101	80
Total activities	3,918	4,938
EXPENDITURE		
Significant activities		
Community Leadership and Governance	1,029	1,066
Community Facilities and Services	1,057	1,069
Community Safety	430	911
Economic Development	165	179
Environmental and Development Management	302	286
Solid Waste	930	860
Roading	2,455	2,635
Water Services	1,227	1,076
Support Services	101	80
Total activities	7,696	8,162

Each significant activity includes targeted rates (Refer note 2)

Note 2: Rates - Council

	Actual 30-Jun-06 \$000	Actual 30-Jun-05 \$000
Rates consist of:		
<i>General Rates</i>	4261	3974
Less Remissions	79	128
	<u>4,182</u>	<u>3,846</u>
targeted rates attributable to activities		
Water	657	553
Sewerage	352	306
Public Space Litter Collection	91	84
Resource Recovery Facilities	533	441
Urban Refuse Collection	122	108
Information Centre	41	35
Roading (Town Centre)	74	76
	<u>1,870</u>	<u>1,603</u>
Total rates	<u><u>6,052</u></u>	<u><u>5,449</u></u>

Note 3: Other Revenue

	Actual 30-Jun-06 \$000	Actual 30-Jun-05 \$000
Assets vested	1,715	5,341
Reserve contributions	11	13
Roading contributions	0	5
Development Contributions (Facilities)	115	125
Development Contributions (Roading)	39	0
Gain on sale of assets	20	14
Revaluation of Shares	0	1
Interest	165	171
Total other revenue	<u><u>2,065</u></u>	<u><u>5,670</u></u>

Note 4: Operating Surplus (Deficit)

	Actual 30-Jun-06 \$000	Actual 30-Jun-05 \$000
<i>After charging</i>		
Audit fees		
Fees paid to principal auditor	57	55
Fees paid to other auditors	0	0
Other services provided by the principal auditor - LTCCP audit	33	0
Depreciation		
Roads	490	497
Roading components	334	279
Water reticulation	244	152
Sewerage reticulation	104	82
Stormwater	20	17
Restricted buildings	67	58
Operational buildings	69	65
Plant, machinery and vehicles	92	82
Fixtures fittings and equipment	85	73
Library collections	34	33
Leased assets	11	12
Total depreciation	1,550	1,350
Interest expense	384	436
Finance charges on leased assets	2	1
Bad debts written off	181	183
Change in the provision for doubtful debts	0	0
Donations	54	53
Rates penalties remitted on arrangements	42	32

Note 5: Associate

Council has a 50% control of the Eastern Bay of Plenty Mayoral Disaster Relief Fund Trust. The Trust has been reflected in the financial statements on an equity accounting basis, which shows the Council's share of the deficit arising from the distributions of the retained surplus in the statement of financial performance. With the funds having been substantially distributed there is minimal impact on the statement of financial position which has not been recognised.

Note 6: Equity

	Actual 30-Jun-06 \$000	Actual 30-Jun-05 \$000
(a) ACCUMULATED FUNDS		
Opening balance	101,874	95,660
Surplus (deficit)	1,477	6,354
	<u>103,351</u>	<u>102,014</u>
Transfers to:		
Restricted reserves	1	2
Council created reserves	667	515
	<u>668</u>	<u>517</u>
Transfers from:		
Restricted reserves	0	0
Council created reserves	553	377
	<u>553</u>	<u>377</u>
Closing balance	<u>103,236</u>	<u>101,874</u>
(b) RESTRICTED RESERVES		
Opening Balance	27	25
Transfers to:		
Accumulated funds	0	0
	<u>0</u>	<u>0</u>
Transfers from:		
Accumulated funds	1	2
	<u>1</u>	<u>2</u>
Closing balance	<u>28</u>	<u>27</u>
Restricted reserves consist of:		
Special funds	28	27
	<u>28</u>	<u>27</u>

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-05 \$000	Actual 30-Jun-05 \$000
Opening Balance	961	823
Transfers to:		
Accumulated funds	553	377
	553	377
Transfers from:		
Accumulated funds	667	515
	667	515
Closing balance	1075	961

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	536	169
- Infrastructural works	17	28
- Facilities		180
	553	377

(d) ASSET REVALUATION RESERVES

Opening Balance	18,686	14,779
Change in asset value	13,374	3,907
	13,374	3,907
Closing balance	32,060	18,686
Revaluation reserve comprises		
Land	319	319
Buildings	884	885
Roading	16,774	8,593
Roading Components	3,211	1,343
Water Reticulation	2,995	172
Sewerage Reticulation	507	29
Restricted Land	7,097	7,125
Restricted Buildings	220	220
Stormwater	53	0
	32,060	18,686

Note 7: Investments

	Actual 30-Jun-06 \$000	Actual 30-Jun-05 \$000
(a) CURRENT		
At call deposits	411	717
Short - term deposits	1,193	2,027
Other	2	3
	<u>1,606</u>	<u>2,747</u>

(b) NON - CURRENT

Shares in companies (See note 7)	3	3
Other	40	46
	<u>43</u>	<u>49</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

	2006	2005
At call deposits	7.10%	6.60%
Short - term deposits	7.12%	6.77%

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	1,193					1,193
	<u>1,193</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,193</u>

Note 8: Other Shareholding**OTHER SHAREHOLDING**

Horizon Energy Distribution Ltd (formerly Bop Electricity Ltd)

- 138 (2003 - 138) shares.

	30-Jun-06 Book Value \$000	30-Jun-05 Book Value \$000
Horison Energy Distribution Ltd**	3	3
	<u>3</u>	<u>3</u>

** The fair value is the market value as quoted by the NZ Stock Exchange on 29 June 2006

(2005 - 30 June 2005)

Note 9: Prepayments and Receivables

	Actual 30-Jun-06 \$000	Actual 30-Jun-05 \$000
Rates Debtors	2,361	2,248
Water Debtors	99	112
Transfund	147	121
Petrol Tax	11	11
Accrued Interest	15	19
Sundry Debtors	153	127
Prepaid Expenses		0
	<u>2,786</u>	<u>2,638</u>
Less provision for doubtful debts	1,370	1,370
	<u>1,416</u>	<u>1,268</u>

Note 10: Fixed Assets

	30-Jun-06 Cost/Value \$000	30-Jun-06 Acc Depn \$000	30-Jun-06 Net B V \$000	30-Jun-05 Cost/Value \$000	30-Jun-05 Acc Depn \$000	30-Jun-05 Net B V \$000
Infrastructure assets						
<i>At valuation</i>						
Roads	99,433	485	98,948	88,778	1386	87,392
Roading components	12,839	333	12,506	10,072	786	9,286
Water reticulation	8,550	243	8,307	5,449	443	5,006
Sewer reticulation	3,289	103	3,186	2,337	240	2,097
Stormwater	716	17	699	669	47	622
<i>At cost</i>						
Roads	665	5	660	4,188	25	4,163
Roading components	185	1	184	1,586	21	1,565
Water reticulation	112	1	111	723	7	716
Sewer reticulation	32	1	31	673	4	669
Stormwater	122	2	120	14	2	12
	125,943	1,191	124,752	114,489	2,961	111,528
Work in progress						
Roading components	0	0	0	70	0	70
	0	0	0	70	0	70
Restricted assets						
<i>At valuation</i>						
Land	9,831	0	9,831	8,971	0	8,971
Buildings & Improvements	1,718	109	1,609	1,718	51	1,667
<i>At cost</i>						
Land	978	0	978	978	0	978
Buildings & Improvements	532	12	520	357	3	354
	13,059	121	12,938	12,024	54	11,970
Operational assets						
<i>At valuation</i>						
Land	556	0	556	556	0	556
Buildings & Improvements	1,684	124	1,560	1,695	57	1,638
Library books	638	518	120	628	509	119
<i>At cost</i>						
Buildings & Improvements	188	2	186	0	0	0
Plant machinery & vehicles	783	451	332	716	473	243
Fixtures fittings & equipment	768	616	152	718	530	188
	4,617	1,711	2,906	4,313	1,569	2,744
Capitalised finance lease						
<i>At cost</i>						
Fixtures fittings & equipment	34	14	20	34	2	32
	34	14	20	34	2	32
Total	143,653	3,037	140,616	130,930	4,586	126,344

Note 11: Landfill Aftercare Provision

Opotiki District Council holds a resource consent for the Woodlands landfill. The landfill closed August 2005 and Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed. There are post - close responsibilities such as the following:

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.

The cash flow for post-closure are expected to continue through to 2016. 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 6.5%.

	2006 \$000	2005 \$000
Landfill liability	54	44
Opening Balance	44	79
Additional provisions		
Amounts used	(6)	(38)
Unused portion reversed	13	(2)
Discounting changes	3	5
Closing balance	<u>54</u>	<u>44</u>
Made up of:		
Current	6	7
Non-Current	48	37
	<u>54</u>	<u>44</u>

Note 12: Bank Overdraft

The bank overdraft is unsecured.

The facility totals \$100,000. The current interest rate on the facility is 11.15% (2005 10.6%)

Note 13: Payables

	Actual 2006 \$000	Actual 2005 \$000
Trade Creditors	626	684
Retained Contract Monies	120	185
Accrued Liabilities	133	155
Other Payables	407	656
Rates in Advance	162	215
Rates due to Environment B O P	353	233
GST Liability	348	288
	2,149	2,416

Note 14: Employee Entitlements

	Actual 2006 \$000	Actual 2005 \$000
Accrued Pay	0	69
Annual Leave	211	207
Sick Leave	3	0
Retirement Gratuities	168	160
	382	436
Made up of:		
Current	214	276
Non Current	168	160
	382	436

Note 15: Public Debt

	Actual 2006 \$000	Actual 2005 \$000
(a) CURRENT		
Secured loans and debentures	91	413
Lease liabilities	11	11
	<u>102</u>	<u>424</u>
(b) NON-CURRENT		
Secured loans and debentures	4593	5847
Lease liabilities	10	21
	<u>4603</u>	<u>5868</u>

(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 2006 \$000	Actual Principal 2005 \$000
Secured Loans & Debentures		
2005/06		413
2006/07	91	1307
2007/08	1467	1468
2008/09	7	9
2009/10	1873	1167
2010/11	8	1873
2011/12	1224	9
2012/13	10	10
2013/14	2	2
2014/15	2	2
	<u>4684</u>	<u>6260</u>

	Actual 2006 \$000	Actual 2005 \$000
Lease Liabilities		
2005/06		11
2006/07	11	11
2007/08	10	10
	<u>21</u>	<u>32</u>

(e) INTEREST RATES

	Actual 2006 %	Actual 2005 %
Secured loans and debentures	6.86	6.86
Lease liabilities	5.40	5.40
Overall weighted average	6.86	6.85

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

Council adopted new borrowing management policy on 28 June 2006 which provides the parameters under which Council will manage its public debt and other borrowings. This replaced the former policy adopted on 24 June 2003.

Note 16: Reconciliation of Net Surplus/(Deficit) to Net Cash Inflow/(Outflow) from Operating Activities

	Actual 2006 \$000	Actual 2005 \$000
Surplus/(deficit) on operations	1,477	6,354
<i>Add/(less) non-cash items:</i>		
Depreciation	1,550	1,350
Vested Assets	(1,715)	(5,341)
Assets transfer	935	
<i>Add/(less) movements in working capital items:</i>		
Accounts receivable	(148)	161
Payables	(267)	448
Employee entitlements	(54)	39
Provision for closure & aftercare	7	(40)
<i>Add/(less) items classified as investing activities:</i>		
Gain/Loss on sale of fixed assets	58	41
Profit/Loss on revaluation of infrastructural assets		
Interest unwind on landfill provision	3	5
Movement in capital creditors/debtors	0	0
Net cash inflow (outflow) from operating activities	1,846	3,017

Note 17: 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 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 2006 was \$588,802 excluding GST (30 June 2005 - \$607,060).

Balances outstanding at 30 June 2006 - \$12,747 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.

Note 18: Segmental Reporting

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

Note 19: Post Balance Date Events

There are no known post balance date events effecting the Financial accounts at 30th June 2006.

Note 20: 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

Note 21: Remuneration of Mayor, Councillors and Chief Executive.

	Salary	Other Benefits
Mayor - John Forbes	\$ 48,094.00	-
Deputy Mayor - Selby Fisher	\$ 23,019.00	-
Councillor & Community Board Chairman - Haki McRoberts	\$ 18,600.00	-
Councillor - Alex Dobie	\$ 14,250.00	-
Councillor - Adrian Gault	\$ 14,250.00	-
Councillor - Doug Leeder	\$ 14,250.00	-
Councillor - Robbie Petersen	\$ 14,250.00	-

The Chief Executive of the Opotiki District Council, Vaughan Payne received a salary of \$95,000.

In terms of his contract, the Chief Executive also received the following additional benefits:

Additional benefits	2006	2005
	\$	\$
Vehicle (market value plus FBT)	16,140	14,185

For the year ended 30 June 2006, 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 \$111,140 (2005 \$134,465 - Patrick Garguilo \$88,265 and Vaughan Payne \$46,200)

Note 22: Severance payments

Council made no severance payments during the year ending 30 June 2006, and (2005: nil)

Note 23: Contingencies

The rating valuation for a number of forestry blocks in the district have been under objection for the September 2001 Valuation. Should the forest owner/ leasees be successful in their objection then Council could be looking at having to refund rates for the 2002/03, 2003/04 and 2004/05 financial years. The maximum exposure of Council to repay rates is estimated at \$90,000.

Note 24: Major Budget Variations

Statement of Financial Position

The variation in the Statement of Financial Position is:

- Carry forward equity arising from vested assets in 2005 being \$4 million in excess of budget.
- Revaluation of infrastructural assets at 1 July 2005 impacting on the fixed asset value and revaluation reserve by \$8 million less than anticipated.
- Internal financing of \$1.3 million debt repayment.

Statement of Financial Performance

The major reasons for the movement in the surplus are:

- Vested assets being \$1.3 million greater than budget
- Harbour Development project proceeding slower than anticipated. Both expenditure and revenue under budget by \$550,000.
- Grant income of \$164,000 for the Waioeka Domain pavillion not received this year through delay in project.
- Additional costs of \$44,000 incurred by transporting residual waste from District after closure of landfill
- Infrastructural and reserve assets of \$935,000 being transferred to Whakatane with boundary adjustment.

Statement of Cash Flows

Operating Activities

- Harbour development project study reports proceeding slower than anticipated reducing both suppliers and employees expenditure and other income by \$550,000.

Investing Activities

- Waioeka Domain Pavillion not commenced reducing purchase of fixed assets by \$440,000
- Internal financing of debt has reduced investments significantly.

Financing Activities

- Debt repayment at higher level than anticipated
- Internal financing of debt repayment has eliminated with the need to borrow on the external market.

Note 25: Transition to NZIFRS

Opotiki Council plans to adopt the New Zealand International Reporting Standards (NZ IFRS) for the year ending June 2007. The comparative figures at 30 June 2006 will be restated to align with the new reporting standards. Council adoption in 2007 is one year earlier than the compulsory adoption date as Council prepared its 2006 Long Term Community Plan (LTCCP) under the new standards. This was to ensure that the 10 year financial forecasts included in the LTCCP were prepared on a consistent basis over the 10 years.

In terms of the NZ IFRS, financial statements will be renamed Income Statement and Balance Sheet. The impact of the transition to International Accounting Standards has a minimal impact on Council. For the year 30 June, 2006 Council has recognised \$3,000 as a provision for sick leave.

COMMUNITY LEADERSHIP & GOVERNANCE.....	42
COMMUNITY FACILITIES AND SERVICES	45
COMMUNITY SAFETY.....	50
ECONOMIC DEVELOPMENT	55
ENVIRONMENTAL & DEVELOPMENT MANAGEMENT	57
SOLID WASTE.....	58
TRANSPORT NETWORK.....	61
WATER SERVICES	63
SUPPORT SERVICES	68
CONSULTANCY BUSINESS UNIT	70

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 for the 2004/05 LTCCP the interim provisions allowed for Councils to determine the Communities Outcomes. The grouped activities were:

- **Community Leadership and Governance:**
Community Leadership and Governance can be defined as those activities which enable the Council to work effectively with and within the community. Ensuring that the community is represented fairly and that all people have an opportunity to state their views on important issues. Working to improve the communication and understanding between different cultures and different sector groups, supporting the many community groups which are so important to the growth of a vibrant and cohesive community and ensuring the day to day management of our public organisation is running smoothly and efficiently.
- **Community Facilities and Services:**
The provision of those utilities that are desirable to the community and not otherwise provided by the private sector or community groups.
- **Community Safety:**
Functions which ensure more desirable environment where people are protected from activities and influences which will impact on health and safety.
- **Economic Development :**
Activities which directly influence positive growth and development for the district in order to create more jobs and a better standard of living for residents of the district.
- **Environmental and Development Management**
Ensuring that growth and development occurs without compromising the social and physical values of the district and with regard for the needs of present and future generations .
- **Solid Waste**
Ensuring a clean and safe environment that is free from the unpleasant and damaging effects of refuse.
- **Transport Network**
Maintenance and development of council roads to ensure standards of accessibility which are appropriate to the district.
- **Water Services**
Ensuring a plentiful supply of clean water and effective removal of waste water for district residents and assisting rural residents in ensuring the standards of private supply.

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.

Survey data

The last survey was undertaken by the National Research Bureau in February 2005. No survey was to be undertaken in 2005/06 financial year.

PERFORMANCE MEASURES

3.1 Community Leadership & Governance

NATURE AND SCOPE

Representation

The 2003 Representation Review results in 6 Councillors and 3 wards plus the Mayor and four elected members and one appointed member on a Community Board for the Coast community.

Two 'Participative' Committees (Sport and Recreation and Tourism and Promotion) were appointed in 2003.

Corporate Management

This activity covers the management of the organisation and is therefore tasked to advise Council on policy issues and to implement Council decisions.

Tangata Whenua

This activity recognises the values and needs to Tangata Whenua within the district and strives to develop mutually beneficial relationships between the Council and Tangata whenua.

Community Sponsorship

In recognition of Council's role of advocate for the district grants are made to organisations which are contributing to the wellbeing of the district and are considered to be in need of public support.

Some grants are supported by Memorandum of Understanding with specific performance measures

The bulk of grants are made by way of 50% rate remissions.

LINKAGE TO COMMUNITY OUTCOMES AND WELL BEINGS

This group of activities provides the overall governance roll, strategic direction and implementation of policy and as such promotes all the community outcomes.

SIGNIFICANT EFFECTS ON WELLBEING

There are no significant negative effects from this group of activities on the social, environmental, economic or cultural wellbeing of the local community.

LEVELS OF SERVICE AND PERFORMANCE MEASURES

<i>Performance Indicator</i>	<i>How Measured</i>	<i>Actual Performance</i>																					
Representation/ Corporate Management																							
Ensure all Council meetings have a quorum to commence the meeting	100% compliance	Achieved 94% Tourism & Promotion - 2 failed meetings Coast Community Board - 1 failed meeting																					
Councillors will attend meetings of which they are members	95% compliance	Achieved 82% <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Meeting</th> <th>Apologies</th> <th>Absent</th> </tr> </thead> <tbody> <tr> <td>Ordinary Council</td> <td>5</td> <td>2</td> </tr> <tr> <td>Extra Ordinary</td> <td>10</td> <td>2</td> </tr> <tr> <td>Sport & Recreation</td> <td>9</td> <td>5</td> </tr> <tr> <td>Tourism & Promotion</td> <td>6</td> <td>3</td> </tr> <tr> <td>CCB</td> <td>8</td> <td>1</td> </tr> <tr> <td>Revenue/Workshops / Adhoc Meetings</td> <td>3</td> <td>8</td> </tr> </tbody> </table>	Meeting	Apologies	Absent	Ordinary Council	5	2	Extra Ordinary	10	2	Sport & Recreation	9	5	Tourism & Promotion	6	3	CCB	8	1	Revenue/Workshops / Adhoc Meetings	3	8
Meeting	Apologies	Absent																					
Ordinary Council	5	2																					
Extra Ordinary	10	2																					
Sport & Recreation	9	5																					
Tourism & Promotion	6	3																					
CCB	8	1																					
Revenue/Workshops / Adhoc Meetings	3	8																					
Community approve of the performance of the Mayor and Councillors	80% resident survey	Survey not being undertaken in 2005/06																					
Conduct the triennial elections in accordance with legislation	No upheld appeals	No elections required in 2005/06																					

Tangata Whenua		
Relationship	Annual meetings held with 3 Iwi authorities	Achieved at staff level
Community Sponsorship		
Contributions are made in accordance with budget	Grants Made	Grants made in accordance with budget
MOU completed for all grants	MOU for all grants adopted by Council	Memorandum of understanding adopted for 5 organisations with 3 outstanding.

COST OF SERVICE

Representation						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
		Operational Expenditure				
319	340	Operating Costs including Overheads	307	331	(24)	
319	340		307	331	(24)	
5	27	External Income		3	3	
314	313	Net Cost of Service	307	328	(27)	
Funded By						
Rates Income						
314	313	- General Rates	307	328	(21)	
314	313	Total Funding	307	328	(21)	

Corporate Management						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
		Operational Expenditure				
461	488	Operating Costs including Overheads	512	443	69	Overheads from support services
461	488		512	443	69	
-	2	External Income		4	4	
461	486	Net Cost of Service	512	439	73	
Funded By						
Rates Income						
461	486	- General Rates	512	439	73	
461	486	Total Funding	512	439	73	

Tangata Whenua Relationships						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
		Operational Expenditure				
16	9	Operating Costs including Overheads	16	11	5	
16	9	Net Cost of Service	16	11	5	
Funded By						
Rates Income						
16	9	- General Rates	16	11	5	
16	9	Total Funding	16	11	5	

Community Sponsorship						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
429	229	Operating Costs including Overheads	426	244	182	Rate remissions netted from rate revenue
429	229		426	244	182	
-	85	External Income		7	7	Grant for remitted residential rates for CD event
429	144	Net Cost of Service	426	237	189	
Funded By						
Rates Income						
429	144	- General Rates	426	237	189	
429	144	Total Funding	426	237	189	

EXPLANATION OF MAJOR VARIATION FROM LTCCP FORECAST

Community sponsorship includes statute barred write offs which were less than anticipated. Rate remissions under Council's various policies have been netted from rates income but were budgeted to be expensed in this cost centre.

3.2 Community Facilities & Services

NATURE AND SCOPE

Opotiki Aerodrome

The site area is 44 ha. Of this, approximately 8ha is used for the aerodrome, with the remainder of the site being leased. The aerodrome comprises a single grass runway (1,020 m long), three privately owned hangars and a private fuel supply depot.

Public Cemetery

There are 130 plots remaining in the public cemetery (total site area of 3.11 ha). Development of the Dip Road cemetery (4.2 ha) began in 2003.

Opotiki District Library

One public library services the entire district. There are 5,997 members of the library, which equates to 87% of adult resident population or 63% of resident population. There are approximately 35,000 books and other resources.

Pensioner Housing

There are 14 units and 14 tenants. The condition of the housing stock varies from being outdated to relatively new, with a value of \$537,000 for the housing stock. The policy applying to pensioner housing is that it should be self-funding.

Public Toilets

There are 12 public toilets in total. Of these, eight are unattended, one is attended, and three are privately owned and operated for public benefit. Public toilets complement the visitor/tourist industry which has high expectations of this service.

Community & Social Development

The former Community & Social Development activity has been redesignated – District Development. This reflects the change of emphasis to provide better communication and consultation and includes the community outcome process.

Parks and Reserves

This activity provides a range of recreation opportunities for residents, protects natural and cultural resources, and beautifies urban parks and gardens. The activity is responsible for an area of approximately 193ha (although the area is actually greater, and increases due to esplanade reserves vested in Council at subdivision). The Recreation Strategy adopted in 2002 provides a number of options for Council, which are assessed by the Sport and Recreation Sub-Committee.

LINKAGE TO COMMUNITY OUTCOMES

This group of activities contributes primarily to the services for all community outcome with some impact on the resources protected community outcome.

SIGNIFICANT EFFECTS ON WELLBEINGS

There are no significant negative effects from this group of activities on the social, environmental, economic or cultural wellbeing of the local community.

LEVELS OF SERVICE AND PERFORMANCE MEASURES

<i>Performance Indicator</i>	<i>Measured</i>	<i>Actual Performance</i>
Aerodrome		
Aerodrome remains operational and compliant with Civil Aviation guidelines	Annual certificate received	Audited 20 February 2006 – Runway serviceable.
Public Cemetery		
Cemetery Service and maintenance provided to a high standard	75% public satisfaction expressed through survey	Survey not being undertaken in 2005/06
District Library		
i) Increase membership	2% Growth	Membership increased by 3.9% to 6632 members.
ii) Issues of resources	Increase in issues.	Issues decreased 0.8% or 527 items.
iii) Residents satisfied with service	95% public satisfaction expressed through survey.	Survey not being undertaken in 2005/06
Pensioner Housing		
Number of tenants	95% Occupancy	88% Occupancy
Public Toilets		
Residents Satisfaction	75% public satisfaction expressed through survey	Survey not being undertaken in 2005/06
Community Development		
Social and community development programmes delivered	Quarterly reports to Council	Community Development programme disestablished in 2004/05
Parks and Reserves		
Public Satisfaction	80% public satisfaction expressed through survey	Survey not being undertaken in 2005/06
Wairoeka Domain Pavilion Progressed	Project contract let by June 05	Contract not yet let. Delayed due to rescoping of project
Netball court upgrade progressed	Netball court project completed	Completed April 2005

COST OF SERVICE

Airport						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
		Operational Expenditure				
9	11	Operating Costs including Overheads	10	12	(2)	
1	-	Depreciation	1	1	1	
10	11		11	13	(2)	
32	35	External Income	32	32		
(22)	(24)	Net Cost of Service	(21)	(19)	(2)	
		Capital Costs				
		Capital Expenditure		9		Windssock purchased
(22)	(24)	Funding Required	(21)	(10)	(2)	
		Funded By				
		Rates Income				
(22)	(24)	- General Rates	(21)	(11)	(10)	
		Depreciation		1		
(22)	(24)	Total Funding	(21)	(10)	(10)	

Cemetery						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
47	44	Operating Costs including Overheads	50	47	3	
19	12	Interest	15	16	(1)	Includes internal interest of \$8,021
6	-	Depreciation	3	3		
72	56		68	66	2	
33	26	External Income	24	21	(3)	
39	30	Net Cost of Service	44	45	(1)	
Capital Costs						
35	61	Capital Expenditure	35	11	24	
13	13	Contributions to Reserves	12	13	(1)	
		Debt Repayment	180	193	(13)	Includes \$13,000 for internal loan repayment
86	104	Funding Required	271	262	9	
Funded By						
Rates Income						
45	44	- General Rates	53	66	(13)	Capital expenditure funded from rates
35	60	Loans raised	185	150	35	Loan funded internally
Reserves and future surpluses						
6	-	- Depreciation	3	3		
-	-	- Withdrawal from reserves	30	43	(13)	
86	104	Total Funding	271	262	9	

Library						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
156	157	Operating Costs including Overheads	161	153	8	
49	33	Depreciation	49	48	1	
204	190		210	201	9	
24	23	External Income	24	22	(2)	
180	167	Net Cost of Service	186	179	7	
Capital Costs						
35	33	Capital Expenditure	35	35		
215	200	Funding Required	221	214	7	
Funded By						
Rates Income						
180	167	- General Rates	186	179	7	
Reserves and future surpluses						
35	33	- Depreciation	35	35		
215	200	Total Funding	221	214	7	

Pensioner Housing						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
33	38	Operating Costs including Overheads	40	37	3	
5	5	Interest	5	5		
11	24	Depreciation	11	26	(15)	Increased provision arising from revaluation
49	67		56	68	(12)	
54	50	External Income	52	52		
(5)	17	Net Cost of Service	4	16	(12)	
Capital Costs						
10	-	Capital Expenditure				
5	5	Debt Repayment	6	6		
10	22	Funding Required	10	22	(12)	
Funded By						
Rates Income						
		- General Rates	4	16	(12)	
Reserves and future surpluses						
10	22	- Depreciation	6	6		
10	22	Total Funding	10	22	(12)	
Public Toilets						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
129	127	Operating Costs including Overheads	134	140	(6)	
7	-	Depreciation	10	10		
135	127		144	150	(6)	
4	4	External Income	4	4	-	
131	123	Net Cost of Service	140	146	(6)	
Capital Costs						
		Capital Expenditure	60		60	Omaio toilet construction not commenced
		Funding Required	200	146	54	
Funded By						
Rates Income						
131	123	- General Rates	152	146	6	
Reserves and future surpluses						
		- Depreciation	30		30	Not required in 2005/06 with delay in Omaio
		- Withdrawal from reserves	18		18	toilet construction
131	123	Total Funding	200	146	54	

Parks & Reserves						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
448	488	Operating Costs including Overheads	455	474	(19)	
6	6	Interest	5	5		Includes internal interest of \$2,684
17	61	Depreciation	17	41	(24)	
471	555		477	520	(43)	
86	131	External Income	176	30	(146)	Contributions for Waioeka Domain delayed
385	424	Net Cost of Service	301	490	(189)	
Capital Costs						
195	295	Capital Expenditure	455	19	436	Waioeka Domain development not commenced
51	51	Contributions to Reserves	51	61	(10)	
-	-	Debt Repayment	83	95	(12)	Includes \$12,000 for internal loan repayment
631	770	Funding Required	890	665	225	

Funded By						
Rates Income						
504	528	- General Rates	524	529	(5)	
-	-	Loans raised	63	63		Loan funded internally
Reserves and future surpluses						
21	61	- Depreciation	17	41	(24)	
106	181	- Withdrawal from reserves	286	32	254	Contribution to Waioeka Domain delayed
631	770	Total Funding	890	665	225	

District Development						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
94	63	Operating Costs including Overheads	68	50	18	
94	63		68	50	18	
35	29	External Income		1	1	
59	34	Net Cost of Service	68	49	19	
Funded By						
Rates Income						
59	34	- General Rates	68	49	19	
59	34	Total Funding	68	49	19	

SIGNIFICANT ACQUISITION OR REPLACEMENT OF ASSETS

Construction of the Omaio toilet has been delayed to 2006/07 mostly through establishing where the best location for the toilet should be.

Also the construction of the pavilion complex at Waioeka Domain has been delayed with architectural changes and securing of funding being slow.

3.3 Community Safety

NATURE AND SCOPE

Civil Defence (communication, rescue, fire, police, ambulance, Council)

Territorial Authorities (TAs) are required to have plans for civil defence and emergency management. The Opotiki network relies heavily on volunteers but has strong communication and rescue teams. The BOP TAs (Emergency Management Group) is preparing a Regional Civil Defence Plan.

Animal Control

Animal control services required by TAs include dog control, and ranging and impounding of stock. Part of this service (20%) is provided by a local contractor.

Liquor

TAs are required to establish a District Licensing Agency (DLA) to process liquor licence applications. Following a request from the Police, in 2003 Council established a bylaw to control liquor consumption in certain public places.

Rural Fire Protection

Council is required to undertake rural fire prevention and control. Rural fire services in the district are provided by a combination of staff, a Council contractor, the NZ Fire Service (Opotiki and Waihou Bay) and Department of Conservation (DOC). To achieve consistency with the DOC, in the mid 90s year round fire permits were introduced. This along with school and public education has raised awareness of fire issues and helped reduce the number of fires in the district.

Noise Control

Council is required to set noise standards through the District Plan and to enforce these standards through noise control services. A contractor responds to noise complaints on behalf of Council and, if necessary, is supported by the Police (e.g. seizing equipment). Around 80% of complaints relate to loud music.

Building Services

Under the Building Act Council provides both processing and inspection services for building practitioners and building owners. Under related legislation (e.g. Health Act) Council is also responsible for addressing health and nuisance matters arising from neglected homes and properties.

Environmental Health

Council is required to issue licences and undertake inspections of particular land uses in the district to protect public health. This is carried out with the assistance of the District Health Board.

Dangerous Goods/Hazardous Substances

Licences issued for premises handling, storing and using certain dangerous goods. Council has also provided an enforcement role regarding the illegal use of dangerous goods.

LINKAGE TO COMMUNITY OUTCOMES

This group of activities contributes mainly to the following community outcomes:

- Responsibility
- Resources protected
- Services for all

SIGNIFICANT EFFECTS ON WELLBEINGS

There are no significant negative effects from this group of activities on the social, economic, environmental or cultural well being of the local community.

LEVELS OF SERVICE AND PERFORMANCE MEASURES

<i>Performance Indicator</i>	<i>How Measured</i>	<i>Actual Performance</i>
Civil Defence		
Bay of Plenty Emergency Management Group prepare group plan	Group plan approved and operative 12 May 2005	Plan approved and in operation
Animal Control		
Public Satisfaction	85% public satisfaction expressed through survey	Survey not being undertaken in 2005/06
Liquor		
Liquor Policy	Reviewed with key stakeholders 2006	Liquor policy not yet undertaken. To be completed by December 2006

Liquor Licence applications	95% of applications processed in accordance with statutory timeframes	Applications completed within timeframe
Rural Fire Protection		
iv) All equipment and labour meets the Rural Fire Management Code of Practice	National Rural Fire Authority Audit. (NRFA)	96.4% pass at last Audit in 2002 Next audit due 2007
ii) To reduce wildfire incidence.	Decrease in significant fire calls.	Decrease in fires achieved with no claims made on NRFA Fund .
iii) To promote fire awareness campaign.	Annual promotion campaign	Campaign instigated in conjunction with Central North Island Rural Fire Authority members
iv) To produce an annual fire plan.	Fire plan approved annually by the Regional Rural Fire Committee.	Fire plan approved 5 October 2005
Noise Control		
Public Satisfaction	80% public satisfaction expressed through survey	Survey not being undertaken in 2005/06
Building Services		
Local building control services	95% of consents processed within statutory timeframes	PIMS 90% processed within timeframe Building Consents 88% processed within timeframe
Environmental Health		
To undertake regular inspections as required by the Health Act	Annual inspections of premises	90% of premises inspected & compliant
Dangerous Goods/Hazardous Substances		
Collaboration with other agencies.	Investigate contract with OSH.	Contract investigated but legislation change has limited Council involvement in this activity

COST OF SERVICE

Civil Defence						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
		Operational Expenditure				
39	520	Operating Costs including Overheads	47	43	4	
3	-	Depreciation	3	4	(1)	
41	520		50	47	3	
1	470	External Income	2	4	2	
40	50	Net Cost of Service	48	43	5	
Funded By						
Rates Income						
40	50	- General Rates	48	43	5	
40	50	Total Funding	48	43	5	

Rural Fire Protection						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
90	80	Operational Expenditure	96	52	44	Minimal rural fire call outs
90	80		96	52	44	
5	7	External Income	5		(5)	
85	73	Net Cost of Service	91	52	39	
Funded By						
Rates Income						
85	73	- General Rates	91	52	39	
85	73	Total Funding	91	52	39	

Animal Control						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
124	128	Operational Expenditure	133	136	(3)	
124	128		133	136	(3)	
45	40	External Income	44	39	(5)	
79	88	Net Cost of Service	89	97	(8)	
Capital Costs						
6	-	Capital Expenditure	2		2	
85	88	Funding Required	91	97	(6)	
Funded By						
Rates Income						
85	88	- General Rates	91	97	(6)	
85	88	Total Funding	91	97	(6)	

Liquor Agency						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
18	10	Operational Expenditure	20	11	9	
18	10		20	11	9	
12	10	External Income	12	12		
6	-	Net Cost of Service	8	(1)	9	
Capital Costs						
		Capital Expenditure	2		2	
		Funding Required	10	(1)	11	
Funded By						
Rates Income						
6	-	- General Rates	10	1,000	11	
6	-	Total Funding	10	(1)	11	

Rural Fire Protection						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
90	80	Operating Costs including Overheads	96	52	44	Minimal rural fire call outs
90	80		96	52	44	
5	7	External Income	5		(5)	
85	73	Net Cost of Service	91	52	39	
Funded By						
Rates Income						
85	73	- General Rates	91	52	39	
85	73	Total Funding	91	52	39	

Noise Control						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
22	20	Operating Costs including Overheads	25	21	4	
22	20		25	21	4	
-	-	External Income	1	-	1	
22	20	Net Cost of Service	24	21	3	
Funded By						
Rates Income						
22	20	- General Rates	24	21	3	
22	20	Total Funding	24	21	3	

Building Inspection						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
166	139	Operating Costs including Overheads	178	145	33	Overhead costs well underbudget
166	139		178	145	33	
120	128	External Income	123	139	16	
46	11	Net Cost of Service	55	6	49	
Funded By						
Rates Income						
46	11	- General Rates	55	6	49	
46	11	Total Funding	55	6	49	

Health Inspection						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
17	8	Operating Costs including Overheads	18	8	10	
17	8		18	8	10	
10	16	External Income	10	6	(4)	
7	(8)	Net Cost of Service	8	2	6	
Funded By						
Rates Income						
7	(8)	- General Rates	8	2	6	
7	(8)	Total Funding	8	2	6	

Dangerous Goods						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
9	6	Operating Costs including Overheads	11	10	1	
9	6		11	10	1	
2	1	External Income	2	2		
7	5	Net Cost of Service	9	8	1	
Funded By						
Rates Income						
7	5	- General Rates	9	8	1	
7	5	Total Funding	9	8	1	

EXPLANATION FOR MAJOR VARIENCES FROM LTCCP

Changes to the building Act has seen Council seek a share arrangement with other Bay of Plenty local authorities for processing and inspection of the more complex constructions. This has meant that Council has made savings on not having to obtain building accreditation for this type of work.

3.4 Economic Development

NATURE AND SCOPE

Economic Development and Promotion

To facilitate increased economic activity within the district.

To work towards the implementation of the Eastern Bay Economic Development Strategy.s

Visitor Information Centre

The districts sole Information Centre fielded over 11,000 enquiries in 2003 (up 14% from 2002)

Working closely with DOC, local operators, and businesses, Community Groups, Tourism Eastland, and Tourism NZ to promote the district and ensure visitors have a memorable experience.

Opotiki Harbour Development

The Opotiki Harbour project has been identified as the largest opportunity for economic growth for the district.

Work continues toward obtaining a resource consent and future construction.

LINKAGE TO COMMUNITY OUTCOMES

Community Outcomes to which this group of activities contribute are:

- resources maximised
- resources protected
- promotion

SIGNIFICANT EFFECTS ON WELLBEINGS

There are no significant negative effects from this group of activities on the social, economic, environmental or cultural wellbeings of the local community.

LEVELS OF SERVICE/PERFORMANCE MEASURES

<i>Performance Indicator</i>	<i>How Measured</i>	<i>Actual Performance</i>
Economic Development and Promotion		
Grants made in accordance with budget	Grants made and MOU adopted by Council	Grants made but no MOU adopted for two organisations.
Visitor Information Centre		
Increased Visitors to Info Centre	5% growth in visitors	21% increase on 2004/05
VIN network member	Membership maintained	Membership maintained
Opotiki Harbour Development		
Funds for resource consent obtained	Funding committed by June 2006	Funding for resource consent not yet obtained. Project progressing slower than originally anticipated.

COST OF SERVICE

Economic Development and Promotions						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
60	30	Operating Costs including Overheads	35	29	6	
60	30	Net Cost of Service	35	29	6	

Funded By						
Rates Income						
60	30	- General Rates	35	29	6	
60	30	Total Funding	35	29	6	

Visitor Information Centre						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
93	82	Operating Costs including Overheads	103	88	15	
93	82		103	88	15	
		External Income		3		Intercity sale - new activity
93	82	Net Cost of Service	103	85	18	

Funded By						
Rates Income						
56	47	- General Rates	62	44	18	
37	35	- Targeted Rates	41	41		
93	82	Total Funding	103	85	18	

Harbour Entrance						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
177	67	Operating Costs including Overheads	602	48	554	Delay in project investigations & development
177	67		602	48	554	
150	99	External Income	550		(550)	Delay in project investigations & development
27	(32)	Net Cost of Service	52	48	4	

Funded By						
Rates Income						
27	(32)	- General Rates	52	48	4	
27	(32)	Total Funding	52	48	4	

EXPLANATION OF VARIANCES FROM LTCCP

The harbour development activity has not progressed as fast as anticipated and no expenditure was incurred on initial work towards a resource consent application. This has markedly reduced expenditure in this activity.

3.5 Environmental and Development Management

NATURE AND SCOPE

Resource Management

The natural features of the district are a major asset valued by both the local community and visitors. References against the Proposed District Plan have been successfully negotiated, avoiding the need to be heard by the Environment Court. Resource consent applications are increasing in both number and complexity.

General Policy and Bylaws

New legislation requires all existing bylaws to review by 2008 and reviewed regularly thereafter. The Government continues to place new responsibilities on Council, requiring Council to prepare new policies on a range of matters (e.g. pokie machines).

Reserve Planning

Under the Reserves Act management plans are required for reserves with a 'recreation' classification. Existing Council reserves are primarily recreation reserves located in both coastal areas (e.g. Ohiwa, Waiotahi, Whanarua) and in town (e.g. Memorial Park, Waioweka Domain). These reserves present significant opportunities for both visitors and residents.

Recreation Planning

In 2002 Council, in partnership with SPARC and local sports groups prepared a recreation strategy for the district. This identified particular recreation facilities needed for the district.

LINKAGE TO COMMUNITY OUTCOMES

This group of activities major contribution is to the resources protected community outcome.

SIGNIFICANT EFFECTS ON WELLBEINGS

There are no significant negative effects from this group of activities on the social, cultural, environmental or cultural wellbeings of the local community.

LEVELS OF SERVICE / PERFORMANCE MEASURES

<i>Performance Indicator</i>	<i>How Measured</i>	<i>Actual Performance</i>
An effective District Plan.	District Plan operative within 3 months of sign-off by the Environment Court.	District Plan operative 22 September 2005
Statutory compliance	80% of resource consent applications processed within statutory timeframes	80.2% of resource consent applications processed within statutory timeframes.
Recreational Planning	Implementation of particular projects identified in Recreation Strategy	Waioweka Domain Sport Centre progressing. Tenders for construction have been called
Residents quality of life	80% rate quality of life as good or very good expressed through survey	Survey not being undertaken in 2005/06

COST OF SERVICE

Environmental Management						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
304	286	Operating Costs including Overheads	323	302	21	Staff vacancy & little reseach activity
304	286		323	302	21	
50	94	External Income	51	77	26	
254	192	Net Cost of Service	272	225	47	
Funded By						
Rates Income						
254	192	- General Rates	272	225	47	
254	192	Total Funding	272	225	47	

EXPLANATION OF VARIANCE FROM LTCCP

Council has had a vacancy in the policy planner position for the major part of the financial year. Apart from the savings in salary a number of other research / monitoring projects were delayed.

3.6 Solid Waste**NATURE AND SCOPE****Landfill**

The Woodlands landfill was closed in August 2004 with rehabilitation completed in October 2004. Monitoring of the site continues.

Public Space Litter Control

This is ongoing service to ensure the district is free from unsightly accumulation of refuse.

Resource Recovery Centres

Council operates three Resource Recovery Centres. Opotiki (main). Processing recycled materials and residual waste. Te Kaha and Waihau Bay (sub-district). Also minor facilities at Torere and Maraenui. These facilities process approximately 2000 tonnes of material per annum.

Urban Refuse Collection

This ongoing service collects recycled material (paper, glass, metal, plastics) and residual waste from approximately 1,726 urban properties on a weekly basis. Quantities collected per annum are 260 tonnes recyclable and 260 tonnes residual waste.

LINKAGE TO COMMUNITY OUTCOMES

The Community Outcomes to which this group of activities contributes are:

- services for all
- resources maximised
- resources protected

SIGNIFICANT EFFECTS

There are no significant negative effects from this group of activities on the social, cultural, environment or cultural wellbeings of the local community.

LEVELS OF SERVICE / PERFORMANCE MEASURES

<i>Performance Indicator</i>	<i>How Measured</i>	<i>Actual Performance</i>
Landfill		
Operation of the landfill in accordance with Environment BOP's Resource Consent No. 60271	No non-compliance notices	Landfill closed and monitored in accordance with resource consent with no non-compliance notices.
Public Space Litter Control		
Primary Performance Measures	60% satisfied or very satisfied with the services.	Survey not taken in 2005/06
i) Minimum deposited residual waste.		
ii) No receptacle overflows for more than 24 hours in the CBD.	Daily cleanup of the CBD.	Cleanup of CBD undertaken daily
iii) Minimise illegal dumping and no unauthorised tip sites lasting more than two weeks.	Monthly inspections of known sites.	Monthly inspection on known sites continuing
Resource Recovery Centres		
Minimal residual waste	Lower than estimated targets for residual waste. Detailed in Zero Waste Strategy	Residual waste was 1040 tonne against a target of 2000 tonne
Urban Refuse Collection		
Primary Performance Measures	One collection per week.	Weekly collection undertaken in Opotiki urban area
i) To provide a residual waste and recyclable collection 52 weeks of the year, ie. once per week		
ii) Reduce the quantity of residual waste.	Less than 50% of residual waste by weight per collection. Tested once every three months.	Residual waste quantities measured at 49% of collection.

COST OF SERVICE

Landfill						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
-	15	Operational Expenditure	-	14	(14)	Increase to monitoring provision
-	15	Net Cost of Service	-	14	(14)	

Funded By						
Rates Income						
-	15	- General Rates	-	14	(14)	
-	15	Total Funding	-	14	(14)	

Public Space Litter Control						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
82	85	Operational Expenditure	90	92	(2)	
82	85	Net Cost of Service	90	92	(2)	

Funded By						
Rates Income						
82	86	- Targeted Rates	90	91	(1)	
-	(1)	Reserves and future surpluses - From retained or future earnings.		1	(1)	
82	85	Total Funding	90	92	(2)	

Resource Recovery Facilities						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
514	610	Operational Expenditure	603	668	(65)	
34	27	Interest	38	31	7	Includes internal interest of \$7,823
11	14	Depreciation	16	18	(2)	
559	651		657	717	(60)	
130	131	External Income	175	153	(22)	Contribution from EBOP for Te Kaha RRC
429	520	Net Cost of Service	482	564	(82)	

Capital Costs						
80	36	Capital Expenditure	305	230	75	Te Kaha RRC not progressed
20	20	Contributions to Reserves	20	20	-	
288	288	Debt Repayment	140	140	-	
817	864	Funding Required	947	954	(7)	

Funded By						
Rates Income						
438	441	- Targeted Rates	526	533	(7)	
340	245	Loans raised	365	300	65	Loans funded internally
11	14	Reserves and future surpluses - Depreciation	16	18	(2)	
28	43	- Withdrawal from reserves	40	40		
-	121	- From retained or future earnings.		63	(63)	
817	864	Total Funding	947	954	(7)	

Urban Collection						Key Variances
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	
		Operational Expenditure				
108	109	Operating Costs including Overheads	123	115	8	
108	109		123	115	8	
1	3	External Income	1	3	(2)	
107	106	Net Cost of Service	122	112	10	
Funded By						
Rates Income						
107	109	- Targeted Rates	122	122		
Reserves and future surpluses						
-	(3)	- From retained or future earnings.		(10)	10	
107	106	Total Funding	122	112	10	

EXPLANATION OF VARIANCES FROM LTCCP

With the closure of the Landfill very early in the financial year additional costs were incurred in transporting the residual waste out of the District. The Te Kaha resource centre construction has been further delayed to 2006/07 on obtaining community agreement on a suitable site has been difficult.

SIGNIFICANT ACQUISITION OF ASSETS

During the course of the year Council purchased a compactor and constructed residual waste bunker at the Opotiki Refuse recovery site. This together with the purchase of a loader cost some \$230,000.

3.7 Transport Network

NATURE AND SCOPE

There are 320kms of rural road of which 115km are sealed, also 55 bridges/large culverts of various ages.

There are 26km of urban roads, all sealed with approximately half bordered by kerb and channel.

Council intends to progressively seal at least 50% of the 200kms of unsealed road and have kerb and channel installed on all urban streets.

Associated infrastructural assets consist of signs, guardrail, marker posts, drainage works, footpaths, streetlights and culverts.

LINKAGE TO COMMUNITY OUTCOMES

The Community Outcomes to which this group of activities contributes are:

- services for all
- resources maximised

SIGNIFICANT EFFECTS ON WELLBEINGS

There are no significant negative effects from this group of activities on the social, cultural, environmental or cultural well beings of the local community.

LEVELS OF SERVICE / PERFORMANCE MEASURES

Performance Indicator	How Measured	Actual Performance
Seal Extension programme – 2.7km of Tirohanga Road	Seal extension programme delivered to budget	2.9 k of seal extension on Tirohanga Road at cost of \$231,000. \$21,000 less than budget
Urban shape correction and kerb and channel 220m Grants Road	Shape correction programme delivered to budget	220 m of shape correction and seal extension of Grants Road completed \$9,000 less than budget.

Road maintenance will be undertaken to Transit NZ and ODC standards and within budget.	All outputs carried out within total, Transfund NZ maintenance standard and budget.	LTSA Audit carried out 15 February 2006. Works undertaken to standard and within budget.
That a continuing reduction in the number of injury crashes and crash trends on roads in the district	Crash numbers reduced.	Crash numbers reduced from 37 to 25 for 2005. 2006 figures not yet available from LTNZ.

COST OF SERVICE

Transport Network						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
1,474	1,752	Operating Costs including Overheads	1,599	1,572	27	
50	51	Interest	49	48	1	Includes internal interest of \$2,386
780	832	Depreciation	899	837	62	
2,304	2,635		2,547	2,457	90	
1,120	1,699	External Income	1,220	1,202	18	
1,184	936	Net Cost of Service	1,327	1,255	72	
Capital Costs						
792	1,103	Capital Expenditure	871	850	21	
33	33	Contributions to Reserves	33	33		
-	-	Debt Repayment	84	94	(10)	Includes \$10,000 for internal loan repayment
2,009	2,072	Funding Required	2,315	2,232	83	
Funded By						
Rates Income						
1,109	1,165	- General Rates	1,252	1,227	25	
75	75	- Targeted Rates	75	74	1	
-	-	Loans raised	56	56		Loan funded internally
Reserves and future surpluses						
825	832	- Depreciation	889	837	52	
-	-	- Withdrawal from reserves	43	38	5	
-	-	- From retained or future earnings.				
2,009	2,072	Total Funding	2,315	2,232	83	

3.8 Water Services

NATURE AND SCOPE

Supply of potable water to 2,260 Opotiki/Hikutaia, 200 Te Kaha and 17 Ohiwa connected properties.

Water Supplies

(2,477 connected properties)

Council operates three public water supply networks, servicing Opotiki/Hikutaia, Te Kaha and Ohiwa.

Consumption 456,000m³, 80,000m³ and 7,300m³ per annum

Wastewater

(1,518 connected properties)

Council operates a wastewater network (23,750 metres) in the main Opotiki Township that is treated via an Imhoff Tank, an oxidation pond, and trickled ground filtration. It also operates a small sewage scheme at Waihou Bay serving a 24 lot subdivision. Treatment is via a septic tank and ground infiltration.

The Waikawa subdivision is now serviced by individual septic tanks with Council only being responsible for the loan administration which has only seven years to run.

Stormwater

(4,437 metres of piped drains, 8,000 metres of open drains)

A piped stormwater system combined with open water courses services most of the urban area, while less formal systems, open water courses, exist through the remainder of the District.

LINKAGE TO COMMUNITY OUTCOMES

The Community Outcomes to which the group of activities contributes are:

- services for all
- resources maximised

SIGNIFICANT EFFECTS ON WELLBEINGS

There are no significant negative effects from this group of activities on the social, cultural, environment or cultural wellbeings of this local community.

SERVICE LEVELS AND PERFORMANCE MEASURES

<i>Performance Indicator</i>	<i>How Measured</i>	<i>Actual Performance</i>
Water Supply – Opotiki/Hikutaia		
Compliance with water permit conditions.	100% compliance with code	Compliance issued November 2005
Opotiki fire hydrants meeting fire safety standards.	100% compliance with code	Not specifically measured. However water pressure in excess of 40 metres of head so hydrants would meet code.
Water quality (drinking water standards grading) a) Hikutaia b) Opotiki	Standards maintained Bb Ab	Standards changed from December 2005 Currently ungraded. New Grading being undertaken Oct 2006
Overall public satisfaction rating.	95% public satisfaction expressed through survey	Survey not being undertaken in 2005/06
Water Supply – Te Kaha		
Compliance with water permit conditions.	100%	Compliance issued July 2005
Water quality (drinking water standards grading)	Cc	Standards changed December 2005. Ungraded till Oct 2006
Overall public satisfaction rating.	95%	Survey not being undertaken in 2005/06
Water Supply – Ohiwa		
Water quality (drinking water standards grading)	Dd	Standards changed December 2005. Currently ungraded – New grading Oct 2006
Overall public satisfaction rating.	95%	Survey not being undertaken in 2005/06
Opotiki Sewerage Scheme		
High quality service maintained	Scheme operates within resource consent	Compliance issued February 2006
Waihau Bay Sewerage Scheme		
High quality service maintained	Scheme operates within resource consent	Compliance issued November 2005

Opotiki/Hikutaia Water Supply						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
196	228	Operating Costs including Overheads	208	217	(9)	
276	281	Interest	269	272	(3)	Includes internal interest of \$19,280
137	138	Depreciation	217	262	(45)	
609	647		694	751	(57)	
102	114	External Income	103	106	(3)	
507	533	Net Cost of Service	591	645	(54)	
Capital Costs						
-	21	Capital Expenditure	70	52	18	
106	115	Contributions to Reserves	106	168	(62)	Additional funding of depreciation
683	683	Debt Repayment	895	895		
1,297	1,352	Funding Required	1,662	1,760	(98)	
Funded By						
Rates Income						
507	514	- Targeted Rates	591	603	(12)	
600	595	Loans raised	790	690	100	Loan renewal funded internally
Reserves and future surpluses						
106	138	- Depreciation	176	262	(86)	
83	88	- Withdrawal from reserves	105	205	(100)	
-	17	- From retained or future earnings.				
1,297	1,352	Total Funding	1,662	1,760	(98)	

Te Kaha Water Supply						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
49	49	Operating Costs including Overheads	54	54	-	
13	13	Depreciation	16	21	(5)	
62	62		70	75	(5)	
22	28	External Income	21	23	(2)	
40	34	Net Cost of Service	49	52	(3)	
Capital Costs						
13	-	Capital Expenditure	23	56	(33)	Meter replacement brought forward
53	34	Funding Required	72	108	(36)	
Funded By						
Rates Income						
40	36	- Targeted Rates	56	50	6	
Reserves and future surpluses						
13	-	- Depreciation	16	21	(5)	
-	-	- Withdrawal from reserves		17	(17)	Funding of additional capital works
-	(2)	- From retained or future earnings.		20	(20)	Funding of additional capital works
53	34	Total Funding	72	108	(36)	

Ohiwa Water Supply						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
		Operational Expenditure				
3	6	Operating Costs including Overheads	3	5	(2)	
1	1	Depreciation	2	2		
4	7		5	7	(2)	
1	-	External Income	1	1		
3	7	Net Cost of Service	4	6	(2)	
		Capital Costs				
-	9	Capital Expenditure	3	4	(1)	
3	16	Funding Required	7	10	(3)	
		Funded By				
		Rates Income				
3	4	- Targeted Rates	4	4		
		Reserves and future surpluses				
-	1	- Depreciation	2	2		
-	4	- Withdrawal from reserves	1		1	
-	7	- From retained or future earnings.		4	(4)	
3	16	Total Funding	7	10	(3)	

Opotiki Sewerage						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
		Operational Expenditure				
168	160	Operating Costs including Overheads	176	160	16	
46	45	Interest	46	46		
80	80	Depreciation	106	121	(15)	Assets revalued at 1 July 2005
295	285		328	327	1	
-	-	External Income	-	1	(1)	
295	285	Net Cost of Service	328	326	2	
		Capital Costs				
25	27	Capital Expenditure	20	32	(12)	
34	53	Contributions to Reserves	34	108	(74)	Additional funding of depreciation
-	-	Debt Repayment			-	
354	365	Funding Required	382	466	(84)	
		Funded By				
		Rates Income				
295	297	- Targeted Rates	328	345	(17)	
		Loans raised				
		Reserves and future surpluses				
59	80	- Depreciation	54	121	(67)	
-	-	- Withdrawal from reserves			-	
-	(12)	- From retained or future earnings.				
354	365	Total Funding	382	466	(84)	

Waihou Bay Sewerage						Key Variances
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	
		Operational Expenditure				
5	8	Operating Costs including Overheads	5	2	3	
2	2	Depreciation	2	2		
7	10	Net Cost of Service	7	4	3	
		Capital Costs				
		Capital Expenditure	8		8	
-	2	Contributions to Reserves		3	(3)	
7	12	Funding Required	15	7	8	
		Funded By				
		Rates Income				
7	7	- Targeted Rates	7	5	2	
		Reserves and future surpluses				
-	2	- Depreciation	2	2		
		- Withdrawal from reserves	6			
-	3	- From retained or future earnings.				
7	12	Total Funding	15	7	8	

Waikawa sewerage						Key Variances
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	
		Operational Expenditure				
2	2	Interest	2	2		
2	2	Net Cost of Service	2	2		
		Funded By				
		Rates Income				
2	2	- Targeted Rates	2	2		
2	2	Total Funding	2	2		

Urban Stormwater						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
		Operational Expenditure				
47	46	Operating Costs including Overheads	50	60	(10)	
2	1	Interest				
17	16	Depreciation	22	20	2	
66	63	Net Cost of Service	72	80	(8)	
		Capital Costs				
50	6	Capital Expenditure	30	122	(92)	St John Street Drain c/f from 2004/05
5	5	Contributions to Reserves			-	
38	38	Debt Repayment			-	
159	112	Funding Required	102	202	(100)	
		Funded By				
		Rates Income				
105	86	- General Rates	72	80	(8)	
30	-	Loans raised				
		Reserves and future surpluses				
17	16	- Depreciation	30	20	10	
8	8	- Withdrawal from reserves				
		- From retained or future earnings.		102		
159	110	Total Funding	102	202	(100)	

EXPLANATION FOR MAJOR VARIENCES FROM LTCCP

Meter replacement for the Te Kaha water supply was undertaken in this year, but the replacements were budgeted in 2006/07. Piping of the St Johns Street drain was budgeted in 2004/05 but construction not undertaken until 2005/06.

3.9 Support Services

NATURE AND SCOPE

This activity group consists of the following cost centres. These exist to service Councils other activities.

- Engineering/Asset Management
- Corporate Services
- Council property
- Finance
- Information Systems
- Mechanics Institute
- Plant Operating
- Rates Collection

Costs are distributed through the overhead model with the exception of plant operating and Mechanics Institute

LEVELS OF SERVICE / PERFORMANCE MEASURES

Performance Indicator	How Measured	Actual Performance
Collection of rate revenue	Total rate collection to annual rate strike in excess of 96%.	Collection rate for the year 96.06%
Complete audited Annual Financial Statement by 31 October each year	Adoption of unqualified audited Annual Financial Statements by 31 October each year.	2004/05 Annual Report adopted by Council on 31 October 2005.

COST OF SERVICE

Support Services						
2005 Budget \$000	2005 Actual \$000		2006 Budget \$000	2006 Actual \$000	2006 Variation \$000	Key Variances
		Operational Expenditure				
(125)	(114)	Operating Costs including Overheads	(124)	(120)	(4)	
12	12	Interest	6	6	-	
192	186	Depreciation	203	215	(12)	
80	84		85	101	(16)	
80	84	External Income	114	101	13	
-	-	Net Cost of Service	(29)		(29)	
		Capital Costs				
129	149	Capital Expenditure	197	322	(125)	Depot modification at cost of \$125,344
37	37	Contributions to Reserves	38	39	(1)	
		Debt Repayment	178	178		
166	186	Funding Required	384	539	(155)	
		Funded By				
-	-	Loans raised			-	
		Reserves and future surpluses				
166	186	- Depreciation	171	199	(28)	
-	-	- Withdrawal from reserves	178	178		
-	-	- From retained or future earnings.	35	162	(127)	Unbudgeted depot modifications
166	186	Total Funding	384	539	(155)	

EXPLANATION FOR MAJOR VARIENCES FROM LTCCP

Modifications to Council's existing depot buildings and the construction of a significant further shed were undertaken to accommodate a shared service arrangement which sees Environment BOP also operate from Council's depot site. The construction cost of \$125,344 was not contemplated when the LTCCP was prepared.

3.10 Consultancy Business Unit**NATURE AND SCOPE**

The Roading Consulting Business Unit has general oversight of the roading asset to ensure quality and standards are maintained.

LEVELS OF SERVICE AND PERFORMANCE MEASURES

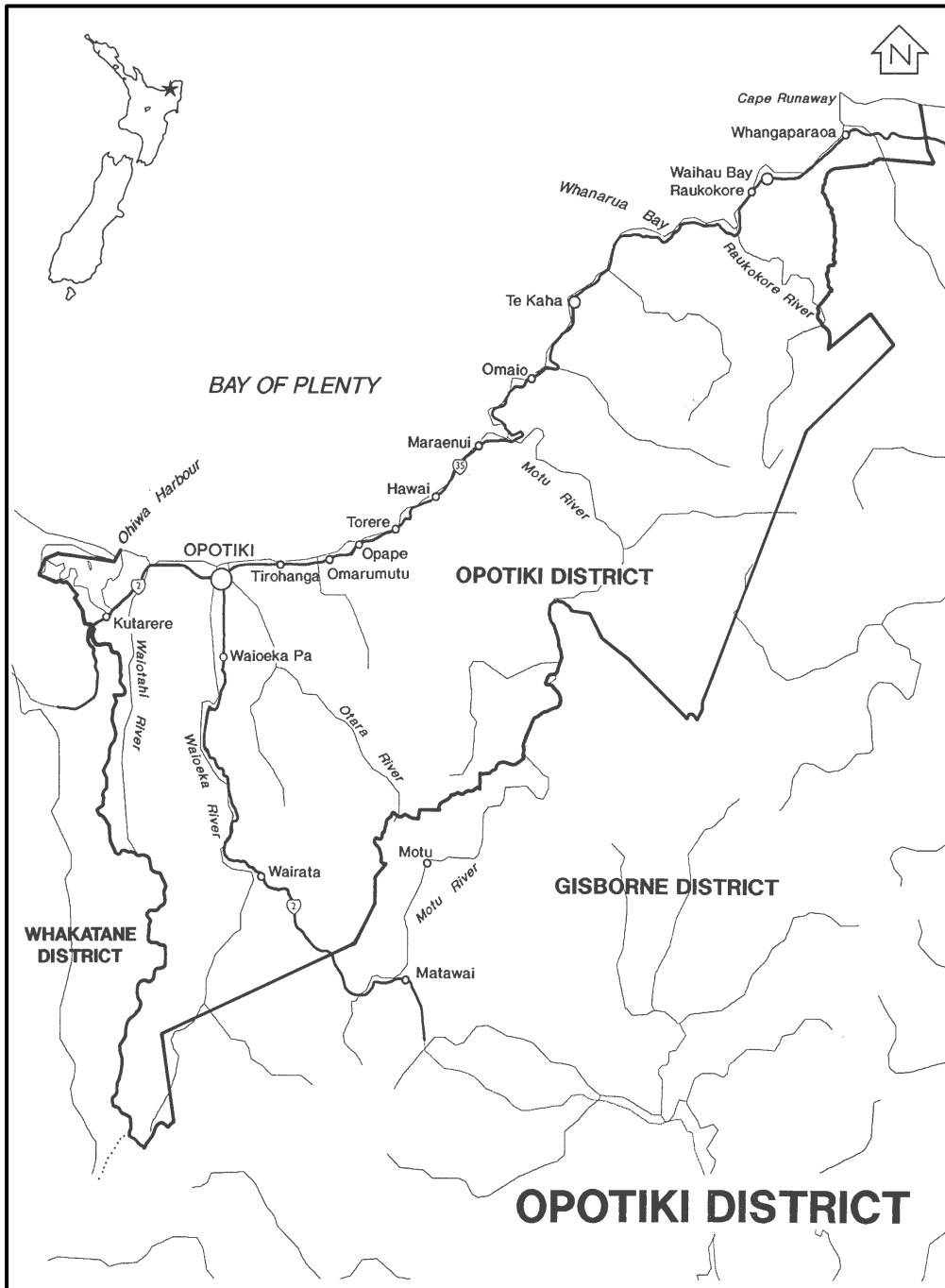
<i>Performance Indicator</i>	<i>How Measured</i>	<i>Actual Performance</i>
Maintenance Allocation Control	To have maintenance expenditure with $\pm 5\%$ of the allocation.	Roading maintenance expenditure 3.56% below budget. Water Services maintenance expenditure exceed budget by 6.76%
Capital Works completion	To complete all programmed capital works on time and within $\pm 10\%$ of the allocation.	Te Kaha RRC and Omaio Toilets not started. Roading projects completed on time and within budget. Water projects amended and Te Kaha water supply improvements exceeded budget by in excess of 10%.

COST OF SERVICE

Roading Consultancy Business Unit						
2005	2005		2006	2006	2006	Key Variances
Budget	Actual		Budget	Actual	Variation	
\$000	\$000	Operational Expenditure	\$000	\$000	\$000	
113	120	Operating Costs including Overheads	123	124	(1)	
113	120		123	124	(1)	
117	122	External Income	125	127	2	
(4)	(2)	Net Cost of Service	(2)	(3)	1	

Funded By						
Rates Income						
(4)	(2)	- General Rates	(2)	(3)	1	
(4)	(2)	Total Funding	(2)	(3)	1	

MAP OF THE DISTRICT



R:\2005 - 06 Annual report\New Folder\2005-2006 Annual Report.doc