

Opotiki District Council

***2006 / 2007
Annual Report***

ISSN 1173-1842

DIRECTORY

Council Office	108 St John Street P O Box 44 Opotiki 3162 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 Adlam Corporate Services Manager
Robert Schlotjes Environment & Planning Manager
John Rollo Finance Manager

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
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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

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HIGHLIGHTS

- Vested assets budgeted at \$0.8m were not received. Despite this Council's surplus was still \$1.37m just \$0.25 m short of the budget of \$1.62 m.
- Capital works included:
 - Seal extension of 0.9 km on Omarumutu Road and 1.5 on Pakahi Road.
 - Further unbudgeted seal extensions of 0.4 km of Ngarue Road with ratepayer contribution.
 - Reconstruction of 220m of Bridge Street.
 - Bay Trust Pavilion substantially completed at Waioeka Park.
- Public debt continuing to decline.
- Harbour development contract for engineering report and resource consent preparation let.
- Building activity increase.
- Residual waste decline to 1191 tonnes.
- Former saleyard property purchased for future development options.
- Sale negotiated for pensioner housing units.

FROM THE MAYOR

John Forbes
Mayor of Opotiki

It has been a year of quiet progress for Opotiki District Council.

The current elected membership has been together for two terms and in the last year of the triennium it has worked very effectively, making steady gains toward district growth and development.

A directive for efficiency gains saw management continually looking to ensure ratepayers receive value for money. Opotiki can be pleased for the way the Council works and manages to meet all the requirements of being a Territorial Local Authority while keeping costs at an acceptable level. Council staff can take credit for innovation and thinking that goes towards efficiency and effectiveness. Elected members can take credit for requiring this and then giving staff the space to achieve it.

During the year construction was commenced on the sports pavilion at Waioweka Domain and DHI was contracted to undertake a major study of the harbour entrance. We also embarked on a project to increase tourism in the district and to increase employment opportunities, particularly for young people.

Every year I have the pleasure of attending and opening a variety of community events. The Community Contributions Awards are one of my favorite as it is this two yearly event, that recognises the wonderful people who volunteer so much of their time and skill to making Opotiki the strong and vibrant community that it is.

Opotiki has also had a strong presence on a national stage with my own involvement in LGNZ National Council and the Rural Sector and the National Access Panel and Task Force For Jobs providing an opportunity to introduce our district to a New Zealand wide audience.

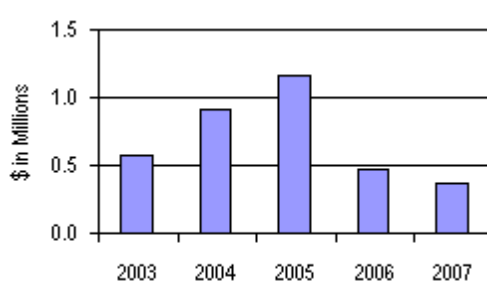
It is very satisfying to be part of a team and a community that works well together and sees progress as a result. Having gained good ground it is important that we continue to increase our communication to all sectors of the community in order to keep the momentum toward our vision –a strong community and a strong future.

A handwritten signature in black ink that reads "John Forbes". The signature is written in a cursive, flowing style.

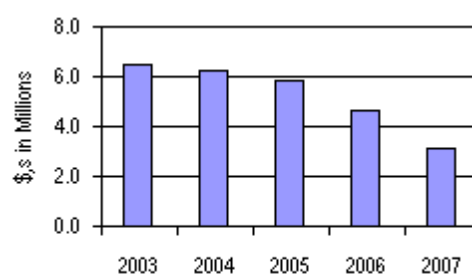
John Forbes
MAYOR

5 YEAR FINANCIAL SUMMARY

FIVE YEAR FINANCIAL SUMMARY					
	2003	2004	2005	2006	2007
<i>For the year to 30 June:</i>					
dollars in thousands					
Income Statement					
Rates (including penalties)	5,194	5,329	5,449	6,052	6,369
Other income	1,807	2,244	3,726	4,270	3,075
	7,001	7,573	9,175	10,322	9,444
Cost of services	6,563	7,074	8,162	8,624	8,074
Net surplus/(deficit)	438	499	1,013	1,698	1,370
Discontinuing operations and period adjustments	(284)		5,341		
Share of associate surplus/(deficit)	0	0	0	(60)	
Net surplus/(deficit) after adjustments	154	499	6,354	1,638	1,370
Financial Position					
Current assets	2,653	3,388	4,283	2,968	4,443
Current liabilities	2,084	2,478	3,123	2,501	4,076
Working capital	569	910	1,160	467	367
Investments	53	50	109	3	3
Non current assets	116,827	116,735	126,344	140,959	140,904
	117,449	117,695	127,613	141,429	141,274
Financed by:					
Ratepayers equity	95,201	95,660	101,874	121,860	122,774
Reserves	15,587	15,627	19,674	14,750	15,206
Public debt	6,468	6,218	5,868	4,603	3,140
Term liabilities	193	190	197	216	154
	117,449	117,695	127,613	141,429	141,274



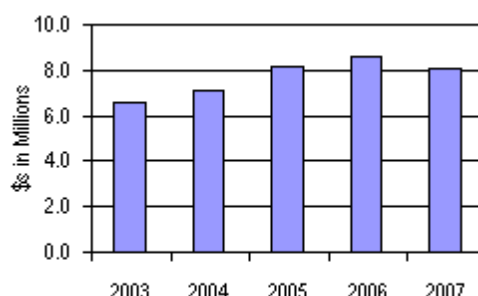
Working Capital



Public debt



Revenue Ratios



Cost of Service

REPORT OF THE AUDITOR GENERAL

AUDIT NEW ZEALAND
Mana Aotūāke Aotearoa

AUDIT REPORT
TO THE READERS OF
OPOTIKI DISTRICT COUNCIL'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2007

The Auditor-General is the auditor of Opotiki District Council (the District Council). The Auditor-General has appointed me, B H Halford, 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 District Council for the year ended 30 June 2007, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council on pages 14 to 70:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect :
 - the District Council's financial position as at 30 June 2007; 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 49 to 70 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 14 November 2007, 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, performance information 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, performance information 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, performance information 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, performance information and the other requirements.

We evaluated the overall adequacy of the presentation of information in the financial statements, performance information 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 2007. 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 meeting the other requirements of Schedule 10 and including that information in the annual report. 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, performance information 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, we have no relationship with or interests in the District Council.



B H Halford
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

CHIEF EXECUTIVE'S REVIEW



Vaughan Payne
Chief Executive Officer

Tena koutou

This is the first year of implementing our ten year plan which identifies four strategic platforms to achieve the district vision.

- Economic growth
- Quality of life
- Strong community spirit
- Environmental quality

In addition to the matters listed as annual report highlights the following are examples of projects undertaken to achieve this strategic direction:

- Engaging engineering and environmental consultants to undertake preparatory work such as consent applications, for the Harbour development project,
- Obtaining resource consents for the new Te Kaha Refuse Recycling Centre site and commencing construction,
- Lodging applications to become an accredited Building Control Authority,
- Creating and supporting a wide range of new and existing events that entertain residents and visitors to the District,
- Creating new tourist attractions through the Fun Unplugged Festival held in January,
- Holding workshops with councillors to refine and confirm strategic issues and projects,

The Council, the Coast Community Board, and the two Council committees (Sport and Recreation and Tourism and Promotion) continue to operate well.

Council continues to look for efficiencies and to this end achieved a 12% saving on discretionary operational budgets. Council has also progressed various shared services initiatives with other local authorities (e.g. Toi EDA) and the wider community (e.g. Opotiki Museum)

The year concluded on a very positive note with the second Opotiki Community Contributions Awards recognising the valuable contribution to our community by volunteers.

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

HOW COUNCIL WILL CONTRIBUTE TO THE COMMUNITY OUTCOMES

Having worked with the community to develop community outcomes, Council has to make decisions about how it will contribute to achieving those outcomes.

The following framework has been adopted to determine Council's priorities and future direction:

- Vision – a clear statement on what Council aspires to achieve
- Values – the foundation for policies and actions
- Strategy – a future scenario to help set priorities for Council action

COUNCIL'S VISION FOR THE DISTRICT

'Strong Community – Strong Future'.

COUNCIL HOLDS AND PROMOTES THE FOLLOWING VALUES

Ngakau- tapatahi me te Pononga

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

Integrity and Honesty

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

Manakuratanga

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

Leadership

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

Mahorahora me nga Herenga

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

Openness and Accountability

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

Tokeke me te Ture o te Tika

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

Fairness and Equity

We will act to ensure 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 whanui a me te whakarite ano i nga kitenga rereketanga, me nga uaratanga o to tatou iwi whanui.

Relationships

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

Tumanako Manawareka

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

Satisfying Expectations

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

COUNCIL FOCUS

In order to move the growth and development of the district forward and to ensure the best returns for the ratepayer's dollar Council has set four priorities for action. Council will focus on achieving the following priorities while working to maintain and improve existing levels of service.

1

Economic Growth

The district's economic growth will be secured through diversification. At present the district economy is mainly driven by the primary industries of agriculture and horticulture.

The primary sector will grow through increased kiwifruit production, particularly in the Coast Ward, and through new value added industries being created.

The proposed Opotiki Harbour entrance will be constructed within the life of this plan enabling the landing and processing of mussels from the Opotiki mussel farm. This will provide a platform for sustained economic growth in the district as businesses develop to take advantage of this new infrastructure. Operations such as charter boats, commercial fishing, retail and accommodation will increase as a result of improved access and demand.

Tourism will also be a growth industry for the district as the benefits of a number of initiatives bear fruit. District promotions, events, and an increasing number and quality of attractions including the branding and development of the town centre as a historic precinct will create a new level of interest in our district.

Priorities for Council action

- Opotiki Harbour Development
- District Plan review and implementation
- Providing visitor and business investment information and support
- Supporting local and regional business growth and workforce development
- Promotion of activities to increase visitors, including historic precinct development

2

Quality of Life

The quality of life for residents will be underpinned by Council's core services such as water, stormwater, sewerage, roads and waste management. These services will be complemented by facilities that promote community well-being including park and recreation facilities and libraries.

Council will work with other relevant agencies to ensure their services enhance the quality of life for residents. This includes health, education, housing and other social service providers.

Quality of life will be enhanced by the lifestyle opportunities provided by the district's beautiful natural environment. The outstanding Ohiwa Harbour and numerous river systems, beautiful beaches, stunning coastal views, extensive native vegetation, strong communities and cultural richness will continue to attract residents and visitors alike.

The development of the economy and employment opportunities will also bring about improvements in the quality of life for residents.

Priorities for Council action

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

3

Strong Community Spirit

Opotiki will be known for its strong community spirit. Communities will retain their own distinctive identities whilst undertaking activities that support and enhance the collective wellbeing of the district community. Overall, Opotiki will continue to have communities that care for themselves and others.

Council will continue its role in fostering strong communities by sponsoring community initiatives, organising the two yearly awards for achievers and volunteers, and enhancing the quality of life of residents. With economic growth there will be an increased number of community events and activities to foster community spirit.

The harbour development, mussel farm and settlement of particular Treaty claims will increase the vitality of the community. Opotiki will be a place where people feel good living, working, shopping or enjoying recreational activities.

There will be a greater appreciation amongst visitors and the general public about the cultural richness of the district through increased cultural tourism with marae stays and cultural tours. The historic values of the town centre will also be highlighted with the creation of an historic precinct and the revitalisation of historic buildings. The historic precinct will become a major visitor attraction that residents are proud of.

Council will continue to implement its Recreation Strategy, creating new recreation facilities for both visitors and residents.

Priorities for Council action

- Bi-annual community awards event and community day
- Promotion and support for community events
- Creation of new events centre

4

Environmental Quality

We are proud of our natural environment. The maintenance and enhancement of environmental quality is therefore an important part of the district's future. Our unique harbour, bush, rivers, beaches, landscapes and associated activities such as swimming, fishing, diving, hunting, walking, biking and kayaking, are major attractions for residents and visitors.

Priorities will be the creation of facilities and infrastructure to optimise the use and enjoyment of natural resources while protecting the natural environment. The Opotiki Harbour development project and implementation of the recreation strategy will continue. Council will also, with the community, continue to identify and action environmental enhancement projects.

Priorities for Council action

- District Plan review and implementation
- Creation of the Town Centre as an historic precinct
- Maintenance and enhancement of parks and reserves
- Partnership with community groups and Environment BOP to undertake environmental restoration projects

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:

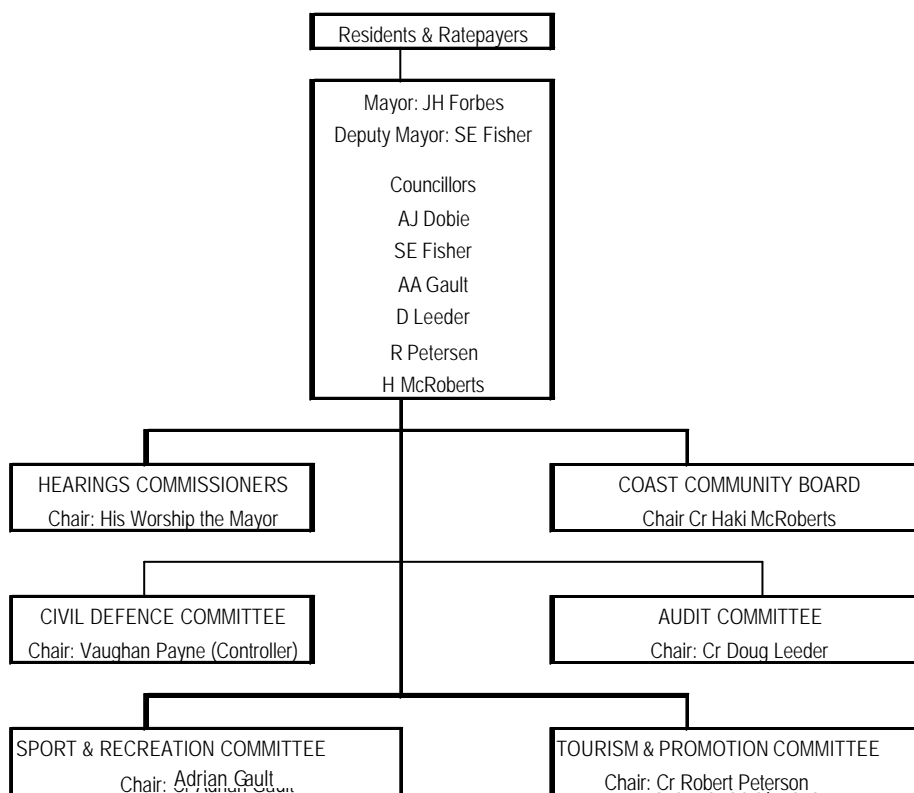
- things the local authority is prohibited from doing by law (examples from the Act include charging a membership fee for a library, or selling water and sewage disposal assets to the private sector)
- things the local authority must do by law (eg. Local authorities must prepare a district plan or regional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

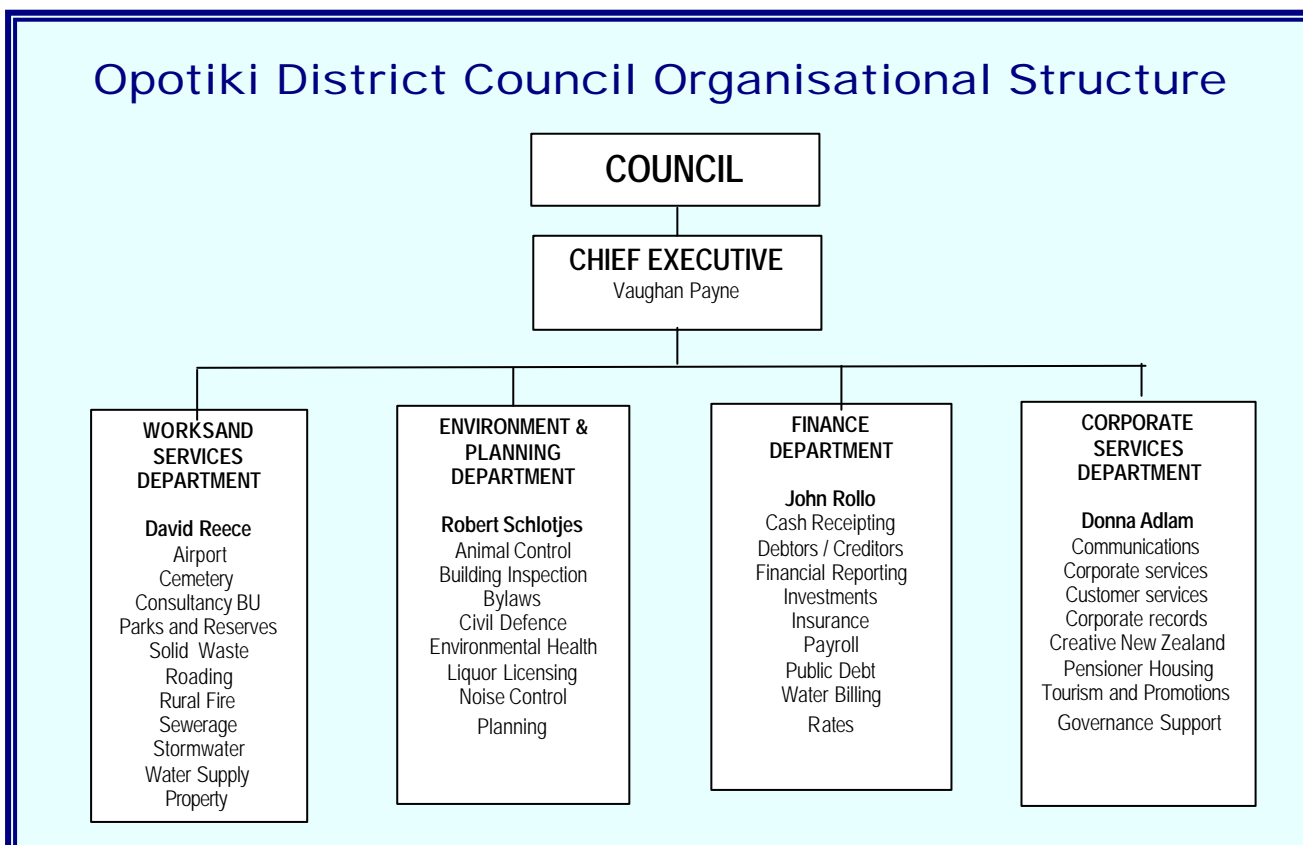
- **Audit Committee** (meets as required – Chair Cr Leeder, Crs Gault, McRoberts and His Worship the Mayor). Review operation of internal control, monitors auditors management reports, accounting, policies, risk management and investigates suspected fraud.

- **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.



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 2007

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 except for section 98(3) of the Act in that this Annual Reports not completed and adopted by resolution within four months after the end of the financial year.

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 2007, fairly reflect the financial position and operations of the Opotiki District Council.

JH Forbes
MAYOR
Date:

V Payne
CHIEF EXECUTIVE
Date:

CONTENTS TO FINANCIAL STATEMENTS	PURPOSE OF FINANCIAL STATEMENTS
<p>Statement of Financial Performance.....14</p> <p>Statement of Financial Position.....15</p> <p>Statement of Movement in Equity.....16</p> <p>Statement of Cash Flows.....17</p> <p>Statement of Accounting Policies.....18</p> <p>Notes to Financial Statements.....18</p>	<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> <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> <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> <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> <p>Statement of Accounting Policies Provides details of policies adhered to in the preparation of Financial Statements.</p> <p>Notes to Financial Statements Provides analysis and detail of various aspects of the Financial Statements.</p>

STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30 June 2007

	Note	Actual 2007 \$000	Budget 2007 \$000	Actual 2006 \$000
Income				
Rates revenue	4	6,369	6,304	6,052
Other revenue	5	2,991	3,766	4,096
Other gains / (losses)	6	84	12	174
Total Income		9,444	10,082	10,322
Expenditure				
Employee benefit expenses	7	2,303	2,418	2,004
Depreciation and amortisation	14, 15	1,533	1,545	1,543
Other expenses	8	3,911	4,078	3,754
Finance costs	9	327	418	388
Assets transferred		0	0	935
Total operating expenditure		8,074	8,459	8,624
Operating surplus / (deficit)		1,370	1,623	1,698
Share of associate surplus / (deficit)	17	0	0	(60)
Surplus / (deficit)		1,370	1,623	1,638

Explanations of significant variances against budget are detailed in note 32

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2007

	Note	Actual 2007 \$000	Budget 2007 \$000	Actual 2006 \$000
Assets				
Current assets				
Cash and cash equivalents	10	2,262	1,604	1,612
Trade and other receivables	11	1,563	1,800	1,356
Other financial assets	12	0	2	0
Non-current assets held for sale	13	618	0	0
Total current assets		4,443	3,406	2,968
Non-current assets				
Property, plant and equipment	14	140,125	140,486	140,217
Intangible assets	15	28	0	58
Investment property	16	751	0	684
Investment in associate	17	0	0	0
Other financial assets	12	3	41	3
Total non-current assets		140,907	140,527	140,962
Total Assets		145,350	143,933	143,930
Liabilities				
Current liabilities				
Trade and other payables	18	2,304	1,700	2,179
Provisions	19	6	6	6
Employee benefit liabilities	20	243	502	214
Borrowings	21	1,523	278	102
Total current liabilities		4,076	2,486	2,501
Non-current liabilities				
Provisions	19	49	83	48
Employee benefit liabilities	20	105	160	168
Borrowings	21	3,140	4,572	4,603
Total non-current liabilities		3,294	4,815	4,819
Total liabilities		7,370	7,301	7,320
Equity				
Retained earnings	22	122,774	103,450	121,860
Other reserves	22	15,206	33,182	14,750
Total Equity		137,980	136,632	136,610

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2007

	Note	Actual 2007 \$000	Budget 2007 \$000	Actual 2006 \$000
Balance at 1 July		136,610	135,009	121,420
<i>Property, plant and equipment</i>				
Revaluation gains / (losses) taken to equity	22	0	0	13,676
Revaluation reserve loss on transferr of property to Whakatane	22	0	0	(124)
<i>Financial assets at fair value through equity</i>				
Valuation gains/(losses)taken to equity				
Transfer to statement of financial performance on disposal				
Net income / (expense) recognised direct in equity		0	0	13,552
Surplus / (deficit) for the year		1,370	1,623	1,638
Total recognised revenue and expenditure for the year		1,370	1,623	15,190
Equity at end of the year		137,980	136,632	136,610

JH Forbes
Mayor

V Payne
Chief Executive

Date:

Date:

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2007

	Note	Actual 2007 \$000	Budget 2007 \$000	Actual 2006 \$000
Cash flows from operating activities				
Receipts from rates revenue		6,309	6,204	5,886
Interest received		205	95	165
Dividends received		0	0	0
Receipts from other revenue		2,650	2,909	2,127
Payments to suppliers and employees		(6,330)	(6,599)	(5,768)
Interest paid		(323)	(419)	(384)
Goods and services tax (net)		6	0	(60)
Regional Council rates		126	0	(120)
Net cash from operating activities	23	2,643	2,190	1,846
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		36	576	27
Proceeds from sale of investments		0	0	67
Purchase of intangible assets		0	0	(5)
Purchase of property, plant and equipment		(1,987)	(2,349)	(1,748)
Acquisition of investments		0	(347)	0
Net cash from investing activities		(1,951)	(2,120)	(1,659)
Cash flows from financing activities				
Proceeds from borrowings		1,275	1,215	0
Repayment of borrowings		(1,306)	(1,359)	(1,576)
Repayment of finance lease liabilities		(11)	(11)	(11)
Net cash from financing activities		(42)	(155)	(1,587)
Net increase / (decrease) in cash, cash equivalents and bank overdrafts		568	(85)	(1,400)
Cash, cash equivalents and bank overdrafts at the beginning of the year		1,612	1,689	3,012
Cash, cash equivalents and bank overdrafts at the end of the year	10	2,262	1,604	1,612

The accompanying notes form part of these financial statements

NOTES TO FINANCIAL STATEMENTS**NOTE 1. STATEMENT OF ACCOUNTING POLICIES FOR THE YEAR ENDED 30 JUNE 2007**

Reporting Entity

Opotiki District Council (ODC) is a territorial local authority governed by the Local Government Act 2002.

The Opotiki District Council 50% equity share of its associate Eastern Bay of Plenty Mayoral Disaster Relief Fund Trust is equity accounted.

The primary objective of ODC is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, ODC has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements of ODC are for the year ended 30 June 2007. The financial statements were authorised for issue by Council on 14 November 2007.

Basis of preparation

The financial statements of ODC have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

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

This is the first set of financial statements prepared using NZ IFRS and comparatives for the year ended 30 June 2006 have been restated to NZ IFRS accordingly. Reconciliations of equity and net surplus/(deficit) for the year ended 30 June 2006 under NZ IFRS to the balances reported in the 30 June 2006 financial statements are detailed in note 2.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS statement of financial position as at 1 July 2005 for the purposes of the transition to NZ IFRS.

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

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

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in the statement of financial performance.

Standards and interpretation issued and not yet adopted

There are no standards, interpretations, and amendments that have been issued, but are not yet effective, that ODC has not yet applied.

Associates

ODC has a 50% control of the Eastern Bay of Plenty Mayoral Disaster Relief Fund Trust.

ODC accounts for an investment in the associate in the financial statements using the equity method. An associate is an entity over which the ODC has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise ODC's share of the surplus or deficit of the associate after the date of acquisition. ODC's share of the surplus or deficit of the associate is recognised in ODC's statement of financial performance. Distributions received from an associate reduce the carrying amount of the investment.

If ODC's share of deficits of an associate equals or exceeds its interest in the associate, ODC discontinues recognising its share of further deficits. After ODC's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that ODC has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, ODC will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

ODC's share in the associate's surplus or deficits resulting from unrealised gains on transactions between the ODC and its associates is eliminated.

Revenue

Revenue is measured at the fair value of consideration received.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Other revenue

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

ODC receives government grants from Land Transport New Zealand, which subsidises part of ODC's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash. The recorded revenue is the gross amount of the sale. Any transaction fees are included in other expenses.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in ODC are recognised as revenue when control over the asset is obtained.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Development contributions

The revenue recognition point for development and financial contributions is at the later of the point when ODC is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

Development contributions are classified as part of "Other Revenue".

Borrowing costs

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

Grant expenditure

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

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

Leases

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, ODC recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether ODC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised

cost using the effective interest method, less any provision for impairment.

Loans, including loans to community organisations made by ODC at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the statement of financial performance as a grant.

A provision for impairment of receivables is established when there is objective evidence that ODC will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Financial assets

ODC classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the statement of financial performance.

Purchases and sales of investments are recognised on trade-date, the date on which ODC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the ODC has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. ODC uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date. After initial recognition they are measured at their fair values. Gains or losses on remeasurement are recognised in the statement of financial performance.

Currently, ODC does not hold any financial assets in this category.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance. Financial assets in this category include trade and other receivables

Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that ODC has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the statement of financial performance.

Currently, ODC does not hold any financial assets in this category.

Financial assets at fair value through equity

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.

This category encompasses:

Investments that ODC intends to hold long-term but which may be realised before maturity;
and

Shareholdings that ODC holds for strategic purposes. ODC's investments in its associate is not included in this category as it is held at cost (as allowed by NZ IAS 28 Investments in Associates) whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value

Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the statement of financial performance. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in statement of financial performance even though the asset has not been derecognised.

On derecognition the cumulative gain or loss previously recognised in equity is recognised in the statement of financial performance.

Impairment of financial assets

At each balance sheet date ODC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the statement of financial performance.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the statement of financial performance.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

At 30 June 2007 ODC had negotiated a sale of its housing for the elderly and sale and purchase agreement had been entered into.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets — These include land, buildings, plant, machinery and vehicles, fixtures, fittings and equipment and library collections.

Restricted assets — Restricted assets land and buildings owned by ODC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets — Infrastructure assets are the fixed utility systems owned by ODC. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to ODC and the cost of the item can be measured reliably.

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the statement of financial performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic

benefits or service potential associated with the item will flow to TMDC and the cost of the item can be measured reliably.

Depreciation

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

Buildings

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

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

Motor vehicles 5 years (20%)

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

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

Infrastructural assets

Roading network

Formation N/A (Nil)

Sub base N/A (Nil)

Basecourse (unsealed) 8 years (12.5%)

Basecourse (sealed) 25 to 50 years (2% - 4%)

Seal 15 years (6.67%)

Bridges 100 years (1.0%)

Hot mix 10 years (10.0%)

Kerb and footpaths 50 years (2.0%)

Reticulation 5 to 100 years (0.5% - 20.0%)

Traffic facilities (roading components) 10 to 20 years (5.0% - 10.0%)

Culverts (roading components) 50 years (2.0%)

Pumps 10 to 20 years (5.0% - 10.0%)

Meters, valves and connections 25 to 75 years (1.5% - 4.0%)

River protection works 100 years (1.0%)

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.

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

Revaluation

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Operational land and buildings:

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value, and the valuation is effective as at 1 September 2004.

Restricted land and buildings:

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value and the valuation is effective as at 1 September 2004.

Infrastructural asset classes: roads, water reticulation, sewerage reticulation and stormwater systems:

At fair value determined on a depreciated replacement cost basis. At balance date ODC assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets' fair values.

If there is a material difference, then the off-cycle asset classes are revalued. The most recent valuation was performed by ODC engineering staff and peer reviewed by D G Baker, NZCE (Civil) REA. The valuation is effective as at 1 July 2005. All infrastructural asset classes carried at valuation were valued.

Land under roads

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

Library collections

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of NZ in May 2002. Library valuations are performed by the Head Librarian and are not subject to an independent review because there are readily available market prices to determine fair value. The last valuation was performed in June 2007

Accounting for revaluations:

ODC accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Intangible assets

Software acquisition and development

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

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in statement of financial performance. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software 4 to 5 years (20% - 25%)

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation. Investment property is measured initially at its cost, including transaction costs.

After initial recognition, ODC measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the statement of financial performance.

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

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

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the statement of financial performance.

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in statement of financial performance, a reversal of the impairment loss is also recognised in the statement of financial performance. For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the statement of financial performance.

Employee benefits

Short-term benefits

Employee benefits that ODC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

ODC recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that ODC anticipates it will be used by staff to cover those future absences.

Long-term benefits

Retirement gratuities

Retirement gratuities have been calculated on an actual entitlement basis at current rates of pay.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the statement of financial performance as incurred.

Provisions

ODC recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Landfill

ODC operated a landfill at Woodlands Road Opotiki. This has closed but ODC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the site. A provision for post closure costs is recognised as a liability when the obligation for post-closure arises.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Equity

Equity is the community's interest in ODC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Retained earnings
- Restricted reserves
- Asset revaluation reserves
- Fair value reserves

Restricted and Council created reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by ODC.

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

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

ODC's objectives, policies and processes for managing capital are described in note 31.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by ODC for the preparation of the financial statements.

Cost allocation

ODC has derived the cost of service for each significant activity of ODC using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical accounting estimates and assumptions

In preparing these financial statements ODC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Landfill aftercare provision

Note 18 discloses an analysis of the exposure of ODC in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then ODC could be over or under estimating the annual depreciation charge recognised as an expense in the statement of financial performance. To minimise this risk ODC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the ODC's asset management planning activities, which gives ODC further assurance over its useful life estimates.

Council's engineering staff have performed Council's infrastructural asset revaluations which have been peer reviewed by experienced independent valuers.

Critical judgements in applying ODC's accounting policies

Management has exercised the following critical judgements in applying the ODC's accounting policies for the period ended 30 June 2007:

Classification of property

ODC owns property, which is maintained to provide housing to pensioners. The rentals are set so that the activity operates on a break even situation. The property is held for service delivery objectives as part of the ODC's social housing policy. However, ODC has decided to exit the provision of pensioner housing and is looking at the options to achieve this outcome

The properties have been classified as non current assets held for sale at balance date.

NOTE 2 EXPLANATION OF TRANSITION TO NZ IFRS

Transition to NZ IFRS

ODC's financial statements for the year ended 30 June 2007 are the first financial statements that comply with NZ IFRS. ODC has applied NZ IFRS 1 in preparing these financial statements.

ODC's transition date is 1 July 2005. ODC prepared its opening NZ IFRS balance sheet at that date. The reporting date of these financial statements is 30 June 2007. The ODC's NZ IFRS adoption date is 1 July 2006.

In preparing these consolidated financial statements in accordance with NZ IFRS 1, ODC has applied the mandatory exceptions and certain optional exemptions from full retrospective application of NZ IFRS.

Exemptions from full retrospective application elected by ODC

ODC has elected to apply the following optional exemptions from full retrospective application:

Fair value as deemed cost exemption

ODC has elected to measure its land, buildings, infrastructural assets and land under roads at fair value as at 1 July 2005 and use that fair value as the deemed cost at that date.

ODC is required to make the following mandatory exception from retrospective application:

Estimates exception

Estimates under NZ IFRS at 1 July 2005 are consistent with estimates made for the same date under previous NZ GAAP.

Reconciliation of equity

The following table shows the changes in equity, resulting from the transition from previous NZ GAAP to NZ IFRS as at 1 July 2005 and 30 June 2006.

	Note	Previous NZ GAAP 1 July 2005 \$000	Effect on transition to NZ IFRS 1 July 2005 \$000	NZ IFRS 1 July 2005 \$000	Previous NZ GAAP 30 June 2006 \$000	Effect on transition to NZ IFRS 30 June 2006 \$000	NZ IFRS 30 June 2006 \$000
Assets							
Current assets							
Cash and cash equivalents		3,012		3,012	1,612		1,612
Trade and other receivables	e	1,268	(60)	1,208	1,416	(60)	1,356
Other financial assets		3	(1)	2	2	(2)	0
Total current assets		4,283	(61)	4,222	3,030	(62)	2,968
Non-current assets							
Property, plant and equipment	a, b, d, e	126,344	(608)	125,736	140,616	(399)	140,217
Intangible assets	a		84	84		58	58
Investment property	b		530	530		684	684
Investment in associate		60		60	0		0
Other financial assets	e	49	(41)	8	43	(40)	3
Total non-current assets		126,453	(35)	126,418	140,659	303	140,962
Total assets		130,736	(96)	130,640	143,689	241	143,930
Liabilities							
Current liabilities							
Trade and other payables	e	2,416	27	2,443	2,149	30	2,179
Provisions		7		7	6		6
Employee benefit liabilities	c	276	5	281	214	0	214
Borrowings		424		424	102		102
Total current liabilities		3,123	32	3,155	2,471	30	2,501

Non-current liabilities							
Provisions		37		37	48		48
Employee benefit liabilities		160		160	168		168
Borrowings		5,868		5,868	4,603		4,603
Total non-current liabilities		6,065	0	6,065	4,819	0	4,819
Total liabilities		9,188	32	9,220	7,290	30	7,320
Equity							
Retained earnings	c, d, e	101,874	18,458	120,332	103,236	18,624	121,860
Other reserves	d, e	19,674	(18,586)	1,088	33,163	(18,413)	14,750
Total equity		121,548	(128)	121,420	136,399	211	136,610

Explanatory notes – Reconciliation of equity due to transition to NZ IFRS

a. Intangible assets

Computer software was classified as part of property, plant and equipment under previous NZ GAAP. The net book value of computer software reclassified as an intangible asset on transition to NZ IFRS is \$83,600 and at 30 June 2006 is \$57,414

b. Investment property

The Mechanic's Institute properties previously classified as part of property, plant and equipment have been reclassified as investment property. This property was an endowment to ODC from the former Mechanics Institute to be held specifically to generate an income for library purposes. NZ IFRS 40 requires investment property to be measured at its fair value. The reclassification of these properties together with the change in the measurement basis of investment property on transition to NZ IFRS is \$530,200 and at 30 June 2006 is \$683,500.

c. Sick leave

Sick leave was not recognised as a liability under previous NZ GAAP for 2005, however a liability was recognized in 2006. NZ IAS 19 requires ODC to recognize employees unused sick leave entitlement that can be carried forward at balance date, to the extent that ODC anticipates it will be used by staff to cover future absences.

d. Deemed cost

ODC has applied the deemed cost exemption that is available under NZ IFRS 1, for land, buildings, infrastructural assets and land under roads. This exemption allows ODC to measure an item of property, plant and equipment at its fair value, and use that fair value as its deemed cost on transition to NZ IFRS. The effect of this change is to transfer revaluation reserves attributable to land, buildings, infrastructural assets and land under roads to retained earnings.

e. Reconciliation of equity due to correction of prior period errors

Provision for Doubtful debts

The provision for doubtful debts was not adequately assessed in line with previous GAAP, and as such has been reassessed to provide for unrecoverable debts in relation to statute barred debts, as well as other historic uncollectible debts.

Reserve Transfer

Three minor trust accounts that have historically been included as reserves under equity have been transferred to other payables as they are future payables of Council

Derecognition of loan as an asset

Council previously recognized a loan advance to a community organization as an asset. However given the future receipt or benefit of cashflows to Council is contingent on the unlikely occurrence of a future event, the asset has been derecognized.

Asset revaluation

The revaluation of Councils infrastructural assets was undertaken on 1 July 2005. Unfortunately there was an error in the addition of the Opotiki water scheme component schedule which resulted in the asset valuation being understated by \$176,000.

Reconciliation of surplus for the year ended 30 June 2006

	Note	Previous NZ GAAP 30 June 2006 \$000	Effect on transition to NZ IFRS 30 June 2006 \$000	NZ IFRS 30 June 2006 \$000
Income				
Rates revenue		6,052		6,052
Other revenue		4,096		4,096
Other gains / (losses)	b	20	154	174
Total Income		10,168	154	10,322
Expenditure				
Employee benefit expenses		2,004		2,004
Depreciation and amortisation	a	1,550	(7)	1,543
Other expenses		3,754		3,754
Finance costs		388		388
Assets transferred		935		935
Total operating expenditure		8,631	(7)	8,624
Operating surplus / (deficit)		1,537	161	1,698
Share of associate surplus loss		(60)		(60)
Surplus / (deficit)		1,477	161	1,638

Explanatory notes - Reconciliation of surplus

a. Depreciation and amortisation

The Mechanics Institute properties previously included in property, plant and equipment has now been classified as Investment property. Under the property plant and equipment the properties were depreciated on a straight line basis. NZ IFRS does not permit this depreciation and these assets will, instead be valued annually with any adjustment in value being adjusted through the Statement of Financial Performance.

b. Investment property revaluation

The revaluation of the former Mechanic's Institute property, now investment property, at 30 June, 2007 has increased the value by \$153,500 which under NZ IFRS is to be recognized in the Statement of financial performance.

Statement of cash flows

On transition to NZ IFRS the statement of cash flows for the year ended 30 June 2006 now reflects short term deposits with maturities less than three months as part of cash and cash equivalents, increasing the amount of cash and cash equivalents from \$419,000 to \$1,612,000 and the corresponding adjustment to proceeds from sale of investments. There have been no other material adjustments to the Statement of cashflows for the year ended 30 June 2006 on transition to NZ IFRS.

NOTE 3: SUMMARY COST OF SERVICE			
	Actual	Budget	Actual
	2007	2007	2006
	\$000	\$000	\$000
Income			
Representation	0	0	7
Tangata Whenua relationships	0	0	0
Community sponsorship	6	0	7
Parks & recreation	507	856	1,113
Library	26	24	23
Property	99	99	100
Solid waste	974	963	902
Water supplies	868	844	831
Sanitary services	369	392	416
Stormwater	0	0	0
Transport services	1375	1,770	2,022
Emergency management	30	6	4
Animal control	44	47	38
Regulatory	217	143	159
Environmental management	57	90	77
Tourism & promotion	99	40	45
Harbour development	110	325	0
Support Services	0	0	54
Total activity income	4,781	5,599	5,798
Other income	332	181	382
Less internal income	(83)	(76)	(40)
General rates and penalties	4,414	4,378	4,182
Total income	9,444	10,082	10,322
Expenditure			
Representation	730	786	774
Tangata Whenua relationships	13	16	11
Community sponsorship	253	249	244
Parks & recreation	773	803	760
Library	209	221	201
Property	187	299	108
Solid waste	961	922	938
Water supplies	787	776	833
Sanitary services	293	354	333
Stormwater	68	71	80
Transport services	2,525	2,518	3,381
Emergency management	142	137	99
Animal control	143	151	136
Regulatory	241	245	195
Environmental management	337	348	302
Tourism & promotion	222	193	167
Harbour development	273	446	48
Support Services	0	0	54
Total activity expenditure	8,157	8,535	8,664
Less internal expenditure	(83)	(76)	(40)
Total expenditure	8,074	8,459	8,624

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer to note 4). In order to reflect the total external operations for Council in the Statement of Financial Performance, these transactions are eliminated as shown above.

Other income not allocated to activities represents profit on sale of vehicles, business unit profit and interest.

NOTE 4: RATES REVENUE

	Actual 2007 \$000	Actual 2006 \$000
General rate	4,372	4,139
Targeted rates attributable to activities		
Water	675	657
Sewerage	368	352
Public Space Litter Collection	101	91
Resource Recovery Facilities	583	533
Urban Refuse Collection	122	122
Information Centre	35	41
Roading (Town Centre)	71	74
Rate penalties	42	43
Total revenue from rates	6,369	6,052

Rate Remissions

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

Community, sporting and other organisations

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

Uniform charges on rating units owned by the same ratepayer

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

Penalties

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

Economic Development

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

Land used for natural, historic, cultural and conservation purposes

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

Extreme financial hardship

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

Rating units affected by calamity

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

Maori land general remission

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

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

Maori land economic adjustment remission

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

	Actual 2007 \$000	Actual 2006 \$000
Total rates revenue	6,453	6,131
Rates remissions		
Community, sporting and other organisations	6	7
Uniform charges on rating units owned by same ratepayer	0	8
Penalties	43	40
Economic development	0	0
Land used for natural, historic or cultural and conservation purposes	0	0
Extreme Financial hardship	2	
Rating units affected by calamity	1	1
Maori Freehold Land		
- General	11	8
- Economic	21	15
Total remissions	84	79
Rates revenue net of remissions	6,369	6,052
<p>In accordance with the Local Government (Rating) Act 2002 certain properties cannot be rated for general rates. This includes schools, places of religious worship, public gardens and reserves. These non-rateable properties, where applicable, may be subject to targeted rates in respect of sewerage, water, refuse and sanitation. Non-rateable land does not constitute a remission under ODC's rates remission policy.</p>		

NOTE 5: OTHER REVENUE

	Actual 2007 \$000	Actual 2006 \$000
User charges	623	487
Land Transport NZ government grants	1,144	1,130
Regulatory income	317	274
Rental income from investment property	18	17
Infringements and fines	47	11
Rendering of services	18	53
Petrol tax	74	72
Vested assets	1	1,715
Reserve contributions	11	11
Interest income	157	165
Development contributions	269	154
Other	312	7
Total other revenue	2,991	4,096
<p>There are no unfulfilled conditions and other contingences attached to government grants recognised.</p>		

NOTE 6: OTHER GAINS / (LOSSES)

	Actual 2007 \$000	Actual 2006 \$000
Gain on disposal of property, plant and equipment	16	20
Gain on changes in fair value of investment property (note 16)	68	154
Total gains/(losses)	84	174

NOTE 7: EMPLOYEE BENEFIT EXPENSES

	Actual 2007 \$000	Actual 2006 \$000
Salaries & wages	2,337	2,058
Increase / (decrease) in employee benefit liabilities	(34)	(54)
Total employee benefit expenses	2,303	2,004

NOTE 8: OTHER EXPENSES

	Actual 2007 \$000	Actual 2006 \$000
Fees paid to principal auditor:		
Audit fees for financial statement audit	57	57
Audit fee for NZ IFRS transition	11	0
Audit related fees for assurance and related services	0	33
Donations	59	54
Impairment of receivables	0	0
Impairment of property, plant and equipment (note 14)	0	11
Research and development expenditure	0	0
Minimum lease payments under operating leases	0	0
Direct expenses from investment property generating income	8	13
Other operating expenses	3,776	3,586
Total other expenses	3,911	3,754

Audit fees for assurance and related services relate to the audit of the 2006/16 LTCCP

NOTE 9: FINANCE COSTS

	Actual 2007 \$000	Actual 2006 \$000
Interest expense		
Interest on borrowings	323	384
Provisions: landfill discount unwinding (note 19)	3	3
Finance charges leased assets	1	1
Total finance costs	327	388

NOTE 10: CASH AND CASH EQUIVALENTS

	Actual 2007 \$000	Actual 2006 \$000
Cash at bank and in hand	687	419
Short term deposits maturing three months or less from date of acquisition	1,575	1,193
Total cash and cash equivalents	2,262	1,612
The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.		
The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant trust deeds is nil (2006 nil).		
Refer to note 12 for weighted average effective interest rate for cash and cash equivalents.		
Cash and bank overdrafts include the following for the purposes of the cash flow statement:		
	Actual 2007 \$000	Actual 2006 \$000
Cash at bank and in hand	687	419
Short term deposits maturing within three months	1,575	1,193
Bank overdraft (note 21)	0	0
	2,262	1,612

NOTE 11 TRADE AND OTHER RECEIVABLES

	Actual 2007 \$000	Actual 2006 \$000
Rates receivable	2,443	2,361
Other receivables	278	272
Related party receivables (note 26)	0	0
Community loans	0	0
Sundry debtors	272	153
Prepayments	0	0
Loans to related parties (note 26)	0	0
	2,993	2,786
Less provision for impairment of receivables	1,430	1,430
	1,563	1,356
Less non-current portion		
Loans to related parties (note 26)	0	0
Community loans	0	0
Total non-current portion	0	0
Current portion	1,563	1,356

The fair value of loans to related parties is \$Nil (2006 \$Nil).

The fair value of community loans is \$Nil (2006 \$Nil).

The carrying value of trade and other receivables approximates their fair value.

There is no concentration of credit risk with respect to receivables, as the ODC has a large number of customers.

ODC has large areas of unoccupied, unproductive Maori land in multiple ownership. As the Local Government Rating Act 2002 provides limited ability for the collection of rates in such circumstances, there is a large amount of rate arrears. ODC's policy is not to write off these arrears until the debt becomes statute barred. Consequently ODC provides a large impairment on these rate receivables to reflect these arrears which it has limited ability to collect.

The age of rates receivable overdue, are as follows:

	Actual	Actual
	2007	2006
	\$000	\$000
< 12 months	864	820
1 to 2 years	477	398
2 to 3 years	315	335
> 3 years	788	808
	2,444	2,361
Less impairment	1,349	1,349
Carrying amount	1,095	1,012

As of 30 June 2007 and 2006, all overdue receivables have been assessed for impairment and appropriate provisions applied. ODC holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

The impairment provision has been calculated based on expected losses for ODC's pool of debtors. Expected losses have been determined based on an analysis of ODC's losses in previous periods, and review of specific debtors.

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

	Actual	Actual
	2007	2006
	\$000	\$000
At 1 July	1,430	1,430
Additional provisions made during the year	201	181
Receivables written off during the period	(201)	(181)
At 30 June	1,430	1,430

NOTE 12 OTHER FINANCIAL ASSETS

	Actual 2007 \$000	Actual 2006 \$000
Current portion		
<i>Loans and receivables</i>		
Short term deposits with maturities of 4 - 12 month	0	0
Total loans and receivables	0	0
Non-current portion		
<i>Loans and receivables</i>		
Total loans and receivables	0	0
<i>Fair value through equity</i>		
Listed shares Horison Energy Ltd	3	3
	3	3

There were no impairment provisions for other financial assets.

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

Maturity analysis and effective interest rates

The maturity dates for all other financial assets with the exception of equity investments, and advances to associates are as follows.

	2007 Short term deposits	2007 Loan advances	2006 Short term deposits	2006 Loan advances
Short term deposits (with maturities of 3 months or less; average maturity 48 Days)	1,575		1,193	
<i>weighted average effective interest rate</i>	7.72%		7.12%	
Short term deposits (with maturities of 4-12 months; average maturity 0 Days)	0		0	
<i>weighted average effective interest rate</i>	0.00%		0.00%	
Investments maturing after 1 year but less than 5 years		0		0
<i>weighted average effective interest rate</i>		0.00%		0.00%
More than 5 years		0		0
<i>weighted average effective interest rate</i>		0.00%		0.00%
	1,575	0	1,193	0

NOTE 13 NON-CURRENT ASSETS HELD FOR SALE

The ODC owned pensioner housing units on Chatfield Place have been presented as held for sale following the approval by Council to sell the property and a sale and purchase agreement entered into on 14 June, 2007. The completion date of the sale is expected to be by 20 July 2007.

	Actual 2007 \$000	Actual 2006 \$000
Non-current assets held for sale are		
Buildings	558	0
Land	60	0
Total non-current assets held for sale	618	0

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

2007	Cost/ revaluation 1-Jul-06	Accumulated depreciation and impairment charges 1-Jul-06	Carrying amount 1-Jul-06	Revaluation surplus	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Cost/ revaluation 30-Jun-07	Accumulated depreciation and impairment charges 30-Jun-07	Carrying amount 30-Jun-07
Operational assets											
Land	556	0	556		356	60		0	852	0	852
Buildings	1,872	126	1,746		22	484		72	1,336	124	1,212
Plant, machinery and vehicles	783	451	332		97	20		83	768	442	326
Fixtures, fittings and equipment	651	535	116		29			58	657	570	87
Library collections	663	544	119		34			34	651	532	119
Total operational assets	4,525	1,656	2,869	0	538	564	0	247	4,264	1,668	2,596
Infrastructural assets											
Roading network	113,123	824	112,299		821	12		832	113,889	1,613	112,276
Water systems	8,838	244	8,594		219			255	9,055	497	8,558
Sewerage system	3,321	104	3,217		50			84	3,370	187	3,183
Stormwater	838	20	818		15			22	851	40	811
Work in progress	0	0	0		0			0	0	0	0
Total infrastructural assets	126,120	1,192	124,928	0	1,105	12	0	1,193	127,165	2,337	124,828
Restricted assets											
Land	10,343	0	10,343		0			0	10,343	0	10,343
Buildings	2,186	109	2,077		344			63	2,530	172	2,358
Work in progress	0	0	0		295				295	0	295
Total restricted assets	12,529	109	12,420	0	344	0	0	63	12,873	172	12,701
Total property, plant and equipment	143,174	2,957	140,217	0	1,987	576	0	1,503	144,302	4,177	140,125

The net carrying amount of PPE held under finance lease is \$9,744 (2006: \$20,832)

2006	Cost/ revaluation 1-Jul-05	Accumulated depreciation and impairment charges 1-Jul-05	Carrying amount 1-Jul-05	Revaluation surplus	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Cost/ revaluation 30-Jun-06	Accumulated depreciation and impairment charges 30-Jun-06	Carrying amount 30-Jun-06
Operational assets											
Land	556	0	556						556	0	556
Buildings	1,695	57	1,638		188		11	69	1,872	126	1,746
Plant, machinery and vehicles	716	473	243		188	7		92	783	451	332
Fixtures, fittings and equipment	606	470	136		45			65	651	535	116
Library collections	628	509	119		35			35	663	544	119
Total operational assets	4,201	1,509	2,692	0	456	7	11	261	4,525	1,656	2,869
Infrastructural assets											
Roading network	104,623	2,218	102,405	10,146	1,599	1,027		824	113,123	824	112,299
Water systems	6,173	450	5,723	2,998	157	40		244	8,838	244	8,594
Sewerage system	3,010	244	2,766	479	96	20		104	3,321	104	3,217
Stormwater	684	49	635	53	150			20	838	20	818
Work in progress	70	0	70		-70				0	0	0
Total infrastructural assets	114,560	2,961	111,599	13,676	1,932	1,087	0	1,192	126,120	1,192	124,928
Restricted assets											
Land	9,483	0	9,483		900	40			10,343	0	10,343
Buildings	2,011	49	1,962		175			60	2,186	109	2,077
Total restricted assets	11,494	49	11,445	0	1,075	40	0	60	12,529	109	12,420
Total property, plant and equipment	130,255	4,519	125,736	13,676	3,463	1,134	11	1,513	143,174	2,957	140,217

NOTE 15 INTANGIBLE ASSETS

	2007	2006
	Computer software	Computer software
Balance at 1 July		
Cost	151	146
Accumulated amortisation and impairment	94	63
Opening carrying amount	57	83
Additions	0	5
Amortisation charge	30	30
Closing carrying amount	28	58
Balance at 30 June		
Cost	151	151
Accumulated amortisation and impairment	123	93
Closing carrying amount	28	58

NOTE 16 INVESTMENT PROPERTY

	Actual 2007 \$000	Actual 2006 \$000
Balance 1 July	683	530
Additions from acquisitions	0	0
Disposals	0	0
Fair value gains/(losses) on valuation (note 6)	68	154
Balance 30 June	751	684

ODC's investment property is valued annually at fair value effective 30 June. The investment property was valued based on open market evidence. The valuation was performed by P R P Jenks FNZIV, FPINZ an independent valuer from Jenks Valuation Ltd. Jenks Valuation Ltd are an experienced valuer with extensive market knowledge in the types of properties owned by ODC

Contractual obligations in relation to investment property at balance date but not recognised in the financial statements are as follows

	Actual 2007 \$000	Actual 2006 \$000
Contractual obligations for capital expenditure (note 24)	0	3
Contractual obligations for operating expenditure	0	0
Total	0	3

NOTE 17 INVESTMENT IN ASSOCIATE

ODC has a 50% interest in Eastern Bay of Plenty Mayoral Disaster Relief Fund Trust and its reporting and its reporting date is 30 June. 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. The Trust is in the process of being wound up in the 2007/08 year.

NOTE 18 TRADE AND OTHER PAYABLES

	Actual 2007 \$000	Actual 2006 \$000
Trade payables	583	626
Retained contract monies	103	120
Deposits and bonds	63	118
Accrued expenses	230	133
Amounts due to related parties (note 26)	0	0
Rates in advance	171	162
Rates due to Environment BOP	479	353
GST Liability	349	348
Other payables	326	319
Total trade and other payables	2,304	2,179

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

NOTE 19 PROVISIONS

	Actual 2007 \$000	Actual 2006 \$000
Current provisions are represented by:		
Landfill aftercare provision	6	6
	6	6
Non-current provisions are represented by:		
Landfill aftercare provision	49	48
	49	48
	Actual 2007 \$000	Actual 2006 \$000
Opening balance	54	44
Additional provisions made during the year	0	0
Amounts used during the year	(2)	(6)
Unused amounts reversed during the year	0	13
Discount unwinding (note 9)	3	3
Closing Balance	55	54

Opotiki District Council gained a resource consent in February, 2002 to operate the Woodlands Road Landfill. Opotiki District Council has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the site is closed.

The landfill closed August 2005

The cash outflows for landfill post-closure are expected to occur between 2006 and 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 using a discount rate of 6.5%.

NOTE 20 EMPLOYEE BENEFIT LIABILITIES

	Actual 2007 \$000	Actual 2006 \$000
Accrued pay	1	0
Annual leave	240	211
Retirement gratuities	105	168
Sick leave	2	3
Total employee benefit liabilities	348	382
Comprising		
Current	243	214
Non-current	105	168
Total employee benefit liabilities	348	382

NOTE 21 BORROWINGS

	Actual 2007 \$000	Actual 2006 \$000
Current		
Bank overdraft	0	0
Secured loans	1,460	85
Debentures	53	6
Lease liabilities	10	11
Total current borrowings	1,523	102
Non-current		
Secured loans	3,140	4,540
Debentures	0	53
Lease liabilities	0	10
Total non-current borrowings	3,140	4,603

Fixed-rate debt

ODC's secured debt of \$4,600,000 (2006 \$4,625,000) is issued at fixed rates of interest. The debentures of \$52,535 (2006 \$58,566) are at a fixed interest rate.

A portion (\$45,751) has a review of interest rate, however all debentures will be repaid prior to this review with the sale of the pensioner housing units currently classified as non-current assets held for sale.

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$100,000 (2006 \$100,000). There are no restrictions on the use of this facility.

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

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

Refinancing

Subsequent to balance date 15 September 2007, ODC will repay \$840,000 of the current portion of its secured loans.

A further \$620,000 is due for repayment on 15 February 2008. Council will repay \$240,000 and refinance the balance of \$380,000 for a period of up to five years at fixed rate of interest.

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

Maturity analysis and effective interest rates

The following is a maturity analysis of ODC's borrowings (excluding finance leases, which are shown separately below).

2007	Overdraft	Secured	Debentures	
	loans			
Less than one year	0	1,460	53	
<i>Weighted average effective interest rate</i>		6.52%	7.96%	
Later than one year but not more than five years	0	3,140	0	
<i>Weighted average effective interest rate</i>		7.04%		
Later than five years	0	0	0	
<i>Weighted average effective interest rate</i>				
	0	4,600	53	
2006	Overdraft	Secured	Debentures	
	loans			
Less than one year	0	1,300	6	
<i>Weighted average effective interest rate</i>		7.50%	7.96%	
Later than one year but not more than five years	0	3,325	30	
<i>Weighted average effective interest rate</i>		6.72%	7.93%	
Later than five years	0	0	23	
<i>Weighted average effective interest rate</i>			7.53%	
	0	4,625	59	
Fair values of non-current borrowings are as follows:				
	Carrying amounts		Fair Values	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Secured loans	3,140	3,325	2,983	2,990
Debentures	0	53	0	49
Total	3,140	3,378	2,983	3,039

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 7.5% (2006 7.0%)

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

Analysis of finance lease liabilities

	Actual 2007 \$000	Actual 2006 \$000
Total minimum lease payments are payable		
Not later than one year	10	12
Later than one year and not later than five years	0	10
Total minimum lease payments	10	22
Future finance charges	0	1
Present value of minimum lease payments	10	21
	Actual 2007 \$000	Actual 2006 \$000
Present value of minimum lease payments are payable		
Not later than one year	10	11
Later than one year and not later than five years	0	10
Total	10	21
Current	10	11
Non-current	0	10
Total	10	21

Description of material leasing arrangements

ODC has entered into finance leases for various items of equipment. The net carrying amount of the leased items within each class of property, plant and equipment is shown in note 14.

The finance leases can be renewed at ODC 's option, with rents set by reference to current market rates for items of equivalent age and condition. ODC does have the option to purchase the asset at the end of the leaseterm.

There are no restrictions placed on Opotiki District Council by any of the finance leasing arrangements.

NOTE 22 EQUITY

	Actual 2007 \$000	Actual 2006 \$000
Retained earnings		
As at 1 July	121,860	120,332
Transfers to:		
Council created reserves	(709)	(663)
Transfers from:		
Council created reserves	253	553
Surplus/ (deficit) for year	1,370	1,638
As at 30 June	122,774	121,860
Council created reserves		
As at 1 July	1,074	964
Transfers to:		
Retained earnings	(253)	(553)
Transfers from:		
Retained earnings	709	663
As at 30 June	1,530	1,074

Asset revaluation reserve		
As at 1 July	13,676	124
Revaluation gains/ (losses)	0	13,676
Revaluation reserve loss on transferr of property to Whakatane	0	(124)
As at 30 June	13,676	13,676
Asset revaluation reserve consists of:		
<i>Infrastructural Assets</i>		
Roading	8,271	8,271
Roading components	1,875	1,875
Water systems	2,998	2,998
Sewerage systems	479	479
Stormwater system	53	53
	13,676	13,676

NOTE 23 RECONCILIATION OF NET SURPLUS / (DEFICIT) TO NET CASH FLOW FROM OPERATING ACTIVITY

	Actual 2007 \$000	Actual 2006 \$000
Surplus / (deficit)	1,370	1,638
Add / (less) non-cash items:		
Depreciation and amortisation	1,533	1,543
Write back depreciation on transfer of non-current assets held for sale	(74)	
Impairment charges	0	11
Vested assets	0	(1,715)
Add / (less) items classified as investing or financing activities		
(Gains) / losses on disposal of property, plant and equipment	(4)	984
(Gains) / losses on revaluation of Investment Property	(67)	(154)
Add / (less) movements in working capital items		
Accounts receivable	(207)	(148)
Accounts payable	125	(264)
Provisions	1	10
Employee benefits	(34)	(59)
Net cash inflow / (outflow) from operating activities	2,643	1,846

NOTE 24 CAPITAL COMMITMENTS AND OPERATING LEASES

	Actual 2007 \$000	Actual 2006 \$000
Capital Commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	323	0
Refer to note 16 for capital commitments for investment properties.	0	3
Operating expenditure for future years contracted on non-cancellable contracts at balance date but not yet incurred	5,001	1,405
Operating leases as lessor		
ODC has several endowment property leases. All but one of these leases are leases in perpetuity. The one exception has a non-cancellable term of 5 years.		
The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:		
	Actual 2007 \$000	Actual 2006 \$000
Non-cancellable operating leases as lessor		
Not later than one year	3	3
Later than one year and not later than five years	10	12
Later than five years	0	0
Total non-cancellable operating leases	13	15
No contingent rents have been recognised in the statement of financial performance during the period.		

NOTE 25 CONTINGENCIES**Contingent liabilities***Rating amendments on forest block valuation objections*

The rating valuations for a number of forestry blocks which had been under objection for the September 2001 valuation were settled in April 2007. This has resulted in ODC having to refund rates paid on those blocks in the sum of \$14,909 GST inclusive. (2006 contingent liability of \$90,000 disclosed)

Contingent assets*Club room buildings on reserves*

ODC operates a scheme whereby sports clubs are able to construct facilities (eg club rooms) on reserve land. The clubs control the use of these facilities and ODC will only gain control of the asset if the club vacates the facility. Until this event occurs these assets are not recognised as assets in the Statement of Financial Position. As at 30 June 2007 there are 2 facilities having an approximate value of \$300,000 (2006: 2 facilities – \$300,000). This estimate has been based on valuations of similar facilities in the area.

Waihau Bay toilet advance

ODC advance the funding required for the construction of a toilet facility at Waihau Bay by Tamatari Enterprises. The toilet is to be operated by Tamatari Enterprises and open to the public for a term of twenty five years. Should this arrangement continue for the complete term then no repayment of the advance is required. In the event of Tamatari Enterprises withdrawing from the arrangement then the advance is repayable on a prorata basis of the unexpired portion of the term. At 30 June 2007 this amounted to \$39,662 (2006- \$40,917)

NOTE 26 RELATED PARTY TRANSACTIONS**Key management personnel**

During the year Councillors and key management, as part of a normal customer relationship, were involved in minor transactions with ODC (such as payment of rates, purchase of rubbish bags etc).

During the year ODC contracted with Waiotahi Contractors Ltd, in which Councillor Petersen is a shareholder and Company Director. The value of the contract works totalled \$197,075 (2006 \$ 662,402) and was negotiated on normal commercial terms. There is a balance of \$Nil (2006 \$24,255) outstanding for retentions at year-end.

No provision has been required, nor any expense recognised for impairment of receivables for any loans or other receivables to related parties (2006 \$nil).

Key management personnel compensation

	Actual 2007 \$000	Actual 2006 \$000
Salaries and other short term employee benefits	631	598
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	0	0

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

NOTE 27 REMUNERATION*Chief Executive*

The Chief Executive of ODC appointed under section 42 of the Local Government Act 2002 received a salary of \$110,000 (2006 \$95,000).

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

	Cost during the financial year	
	2007	2006
Vehicle(market value plus FBT)	15,112	16,140

For the year ended 30 June 2007, the total annual cost including fringe benefit tax to the ODC of the remuneration package being received by the Chief Executive is calculated at \$125,112 (2006 - \$111,140).

<i>Elected representatives</i>	2007	2006
	Mayor - John Forbes	49,635
Deputy Mayor - Selby Fisher	25,226	23,019
Councillor Chair of Community Board - Haki McRoberts	20,382	18,600
Councillor - Alex Dobie	15,615	14,250
Councillor - Adrian Gault	15,615	14,250
Councillor - Doug Leeder	15,615	14,250
Councillor - Robbie Petersen	15,615	14,250

NOTE 28 SEVERANCE PAYMENTS

For the year ended 30 June 2007 ODC made no severance payments to employees. (2006 \$nil)

NOTE 29 EVENTS AFTER BALANCE SHEET DATE

Subsequent to balance date the contract for the sale of pensioner housing became unconditional. Pensioner housing was held as non current assets held for sale at balance date.

There were no other significant events after balance date.

NOTE 30 FINANCIAL INSTRUMENT RISKS

ODC has a series of policies to manage the risks associated with financial instruments. ODC is risk averse and seeks to minimise exposure from its treasury activities. ODC has established Council approved Liability Management and Investment policies. These policies do not allow any transactions that are speculative in nature to be entered into.

MARKET RISK

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. ODC is exposed to equity securities price risk on its investments, which are classified as financial assets held at fair value through equity. This price risk arises due to market movements in listed securities. This price risk is managed by diversification of ODC's investment portfolio in accordance with the limits set out in ODC's Investment policy.

ODC holds listed equity instruments in Horison Energy Distribution Ltd, which are publicly traded and included in the NZX50 equity index. Council's holding is very small and even quite large fluctuations in the NZ X index and these equity instruments move proportionately the effect is unlikely to be a material.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. ODC is not exposed to currency risk, as it does not enter into foreign currency transactions.

Interest rate risk

The interest rates on ODC's investments are disclosed in note 12 and on ODC's borrowings in note 21

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Borrowing issued at fixed rates expose the ODC to fair value interest rate risk. ODC's Liability Management policy outlines the level of borrowing that is to be secured using fixed rate instruments. In addition, investments at fixed interest rates expose ODC to fair value interest rate risk.

If interest rates on investments at 30 June 2007 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the fair value through equity reserve by \$nil (2006 \$nil).

If interest rates on borrowings at 30 June 2007 had fluctuated by plus or minus 0.5%, the effect would have been to decrease/increase the surplus by \$nil (2006 \$nil) as a result of higher/lower interest expense on floating rate borrowings.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Borrowings and investments issued at variable interest rates expose

ODC to cash flow interest rate risk.

Credit risk

Credit risk is the risk that a third party will default on its obligation to ODC, causing ODC to incur a loss. ODC has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers, and ODC has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

ODC invests funds only in deposits with registered banks and local authority stock and its Investment policy limits the amount of credit exposure to any one institution or organisation.

Investments in other Local Authorities are secured by charges over rates. Other than other local authorities, the group only invests funds with those entities, which have a Standard and Poor's credit rating of at least A2 for short term and A – for long-term investments. Accordingly, the group does not require any collateral or security to support these financial instruments.

Liquidity risk

Liquidity risk is the risk that ODC will encounter difficulty raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. ODC aims to maintain flexibility in funding by keeping committed credit lines available.

In meeting its liquidity requirements, ODC maintains a target level of investments that must mature within the next 12 months.

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

ODC has a maximum amount that can be drawn down against its overdraft facility of \$100,000 (2006 \$100,000). There are no restrictions on the use of this facility.

The maturity profiles of the ODC's interest bearing investments and borrowings are disclosed in notes 12 and 21 respectively.

NOTE 31 CAPITAL MANAGEMENT

The Council's capital is its equity (or ratepayers' funds), which comprise retained earnings and reserves. Equity is represented by net assets.

The Local Government Act 2002 [the Act] requires the Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer's funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. And the Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in the Council's LTCCP.

ODC has the following Council created reserves:

Special Funds and
Treasury reserves

Special fund reserves have been set up when Council either collects levies for a particular purpose such as development contributions or funds have been received which Council wishes to retain for a particular purpose such as the revenue received from the sale of electricity shares it received when the former Bay of Plenty Power Board was corporatised. Interest is added to the reserve and deductions are made where funds have been used for the purpose they were intended.

Treasury reserves have been set up by Council to

- receive contributions for loan repayments for each activity where a loan has been raised and
- for different areas of benefit where there is a discrete set of rate or levy payers as distinct from the general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the treasury reserves.

NOTE 32 EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanations for major variations from ODC's estimated figures in the 2006/2016 Long Term Council Community Plan are as follows:

Statement of financial performance

The major variance occurred in

Vested assets budgeted to be received from the Waitahi Drifts subdivision. Delays in development of stage iv of the subdivision have meant that the development contributions have not materialised.

Revaluation of investment assets.

Harbour development which has proceeded slower than anticipated resulting in under expenditure of \$176,000 together with grant income being \$165,000 less than budget.

Statement of financial position

Major variations arise from:

Non-current assets held for sale represent the pensioner housing units which Council negotiated a sale for just prior to balance date.

Capital expenditure on the Waioeka Domain pavillion and Te Kaha refuse recovery site being behind schedule.

The current portion of borrowing being recalculated to reflect total repayments due rather than the net after expected refinancing.

Adjustment arising from NZ IFRS as detailed in note 2.

Statement of movements in equity

The major variation occurred due to:

Capital expenditure on the Waioeka Domain pavillion and Te Kaha refuse recovery site being behind schedule.

NOTE 33 LEGISLATIVE COMPLIANCE

The requirement of section 98(3) of the Local Government Act 2002 which requires completion and adoption of the Annual Report within four month of the end of the financial year has not been met.

This occurred mainly through the conversion to NZIFRS and having insufficient financial staffing resources to undertake the tasks along with the usual day to day operation of Council.

How Council Performed in 2006 - 2007

This section explains the Council's significant activities and how they contribute to the future of the district and community outcomes. Information shows how the Council has performed in meeting targets and goals and provides a financial summary for the year 2006 / 2007.

Council services have been banded together into groups of activities. An example of this is Transport, Solid Waste and Parks and Recreation all come under the group Facilities and Services. There are four groups with a total of 17 activities.

A guide to the groups of activities



Democracy

What we do

The democracy group:

- Maintains a system of democratic representation for the district community, including three yearly elections
- Supports and advises elected members
- Maintains relationships with Tangata Whenua
- Provides financial support to community groups and services

Why we do it

It is essential that the Opotiki community has strong leadership.

Effects on community wellbeing

All activities within the democracy group have had a positive effect on the social, economic, environmental and cultural wellbeing of the community, including:

- Enabling community views to be considered in Council decision making,
- Contributing to the maintenance of urupa,
- Supporting and recognizing the contribution of community volunteers.



There has been no material change to the potential negative impacts of activities undertaken by Council as identified in the LTCCP 2006/16.

Activity 1: Representation

What we do and why

Representation enables the Opotiki community to be involved in local and national decision making and strategic planning through their elected Council representatives, Coast Community Board and committees. Council provides leadership at a district, regional and national level.

How we contribute to community outcomes

Community Outcomes		How This Activity Contributes
	Leadership	A governance structure is provided to effectively represent the community
	Community spirit	The community is engaged in decisions which impact on them

How did we do?

Measure	Target	Result	Level of Achievement
• Council will hold at least 8 meetings throughout the year	8	Achieved	8 ordinary and 5 extra ordinary meetings held.
• The number of occasions that Opotiki issues represented in regional, national forums will increase. (LGNZ, BOP forum)	8	Achieved	District represented at 15 national and 8 regional forums.
• Improvement in community satisfaction with Council representation. (Community survey baseline 72%)	72%	2007/08 measure	Tri-annual survey to be undertaken 2007/08

COST OF SERVICE AND FUNDING STATEMENT



Actual 2005/06 (\$000's)	<u>Representation</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
	Operational Expenditure			

774	Operating Costs including Overheads	786	730	Corporate overhead cost underbudget
774		786	730	
	Funded By			
	Rates Income			
767	- General Rates	786	730	
7	Fees & Charges	0	0	
774		786	730	

Activity 2: Tangata Whenua

What we do and why

Council works to maintain and enhance mutually beneficial relationships with Tangata Whenua so that their views are represented both directly and indirectly through Council forums. Meeting with Tangata Whenua also enables both parties with an opportunity to identify and address issues of mutual concern and encourages involvement in democracy. Council also encourages and supports Iwi in the development of Iwi Management Plans and special projects.

How we contribute to community outcomes		
Community Outcomes	How Activity Contributes	
 Leadership	The needs of Tangata Whenua are understood and considered in decision making.	
 Community spirit	Tangata Whenua and Council work together to achieve common goals.	

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> An Annual meeting with the three iwi authorities 	3	Not achieved	Meetings were held at staff level.
<ul style="list-style-type: none"> Contribute to the upkeep of 22 hapu marae urupa / cemeteries. 	22	Not achieved	\$10,185 distributed to 21 Marae committees.



COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	<u>Tangata Whenua Relationships</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
	Operational Expenditure			
11	Operating Costs including Overheads	16	13	
11		16	13	
	Funded By			
	Rates Income			
11	- General Rates	16	13	
11		16	13	

Activity 3: Community Sponsorship

What we do and why

Council's role in community sponsorship is to support organisations which provide important services to Council or the community. Council is a partner in this activity and provides funding, to various community groups including educational, events and animal welfare.

How we contribute to community outcomes		
Community Outcomes		How Activity Contributes
	Services and facilities	Without Council and support from other Funders the community services would not be provided or would cost more to provide.
	Community spirit	A partnership between Council, Community Groups and other Funders enables common goals to be achieved.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> A memorandum of understanding will be completed for all grants. 	100%	Not achieved	7 of 8 grants have memorandum of understandings complete.
<ul style="list-style-type: none"> The bi-annual Community Contributions Awards and day will be organised. 	2007/08	Achieved	Community Contributions Awards held 29 and 30 June 2007

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	<u>Community Sponsorship</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
Operational Expenditure				
244	Operating Costs including Overheads	249	253	Community award ceremony not budgeted
244		249	253	
Funded By				
Rates Income				
237	- General Rates	249	247	
0	Grants & Subsidies	0	4	Grant toward Community award ceremony
7	Fees & Charges	0	2	
244		249	253	

Group - Facilities and Services

What we do

Facilities and services are delivered by Council's Asset Management division and provide the essential services to the Opotiki community. The eight significant activities within the group enhance the health, safety and well being of the district.

Why we do it

Facilities and services are provided for the following reasons:

- Statute law requires our involvement and sets the standards of operation for the service
- Historically we have delivered the service
- The lack of a competitive alternative, for example recycling and residual waste management.

Effects on community well being

All activities within the Facilities and Services group have had a positive effect on the social, economic, environmental and cultural wellbeing of the community, including:

- maintaining and enhancing the roading network, including seal extensions and kerb and channeling,
- purchasing of property to secure future landuse options,
- transferring the care of pensioner housing and tenants to specialist providers,
- maintaining and enhancing the sewage, stormwater and water infrastructure,
- continuing to manage the districts solid waste including the commencement of a new resource centre at Te Kaha.

There has been no material change to the potential negative impacts of activities undertaken by Council as identified in the LTCCP 2006/16.




Activity 4: Parks and Recreation

What we do and why

The Council provides, maintains and develops parks, reserves and facilities for the purpose of recreation, beautification, conservation of the natural environment and public access. Parks and recreation also includes the cemetery, public toilets and the aerodrome.

Parks and recreation facilities are important to the health and well being of the community and contribute to the lifestyle we enjoy. The Council is led by the expectations of residents to have access to active and passive recreation opportunities.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Environment	Parks serve to protect natural resources, coastal values and provide opportunities for the public to participate and enjoy the natural environment
	Community spirit	Parks and recreation facilities positively encourage the community to participate in active and passive recreation in a cooperative manner. Parks promote and encourage pride in the identity of the Opotiki community.
	History and culture	Protects sites of historical and cultural importance, encourages appreciation of history and culture, parks and recreation facilities provide venues and amenities for cultural activities and customs.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> No more than 20 complaints regarding parks and facilities. Percentage of the community satisfied with parks and recreation facilities. (Community survey baseline 67%) Capital development as set out in the annual plan is carried out on time, within budget and to New Zealand standards. 	<p>Less than 20</p> <p>70%</p> <p>100%</p>	<p>Achieved</p> <p>2007/08 measure</p> <p>Not achieved</p>	<p>6 complaints and service requests received.</p> <p>Tri-annual survey to be undertaken 2007/08.</p> <p>Omaio and Ohiwa toilet construction carried forward to 2007/08. Waioeka Domain Pavilion to be finished September 2007.</p>

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	<u>Parks and Recreation</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
	Operational Expenditure			
673	Operating Costs including Overheads	737	693	
11	Loss on assets transferred to Whakatane District	0	0	
21	Interest	20	17	
55	Depreciation	46	63	
760		803	773	
	Funded By			
	Rates Income			
673	- General Rates	726	677	
	Grants & Subsidies	0	14	
87	Fees & Charges	77	82	
760		803	773	

Capital Costs				
39	Capital Expenditure	690	344	Waioeka Domain pavillion behind schedule
200	Contributions to Reserves	209	256	
288	Debt Repayment	17	17	
527		916	617	
Funded By				
Rates Income				
68	- General Rates	70	49	
11	Grants & Subsidies	220	205	
0	Reserve contributions	7	11	
115	Development contributions	152	195	
213	Borrowing	35	0	
Reserves and future surpluses				
45	- Depreciation	46	63	
75	- Withdrawal from reserves	386	94	Waioeka Domain pavillion behind schedule
527		916	617	
Reconciliation of Income to note 3				
11	Grants & Subsidies	220	219	
87	Fees & Charges	77	82	
0	Reserve contributions	7	11	
115	Development contributions	152	195	
900	Vested assets	400	0	
1,113		856	507	




Activity 5: Library

What we do and why

The Council provides, maintains and manages the Opotiki Library and maintains resources for one community library. The role of the library is to provide local residents with educational, cultural and recreational resources. Local history including Maori history is collected and stored for the use of future generations. Access to books, magazines, computer services and other resources is important to minimise economic, social and cultural barriers within the community.

Providing a library service is important to the social and cultural wellbeing of the community. The library provides access to information and learning opportunities and the resources support community education, literacy and recreation.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Services and facilities	Use of the internet and electronic media as key tools for information and delivering services.
	Work and learning opportunities	Provides resources for life-time learning, contributing to self-esteem and personal development.
	History and culture	Preservation and protection of historic books and information regarding the Opotiki District region

How did we do?

Measure	Target	Result	Level of Achievement
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Measure	Target	Result	Level of Achievement
• Membership is increased each year from 4,700	1%	Achieved	Membership increased 3.6% from 6632 to 6872.
• There is an increase in issues per head of population	2%	Not achieved	Issues reduced 5.6% to 63,946
• % of increase in access to and the uptake of technology (Baseline established Contact report June 2005)	2%	Not measured	Uptake of technology not measured

COST OF SERVICE AND FUNDING STATEMENT



Actual 2005/06 (\$000's)	<u>Library</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
Operational Expenditure				
153	Operating Costs including Overheads	172	168	
48	Depreciation	49	41	
201		221	209	
Funded By				
Rates Income				
179	- General Rates	197	184	
22	Fees & Charges	24	25	
201		221	209	
Capital Costs				
35	Capital Expenditure	35	32	
35		35	32	
Funded By				
Reserves and future surpluses				
35	- Depreciation	35	32	
35		35	32	
Reconciliation of Income to note 3				
22	Fees & Charges	24	25	
1	Vested assets	0	1	
23		24	26	

Activity 6: Property

What we do and why

It is Council's role to manage in a cost efficient manner, the property portfolio which comprise Council offices and buildings, community housing, commercial property, community buildings and other land. Council acquisition of land and buildings has been brought about more as a sequence of historic events rather than a planned compilation of a property portfolio. Over the next few years Council will assess its properties to make sure they meet the changing needs of the community.

How we contribute to community outcomes

Community Outcomes	How Activity Contributes
 Services and facilities meet our needs.	Council owns and maintains properties that provide services to the needs of the community.
 A strong and distinctive community spirit	Council properties support and encourage positive community activities.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> Expenditure for the property activity will be greater than 5% above budget with any variance justified. 	100%	Not achieved	Property expenditure within budget except for \$12,500 deferred maintenance charged to pensioner housing for outstanding building requisition.
<ul style="list-style-type: none"> Occupancy of Council buildings. (Levels of service influenced by pensioner housing review) 	85%	Achieved	89% occupancy of pensioner units. Other buildings fully occupied.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	Property	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
Operational Expenditure				
36	Operating Costs including Overheads	237	147	Pensioner units to non-current-assets for sale
5	Interest	8	4	
67	Depreciation	54	36	Depreciation on pensioner units
108		299	187	
Funded By				
Rates Income				
8	- General Rates	200	88	
100	Fees & Charges	99	99	
108		299	187	
Capital Costs				
125	Capital Expenditure	364	482	Purchase of saleyard property
6	Debt Repayment	78	6	
131		442	488	
Funded By				
Borrowing				
		215	0	
Asset Sales				
		64	36	
Reserves and future surpluses				
6	- Depreciation	163	97	
125	- Retained or future earnings		355	Purchase of saleyard property
131		442	488	




Activity 7: Solid Waste

What we do and why

A "Zero Waste Strategy" was adopted by Council in 1998, which has a focus on reuse, recycling and reducing residual waste. Resource Recovery Centres operate in Opotiki, Te Kaha and Waihau Bay, public space litter control covers the Central Business District and rural areas and a weekly urban recycling and residual waste collection operates in the Opotiki Township. In 2004 the Opotiki Landfill was closed, Council has a role to monitor the landfill until 2035.

Providing solid waste services is necessary for public health and future development. Council has numerous statutory responsibilities that relate to the management of solid waste. It is the Council's responsibility to manage solid waste in an environmentally sound and sanitary manner.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of the natural environment	Complete collection and disposal of solid waste ensures surrounding environment remains unchanged.
	Services and facilities meet our needs.	The schemes are effective and efficient to meet the needs of the users.
	Purposeful work and learning opportunities.	This activity has provided eight new full-time equivalent jobs within the community.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> The landfill is monitored to the requirements of Consent with no non compliances issued. 	100%	Achieved	100% - Landfill monitored to Consent requirements with no non-compliance notices issued.
<ul style="list-style-type: none"> The residual waste reduction targets that are a part of the 'Zero Waste Strategy' are met. (Baseline 1,800 tonnes collected) 	1500 tonne	Achieved	Residual waste target met – Actual 1190.08 tonnes.
<ul style="list-style-type: none"> Reduction on number of complaints recorded. (Baseline established June 2006) 	2 %	Not measured	Not recorded.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	<u>Solid Waste</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
Operational Expenditure				
889	Operating Costs including Overheads	864	902	
31	Interest	39	38	
18	Depreciation	19	21	
938		922	961	
Funded By				
Rates Income				
714	- Targeted Rates	760	786	
14	- General Rates		2	General rating to cover landfill costs
156	Fees & Charges	163	168	
54	Retained or future earnings		5	
938		923	961	
Capital Costs				
230	Capital Expenditure	160	22	Te Kaha RRC construction delayed
20	Contributions to Reserves	10	10	
140	Debt Repayment	9	129	
390		179	161	
Funded By				
Rates Income				
32	- Targeted Rates	40	20	
300	Borrowing	120	120	
Reserves and future surpluses				

18	- Depreciation	19	21
40	- Withdrawal from reserves	0	0
390		179	161

Reconciliation of Income to note 3			
746	Targeted Rates	800	806
156	Fees & Charges	163	168
902		963	974


Activity 8: Water

What we do and why

A reliable and safe reticulated water supply is provided to 5,760 of the district population in Te Kaha, Ohiwa, Opotiki, Hikutaia and Waiotahi Drifts. Planning for the future supply needs and monitoring water quality is part of the Council's role.

Council has a statutory responsibility to improve, promote and protect public health within the district thus is required to identify the need for water supply, and either provide the supply or maintain an overview of the supply if it is provided by others.

How we contribute to community outcomes?

Community Outcomes		How Activity Contributes
	Services and facilities meet our needs	Delivery of this activity provides safe, potable public water supplies accessible to all.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> % of time water available to consumers. (Baseline 99%) 	100%	Achieved	100% availability on all supplies.
<ul style="list-style-type: none"> Compliance with NZ water quality standards 	100%	Not achieved	Only achieved 75% as Te Kaha water scheme failed. Other schemes compliant.
Bacterial compliance	33%	Not achieved	Not achieved as water are schemes unable to provide protozoal compliance without ultra violet treatment.
Protozoal compliance.	85%	2007/08 measure	
<ul style="list-style-type: none"> Percentage of customers satisfied with the water supply service. 			Tri-annual Survey to be undertaken 2007/08.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	<u>Water Supplies</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
	Operational Expenditure			
276	Operating Costs including Overheads	262	281	
272	Interest	259	253	
285	Depreciation	255	253	
833		776	787	
	Funded By			
	Rates Income			
679	- Targeted Rates	626	555	

130	Fees & Charges	150	193	Contribution to Te Kaha scheme alterations
24	Retained or future earnings		39	
833		776	787	
Capital Costs				
112	Capital Expenditure	107	216	Unbudgeted capital work on Opotiki and Te Kaha water schemes
168	Contributions to Reserves	95	154	
895	Debt Repayment	785	785	
1,175		987	1,155	
Funded By				
Rates Income				
(22)	- Targeted Rates	36	120	
690	Borrowing	762	700	
Reserves and future surpluses				
285	- Depreciation	168	253	
222	- Withdrawal from reserves	21	82	
1,175		987	1,155	
Reconciliation of Income to note 3				
657	Targeted Rates	662	675	
130	Fees & Charges	150	193	
44	Vested assets	32	0	
831		844	868	





Activity 9: Sanitary

What we do and why

Council operates two schemes that receive, treat and discharge sewage effluent in a safe, healthy and environmentally sound manner. One sewage scheme serves the township of Opotiki and the Waiotahi Drifts while the other serves a small subdivision at Waihou Bay. All other dwellings in the district are serviced by septic tank systems.

Council has numerous statutory responsibilities that relate to the collection and disposal of wastewater. This service is provided to meet public health and environmental standards and to support future development in the district.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of natural resources	Complete collection and treatment of wastewater ensures surrounding environment remains unchanged.
	Services and facilities meet our needs	The schemes are effective and efficient to meet the needs of the users.
	A strong and distinctive community spirit	A feature of this activity is that it will go a long way to promote the district as "clean and green" with no pollution problems.
	History and culture are treasured	Effluent land treated which is consistent with Tangata Whenua cultural requirements.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> % of time the wastewater scheme operated to the requirements of resource consent conditions with no non compliance notices issued. 	100%	Achieved	Wastewater scheme operated 100% of time. Consent conditions were met with no non compliance notices issued.
<ul style="list-style-type: none"> % of time pan overflows are investigated cleared up and repaired within one day. 	100%	Achieved	100% No recorded pan overflow.

COST OF SERVICE AND FUNDING STATEMENT




Actual 2005/06 (\$000's)	<u>Sanitary Services</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
Operational Expenditure				
162	Operating Costs including Overheads	198	162	
48	Interest	48	47	
123	Depreciation	108	84	
333		354	293	
Funded By				
Rates Income				
332	- Targeted Rates	354	291	
1	Fees & Charges		2	
333		354	293	
Capital Costs				
32	Capital Expenditure	63	50	
111	Contributions to Reserves	26	110	Unused depreciation funded to reserves
143		89	160	
Funded By				
Rates Income				
20	- Targeted Rates	0	76	Targeted rates used to fund capital
Reserves and future surpluses				
123	- Depreciation	89	84	
143		89	160	
Reconciliation of Income to note 3				
352	Targeted Rates	354	367	
1	Fees & Charges	0	2	
63	Vested assets	38	0	
416		392	369	

Activity 10: Storm Water**What we do and why**

Council provides a stormwater drainage system in the Opotiki urban area and at the Waiotahi Drifts subdivision along with an efficient flood protection system for buildings, roads and properties in the Opotiki Township which assists in protecting the health and safety of the community. There are numerous statutory responsibilities that relate to the collection and disposal of stormwater.

Environment Bay of Plenty are responsible for the provision and operation of the Opotiki Township and environs flood protection.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of the environment	Complete collection and discharge of stormwater ensures surrounding environment remains unchanged.
	Services and facilities	The schemes are effective and efficient to meet the needs of the users.
	Development supports the community.	Ensuring a dry environment gives business and community confidence for growth.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> Capital development as set out in the annual plan is carried out on time, within budget and to NZ Standards. % of times inundation report are investigated and appropriate action taken that ensures a resolution within 7 days. Five pumping stations available for use during flood (with auxiliary and portable power) 	100%	Achieved	100% Brabant St Pump station installed on time to budget.
	100%	Achieved	100% All section inundation reports investigated and appropriate action undertaken with resolution within 7 days.
	5	Achieved	5 – All five pump stations available at all times.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	Stormwater	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
	Operational Expenditure			
60	Operating Costs including Overheads	52	48	
20	Depreciation	19	20	
80		71	68	
	Funded By			
	Rates Income			
80	- General Rates	71	68	
80		71	68	
	Capital Costs			
122	Capital Expenditure	45	15	
122		45	15	
	Funded By			
	Reserves and future surpluses			
20	- Depreciation	45	15	
102	- Retained or future earnings			
122		45	15	





Activity 11: Transport

What we do and why

On going management, maintenance and development of the district's transport networks which include: sealed and metalled roads, bridges and large culverts and pedestrian facilities, is provided by Council.

Public ownership of the transport network in the Opotiki District enables people and goods to move in an efficient and safe manner that avoids damage to the environment. The transport network contributes to the economic and social development of the district.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of natural environment	Construction and maintenance of roads undertaken to accepted specifications to protect the environment.
	Services and facilities meet our needs	The roading network is effective and efficient to meet the needs of the users.
	A strong and distinctive community spirit.	Without a good transport infrastructure community spirit would not grow due to lack of interaction.
	Development supports the community.	Providing good infrastructure will contribute to attracting new development and business confidence.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> Percentage of residents satisfied with the standard and safety of streets, roads and footpaths. 	80%	2007/08 measure	Tri-annual survey to be undertaken 2007/08.
<ul style="list-style-type: none"> No more than two notified accidents per year. 	<2	Achieved	Only one notified accident in 2006/07 year.
<ul style="list-style-type: none"> Road maintenance meets Land Transport NZ criteria. 	100%	Achieved	100% Road maintenance meets LTNZ criteria – Technical Audit August 14 2007.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	<u>Transport</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
	Operational Expenditure			
1,572	Operating Costs including Overheads	1,638	1,629	
924	Loss on assets transferred to Whakatane District	0	0	
48	Interest	43	43	
837	Depreciation	837	853	
3,381		2,518	2,525	
	Funded By			
	Rates Income			
2,128	- General Rates	1,231	1,254	
51	- Targeted Rates	45	41	
1,202	Grants & Subsidies	1,242	1,218	
	Fees & Charges		12	
3,381		2,518	2,525	

Capital Costs			
850	Capital Expenditure	882	821
72	Contributions to Reserves	93	104
94	Debt Repayment	526	526
1,016		1,501	1,451
Funded By			
Rates Income			
23	- General Rates	29	0
23	- Targeted Rates	30	30
39	Development contributions	63	74
56	Borrowing	453	455
Reserves and future surpluses			
837	- Depreciation	861	815
38	- Withdrawal from reserves	65	77
1,016		1,501	1,451
Reconciliation of Income to note 3			
74	Targeted Rates	75	71
1,202	Grants & Subsidies	1,242	1,218
0	Fees & Charges	0	12
39	Development contributions	63	74
707	Vested assets	390	0
2,022		1,770	1,375

Group - Environment

What we do

The Environment group:

- Manages district growth while providing for development and direction
- Implements the Resource Management Act 1991 by managing change in a sustainable way through the administration of the District Plan.
- Prepares, informs and monitors the District Plan
- Processes resource and building consents
- Inspects and licences liquor and food premises
- Controls animals and noise
- Regulates hazardous substances
- Prepares the community for emergencies

Why we do it

Council is required by law to regulate a number of activities in the district and maintaining environmental quality is important to the community.

Effects on community wellbeing

All activities within the Environment group have had a positive effect on the social, economic, environmental and cultural wellbeing of the community, including:

- Maintaining local emergency management response capability, including the preparation of a pandemic plan,
- Providing animal control services,
- Processing building and resource consent applications, including applying to become a Building Control Authority.

There has been no material change to the potential negative impacts of activities undertaken by Council as identified in the LTCCP 2006/16.




Activity 12: Emergency Management

What we do and why

The Council develops and actions management plans so that the community is prepared for emergencies. Council has plans in place for dealing with Civil Defence emergencies and preventing rural fires. It is Council's role to coordinate responses to civil defence and rural fire emergencies.

Council has statutory responsibility to plan and provide for local Civil Defence emergency management and to undertake rural fire prevention and control in the area.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of natural resources	The activities ensure surrounding environments remain unchanged.
	Services and facilities meet our needs	The activities are effective and efficient to meet the needs of the users.
	A strong and distinctive community spirit	Community safety builds strong and distinctive community spirit.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> A current rural fire plan and civil defence plan in operation. 	100%	Achieved	A current rural fire plan & Civil Defence plan are in operation.
<ul style="list-style-type: none"> Percentage of residents aware of civil defence procedures. 	60%	2007/08 measure	Tri-annual survey to be undertaken 2007/08.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	<u>Emergency Management</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
	Operational Expenditure			
95	Operating Costs including Overheads	137	139	
4	Depreciation	0	3	
99		137	142	
	Funded By			
	Rates Income			
95	- General Rates	131	112	
4	Fees & Charges	6	30	
99		137	142	




Activity 13: Animal Control

What we do and why

Council's role in animal control is to; register dogs, care for and impound roaming animals, deal with complaints from the public that relate to animals, promote community education on dog care and safety, reduce the number of dogs in the district and enforce dog control legislation and by laws. By July 2006 a micro chipping system will be established in the Opotiki District.

Animal control assists in public health and safety and ensures the welfare of animals is protected. There is a legal requirement for Council to be involved in animal control.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of natural resources	Wildlife is protected from roaming dogs
	Services and facilities meet our needs	A safer and cleaner community will result from efficient and effective dog control.
	A strong and distinctive community spirit.	Provision and fulfilment of this service contributes to a sense of community pride.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> % of reduction on the number of identified unregistered dogs in the district. (Baseline established June 2006) 	5%	Not measured	The number of identified unregistered dogs in district not recorded.
<ul style="list-style-type: none"> % of animal complaints that are responded to within two hours and resolved within one day. (Baseline – Contact Centre reports) 	90%	Not achieved	80.9% of animal complaints were responded to within two hours and 92.0% were resolved within one day.
<ul style="list-style-type: none"> % of residents satisfied with animal control. (Baseline 41% Community Survey 2005) 	50%	2007/08 measure	Survey to be undertaken 2007/08.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	<u>Animal Control</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
	Operational Expenditure			
136	Operating Costs including Overheads	151	143	
136		151	143	
	Funded By			
	Rates Income			
98	- General Rates	104	99	
38	Fees & Charges	47	44	
136		151	143	





Activity 14: Regulatory

What we do and why

Council provides an administrative, processing, monitoring and decision making role in relation to resource management, building consents and inspections, public health protection, the regulation of hazardous substances, noise control and liquor. It is the Council's role to educate and assist the community in the Acts statutory requirements and processes.

Regulatory activities are necessary for maintaining community safety and the social, environmental, economic and cultural well being of the Otago District. There is a legal requirement for Council to be involved in regulatory services.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of natural resources	By managing the physical and natural environment in such a way that maintenance and enhancement of the environment is sustainably achieved.
	Services and facilities meet our needs	By responding to customer enquiries, processing applications and providing advice in a timely and efficient manner.
	Development supports the community	Sustainable growth contributes to the economic, social, environmental and cultural well-being of the community.
	History and culture are treasured.	Sites of historic and cultural significance are identified and protected for the well-being of future generations.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> % of time consents are issued within statutory timeframes 	80%	Achieved	Resource Consents 96% Building Consent 95%
<ul style="list-style-type: none"> Percentage increase of users satisfied with regulatory services (New measure via feedback form) 	2%	2007/08 measure	Tri-annual survey to be undertaken 2007/08.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	Regulatory	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
	Operational Expenditure			
195	Operating Costs including Overheads	245	241	
195		245	241	
	Funded By			
	Rates Income			
36	- General Rates	102	24	
159	Fees & Charges	143	217	
195		245	241	






Activity 15: Environmental and development management

What we do and why

The goal of the environmental and development management is to manage future growth and land use activities so that they provide a high quality environment for present and future generations. To achieve this goal Council develops appropriate land use controls for the district, fosters good working relationships with Tangata Whenua and other organisations and prepares monitors and reviews Council policies.

This activity is vital to the achievement of a sustainable environment. The Council has a statutory responsibility to be involved in this activity under the Resource Management Act 1991.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Development and protection of natural resources	By the formulation of plans, policies, objectives, rules and standards to promote the sustainable management of the communities natural and physical resources.
	Services and facilities meet our needs	By identifying through growth management strategies and the district plan process the community's infrastructure, recreation, residential, commercial, industrial and tourism requirements.
	A strong and distinctive community spirit	Effective and strategic consultation will lead to a stronger sense of community pride and well-being.
	Development supports the community	Sustainable and managed development will ensure the community's social, economic and cultural well being is protected.
	History and culture are treasured.	Protection of the districts historical and cultural well-being is an integral part of the RMA and district Plan process.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> Maximum number of non-complying activities identified. 	2	Achieved	No non-complying activities have been identified.
<ul style="list-style-type: none"> How much of the growth policy developed. 	10%	Achieved	An assessed 50% of growth policy has been developed to 30 June 2007.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	Environmental & Development Management		Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
	Operational Expenditure				
302	Operating Costs including Overheads		348	337	
302			348	337	
	Funded By				
	Rates Income				
225	- General Rates		258	280	
77	Fees & Charges		90	57	
302			348	337	

Group – Economic Development

What we do

Council contributes to economic development by:

- Providing infrastructure
- District planning
- Promoting the district to encourage visitors and residents
- Involvement in specific projects such as the harbour development.
- Council will employ a full time events officer.

Why we do it

Council provides these services to create a sustainable economic future for the district.

Effects on community wellbeing

All activities within the Economic Development group have had a positive effect on the social, economic, environmental and cultural wellbeing of the community, including:

- Increasing the number of visitors to the Visitor Information Centre,
- Increasing the number of district events and visitor activities,
- Advancing the harbour access project.

There has been no material change to the potential negative impacts of activities undertaken by Council as identified in the LTCCP 2006/16.




Activity 16 - Tourism and Promotion

What we do and why we do it

Council provides a Visitor Information Centre, works to promote district events and is involved as a partner in Tourism Eastland.

Council's role in Tourism and Promotion is to increase the number of visitors to the district. Achieving this goal will increase the economic well being of the community and support the Strategic Plan of the Council's Tourism and Promotions committee.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Environment	Tourist attractions are enhanced or developed while protecting natural and cultural values.
	Development	Investment appropriate to the district is encouraged.
	History and culture	Appreciation of local history and culture is encouraged.

How did we do?

Measure	Target	Results	Level of Achievement
<ul style="list-style-type: none"> • Increased visitors to the Information Centre (Baseline 11,000 VIN reports) 	5%	Achieved	8% increase from baseline and 1.2% increase from 11736 to 11883 for year.
<ul style="list-style-type: none"> • % increase pa in guests nights (Baseline Tourism NZ Stats) 	2%	Not measured.	Tourism NZ statistics do not provide detail for Opotiki District.

COST OF SERVICE AND FUNDING STATEMENT

Actual 2005/06 (\$000's)	<u>Tourism & Promotion</u>	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
Operational Expenditure				
167	Operating Costs including Overheads	193	222	Fun unplugged festival not budgeted
167		193	222	
Funded By				
Rates Income				
122	- General Rates	153	123	
41	- Targeted Rates	34	34	
0	Grants & Subsidies	0	63	Fun unplugged festival not budgeted
4	Fees & Charges	6	2	
167		193	222	

Reconciliation of Income to note 3			
41	Targeted Rates	34	34
0	Grants & Subsidies	0	63
4	Fees & Charges	6	2
45		40	99

Activity 17 - Opotiki Harbour Development




What we do and why

Council's role in relation to the Opotiki Harbour Development is planning and leading the project. Whether Council ends up being the owner/manager of the groynes has yet to be determined. Related projects include the Growth Management Strategy within the Environment Group activity.

The purpose of the activity is to create a reliable entrance to the Opotiki Harbour in order to:

- Increase the overall social, economic and cultural wellbeing of the Opotiki community and the Eastern Bay of Plenty.
- Enhance recreation opportunities and public access to the coast.
- Capitalise on opportunities arising from the proposed offshore Opotiki mussel farm.
- Mitigate flooding on the Opotiki town and surrounding area.
- Achieve a long held community aspiration and a high priority Community Outcome.

How we contribute to community outcomes

Community Outcomes		How Activity Contributes
	Environment	Access to the expansive Opotiki coast is enhanced while addressing actual or potential environmental effects.
	Services and Facilities	A public facility is created which provides for a range of high priority community needs.
	Purposeful Work and Learning	With the proposed mussel farm creating the harbour entrance will provide a large range of purposeful work and learning opportunities.

How did we do?

Measure	Target	Results	Level of Achievement
• Groynes constructed by 2001/12	2011/12	2011/12 measure	Not measured this year.
• Major investment decisions made by Eastern Seafoods Ltd by 2009.	2007/09	2008/09 measure	Not measured this year.

COST OF SERVICE AND FUNDING STATEMENT

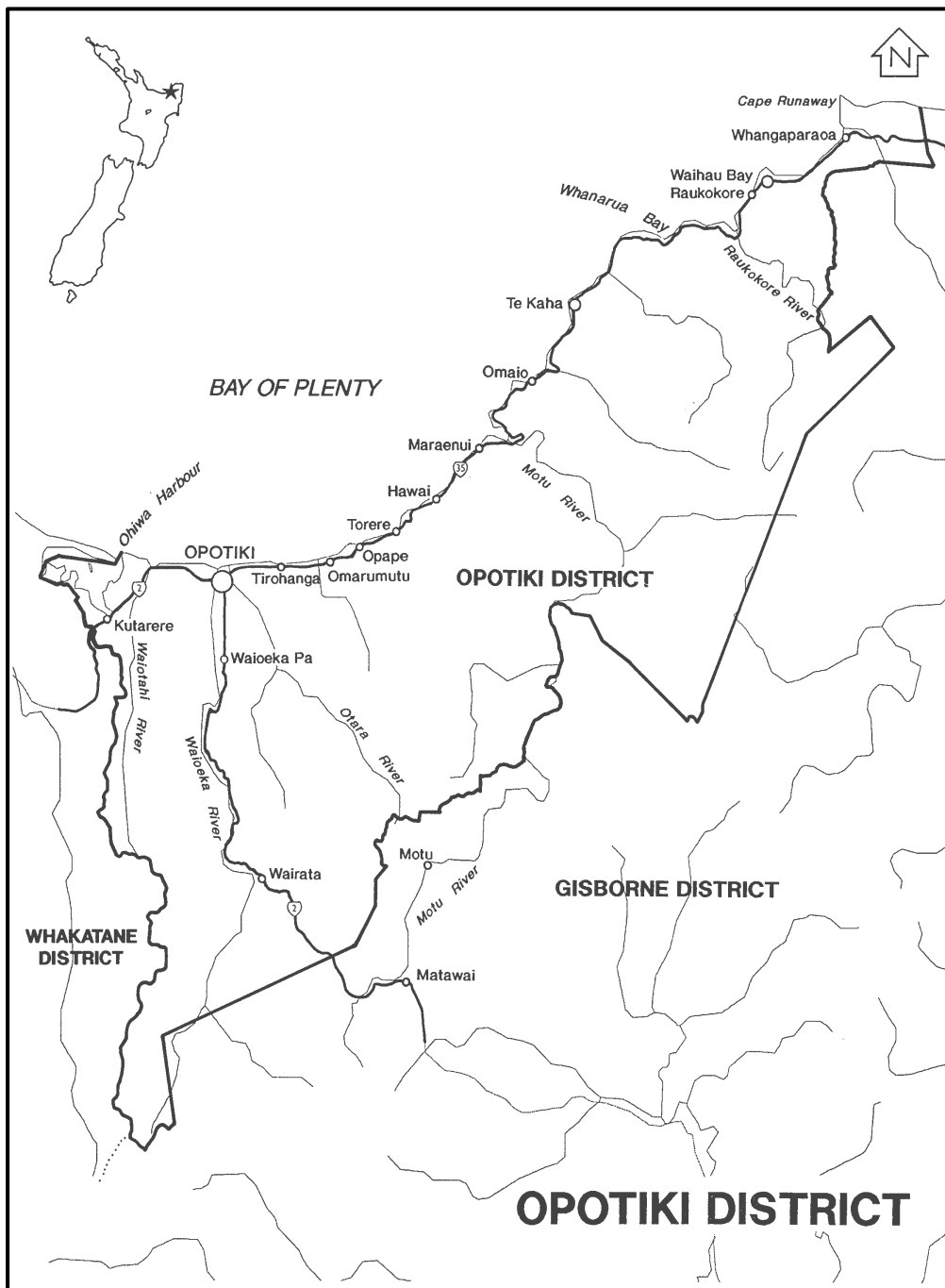
Actual 2005/06 (\$000's)	Harbour Development	Budget 2006/07 (\$000's)	Actual 2006/07 (\$000's)	Key Variances
	Operational Expenditure			
48	Operating Costs including Overheads	446	273	Progress slower than anticipated
48		446	273	
	Funded By			
	Rates Income			
48	- General Rates	121	163	
0	Grants & Subsidies	325	110	Progress slower than anticipated

48

446

273

MAP OF THE DISTRICT



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