



Opotiki District Council

***2007 / 2008
Annual Report***

ISSN 1173-1842

DIRECTORY

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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 (Retired April 2008)
Jim Finlay (Commenced March 2008)
Engineering & Services Manager

Donna Adlam
Corporate Services Manager

Robert Schlotjes
Environment & Planning Manager

John Rollo
Finance Manager

YOUR REPRESENTATIVES

(from October 2007)

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

Opotiki Ward:

Alex Dobie 315 8009
Robbie Petersen 315 6580
Barry Howe 315 6003

Coast Ward:

Haki McRoberts 325 2833

Waiohiki/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

- Surplus of \$1,405,000 compared to Budget of \$666,000 includes profit on sale of pensioner housing units of \$82,000 and revaluation of investment assets of \$189,000.
- Asset value increase through revaluations of
 - Land and Buildings \$6,160,000
 - Infrastructural Assets \$21,141,000
- Capital works achievements
 - 1.9 Km of Paerata Road and 0.5 Km of Maraenui Pa Road sealed.
 - 0.3 Km of Wellington Street reconstructed.
 - Bay Trust Pavilion at Waioeka Domain completed.
 - Te Kaha Resource Recovery Centre completed.
- Public Debt reduced from \$4,663,000 to \$3,140,000.
- Triennial election held & community representatives on Council Standing Committees reviewed.
- Independent review of district Library services.
- Improvement in levels of service in key areas of community concern: public litter and dog control.
- High percentage of building and resource consents processed within statutory timeframes (89% to 99%).
- Increase in Information Centre visitors by 28%.

FROM THE MAYOR

Tena koe,

Opotiki District Council has maintained steady progress over the 2007 - 08 reporting period.

The local body elections held in October saw me enter my third term as Mayor and the appointment of new Councillor, Barry Howe, who is a long standing member of the Opotiki business community. We also saw the re-election of five standing councillors and this has enabled a reasonably seamless transition for Council from one triennium to the next. As a result our Council has been able to continue its steady progress on many levels.

I wish to thank Councillor Adrian Gault who retired at the election after having made a significant contribution to Council and community affairs. I also thank council staff for the enormous effort they put in throughout the year and councillors for their continuing commitment and support.

The year saw the completion of two new facilities. The \$180,000 Te Kaha Recycling Centre was opened in December and has already processed around 1,400 cubic metres of residual and recyclable waste.

The Waioeka Domain Pavillion was opened in October 2007. The construction of this attractive purpose built facility is a joint venture between the Opotiki Soccer Club, Bay Trust and Council. It now provides much needed toilet and changing, meeting and catering facilities for the 300 or so people who use the domain on a regular basis during the winter as well as providing a pleasant venue for private functions.

Significant progress on the development of the Opotiki Harbour entrance has been made with Council hosting two delegations from Oriental Ocean Limited, a large company which is based in Yantai, China, and making a return visit to learn about the Chinese Aquaculture industry. On this occasion and at the request of Trade and Enterprise New Zealand, Opotiki was privileged to be represented at the prestigious signing of the Chinese Free Trade Agreement which has ensured we are seen on an international and national stage. More importantly though, we signed a memorandum of understanding with Oriental Ocean Limited that has given us the opportunity to enter into joint ventures in both the development of the harbour and the development of the aquaculture industry in the Eastern Bay of Plenty.

Overall 2007 -08 has been a year where building and strengthening of key relationships has played a pivotal part in our progress. The Council has moved into a new realm of business and we will need to continue learning and adapting if we are to achieve what we have set out to do.

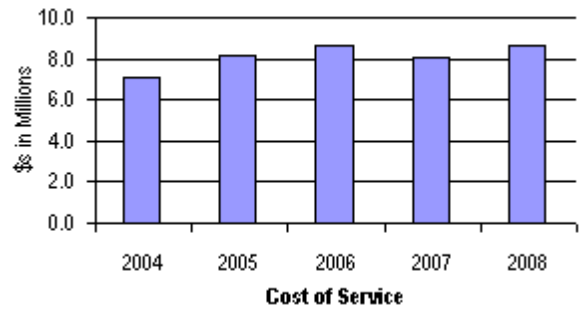
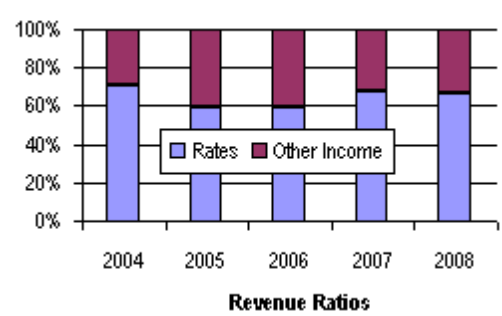
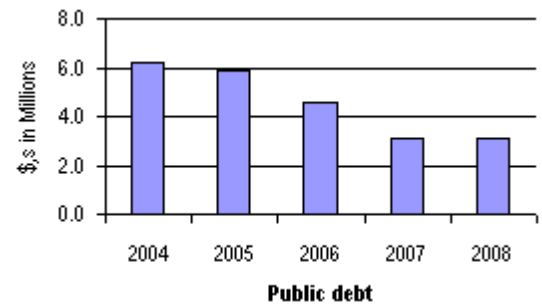
We are in a good position to make the most of the 2008 -09 financial year.

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

John Forbes
Mayor of Opotiki

5 YEAR FINANCIAL SUMMARY

FIVE YEAR FINANCIAL SUMMARY					
	<i>For the year to 30 June:</i>				
	2004	2005	2006	2007	2008
	\$000	\$000	\$000	\$000	\$000
Income Statement					
Rates (including penalties)	5,329	5,449	6,052	6,369	6,627
Other income	2,244	3,726	4,210	3,075	3,373
	7,573	9,175	10,262	9,444	10,000
Cost of services	7,074	8,162	8,624	8,074	8,595
Net surplus/(deficit)	499	1,013	1,638	1,370	1,405
Discontinuing operations and period adjustments		5,341			
Net surplus/(deficit) after adjustments	499	6,354	1,638	1,370	1,405
Financial Position					
Current assets	3,388	4,283	2,968	4,443	3,696
Current liabilities	2,478	3,123	2,501	4,076	2,745
Working capital	910	1,160	467	367	951
Non current assets	116,785	126,453	140,962	140,907	169,023
	117,695	127,613	141,429	141,274	169,974
Financed by:					
Ratepayers equity	95,660	101,874	121,860	122,774	124,262
Reserves	15,627	19,674	14,750	15,206	42,469
Public debt	6,218	5,868	4,603	3,140	3,140
Term liabilities	190	197	216	154	103
	117,695	127,613	141,429	141,274	169,974



REPORT OF THE AUDITOR GENERAL

AUDIT NEW ZEALAND
Mana Aotake Aotearoa

AUDIT REPORT
TO THE READERS OF
OPOTIKI DISTRICT COUNCIL'S
FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION
FOR THE YEAR ENDED 30 JUNE 2008

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 2008, including the financial statements.

Unqualified Opinion

In our opinion:

- The financial statements of the District Council on pages 16 to 75:
 - comply with generally accepted accounting practice in New Zealand; and
 - - fairly reflect:
 - the District Council's financial position as at 30 June 2008; 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 53 to 75 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 16 December 2008, 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. The financial statements must fairly reflect the financial position of the District Council as at 30 June 2008. 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 and in conducting the audit of Long Term Council Community Plan, 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



The annual report highlights show the 2007/08 year has been a successful year for Council. In addition to strong financial and operational performance good progress has been made in implementing the strategic projects listed in the Ten Year Plan. Of particular note is:

- Preparation of the resource consent application for the Harbour development
- Partnering with Whakatohea Maori Trust Board and Eastern Seafarms Limited to advance aquaculture opportunities
- Completing the Bay Trust Pavilion, thereby supporting local sports and events.
- Opening the Te Kaha Resource Recovery Centre, thereby improving the environmental quality of the district.
- The 2008 Triennial was also held and the community representatives on Council committees reviewed.

Council continues to look for efficiencies and to this end a 9% saving on discretionary operational budgets was achieved. In addition Council continues to progress various shared services with other local authorities, particularly in the Bay of Plenty.

Lastly, I wish to thank His Worship the Mayor, councillors and staff for their continued support to help achieve our vision of a strong community.

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 tautoko arahitanga me te whakaaro.

Leadership

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

Mahorahora me nga Herenga

Ka whakahaeretia a matou mahi i roto i te 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, storm water, 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, storm water, waste management
- Increasing the quality of parks and recreation facilities
- Advocacy with and on behalf of Opotiki communities to central government

3

Strong Community Spirit

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:

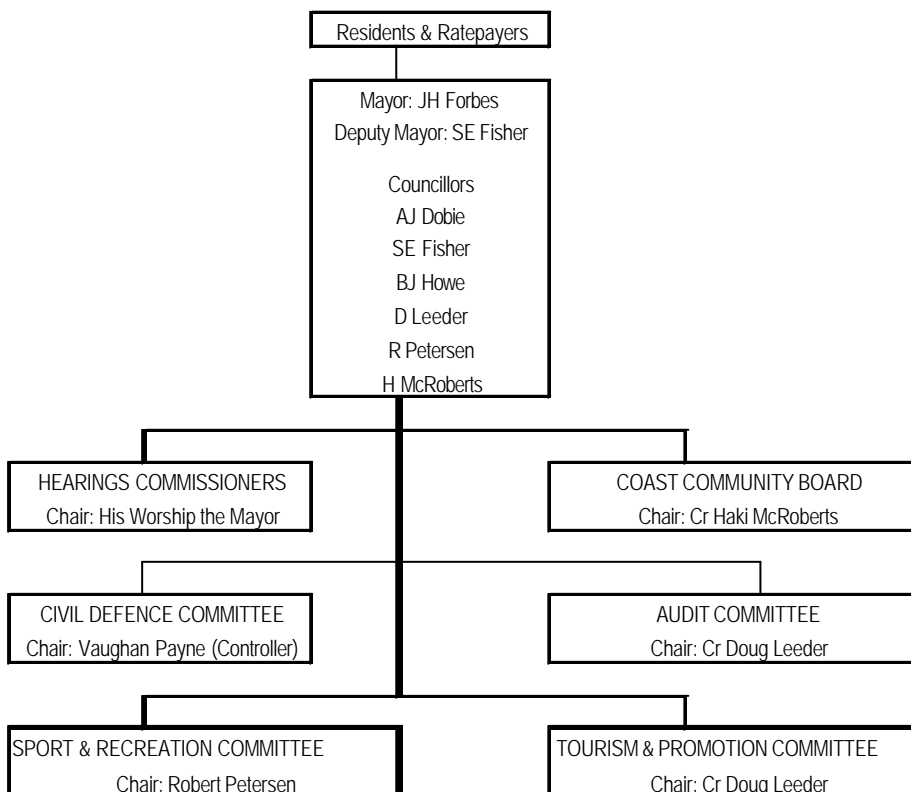
- things the local authority is prohibited from doing by law (examples from the Act include charging a membership fee for a library, or selling water and sewage disposal assets to the private sector)
- things the local authority must do by law (eg. Local authorities must prepare a district plan or regional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

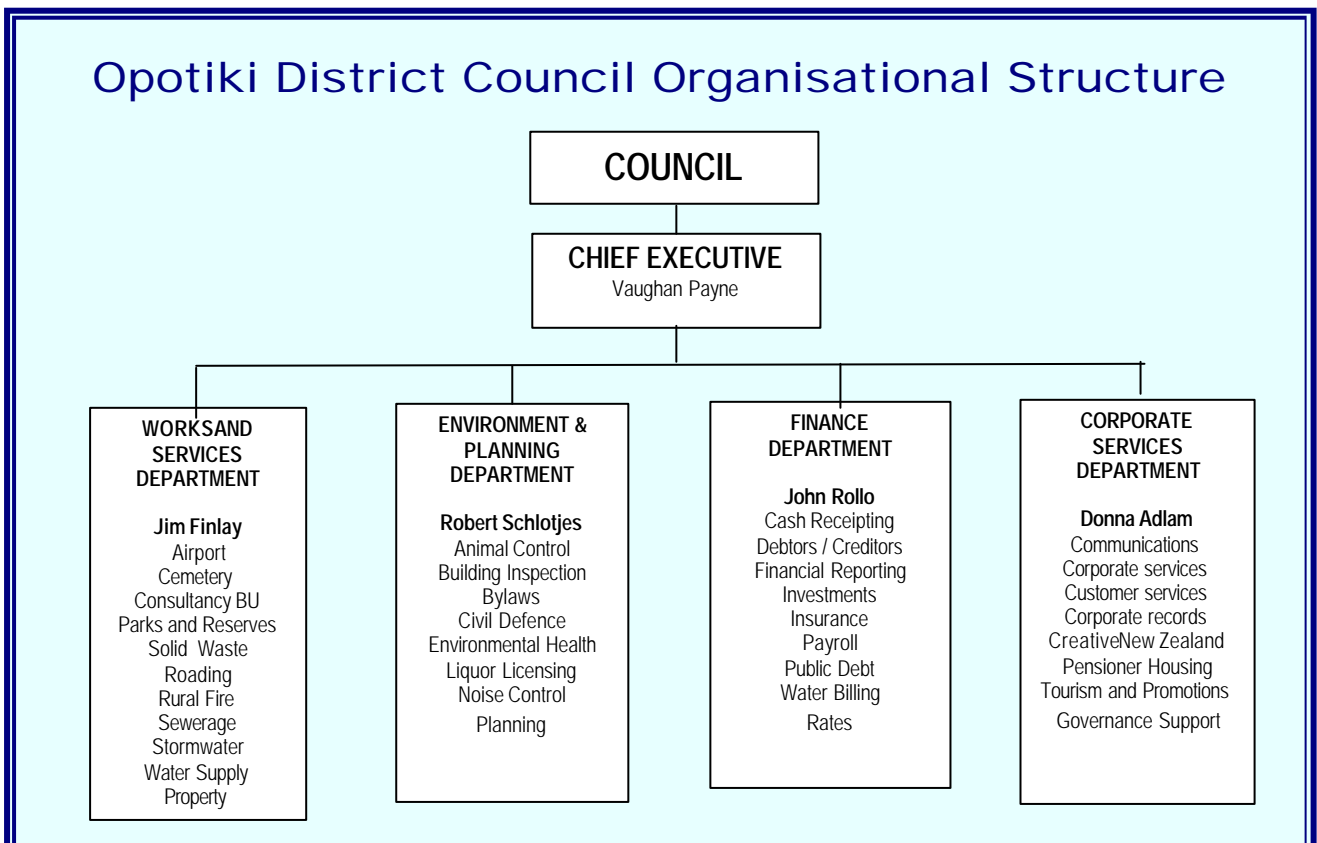
Council is required to separate its regulatory responsibilities from other activities as far as is practical, and this should be reinforced by the management structure. We believe this is achieved with the current structure in a cost effective manner i.e. use of hearings commissioners and separation 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 Dobie, 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 Robert Petersen) Committee make recommendations to Council on sporting and recreational issues including facilities.
- **Tourism and Promotion Committee** (meets 6 weekly – Chair Cr Doug Leeder) 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 2008

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 Report was 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 2008, 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.....16</p> <p>Statement of Financial Position.....17</p> <p>Statement of Changes in Equity.....18</p> <p>Statement of Cash Flows.....19</p> <p>Statement of Accounting Policies.....20</p> <p>Notes to Financial Statements.....20</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 : <ul style="list-style-type: none"> • repay debt; or • re-invest to maintain or expand operating capacity It also provides useful information about the cash flows generated from Council's investing and financing activities, both debt and equity.</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 2008

	Note	Actual 2008 \$000	Budget 2008 \$000	Actual 2007 \$000
Income				
Rates revenue	3	6,627	6,473	6,369
Financial Income	4	182	0	157
Other revenue	5	2,918	2,781	2,834
Other gains	6	273	0	84
Total Income		10,000	9,254	9,444
Expenditure				
Personnel costs	7	2,524	2,117	2,303
Depreciation and amortisation	13, 14	1,540	1,573	1,533
Other expenses	8	4,269	4,565	3,911
Finance costs	4	262	333	327
Total operating expenditure		8,595	8,588	8,074
Operating surplus / (deficit)		1,405	666	1,370

Explanations of significant variances against budget are detailed in note 31

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION

As at 30 June 2008

	Note	Actual 2008 \$000	Budget 2008 \$000	Actual 2007 \$000
Assets				
Current assets				
Cash and cash equivalents	9	1,988	1,531	2,262
Debtors and other receivables	10	1,708	1,800	1,563
Other financial assets	11	0	0	0
Non-current assets held for sale	12	0	0	618
Total current assets		3,696	3,331	4,443
Non-current assets				
Property, plant and equipment	13	167,431	140,187	140,125
Intangible assets	14	29	2	28
Investment property	15	1,273	517	751
Investment in associate	16	0	0	0
Other financial assets	11	290	40	3
Total non-current assets		169,023	140,746	140,907
Total Assets		172,719	144,077	145,350
Liabilities				
Current liabilities				
Creditors and other payables	17	2,466	1,750	2,304
Provisions	18	6	6	6
Employee entitlements	19	273	520	243
Borrowings	20	0	201	1,523
Total current liabilities		2,745	2,477	4,076
Non-current liabilities				
Provisions	18	48	77	49
Employee entitlements	19	55	102	105
Borrowings	20	3,140	4,431	3,140
Total non-current liabilities		3,243	4,610	3,294
Total liabilities		5,988	7,087	7,370
Equity				
Retained earnings	21	124,262	122,433	122,774
Other reserves	21	42,469	14,557	15,206
Total Equity		166,731	136,990	137,980

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2008

	Note	Actual 2008 \$000	Budget 2008 \$000	Actual 2007 \$000
Balance at 1 July		137,980	136,324	136,610
<i>Property, plant and equipment</i>				
Revaluation gains / (losses) taken to equity	21	27,346	0	0
Surplus / (deficit) for the year		1,405	666	1,370
Total recognised revenue and expenditure for the year		28,751	666	1,370
Equity at end of the year		166,731	136,990	137,980

JH Forbes
Mayor

Date:

V Payne
Chief Executive

Date:

The accompanying notes form part of these financial statements

STATEMENT OF CASHFLOWS

For the Year Ended 30 June 2008

	Note	Actual 2008 \$000	Budget 2008 \$000	Actual 2007 \$000
Cash flows from operating activities				
Receipts from rates revenue		6,575	6,412	6,309
Interest received		182	95	205
Receipts from other revenue		3,575	2,766	2,650
Payments to suppliers and employees		(6,699)	(6,744)	(6,330)
Interest paid		(262)	(340)	(323)
Goods and services tax (net)		(22)	0	6
Regional Council rates		30	0	126
Net cash from operating activities	22	3,379	2,189	2,643
Cash flows from investing activities				
Receipts from sale of property, plant and equipment		62	17	36
Purchase of intangible assets		(30)	0	0
Purchase of property, plant and equipment		(1,875)	(1,810)	(1,987)
Acquisition of investments		(287)	(67)	0
Net cash from investing activities		(2,130)	(1,860)	(1,951)
Cash flows from financing activities				
Proceeds from borrowings		0	1,254	1,275
Repayment of borrowings		(1,513)	(1,462)	(1,306)
Repayment of finance lease liabilities		(10)	(10)	(11)
Net cash from financing activities		(1,523)	(218)	(42)
Net increase / (decrease) in cash, cash equivalents and bank overdrafts		(274)	111	650
Cash, cash equivalents and bank overdrafts at the beginning of the year		2,262	1,420	1,612
Cash, cash equivalents and bank overdrafts at the end of the year	9	1,988	1,531	2,262

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST (net) component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes.

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 2008

REPORTING ENTITY

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

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 2008. The financial statements were authorised for issue by Council on 16 December, 2008.

BASIS OF PREPARATION

Statement of compliance

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.

Measurement base

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

Functional and presentation currency

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.

Changes in accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Standards, amendments and interpretation issued that are not yet effective and have not yet been early adopted

Standards, amendments and interpretations issued that are not yet effective that have not been early adopted, and which are relevant to the ODC include:

NZ IAS 1 Presentation of Financial Statements (revised 2007) replaces NZ IAS 1 Presentation of Financial Statements (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives the ODC the option of presenting items of income and expense and components of other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income). The ODC intends to adopt this standard for the year ending 30 June 2010, and is yet to decide whether it will prepare a single statement of comprehensive income or a separate income statement followed by a statement of comprehensive income.

NZ IAS 23 Borrowing Costs (revised 2007) replaces NZ IAS Borrowing Costs (issued 2004) and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow on effects to depreciation expense. The ODC intends to adopt this standard for the year ending 30 June 2010 and has not yet quantified the potential impact of the new standard.

SIGNIFICANT ACCOUNTING POLICIES

Associates

ODC has a 50% control of the Eastern Bay of Plenty Mayor 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.

Rates collected on behalf of Bay of Plenty Regional Council (EBOP) are not recognized in the financial statements as ODC is acting as agent for EBOP.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Government Grants

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.

Provision of service

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.

Vested assets

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

Sale of goods

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

Interest and dividends

Interest income is recognised using the effective interest method.
Dividends are recognised when the right to receive payment has been established.

Development contributions

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

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.

Income Tax

ODC is exempt under Section CW37 of the Income Tax Act 2007 which specifically exempts local authorities from income tax unless derived from a CCO or port related commercial activities.

Leases

Finance leases

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

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

The finance charge is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Debtors and other receivables

Debtors 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

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.

ODC classifies its financial assets into the following categories: 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.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of financial performance.

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

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are in non-current assets. ODC's loans and receivables comprise cash and cash equivalents, debtors and other receivables, term deposits and loan advance.

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

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

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that ODC has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than twelve months after the balance date, which are included in non-current assets.

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

For year ending 30 June 2008 ODC has no held to maturity investments.

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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date. ODC's financial assets at fair value through equity comprise investment in quoted shares. ODC includes in this category:

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

- Shareholdings that ODC holds for strategic purposes.

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, with gains and losses recognised directly in equity except for impairment losses, which are recognised in the statement of financial performance.

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

Fair value

The fair value of financial instruments traded in an active market 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 on an active market is determined using valuation techniques. ODC uses a variety of methods and makes assumptions that are based on the current 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 discounted expected cash flows, are used to determine fair value for the remaining financial instruments.

For year ending 30 June 2008 ODC hold no Fair value investments.

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.

Loans and other receivables

Impairment of a loan or a receivable is established when there is objective evidence that ODC will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the assets carrying amount and the present value of estimated cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial performance. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority stock, government stock, and related party and community loans is established when there is objective evidence that the ODC will not be able to collect the amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payment are considered indicators that the instrument is impaired. Impairment losses are

Quoted and unquoted equity investments

For equity investments classified as fair value through equity, a significant or prolonged decline in fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists for investments at fair value through equity, the cumulative loss (measures as the difference between the acquisition cost and the current fair value, less any impairment on that financial asset previously recognised in the statement of financial performance) is removed from equity and recognised in the statement of financial performance. Impairment losses recognised in the statement of financial performance on equity investments are not reversed through 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. Sale was completed on 20 July 2007.

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.

Revaluation

Land, buildings (operational and restricted), library books, and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure their carry amount does not differ materially from fair value and at least every three years. All other asset classes are carried at depreciated historical cost. ODC assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off cycle asset classes are revalued.

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

The result 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 value of the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

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.

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.

Intangible assets

Software acquisition and development

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

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

Staff training costs are recognised as an expense when incurred.

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

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%)

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicator of impairment at each balance date. When there is an indicator of impairment the assets recoverable amount is estimated.

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 and cash generating units 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.

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

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

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

Borrowings are classified as current liabilities unless ODC has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Employee entitlements*Short-term employee entitlements*

Employee benefits 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 employee entitlements

Entitlements that are payable beyond 12 months, such as retiring gratuities, have been calculated on an actuarial basis. The calculations are based on:

likely future entitlements accruing to staff, based on years of service, years to entitlement, the

likelihood that staff will reach the point of entitlement and contractual entitlements information; and the present value of the estimated future cash flows.

The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

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 recognized as a liability when the obligation for post-closure arises.

Equity

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

The components of equity are:

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

Restricted reserves

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

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

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

ODC's objectives, policies and processes for managing capital are described in note 30.

Good and Service Tax (GST)

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

Budget figures

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

Cost allocation

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

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

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

Critical accounting estimates and assumptions

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

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 storm water, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modeling 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 modeling 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.

Note 2: Summary cost of service			
	Actual	Budget	Actual
	2008	2008	2007
	\$000	\$000	\$000
Income			
Representation	50	12	0
Tangata Whenua relationships	0	0	0
Community sponsorship	0	0	6
Parks & recreation	401	348	507
Library	26	25	26
Property	114	59	99
Solid waste	1004	964	974
Water supplies	819	808	868
Sanitary services	380	367	369
Storm water	86	0	0
Transport services	1318	1,365	1375
Emergency management	20	6	30
Animal control	57	49	44
Regulatory	199	165	217
Environmental management	57	93	57
Tourism & promotion	160	40	99
Harbour development	163	335	110
Total activity income	4,854	4,636	4,781
Other income	627	197	332
Less internal income	(132)	(92)	(83)
General rates and penalties	4,651	4,513	4,414
Total income	10,000	9,254	9,444
Expenditure			
Representation	847	844	730
Tangata Whenua relationships	13	16	13
Community sponsorship	264	259	253
Parks & recreation	874	838	773
Library	197	217	209
Property	223	212	187
Solid waste	1,054	964	961
Water supplies	848	794	787
Sanitary services	331	367	293
Storm water	78	75	68
Transport services	2,367	2,453	2,525
Emergency management	146	141	142
Animal control	172	158	143
Regulatory	307	335	241
Environmental management	314	318	337
Tourism & promotion	312	229	222
Harbour development	380	460	273
Total activity expenditure	8,727	8,680	8,157
Less internal expenditure	(132)	(92)	(83)
Total expenditure	8,595	8,588	8,074

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities (refer to note 3). 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, revaluation of investment property, business unit profit and interest.

Note 3: Rates revenue			
		Actual	Actual
		2008	2007
		\$000	\$000
General rate		4,606	4,372
Targeted rates attributable to activities			
Water		678	675
Sewerage		379	368
Public Space Litter Collection		106	101
Resource Recovery Facilities		569	583
Urban Refuse Collection		126	122
Information Centre		32	35
Roading (Town Centre)		86	71
Rate penalties		45	42
Total revenue from rates		6,627	6,369

Rate Remissions

Rates revenue is shown net of rates remissions. ODC's rate remission policy allows ODC to remit rate on: Community, sporting and other organisations.

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

Uniform charges on rating units owned by the same ratepayer.

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

Penalties

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

Economic Development

To promote employment and economic development within the district by assessing new businesses Council will

consider, on a case by case basis, a remission on commercial and industrial developments.

Land used for natural, historic, cultural and conservation purposes

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

Extreme financial hardship

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

Rating units affected by calamity

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

Maori land general remission

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

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

Maori land economic adjustment remission

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

	Actual 2008 \$000	Actual 2007 \$000
Total rates revenue	6,715	6,453
Rates remissions		
Community, sporting and other organisations	7	6
Uniform charges on rating units owned by same ratepayer	0	0
Penalties	32	43
Economic development	10	0
Land used for natural, historic or cultural and conservation purposes	0	0
Extreme Financial hardship	0	2
Rating units affected by calamity	0	1
Maori Freehold Land		
- General	18	11
- Economic	21	21
Total remissions	88	84
Rates revenue net of remissions	6,627	6,369

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.

Note 4: Finance income and finance costs

	Actual 2008 \$000	Actual 2007 \$000
Finance income		
- term deposits	171	157
- loan advance	11	0
Total finance income	182	157
Finance costs		
Interest expense		
- interest on borrowings	258	323
- interest on finance lease	0	1
- discount unwind on provisions (note 18)	4	3
Total finance costs	262	327
Net finance costs	80	170

Note 5: Other revenue

	Actual 2008 \$000	Actual 2007 \$000
User charges	590	623
Land Transport NZ government grants	1,075	1,144
Regulatory income	256	317
Rental income from investment property	37	18
Infringements and fines	24	47
Rendering of services	30	18
Petrol tax	75	74
Vested assets	1	1
Reserve contributions	35	11
Development contributions	178	269

Other	617	312
Total other revenue	2,918	2,834

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

Note 6: Other gains / (losses)

	Actual 2008 \$000	Actual 2007 \$000
Gain on disposal of property, plant and equipment	2	16
Gain on sale of Non Current Assets held for sale	82	0
Gain on changes in fair value of investment property (note 15)	189	68
Total gains/(losses)	273	84

Note 7: Personnel costs

	Actual 2008 \$000	Actual 2007 \$000
Salaries & wages	2,505	2,337
Defined contribution plan employer contributions	29	
Increase / (decrease) in employee benefit liabilities	(10)	(34)
Total employee benefit expenses	2,524	2,303

Note 8: Other expenses

	Actual 2008 \$000	Actual 2007 \$000
Fees paid to principal auditor:		
Audit fees for financial statement audit	73	57
Audit fee for NZ IFRS transition	0	11
Audit related fees for assurance and related services	0	0
Donations	72	59
Impairment of receivables	0	0
Impairment of property, plant and equipment (note 13)	12	0
Research and development expenditure	0	0
Minimum lease payments under operating leases	2	0
Direct expenses from investment property generating income	7	8
Other operating expenses	4,103	3,776
	4,269	3,911

Note 9: Cash and cash equivalents

	Actual 2008 \$000	Actual 2007 \$000
Cash at bank and in hand	328	687
Short term deposits maturing three months or less from date of acquisition	1,660	1,575
Total cash and cash equivalents	1,988	2,262

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 (2007 nil).

Cash and bank overdrafts include the following for the purposes of the cash flow statement:

	Actual 2008 \$000	Actual 2007 \$000
Cash at bank and in hand	994	687
Short term deposits maturing within three months	994	1,575
Bank overdraft (note 20)	0	0
	1,988	2,262

Note 10: Debtors and other receivables

	Actual 2008 \$000	Actual 2007 \$000
Rates receivable	2,546	2,443
Other receivables	281	278
Related party receivables (note 25)	0	0
Community loans	0	0
Sundry debtors	278	272
Prepayments	0	0
Loans to related parties (note 25)	0	0
	3,105	2,993
Less provision for impairment of receivables	1,397	1,430
Total debtors and other receivables	1,708	1,563

Fair Value

Debtors and other receivables are non-interest bearing and receipt is normally on 30 day terms, therefore the carrying value of debtors and other receivables approximates their fair value.

Impairment

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 2008 \$000	Actual 2007 \$000
< 12 months	883	864
1 to 2 years	531	477
2 to 3 years	377	315
> 3 years	755	788
	2,546	2,444
Less impairment	1,349	1,349
Carrying amount	1,197	1,095

The status of receivables, other than rates receivables, are as follows

	Gross \$000	Impairment \$000	Net \$000
2008			
Not past due	392	0	392
Past due 1-60 days	37	0	37
Past due > 60 days	126	48	78
	549	48	511
	Gross \$000	Impairment \$000	Net \$000
2007			
Not past due	392	0	392
Past due 1-60 days	31	0	31
Past due > 60 days	126	81	45
	549	81	468

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 as detailed below.

	2008 \$000	2007 \$000
Individual impairment	12	33
Collective impairment	1385	1397
	1397	1430

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor. An analysis of these individually impaired debtors are as follows

	2008 \$000	2007 \$000
Not past due	0	0
Past due 1-60 days	0	0
Past due > 60 days	12	33
	12	33

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

	Actual 2008 \$000	Actual 2007 \$000
At 1 July	1,430	1,430
Additional provisions made during the year	221	201
Receivables written off during the period	(254)	(201)
At 30 June	1,397	1,430

Note 11 Other financial assets

	Actual 2008 \$000	Actual 2007 \$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	288	0
<i>Fair value through equity</i>		
Listed shares Horizon Energy Ltd	2	3
	290	3

Fair Value

Loans and receivables

Loans and receivables represent a registered mortgage arising on the sale of Councils pensioner housing units. Fair value of the mortgage approximates face value as determined by using cash flows discounted at a rate of 7.5%.

Quoted shares

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

Impairment

There were no impairment provisions for other financial assets.

Note 12 Non-current assets held for sale

In 2007 ODC owned pensioner housing units on Chatfield Place which were 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 was 20 July 2007.

	Actual 2008 \$000	Actual 2007 \$000
Non-current assets held for sale are		
Buildings	0	558
Land	0	60
Total non-current assets held for sale	0	618

Note 13: Property, plant and equipment											
2008	Cost/ revaluation 1-Jul-07	Accumulated depreciation and impairment charges 1-Jul-07	Carrying amount 1-Jul-07	Revaluation surplus	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Cost/ revaluation 30-Jun-08	Accumulated depreciation and impairment charges 30-Jun-08	Carrying amount 30-Jun-08
Operational assets											
Land	852	0	852	401	3	131			1,125	0	1,125
Buildings	1,336	124	1,212	189	194	127		46	1,422	0	1,422
Plant, machinery and vehicles	768	442	326		62	21		81	772	484	288
Fixtures, fittings and equipment	657	570	87		8			38	613	556	57
Library collections	651	532	119		34		4	34	642	528	114
Total operational assets	4,264	1,668	2,596	590	301	279	4	199	4,574	1,568	3,006
Infrastructural assets											
Roading network	113,889	1,613	112,276	18,800	935		7	849	131,155	0	131,155
Water systems	9,055	497	8,558	1,644	70			256	10,016	0	10,016
Sewerage system	3,370	187	3,183	562	52			101	3,696	0	3,696
Storm water	851	40	811	180	138		1	24	1,104	0	1,104
Work in progress	0	0	0						0	0	0
Total infrastructural assets	127,165	2,337	124,828	21,186	1,195	0	8	1,230	145,971	0	145,971
Restricted assets											
Land	10,343	0	10,343	5,378					15,721	0	15,721
Buildings	2,235	172	2,063	192	675	115		82	2,733	0	2,733
Work in progress	295	0	295		-295				0	0	0
Total restricted assets	12,873	172	12,701	5,570	380	115	0	82	18,454	0	18,454
Total property, plant and equipment	144,302	4,177	140,125	27,346	1,876	394	12	1,511	168,999	1,568	167,431
The net carrying amount of PPE held under finance lease is \$0 (2007: \$9,744)											

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
Storm water	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		49			63	2,235	172	2,063
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)

Note 13 Property, plant and equipment continued**Valuation***Operational and restricted land and buildings*

At fair value as determined from market based evidence by an independent valuer. The most recent valuation was performed by Kerry Stewart FPINZ, FNZIV of QV Valuations, and the valuation is effective as at 30 June 2008.

Infrastructural asst classes: land sewerage, water, drainage and roads

At fair value determined on a depreciated replacement cost basis by ODC engineering staff peer reviewed by an independent valuer. The most recent valuation was performed at 30 June 2008 and peer reviewed by Graham Hill ANZIV, B Ag Com, MNZIPIM, SNZPI of Opotiki Valuation and Consultancy Ltd.

Land under roads

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

Library Collection

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 2008.

Work in progress

The total amount of property, plant and equipment in course of construction is \$Nil (2007 \$295,000).

Leasing

The net amount of plant and equipment held under finance leases is \$Nil (2007 \$9,744).

Security Pledge

No property plant and equipment is pledged as security for the year ended 30 June 2008 (2007 Nil).

Note 14 Intangible assets

	2008 Computer software	2007 Computer software
Balance at 1 July		
Cost	151	151
Accumulated amortisation and impairment	123	93
Opening carrying amount	28	58
Additions	30	0
Amortisation charge	29	30
Closing carrying amount	29	28
Balance at 30 June		
Cost	181	151
Accumulated amortisation and impairment	152	123
Closing carrying amount	29	28

There are no restrictions over the title of ODC's intangible assets, nor are any intangible assets pledged as security for liabilities.

Note 15 Investment property

	Actual 2008 \$000	Actual 2007 \$000
Balance 1 July	751	683
Additions from acquisitions	333	0
Disposals	0	0
Fair value gains/(losses) on valuation (note 6)	189	68
Balance 30 June	1,273	751

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 Kerry Stewart FPINZ, FNZIV an independent valuer from QV Valuations. QV Valuations is an experienced valuer with extensive market knowledge in the types of properties owned by ODC.

	Actual 2008 \$000	Actual 2007 \$000
Rental Income	66	18
Expenses from investment property generating income	12	12
Expenses from investment property not generating income	0	0
Contractual obligations for capital expenditure (note 23)	0	0
Contractual obligations for operating expenditure	0	0

Note 16a 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. Eastern Bay of Plenty Mayoral Disaster Relief Fund Trust was wound up 30 June 2007.

Note 16b Council Controlled Organisations**Bay of Plenty Local Authority Shared Services Limited****BACKGROUND**

Opotiki District Council has a one-eighth ordinary shareholding in Bay of Plenty Local Authority Shared Services Limited (BoPLASS).

Auditors – Audit New Zealand

SIGNIFICANT POLICIES AND OBJECTIVES

The company has been set up to provide Bay of Plenty Region local authorities with a vehicle to procure shared services and provide them to local authorities.

The services that will be initiated under the umbrella of this company will only be promulgated if the business case shows that they provide benefit to the share holders in terms of improved level of service or reduced cost.

NATURE AND SCOPE OF ACTIVITIES

The principal nature and scope of the activity of BoPLASS is to:

- Provide shared services to all local authorities within the Bay of Plenty Region. BoPLASS may also sell processes and systems as set up under individual agreements to local authorities outside the Region.
- Pursue all opportunities to procure shared services that will benefit the community, either through enhanced services and/or reduced cost.
- Give consideration to developing shared services that a majority of local authorities of the Region believe are of value. The objective is to provide the most effective access to Regional information that may be of value to the community using modern technology and processes.
- Explore all possible avenues to provide these services itself or contract them from other parties, each depending on a rigorous business case and risk assessment.

PERFORMANCE

Performance targets for 2008	Performance Indicators	Actual	Target
Initial targets			
Get umbrella company operating effectively in both Government and Management terms.	Legal documentation completed. Management reporting initiated Accounting system set up and providing reports.	30 th June 2008	30 th June 2008
Develop draft operational principles regarding developing and approving shared services.	Draft Policy statement prepared for approval. Draft Business case templates set up.	30 th June 2008 9 th May 2008	30 th June 2008 30 th June 2008
Develop communication lines with each shareholding council at appropriate levels.	Management team meetings with constituent Councils.	9 th May 2008	30 th June 2008
Develop communication lines with shared service CCOs of neighbouring regions.	Regular contact initiated.	Contact made with one LASS.	30 th June 2008

Note 17 Trade and other payables

	Actual 2008 \$000	Actual 2007 \$000
Trade payables	864	583
Retained contract monies	95	103
Deposits and bonds	90	63
Accrued expenses	100	230
Amounts due to related parties (note 25)	0	0
Rates in advance	222	171
Rates due to Environment BOP	509	479
GST Liability	327	349
Other payables	259	326
Total trade and other payables	<u>2,466</u>	<u>2,304</u>

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

Note 18 Provisions

	Actual 2008 \$000	Actual 2007 \$000
Current provisions are represented by:		
Landfill aftercare provision	6	6
	<u>6</u>	<u>6</u>
Non-current provisions are represented by:		
Landfill aftercare provision	48	49
	<u>48</u>	<u>49</u>
	Actual 2008 \$000	Actual 2007 \$000
Opening balance	55	54
Additional provisions made during the year	0	0
Amounts used during the year	(5)	(2)
Unused amounts reversed during the year	0	0
Discount unwinding (note 4)	4	3
Closing Balance	<u>54</u>	<u>55</u>

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

The landfill closed August 2005

The cash outflows for landfill post-closure are expected to occur between 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 19 Employee Entitlements

	Actual 2008 \$000	Actual 2007 \$000
Accrued pay	10	1
Annual leave	257	240
Retirement gratuities	55	105
Sick leave	6	2
Total employee benefit liabilities	<u>328</u>	<u>348</u>
Comprising		
Current	273	243
Non-current	55	105
Total employee benefit liabilities	<u>328</u>	<u>348</u>

Note 20 Borrowings

	Actual	Actual
	2008	2007
	\$000	\$000
Current		
Bank overdraft	0	0
Secured loans	0	1,460
Debentures	0	53
Lease liabilities	0	10
Total current borrowings	<u>0</u>	<u>1,523</u>
Non-current		
Secured loans	3,140	3,140
Debentures	0	0
Lease liabilities	0	0
Total non-current borrowings	<u>3,140</u>	<u>3,140</u>

Secured loans

ODC's secured debt of \$3,140,000 (2007 \$4,600,000) is issued at fixed rates of interest

Debentures

The debentures of \$Nil (2007 \$52,535) were at a fixed interest rate with a portion \$Nil (2007 \$45,751) with an annual review. All debentures were repaid 31 July, 2007 with the sale of the pensioner housing units. At 30 June 2007 the pensioner housing units were 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 (2007 \$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

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.

Fair values of non-current borrowings are as follows:

	Carrying amounts		Fair Values	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Secured loans	3,140	3,140	2579	2456
Debentures	0	0	0	0
Total	<u>3,140</u>	<u>3,140</u>	<u>2,579</u>	<u>2,456</u>

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 7.5% (2007 7.5%)

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

Analysis of finance lease liabilities

	Actual	Actual
	2008	2007
	\$000	\$000
Total minimum lease payments are payable		
Not later than one year	0	10
Later than one year and not later than five years	0	0
Total minimum lease payments	0	10
Future finance charges	0	0
Present value of minimum lease payments	0	10
	Actual	Actual
	2008	2007
	\$000	\$000
Present value of minimum lease payments are payable		
Not later than one year	0	10
Later than one year and not later than five years	0	0
Total	0	10
Current	0	10
Non-current	0	0
Total	0	10

Description of material leasing arrangements

In 2007 had 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 13.

During 2008 the lease arrangements concluded and the items of equipment were returned to the supplier.

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 lease term.

There are no restrictions placed on ODC by any of the finance leasing arrangements.

Note 21 Equity		
	Actual	Actual
	2008	2007
	\$000	\$000
Retained earnings		
As at 1 July	122,774	121,860
Transfers to:		
Council created reserves	(637)	(709)
Transfers from:		
Council created reserves	720	253
Surplus/ (deficit) for year	1,405	1,370
As at 30 June	<u>124,262</u>	<u>122,774</u>
Council created reserves		
As at 1 July	1,530	1,074
Transfers to:		
Retained earnings	(720)	(253)
Transfers from:		
Retained earnings	637	709
As at 30 June	<u>1,447</u>	<u>1,530</u>
Asset revaluation reserve		
As at 1 July	13,676	13,676
Revaluation gains/ (losses)	27,346	0
As at 30 June	<u>41,022</u>	<u>13,676</u>
Asset revaluation reserve consists of:		
<i>Operational assets</i>		
Land	401	0
Buildings	189	0
<i>Infrastructural Assets</i>		
Roading	23,816	8,271
Roading components	5,130	1,875
Water systems	4,642	2,998
Sewerage systems	1,041	479
Storm water system	233	53
<i>Restricted assets</i>		
Land	5,378	0
Buildings	192	0
	<u>41,022</u>	<u>13,676</u>

Note 22 Reconciliation of net surplus / (deficit) to net cash flow from operating activity		
	Actual	Actual
	2008	2007
	\$000	\$000
Surplus / (deficit)	1,405	1,370
Add / (less) non-cash items:		
Depreciation and amortisation	1,540	1,533
Write back depreciation on transfer of non-current assets held for sale	0	(74)
Impairment charges	12	0
Vested assets	(1)	0
Add / (less) items classified as investing or financing activities		
(Gains) / losses on disposal of property, plant and equipment	(2)	(4)
(Gains) / losses on revaluation of Investment Property	(189)	(67)
(Gains) / losses on disposal of non-current assets for sale	(82)	0
Add / (less) movements in working capital items		
Accounts receivable	(145)	(207)
Accounts payable	162	125
Provisions	(1)	1
Employee benefits	(20)	(34)
Non-current assets for sale	700	0
Net cash inflow / (outflow) from operating activities	3,379	2,643

Note 23 Capital commitments and operating leases		
	Actual	Actual
	2008	2007
	\$000	\$000
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	0	323
Refer to note 15 for capital commitments for investment properties.	0	0
Operating commitments		
Operating expenditure for future years contracted on non-cancellable contracts at balance date but not yet incurred	3,134	5,001
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. Two other investment property leases have non-cancellable term of 3 years each.		
The future aggregate minimum lease payments to be collected under non- cancellable operating leases are as follows:		
	Actual	Actual
	2008	2007
	\$000	\$000
Non-cancellable operating leases as lessor		
Not later than one year	31	3
Later than one year and not later than five years	47	10
Later than five years	0	0
Total non -cancellable operating leases	78	13

No contingent rents have been recognised in the statement of financial performance during the period.

Note 24 Contingencies

Contingent liabilities

Nil (2007, Nil)

Contingent assets

Club room buildings on reserves

ODC operates a scheme whereby sports clubs are able to construct facilities (e.g. 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 2008 there are 2 facilities having an approximate value of \$330,000 (2007: 2 facilities – \$300,000). This estimate has been based on valuations of similar facilities in the area.

Waihou Bay toilet advance

ODC advance the funding required for the construction of a toilet facility at Waihou Bay by Tamatari Enterprises. The toilet is to be operated by Tamatari Enterprises and open to the public for a term of twenty five years. Should this arrangement continue for the complete term then no repayment of the advance is required. In the event of Tamatari Enterprises withdrawing from the arrangement then the advance is repayable on a pro-rata basis of the unexpired portion of the term. At 30 June 2008 this amounted to \$38,330 (2007 - \$39,662)

Note 25 Related party transactions

Key management personnel

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

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 \$505,450 (2007 \$ 197,075) and was negotiated on normal commercial terms. There is a balance of \$13,267 (2007 \$Nil) 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 (2007 \$nil).

Key management personnel compensation

	Actual 2008 \$000	Actual 2007 \$000
Salaries and other short term employee benefits	700	631
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	42	0

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

Note 26 Remuneration*Chief Executive*

The Chief Executive of ODC appointed under section 42 of the Local Government Act 2002 received a salary of \$122,000 (2007 \$110,000).

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

	Cost during the financial year	
	2008	2007
Vehicle(market value plus FBT)	15,217	15,112

For the year ended 30 June 2008, the total annual cost including fringe benefit tax to the ODC of the remuneration package being received by the Chief Executive is calculated at \$137,217 (2007 - \$125,112).

Elected representatives

	2008	2007
Mayor - John Forbes	50,828	49,635
Deputy Mayor - Selby Fisher	24,598	25,226
Councillor Chair of Community Board - Haki McRoberts	20,109	20,382
Councillor - Alex Dobie	15,798	15,615
Councillor - Adrian Gault (to 30 September 2007)	3,950	15,615
Councillor - Barry Howe (from 13 October 2007)	11,240	0
Councillor - Doug Leeder	15,798	15,615
Councillor - Robbie Petersen	15,798	15,615

Note 27 Severance Payments

For the year ended 30 June 2008 ODC made no severance payments to employees. (2007 \$nil)

Note 28 Events after balance sheet date

There were no significant events after balance date.

Note 29 Financial Instrument		
The accounting policies for financial instruments have been applied to the line items below.		
	Actual	Actual
	2008	2007
	\$000	\$000
FINANCIAL ASSETS		
Loans and receivables		
Cash and cash equivalents	1,988	2,262
Debtors and other receivables	1,708	1,563
Other financial assets		
- Loan advance	288	0
Total loans and receivables	3,984	3,825
Fair value through equity		
Other financial assets		
- listed shares	2	3
Total fair value through equity	2	3
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Creditors and other payables	2,482	2,304
Borrowings		
- secured loans	3,140	4600
- debentures	0	53
Total financial liabilities at amortised cost	5,622	6,957

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 Horizon 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 11 and on ODC's borrowings in note 20

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. Borrowings and investments issued at fixed rates expose the ODC to fair value interest rate risk. ODC's Liability Management policy is to generally maintain its borrowings in fixed rate instruments. The policy does provide that, when appropriate, borrowing exposures may be hedged. But to date Council has not exercised this option.

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. ODC generally raises debt at fixed interest rates but restricts the term to a maximum of five years.

Credit risk

Credit risk is the risk that a third party will default on its obligation to ODC, causing ODC to incur a loss. Due to the timing of its cash inflows and outflows, the ODC invests surplus cash into term deposits and local authority stock which gives rise to credit risk

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 B- for short term and A – for long-term investments.

ODC has no collateral or other credit enhancements for financial instruments that give rise to credit risk.

29A Financial instrument risks		
Maximum exposure to credit risk		
ODC's maximum credit exposure for each class of financial instrument is as follows		
	Actual	Actual
	2008	2007
	\$000	\$000
Cash at bank and term deposits	1,988	2,262
Debtors and other receivables	1,708	1,563
Other financial assets		
- Loan advance	288	0
Total credit risk	3,984	3,825

Credit quality of financial assets		
The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates:		
	Actual	Actual
	2008	2007
	\$000	\$000
COUNTERPARTIES WITH CREDIT RATINGS		
Cash at bank and term deposits		
AA	1,988	2,262
COUNTERPARTIES WITHOUT CREDIT RATINGS		
Other financial assets		
Existing counterparty with no defaults in the past	288	0

Debtors and other receivables mainly arise from ODC's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or External credit ratings. ODC has no significant concentrations of credit risk in relation to debtors and other Receivable, as it has a large number of credit customers, mainly ratepayers and ODC has power under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Liquidity risk*Management of 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 (2007 \$100,000). There are no restrictions on the use of this facility.

Contractual maturity analysis of financial liabilities

The table below analyses ODC's financial liabilities into relevant maturity groupings based on the remaining Period at the balance date of the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
2008						
Creditors and other payables	2,466	2,466	2,466	0	0	0
Secured loans	3,140	3,748	221	221	3,306	0
Total	5,606	6,214	2,687	221	3,306	0
2007						
Creditors and other payables	2,304	2,304	2,304	0	0	0
Secured loans	4,600	5,465	1,717	221	3,527	0
Debentures	53	53	53	0	0	0
Finance leases	10	10	10	0	0	0
Total	6,967	7,832	4,084	221	3,527	0

Contractual maturity analysis of financial assets

The table below analyses ODC's financial assets into relevant maturity groupings based on the remaining Period at the balance date of the contractual maturity date.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000	\$000
2008						
Cash and cash equivalents	1,988	1,988	1,988	0	0	0
Debtors and other receivables	1,708	1,708	1,708	0	0	0
Other financial assets						
- Loan advance	288	345	14	15	316	0
	3,984	4,041	3,710	15	316	0
2007						
Cash and cash equivalents	2,262	2,262	2,262	0	0	0
Debtors and other receivables	1,563	1,563	1,563	0	0	0
	3,825	3,825	3,825	0	0	0

Sensitivity analysis

The tables below illustrate the potential profit loss and equity (excluding retained earnings) impact for reasonably possible market movements, with all other variables held constant, based on ODC's financial instrument exposures at the balance date.

	Note	2008				2007			
		\$000							
		-100bps		+100bps		-100bps		+100bps	
	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	
INTEREST RATE RISK									
Financial assets									
Cash and cash equivalents	1	(7)	0	7	0	(6)	0	6	0
Financial liabilities									
Borrowings									
- debentures	2	0	0	0	0	1	0	(1)	0
Total sensitivity to interest rate risk		(7)	0	7	0	(5)	0	5	0
EQUITY PRICE RISK									
Financial assets									
Other financial assets									
- quoted share investments	3	0	0	0	0	0	0	0	0
Total sensitivity to equity price risk		0	0	0	0	0	0	0	0

Explanation of sensitivity analysis

1. Cash and cash equivalents

Cash and cash equivalents include deposits at call totaling \$665,712 (2007 \$577,654) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$6,657 (2007 \$5,776).

2. Debentures

ODC has debentures with interest rates fixed on an annual basis, with a principal amount totaling \$ nil (2007 \$45,751). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$ nil (2007 \$457).

3. Listed shares

ODC holds listed equity instruments in Horizon Energy Ltd, which are publicly traded and included in the NZX50 equity index. If there was a movement of plus or minus 10% in the share price the effect the fair value through equity reserve of \$217 (2007 \$300).

Note 30 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

- a. receive contributions for loan repayments for each activity where a loan has been raised and
- b. 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 31 Explanation of major variances against budget

Explanations for major variations from ODC's estimated figures in the 2007/2008 Annual Plan are as follows:

Statement of financial performance

The major variance occurred in

Rate Revenue	
- General rates income	150
Financial Income	
- Interest (budgeted in other revenue)	182
Other revenue	
- Unbudgeted grant income for specific projects	106
Other gains	
- Profit on disposal of non-current assets for sale	82
- Gain on fair value of investment property	189

Statement of financial position

Major variations arise from:

Property, plant and equipment	
- Revaluation gains from land and buildings	6,160
- Revaluation of infrastructural assets	21,186
Investment property	
- Transfer of two further properties to investment property	332
- Gain on fair value of investment property	189
Other financial assets	
- Mortgage arising from sale of pensioner units	288
Borrowings	
- Funding of loan repayments from liquidity rather than renewal loans	960

Statement of movements in equity

The major variation occurred due to

Property plant and equipment	
- Revaluation gains from land and buildings	6,160
- Revaluation gains from infrastructural assets	21,186

Note 32 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 months of the end of the Financial year has not been met.

This occurred mainly through the infrastructural assets not meeting the Fair value test and therefore having to revalue these infrastructural assets at 30 June 2008.

How Council Performed in 2007 - 2008

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 2007 / 2008.

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
<ul style="list-style-type: none"> • Council will hold at least 8 meetings throughout the year 	8	Achieved	17 meetings held (including one in-committee meeting)
<ul style="list-style-type: none"> • The number of occasions that Opotiki issues represented in regional, national forums will increase. (LGNZ, BOP forum) 	8	Achieved	Council represented at 33 National and 20 Regional Forums
<ul style="list-style-type: none"> • Improvement in community satisfaction with Council representation. (Community baseline 72%) survey 	77%	Not Achieved	2008 community survey 62% satisfaction

COST OF SERVICE AND FUNDING STATEMENT				
Actual	Representation	Budget	Actual	Key Variances
2006/07		2007/08	2007/08	
(\$000's)		(\$000's)	(\$000's)	
Operational Expenditure				
730	Operating Costs including Overheads	844	847	
730		844	847	
Funded By				
Rates Income				
730	- General Rates	832	817	
0	Fees & Charges	12	30	
0	Grants & Subsidies	0	20	Grant toward Community Trust creation
730		844	847	

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
• An Annual meeting with the three Iwi authorities	3	Achieved	Meetings held with the three Iwi at staff level.
• Contribute to the upkeep of 22 Hapu Marae Urupa / cemeteries.	22	Achieved	Grants made to 22 Marae Committees on 31 May 2008 for Urupa maintenance.

COST OF SERVICE AND FUNDING STATEMENT				
Actual	Tangata Whenua Relationships	Budget	Actual	Key Variances
2006/07		2007/08	2007/08	
(\$000's)		(\$000's)	(\$000's)	
Operational Expenditure				
13	Operating Costs including Overheads	16	13	
13		16	13	
Funded By				
Rates Income				
13	- General Rates	16	13	
13		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	Memorandum of understanding for 7 out of 8 grants (ToiEDA outstanding).
<ul style="list-style-type: none"> The bi-annual Community Contributions Awards and day will be organised. 	2007/08	-----	Last held 29/30 June 2007. Not scheduled in 2007/08 year.

COST OF SERVICE AND FUNDING STATEMENT				
Actual 2006/07 (\$000's)	Community Sponsorship	Budget 2007/08 (\$000's)	Actual 2007/08 (\$000's)	Key Variances
Operational Expenditure				
253	Operating Costs including Overheads	259	264	
253		259	264	
Funded By				
Rates Income				
247	- General Rates	259	264	
4	Grants & Subsidies	0	0	
2	Fees & Charges	0	0	
253		259	264	

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 land use options,
- transferring the care of pensioner housing and tenants to specialist providers,
- maintaining and enhancing the sewage, storm water 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. 	Less than 20	Achieved	Eight complaints received.
<ul style="list-style-type: none"> • Percentage of the community satisfied with parks and recreation facilities. (Community survey baseline 67%) 	70%	Achieved	73% Very/fairly satisfied compared to target of 70%. (March 2008 Communitrak Survey).
<ul style="list-style-type: none"> • Capital development as set out in the annual plan is carried out on time, within budget and to New Zealand standards. 	100%	Not Achieved	Waioeka Domain Pavilion (Bay Trust Pavilion) and Dip Road Cemetery Development over budget \$23,181 & \$7,012 respectively. Projects incomplete and carried forward

Measure	Target	Results	Level of Achievement
			to 2008/09 Beach/River Access \$11,000 Wharf Structure Maintenance \$10,000 Omaio Toilet \$60,000 Ohiwa Toilet \$65,000




COST OF SERVICE AND FUNDING STATEMENT				Key Variances
Actual 2006/07 (\$000's)	Parks and Recreation	Budget 2007/08 (\$000's)	Actual 2007/08 (\$000's)	
Operational Expenditure				
693	Operating Costs including Overheads	753	783	Pathway to health - new initiative not budgeted.
17	Interest	21	16	
63	Depreciation	64	75	
773		838	874	
Funded By				
Rates Income				
677	- General Rates	758	737	Pathway to health - new initiative not budgeted.
14	Grants & Subsidies	0	57	
82	Fees & Charges	80	80	
773		838	874	
Capital Costs				
344	Capital Expenditure	337	380	Completion of Bay Trust Pavilion project. Sport field lighting deferred to 2008/09.
256	Contributions to Reserves	214	220	
17	Debt Repayment	18	0	
617		569	600	
Funded By				
Rates Income				
49	- General Rates	96	41	Completion of Bay Trust Pavilion project.
205	Grants & Subsidies	104	94	
11	Reserve contributions	8	35	
195	Development contributions	156	135	
0	Borrowing	0	0	
Reserves and future surpluses				
63	- Depreciation	71	75	
94	- Withdrawal from reserves	36	220	
	- From retained or future earnings	98	0	
617		569	600	
Reconciliation of Income to note 2				
219	Grants & Subsidies	104	151	
82	Fees & Charges	80	80	
11	Reserve contributions	8	35	
195	Development contributions	156	135	
0	Vested assets	0	0	
507		348	401	

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
• Membership is increased each year from 4,700	1%	Not Achieved	Membership reduced 2.4% from 6872 to 6708.
• There is an increase in issues per head of population	2%	Not Achieved	Issues per head of population increase 0.8%
• % 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					Key Variances
Library		Budget	Actual		
Actual		2007/08	2007/08		
2006/07		(\$000's)	(\$000's)	(\$000's)	
Operational Expenditure					
168	Operating Costs including Overheads		171	157	
41	Depreciation		46	40	
209			217	197	
Funded By					
Rates Income					
184	- General Rates		192	172	
25	Fees & Charges		25	25	
209			217	197	
Capital Costs					
32	Capital Expenditure		46	33	
32			46	33	
Funded By					
Reserves and future surpluses					
32	- Depreciation		46	33	
32			46	33	
Reconciliation of Income to note 2					
25	Fees & Charges		25	25	
1	Vested assets		0	1	
26			25	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 not be greater than 5% above budget with any variance justified. 	100%	Not Achieved	Operating expenditure 5.4% over budget primarily through cost of revaluation not budgeted. Capital expenditure within budget.
<ul style="list-style-type: none"> Occupancy of Council buildings. (Levels of service influenced by pensioner housing review) 	95%	Not Achieved	Pensioner Housing Units sold July 2008. All other Council buildings tenanted with Exception of former plunket rooms.

		STATEMENT		
Actual	Property	Budget	Actual	Key Variances
2006/07		2007/08	2007/08	
(\$000's)		(\$000's)	(\$000's)	
Operational Expenditure				
147	Operating Costs including Overheads	148	182	
4	Interest	19	0	
36	Depreciation	45	41	
187		212	223	
Funded By				
Rates Income				
88	- General Rates	153	153	
99	Fees & Charges	59	70	
187		212	223	
Capital Costs				
482	Capital Expenditure	257	256	
6	Debt Repayment	21	53	Clear debt on pensioner housing
488		278	309	
Funded By				
Rates Income				
0	- General Rates	0	69	
0	Grants & Subsidies	0	44	
0	Borrowing	94	0	
36	Asset Sales	33	721	Sale of Pensioner Housing
Reserves and future surpluses				
97	- Depreciation	151	122	
355	- Retained or future earnings	0	(647)	Sale of Pensioner Housing
488		278	309	
Reconciliation of Income to note 2				
99	Fees & Charges	59	70	
0	Grants & Subsidies	0	44	
99		59	114	



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 Waihou 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.
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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	No non compliances issued by EnvBoP.
<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) 	1000 tonne	Not Achieved	1100 tonnes collected.
<ul style="list-style-type: none"> Reduction on number of complaints recorded. (Baseline established June 2006) 	2 %	Achieved	Achieved. Complaints reduced from 14 to 8 or 42%.

COST OF SERVICE AND FUNDING STATEMENT					
Actual	Solid Waste		Budget	Actual	Key Variances
2006/07			2007/08	2007/08	
(\$000's)			(\$000's)	(\$000's)	
Operational Expenditure					
902	Operating Costs including Overheads		899	995	Cost increases particularly in transportation of residual waste.
38	Interest		44	38	
21	Depreciation		21	21	
961			964	1,054	
Funded By					
Rates Income					
786	- Targeted Rates		797	801	
2	- General Rates		0	4	
168	Fees & Charges		167	203	
5	Retained or future earnings			46	
961			964	1,054	
Capital Costs					
22	Capital Expenditure		0	0	
10	Contributions to Reserves		10	0	
129	Debt Repayment		255	245	
161			265	245	
Funded By					
Rates Income					
20	- Targeted Rates		0	0	
120	Borrowing		215	0	Loan repayment funded from equity
Reserves and future surpluses					
21	- Depreciation		20	21	
0	- Withdrawal from reserves		30	25	
0	Retained or future earnings		0	199	Loan repayment funded from equity
161			265	245	
Reconciliation of Income to note 2					
806	Targeted Rates		797	801	
168	Fees & Charges		167	203	
974			964	1,004	


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 it 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%) 	99%	Achieved	Maintenance contractor's water faults reports for year show less than 1% fault/outage time.
<ul style="list-style-type: none"> • Compliance with NZ water quality standards <ul style="list-style-type: none"> ○ Bacterial compliance 	100%	Achieved	Results of independent lab tests showing compliance with NZ Drinking Water Standards recorded on Council file 20.5.5 and entered on WINZ data base.
<ul style="list-style-type: none"> ○ Protozoal compliance 	33%	Not measured	No UV treatment system installed therefore protozoa testing not carried out.
<ul style="list-style-type: none"> • Percentage of customers satisfied with the water supply service. 	85%	Not surveyed	

		COST OF SERVICE AND FUNDING STATEMENT		
Actual	Water Supplies	Budget	Actual	Key Variances
2006/07		2007/08	2007/08	
(\$000's)		(\$000's)	(\$000's)	
Operational Expenditure				
281	Operating Costs including Overheads	280	336	Reticulation repairs over budget
253	Interest	255	256	
253	Depreciation	259	256	
787		794	848	
Funded By				
Rates Income				
555	- Targeted Rates	659	677	
193	Fees & Charges	135	141	
39	Retained or future earnings		30	
787		794	848	
Capital Costs				
216	Capital Expenditure	101	70	
154	Contributions to Reserves	95	150	
785	Debt Repayment	898	895	
1,155		1,094	1,115	
Funded By				
Rates Income				
120	- Targeted Rates	14	1	
700	Borrowing	795	0	Loan repayment funded from equity
Reserves and future surpluses				
253	- Depreciation	185	256	
82	- Withdrawal from reserves	100	155	
0	Retained or future earnings	0	703	Loan repayment funded from equity
1,155		1,094	1,115	
Reconciliation of Income to note 2				
675	Targeted Rates	673	678	
193	Fees & Charges	135	141	
0	Vested assets	0	0	
868		808	819	



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 Waihau 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	100%. No sewage overflows and EnvBoP field sheets show 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 overflows reported by maintenance staff or contractor.




COST OF SERVICE AND FUNDING STATEMENT				Key Variances
Actual	Sanitary Services	Budget	Actual	
2006/07		2007/08	2007/08	
(\$000's)		(\$000's)	(\$000's)	
Operational Expenditure				
162	Operating Costs including Overheads	211	189	Favourable performance over budget.
47	Interest	45	41	
84	Depreciation	111	101	
293		367	331	
Funded By				
Rates Income				
291	- Targeted Rates	366	330	
2	Fees & Charges	1	1	
293		366	331	
Capital Costs				
50	Capital Expenditure	71	52	Surplus depreciation funded to reserves
110	Contributions to Reserves	26	90	
0	Debt repayment	320	320	
160		417	462	
Funded By				
Rates Income				
76	- Targeted Rates	0	49	Debt repayment partly funded from reserves
Borrowing				
Reserves and future surpluses				
84	- Depreciation	95	93	Reserves sufficient to fund debt repayment
- Withdrawal from reserves				
160		417	462	
Reconciliation of Income to note 2				
367	Targeted Rates	366	379	
2	Fees & Charges	1	1	
0	Vested assets	0	0	
369		367	380	

Activity 10: Storm Water

What we do and why

Council provides a storm water 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 storm water. 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 protection of and the environment	Complete collection and discharge of storm water 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. 	100%	Partially achieved	Capital works undertaken included works arising from the 2004 flood event for which Government grants were received. \$28,393 spent in excess of budget and grants. Work undertaken to NZ Standard.
<ul style="list-style-type: none"> % of times inundation report are investigated and appropriate action taken that ensures a resolution within 7 days. 	100%	Achieved	100%. No inundation incidents occurred this year.
<ul style="list-style-type: none"> Five pumping stations available for use during flood (with auxiliary and portable power) 	5	Achieved	All pumping stations operative during heavy rain events.

Actual 2006/07 (\$000's)	STATEMENT	Budget 2007/08 (\$000's)	Actual 2007/08 (\$000's)	Key Variances
	Storm water			
	Operational Expenditure			
48	Operating Costs including Overheads	55	53	
20	Depreciation	20	25	
68		75	78	
	Funded By			
	Rates Income			
68	- General Rates	75	78	
68		75	78	
	Capital Costs			
15	Capital Expenditure	16	138	Works arising from 2004/05 CD event undertaken
15		16	138	
	Funded By			
	Rates Income			
	- General Rates		27	
	Grants & Subsidies		86	Grant for CD works
	Reserves and future surpluses			
15	- Depreciation	16	25	
15		16	138	





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%	Not achieved	Survey result of 77% compared to target of 80 %. (March 2008 Communitrak Survey).
<ul style="list-style-type: none"> No more than two notified accidents per year. 	<2	Not achieved	NZTA policy changed now so that all minor accidents that are attended by Police are notified, not only fatal accidents as per past policy.
<ul style="list-style-type: none"> Road maintenance meets Land Transport NZ criteria. 	100%	Achieved	AMP and funding claims approved by LTNZ/NZTA.

COST OF SERVICE AND FUNDING STATEMENT				
Actual	<u>Transport</u>	Budget	Actual	Key Variances
2006/07		2007/08	2007/08	
(\$000's)		(\$000's)	(\$000's)	
Operational Expenditure				
1,629	Operating Costs including Overheads	1,563	1,470	No emergency works required
43	Interest	41	41	
853	Depreciation	849	856	
2,525		2,453	2,367	
Funded By				
Rates Income				
1,254	- General Rates	1,199	1,130	
41	- Targeted Rates	43	47	
1,218	Grants & Subsidies	1,211	1,151	
12	Fees & Charges	0	39	
2,525		2,453	2,367	
Capital Costs				
821	Capital Expenditure	984	935	
104	Contributions to Reserves	95	71	
526	Debt Repayment	9	9	
1,451		1,088	1,015	
Funded By				
Rates Income				
0	- General Rates	51	78	
30	- Targeted Rates	46	39	
74	Development contributions	65	42	
455	Borrowing	0	0	
Reserves and future surpluses				
815	- Depreciation	898	856	
77	- Withdrawal from reserves	28		
1,451		1,088	1,015	
Reconciliation of Income to note 2				
71	Targeted Rates	89	86	
1,218	Grants & Subsidies	1,211	1,151	
12	Fees & Charges	0	39	
74	Development contributions	65	42	
1,375		1,365	1,318	

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	Current rural Fire plan and Civil Defence plan are in operation.
<ul style="list-style-type: none"> • Percentage of residents aware of civil defence procedures. 	60%	-----	Not measured.

COST OF SERVICE AND FUNDING STATEMENT				Key Variances
Actual 2006/07 (\$000's)	Emergency Management	Budget 2007/08 (\$000's)	Actual 2007/08 (\$000's)	
Operational Expenditure				
139	Operating Costs including Overheads	141	143	
3	Depreciation	0	3	
142		141	146	
Funded By				
Rates Income				
112	- General Rates	135	126	
30	Fees & Charges	6	20	
142		141	146	




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.

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) 	7.5%	Not achieved	The number of identified unregistered dogs in the district is 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) 	93%	Not achieved	Unable to ascertain the percentage responded to within 2 hours but 92% of animal complaints resolved within a day.
<ul style="list-style-type: none"> % of residents satisfied with animal control. (Baseline 41% Community Survey 2005) 	50%	Not achieved	48% of residents are satisfied compared with the baseline of 41% (2005)

		COST OF SERVICE AND FUNDING STATEMENT		
Actual	Animal Control	Budget	Actual	Key Variances
2006/07		2007/08	2007/08	
(\$000's)		(\$000's)	(\$000's)	
Operational Expenditure				
143	Operating Costs including Overheads	158	172	
143		158	172	
Funded By				
Rates Income				
99	- General Rates	109	115	
44	Fees & Charges	49	57	
143		158	172	





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 	85%	Achieved	Building consents – 99%. Average processing time 5 days. Resource consents – 89% within statutory timeframes (67 out of 75 applications)
<ul style="list-style-type: none"> Percentage increase of users satisfied with regulatory services (New measure via feedback form) 	2%	Not Measured	This measure was not implemented for the 2007/2008 year.

COST OF SERVICE AND FUNDING STATEMENT				
Actual 2006/07 (\$000's)	Regulatory	Budget 2007/08 (\$000's)	Actual 2007/08 (\$000's)	Key Variances
Operational Expenditure				
241	Operating Costs including Overheads	335	307	
241		335	307	
Funded By				
Rates Income				
24	- General Rates	170	108	
217	Fees & Charges	165	199	
241		335	307	




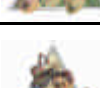

Activity 15: Environmental and development management

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	Not achieved	25 Non-complying activities were identified and subsequently processed.
<ul style="list-style-type: none"> How much of the growth policy developed. 	25%	Achieved	50% of the growth policy developed. No further development over the 07/08 year as further work dependent on the Harbour project and Mussel farm

COST OF SERVICE AND FUNDING STATEMENT				Key Variances
Actual 2006/07 (\$000's)	Environmental & Development Management	Budget 2007/08 (\$000's)	Actual 2007/08 (\$000's)	
Operational Expenditure				
337	Operating Costs including Overheads	318	314	
337		318	314	
Funded By				
Rates Income				
280	- General Rates	225	257	
57	Fees & Charges	93	57	
337		318	314	

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	Visitors to Information Centre increased 28.4% from 11883 to 15259
<ul style="list-style-type: none"> % increase pa in guests nights (Baseline Tourism NZ Stats) 	2%	Achieved	Guest nights increased 36% from 98435 to 133926

COST OF SERVICE AND FUNDING STATEMENT				Key Variances
Actual 2006/07 (\$000's)	Tourism & Promotion	Budget 2007/08 (\$000's)	Actual 2007/08 (\$000's)	
Operational Expenditure				
222	Operating Costs including Overheads	229	312	
222		229	312	
Funded By				
Rates Income				
123	- General Rates	189	152	
34	- Targeted Rates	34	32	
63	Grants & Subsidies	0	104	Events Co-ordination and Fun Unplugged Grants
2	Fees & Charges	6	24	Fun Unplugged revenue
222		229	312	
Reconciliation of Income to note 2				
34	Targeted Rates	34	32	
63	Grants & Subsidies	0	104	
2	Fees & Charges	6	24	
99		40	160	

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

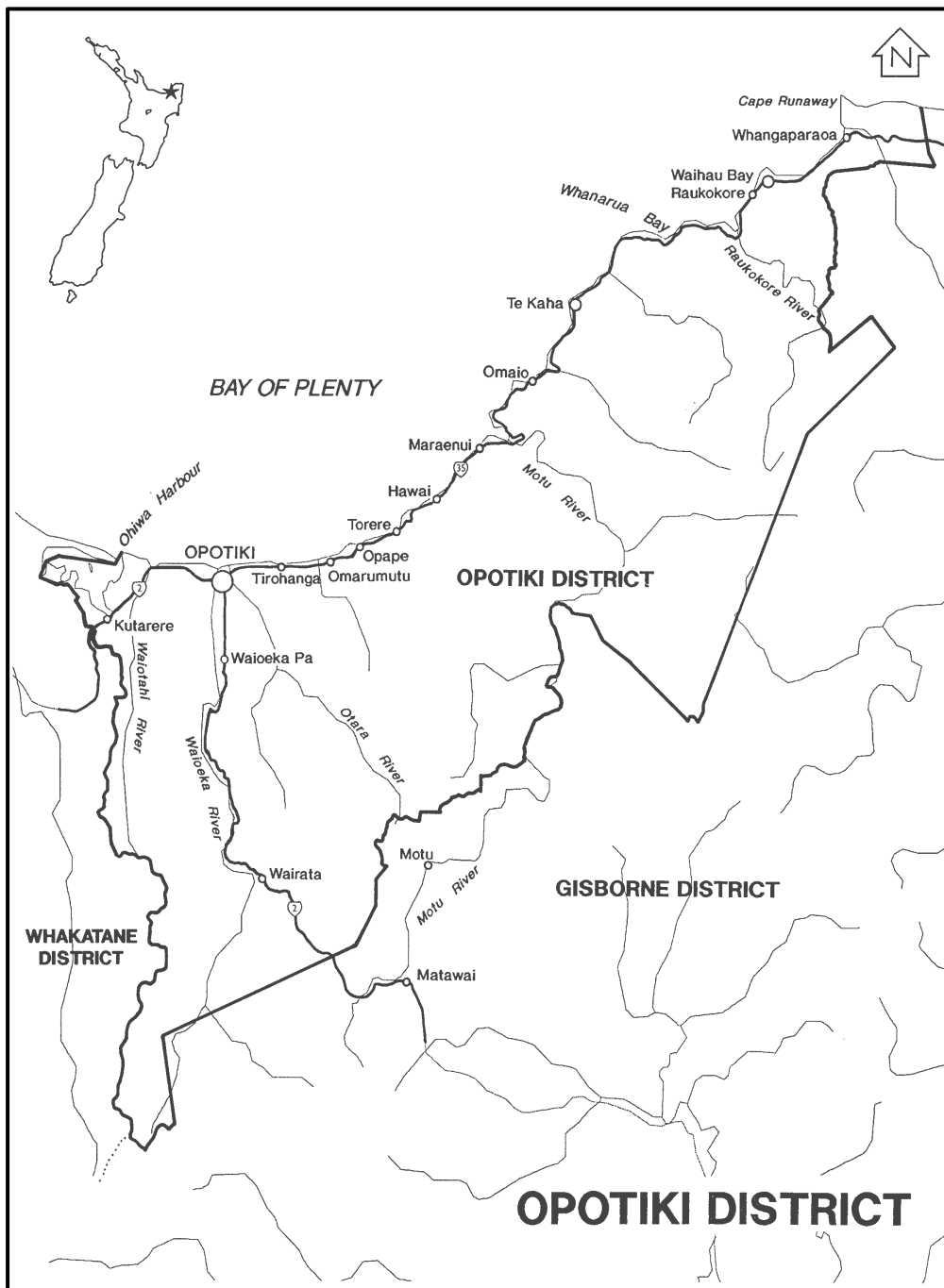
Community Outcomes		How Activity Contributes
	Environment	Access to the expansive Opotiki coast is enhanced while addressing actual or potential environmental effects.
	Services and Facilities	A public facility is created which provides for a range of high priority community needs.
	Purposeful Work and 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 2011/12	2011/12	-----	2011/12 Measure
• Major investment decisions made by Eastern Seafoods Ltd by 2009.	2008/09	-----	2008/09 Measure

COST OF SERVICE AND FUNDING STATEMENT				
Actual 2006/07 (\$000's)	Harbour Development	Budget 2007/08 (\$000's)	Actual 2007/08 (\$000's)	Key Variances
Operational Expenditure				
273	Operating Costs including Overheads	460	380	Resource consent progress slower than anticipated
273		460	380	
Funded By				
Rates Income				
163	- General Rates	125	217	Grant income down through slower progress
0	Fees & Charges	0	13	
110	Grants & Subsidies	335	150	
273		460	380	

MAP OF THE DISTRICT





Produced by Opotiki District Council
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