



Opotiki District Council  
Strong Community  
Strong Future

# Opotiki District Council

*2009 / 2010  
Annual Report*

ISSN 1173-1842



## DIRECTORY

Council Office	108 St John Street P O Box 44 Opotiki 3162 New Zealand
Telephone	64 7 315 3030
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Bankers	Bank of New Zealand Church Street Opotiki
Auditors	Auditor General
Solicitors	Simpson Grierson Wellington
Insurance Brokers	Aon New Zealand Tauranga

### EXECUTIVE STAFF

Aileen Lawrie <b>Chief Executive Officer</b>
Jim Finlay <b>Engineering &amp; Services Manager</b>
Donna Adlam <b>Corporate Services Manager</b>
Robert Schlotjes <b>Environment &amp; Planning Manager</b>
John Rollo <b>Finance Manager</b>

### YOUR REPRESENTATIVES

John Harris Forbes (Mayor)	315 7362
Selby Edwin Fisher (Deputy Mayor)	315 7624
<b>Opotiki Ward:</b>	
Alex Dobie	315 8009
Robbie Petersen	315 6580
Barry Howe	315 6003
<b>Coast Ward:</b>	
Haki McRoberts	325 2833
<b>Waiotahi/Waioeka Ward:</b>	
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

### Harbour Entrance

In December 2009 resource consents were issued for the harbour development by the Minister of Conservation. This major milestone was achieved with massive support from the community and proceeded without appeal. Council now is turning its mind to compiling a strong business case for the development that will help attract the significant amount of funding needed to undertake the final design and construction phase.

### Aquaculture

Council continues to work closely with Whakatohea Maori Trust Board to progress aquaculture within the Eastern Bay and therefore enhance the economic and social wellbeing of the district. There has been a steady increase in the level of interest shown regionally and at a national level and valuable support has been provided by some key agencies and organisations who believe the development of an aquaculture industry in the Eastern Bay will benefit the wider Bay of Plenty and national economy.

Following a delegation to China and a reciprocal visit progress is also being made for land based ponds. Diversification has been pursued and Eastern Seafarms was recently granted resource consent to broaden the species able to be farmed within the area 6 km off the District coast. This opens a number of new exciting options for aquaculture in New Zealand.

Council and Whakatohea continue to encourage New Zealand government officials to consider the economic potential of aquaculture and to establish supportive policies for the industry.

### New Chief Executive

Former Chief Executive Vaughan Payne resigned from the post on 5 March 2010. Miles McConway a senior manager from the Bay of Plenty Regional Council acted as chief executive for a period of three and a half months until Aileen Lawrie, also from the Bay of Plenty Regional Council was appointed as Chief Executive. A change of leadership is a significant event for any organisation; however, Council staff has continued to manage the business of the organisation without any major disruption. This confirms the high levels of commitment, knowledge, expertise and professionalism present among current staff and council appreciates the efforts made by all to ensure a smooth transition.

### Cycleway

During the year Council, partnering with Gisborne District Council and DOC undertook a feasibility study for the Motu Cycleway project. The original proposal was very well received by national cycleway officials who encouraged further development of the concept to include a 10km coastal ride and a river crossing to link into the Opotiki Township. With the support of Whakatohea and to the delight of the community the extended project was approved. Grants of \$1.7m from Central Government and \$400,000 from DOC have been provided to fund the project.

Construction of the cycle way is expected to commence November 2010.

### Roading

This year council was able to get "two for the price of one"! A favourable contract price for the scheduled sealing of Papanui Road meant council was able to take advantage of the saving and also seal Looney Road. Other capital works for roading saw the usual reseals and other minor safety improvements and 200metres of pavement rehabilitation, including kerb and channel and footpaths, was carried out in Buchanan Street.

### Stormwater

Piping of part of the open drain in Buchanan Street was undertaken to correspond with a sewerage upgrade and pavement rehabilitation in the area.

There have been a number of storm events over the year and the Opotiki Township's main storm water pump has been inadequate to cope with storm water loads. Work to alleviate this problem is likely to happen in the coming year but, given the need to keep rates to a minimum; this work may have to be undertaken at the expense of piping the drain in Bridge Street as planned.

### Library Redevelopment

Redevelopment of the library was planned for the 2009/10 year at a cost of \$400,000. However, during the year the building next door to the library became available for purchase. Council already owned the land on which this building sits and Council took the opportunity to purchase the building. This has given Council additional options for the redevelopment of the library so the project has been delayed to consider how best to continue with the redevelopment.

**Water Supplies**

In the past councils water supply has come from a dam at Otara east. Changes to legislation that now require the water collection area to be fenced. Given the site of the Otara dam, this requirement is unachievable and a marked decrease in the health grading of the town water supply resulted. This prompted Council to use an existing bore supply which was previously used only when water from the dam was turbid. However the bore water has high levels of manganese and iron and the bore casings are failing. During the course of the year Council resolved to scale back the sewerage upgrade works in favour of securing a new source for the Opotiki Water supply. By working in conjunction with the Bay of Plenty Regional Council a test bore was put down. Water with less manganese and iron than the existing source was found. Over the coming year council intends to sink production bores which will ensure improved supply with a reduced level of manganese into the future.

Council is still waiting for Department of Health for grant approval under the small community water scheme to commence on the extension and upgrade of the Te Kaha water supply. If the scheme approves the grant up to 95% of the cost will be covered by the grant.

**Sewerage scheme**

As the planned sewerage works for the Opotiki scheme in the 2009/10 year was scaled back in order to fund investigation into the new water source, less work than planned has been carried out. However, sewerage reticulation upgrade work to the value of \$183,400 was undertaken in Buchanan and King Streets along with the stormwater and pavement rehabilitation and unbudgeted work was also undertaken on the soakage fields for the Waihou Bay sewerage scheme. This work was funded from reserves accumulated over the past few years from unspent depreciation on that scheme.

**Affordability / impact on service delivery.**

The Opotiki district is categorised on the Ministry of Social Development deprivation index as being "most deprived". This presents Council with a delicate problem of providing a reasonable level of service and undertaking a capital works programme that will affect progress while remaining within the community's level of affordability. In comparative assessments Council, has undertaken considerable works in the past year but still features as the lowest spending Council nationally on both operational and capital expenditure. Many efficiencies have been achieved by building partnerships, seeking out and using existing resources and by applying principles of flexibility and innovations to day to day operations. In other words; Council continues to beg, borrow and appeal to save money for the ratepayer.

**Building Compliance Authority**

After a huge amount of work Council became a registered Building Control Authority in 2008. This year a reassessment of registration that included evaluation of new requirements for quality control, also resulted in approval for registration. While maintaining registration may require considerable effort it does provide assurance that councils building control services meet national standards.

**Zero Waste**

Opotiki continues to track downward in the volume of residual waste sent to landfill dropping from 1200 tonne in 2009 to 980 in 2010. The installation of a sorting table at the Opotiki recycling centre produced a further reduction of 234 Tonnes and a reduction in disposal costs of \$32,000.

**Records Management**

New legislation governing the way councils manage archives, records and electronic information has required the implementation of a new records management system in council. The legislation calls for standards in record keeping that have all local authorities seeking workable and affordable solutions. For this reason council has entered a service agreement with the regional council for the provision of an electronic records management system and records support. This arrangement has resulted in considerable savings for council and steady progress towards compliance with the legislation.

## FROM THE MAYOR



The 2009 to 2010 financial year was challenging for council with the global economic climate having an impact on how business was carried out.

While some planned projects were put on hold, including the library upgrade and Whanarua Bay playground, capital works included seal extension on Papanui and Looney Roads and pavement rehabilitation as well as kerb and channel for 200m of Buchanan Street.

Sewerage and stormwater reticulation upgrades were also undertaken in Buchanan Street and a new water source investigation and bore undertaken

Other developments include the construction of the water playground on banks of Otaru River and new toilets constructed at Ohiwa Boat Ramp and Omaio.

During this twelve month period progress has been made in both the regional and national arena. After considerable preparation and effort, the resource consents required for the development of the Opotiki Harbour entrance were granted. This is a major hurdle crossed for Opotiki but there is still some way to go before the funding for the construction of the groyne is secured. For this reason Council has continued to partner with Whakatohea Maori Trust Board to advance local aquaculture ventures and to develop regional and national interest in the industry.

Another exciting development for Opotiki is the successful bid for funding of the Motu Trails Cycleway made by Opotiki District Council, Gisborne District Council, the Department of Conservation and Opotiki Iwi. This will see a \$2.1 million injection of government funds in the district and is expected to stimulate the district economy and create jobs through the development of tourism opportunities.

Council continues to make improvements in levels of service and has managed to maintain its accreditation as a building authority as well meet most of the timeframes required for processing resource and building consents.

Another significant factor in this operational period has been the replacement of the Chief Executive Officer Vaughan Payne who took up a position at Environment Waikato in March. Miles McConway, a group manager at the Bay of Plenty Regional Council took up the position of acting chief executive until the appointment of Aileen Lawrie in June. Aileen is proving to be a competent and capable replacement and I look forward to working with her in the future.

That this level of activity has been achieved within economic constraints and also with a transition phase between chief executives of almost six months is a testament to the professionalism and level of commitment of council's staff. It is reassuring to know that waka keeps moving at a steady pace no matter what the conditions.

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**

*For the year to 30 June:*

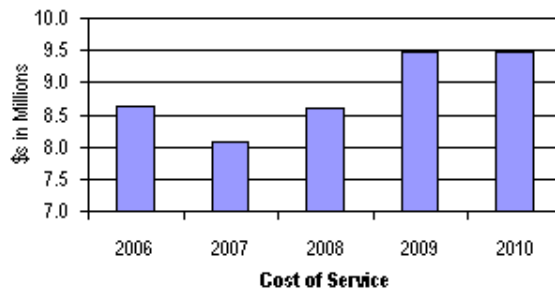
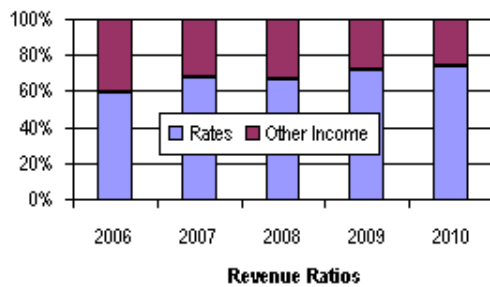
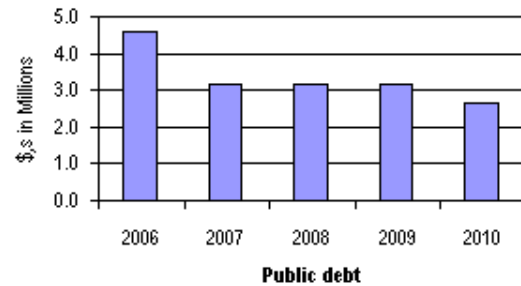
	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Income Statement</b>					
Rates (including penalties)	6,052	6,369	6,627	7,036	7,324
Other income	4,210	3,075	3,373	2,722	2,532
	10,262	9,444	10,000	9,758	9,856
Cost of services	8,624	8,074	8,595	9,490	9,472
<b>Net surplus/(deficit)</b>	<b>1,638</b>	<b>1,370</b>	<b>1,405</b>	<b>268</b>	<b>384</b>

**Financial Position**

Current assets	2,968	4,443	3,696	4,449	4,806
Current liabilities	2,501	4,076	2,745	2,724	4,731
Working capital	467	367	951	1,725	75
Non current assets	140,962	140,907	169,023	168,501	168,667
	141,429	141,274	169,974	170,226	168,742

**Financed by:**

Ratepayers equity	121,860	122,774	124,262	123,961	123,974
Reserves	14,750	15,206	42,469	43,038	43,409
Public debt	4,603	3,140	3,140	3,140	1,275
Term liabilities	216	154	103	87	84
	141,429	141,274	169,974	170,226	168,742



**REPORT FROM THE AUDITOR-GENERAL**

AUDIT NEW ZEALAND

Mana Arotake Aotearoa

**Audit Report****To the readers of  
Opotiki District Council's  
financial statements and groups of activity statements  
for the year ended 30 June 2010**

The Auditor-General is the auditor of Opotiki District Council (the District Council). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to carry out the audit on her behalf. The audit covers the financial statements, the groups of activity statements and the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the District Council for the year ended 30 June 2010.

**Unqualified opinion**

In our opinion:

- The financial statements of the District Council on pages 15 to 50:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the District Council's financial position as at 30 June 2010; and
    - the results of its operations and cash flows for the year ended on that date.
- The groups of activity statements and related information of the District Council on pages 2 to 3 and pages 51 to 77:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the District Council's levels of service provision for the year ended 30 June 2010, including:
    - the levels of service provision as measured against the intended levels of service provision adopted in the long-term council community plan; and
    - the reasons for any significant variances between the actual service provision and the expected service provision.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the District Council's financial statements and groups of activity statements.

The audit was completed on 26 October 2010, 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, the groups of activity statements and the other requirements did not have material misstatements, whether caused by fraud or error.

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

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

Audit procedures generally include:

- determining whether the significant management and system 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 financial and service provision data;
- reviewing significant estimates and judgements made by the Council;
- confirming year-end balances;
- determining whether accounting policies are appropriate and consistently applied;
- determining the appropriateness of the reported groups of activity statements within the Council's framework for reporting performance; and
- determining whether all required disclosures are adequate.

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

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

### **Responsibilities of the Council and the Auditor**

The Council is responsible for preparing financial statements and groups of activity 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 2010. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The groups of activity statements must fairly reflect the District Council's levels of service provision for the year ended 30 June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 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, the groups of activity statements and the other requirements and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

### **Independence**

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

Other than the audit and in carrying out the audit of long-term council community plan, we have no relationship with or interests in the District Council.



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

### **Matters Relating to the Electronic Presentation of the Audited Financial Statements, Performance Information and the Other Requirements**

This audit report relates to the financial statements, groups of activity statements and the other requirements of Opotiki District Council for the year ended 30 June 2010 included on Opotiki District Council's website. The Council is responsible for the maintenance and integrity of its website. We have not been engaged to report on the integrity of Opotiki District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements, groups of activity statements and the other requirements since they were initially presented on the website.

The audit report refers only to the financial statements, groups of activity statements and the other requirements named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements, groups of activity statements and the other requirements. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements, groups of activity statements and the other requirements as well as the related audit report dated 26 October 2010 to confirm the information included in the audited annual report presented on this website.

Legislation in New Zealand governing the preparation and dissemination of financial information may differ from legislation in other jurisdictions.

## 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 first monitoring report was produced in June 2008 using facts and figures gathered by the regional monitoring group and feedback from a community survey.

The results of the community survey undertaken in 2008, show that most people agree that progress is being made towards achieving the community outcomes.

*National Research Bureau, Communitrac Survey 2008.*

Community Outcome	Agree %	Disagree %	Other %
History and culture is treasured and promoted	80%	12%	8%
The spirit and character of the Opotiki Coast community remains strong and distinctive	79%	10%	11%
The potential of the natural environment is developed and protected	77%	12%	11%
Innovative development involves and supports the community	66%	11%	23%
Leadership is visionary, community focused, efficient and representative	64%	15%	21%
Facilities and services meet current and future needs and are accessible to all	59%	28%	13%
People derive pride and purpose from a variety of work and learning opportunities	56%	20%	23%

## 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.

### 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.

### Mahorahora me nga Herenga

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

### Tokeke me te Ture o te Tika

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

### Whakatutukitanga Whakawaiatanga

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

### 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.

### 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.

### Integrity and Honesty

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

### Leadership

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

### Openness and Accountability

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

### Fairness and Equity

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

### Achievements Orientated

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

### Relationships

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

### Satisfying Expectations

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

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

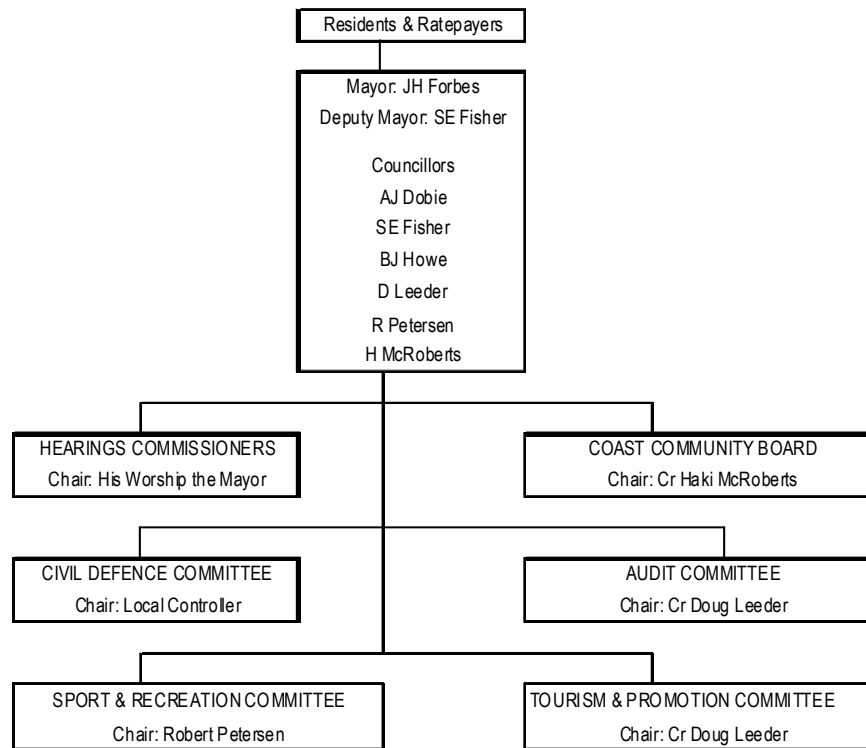
- things the local authority is prohibited from doing by law (examples from the Act include charging a membership fee for a library, or selling water and sewage disposal assets to the private sector)
- things the local authority must do by law (e.g. Local authorities must prepare a district plan or regional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

### Monitoring and Review

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

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

## Governance Structure



**GOVERNANCE AND STRUCTURE CONTINUED**

**Purpose of Committees**

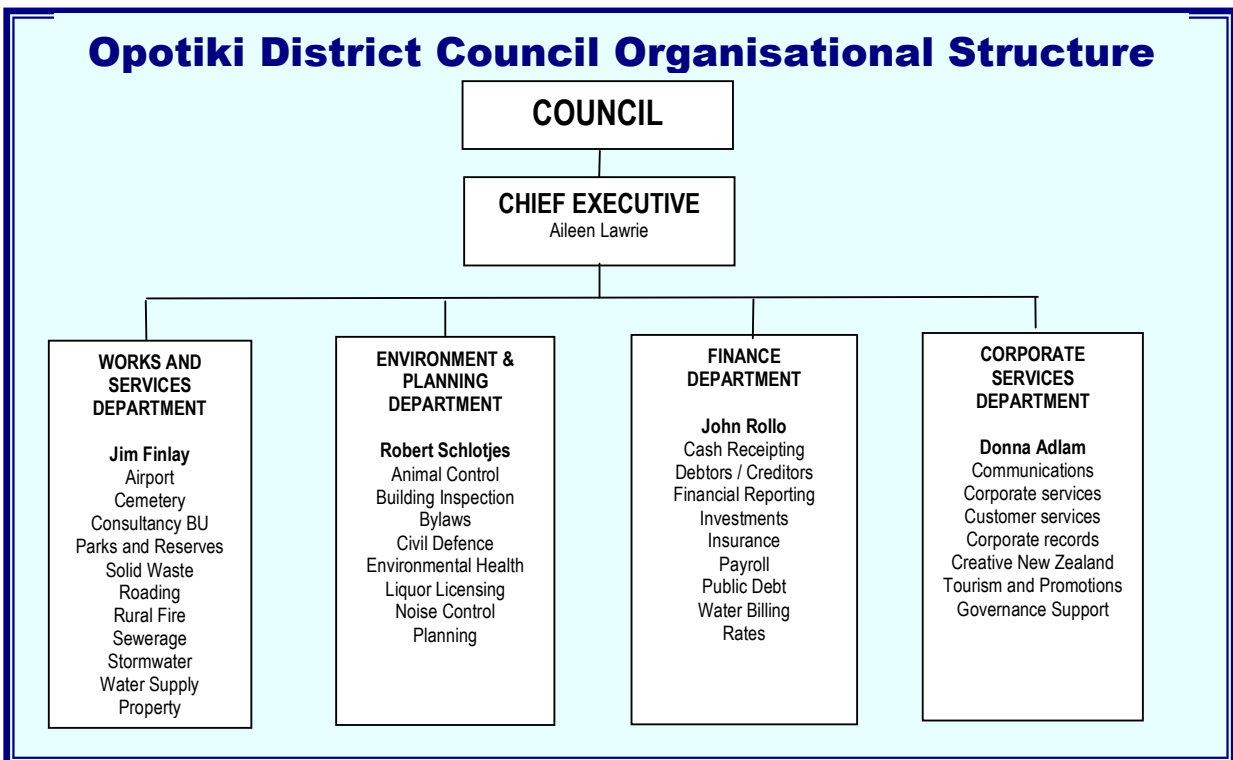
- Council** (meets six weekly on Tuesday at 9.00am – Chair: His Worship the Mayor)  
 Council abandoned the Standing Committee structure in 1999 as a cost saving measure. Council’s meeting agenda is ordered into two sections and with items grouped into strategic result areas. The first section deals 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. 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 2010

#### Compliance

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

#### Responsibility

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

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

In the opinion of the Council and management of the Opotiki District Council, the annual financial statements for the year ended June 30 2010, fairly reflect the financial position and operations of the Opotiki District Council.

JH Forbes  
**MAYOR**  
Date: 26/10/2010

A Lawrie  
**CHIEF EXECUTIVE**  
Date: 26/10/2010

CONTENTS TO FINANCIAL STATEMENTS	PURPOSE OF FINANCIAL STATEMENTS
<b>Statement of Comprehensive Income.....14</b>	<p><b>Statement of Comprehensive Income</b> 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>
<b>Statement of Financial Position.....16</b>	<p><b>Statement of Financial Position</b> 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>
<b>Statement of Changes in Equity.....17</b>	<p><b>Statement of Changes in Equity</b> 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>
<b>Statement of Cash Flows.....18</b>	<p><b>Statement of Cash Flows</b> This statement reflects Council's cash receipts and cash payments during the year and provides useful information about Council's activities in generating cash through operations to :</p> <ul style="list-style-type: none"> <li>• repay debt; or</li> <li>• re-invest to maintain or expand operating capacity</li> </ul> <p>It also provides useful information about the cash flows generated from Council's investing and financing activities, both debt and equity.</p>
<b>Statement of Accounting Policies.....19</b>	<p><b>Statement of Accounting Policies</b> Provides details of policies adhered to in the preparation of Financial Statements.</p>
<b>Notes to Financial Statements.....19</b>	<p><b>Notes to Financial Statements</b> Provides analysis and detail of various aspects of the Financial Statements.</p>

## STATEMENT OF COMPREHENSIVE INCOME

### OPOTIKI DISTRICT COUNCIL STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 30 June 2010

	Note	Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000
<b>Income</b>				
Rates revenue	3	7,324	7,178	7,036
Financial Income	4	79	114	127
Other revenue	5	2,719	3,023	2,695
Gains	6	(266)	35	(100)
Total Income		9,856	10,350	9,758
<b>Expenditure</b>				
Personnel costs	7	2,573	2,412	2,552
Depreciation and amortisation	13, 14	1,874	1,906	1,799
Finance costs	4	224	262	224
Other expenses	8	4,801	4,891	4,915
Total operating expenditure		9,472	9,471	9,490
<b>Surplus / (deficit)</b>		<b>384</b>	<b>879</b>	<b>268</b>
<b>Other comprehensive income</b>		0	0	0
<b>Total comprehensive income</b>		<b>384</b>	<b>879</b>	<b>268</b>

Explanations of significant variances against budget are detailed in note 31

*The accompanying notes form part of these financial statements*

## STATEMENT OF FINANCIAL POSITION

### OPOTIKI DISTRICT COUNCIL STATEMENT OF FINANCIAL POSITION As at 30 June 2010

		<b>Actual</b>	<b>Budget</b>	<b>Actual</b>
		<b>2010</b>	<b>2010</b>	<b>2009</b>
	<b>Note</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	9	1,964	2,834	1,820
Debtors and other receivables	10	2,438	2,025	2,200
Other financial assets	11	404	0	429
Total current assets		4,806	4,859	4,449
<b>Non-current assets</b>				
Property, plant and equipment	13	167,118	168,857	166,881
Intangible assets	14	43	64	59
Investment property	15	1,230	1,308	1,310
Other financial assets	11	276	290	251
Total non-current assets		168,667	170,519	168,501
<b>Total Assets</b>		<b>173,473</b>	<b>175,378</b>	<b>172,950</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Creditors and other payables	17	2,449	2,233	2,457
Provisions	18	8	7	8
Employee benefit liabilities	19	299	306	259
Borrowings	20	1,975	505	0
Total current liabilities		4,731	3,051	2,724
<b>Non-current liabilities</b>				
Provisions	18	48	129	53
Employee benefit liabilities	19	36	44	34
Borrowings	20	1,275	3,335	3,140
Total non-current liabilities		1,359	3,508	3,227
<b>Total liabilities</b>		<b>6,090</b>	<b>6,559</b>	<b>5,951</b>
<b>Equity</b>				
Retained earnings	21	123,974	126,835	123,961
Other reserves	21	43,409	41,984	43,038
<b>Total Equity</b>		<b>167,383</b>	<b>168,819</b>	<b>166,999</b>

*The accompanying notes form part of these financial statements*

JH Forbes  
MAYOR  
Date: 26/10/2010

A Lawrie  
CHIEF EXECUTIVE  
Date: 26/10/2010

## STATEMENT OF CHANGES IN EQUITY

### OPOTIKI DISTRICT COUNCIL STATEMENT OF CHANGES IN EQUITY For the Year Ended 30 June 2010

		Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000
<b>Balance at 1 July</b>		<b>166,999</b>	<b>167,940</b>	<b>166,731</b>
Total comprehensive income for the year		384	879	268
<b>Balance at 30 June</b>	21	<b>167,383</b>	<b>168,819</b>	<b>166,999</b>

*The accompanying notes form part of these financial statements*

## STATEMENT OF CASHFLOWS

### OPOTIKI DISTRICT COUNCIL STATEMENT OF CASH FLOWS For the Year Ended 30 June 2010

	Actual 2010 \$000	Budget 2010 \$000	Actual 2009 \$000
<b>Cash flows from operating activities</b>			
Receipts from rates revenue	7,080	7,092	6,773
Interest received	79	114	127
Dividends received	0	0	0
Receipts from other revenue	2,738	2,991	2,449
Payments to suppliers and employees	(7,368)	(7,163)	(7,454)
Interest paid	(224)	(262)	(224)
Goods and services tax (net)	30	0	18
Regional Council rates	(44)	0	48
Net cash from operating activities	22	2,291	2,772
<b>Cash flows from investing activities</b>			
Receipts from sale of property, plant and equipment	61	70	175
Receipts from sale of investments	29	0	0
Purchase of intangible assets	0	(27)	(39)
Purchase of property, plant and equipment	(2,146)	(2,922)	(1,467)
Acquisition of investments	(201)	0	(574)
Net cash from investing activities		(2,257)	(2,879)
<b>Cash flows from financing activities</b>			
Proceeds from borrowings	0	700	0
Repayment of borrowings	0	0	0
Repayment of finance lease liabilities	0	0	0
Net cash from financing activities		0	700
<b>Net increase / ( decrease ) in cash, cash equivalents and bank overdrafts</b>		<b>34</b>	<b>593</b>
Cash, cash equivalents and bank overdrafts at the beginning of the year		1,820	2,241
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	9	<b>1,854</b>	<b>2,834</b>
		<b>1,820</b>	<b>1,820</b>

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 2010

#### REPORTING ENTITY

Opotiki District Council (ODC) is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

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 2010. The financial statements were authorised for issue by Council on 26 October 2010.

#### 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, 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

There have been no changes in accounting policies during the financial year.

Opotiki District Council has adopted the following revisions to accounting standards during the financial year, which have had only a presentational or disclosure effect:

- NZ IAS 1 *Presentation of Financial Statements (Revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (Issued 2004)*. 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 analyze changes in equity resulting from non-owner changes separately from transactions with owners. The Council and group have decided to prepare a single statement of comprehensive income for the year ended 30 June 2010 under the revised standard. Financial statement information for the year ended 30 June 2009 has been restated accordingly. Items of other comprehensive income presented in the statement of comprehensive income were previously recognized directly in the statement of changes in equity.
- Amendments to NZ IFRS 7 *Financial Instruments: Disclosures*. The amendments introduce a three-level fair value disclosure hierarchy that distinguishes fair value measurements by the significance of valuation inputs used. A maturity analysis of financial assets is also required to be prepared if this information is necessary to enable users of the financial statements to evaluate the nature and extent of liquidity risk. The transitional provisions of the amendment do not require disclosure of comparative information in the first year of application. The Council and group have elected to disclose comparative information.
- NZ IAS 24 *Related Party Disclosures (Revised 2009)* replaces NZ IAS 24 *Related Party Disclosures (issued 2004)*. The revised standard simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Council and group have elected to early adopt the revised standard and its effect has been to disclose further information about commitments between related parties.

##### Standards, amendments and interpretations issued that are not yet effective and have not been early adopted.

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

- NZ IFRS 9 *Financial Instruments* will eventually replace NZ IAS 39 *Financial Instruments: Recognition and Measurement*. NZ IAS 39 is being replaced through the following 3 main phases: Phase 1 Classification and Measurement, Phase 2 Impairment Methodology and Phase 3 Hedge Accounting. Phase 1 on the classification and measurement of financial assets has been completed and has been published in the new financial instrument standard NZ IFRS 9 uses a single approach to determine whether a financial asset is measured at amortised cost or fair value, replacing the many different rules in NZ IAS 39. The approach in NZ IFRS 9 is based on how an entity manages its financial instruments (its business model) and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the many different impairment methods in NZ IAS 39. The new standard is required to be adopted for the year ended 30 June 2014. ODC has not yet assessed the effect of the new standard and expects it will not be early adopted.

**SIGNIFICANT ACCOUNTING POLICIES****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 recognized 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 recognized 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 New Zealand Transport Agency, 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*

Revenue from the Sales of goods is 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.

**Operating Leases**

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognized as an expense on a straight line basis over the lease term.

**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.

**Other financial assets**

Financial assets are initially recognized at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognized in the surplus or deficit.

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

Financial assets are classified into the following categories for the purpose of measurement:

- fair value through surplus or deficit;
- loans and receivables;
- held-to-maturity investments; and
- fair value through other comprehensive income

The classification of a financial asset depends on the purpose for which the instrument was acquired.

*Financial assets at fair value through surplus or deficit.*

Financial assets at fair value through 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 less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

For year ending 30 June 2010 ODC has no held to maturity investments.

#### *Fair value through other comprehensive income*

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date or if the debt is not expected to be realized within 12 months of balance date. ODC includes in this category:

- Investments that ODC intends to hold long-term but which may be realized before maturity; and
- Shareholdings that ODC holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the surplus or deficit.

#### **Impairment of financial assets**

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognized in the surplus or deficit.

#### *Loans and other receivables*

Impairment 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.

#### **Financial assets at fair value through other comprehensive income**

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive income, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the surplus or deficit) recognized in other comprehensive income is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognized in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized, the impairment loss is reversed in the surplus or deficit.

#### **Non-current assets held for sale**

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

Any impairment losses for write-downs of non-current assets held for sale are recognised in the 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 2010 Opotiki District Council had no non-current assets held for sale.

## Property, plant and equipment

Property, plant and equipment consists of:

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

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

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

Property, plant and equipment are 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. Work in progress is recognized at cost less impairment and is not depreciated.

Property, plant and equipment are 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 accumulated funds.

### Depreciation

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

#### Buildings

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

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

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 due to be settled beyond 12 months after the end of the period in which the employee renders the service, 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.

Expected future payments are discounted using market yields of government bonds at balance date with terms to maturity that match as close as possible the estimated future cash outflows for entitlements. 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:

- Accumulated funds
- Restricted reserves
- Property revaluation reserves
- Fair value through other comprehensive income reserve

*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.

**Property revaluation reserves**

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

**Fair value through other comprehensive income reserves**

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income instruments.

**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:

Infrastructural assets

Note 13: Provides Information about the estimates and assumptions in determining the fair value of infrastructural assets.

Landfill aftercare provision

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

**Critical judgments in applying accounting policies**

Management has exercised the following critical judgments in applying accounting policies for the year ended 30 June 2010.

*Classification of property*

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are accounted for as property, plant and equipment.

The Council owns unoccupied land that had previously been occupied by the Council depot, which was classified as property, plant and equipment. This land has been identified by Council as a potential site for the construction of pensioner housing. The final decision as to the suitability of the site as pensioner housing is still dependant on the outcomes of community consultation and resource consent processes. If the site is not suitable for pensioner housing, then the Council will reassess the best use of the land, which could include commercial leases or disposal.

Given the uncertainty over the future intended use of the land, the property has been classified as investment property.

**Note 2: Summary cost of service**

	<b>Actual 2010 \$000</b>	<b>Budget 2010 \$000</b>	<b>Actual 2009 \$000</b>
<b>Income</b>			
Representation	823	935	816
Tangata Whenua relationships	14	16	8
Community sponsorship	257	285	348
Parks & recreation	978	888	1,252
Library	197	211	217
Property	584	801	206
Solid waste	1120	1,102	1,071
Water supplies	972	1,124	896
Sanitary services	460	423	396
Stormwater	122	91	88
Transport services	2937	2,977	2,793
Emergency management	158	177	132
Animal control	182	177	178
Regulatory	564	512	391
Environmental management	214	214	355
Tourism & promotion	322	322	319
Harbour development	246	157	342
Total activity income	10,150	10,412	9,808
Other income	(223)	35	69
Less internal income	(71)	(97)	(119)
<b>Total income</b>	<b>9,856</b>	<b>10,350</b>	<b>9,758</b>
<b>Expenditure</b>			
Representation	823	935	816
Tangata Whenua relationships	14	16	8
Community sponsorship	257	285	348
Parks & recreation	978	888	1,034
Library	194	211	214
Property	321	373	198
Solid waste	1,037	1,090	1,048
Water supplies	922	868	901
Sanitary services	421	415	417
Stormwater	88	91	88
Transport services	2,802	2,837	2,781
Emergency management	158	177	132
Animal control	182	177	178
Regulatory	564	512	391
Environmental management	214	214	355
Tourism & promotion	322	322	319
Harbour development	246	157	342
Total activity expenditure	9,543	9,568	9,570
Fair value adjustment mortgage advance	0	0	39
Less internal expenditure	(71)	(97)	(119)
<b>Total expenditure</b>	<b>9,472</b>	<b>9,471</b>	<b>9,490</b>

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

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

**Note 3: Rates revenue**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
<b>General rate</b>	<b>5,103</b>	<b>4,882</b>
<b>Targeted rates attributable to activities</b>		
Water	731	732
Sewerage	411	389
Public Space Litter Collection	92	87
Resource Recovery Facilities	626	644
Urban Refuse Collection	166	137
Information Centre	39	35
Roading (Town Centre)	84	87
Rate penalties	72	43
<b>Total revenue from rates</b>	<b>7,324</b>	<b>7,036</b>

**Rate Remissions**

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

## Community, sporting and other organisations

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

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

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

## Penalties

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

## Economic Development

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

## Land used for natural, historic, cultural and conservation purposes

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

## Extreme financial hardship

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

## Rating units affected by calamity

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

## Maori land general remission

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

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

## Maori land economic adjustment remission

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

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
<b>Total rates revenue</b>	7,418	7,105
<b>Rates remissions</b>		
Community, sporting and other organisations	6	6
Uniform charges on rating units owned by same ratepayer	0	0
Penalties	46	19
Economic development	0	0
Land used for natural, historic or cultural and conservation purposes	0	0
Extreme Financial hardship	0	0
Rating units affected by calamity	0	0
Maori Freehold Land		
- General	20	26
- Economic	22	18
Total remissions	94	69
Rates revenue net of remissions	7,324	7,036

**Non Rateable land**

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**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Finance income		
- term deposits	65	113
- loan advance	14	14
Total finance income	79	127
Finance costs		
Interest expense		
- interest on borrowings	221	221
- interest on finance lease	0	0
- discount unwind on provisions (note 18)	3	3
Total finance costs	224	224
Net finance costs	145	97

**Note 5: Other revenue**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
User charges	705	571
Land Transport NZ government grants	1,130	1,115
Regulatory income	230	241
Rental income from investment property	75	93
Infringements and fines	30	28
Rendering of services	14	11
Petrol tax	60	72
Vested assets	2	2
Reserve contributions	20	20
Development contributions	146	175
Other	307	367
Total other revenue	2,719	2,695

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

**Note 6: Other gains / (losses)**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Gain on disposal of property, plant and equipment	(6)	7
Gain on changes in fair value of investment property (note 15)	(260)	(107)
Total gains/(losses)	<u>(266)</u>	<u>(100)</u>

**Note 7: Personnel costs**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Salaries & wages	2,532	2,525
Defined contribution plan employer contributions	11	17
Increase / (decrease) in employee benefit liabilities	30	10
Total employee benefit expenses	<u>2,573</u>	<u>2,552</u>

**Note 8: Other expenses**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Fees paid to principal auditor:		
Audit fees for financial statement audit	69	74
Audit related fees for assurance and related services	0	65
Donations	38	68
Impairment of property, plant and equipment (note 13)	(14)	61
Minimum lease payments under operating leases	16	0
Direct expenses from investment property generating income	12	32
Other operating expenses	<u>4,680</u>	<u>4,615</u>
	<u>4,801</u>	<u>4,915</u>

**Note 9: Cash and cash equivalents**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Cash at bank and in hand	302	898
Short term deposits maturing three months or less from date of acquisition	1,662	922
Total cash and cash equivalents	<u>1,964</u>	<u>1,820</u>

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 (2009 nil).

Refer to note 11 for weighted average effective interest rate for cash and cash equivalents.

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

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Cash at bank and in hand	302	898
Short term deposits maturing within three months	1,662	922
Bank overdraft (note 20)	(110)	0
	<u>1,854</u>	<u>1,820</u>

**Note 10: Debtors and other receivables**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Rates receivable	3,061	2,794
Other receivables	534	453
Related party receivables (note 25)	0	0
Community loans	0	0
Sundry debtors	262	381
Prepayments	9	0
Loans to related parties (note 25)	0	0
	<u>3,866</u>	<u>3,628</u>
Less provision for impairment of receivables	<u>1,428</u>	<u>1,428</u>
Total debtors and other receivables	<u>2,438</u>	<u>2,200</u>

*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:

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
< 12 months	1,098	812
1 to 2 years	597	449
2 to 3 years	434	535
> 3 years	932	998
	<u>3,061</u>	<u>2,794</u>
Less impairment	1,349	1,349
Carrying amount	<u>1,712</u>	<u>1,445</u>

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

	<b>Gross \$000</b>	<b>Impairment \$000</b>	<b>Net \$000</b>
<b>2010</b>			
Not past due	169	0	169
Past due 1-60 days	20	0	20
Past due > 60 days	79	79	0
	<u>268</u>	<u>79</u>	<u>189</u>

	<b>Gross \$000</b>	<b>Impairment \$000</b>	<b>Net \$000</b>
<b>2009</b>			
Not past due	505	0	505
Past due 1-60 days	104	0	104
Past due > 60 days	225	79	146
	<u>834</u>	<u>79</u>	<u>755</u>

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.

	<b>2010 \$000</b>	<b>2009 \$000</b>
Individual impairment	61	33
Collective impairment	1367	1395
	<u>1428</u>	<u>1428</u>

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

	<b>2010 \$000</b>	<b>2009 \$000</b>
Not past due	0	0
Past due 1-60 days	0	0
Past due > 60 days	61	33
	<u>61</u>	<u>33</u>

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

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
At 1 July	1,428	1,430
Additional provisions made during the year	191	205
Receivables written off during the period	(191)	(207)
At 30 June	<u>1,428</u>	<u>1,428</u>

**Note 11 Other financial assets**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
<b>Current portion</b>		
<i>Loans and receivables</i>		
Short term deposits with maturities of 4 -12 month	400	429
Loan Advance	4	0
Total loans and receivables	<u>404</u>	<u>429</u>
<b>Non-current portion</b>		
<i>Loans and receivables</i>		
Total loans and receivables	273	248
<i>Fair value through equity</i>		
Listed shares Horizon Energy Ltd	2	2
Unlisted shares in Bay of Plenty Local Authority Shared Services Ltd	1	1
	<u>276</u>	<u>251</u>

## Fair Value

*Loans and receivables*

Loans and receivables represents a registered mortgage arising on the sale of Councils pensioner housing units Fair value of the mortgage is \$260,773 (2009 \$248,356). During the 2010 year an advance was made to the Opotiki RSA for infrastructural Improvement to sewerage and stormwater. Fair value of the advance is \$16,476 (2009 \$0)

Fair value has been determined by using cash flows discounted at a rate of 5.0% (2009 5.0%).

*Quoted shares*

The fair value of listed shares are 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**

ODC held no non-current assets for sale at 30 June 2010 (2009 Nil)

**Note 13: Property, plant and equipment**

2010	Cost/ revaluation 30-Jun-09	Accumulated depreciation and impairment charges 30-Jun-09	Carrying amount 30-Jun-09	Revaluation surplus	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Cost/ revaluation 30-Jun-10	Accumulated depreciation and impairment charges 30-Jun-10	Carrying amount 30-Jun-10
<b>Operational assets</b>											
Land	1,127	0	1,127						1,127	0	1,127
Buildings	1,475	51	1,424		63			53	1,538	104	1,434
Plant, machinery and vehicles	876	569	307		270	59	8	97	1,079	666	413
Fixtures, fittings and equipment	685	584	101		91	2	-3	47	777	631	146
Library collections	680	560	120		40			35	720	595	125
Total operational assets	4,843	1,764	3,079	0	464	61	5	232	5,241	1,996	3,245
<b>Infrastructural assets</b>											
Roading network	131,979	1,061	130,918		937		-41	1081	132,957	2,142	130,815
Water systems	10,127	288	9,839		81		5	293	10,203	581	9,622
Sewerage system	3,724	126	3,598		209		23	129	3,910	255	3,655
Stormwater	1,118	32	1,086		143			32	1,261	64	1,197
Work in progress	0	0	0		101			0	101	0	101
Total infrastructural assets	146,948	1,507	145,441	0	1,471	0	-13	1,535	148,432	3,042	145,390
<b>Restricted assets</b>											
Land	15,577	0	15,577						15,577	0	15,577
Buildings	2,870	86	2,784		213			91	3,083	177	2,906
Total restricted assets	18,447	86	18,361	0	213	0	0	91	18,660	177	18,483
Total property, plant and equipment	170,238	3,357	166,881	0	2,148	61	-8	1,858	172,333	5,215	167,118

The net carrying amount of PPE held under finance lease is \$0 (2008: \$0)

2009	Cost/ revaluation 1-Jul-08	Accumulated depreciation and impairment charges 30-Jun-08	Carrying amount 30-Jun-08	Revaluation surplus	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Cost/ revaluation 30-Jun-09	Accumulated depreciation and impairment charges 30-Jun-09	Carrying amount 30-Jun-09
<b>Operational assets</b>											
Land	1,125	0	1,125		2			0	1,127	0	1,127
Buildings	1,422	0	1,422		53			51	1,475	51	1,424
Plant, machinery and vehicles	772	484	288		128	24		85	876	569	307
Fixtures, fittings and equipment	613	556	57		72			28	685	584	101
Library collections	642	527	115		40		2	33	680	560	120
Total operational assets	4,574	1,567	3,007	0	295	24	2	197	4,843	1,764	3,079
<b>Infrastructural assets</b>											
Roading network	131,154	0	131,154		879		54	1061	131,979	1,061	130,918
Water systems	10,015	0	10,015		114		2	288	10,127	288	9,839
Sewerage system	3,697	0	3,697		30		3	126	3,724	126	3,598
Stormwater	1,104	0	1,104		14			32	1,118	32	1,086
Total infrastructural assets	145,970	0	145,970	0	1,037	0	59	1,507	146,948	1,507	145,441
<b>Restricted assets</b>											
Land	15,721	0	15,721			144			15,577	0	15,577
Buildings	2,733	0	2,733		137			86	2,870	86	2,784
Total restricted assets	18,454	0	18,454	0	137	144	0	86	18,447	86	18,361
Total property, plant and equipment	168,998	1,567	167,431	0	1,469	168	61	1,790	170,238	3,357	166,881

### 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

##### *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 2010

#### Work in progress

The total amount of property, plant and equipment in course of construction is \$Nil (2009 \$Nil)

#### Leasing

The net amount of plant and equipment held under finance leases is \$Nil (2009 \$Nil)

### Note 14 Intangible assets

	<b>2010</b>	<b>2009</b>
	<b>Computer software</b>	<b>Computer software</b>
Balance at 1 July		
Cost	220	181
Accumulated amortisation and impairment	161	152
Opening carrying amount	59	29
Additions	0	39
Amortisation charge	16	9
Closing carrying amount	43	59
Balance at 30 June		
Cost	220	220
Accumulated amortisation and impairment	177	161
Closing carrying amount	43	59

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**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Balance 1 July	1,310	1,273
Additions from acquisitions	180	144
Disposals	0	0
Fair value gains/( losses ) on valuation ( note 6 )	(260)	(107)
Balance 30 June	<u>1,230</u>	<u>1,310</u>

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

The fair value of investment property has been determined using the capitalisation of net income and discounted cash flow methods. These methods are based upon the assumption including future rental incomes, anticipated maintenance costs and appropriate discount rates.

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Rental income	75	93
Expenses from investment property generating income	12	32
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 16 Council Controlled Organisations****Bay of Plenty Local Authority Shared Services Limited****BACKGROUND**

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

Auditors – Audit New Zealand

**SIGNIFICANT POLICIES AND OBJECTIVES**

The company has been set up to provide Bay of Plenty 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.

**SUBSIDIARY**

Bay Broadband Ltd has been set up as a wholly owned subsidiary of BoPLASS primarily to take advantage of the previous Government initiative to develop a local fibre network. Because of a change in Government policy there has been no progress on this network.

## Note 16 Council Controlled Organisations – Continued

### TOI EDA

Toi-EDA is the Eastern Bay of Plenty Regional Economic Development Agency set up by the three territorial authorities (Kawerau, Opotiki and Whakatane) working together with local iwi.

With the recent adoption of an ambitious three year strategic plan, Toi-EDA has a strong focus on its vision of enhancing the Eastern Bay of Plenty's economic growth and resultant wealth for its people.

The trust structure of Toi-EDA is designed to overcome previous problems with obtaining government funding. It is run by talented professionals with years of experience with the Eastern Bay of Plenty Development Board.

Toi-EDA plays an important role in the new Bay of Plenty regional partnership, particularly in terms of representing Eastern Bay of Plenty economic development interests.

**Subsidiaries: Nil**

#### Significant Policies and Objectives In Regard To Ownership and Control:

The Toi-EDA is a Charitable Trust. Policies relating to the ownership and control of the Trust include the Trust Deed setting out the purpose of the Trust and matters relating to the appointment of Trustees and the business of the Trust. The Trust Deed states the settlers have no powers to give directions to or exercise control over the Trustees or any part of the Trust's activities.

#### Nature and Scope of Activities

The principal nature and scope of the activity for the Toi-EDA is stated in the Trust Deed, which is to:

- Cultivate economic initiatives and foster growth for the benefit of Maori and the Eastern Bay of Plenty Community.
- Promote the economic, environmental, cultural and social wellbeing of Maori and the Eastern Bay of Plenty Community.
- Foster, develop and assist in the management of best practices and effective use of resources of the Eastern Bay of Plenty.
- Promote and nurture community-based, sustainable economic growth through projects to benefit the Maori and the Eastern Bay of Plenty Community.

The means by which these objectives will be pursued will be those agreed to by the Trustees consistent with the Trust Deed.

#### Key Performance Targets and Other Measures of Performance

- Improved skills by higher education levels
- Business growth (turnover, increased employees, new business)
- Improved use of human resources (measured by employment statistics)
- Increased population
- Increased productivity of the region measured in conjunction with the wider Bay of Plenty Region

Toi EDA has been exempted from the requirements of a Council Controlled Organisation under Section 7 of the Local Government Act 2002.

**Note 17 Trade and other payables**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Trade payables	702	866
Retained contract monies	128	106
Deposits and bonds	75	86
Accrued expenses	188	92
Amounts due to related parties (note 25)	34	16
Rates in advance	230	207
Rates due to Environment BOP	513	557
GST Liability	375	345
Other payables	204	182
Total trade and other payables	<u>2,449</u>	<u>2,457</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**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
<b>Current provisions are represented by:</b>		
Landfill aftercare provision	<u>8</u>	<u>8</u>
	8	8
<b>Non-current provisions are represented by:</b>		
Landfill aftercare provision	<u>48</u>	<u>53</u>
	48	53
	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Opening balance	61	54
Additional provisions made during the year	(4)	6
Amounts used during the year	(4)	(2)
Unused amounts reversed during the year	0	0
Discount unwinding ( note 9 )	3	3
Closing Balance	<u>56</u>	<u>61</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 2007 and 2019.

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 5%.

**Note 19 Employee benefit liabilities**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Accrued pay	28	16
Annual leave	270	242
Retirement gratuities	36	34
Sick leave	1	1
Total employee benefit liabilities	<u>335</u>	<u>293</u>
Comprising		
Current	299	259
Non-current	36	34
Total employee benefit liabilities	<u>335</u>	<u>293</u>

**Note 20 Borrowings**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
<b>Current</b>		
Bank overdraft	110	0
Secured loans	1,865	0
Debentures	0	0
Lease liabilities	0	0
Total current borrowings	<u>1,975</u>	<u>0</u>
<b>Non-current</b>		
Secured loans	1,275	3,140
Debentures	0	0
Lease liabilities	0	0
Total non-current borrowings	<u>1,275</u>	<u>3,140</u>

**Secured loans**

ODC's secured debt of \$3,140,000 ( 2009 \$3,140,000 ) is issued at fixed rates of interest

**Debentures**

All debentures were repaid 31 July, 2007 with the sale of the pensioner housing units.

**Security**

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$100,000 (2009 \$100,000). There are no restrictions on the use of this facility.

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:

	<b>Carrying amounts</b>		<b>Fair Values</b>	
	<b>2010 \$000</b>	<b>2009 \$000</b>	<b>2010 \$000</b>	<b>2009 \$000</b>
Secured loans	3,140	3,140	3,031	2,781
Debentures	0	0	0	0
Total	<u>3,140</u>	<u>3,140</u>	<u>3,031</u>	<u>2,781</u>

The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5% (2009 7.1%)

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

#### Finance lease liabilities

ODC has no finance lease liabilities

### Note 21 Equity

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
<b>Retained earnings</b>		
As at 1 July	123,961	124,262
Transfers to:		
Council created reserves	(503)	(621)
Transfers from:		
Council created reserves	132	52
Surplus/ ( deficit ) for year	384	268
As at 30 June	<u>123,974</u>	<u>123,961</u>
<b>Council created reserves</b>		
As at 1 July	2,016	1,447
Transfers to:		
Retained earnings	(132)	(52)
Transfers from:		
Retained earnings	503	621
As at 30 June	<u>2,387</u>	<u>2,016</u>
<b>Asset revaluation reserve</b>		
As at 1 July	41,022	41,022
Revaluation gains/ ( losses )	0	0
As at 30 June	<u>41,022</u>	<u>41,022</u>
<b>Asset revaluation reserve consists of:</b>		
<i>Operational assets</i>		
Land	401	401
Buildings	189	189
<i>Infrastructural Assets</i>		
Roading	23,816	23,816
Roading components	5,130	5,130
Water systems	4,642	4,642
Sewerage systems	1,041	1,041
Stormwater system	233	233
<i>Restricted assets</i>		
Land	5,378	5,378
Buildings	192	192
	<u>41,022</u>	<u>41,022</u>

**Note 22 Reconciliation of net surplus / ( deficit ) to net cash flow from operating activity**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
<b>Surplus / (deficit )</b>	384	268
<b>Add / (less ) non-cash items:</b>		
Depreciation and amortisation	1,874	1,799
Impairment charges	(14)	61
Vested assets	(2)	(2)
<b>Add / (less ) items classified as investing or financing activities</b>		
( Gains ) / losses on disposal of property, plant and equipment	6	(7)
( Gains ) / losses on revaluation of Investment Property	260	107
( Gains ) / losses on disposal of non-current assets for sale	0	0
( Gains ) / losses on fair value adjustment to other financial assets	(8)	40
<b>Add / (less ) movements in working capital items</b>		
Accounts receivable	(238)	(492)
Accounts payable	(8)	(9)
Provisions	(5)	7
Employee benefits	42	(35)
Non-current assets for sale	0	0
<b>Net cash inflow / ( outflow ) from operating activities</b>	<b>2,291</b>	<b>1,737</b>

**Note 23 Capital commitments and operating leases**

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
<b>Capital commitments</b>		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	0	0
Refer to note 15 for capital commitments for investment properties.	0	0
<b>Operating commitments</b>		
Operating expenditure for future years contracted on non-cancellable contracts at balance date but not yet incurred	4,149	1,501
<b>Operating leases as lessor</b>		
ODC has several endowment property leases. All but one of these leases are leases in perpetuity. The one exception has a non-cancellable term of 5 years.		
The future aggregate minimum lease payments to be collected under non- cancellable operating leases are as follows:		
	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
<b>Non-cancellable operating leases as lessor</b>		
Not later than one year	3	3
Later than one year and not later than five years	1	4
Later than five years	0	0
Total non -cancellable operating leases	<b>4</b>	<b>7</b>

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

**Operating leases as lessee**

ODC leases property plant and equipment in the normal course of business. These leases have a non-cancellable term of 36 months. The future aggregate minimum lease payment under non-cancellable operating leases are as follows:

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
<b>Non-cancellable operating leases as lessee</b>		
Not later than one year	16	10
Later than one year and not later than five years	11	7
Total non -cancellable operating leases	<u>27</u>	<u>17</u>

**Note 24 Contingencies****Contingent liabilities**

At 30 June 2010 Council has no known contingent liabilities.

**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 2010 there are 2 facilities having an approximate value of \$330,000 (2009: 2 facilities - \$330,000). This estimate has been based on valuations of similar facilities in the area.

*Waihau Bay toilet advance*

ODC advance the funding required for the construction of a toilet facility at Waihau Bay by Tamatari Enterprises.

The toilet is to be operated by Tamatari Enterprises and open to the public for a term of twenty five years. Should this arrangement continue for the complete term then no repayment of the advance is required. In the event of Tamatari Enterprises withdrawing from the arrangement then the advance is repayable on a prorate basis of the unexpired portion of the term. At 30 June 2010 this amounted to \$35,418 (2009 - \$36,917)

**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 \$696,651 (2009 \$559,205) and was negotiated on normal commercial terms. There is a balance of \$33,908 (2009 \$15,805) 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 (2009 \$nil).

*Key management personnel compensation*

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
Salaries and other short term employee benefits	726	712
Post employment benefits	0	0
Other long term benefits	0	0
Termination benefits	0	0
	<u>726</u>	<u>712</u>

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

**Related Party transactions with subsidiaries, associates or joint ventures**

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

	<b>Actual 2010 \$000</b>	<b>Actual 2009 \$000</b>
BOPLASS		
Annual contribution	3	6
Services provided	6	3
Toi EDA		
Annual contribution	15	15

**Note 26 Remuneration***Chief Executive*

The Chief Executive received the following remuneration

	<b>2010</b>	<b>2009</b>
Salary of Former Chief Executive (\$144,800 pa) - Period 1 July,2009 to 5 March 2010	119,294	130,000
Vehicle (Market plus FBT) (\$15,217 pa) – Period 1 July, 2009 to 5 March, 2010	7,114	15,217
Salary of new Chief Executive (\$140,000 pa) – Period 8 June, 2010 to 30 June, 2010	8,438	0
Vehicle (Market plus FBT) (\$17,609 pa) – Period 8 June, 2010 to 30 June, 2010	1,061	0

*Elected representatives*

	<b>2010</b>	<b>2009</b>
Mayor – John Forbes	54,318	52,483
Deputy Mayor – Selby Fisher	27,505	26,400
Councillor Chair of Community Board – Haki McRoberts	22,226	21,331
Councillor – Alex Dobie	17,032	16,343
Councillor – Barry Howe	17,032	16,343
Councillor – Doug Leeder	17,032	16,343
Councillor – Robbie Petersen	17,032	16,343
	<u>172,177</u>	<u>165,586</u>

**Note 27 Severance Payments**

For the year ended 30 June 2010 ODC made no severance payments to employees. ( 2009 \$nil )

**Note 28 Events after balance sheet date**

On 14/15th August 2010 there was a significant rain fall event that caused major damage to roading infrastructure. Cost of repair has been estimated at \$650,000 of which an estimated \$390,000 will be recovered from NZTA.

**Note 29 Financial instrument****29A FINANCIAL INSTRUMENT CATEGORIES**

The accounting policies for financial instruments have been applied to the line items below.

	Actual 2010 \$000	Actual 2009 \$000
<b>FINANCIAL ASSETS</b>		
<b>Loans and receivables</b>		
Cash and cash equivalents	1,964	1,820
Debtors and other receivables	2,438	2,200
Other financial assets		
- term deposits	400	429
- Loan advances	277	248
Total loans and receivables	5,079	4,697
<b>Fair value through other comprehensive income</b>		
Other financial assets		
- listed shares	2	2
- Unlisted shares	1	1
Total fair value through other comprehensive income	3	3
<b>FINANCIAL LIABILITIES</b>		
<b>Financial liabilities at amortised cost</b>		
Creditors and other payables	2,449	2,457
Borrowings		
- secured loans	3,140	3,140
- debentures	0	0
Total financial liabilities at amortised cost	5,589	5,597

**29B FAIR VALUE HIERARCHY DISCLOSURES**

For those instruments recognized at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market price (level 1) – Financial instruments with quoted prices for identical instruments in active markets.
- Valuation technique using observable inputs (level 2) – Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3) – Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position:

	Valuation technique			
	Total	Quoted market price	Observable inputs	Significant non-observable inputs
	\$000	\$000	\$000	\$000
<b>30 June 2010</b>				
<b>Financial Assets</b>				
Shares	3	2	0	1
<b>30 June 2009</b>				
<b>Financial Assets</b>				
Shares	3	2	0	1

There were no transfers between the different levels of the fair value hierarchy.

*Valuation techniques with significant non-observable inputs (level 3)*

The table below provides reconciliation from the opening balance to the closing balance for the level 3 fair value measurements:

	2010 \$000	2009 \$000
Balance at 1 July	1	1
Gain and losses recognized in the surplus or deficit	0	0
Gain and losses recognized in other comprehensive income	0	0
Purchases	0	0
Sales	0	0
Transfers into level 3	0	0
Transfers out of level 3	0	0
<b>Balance at 30 June</b>	<b>1</b>	<b>1</b>

**29C FINANCIAL INSTRUMENT RISKS**

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

**Market risk****Price risk**

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

ODC holds listed equity instruments in 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 BBB- 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.

#### Maximum exposure to credit risk

ODC's maximum credit exposure for each class of financial instrument is as follows

	Actual 2010 \$000	Actual 2009 \$000
Cash at bank and term deposits	1,964	1,820
Debtors and other receivables	2,438	2,200
Other financial assets		
- term deposits	400	429
- Loan advances	277	248
<b>Total credit risk</b>	<b>5,079</b>	<b>4,697</b>

#### 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 2010 \$000	Actual 2009 \$000
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#### COUNTERPARTIES WITH CREDIT RATINGS

##### Cash at bank and term deposits

AA	2,364	2,249
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#### COUNTERPARTIES WITHOUT CREDIT RATINGS

##### Other financial assets

Existing counterparty with no defaults in the past	277	248
--	-----	-----

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
2010	\$000	\$000	\$000	\$000	\$000	\$000
Creditors and other payables	2,449	2,449	2,449	0	0	0
Secured loans	3,140	3,306	1,996	1,310	0	0
<b>Total</b>	<b>5,589</b>	<b>5,755</b>	<b>4,445</b>	<b>1,310</b>	<b>0</b>	<b>0</b>
<b>2009</b>						
Creditors and other payables	2,457	2,457	2,457	0	0	0
Secured loans	3,140	3,527	221	1,996	1,310	0
<b>Total</b>	<b>5,597</b>	<b>5,984</b>	<b>2,678</b>	<b>1,996</b>	<b>1,310</b>	<b>0</b>

*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
2010	\$000	\$000	\$000	\$000	\$000	\$000
Cash and cash equivalents	1,964	1,964	1,964	0	0	0
Debtors and other receivables	2,438	2,438	2,438	0	0	0
Other financial assets						
- term deposits	400	410	410	0	0	0
- Loan advances	277	296	14	14	288	0
	5,079	5,108	4,826	14	288	0
<b>2009</b>						
Cash and cash equivalents	1,820	1,820	1,820	0	0	0
Debtors and other receivables	2,200	2,200	2,200	0	0	0
Other financial assets						
- term deposits	429	437	437	0	0	0
- Loan advances	248	331	15	15	301	0
	4,697	4,788	4,472	15	301	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	2,010		2,009		2,009	
		\$000		\$000		\$000	
		Profit	Equity	Profit	Equity	Profit	Equity
<b>INTEREST RATE RISK</b>							
<b>Financial assets</b>							
Cash and cash equivalents	1	(3)	0	3	0	(8)	0
<b>Financial liabilities</b>							
<b>Borrowings</b>							
- debentures	2	0	0	0	0	0	0
Total sensitivity to interest rate risk		(3)	0	3	0	(8)	0
<b>EQUITY PRICE RISK</b>							
<b>Financial assets</b>							
<b>Other financial assets</b>							
- quoted share investments	3	0	0	0	0	0	0
Total sensitivity to equity price risk		0	0	0	0	0	0

## Explanation of sensitivity analysis

### 1. Cash and cash equivalents

Cash and cash equivalents include deposits at call totaling \$301,693 (2009 \$814,085) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$3,016 (2009 \$8,141).

### 2. Debentures

ODC has debentures with interest rates fixed on an annual basis, with a principal amount totaling \$ nil (2009 \$nil). A movement in interest rates of plus or minus 1.0% has an effect on interest expense of \$ nil (2009 \$nil).

### 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 (2009 \$220).

## 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 utilizing 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 2009/2010 Annual Plan are as follows:

	<b>2010</b>
	<b><u>\$000</u></b>
<b>Statement of financial performance</b>	
The major variance occurred in	
Rate Revenue	
- General rates income	146
Financial Income	
- Interest (budgeted in other revenue)	(35)
Other revenue	
- External contributions for library project (not yet commenced)	(100)
- External contributions for Te Kaha Water extension (not yet commenced)	(218)
Other gains	
- Loss on fairvalue of investment property	(295)
Personnel costs	
- Councillors remuneration not included in estimate	(192)
- Other remuneration savings	31
Other expenses	
- Harbour development engineering & environmental consultancy costs	(89)
<b>Statement of financial position</b>	
Major variations arise from:	
Cash and Cash equivalents	
- Term investment in other financial assets	(400)
Debtors and other receivables	
- Rate debtors	389
Other Financial Assets	
- Term investment	400
Property, plant and equipment	
- Opening balance in budget over actual.	(978)
- Library upgrade did not proceed in this year	(400)
- Te Kaha water extension did not proceed in this year	(230)
Borrowing	
- Library loan not uplifted	400
<b>Statement of movements in equity</b>	
The major variation occurred due to	
Opening Balance	
- Property plant and equipment opening balance contra	978

## HOW COUNCIL PERFORMED IN 2009-2010

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 2009 / 2010.

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



## Group - Democracy

### What we do

The democracy group:

- Maintains a system of democratic representation for the district community including three-yearly elections
- 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.

### Strategic Goal

To ensure effective and fair community representation and support.

### Significant activities

- Activity 1: Representation  
 Activity 2: Tangata Whenua  
 Activity 3: Community Sponsorship

### Key projects of the group

- Annual meeting with each Iwi Authority
- Opotiki Community Awards

### Significant negative effects



On balance there are no significant negative effects from this group of activities.

## 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?



Measured	Target	Result	Level of Achievement
Council will hold at least 8 meetings throughout the year.	8	Achieved	Council held 8 Ordinary and 4 Extraordinary Meetings in the year ending 30 June 2010.
The number of occasions that Opotiki issues are represented in regional and national forums.	8	Achieved	The Mayor and Councillor's represented Opotiki at 38 Regional or national forums. These included the LGNZ national conference, Zone meetings, Rural Sector and National Council as well as deputations to Government on various issues.
Improvement in community satisfaction with Council representation. ( <b>Community survey measured every three years.</b> )	Due 2011/12	N/A	Community survey to be undertaken in 2011/12

**COST OF SERVICE AND FUNDING STATEMENT**

<b>Actual 2008/09 (\$000's)</b>	<b>Representation</b>	<b>Budget 2009/10 (\$000's)</b>	<b>Actual 2009/10 (\$000's)</b>	<b>Key Variances</b>
<b>Operational expenditure</b>				
816	Operating Costs including Overheads	935	823	Overhead costs reduced
816		935	823	
<b>Operating revenue</b>				
Rates Income				
814	- General Rates	935	817	
2	Activity income	0	6	
816		935	823	
0	<b>Surplus from operating</b>	0	0	

**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?**



Measured	Target	Result	Level of Achievement
An annual meeting at governance level with the three iwi authorities.	3	Not Achieved	Council Members had regular meetings with representation from the Whakatohea Maori Trust Board and the Coast Community Board has representation from the Te Whanau A Apanui Runanga but there was no meeting with Ngaitai Iwi at governance level. Council is scheduling meetings with all 3 Iwi in its 2010/11 calendar.
Contribute to the upkeep of hapu marae urupa/cemeteries.	22	Achieved	Urupa Grants of \$460 each were made to the 22 Marae Committees on 30 June 2010.

**COST OF SERVICE AND FUNDING STATEMENT**

<b>Actual 2008/09 (\$000's)</b>	<b><u>Tangata Whenua Relationships</u></b>	<b>Budget 2009/10 (\$000's)</b>	<b>Actual 2009/10 (\$000's)</b>	<b>Key Variances</b>
	<b>Operational expenditure</b>			
8	Operating Costs including Overheads	16	14	
8		16	14	
	<b>Operating revenue</b>			
	Rates Income			
8	- General Rates	16	14	
8		16	14	
0	<b>Surplus from operating</b>	0	0	

**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.

<b>How we contribute to community outcomes</b>		
<b>Community Outcomes</b>	<b>How Activity Contributes</b>	
 Services facilities and	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?**

<b>Measured</b>	<b>Target</b>	<b>Result</b>	<b>Level of Achievement</b>
Number of memorandum of understanding maintained for all ongoing grants.	8	Not Achieved	Only 7 organisations were supported in terms of their MOU. Eastland Tourism grant support was withdrawn with Council preferring to pay separately for works or services when that organisation undertook those works or services.
The bi-annual Community Contributions Awards will be organised.	Due 2010/11	N/A	Community Contributions Awards next due June 2011

**COST OF SERVICE AND FUNDING STATEMENT**

<b>Actual 2008/09 (\$000's)</b>	<b><u>Community Sponsorship</u></b>	<b>Budget 2009/10 (\$000's)</b>	<b>Actual 2009/10 (\$000's)</b>	<b>Key Variances</b>
	<b>Operational expenditure</b>			
348	Operating Costs including Overheads	285	257	Statute barred rate write off less than budget
348		285	257	
	<b>Operating revenue</b>			
	Rates Income			
345	- General Rates	285	257	
3	Activity income	0	0	
348		285	257	
0	<b>Surplus from operating</b>	0	0	

## 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 wellbeing 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

### Strategic goal

To provide and maintain affordable high quality facilities and services that meet statutory obligations, industry standards and the social, economic, environmental and cultural expectations of the community.

### Significant activities

- Activity 4: Parks and Recreation
- Activity 5: Library
- Activity 6: Property
- Activity 7: Solid Waste
- Activity 8: Water
- Activity 9: Sanitary
- Activity 10: Stormwater
- Activity 11: Transport

### Key projects for the group

- Sports and Events Centre
- Waioeka sports field lights
- Memorial Park pavilion
- Coastal initiative projects
- Urban/rural walkways
- Upgrade sewage reticulation
- Piping urban drains in Opotiki
- Seal extension programme
- Urban street upgrades
- Water grading improvements
- Port development investigations

### Activity management plans

All assets in the Facilities and Services Group have activity management plans. These are available from the Opotiki District Council for detailed information.

### Negative effects

The significant negative effects that activities may have on the social, economic, environmental and cultural well-being of communities are:

- Financial cost of maintaining and enhancing assets in particular the library, parks and reserves, property, water, stormwater, sewerage and roads.
- Potential odour emissions from resource recovery centres and sewerage treatment plant.
- Potential loss if markets for recyclable material in the solid waste activity.
- Health and safety risks associated with open stormwater drains.
- Carbon emissions and safety associated with using the transport network.




## 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?

Measured	Target	Result	Level of Achievement
The number of day's principal sport and events venues are available.	350	Achieved	Principal sporting and event venues available 359 days. Soccer and rugby fields were closed for total of 6 day after storm events.
No more than 20 complaints regarding the sports fields on reserves or gardens.	< 20	Achieved	16 complaints were received and responded to.
To maintain and enhance the amenity gardens and facilities in the district to the work plan.	100%	Achieved	Gardens and facilities were maintained and enhanced to the work plan however expenditure was in excess of budget particularly mowing costs which were 19% over budget. This is reflection of an abnormal growing season and a public demand for higher level of service. These matters will be assessed during the annual plan process in the coming year.

## COST OF SERVICE AND FUNDING STATEMENT

Actual 2008/09 (\$000's)	<u>Parks and Recreation</u>	Budget 2009/10 (\$000's)	Actual 2009/10 (\$000's)	Key Variances
<b>Operational expenditure</b>				
943	Operating Costs including Overheads	888	978	Cycleway feasibility study unbudgeted \$62,000 Some additional costs in parks and reserves
10	Interest	0	0	
81	Depreciation	0	0	
1,034		888	978	
<b>Operating revenue</b>				
Rates Income				
835	- General Rates	712	723	
222	Activity income	176	255	Cost recovery for cycleway feasibility project
46	Interest Received	0	0	2009/10 budgeted in property
20	Reserve contributions	0	0	2009/10 budgeted in property
129	Development contributions	0	0	2009/10 budgeted in property
1,252		888	978	
218	<b>Surplus from operating</b>	0	0	
<b>Capital Costs</b>				
137	Capital Expenditure	0	0	2009/10 budgeted in property
245	Contributions to Reserves	0	0	2009/10 budgeted in property
212	Debt Repayment	0	0	2009/10 budgeted in property
594		0	0	
<b>Funded By</b>				
218	Surplus from operating	0	0	
Reserves and future surpluses				
81	- Depreciation	0	0	2009/10 budgeted in property
43	- Withdrawal from reserves	0	0	2009/10 budgeted in property
252	- From retained or future earnings	0	0	2009/10 budgeted in property
594		0	0	




## Activity 5: Library

### What we do and why

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

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

### How we contribute to community outcomes

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

### How did we do?

Measure	Target	Result	Level of Achievement
The door count of visitors to the library will increase.	1%	Achieved	Visitors to the library increased some 46%. Increase can be attributable to installation of people's network computer system, a free to use internet access supplied by National Library.
There is an increase in the number of issues per head of population.	6,840	Not Achieved	Issues per head of population decreased from 6.84 to 6.77 or 1%
An increase in the usage of library computer services.	1%	Not measured	Computer usage for 2010 – 5,780 plus wifi 1,795. Comparative figures for 2009 not available

**COST OF SERVICE AND FUNDING STATEMENT**



<b>Actual 2008/09 (\$000's)</b>	<b><u>Library</u></b>	<b>Budget 2009/10 (\$000's)</b>	<b>Actual 2009/10 (\$000's)</b>	<b>Key Variances</b>
	<b>Operational expenditure</b>			
179	Operating Costs including Overheads	174	159	
35	Depreciation	37	35	
214		211	194	
	<b>Operating revenue</b>			
	Rates Income			
160	- General Rates	185	167	
55	Activity income	26	28	
2	Vested Assets	0	2	
217		211	197	
3	<b>Surplus from operating</b>	0	3	
	<b>Capital Costs</b>			
38	Capital Expenditure	37	38	
38		37	38	
	<b>Funded By</b>			
3	Surplus from operating	0	3	
	Reserves and future surpluses			
35	- Depreciation	37	35	
38		37	38	

## 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
 <p>Services and facilities meet our needs.</p>	<p>Council owns and maintains properties that provide services to the needs of the community.</p>
 <p>A strong and distinctive community spirit</p>	<p>Council properties support and encourage positive community activities.</p>

### How did we do?

Measured	Target	Result	Level of Achievement
Capital development as set out in the annual plan is carried out on time and within budget.	100%	Not Achieved	The library upgrade was not undertaken being delayed to 2011/12 through the purchase of the neighbouring building and the project being reconsidered. Also the Waihau Bay playground has been delayed through difficulties with the local community settling on a site. Other works were completed with both the Ohiwa boat ramp toilet and Omaio toilet being marginally over budget.
The maintenance programme is to be developed for existing buildings.	50%	Not Achieved	Only 25% completed as the programme development was put on hold due to the proposed relocation of the DOC office and redevelopment of the depot site.
Percentage of properties to be maintained under the life cycle maintenance programme.	30%	Not Achieved	Only the Council office, old Council offices and depot buildings were investigated constituting approximately 25% of Councils properties

## COST OF SERVICE AND FUNDING STATEMENT

Actual 2008/09 (\$000's)	Property	Budget 2009/10 (\$000's)	Actual 2009/10 (\$000's)	Key Variances
	<b>Operational expenditure</b>			
157	Operating Costs including Overheads	203	175	
0	Interest	18	0	
41	Depreciation	152	146	
198		373	321	
	<b>Operating revenue</b>			
	Rates Income			
135	- General Rates	146	223	
	Investment income	169	132	
71	Activity income	310	108	No external contributions to library as project delayed
	Development contributions	171	100	Other grant income down
	Reserve contributions	5	21	Less development and subdivision activity
206		801	584	
8	<b>Surplus from operating</b>	428	263	
	<b>Capital Costs</b>			
294	Capital Expenditure	1,064	637	Library project not undertaken this year
	Contributions to reserves	251	187	Less development contributions
0	Debt Repayment	0	0	
294		1,315	824	
	<b>Funded By</b>			
8	Surplus from operating	428	263	
	Loans raised	300	0	Library project not undertaken this year
31	Asset Sales	70	61	
	Reserves and future surpluses			
171	- Depreciation	355	306	
	- Withdrawal from reserves	28	54	
84	- Retained or future earnings	134	140	
294		1,315	824	




## Activity 7: Solid Waste

### What we do and why

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

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

### How we contribute to community outcomes

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

### How did we do?

Measured	Target	Result	Level of Achievement
The closed landfill is monitored to the requirements of Consent with no non-compliances issued.	100%	Achieved	No non compliance issues and with 100% Bay Of Plenty Regional Council approval.
"Fly tipping" reports are responded to within 5 working days.	100%	Achieved	All fly tipping reported to Council responded to and cleaned up within the 5 working day target.
Number of public educational activities undertaken to encourage residual waste reduction and good recycling practice.	3	Achieved	4 educational activities undertaken. E waste collection, hazardous waste collection and two school visits.
Residual waste per year is less than 1400 tonnes	<1,400 tonnes	Achieved	980 tonnes of residual waste received and transported to landfill. This was a further improvement on the 1200 tonnes received the previous year and showed the advantage of having the new automated sorting conveyor installed.

**COST OF SERVICE AND FUNDING STATEMENT**


<b>Actual 2008/09 (\$000's)</b>	<b>Solid Waste</b>	<b>Budget 2009/10 (\$000's)</b>	<b>Actual 2009/10 (\$000's)</b>	<b>Key Variances</b>
<b>Operational expenditure</b>				
999	Operating Costs including Overheads	1,076	1,025	
27	Interest	9	9	
22	Depreciation	5	3	
<b>1,048</b>		<b>1,090</b>	<b>1,037</b>	
<b>Operating revenue</b>				
Rates Income				
868	- Targeted Rates	883	884	
9	- General Rates	4	0	
193	Activity income	213	235	
1	Investment income	2	1	
<b>1,071</b>		<b>1,102</b>	<b>1,120</b>	
<b>23</b>	<b>Surplus from operating</b>	<b>12</b>	<b>83</b>	
<b>Capital Costs</b>				
0	Capital Expenditure	0	0	
10	Contributions to Reserves	12	11	
381	Debt Repayment	0	0	
<b>391</b>		<b>12</b>	<b>11</b>	
<b>Funded By</b>				
23	Surplus from operating	12	83	
Reserves and future surpluses				
22	- Depreciation	0	3	
0	- Withdrawal from reserves	0	0	
346	Retained or future earnings	0	(75)	
<b>391</b>		<b>12</b>	<b>11</b>	

**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 Waitohi 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?**

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

## How did we do?

Measured	Target	Result	Level of Achievement
% of time water available to consumers.	100%	Achieved	Apart from arranged shutdowns for new installations and maintenance (less than 4 hours each, no service time lost).
Compliance with NZ water quality standards. Bacterial compliance.	100%	Achieved	Water quality 99.8% and within quality standards with Bacterial Compliance 100%.
Protozoal compliance.	0%	Not Achieved	During 2009/10 year Council approved to develop a new water service and therefore the installation of new treatment equipment required for protozoal compliance was deferred. The decision to investigate a new source was partly due to assessment of long term demand, upcoming refurbishment of existing supply source if retained and increased cost of protozoal equipment. The latter may be no longer required if ideal source developed.
All service main repairs are completed within four hours of receiving service request.	100%	Achieved	All repairs completed within 4 hour timeframe as recorded from service provider contractor's records.

## COST OF SERVICE AND FUNDING STATEMENT

Actual 2008/09 (\$000's)	<u>Water Supplies</u>	Budget 2009/10 (\$000's)	Actual 2009/10 (\$000's)	Key Variances
<b>Operational expenditure</b>				
372	Operating Costs including Overheads	328	405	Water treatment and testing costs increased through health requirements
239	Interest	245	219	
290	Depreciation	295	298	
901		868	922	
<b>Operating revenue</b>				
Rates Income				
732	- Targeted Rates	735	731	
157	Activity income	374	229	No Grant income for Te Kaha water extension
7	Investment income	15	12	
896		1,124	972	
(5)	<b>Surplus from operating</b>	256	50	
<b>Capital Costs</b>				
114	Capital Expenditure	262	182	Te Kaha water extension delayed Opotiki water source project initiated.
167	Contributions to Reserves	115	156	
4	Debt Repayment	10	10	
285		387	348	
<b>Funded By</b>				
(5)	Surplus from operating	256	50	
	Loans raised	0	0	
Reserves and future surpluses				
290	- Depreciation	133	298	
0	- Withdrawal from reserves	0	0	
0	Retained or future earnings	(2)	0	
285		387	348	





## 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 Waitohi Drifts while the other serves a small subdivision at Waihou Bay. All other dwellings in the district are serviced by septic tank systems.

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

### How we contribute to community outcomes

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

### How did we do?

Measured	Target	Result	Level of Achievement
% of time the wastewater scheme operates to the requirements of resource consent conditions with no non-compliance notices issued.	100%	Achieved	Waste water scheme operating within resource consent conditions 100% of the time as recorded by Regional Council field sheets 100427, 100422
% of service requests that are resolved within one day.	100%	Achieved	100% of service requests were resolved within one day as recorded on Council's service providers worksheets
At least 3 km of Opotiki sewer is investigated for upgrading per year.	>3	Not Achieved	Only 68% (approx 2 km) were investigated for upgrade, which included 710m actually upgraded. This was the first year of the sewer replacement programme and the two sections upgraded served to show that best value for money was to renew sewer together with the street upgrade programme and in consideration of infiltration problems. There was no negative impact or loss. Based on 2009/10 year assessment, the measure will be reviewed.

**COST OF SERVICE AND FUNDING STATEMENT**




Actual 2008/09 (\$000's)	Sanitary Services	Budget 2009/10 (\$000's)	Actual 2009/10 (\$000's)	Key Variances
	<b>Operational expenditure</b>			
259	Operating Costs including Overheads	227	243	
29	Interest	52	26	
129	Depreciation	136	152	
417		415	421	
	<b>Operating revenue</b>			
	Rates Income			
389	- Targeted Rates	413	411	
1	Activity income	2	42	
6	Investment income	8	7	
396		423	460	
(21)	<b>Surplus from operating</b>	8	39	
	<b>Capital Costs</b>			
30	Capital Expenditure	490	209	Reticulation upgrade scaled back through resources being used on new water source project.
78	Contributions to Reserves	47	33	
0	Debt repayment	0	0	
108		537	242	
	<b>Funded By</b>			
(21)	Surplus from operating	8	39	
	Loans raised	400	0	Loan for reticulation upgrade not uplifted
	Reserves and future surpluses			
129	- Depreciation	129	152	
0	- Withdrawal from reserves	0	51	
108		537	242	

**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 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?

Measured	Target	Result	Level of Achievement
At least 50 meters of open drains are piped per annum.	>50	Achieved	600m of Buchanan Street drain was piped during the year.
All urban flooding reports are investigated and appropriate action taken that ensures a resolution within 7 days.	100%	Achieved	All urban flooding reports investigated and resolved within the 7 day timeframe. However system limitations may not prevent future avoidance of problems
All 7 pump stations available for emergencies.	7	Achieved	All 7 pump stations were maintained (and test run) throughout the year. No outages occurred during flood events. Operation during June event indicated a higher level of service is being requested and this matter will be reviewed in the current year.

## COST OF SERVICE AND FUNDING STATEMENT

Actual 2008/09 (\$000's)	Stormwater	Budget 2009/10 (\$000's)	Actual 2009/10 (\$000's)	Key Variances
	<b>Operational expenditure</b>			
56	Operating Costs including Overheads	59	56	
32	Depreciation	32	32	
88		91	88	
	<b>Operating revenue</b>			
	Rates Income			
88	- General Rates	91	94	
0	Activity income	0	28	Contribution to capital upgrades
88		91	122	
0	<b>Surplus from operating</b>	0	34	
	<b>Capital Costs</b>			
14	Capital Expenditure	108	143	Addition works required see contributions above.
14		108	143	
	<b>Funded By</b>			
0	Surplus from operating	0	34	
	Reserves and future surpluses			
14	- Depreciation	108	102	
0	- Withdrawal from reserves	0	7	
14		108	143	





## 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?

Measured	Target	Result	Level of Achievement
% of residents satisfied with the standard and safety of streets, roads and footpaths - surveyed 3 yearly.	Due 2011/12	N/A	Community survey to be undertaken in 2011/12
No more than two serious accidents per year on the district's roads (state highways excluded).	< 3	Achieved	One serious accident occurred on Council roads causing one fatality. A serious accident is defined as one involving a fatality.
The road maintenance programme is approved by NZTA.	100%	Achieved	Road maintenance programme approved by NZTA. The work was undertaken and subsidies received.
200m of urban street upgraded.	200m	Achieved	200m of Buchanan Street between Ford and Richard Streets were upgraded
1 km of metal road sealed.	1km	Achieved	New sealing was undertaken on 1.4 km of Papanui Road and 1.0 km of Looney Road. The Council decided to have additional sealing completed than otherwise planned due to very low contract rates received, public demand and favourable road base conditions.

### COST OF SERVICE AND FUNDING STATEMENT

Actual 2008/09 (\$000's)	<u>Transport</u>	Budget 2009/10 (\$000's)	Actual 2009/10 (\$000's)	Key Variances
	<b>Operational expenditure</b>			
1,625	Operating Costs including Overheads	1,721	1,706	
40	Interest	38	38	
1,116	Depreciation	1,078	1,058	
2,781		2,837	2,802	
	<b>Operating revenue</b>			
	Rates Income			
1,416	- General Rates	1,571	1,590	
87	- Targeted Rates	88	84	
1,220	Activity income	1,218	1,199	
24	Investment income	17	18	
46	Development contributions	83	46	
2,793		2,977	2,937	
12	<b>Surplus from operating</b>	140	135	
	<b>Capital Costs</b>			
879	Capital Expenditure	987	937	
120	Contributions to Reserves	150	115	
29	Debt Repayment	0	0	
1,028		1,137	1,052	
	<b>Funded By</b>			
12	Surplus from operating	140	135	
	Reserves and future surpluses			
1,007	- Depreciation	974	970	
9	- Withdrawal from reserves	68	20	
0	- Retained or future earnings	(45)	(73)	
1,028		1,137	1,052	

## Group - Environment

### What we do

The Environment Group

- Prepares District Plan and Plan changes so that growth can be provided for without environmental qualities being destroyed
- Makes representation on a wide range of environmental issues at regional and national levels on behalf of the community
- Processes resource consents
- Processes building consents and inspects building work
- Inspects and licenses liquor and food premises
- Enforces dog and animal control requirements
- Enforces noise provisions in the District Plan
- Regulates hazardous substances
- Prepares the community for emergencies

### Why do we do it

Council is required by law to regulate a number of activities in the district. The preparation of the District Plan provides for growth and maintaining or protecting environmental qualities valued by the community.

### Strategic goal

To continue to deliver a level of customer service that satisfies all statutory requirements and timelines.

### Significant activities

Activity 12: Emergency Management

Activity 13: Animal Control

Activity 14: Regulatory

Activity 15: Management of the Environment and Development

### Key projects for the group

- Prepare District Plan changes to accommodate growth without compromising environmental qualities of the District and to meet legal requirements arising out of the review of the Resource Management Act
- Preparation of a District wide Growth Management Strategy
- Maintain Building Accreditation

Implement changes in legislative requirements arising from the review of the Food Act 1981 and the review of the Health Act 1956




## 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
 <p>Development and protection of natural resources</p>	The activities ensure surrounding environments remain unchanged.
 <p>Services and facilities meet our needs</p>	The activities are effective and efficient to meet the needs of the users.
 <p>A strong and distinctive community spirit</p>	Community safety builds strong and distinctive community spirit.

## How did we do?

Measured	Target	Result	Level of Achievement
A current rural fire plan and civil defence plan are in operation.	100%	Achieved	The rural fire plan and civil defence plan are current and in operation throughout the year.
Number of public educational activities undertaken to raise awareness of emergency management procedures.	2	Achieved	4 educational activities undertaken: Contributed to the Regional Emergency programme Provided literature for Ashbrooke school learning programme Contributed to Central North Island Regional fire awareness Undertook radio advertising for fire control

## COST OF SERVICE AND FUNDING STATEMENT

Actual 2008/09 (\$000's)	Emergency Management	Budget 2009/10 (\$000's)	Actual 2009/10 (\$000's)	Key Variances
	<b>Operational expenditure</b>			
129	Operating Costs including Overheads	177	155	
3	Depreciation	0	3	
132		177	158	
	<b>Operating revenue</b>			
	Rates Income			
120	- General Rates	170	141	
12	Activity income	7	17	
132		177	158	
0	<b>Surplus from operating</b>	0	0	




## 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?

Measured	Target	Result	Level of Achievement
An increase in the number of registered dogs in the District.	1,455	Not Achieved	The number of Dogs registered was 1,337. The number of dogs in the District has declined by 118. This represents an 8.1% reduction in dog numbers in the District.
% of animal control complaints that are resolved within one day.	>95%	Not Achieved	90% of animal control complaints were resolved within one day. The service requests that were not resolved within the one day timeframe (but were subsequently resolved) resulted from people not being at home for follow up visits and some were of a complex nature that required research over a number of days to establish factual matters and verify dogs concerned (e.g. dogs worrying stock).
% of Residents satisfied with animal control - surveyed 3 yearly	Due 2011/12	N/A	Community survey to be undertaken in 2011/12

## COST OF SERVICE AND FUNDING STATEMENT

Actual 2008/09 (\$000's)	Animal Control	Budget 2009/10 (\$000's)	Actual 2009/10 (\$000's)	Key Variances
	<b>Operational expenditure</b>			
178	Operating Costs including Overheads	177	182	
178		177	182	
	<b>Operating revenue</b>			
	Rates Income			
119	- General Rates	116	114	
59	Activity income	61	68	
178		177	182	
0	<b>Surplus from operating</b>	0	0	





## 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 Opotiki 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?

Measured	Target	Result	Level of Achievement
% of time building consents are issued within the statutory timeframes.	>95%	Achieved	96% of building consents were issued within the statutory time frames.
% of time resource consents are issued within the statutory timeframes.	>90%	Achieved	98% of resource consents were issued within statutory time frames.

**COST OF SERVICE AND FUNDING STATEMENT**

Actual 2008/09 (\$000's)	Regulatory	Budget 2009/10 (\$000's)	Actual 2009/10 (\$000's)	Key Variances
	<b>Operational expenditure</b>			
391	Operating Costs including Overheads	512	564	
391		512	564	
	<b>Operating revenue</b>			
	Rates Income			
223	- General Rates	296	334	
168	Activity income	216	230	
391		512	564	
0	<b>Surplus from operating</b>	0	0	






**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?

Measured	Target	Result	Level of Achievement
Evaluate on an annual basis, district plan rules that cause non-complying resource consent applications. Evaluate whether the granting of non complying resource consent applications compromises environmental sustainability and whether rules need amending. Develop plan changes as appropriate.	Nil Plan Changes	Achieved	There were 14 non-complying applications. None of the non-complying activities compromised environmental sustainability and the rules infringed do not require a plan change. 7 were subdivision consents and 7 were landuse consents.
% of Growth Strategy developed.	80%	Not Achieved	An assessed 50% of the growth strategy developed. Little progress made in 2009/10 as a structure plan concept for the harbour is being looked at by consultants and will feed into the Growth Strategy

## COST OF SERVICE AND FUNDING STATEMENT

Actual 2008/09 (\$000's)	<b>Environmental &amp; Development Management</b>	Budget 2009/10 (\$000's)	Actual 2009/10 (\$000's)	Key Variances
	<b>Operational expenditure</b>			
355	Operating Costs including Overheads	214	214	
355		214	214	
	<b>Operating revenue</b>			
	Rates Income			
282	- General Rates	213	214	
73	Activity income	1	0	
355		214	214	
0	<b>Surplus from operating</b>	0	0	

## 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 and aquaculture
- Seeking to grow existing events
- Contributing to local and regional economic development agencies.

**Why we do it**

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

**Strategic goal**

To create a sustainable economic future by broadening the District’s economic and employment base.

**Significant activities**

Activity 16: Tourism and Promotion

Activity 17: Opotiki Harbour Development

**Key projects of the group**

- Promotion of the District to increase visitor numbers
- Constructing infrastructure to optimise employment opportunities from offshore aquaculture.

**Significant negative effects**

- Increasing visitor numbers will increase pressure on resources, particularly during the peak summer.

Financial cost of constructing and maintaining groynes




## 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	Result	Level of Achievement
Increased visitors to the Information Centre	5%	Not Achieved	Visitors to the Visitor information centre reduced from 13032 to 12779 a decrease of 1.9% Council is considering relocating the Information Centre to a more strategic site.
Increase the number of people attending events.	5%	Achieved	Based on the 8 Events monitored attendance increases 7.8%.

**COST OF SERVICE AND FUNDING STATEMENT**

<b>Actual 2008/09 (\$000's)</b>	<b>Tourism &amp; Promotion</b>	<b>Budget 2009/10 (\$000's)</b>	<b>Actual 2009/10 (\$000's)</b>	<b>Key Variances</b>
<b>Operational expenditure</b>				
319	Operating Costs including Overheads	322	322	Mud slide decommissioned.
319		322	322	
<b>Operating revenue</b>				
Rates Income				
134	- General Rates	173	241	
35	- Targeted Rates	39	39	
150	Activity income	110	42	Grant income for activities reduced.
319		322	322	
0	<b>Surplus from operating</b>	0	0	

**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.

In December 2009 resource consents were issued for the harbour entrance development by the Minister of Conservation. This major milestone was achieved with massive support from the community and proceeded without appeal. Council now is turning its mind to compiling a strong business case for the development that will help attract the significant amount of funding needed to undertake the final design and construction phase.

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**

<b>Community Outcomes</b>		<b>How Activity Contributes</b>
	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 Learning 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?

Measured	Target	Result	Level of Achievement
Resource consent for the groynes will be granted.	Granted 2010/11	Achieved	Resource consents for the harbour development were granted July 2009
Groynes will be constructed.	2012/13	N/A	Construction of groynes planned for 2012/13
Port business case and strategic development plan will be adopted by Council.	2011/12	N/A	Business case and strategic plan to be undertaken in 2010/11 due for adoption in 2011/12

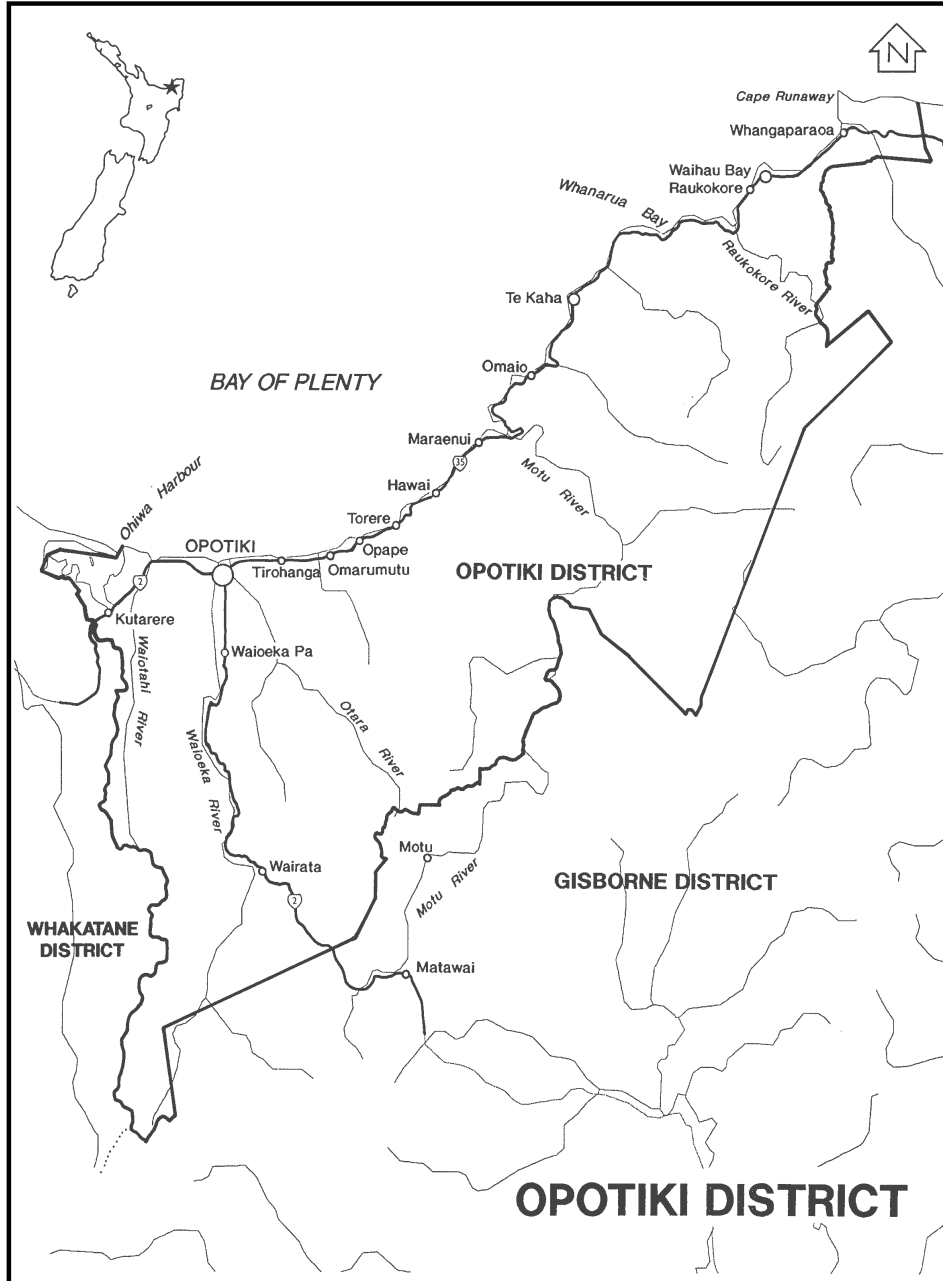
## COST OF SERVICE AND FUNDING STATEMENT

Actual 2008/09 (\$000's)	Harbour Development	Budget 2009/10 (\$000's)	Actual 2009/10 (\$000's)	Key Variances
<b>Operational expenditure</b>				
342	Operating Costs including Overheads	157	246	Engineering & environmental consultancy costs
342		157	246	
<b>Operating revenue</b>				
Rates Income				
237	- General Rates	107	246	Grant assistance not available this year.
105	Activity income	50	0	
342		157	246	
0	<b>Surplus from operating</b>	0	0	

## State of Significant Acquisitions

While Council did not make any significant acquisition or replacement of assets during the year ended 30 June 2010 the following capital expenditure is worthy of note:

- Seal extension**  
 New sealing was undertaken on 1.4 Km of Papanui Road and 1 Km of Looney Road. Council decided to have sealing in excess of the planned Papanui Road project due to very low contract rates and favourable road base condition. Both projects were complete at a cost of \$187,700 being only \$700 over the budget for the original project.
- Opotiki water scheme new source investigation and test bore \$100,900**  
 Owing to high levels of manganese and iron in the existing bore water and as the bore casings are tailing, Council resolved to scale back planned sewerage work in favour of securing a new water source for the Opotiki Water Supply. This was unbudgeted expenditure.
- Opotiki Sewerage reticulation upgrade \$183,400**  
 Council budgeted \$490,000 for sewerage reticulation upgrade. This work was scaled back when the requirement for a new water source became apparent. This was to minimise the impact on the ratepayer. The sewerage reticulation upgrade will continue in 2010/11.
- Stormwater reticulation work of \$142,800**  
 Piping the open drain in Buchanan Street was undertaken as planned and within budget at a cost of \$96,657. Additional stormwater work was undertaken in King Street and St John Street as a result of developments. The developers contributed the cost of this unplanned work.





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