



Ōpōtiki District Council

2017/18 Annual Report

ISSN 1173-184



Contents

Contents	3
Introduction	5
Directory	6
Executive Staff	6
Your representatives	7
Council	7
Community Board.....	7
From the Mayor and CEO	8
Highlights and significant events	9
5 Year Financial Summary	14
2017/18 Performance Overview.....	16
Financial Reporting and Prudence	17
Capital Expenditure 30 June 2018.....	25
Council Organisation.....	27
Council Values.....	28
Representation.....	29
Organisational Structure	30
Priorities for Council Action	31
EEO Report	31
Governance and Structure.....	32
Council Activities and Performance	35
Activity groups	36
A guide to the groups of activities	36
Council groups of activities.....	37
Leadership.....	38
Community Facilities	42
Community Development	49
Economic Development	52
Regulation and Safety.....	57
Solid Waste Management	64
Stormwater.....	69
District Plan	74
Wastewater.....	77
Water Supply	82
Land Transport.....	90
Investments	95
Progress towards community outcomes.....	100
Financial Information	109
Statement of Financial Position.....	112
Funding Impact Statement	114
Notes to Financial Statements.....	115
Statement of Compliance and Responsibility.....	160
Report from Audit New Zealand	161

Introduction



Directory

Council Office	108 St John Street P O Box 44 Ōpōtiki 3162 New Zealand
Telephone	64 7 315 3030
Facsimile	64 7 315 7050
E-mail	info@odc.govt.nz
On the web	www.odc.govt.nz
Bankers	ANZ 57 Spring Street Tauranga
Auditors	Audit New Zealand on behalf of the Auditor General
Solicitors	Simpson Grierson Wellington
Insurance Brokers	Aon New Zealand Tauranga

Executive Staff

Aileen Lawrie
Chief Executive Officer

Bevan Gray
Finance and Corporate Services Group Manager

Ari Erickson
Engineering and Services Group Manager

Gerard McCormack
Planning and Regulatory Group Manager

Your representatives

Council

John Harris Forbes (Mayor) 315 7362

Ōpōtiki Ward:

Shona Browne 315 7347

Arihia Tuoro 027 274 2268

Barry Howe 315 6003

Coast Ward:

Haki McRoberts 325 2833

Waioahe/Waioeka Ward:

Lyn Riesterer (Deputy Mayor) 315 6627

Ken Young 315 7919

Community Board

Haki McRoberts (Chairman)

Gail Keepa

Michael (Spike) Collier

Tiaki (Jack) Parata

Allen Waenga

From the Mayor and CEO

We are pleased to present you with our annual report for 2017-18, a year in which we have had a range of major projects including completing the harbour business case, ten year planning, infrastructure planning and starting the rehabilitation of the sewers in the Ōpōtiki township.

Work on the harbour business case was completed in November with the culmination of the 18 workstreams required by government to meet the 26 KPI's set by them in 2015. The 2 years of work we did showed an increase in the cost of the harbour for a range of reasons, and on the other side of the ledger it showed that the potential opportunity was 5 times larger, with science work showing that up to 19,700 ha of farming offshore was likely to be environmentally sustainable.

The disappointing response was received in May to a harbour funding application which was in the midst of our four week consultation period and caused issues for both the community and council. Despite the challenges an unqualified opinion was received from our auditors and we are now working with a new team in government to look at cost reduction and opportunity enhancement.


Over the last year we have completed our 2018-2028 Long Term Plan amongst a range of challenges, including whether and when to plan for growth. We appreciated the 100% increase in submissions over the previous LTP and are pleased that many of our community embraced the online processes. We know that not everyone is comfortable online so we are committed to providing many different ways for you to provide feedback. We encourage you to contact us at any time especially on simple matters that shouldn't need to wait for an annual consultation process.

As part of the Ten Year plan we completed a 30 year infrastructure strategy. This was a major project and this review embraced the reality of climate change and made sure it was factored into our long term planning of our infrastructure provision. You will see a number of stormwater management projects over the coming decade. Storms seem to be becoming a weekly weather event and inevitable clean-up work reduces our business as usual capacity.

On the solid waste front we made the decision to move to plastic wheelie bins, which should help reduce the incidence of dog strike, as well as being a more environmentally friendly option to plastic bags. The changes are currently in the planning phase and should be in place on 1 July 2019. We have also decided to invest more in gardens, litter control and public toilets. Combined with some grant funding from government, and a small restructure within council, this should lift the performance in these areas.

Work also commenced on our three year rehabilitation of the Ōpōtiki sewer, in the worst affected parts of town. While it is early days we are starting to see results with better performance with less infiltration into the system during periods of heavy rain. Other infrastructure upgrades have been double the usual including footpath upgrades and the start of our street lighting upgrade.

There have been some management gaps between farewelling two managers over the last year and recruiting replacements. With ongoing issues recruiting suitable candidates into the engineering area in particular, we have seen some of the work programme fall behind. Our new recruits have hit the ground running and we are seeing improvements in many areas of Council and reviews that will lead to improvements in the coming year.



John Forbes
Mayor of Ōpōtiki



Aileen Lawrie
CEO

Highlights and significant events

Harbour Development Project

Validation stage partnership

In October 2015 the government committed \$3 million to the Ōpōtiki Harbour Development Project. A project board was jointly established by Ōpōtiki District Council, Bay of Plenty Regional Council, government, and Whakatōhea Māori Trust Board to oversee 18 workstreams required to advance the harbour project. In March 2017 and 2018, government committed a further \$1M for the partners to deliver various aspects of the project. A business case was submitted in November 2017, while some further cost refinement and geotechnical work was carried out. In May, Minister Jones visited Opotiki to advise that the government had said no to a cost of \$145M but asked us to work directly with the Independent Advisory Panel on a new proposal.

Pathways to work

The pathways to work project being delivered by Toi-EDA has gone from strength to strength over the last year. Significant progress is being made to increase rangatahi and youth awareness and skills for the world of work. Training and education opportunities are more closely aligned with Eastern Bay of Plenty (EBOP) industry demand. There is increased driver licensing tuition to reduce this common barrier to participation in work. Skills for youth employment are being built, there are focussed pastoral care workers, and funding being delivered to local programmes. A total of \$5.5M He Poutama Rangatahi funding has been approved for EBOP with over 50% of that coming to Whakatōhea, Whakaatu Whanaunga and Opotiki College. This is a significant complement to philanthropic and other government funding into local initiatives.

Ōpōtiki Research and Technology Library

Fundraising for Te Tāhuhu o Te Rangi continued during this financial year, however the ambitious target of raising the middle million was not achieved. Post balance date we discovered the integrity of the existing library roof has led to leaks and consequently mould issues that will necessitate a temporary move to alternative premises.

These challenges mean we will have renewed urgency to move the project forward in the next financial year.

Ōpōtiki Sewerage

In 2016/17 the Ōpōtiki sewerage investigation project was completed. We did this to work out how widespread the inflow of stormwater into the wastewater system was. Having that information helped us to make the decision to fix and renew existing pipes instead of replacing the system. Our rehabilitation programme allows us to improve levels of service and allow for growth but still keep costs down.

This first year of the programme has been successful and we have made significant progress. We have been targeting the worst areas in town first, repairing manholes and relining mains. Raising of gully traps on private property has also been refined for quicker completion over the remaining two years of the rehabilitation programme.

Budget for further extension to the wastewater network on Factory Road has been included in the 2018 LTP as growth could come at any point.

Water Supply

Most of the work on Ōpōtiki's water supply focussed on investigations to best inform the 2018-2028 LTP. Work was completed on the Northern Extension in Te Kaha which extended service from Copenhagen Rd to the housing clusters in Maungaroa. The Southern Extension which seeks to extend service along Parekura Hei Rd is still undergoing consultation and it is hoped will be completed by the end of the funding provided by the Ministry of Health.

Ōpōtiki Stormwater Projects

Investigations for two stormwater projects were completed in 2016/17. The first project was to install a stormwater detention basin in the Volkner's Island reserve and the second was to install a new trunk main along Richard St. Geotechnical investigation of the detention basin area found that much of it was occupied by a historical landfill. This meant we had to do further investigation through 2017/18 to ensure stability of the adjacent stop bank is maintained and a cost effective solution is found for the basin.

Investigation into groundwater levels around the township has revealed high groundwater levels in Ōpōtiki year round. High groundwater levels mean there would be higher construction rates for the trunk main. To make sure we achieve affordable construction (planned for 2019 in the 2018-2028 LTP) we did further investigation and development of design solutions.

Asset Renewal

Council completed its programmed works to maintain and upgrade its assets including:

- Reseal of sections of urban and rural pavements, re-metalling of unsealed road surfaces in accordance with the asset management plan programme
- Completion of the annual rehabilitation / upgrade urban street project as per the asset management plan programme.

NZTA undertook an investment audit of Council roads this year reporting the network was in very good condition with a low risk against current investment. The network was assessed as being in the mid-range of cost per km compared to other Council's.

Road Seal Extension

During the 2015-2025 LTP process we consulted on what would be done about continuing road seal extensions within the district where New Zealand Transport Agency (NZTA) no longer provided 60 percent funding assistance. Changes to NZTA's funding principles meant that they would no longer provide funding for these types of capital works, and there was a risk of losing the operational renewal funding for them in future.

In consideration of demand and need for seal extension across the district, particularly where there is an economic benefit, for example dust suppression around kiwifruit orchards, Council set a new approach through the adoption of the 2017/18 Annual Plan. This approach included undertaking of a maximum of 2km seal extension work should a ratepayer request it and provide 60 percent of the cost that would previously have been funded by NZTA. Council continued this approach moving forward with the adoption of the 2018-2028 LTP.

Council will review this stance constantly and will consider other funding opportunities, or changes in NZTA's funding assistance rates, with particular consideration for seal extensions that have supporting business cases in line with the objectives of the government policy statement on land transport.

Walkways/Coastal Access

The 2015-2025 LTP provided budget for development of walkways and coastal access. In 2016 MBIE announced funding would be available for Extensions and Enhancements to Cycle Trails which has been continued through the term of the 2018 LTP. In response to this opportunity, only part of the budget was used for preparation of consent applications, securing access and preparing a business case to support an application to the fund. This business case was completed and has been adopted by the two Eastern Bay Councils. In this way funds budgeted in the 2018 LTP will be used to leverage additional funding.

Councils support for the Mōtū Trails Charitable Trust for enhancements to the Mōtū Trails and support of economic benefits and to grow the visitor industry through 2017/18 was provided and has been adopted to continue in the 2018 LTP.

Animal Control

We expanded our animal control team and they continued to be proactive in carrying out patrols, responding to service requests, maintaining our pound and spending time with animal owners providing education to assist dog owners which has resulted in improvement in many areas and a significant decrease in the number of dogs being euthanized.

Our communities perception of the service continues to improve with an increase in the number of people that were very/fairly satisfied with Animal Control recorded during Council's annual customer satisfaction survey. The number of dangerous, menacing and roaming dogs is still a cause of concern for many residents though so Council decided to fund a de-sexing programme for menacing and dangerous dogs in the coming year.

Building Control Authority

This year saw a 19% increase in the number of building consent applications received by Council which has caused some pinch points to occur resulting in some building consents applications not being processed as quickly as we would have liked. In the coming year, arrangements have been made with Western Bay of Plenty District Council for them to assist with processing when we experience high volume of application numbers, reducing the length of time spent processing consents.

Food Control

Our team have worked hard with the food premises in our district to ensure nearly all have registered and transferred across to the new Food Control Plan template brought about by changes to the Food Act 2014.

Our staff and contractors continued to regularly visit food premises to ensure that food is being prepared, stored and served in accordance with the Food Act for the health and safety of our communities and visitors.

Resource Consents

This year almost 40 resource consent applications were processed by Council and all were processed within set timeframes. We launched a new call and email request service for customers which provides a higher level of service delivery for our customers. This proved really successful and was then rolled out to our building and food and health functions as well.

RAPID numbering

This year saw the start of our Rural Address Property Identification (RAPID) numbering project to ensure that all RAPID numbers are accurate within the district. This will make it easier for emergency services to locate an address in an emergency.

We're also making sure all roads in our district are named and named correctly according to LINZ standards.

Both parts of this project will help ensure consistency so that an address is easy to find.

District Plan

The review of our plan continued with hearings of submissions held in July and August last year and decisions on submissions notified in May this year. Ten appeals have been lodged with the Environment Court in relation to the decisions. In addition, joining notices have been lodged by ten parties under section 274 of the RMA seeking to be a party to nine of the ten appeals.

We are currently in negotiations with the appellants, aiming to resolve matters that can be agreed.

Staffing

We recruited 27 roles and while most of these were replacement positions, a few additional roles were created in response to growing demands.

We also required additional resource to assist with a number of infrastructure projects we have in progress and with the departure of two group Managers during the year we took the opportunity to restructure our teams.

We took on a student cadet in our Finance and Corporate Services team and we have continued with employing two Ōpōtiki College students in our library. We continue to work with Ōpōtiki College around opportunities for our youth, so we may have more students engaged in work experience in the future.

We've been working with our colleagues at other councils to leverage available resources to help meet our obligations under new health and safety legislation. Ōpōtiki, along with most other councils in the Bay of Plenty, Waikato and further afield have entered into a pre-qualification scheme for contractors. To support some of our smaller local business to pre-qualify, we actively worked with them to improve their health and safety management.

Investment in Evolution Networks

In October 2016 Council purchased a 30% shareholding in Evolution Networks Limited, a local wireless internet provider, to help provide better connectivity to the community, district, and wider Eastern Bay of Plenty. There are many parts of our district that have little to no connectivity or cell phone coverage.

Infrastructure and equipment purchased and implemented this year include:

- Omaio tower equipment upgrade
- Nukuhou tower equipment and solar upgrade
- Kawerau rollout of three new towers
- Installation of mini relay in Bluett Rd Ohope
- New equipment and connections for ODC Library and I-site

- New relay at old Opotiki Dairy Factory to support business customers
- New Paul Rd relay for Whakatāne District Council pump station

Staff and consultant time has been invested in the following:

- Rural Broadband tender to Government (three submissions in total)
- Omaio Kiwifruit Development Project and Internet of Things (working with local community)
- Te Kaha Development Project (working with local community)
- Network design. A big focus has been on resilience and scalability.
- Systems and Documentation
- Training and development for the Helpdesk team. The crew is now well prepared to assist with any issues or outages that may arise.

This work has helped put us in good stead with the local communities and has given us a great launch pad for the Rural Broadband Initiative (RBI2) tender. Through our strong community relationships we have now identified suitable high sites for the RBI2 rollout.

Significant work has been undertaken on the sales process and marketing tools (website, Facebook, brochures). This has seen an increase in new customer enquiries. A new website is currently under development.

5 Year Financial Summary

FIVE YEAR FINANCIAL SUMMARY

For the year to 30 June:

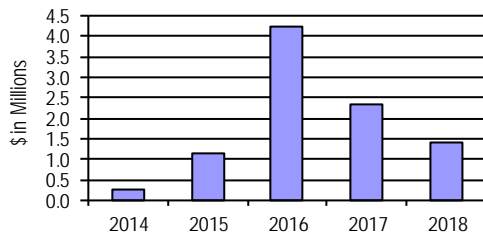
	2014 \$000	2015 \$000	2016 \$000	2017 \$000	2018 \$000
Income Statement					
Rates (including penalties)	7,920	8,896	9,850	10,207	10,576
Other income	4,992	4,264	3,848	5,869	5,959
	12,912	13,160	13,698	16,076	16,535
Cost of services	13,141	11,568	11,526	13,091	15,158
Net surplus/(deficit)	-229	1,592	2,172	2,985	1,377

Financial Position

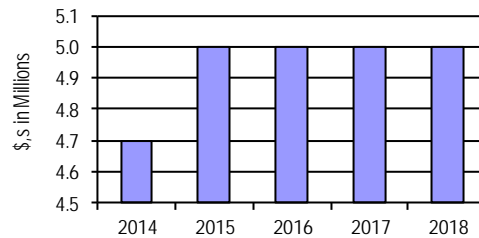
Current assets	5,537	6,366	8,159	8,769	7,124
Current liabilities	5,257	5,199	3,919	6,443	5,724
Working capital	280	1,167	4,240	2,326	1,400
Non current assets	180,513	181,862	182,421	185,528	205,287
	180,793	183,029	186,661	187,854	206,687
Non current liabilities	2,610	3,679	5,139	3,134	3,634
Net assets	178,183	179,350	181,522	184,720	203,053

Financed by:

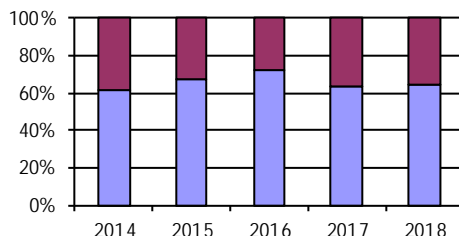
Ratepayers equity	126,355	128,079	127,971	131,185	132,122
Reserves	51,828	51,271	53,552	53,535	70,931
	178,183	179,350	181,522	184,720	203,053



Working Capital

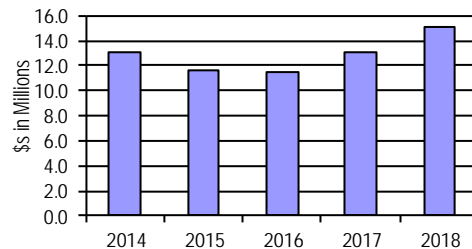


Public debt



Revenue Ratios

■ Rates ■ Other Income



Cost of Service

* The net surplus/(deficit) excludes the impact of the three yearly asset revaluation process, this is ignored to provide comparability across the five year summary.

The graphs and summary tables above demonstrate Council's financial prudence over time. Council is focused on keeping levels of debt as low as possible before the two large capital expenditure projects of the harbour and wastewater replacement begin. There is always a lot of public scrutiny on Council debt levels nationally, and there are a number of cases where some Councils have let debt levels get out of hand. Sustainable debt levels and debt management is extremely important to Council, and is an area which is managed well. Debt levels for Ōpōtiki are some of the lowest in the country currently and as the financial prudence measures outline further on in this report, are very sustainable in terms of Councils ability to meet its financial obligations.

It does need to be mentioned that the appropriate utilisation of debt means that rates increases can be managed more effectively over a longer term. Take for example Council undertaking a capital project costing \$100,000. This represents over a 1% increase in rates. But if it was funded by borrowing, then the impact on rates would be 0.1% of rates, meaning we could undertake \$1,000,000 worth of projects for the same rating impact of one \$100,000 project. The use of debt also helps smooth rate increases out between years, by spreading the impact of a large capital project over a number of rating years. This reduces the lumpiness and rate increases of big projects.

Whilst debt is crucial to ensuring the Council is managing its assets appropriately, it also plays a significant role in ensuring that Council meets the service level needs of its community. Where there are new requirements for services driven by growth, Council needs to be able to respond to these needs. Debt is the appropriate tool to fund this response as the cost is spread over a long period. This promotes the term intergenerational equity. Intergenerational equity is a term used widely in Local Government because the assets we tend to build last many generations. Sometimes three or more generations. It is fair that the cost of the future benefit received by future generations is paid by future generations. Otherwise it would be the "now" generation paying for the benefit that those in the future would receive.

2017/18 Performance Overview

Overall Council has achieved an operating surplus of \$1.38 million for the year against a budgeted surplus of \$9.68 million.

Operating revenue is \$7.2 million lower than budgeted for the year mainly due to subsidies and grants received being significantly lower as we did not receive funding for the library development project and the harbour development project construction start has been delayed as we continue to engage with government.

Rates revenue received for the year was \$13k higher than budget due to slightly less rate rebates and remissions being applied for during the year.

Fees and charges revenue was \$303k lower than budget due to a reclassification of rental revenue from fees and charges to other revenue. Other revenue is \$890k higher than budgeted because of this and assets vested into Council during the year.

Operating Expenditure in total is \$1.07 million higher than budget for the year as outlined below. More information about variances in operational expenditure is available at an activity level in the following activity statements.

Depreciation and amortisation is \$505k higher than budgeted due to the significant increase in the value of our assets following the revaluation as of 1 July 2017.

Employee benefit costs are lower than budget by \$540k due to a number of budgeted roles not being filled, and those that were filled were done part way through the year, where budget was allocated for the full year.

Finance costs are \$182k less than budget for the year, this was brought about by Council not needing to borrow any additional money during the year to fund capital projects.

Financial Reporting and Prudence

Annual report disclosure statement for year ending 30 June 2018

What is the purpose of this statement?

The purpose of this statement is to disclose the council's financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its annual report in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of the terms used in this statement.

Rates Affordability Benchmark

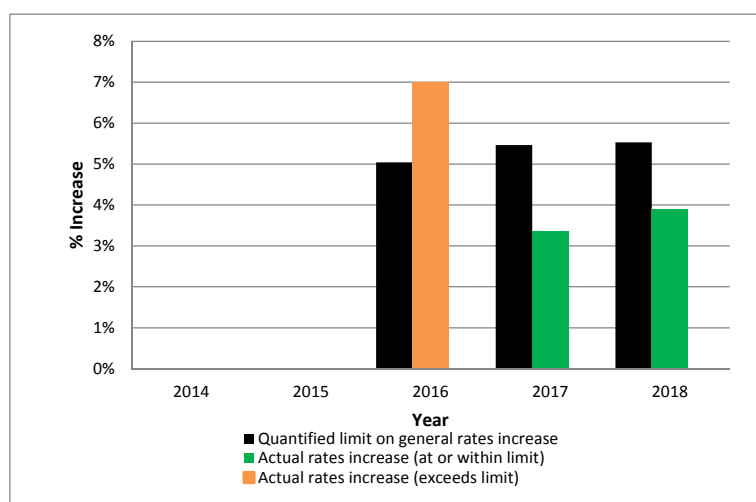
The council meets the rates affordability benchmark if:

- its actual rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

Rates (increases)

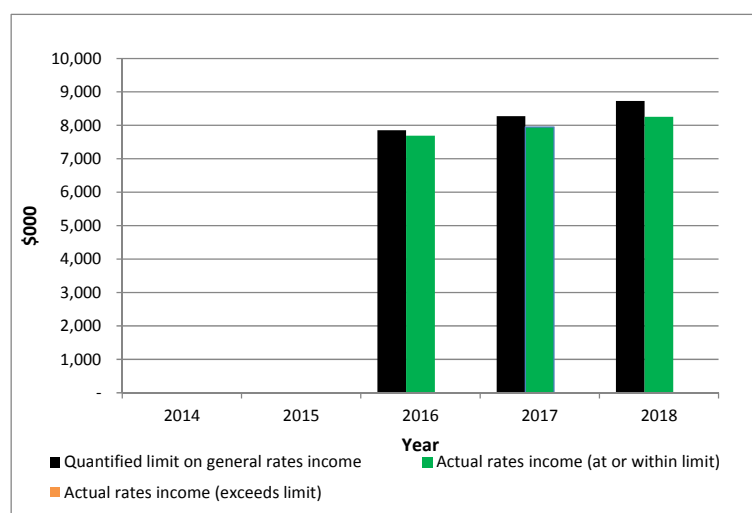
Affordability Benchmark – General Rates

The following graph compares the council's actual general rates increases with a quantified limit on general rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is LGCI plus 3%.



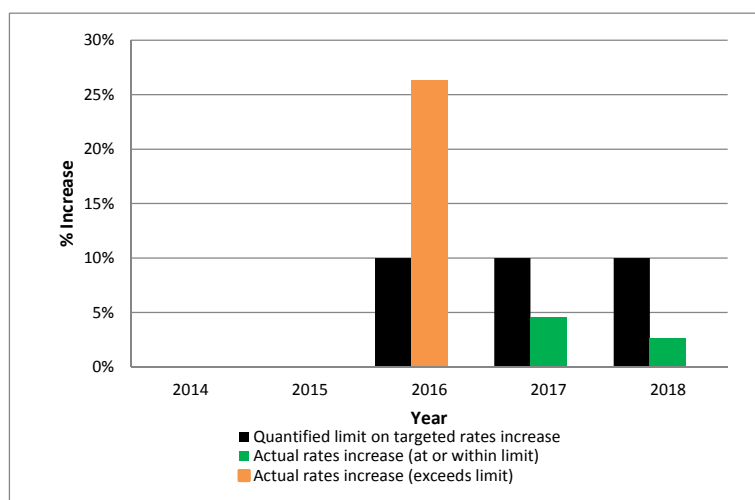
Rates (Income) Affordability Benchmark – General Rates

The following graph compares the council's actual general rates income with a quantified limit on general rates income contained in the financial strategy included in the council's long-term plan. The quantified limit is \$8.278 million.



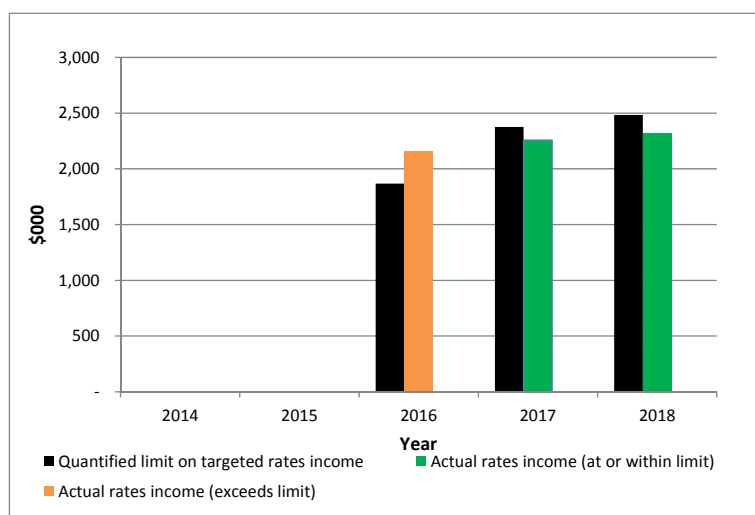
Rates (increases) Affordability Benchmark – Targeted Rates

The following graph compares the council's actual targeted rates increases with a quantified limit on targeted rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is 10%



Rates (Income) Affordability Benchmark – Targeted Rates

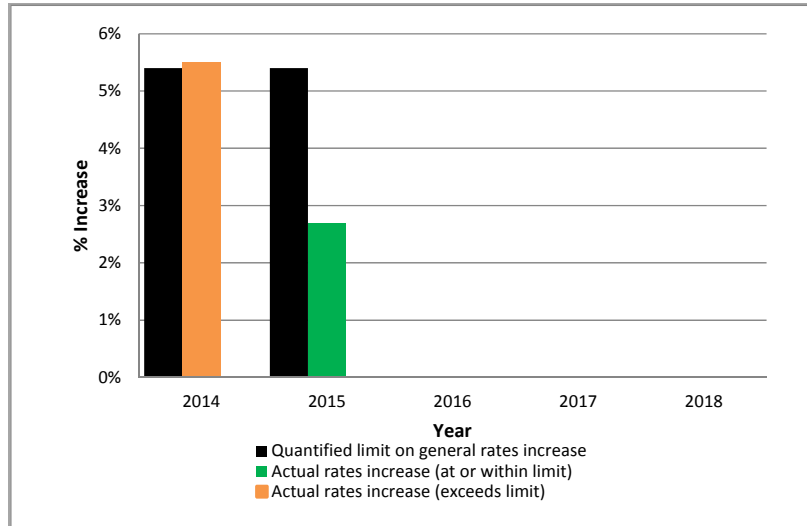
The following graph compares the council's actual targeted rates income with a quantified limit on targeted rates income contained in the financial strategy included in the council's long-term plan. The quantified limit is \$2.485 million.



Rates (Increases) Affordability Benchmark – Total Rates

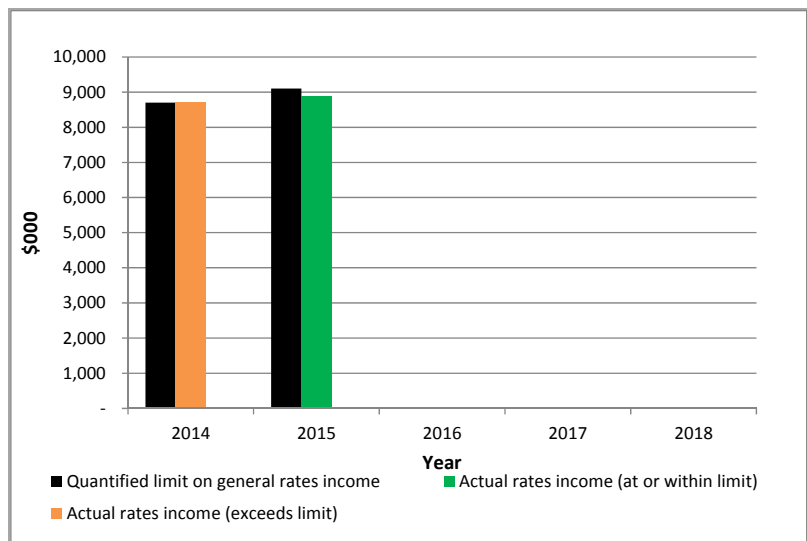
The following graph compares the council's actual total rates increases with a quantified limit on total rates increases contained in the financial strategy included in the council's 2012-22 long-term plan. The quantified limit is 5.40%. This limit was amended in the 2015-25 Long Term Plan, and two separate limits have been created on general and targeted rates.

We have included this graph to complete the picture of financial prudence in previous years.



Rates (Income) Affordability Benchmark – Total Rates

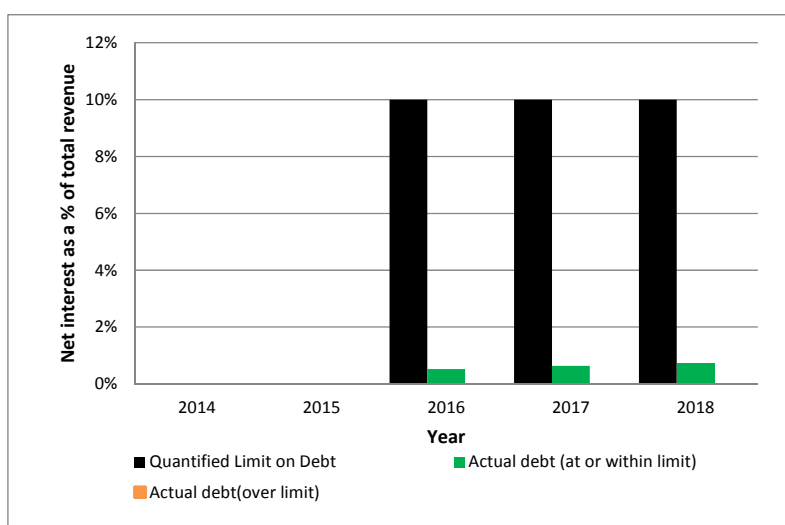
The following graph compares the council's actual total rates income with a quantified limit on total rates income contained in the financial strategy included in the council's 2012-22 Long-Term Plan. In the 2015-25 Long Term Plan the limits on rates were split between General and Targeted Rates, we have included this graph to complete the picture of financial prudence over prior years.



Debt Affordability Benchmark

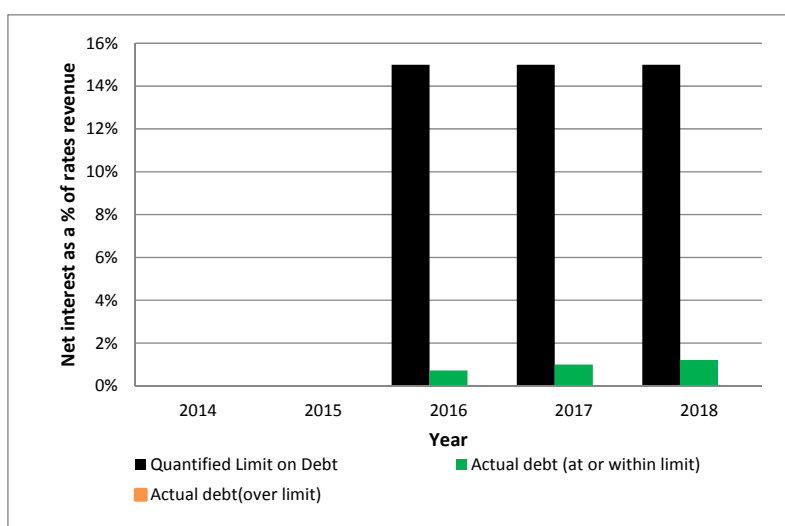
The council meets the debt affordability benchmarks if its actual borrowings are within each quantified limit on borrowing. The following graph compare the council's actual borrowings with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

The quantified limit is net interest expense/total revenue is less than or equal to 10%.



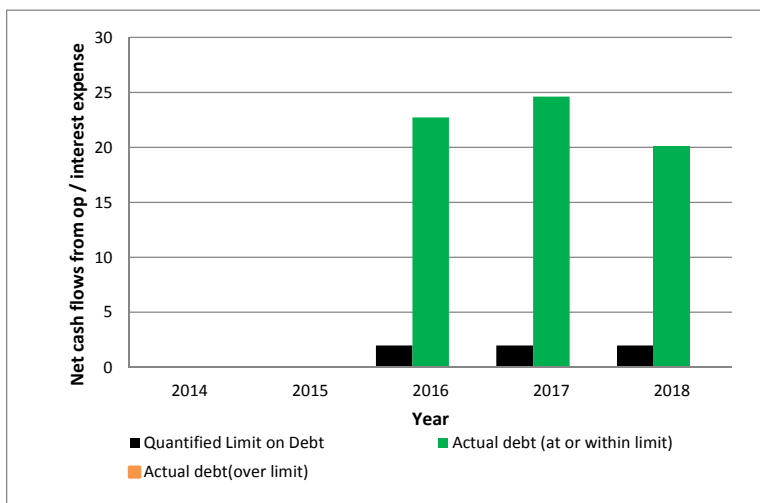
The council meets the debt affordability benchmarks if its actual borrowings are within each quantified limit on borrowing. The following graph compare the council's actual borrowings with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

The quantified limit is net interest expense/rates revenue is less than or equal to 15%.



The council meets the debt affordability benchmarks if its actual borrowings are within each quantified limit on borrowing. The following graph compares the council's actual borrowings with a quantified limit on borrowing stated in the financial strategy included in the council's long-term plan.

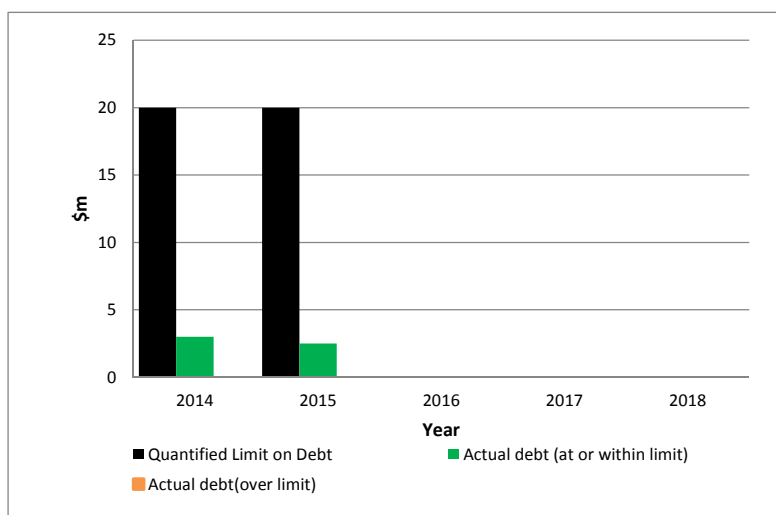
The quantified limit is net cash flows from operating activities/interest expense is greater than or equal to 2.



Debt Affordability Benchmark

The council meets the debt affordability benchmarks if its actual borrowings are within each quantified limit on borrowing. The following graphs compare the council's actual borrowings with a quantified limit on borrowing stated in the financial strategy included in the council's 2012-22 Long-Term Plan.

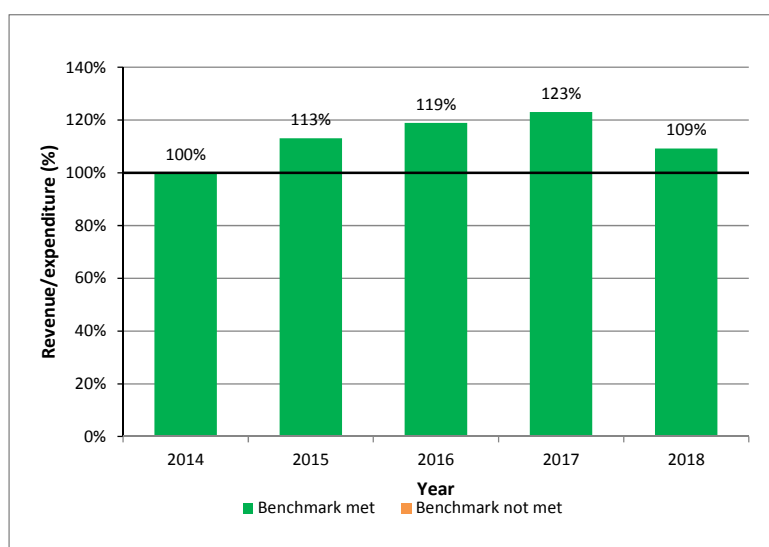
The quantified limit was net debt will be less than \$20.5 million. This limit was changed in the 2015-25 Long Term Plan to be based upon ability to service the debt as a more accurate reflection of financial prudence. We have included this graph to complete the picture of financial prudence in prior years.



Balanced Budget Benchmark

The following graph displays the council's revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

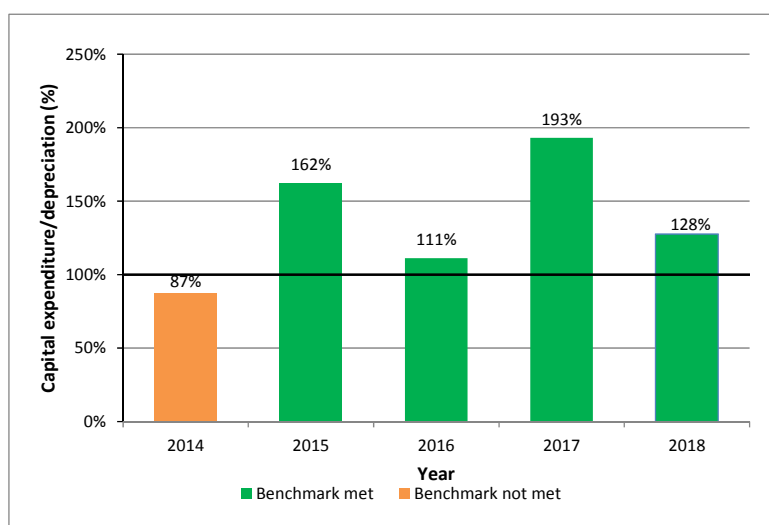
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



Essential Services Benchmark

The following graph displays the council's capital expenditure on network services as a proportion of depreciation on network services.

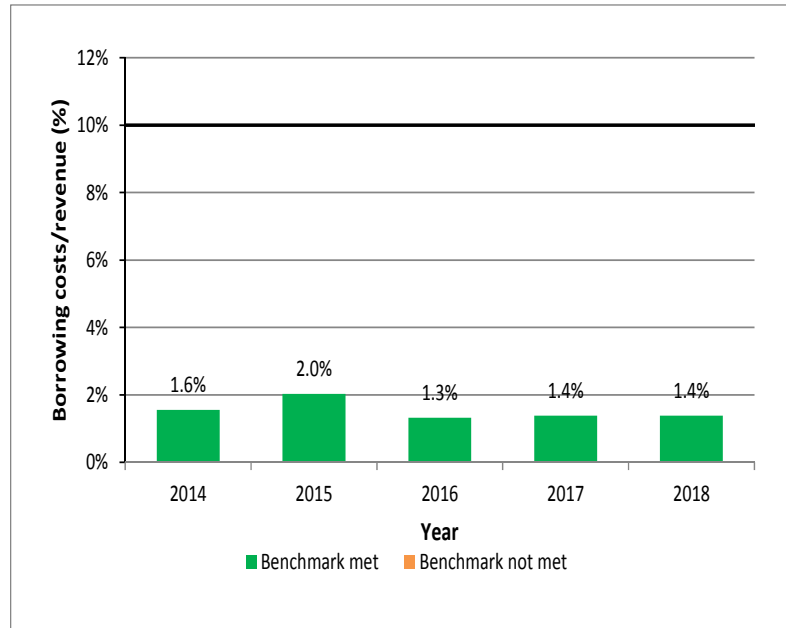
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt Servicing Benchmark

The following graph displays the council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and costs equal revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

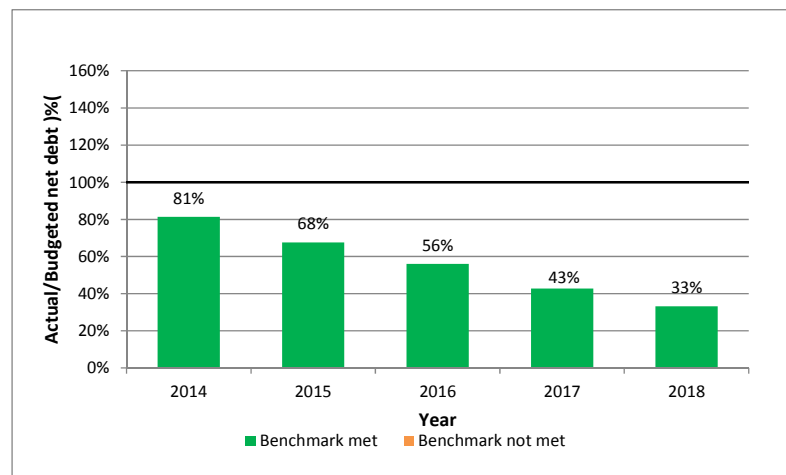


Debt Control Benchmark

The following graph displays the council's actual net debt as a proportion of planned net debt.

In this statement, **net debt** means financial liabilities less financial assets (excluding trade and other receivables).

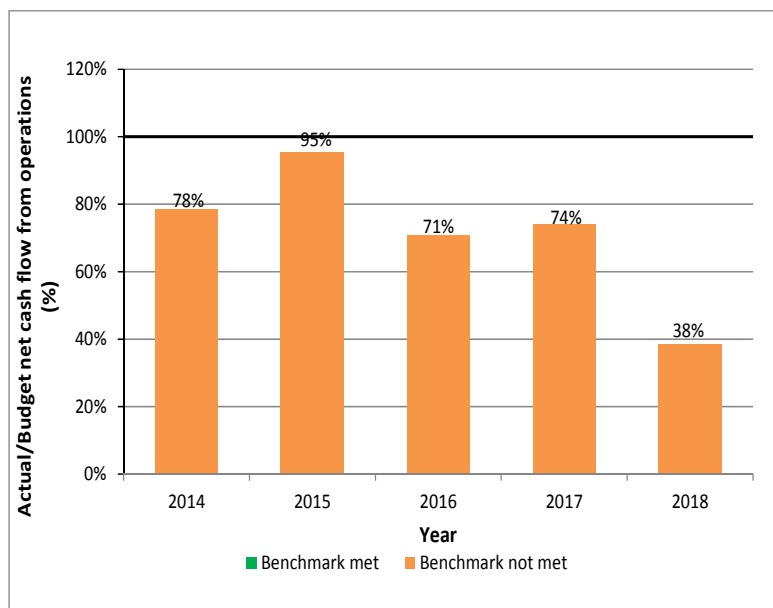
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations Control Benchmark

This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

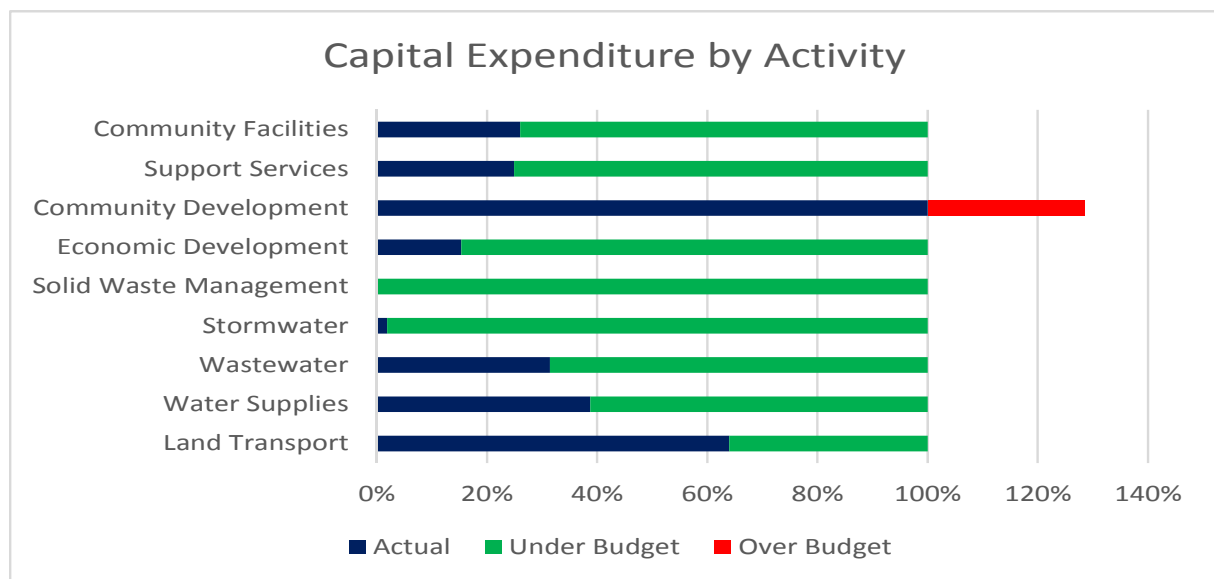
The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



Reasons for Benchmarks not being achieved

The operations control benchmark was not met due to the reduced subsidy revenue that we received for capital projects, in some ways this measure doesn't truly reflect cash from operating activities when it includes revenue for capital expenditure. Where there are significant capital projects that rely on subsidy revenue from third parties, and that funding is not received it makes this measure very difficult to achieve.

Capital Expenditure 30 June 2018



Community Facilities - This activity is under budget due to a number of projects across this activity that have either not progressed. Some of these are reliant on external funding, e.g. cycleway extensions and library development, and some have been slowed by consenting processes, e.g. redevelopment of Mechanics Institute and Pipi Beds Toilet Renewal.

Support Services - This year the budget was underspent due to delays in the building expansion work to cater for earthquake strengthening design of the building. The property file digitisation project has not been started due to a reprioritisation of projects and organisational readiness to proceed.

Community Development - This activity is over budget by \$6k as we extended the CCTV network to cover the wharf area.

Economic Development - We spent less than budgeted due to the delay in starting the harbour project, and being caught up in the additional workstreams funded by government and the new Provincial Growth Fund process.

Stormwater - Complexities and consenting issues in stormwater project investigations have caused delays with the progression of a number of key projects.

Wastewater - The wastewater reticulation project is progressing ahead of schedule and under budget. We are already seeing significant improvements to service levels within the network. We have brought forward some of the works in the hope that we can complete the entire project earlier.

Water Supplies - This activity is under budget due to not procuring a number of pump spares that we had budgeted on.

Land Transport - No seal extension were carried out during the year as there were no requests. The council upgraded the streetlights in town to LED. The seismic assessment for bridges was not undertaken, and there was no significant storm damage this year.

A blue Kobelco excavator is shown in the upper portion of the image, its arm extended towards the right. The background is a clear blue sky.

Council Organisation



Council Values

Integrity and Honesty

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

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.

Leadership

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

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.

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.

Mahorahora me nga Herenga

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

Fairness and Equity

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

Tokeke me te Ture o te Tika

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

Achievements Orientated

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

Whakatutukitanga Whakawaiaatanga

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

Relationships

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

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.

Satisfying Expectations

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

Tumanako Manawareka

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

Council's vision for the district is:

'STRONG COMMUNITY STRONG FUTURE'

Representation



Mayor John Forbes - DISTRICT

PH Home 07 315 7362

Mobile 029 255 7702

johnf@odc.govt.nz



Deputy Mayor Lyn Riesterer - WAIOTEKA/WAIOTAKE

PH Home 07 315 6627

Mobile 021 160 2040

lyn@driftwooddreamers.com



Councillor/Coast Community Board Chair Haki McRoberts - COAST

Mobile 027 668 6683

PH & FAX 07 325 2833

mcroberts833@gmail.com



Councillor Shona Browne – ŌPŌTIKI

PH Home 07 315 7347

Mobile 027 477 3761

shonab@xtra.co.nz



Councillor Barry Howe - ŌPŌTIKI

PH Home 07 315 6003

PH Work 07 315 6335 or 027 315 6345

bazzshazz@xtra.co.nz



Councillor Arihia Tuoro - ŌPŌTIKI

Mobile 027 274 2268

arihiatuoro@gmail.com



Councillor Ken Young - WAIOTEKA/WAIOTAKE

PH Home 07 315 7919

Mobile 027 245 8690

kw.young@xtra.co.nz

Organisational Structure

Council



Aileen Lawrie - CEO

The chief executive appoints a range of skilled staff to carry out the activities the council undertakes on behalf of the community. This is the organisational arm of local government. Through the chief executive they implement the decisions of Council, provide advice to Council on managing the activities of the organisation effectively and efficiently, plan and provide accurate reports of the financial and service performance of Council and employ and provide leadership.



Bevan Gray - Finance and Corporate Services Group Manager

Cash Receipting, Debtors/Creditors, Financial Reporting, Investments, Insurance, Payroll, Public Debt, Water Billing, Rates, Communications, Customer Services, Creative New Zealand, Governance Support, Property, Library, Tourism, Promotions, Economic Development, Events, i-SITE Information Centre, Sports Co-ordination.



Gerard McCormack - Planning and Regulatory Group Manager

Animal Control, Building Control, Bylaw Compliance, Civil Defence Emergency Management, Environmental Health, Liquor Licensing, Noise Control, Resource Management, Planning.



Ari Erickson - Engineering and Services Group Manager

Consultancy BU, Solid Waste, Roding, Rural Fire, Sewerage, Stormwater, Water Supply, Parks, Reserves, Airport, Cemetery.

Priorities for Council Action

Economic Growth

- Ōpōtiki harbour development
- Providing visitor and business investment information and support
- Supporting local and regional business growth and workforce development
- Promotion of facilities and activities to increase visitors, including historic precinct development and Mōtū Trails cycleway.

Quality of Life

- Provision of infrastructure e.g. roads, water, stormwater, sewerage, waste management, renewal of Ōpōtiki township wastewater reticulation network
- Advocacy with and on behalf of Ōpōtiki communities to central government
- The development of the Technology and Research Centre
- Walkways and cycleway maintenance
- Support initiatives for development in the Coast ward.

Strong Community Spirit

- Tri-annual community awards event and community day
- Promotion and support for community events.

Environmental Quality

- District Plan review and implementation
- Maintenance and enhancement of parks and reserves
- Partnership with community groups, Bay of Plenty Regional Council and Department of Conservation (DOC) to undertake environmental restoration projects
- Continuing the partnership with Gisborne District Council, Whakatōhea, DOC and Mōtū Trails Charitable Trust in maintaining and enhancing the Mōtū Trails cycleway.

EEO Report

The Ōpōtiki 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 were related to the skill and experience necessary for the job.

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

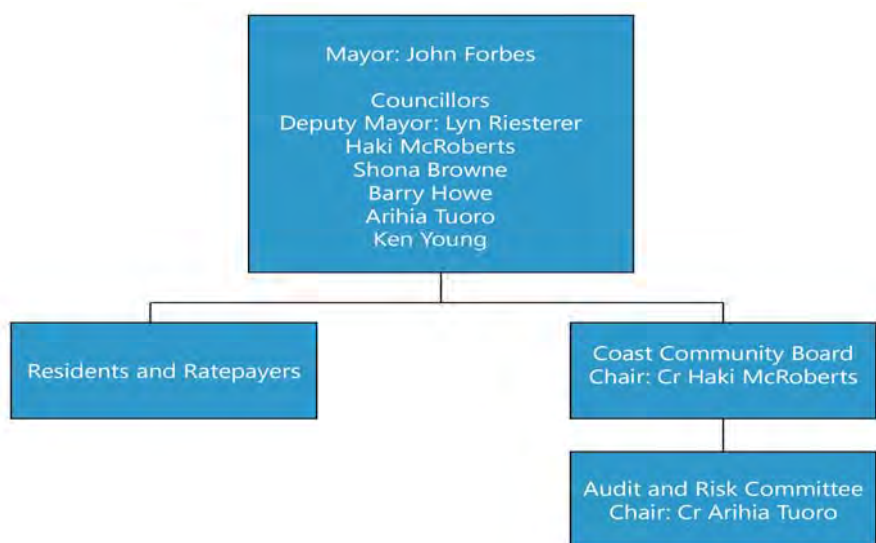
The policy setting role involves deciding what the local authority should be doing, i.e. what activities should the local authority engage in and why, what regulatory intervention should the local authority make and why etc. This policy setting takes place within a framework of:

- 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.



Purpose of Committees

Council (meets six weekly on Tuesday at 9.00am – Chair: His Worship the Mayor)

Full Council meet on a six weekly cycle on a Tuesday. Meetings begin at 9:00am. Council meetings are chaired by His Worship the Mayor. Regular Council meetings are necessary to enable Council to discharge its Governance Role of representation, policy development and monitoring and review.

Coast Community Board (meets 6 weekly). Committee resolves and/or recommends solutions pertaining to the Coast ward.

Coast Community Board Members:

Chairperson Haki McRoberts

Allen Waenga

Michael (Spike) Collier

Tiaki (Jack) Parata

Gail Keepa

Audit and Risk Committee (meets as required – Chair: Cr Arihia Tuoro). The role of the Audit Committee is to review the operation of internal controls, monitoring and guidance of Council's response to Audit processes, providing input in to financial reporting, accounting policies, risk management and undertaking any investigations in to any alleged fraudulent activity.

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

At the Inaugural Ordinary Council meeting dated 31 October 2016 the following appointments were approved for the 2016-2019 Triennium.

Council committees

Audit and Risk

2016-2019 Triennium

Member 1: Cr Tuoro (Chairperson)

Member 2: Cr Young

Ex Officio: Mayor Forbes

External member: David Love

Hearings Committee – Dog Control

Member 1: Cr Young

Member 2: Cr McRoberts

Member 3: Cr Browne

Member 4: Cr Howe

Committee to elect Chairperson at first meeting

Internal working parties/groups

Sewerage Upgrade Steering Group

Mayor Forbes

Cr Howe

Cr Browne

Cr Tuoro

Property Working Party

Cr Young

Cr Brown

Library Fundraising Working Party

Deputy Mayor Riesterer

Cr Brown

Joint Committees

Eastern Bay of Plenty Joint Committee

Regional Transport Committee

Civil Defence Emergency Management Group
Joint Committee

Eastern Bay Road Safety Committee

2016-2019 Triennium

Mayor Forbes
Deputy Mayor Riesterer

Mayor Forbes
Reserve: Cr Young

Mayor Forbes
Reserve: Cr Browne

Cr McRoberts

External Organisation

Creative Communities New Zealand (two required) Deputy Mayor Riesterer
Cr Browne

CAO Pool Administration Committee (one required) Cr Howe

Waioeka-Otara Flood Scheme Liaison Group (two required) Cr Young
Cr Tuoro

Ōhiwa Harbour Implementation Forum (two required) Deputy Mayor Riesterer
Reserve: Cr Young

Ōpōtiki Marine Advisory Group (OMAG) (two required) Mayor Forbes
Cr Howe
Cr Browne

Ōpōtiki Theatre Trust Cr Browne

Sport NZ Rural Travel Fund Cr Howe



Council Activities and Performance



This section explains the Council's significant activities and how they contribute to the district's future. Information is provided about how the Council plans, manages, delivers and funds the activities it is involved in.

Activity groups



A guide to the groups of activities

Council services have been banded together into groups of activities. An example of this is Stormwater, District Plan, Wastewater; all of these activities come under the group Environmental Sustainability. There are three groups with a total of 12 activities. Each group is introduced and then the activities that make up that group follow.

A 'traffic light' system has been used to clearly show at a glance which Key Performance Indicators have been achieved and which haven't.



Green for achieved

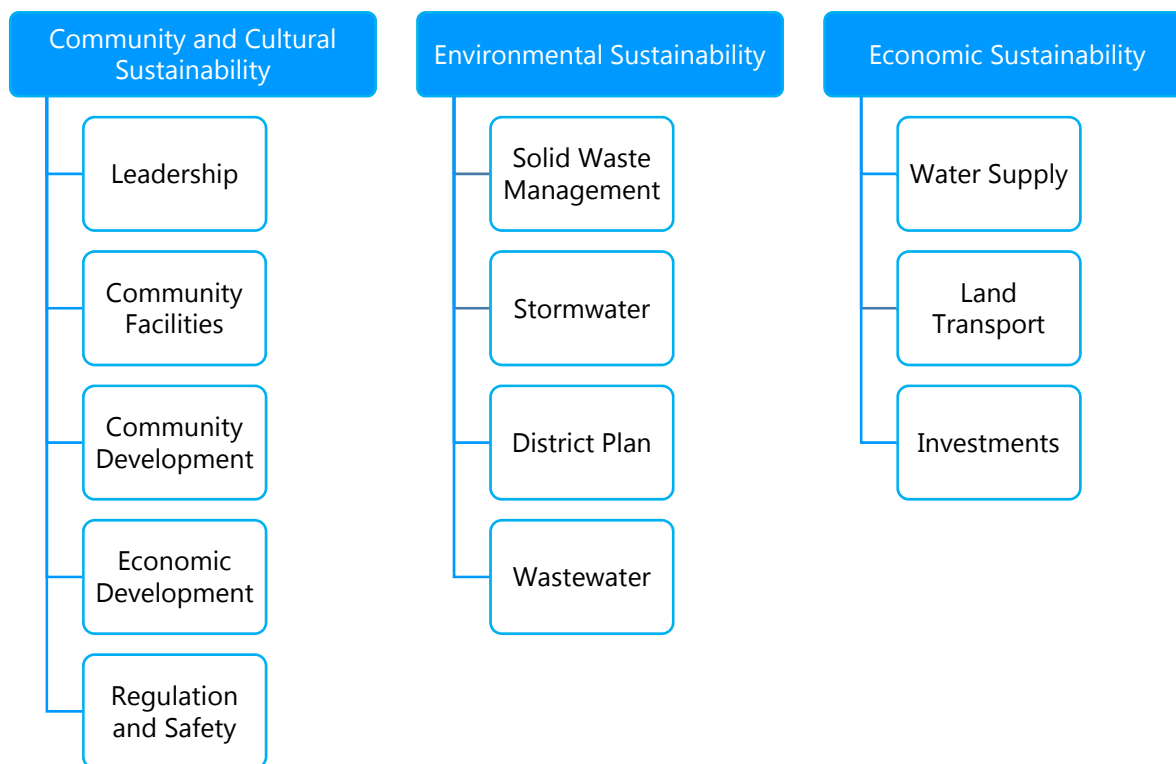


Red for not achieved



Blue if no target was set/required for 2017/18 year

Council groups of activities



What we do and why

This section gives a brief description of the activity that the Council provides and discusses the reason for providing the particular service.

Contribution to community outcomes

This section explains how each activity within the group contributes to specific community outcomes.

Levels of service

This section specifies what level of service the Council will provide for a particular activity and states how performance will be measured.

What negative effects will the activities have?

It is the Council's job to consider whether there are any significant negative effects (social, economic, environmental or cultural) for each of the activities it is involved in.

Financial summary

The financial information provided is a set of financial results for each activity over the 2017/18 year. For each Activity the following financial information is provided:

- Funding Impact Statement
- Statement of Capital expenditure
- Statement of Internal borrowing.

Community and Cultural Sustainability

Why we provide this group of activities:

The group of activities promotes outcomes that help build a strong and cohesive community within the Ōpōtiki District. Council provides a range of services and facilities to the various communities in the Ōpōtiki District in order to achieve this.

Significant activities in this group:

Leadership, Community Facilities, Community Development, Economic Development, Regulation and Safety.

Leadership

What we do and why:

This activity includes the preparation of advice, strategies and policies to inform Council decision making. It includes the development of statutory and non-statutory policies, plans and reports, and the facilitation of community input to decision making.

Opportunities for Maori to contribute to our decision making process

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. Engaging with Tangata Whenua also provides both parties with an opportunity to identify and address issues of mutual concern and encourages involvement in democracy. Council encourages and partners with Iwi in special projects.

This significant activity is important to enable Council to discharge its statutory role as well as ensure that it is satisfactorily discharging its governance role by accurately reflecting community needs and desires in decision making processes.




This significant activity includes:




Representation, Strategic Planning and Policy Development, Cultural Liaison, Monitoring and Reporting.

Community Outcomes	How This Activity Contributes
Fair and efficient leadership.	To ensure effective and fair community representation and support and that policies and plans are integrated and wherever possible reflect the views of the wider community and stakeholders.
A strong and distinctive community spirit.	

Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
It may be possible that at times Council decisions can have a negative effect on the well-being of some individuals or groups within the community.		✓	✓		Council has a role to consider the community when making decisions that impact on community well-being and uses the guidance provided by the Local Government Act 2002 and its understanding of the Ōpōtiki District community to weigh up the competing demands of different interest groups.

Levels of service:

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Council will provide representation and leadership at a local, regional and national level					
Council will hold a minimum of 8 meetings throughout the year.	26	8	23	Achieved. Council held 8 Ordinary, 3 Extra Ordinary Council, 6 Audit and Risk and 6 Coast Community Board meetings.	
Community satisfaction with Council leadership.	66%	80%	55%	Not achieved. 55% rated the performance of the Mayor and Councillors as very or fairly good.	
Decision making in compliance with the Local Government Act 2002.	No successful challenges to Council decision making process	No successful challenges to Council decision making process	No successful challenges to Council decision making process	Achieved.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
The Annual Plan is adopted in accordance with the Local Government Act 2002 on or before 30 June each year.	100%	N/A	N/A	Not required for the 2017/18 year as the 2018-2028 was adopted instead (see measure below).	
The LTP is adopted in accordance with the Local Government Act 2002 on or before 30 June every three years.	N/A	100%	100%	Achieved. The Ōpōtiki District Council 2018-2028 Long Term Plan was adopted at an Extra Ordinary Council meeting on 30 June 2018.	
The Annual Report will be published in accordance with the Local Government Act 2002 within four months of the end of each financial year.	100%	100%	100%	Achieved. The Ōpōtiki District Council 2016-17 Annual Report was adopted on 31 October 2017 at an Extra Ordinary Council Meeting.	

Funding Impact Statement

Ōpōtiki District Council - Leadership Activity

Funding Impact Statement for 30 June 2018

Sources of operating funding

General rates, uniform annual general charge, rates penalties	859	802	914
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	27	-	-
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	1	-	2

Total operating funding (A)

887 802 931

Applications of operating funding

Payment to staff and suppliers	757	669	726
Finance costs	2	2	-
Internal charges and overheads applied	127	131	182
Other operating funding applications	-	-	-

Total applications of operating funding (B)

886 802 908

Surplus (deficit) of operating funding (A - B)

1 - 23

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(30)	15	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

Total sources of capital funding (C)

(30) 15 -

Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	(29)	15	23
Increase (decrease) in investments	-	-	-

Total applications of capital funding (D)

(29) 15 23

Surplus (deficit) of capital funding (C - D)

(1) - (23)

Funding balance ((A - B) + (C - D))

- - -

Community Facilities

What we do and why:

This activity includes the provision of Parks and other recreation/amenity services to the people of the Ōpōtiki District. These services provide lifestyle opportunities to residents and visitors. They provide opportunities for recreation, beautification, conservation of the natural environment and public access. Such facilities promote a range of public good outcomes around health and wellbeing which are becoming increasingly desirable to New Zealanders and visitors alike.




This significant activity includes:

Parks and Recreation (Airport, Cemeteries, Public Toilets, Parks and Reserves, Playgrounds, District Library and Cycle Way).




Community Outcomes	How This Activity Contributes
Development and protection of the natural environment	The Council will provide quality parks and recreation facilities that meet community expectations for outdoor recreation, a pleasant townscape, protection of the environment and access to the coast.
A strong and distinctive community spirit	
History and culture is treasured	
Services and facilities meet our needs	Ensure that amenity facilities are maintained to a high standard for the residents and visitors to the Ōpōtiki District. Library services that inspire learning and celebration of our culture.

Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Community expectations for growth in services and facilities may exceed Council's programme.			✓		Consultation to ensure proposals meet community expectations based on accurate assessments of current and future demand for the use of facilities. Council is of the view that it has the capability to provide for increased growth forecast by the planning assumptions that underpin the 2015-2025 LTP.
Ongoing maintenance and depreciation may cause increased or unexpected costs.			✓		Accurate forecasting and budgeting to accommodate ongoing costs of ownership.
Providing access to facilities and services to smaller remote communities within the district could be cost prohibitive.		✓			Consider alternatives such as partnerships with other agencies and transport.

Levels of service:

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Planned development of quality parks and recreation facilities					
Management Plans for principal reserves completed; staged development implemented.	Not achieved.	Management Plans developed for key reserves; management and development of reserves consistent with Management Plans.	Not achieved	Not achieved due to staff vacancies in key positions and delay in new appointments. Consultants have been engaged and Reserves Management Plans and Asset Management Plans are now under development.	
High quality parks and recreation facilities provided and accessible to the community					
% of community satisfied with the provision of recreation facilities in annual surveys.	77%	>85%	69%	Not achieved. 69% rated satisfaction with recreation facilities as very or fairly satisfied.	
Playgrounds comply with NZSS 5828 (2004)					
% of play equipment compliant with NZSS 5828 or relevant standard	71%	80%	84%	Achieved. An independent audit was completed on 6/7/18. Though this was not completed in the reporting year the playground equipment was of the same standard. Improvements are planned moving forward.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Public toilets are clean, safe and operational					
% of community satisfied with the quality of toilet facilities in annual surveys.	52%	>85%	41%	<p>Not achieved. 41% rated satisfaction with toilet facilities as very or fairly satisfied. Reduced customer satisfaction is likely due to the popular pipi beds toilets being out of operation for half the year. The toilets were closed after e-coli recordings in the adjacent Waiohahi river. This was found not to be from human waste. The toilet closure prompted an early review of the pipi beds resource consent which needed to be renewed to meet modern standards and higher numbers of users with increased tourism. Council has budgeted for the upgrade of these toilets and construction is scheduled for 2018/19. All of Councils toilets will be reviewed through 2018/19 to identify upgrade needs. The maintenance contract will also be reviewed and budget has been set in the 2018-2028 LTP to enable further funding from Ministry of Business Innovation and Employment for tourism infrastructure including upgrade of toilets.</p>	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Cemeteries maintained to a high standard; accurate records maintained and accessible					
% of community satisfied with the provision of cemetery services, maintenance and records.	72%	90%	69%	Not achieved. 69% rated satisfaction with cemetery services, maintenance and records as very or fairly satisfied.	
Provision of a comprehensive community library service for the community					
Percentage of the community satisfied with the library facility and service.	76%	>80%	76%	Not achieved. 76% rated satisfaction with library facilities and service as very or fairly satisfied.	
Number of Library facilitated programmes per year.	>6	6 programmes per year	>15	Achieved. PechaKucha events x 3; school holiday programmes x 4; Library Lovers Week; Census Support programme; International Knitting Week; Boomerang Bags; Genealogy Group; Alzhiemers Support; Book group x2.	

Internal Borrowing

	Opening Balance 1/07/2017 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2018 \$ 000's	Interest 2018 \$ 000's
Cemeteries	6	6	0	12	0
Cycle Way	456	4	2	458	17
Parks & Reserves	56	37	2	91	3
Playgrounds	11	-	0	11	0
Property	1,495	735	15	2,216	69
Public Toilets	53	-	1	52	2
Total	2,078	782	21	2,839	92

Capital Expenditure

	Annual Plan 2018 000's	LTP 2018 000's	Actuals 2018 000's
- to meet additional demand			
Additional office space to accommodate new staff	-	-	22
CBD Integration with Harbour Environment - Investigation	100	-	-
Feasibility Study - EBOP Trail	30	-	(0)
Horse Trail Fencing	25	-	-
Ōpōtiki - Waiōtahe Beach - Ōhiwa	255	126	13
Property Development - Potts	-	-	3
Recreation enhancement - Memorial Park	30	-	27
Tirohanga Military Track	120	42	5
Wharf Removal and Rebuild	450	-	679
Electric Vehicle Charging Station	-	-	16
- to meet additional demand Total	1,010	168	764
- to improve the level of service			
Cemetery Improvements	-	-	6
Hukutaia Domain - 2018 Centenary Project	50	-	30
Library Relocation Costs	40	-	-
New Technology and Research Centre	1,800	-	31
Pakowhai Bridge Lighting	50	-	24
Redevelopment of Mechanics Institute	-	-	6
Rose Garden Renovation	20	-	8
Trail enhancements	25	10	31
Princess St Reserve	-	-	2
Credit Union Central Building Purchase	-	-	150
- to improve the level of service Total	1,985	10	289
- to replace existing assets			
Book stock replacement	45	47	50
Earthquake Prone Buildings	50	-	-
Furniture and fittings replacement	10	-	-
New play equipment	50	-	25
Pipi bed toilet renewal	200	-	94
Redevelopment of Mechanics Institute	1,500	-	-
Ōpōtiki Aerodrome Boundary Fence	-	-	22
Depot Reseal	-	-	19
- to replace existing assets Total	1,855	47	210
Total capital expenditure	4,850	226	1,263

Funding Impact Statement

Ōpōtiki District Council - Community Facilities Activity

Funding Impact Statement for 30 June 2018

Sources of operating funding

General rates, uniform annual general charge, rates penalties	1,933	2,028	1,880
Targeted rates	28	30	29
Subsidies and grants for operating purposes	-	-	-
Fees and charges	223	228	336
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	34	42	177

Total operating funding (A)

Applications of operating funding

Payment to staff and suppliers	1,199	1,229	1,593
Finance costs	143	154	92
Internal charges and overheads applied	473	483	569
Other operating funding applications	-	-	-

Total applications of operating funding (B)

Surplus (deficit) of operating funding (A - B)

Sources of capital funding

Subsidies and grants for capital expenditure	1,542	-	108
Development and financial contributions	-	-	-
Increase (decrease) in debt	502	5	762
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

Total sources of capital funding (C)

Application of capital funding

Capital expenditure			
- to meet additional demand	236	168	764
- to improve the level of service	1,859	10	289
- to replace existing assets	128	47	210
Increase (decrease) in reserves	224	242	(210)
Increase (decrease) in investments	-	-	-

Total applications of capital funding (D)

Surplus (deficit) of capital funding (C - D)

Funding balance ((A - B) + (C - D))

	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
Total operating funding (A)	2,218	2,328	2,437
Total applications of operating funding (B)	1,815	1,866	2,254
Surplus (deficit) of operating funding (A - B)	403	462	183
Total sources of capital funding (C)	2,044	5	870
Total applications of capital funding (D)	2,447	467	1,053
Surplus (deficit) of capital funding (C - D)	(403)	(462)	(183)
Funding balance ((A - B) + (C - D))	-	-	-

Community Development

What we do and Why:

The Community Development Activity is one where Council, in a number of ways, is involved in helping the community help itself. This activity enables the Council to assist the community to work towards community outcomes that on its own it may not be able to achieve. In many ways similar to the Leadership Activity this is about the Council being connected and partnering with its community and other stakeholders within the community in working towards common objectives.




This significant activity includes:

Community Support, including Community Grants and Healthy and Active Communities.

Community Outcomes	How This Activity Contributes
A strong and distinctive community spirit.	To help assist the development of an inclusive community that provides a healthy, safe and friendly place to live, work and visit.
History and culture is treasured.	
Services and facilities meet our needs.	

Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Community expectations around funding community development initiatives may not be met.	✓	✓			Pursuing economic development opportunities that will in time provide capacity for community development aspirations.

Levels of service:

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Provide assistance for community support activities					
Grants for the maintenance of the 22 district Urupa will be distributed by 31 December each year.	100%	100%	100%	Achieved. All maintenance grants for the 22 Urupa paid out on 1 August 2017.	
Service level agreements and/or memorandum of understandings for community grants will be reviewed every three years.	N/A	N/A	N/A	Not applicable as no target set for the 2017-18 year.	
Enhance community Safety					
Routine maintenance checks of CCTV cameras and related systems.	Quarterly	Quarterly	Quarterly	Achieved. Quarterly maintenance and service reports provided by contractor.	

Internal Borrowing

	Opening Balance 1/07/2017 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2018 \$ 000's	Interest 2018 \$ 000's
Community Development	122	26	26	122	4
Total	122	26	26	122	4

Capital Expenditure

	Annual Plan 2018 000's	Actuals 2018 000's
- to improve the level of service		
CBD Cameras and Internet Expansion	20	26
- to improve the level of service Total	20	26
Total capital expenditure	20	26

Funding Impact Statement

Ōpōtiki District Council - Community Development Activity	2017	2018	2018
	Long-term	Long-term	Actual
Funding Impact Statement for 30 June 2018	plan	plan	
	(\$000)	(\$000)	(\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	209	230	330
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	80
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	209	230	425
Applications of operating funding			
Payment to staff and suppliers	127	146	249
Finance costs	-	-	4
Internal charges and overheads applied	82	84	130
Other operating funding applications	-	-	-
Total applications of operating funding (B)	209	230	383
Surplus (deficit) of operating funding (A - B)	-	-	42
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	26
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	16
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	-	-	42
Surplus (deficit) of capital funding (C - D)	-	-	(42)
Funding balance ((A - B) + (C - D))	-	-	-

Economic Development

What we do and why:

This significant activity looks to support the development and growth of the Ōpōtiki District by investigating and promoting business development; promoting the district as a tourism destination; operation of an i-SITE service in Ōpōtiki Township and facilitating new events. Key components of this Significant Activity are the economic growth opportunities associated with Ōpōtiki Harbour Transformation project and the developing Aquaculture Industry which is considered central to our future well-being. Economic Development is seen as an essential element to growing a more thriving and cohesive community as it will:

- Impact positively on the overall social, economic and cultural well-being of the Ōpōtiki Community and the Eastern Bay of Plenty
- Promotes investment, industry and employment in the district
- Enhance recreation opportunities and public access to the coast
- Capitalise on opportunities from the Aquaculture Industry already under development off shore from Ōpōtiki
- Assist in flood mitigation for the Ōpōtiki Township and surrounding area and
- Achieve a long standing community aspiration and in doing so take a significant step forward to realising the community's vision for the area.



This significant activity includes:







Investigation, promotion and support of new initiatives that contribute growth of the local economy, with a particular focus on tourism and the Ōpōtiki Harbour Transformation Project.





Community Outcomes	How Activity Contributes
Development and protection of the natural environment.	To create a sustainable economic future by broadening the Ōpōtiki District's economic and therefore employment base.
Services and facilities meet our needs.	
Purposeful work and learning opportunities.	
Development supports the community.	

Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Increasing visitor and population numbers may put pressure on infrastructure, environment and other resources, particularly in summer periods.			✓	✓	Council is of the view that it has the capability to provide for increased growth forecast by the planning assumptions that underpin the 2015-25 LTP and that it has made adequate provision for investment in infrastructure to cater for expected demand.
Capital costs associated with Ōpōtiki Harbour Transformation Project are not sustainable for the Ōpōtiki District alone.			✓		To partner with Central and Regional Government and potentially the private sector to fund the Harbour Transformation Project.

Levels of service:

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Redevelopment of the Ōpōtiki Harbour Entrance.					
Bay of Plenty Regional Council funding - comply with conditions of Regional Infrastructure fund Heads of Agreement/Funding Agreement.	Not measurable	On-going compliance as conditions fall due	Not measurable	Heads of Agreement complied with to extent possible without government funding confirmed.	
Sea farm funding confirmed 1 July 2016.	Not achieved	By end of financial year	Not achieved	Sea farm funding deadline has moved to a year following government commitment to fund the harbour.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Crown Funding - Complete secure funding agreement with Crown 1 July 2016.	Not achieved	By end of financial year	Not achieved	Working towards a revised proposal with Ministry of Business Innovation and Employment. A funding agreement would follow a positive Crown decision to fund.	
Construction of training walls and Harbour redevelopment tender process.	N/A	Harbour redevelopment tender process complete by 30 December 2017	Not measurable	Not able to be measured until funding received.	
Construction works.	N/A	Construction of training walls started 1 March 2018.	Not measurable	Not able to be measured until funding received.	
Social Planning.	N/A	N/A	N/A	Not applicable as no target set or required for the 2017/18.	
Long Term Success - Growth in the number of new rating units.	N/A	N/A	N/A	Not applicable as no target set or required for the 2017/18.	
Investigate and promote investment in a range of economic development opportunities.					
Implement Economic Development Strategy.	Not achieved	Strategy actions implemented	Achieved	Significant progress towards achieving the items in the Action Plan. 18 of the 27 actions items were achieved in full or in part throughout the year. Work is ongoing to achieving the remaining actions.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Maintain a current database of business contacts and communicate regularly with business sector.	Not achieved	Achieved	Achieved	Database up-to-date. Quarterly updates provided to business sector.	
Promote the district as a tourism destination; support tourism operators and events.					
Maintain and evaluate visitor numbers to i-SITE quarterly.	Achieved	Achieved	Achieved	Visitor numbers maintained and evaluated continually and two reports to Council also completed.	
Facilitate community events.	Seven	Two events per year	Seven events	7 events held.	
Maintain a current database and regular communication with tourism sector.	Database revised quarterly. 3 bulletins posted.	Database revised quarterly, 4 bulletins posted per annum	Database revised quarterly and 4 bulletins posted	Database was continuously revised and regular communication with tourism sector undertaken with quarterly bulletins posted.	

Internal Borrowing

	Opening Balance 1/07/2017 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2018 \$ 000's	Interest 2018 \$ 000's
Harbour Development	-	89	0	89	2
Tourism Promotion/Visitor Information Centre	-	12	0	12	0
Total	-	101	0	101	2

Capital Expenditure

	Annual Plan 2018 000's	LTP 2018 000's	Actuals 2018 000's
- to meet additional demand			
Harbour Development Project - Construction	6,000	4,182	586
Harbour Development Project - Project Management	1,390	267	543
Harbour Development Project - Steel Purchase	-	17,774	-
- to meet additional demand Total	7,390	22,223	1,129
- to improve the level of service			
Joint Water Quality Improvement Project	50	-	-
I-Site Improvements	-	-	12
- to improve the level of service Total	50	-	12
Total capital expenditure	7,440	22,223	1,142

Funding Impact Statement

Ōpōtiki District Council - Economic Development Activity

Funding Impact Statement for 30 June 2018

Sources of operating funding

General rates, uniform annual general charge, rates penalties	384	433	235
Targeted rates	96	108	57
Subsidies and grants for operating purposes	-	-	157
Fees and charges	16	17	15
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	9	10	11

Total operating funding (A)

Applications of operating funding

Payment to staff and suppliers	255	260	706
Finance costs	21	71	2
Internal charges and overheads applied	221	227	300
Other operating funding applications	-	-	-

Total applications of operating funding (B)

Surplus (deficit) of operating funding (A - B)

Sources of capital funding

Subsidies and grants for capital expenditure	264	20,000	1,412
Development and financial contributions	-	-	-
Increase (decrease) in debt	22	2,214	101
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

Total sources of capital funding (C)

Application of capital funding

Capital expenditure			
- to meet additional demand	293	22,223	1,129
- to improve the level of service	-	-	12
- to replace existing assets	-	-	-
Increase (decrease) in reserves	1	1	(146)
Increase (decrease) in investments	-	-	-

Total applications of capital funding (D)

Surplus (deficit) of capital funding (C - D)

Funding balance ((A - B) + (C - D))

	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
Total operating funding (A)	505	568	490
Total applications of operating funding (B)	497	558	1,008
Surplus (deficit) of operating funding (A - B)	8	10	(518)
Total sources of capital funding (C)	286	22,214	1,513
Total applications of capital funding (D)	294	22,224	995
Surplus (deficit) of capital funding (C - D)	(8)	(10)	518
Funding balance ((A - B) + (C - D))	-	-	-

Regulation and Safety

What we do and why:

The Regulation and Safety Significant Activity works towards ensuring a healthy and safe environment for residents and visitors to the Ōpōtiki District. This Significant Activity includes a range of functions that are required of Council by legislation and also the administration of a range of bylaws designed to ensure a health and nuisance free District for residents and visitors alike. Further to the legislative requirements behind many of these services, there is a public expectation that the Council will regulate behaviours in public places in a manner that is in the interest of the community at large. The Regulation and Safety Activity is required to assist in maintaining community safety and to enhance community well-being.


This significant activity includes:



Regulation (Environmental Health, Noise Control, Animal Control, Building Control Services and Liquor Licencing), Safety (Emergency Management and Rural Fire), and District Plan Implementation.





Community Outcomes	How Activity Contributes
Development and protection of the natural environment.	<p>To ensure that public health and safety is protected and enhanced through the effective and efficient implementation of legislation (environmental health, liquor and noise control) and fit for purpose bylaws.</p> <p>To protect the interest of public health, safety and infrastructure and ensure the welfare of animals through the delivery of animal (particularly dog) control.</p> <p>To ensure the construction of sustainable buildings and to protect current and future users through the administration of the Building Control Act 2004 and relevant regulations.</p> <p>To ensure that the Council and community are prepared for a civil emergency or rural fire event and adequate systems are in place to enable recovery following a civil emergency.</p>
Services and facilities meet our needs.	
A strong and distinctive community spirit.	
Development supports the community.	




Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Some could consider that the enforcement nature of the Regulation and Safety Activity infringes on the way of life of residents and ratepayers and the experience that the East Coast has to offer visitors.		✓			Council is required to implement legislation as intended by central government and will wherever possible take a fit for purpose approach in doing so. The health and safety of the community and protection of public and private property must take priority over individual needs and desires. Council will continue to explore opportunities for shared service delivery arrangements with other organisations with a view to ensure that fit for purpose solutions are delivered in the most effective and efficient manner. Wherever possible, costs will be recovered from the applicant or the exacerbator.
The cost associated with monitoring and enforcement may be beyond the community's ability to pay.			✓		

Levels of service:

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
The Council will provide and maintain a quality service to meet statutory requirements and community expectations					
Liquor Licence applications are processed in accordance with Sale and Supply of Alcohol Act 2012 within 15 working days after receipt of all reports and information required.	41%	100%	100%	Achieved. A total of 56 applications were received and all were processed in accordance with the Sale and Supply of Alcohol Act 2012 within 15 working days after receipt of all reports and information required. The large difference in result from last year is due to both a previous reporting error (was incorrectly measured as full time to process applications and not time taken to process once all reports and information required was received) and filling a vacancy in this area.	
Health – Registered premises are inspected a minimum of once per year for compliance with all statutory requirements.	52%	100%	58%	Not achieved. 52 Registered premises of which 30 had verification visits. This target was not achieved as the Food Act 2014 is now in place and verification's are conducted throughout the year dependent on registration dates instead of just carrying out once yearly inspections. This measure has been updated to reflect the legislative change in the 2018-2028 Long Term Plan.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
An increase in the number of registered dogs in the District.	1461	1600	1463	Not achieved. The number of registered dogs has increased by two from the previous year. Out of the 1560 known dogs on our system 1463 are registered which equates to a 94% registration rate.	
All animal control complaints of an aggressive or threatening nature are responded to within 1 hour from receipt of complaint.	78%	100%	65%	Not achieved. 77 complaints received of an aggressive or threatening nature. (61 received during business hours and 16 after hours.) 52 complaints responded to within 1 hour of receiving report/complaint and 25 responded to over 1 hour. A number of things contributed to this result not being achieved including out of hours operators not able to attend within an hour due to attending other Council related complaints, some completion times may have been incorrectly recorded as the day and time of entering the final data into our reporting system instead of the day and time the officers actually responded and there were staff shortages during this period. These matters have been addressed for future reporting.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
% of time building consents are issued within the statutory timeframes.	99%	100%	100%	Achieved. 162 building applications were processed during this period which is an increase in the building consents processed of 16% on the previous year.	
% of Customer satisfaction with level of service (as measured by the annual BCA survey).	0%	>90%	N/A	Unable to measure result as survey form link has been sent out with building code of compliance certificates but no customers have completed the survey at this time.	
% of roles that have been identified and staffed for 24 hours operation of the Emergency Coordination Centre.	91%	100%	90%	Not achieved. All the roles within the Emergency Operations Centre (EOC) are filled apart from the Recovery Manager, Planning Officer and Call Centre Manager.	
% of staff identified for roles in the Emergency Operations Centre (EOC) that are trained to an appropriate level agreed by the Group.	100%	100%	68%	Not achieved. A number of trained officers resigned during the reporting period and were replaced in the EOC by new untrained officers. These new officers are in the process of being trained but as it stood on the 30 June 2018 only 68% of officers identified for roles in the EOC had been trained to the appropriate level.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Council actively engages with the wider community to increase the level of awareness preparedness and resilience.					
Minimum number of council delivered initiatives to promote community resilience and safety.	8 initiatives delivered	4 initiatives delivered annually	7 initiatives delivered	'See below'	
<p>Achieved.</p> <ul style="list-style-type: none"> • Ōpōtiki District Council Pop Up Shop • Community Response Planning workshop for coastal communities at Te Kaha Marae • Red Tide Conference presentation on Risks and Hazards • Supported Get Ready week activities • Continued engagement with Whakatōhea representatives to support their emergency planning • Ōpōtiki Township meeting held with key community leaders and agencies to develop a Community Response Plan • Provided a draft community guide to the community response team for consultation 					
The Council will provide an emergency management service that meets statutory requirements and community expectations.					
Rural Fire fighters meet response times provided in contract specification.	100%	100%	N/A	Not applicable. Council no longer provides rural fire fighting services. This has been taken over by Fire and Emergency New Zealand.	
The Council will provide and maintain a quality service to meet statutory requirements.					
% of time resource consents are issued within the statutory timeframes.	100%	100%	100%	Achieved. 49 resource consent applications were received during this period and all were issued within the statutory timeframes.	

Capital Expenditure

	LTP 2018 000's
- to replace existing assets	
Civil Defence Renewals	53
- to replace existing assets Total	53
Total capital expenditure	53

Funding Impact Statement

Ōpōtiki District Council - Regulation & Safety Activity

Funding Impact Statement for 30 June 2018

Sources of operating funding

General rates, uniform annual general charge, rates penalties	754	775	652
Targeted rates	84	86	88
Subsidies and grants for operating purposes	-	-	-
Fees and charges	362	371	520
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	35

Total operating funding (A)

Applications of operating funding

Payment to staff and suppliers	859	881	915
Finance costs	2	3	-
Internal charges and overheads applied	332	340	443
Other operating funding applications	-	-	-

Total applications of operating funding (B)

Surplus (deficit) of operating funding (A - B)

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(7)	45	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

Total sources of capital funding (C)

Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	53	-
Increase (decrease) in reserves	-	-	(48)
Increase (decrease) in investments	-	-	-

Total applications of capital funding (D)

Surplus (deficit) of capital funding (C - D)

Funding balance ((A - B) + (C - D))

	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
Total operating funding (A)	1,200	1,232	1,310
Total applications of operating funding (B)	1,193	1,224	1,358
Surplus (deficit) of operating funding (A - B)	7	8	(48)
Total sources of capital funding (C)	(7)	45	-
Total applications of capital funding (D)	-	53	(48)
Surplus (deficit) of capital funding (C - D)	(7)	(8)	48
Funding balance ((A - B) + (C - D))	-	-	-

Environmental Sustainability

Why we provide this group of activities:

The Environmental Sustainability Group of Activities works towards those community outcomes that promote environmental well-being. Communities have an impact on our natural environment in many ways. This group of activities works towards mitigating and managing those impacts so that future generations can enjoy our Districts' pristine natural environment.

Significant Activities Comprised in this Group:

Solid Waste Management, Stormwater, Resource Management and Wastewater.

Solid Waste Management

What we do and Why:

This Significant Activity provides for the minimisation, collection, management and disposal of Solid Waste in the Ōpōtiki District. The provision of solid waste services is vital to both environmental and public health.

This significant activity includes:

Solid Waste and Recyclables Collection (Kerbside Collection).

Solid Waste Management (Resource Recovery Facilities, Waste Minimisation, Litter Control and the management and monitoring of closed landfills within the District).

Council is responsible under the Waste Minimisation Act 2008 for preparing and implementing a waste management and minimisation plan and for overseeing and promoting effective and efficient waste minimisation and management. The following minimisation and management hierarchy drives Council's philosophical approach to Solid Waste Management and provides context for the Resource Recovery Facilities within the District:



- Reduction
- Reuse
- Recycling
- Recovery
- Treatment
- Disposal

Community Outcomes	How This Activity Contributes
Development and protection of natural environment	Ensure the environmentally safe collection and disposal of waste.
Development supports the community	
Services and facilities meets our needs	Minimise the creation of waste within the District.

Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Public Health, odour and environmental degradation.		✓		✓	The provision of effective and efficient waste collection and disposal facilities.
High waste volumes can increase the costs of waste management.			✓		A focus on waste minimisation through waste reduction, reuse and recycling.
Because of the cost of disposal of waste some community members may resort to fly tipping.			✓	✓	Ensuring a balance between economic incentives for waste reduction and the cost associated with waste disposal through fees and charges.

Levels of service:

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
The kerbside collection of bagged refuse and recyclables where the service is provided is efficient and effective. (NB: service provided in Ōpōtiki township, Hikutaia/Woodlands)					
Number of service complaints in any one month regarding the quality of the kerbside refuse / recycling collection service. (Note: service conditions outlined on brochure mailed annually).	1	<3	2	Achieved. A total of 17 complaints were received with no more than 2 complaints received in any one month.	
Provision of effective waste service for the community					
Customer satisfaction rating of waste transfer stations good or better.	91%	>70%	85%	Achieved. 85% rated their satisfaction as good or better.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Waste minimisation education reduces household waste and increases good recycling practices					
Number of public education activities completed.	9	3	9	Achieved. Worm farm workshop, Te Kura Whangaparoa, Woodlands School, Ōpōtiki Central Preschool, Happy Feet Preschool, Ōpōtiki Primary, Torere Primary, Waioeka Primary school waste education programme and paper for trees sponsorship programme.	
Service provided keeps residual waste to minimum quantity.					
Residual waste per year does not exceed 120 kg per person per year.	118.55 kg/year	120 kg / person / year	135kg/person / year	Not achieved. Increased collection area and deposit at Resource Recovery Centres (RRC's) in combination with inability to find company to take plastic recycled materials as Chinese market no longer available.	

Internal Borrowing

	Opening Balance 1/07/2017 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2018 \$ 000's	Interest 2018 \$ 000's
Solid Waste Management	68	-	1	67	3
Total	68	-	1	67	3

Capital Expenditure

	Annual Plan 2018 000's	LTP 2018 000's
- to replace existing assets		
Paint Te Kaha RRC Building	10	11
Reseal Waihau Bay RRC Yard	20	21
- to replace existing assets Total	30	32
Total capital expenditure	30	32

Funding Impact Statement

Ōpōtiki District Council - Solid Waste Management Activity

Funding Impact Statement for 30 June 2018

	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	1,060	1,083	1,178
Targeted rates	338	347	282
Subsidies and grants for operating purposes	28	29	35
Fees and charges	295	303	280
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	1	1	-
Total operating funding (A)	1,722	1,763	1,790
Applications of operating funding			
Payment to staff and suppliers	1,210	1,238	1,312
Finance costs	3	4	3
Internal charges and overheads applied	491	502	617
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,704	1,744	1,932
Surplus (deficit) of operating funding (A - B)	18	19	(142)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(4)	14	(1)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(4)	14	(1)
Application of capital funding			
Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	32	-
Increase (decrease) in reserves	14	1	(143)
Increase (decrease) in investments	-	-	-
Total applications of capital funding (D)	14	33	(143)
Surplus (deficit) of capital funding (C - D)	(18)	(19)	142
Funding balance ((A - B) + (C - D))	-	-	-

Stormwater

What we do and why:

This Significant Activity provides for the collection and disposal of stormwater predominantly in the urban environment. Stormwater drainage systems are provided in the Ōpōtiki Township and the Waiotahi Drifts subdivision with a view to mitigate surface flooding following rainfall. Council is involved in this activity to fulfil its legal obligations for the control of stormwater systems and to ensure the protection of public health and property.

This significant activity includes:


Stormwater collection and disposal.




The Local Government Act 2002 empowers Council to be involved in the ownership of stormwater assets and the provision of such services.




Community Outcomes	How Activity Contributes
Development and protection of natural environment	To protect the environment from the adverse effects of stormwater.
Development supports the community	To protect public health and property.
Services and facilities meet community needs	Facilities and services that meet the expectations of the community for quality of life.

Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
The discharge of pollutants to stormwater reticulation can be harmful to the natural environment.				✓	Mitigate risk through education, monitoring and enforcement where necessary.
Inadequate stormwater systems may lead to the flooding of property and/or surcharge of the wastewater reticulation network both of which represent risk to public health and property.		✓	✓	✓	<p>Reduce the risk by maintaining existing urban drainage systems and undertake catchment modelling to understand future stormwater management needs in line with future development.</p> <p>Ensure buildings have appropriate stormwater design and suitable drainage fittings.</p>

Levels of service:

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
The urban stormwater activity is managed to protect people and property from the impacts of flooding.					
Number of stormwater flooding events and for each flooding event the number of habitable floors affected per 1000 connections. (A 'Flooding Event' as per DIA guidelines is an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.)	0	0	0	Achieved. No flooding events were recorded where an overflow of Stormwater from Council's urban stormwater system affected a habitable floor. Number of flooding events = 0 Number of habitable floors affected = 0.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Service requests and complaints are processed as they come in.					
Median response time to attend a stormwater flooding event, from notification to personnel on site. (A 'Flooding Event' as per DIA guidelines is an overflow of stormwater from a territorial authority's stormwater system that enters a habitable floor.)	33 minutes	3 days	0	Achieved. No flooding events were recorded where an overflow of stormwater from Council's urban stormwater system affected a habitable floor. Number of flooding events = 0 Number of habitable floors affected = 0.	
Number of complaints about the performance of the stormwater system per 1000 connections.	27	<5	26	Not achieved. 18 complaints or requests for service received which is approx. 26 per 1000 connections based on an estimated 700 connections as Council does not have knowledge of the exact number of connections in the district. The estimate of 700 connections is based on half of the available connections. Ōpōtiki township experienced a severe localised rainfall event in February 2018 which created a higher than normal volume of complaints and service requests.	
Stormwater water quality will be managed effectively for 365 days of the year.					
The number of Abatement notices received regarding discharge compliance.	0	0	0	Achieved.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
The number of Infringement notices received regarding discharge compliance.	0	0	0	Achieved.	
The number of Enforcement orders received regarding discharge compliance.	0	0	0	Achieved.	
The number of convictions regarding discharge compliance.	0	0	0	Achieved.	

Internal Borrowing

	Opening Balance 1/07/2017 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2018 \$ 000's	Interest 2018 \$ 000's
Stormwater	528	63	2	589	21
Total	528	63	2	589	21

Capital Expenditure

	Annual Plan 2018 000's	LTP 2018 000's	Actuals 2018 000's
- to improve the level of service			
Comprehensive Discharge RC	30	-	4
Condition and Performance Assessments	10	11	-
King/Goring St Gravity Main	140	86	5
Pump Spares	140	-	-
Ricardo Performance & Maintenance Monitoring System	30	-	23
Tarawa Creek Flood Water Storage Area	1,600	321	6
Upgrade to Richard St Gravity Main	1,200	-	30
Wellington/Brabant St Pump Station	230	21	2
- to improve the level of service Total	3,380	438	70
- to replace existing assets			
Opotiki Plant Replacements	-	-	3
Replacement of section of 900 gravity main	60	-	-
- to replace existing assets Total	60	-	3
Total capital expenditure	3,440	438	73

Funding Impact Statement

Ōpōtiki District Council - Stormwater Activity

Funding Impact Statement for 30 June 2018

Sources of operating funding

General rates, uniform annual general charge, rates penalties	464	517	458
Targeted rates	50	56	77
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	7	14	-

Total operating funding (A)

521 587 550

Applications of operating funding

Payment to staff and suppliers	236	245	184
Finance costs	45	69	21
Internal charges and overheads applied	56	57	72
Other operating funding applications	-	-	-

Total applications of operating funding (B)

337 371 277

Surplus (deficit) of operating funding (A - B)

184 216 273

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	726	359	62
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

Total sources of capital funding (C)

726 359 62

Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	768	438	70
- to replace existing assets	-	-	3
Increase (decrease) in reserves	142	137	262
Increase (decrease) in investments	-	-	-

Total applications of capital funding (D)

910 575 335

Surplus (deficit) of capital funding (C - D)

(184) (216) (273)

Funding balance ((A - B) + (C - D))

- - -

District Plan

What we do and why:

The purpose of the District Plan Activity is to provide a framework for managing future growth and land use activities in order that they provide a high quality environment for present and future generations. Council's principal document for the delivery of this significant activity is the District Plan and Council has a statutory responsibility under the Resource Management Act 1991. Under this Significant Activity council develops appropriate land use controls for the Ōpōtiki District, fosters good working relationships with Tangata Whenua and other stakeholders and monitors and enforces rules and policies.

This significant activity includes:


District Planning (reviewing and amending the District Plan as appropriate).

District Plan Implementation (issuing of resource consents for land use and subdivision and monitoring of consents for compliance with conditions).

Community Outcomes	How Activity Contributes
Development and protection of natural environment	To assist the development of a safe and sustainable environment through the administration of the Ōpōtiki District Plan and the Resource Management Act 1991.
Development supports the community	
Services and facilities meets our needs	To provide a District Plan that responds to and manages growth and development in terms of environmental sustainability.

Potential Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
The District Plan could be seen as either a barrier to growth or as enabling environmental degradation.			✓		Ensure that any amendments to the District Plan balance the need for environmental protection and desirable development.
Cost of process could be seen by some as excessive.			✓		Efficient processes while ensuring purpose of the RMA is met.

Levels of service:

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Maintain an operative District Plan that is compliant with Legislation.					
Review District Plan in accordance with the RMA.	Review in accordance with project plan	Completed subject to any appeals stage	Completed.	Achieved. The commissioner's decisions have been notified and ten appeals have been received.	

Funding Impact Statement

Ōpōtiki District Council - District Plan Activity

Funding Impact Statement for 30 June 2018

Sources of operating funding

General rates, uniform annual general charge, rates penalties	213	150	264
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	4	4	-

Total operating funding (A)

Applications of operating funding

Payment to staff and suppliers	201	138	310
Finance costs	-	-	-
Internal charges and overheads applied	12	12	29
Other operating funding applications	-	-	-

Total applications of operating funding (B)

Surplus (deficit) of operating funding (A - B)

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	5
Increase (decrease) in debt	(4)	(4)	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

Total sources of capital funding (C)

Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	(55)
Increase (decrease) in investments	-	-	-

Total applications of capital funding (D)

Surplus (deficit) of capital funding (C - D)

Funding balance ((A - B) + (C - D))

	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
Total operating funding (A)	217	154	279
Total applications of operating funding (B)	213	150	339
Surplus (deficit) of operating funding (A - B)	4	4	(60)
Total sources of capital funding (C)	(4)	(4)	5
Total applications of capital funding (D)	-	-	(55)
Surplus (deficit) of capital funding (C - D)	(4)	(4)	60
Funding balance ((A - B) + (C - D))	-	-	-

Wastewater

What we do and Why:

This Significant Activity provides for the environmentally safe collection, treatment and disposal of the District's sewage wastes. Council operates two schemes. One serves the township of Ōpōtiki and the Waioatahe Drifts while the other serves a small subdivision at Waihou Bay. Both schemes discharge primary treated effluent to field soakage systems. All other dwellings in the District are serviced by privately owned septic tank systems.

Council is involved in the Wastewater Significant Activity as the collection, treatment and safe disposal of human and commercial/trade wastes are essential for the protection of public health and environmental outcomes in urban areas.

This significant activity includes:





Reticulation, Treatment and Disposal (Ōpōtiki and Waihou Bay).








The Local Government Act 2002 empowers Council to be involved in the ownership of wastewater assets and the provision of services.


Levels of service:

Community Outcomes	How Activity Contributes
Development and protection of natural environment	To protect public health and property from sewage overflows.
Development supports the community	To enable economic growth with quality of life benefit.
Services and facilities meets our needs	To protect the environment from the adverse effects of wastewater.

Potential Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Groundwater infiltration could overload the treatment and reticulation systems and limit new connections creating a barrier to community growth and development.		✓	✓	✓	Robust wastewater asset management planning and design avoids adverse effects on the environment. Council's dedication to a sustainable reticulation renewal programme will mitigate against groundwater infiltration.

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
A reliable removal and treatment service is provided in areas serviced by Council operated sewerage systems.					
Number of complaints about sewerage system faults per 1000 connections.	10	<5	13	Not achieved. A total of 22 complaints or requests for service received which is approx. 13 per 1000 connections based on a total of 1661 connections. Ōpōtiki township experienced a severe localised rainfall event in February 2018 which caused stormwater infiltration of the wastewater system. This resulted in a higher than normal volume of complaints and service requests.	
Number of complaints about sewerage system blockages per 1000 connections.	4	<5	<3	Achieved. A total of 4 complaints received which is approx. 2.4 per 1000 connections based on a total of 1661 connections.	
Number of complaints about council's response to issues within the sewerage system per 1000 connections.	0	<7	0	Achieved. No complaints received about Council's response to any of the issues.	
Service requests and failures are responded to as they come in.					
Median fault attendance time; time from notification to personnel on site.	14.50 minutes	4 hours	14 minutes	Achieved. A total of 22 complaints or requests for service were received and the median response time from notification to personnel onsite was 14 minutes.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Median fault attendance time; time from notification to resolution of problem.	1 Day and 36 minutes	4 days	75 minutes	Achieved. A total of 22 complaints or requests for service received and the median fault attendance time from notification to resolution of problem was 75 minutes.	
Number of complaints about sewerage odour per 1000 connections.	0	<10	<1	Achieved. 1 complaint received which is less than 1 per 1000 connections based on a total of 1661 connections.	
Sewage is managed without risk to public health.					
Number of sewage overflows into habitable buildings due to faults in the wastewater system.	0	0	1	Not achieved. 1 overflow into habitable building recorded. This was due to Stormwater infiltration into the wastewater system during a heavy rain event and was exacerbated by a high level of use of the toilets at the affected facility at the same time as the heavy rain event occurred.	
The number of dry weather sewerage overflows per 1000 connections.	2	2	<1	Achieved. 1 dry weather sewerage overflow reported which is approx. 0.6 per 1000 connections based on a total of 1661 connections.	
The quality of effluent leaving the treatment plant is of a standard required by consents.					
Number of Abatement notices regarding discharge compliance.	0	0	0	Achieved.	
Number of Infringement notices regarding discharge compliance.	0	0	0	Achieved.	
Number of Enforcement orders regarding discharge compliance.	0	0	0	Achieved.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Number of Convictions regarding discharge compliance.	0	0	0	Achieved.	

Internal Borrowing

	Opening Balance 1/07/2017 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2018 \$ 000's	Interest 2018 \$ 000's
Opotiki Sewerage	1,271	27	3	1,295	50
Total	1,271	27	3	1,295	50

Capital Expenditure

	Annual Plan 2018 000's	LTP 2018 000's	Actuals 2018 000's
- to meet additional demand			
Waioeka Sewerage Pump & Retic	-	-	6
- to meet additional demand Total	-	-	6
- to improve the level of service			
Factory Rd Wastewater Extension Stage 2	150	-	-
Pump Spares	100	-	-
Works on Private Laterals	1,000	-	-
Wastewater Extension SH2	-	-	5
- to improve the level of service Total	1,250	-	5
- to replace existing assets			
Soakage lines renewal	25	27	26
Works on Private Laterals	-	-	206
WW Opotiki 2017	-	-	1,088
WW Stage 1 - First Section Reticulation & Design	2,475	-	-
WW Stage 2 - Second Section Reticulation & Design	625	3,217	-
Opotiki WasteWater - Pumps (spares)	-	-	30
Replacement No 1 Pump Station	-	-	9
- to replace existing assets Total	3,125	3,243	1,359
Total capital expenditure	4,375	3,243	1,370

Funding Impact Statement

Ōpōtiki District Council - Wastewater Activity

Funding Impact Statement for 30 June 2018

Sources of operating funding

General rates, uniform annual general charge, rates penalties	278	323	345
Targeted rates	641	732	676
Subsidies and grants for operating purposes	-	-	-
Fees and charges	9	9	3
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	7	7	2

Total operating funding (A)

Applications of operating funding

Payment to staff and suppliers	416	416	394
Finance costs	155	274	50
Internal charges and overheads applied	141	145	183
Other operating funding applications	-	-	-

Total applications of operating funding (B)

Surplus (deficit) of operating funding (A - B)

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,304	3,020	24
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

Total sources of capital funding (C)

Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	6
- to improve the level of service	-	-	5
- to replace existing assets	2,515	3,243	1,359
Increase (decrease) in reserves	12	13	(932)
Increase (decrease) in investments	-	-	-

Total applications of capital funding (D)

Surplus (deficit) of capital funding (C - D)

Funding balance ((A - B) + (C - D))

2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
935	1,071	1,041
712	835	627
223	236	414
2,304	3,020	24
2,527	3,256	438
(223)	(236)	(414)
-	-	-

Economic Sustainability

Why we provide this group of activities:

The Economic Sustainability Group of Activities are those that provide infrastructure that enables the community to grow and prosper. The Ōpōtiki District relies on reliable infrastructure to support business and industry development. By way of example primary industries depend on a reliable transport network to enable them to get produce to market. The developing Aquaculture Industry will need a secure and reliable potable water supply for processing its products.

Significant activities comprised in this group:

Water Supply, Land Transport and Investments.

Water Supply

What we do and why:

The Water Supply Significant Activity provides for the environmentally safe collection, treatment and reticulation of potable water supply to certain parts of the community. A reliable and safe Water Supply is provided to approximately 5,750 of the Ōpōtiki District population in Te Kaha, Ōpōtiki, Hikutaia, Waiotahe Drifts and Ōhiwa. Efficient, safe and sustainable water supplies are essential for the social, economic and environmental well-being of the District. Reliable drinking water supports public health outcomes, industry growth and development and community safety by way of providing fire fighting capacity in urban areas.

This significant activity includes:





Extraction, Treatment and Reticulation of potable water.






The Local Government Act 2002 empowers Council to be involved in the ownership of Water Supply assets and the provision of services.






Community Outcomes	How Activity Contributes
Development and protection of natural environment	Safe drinking water in accordance with NZ Drinking Water Standards.
Development supports the community	Reliable water supplies, minimising supply disruptions through improved maintenance and meeting peak water supply demands.
Services and facilities meets our needs	Cost effective operation, maintenance of and improvements to water supply systems including treatment facilities, pumping stations, reservoirs and piped reticulation.



Potential Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Growth could exceed the capacity of the water supply infrastructure.		✓	✓		Robust water supply asset management planning and design avoids adverse effects on the environment. The Water Supply Asset Management Plan adequately provides for projected growth, particularly through extended reticulation.
Excessive abstraction of raw water at the point of intake has the potential for negative impact on the environment.				✓	Robust assessment of effects carried out in support of resource consent to take water. BOPRC monitoring of aquifer.

Levels of service:

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Pleasant tasting and looking drinking water is provided from Council operated supplies.					
Measure of customers who are satisfied with the quality of their drinking water.	89%	>90%	90%	Not achieved. 90% rated their satisfaction as very or fairly satisfied.	
Council will provide safe drinking water.					
Number of complaints about; drinking water clarity per 1000 connections.	<1	<5	<1	Achieved. 1 complaint received which is <1 per 1000 connections based on a total of 2455 connections.	
Number of complaints about; drinking water taste per 1000 connections.	<2	<5	0	Achieved.	
Number of complaints about; drinking water odour per 1000 connections.	<1	<5	0	Achieved.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Council provides supplies that are reliable and are managed at the lowest possible all of life costs					
Measure of customers served by Council supply who are satisfied with the reliability and cost of their water supply services.	91%	85%	95%	Achieved. 95% rated their satisfaction as very/fairly satisfied.	
Percentage of capital and renewal projects as set out in the LTP implemented on time and within budget so that level of pressure and flow are not affected by decline in service and growth.	100%	100%	100%	Achieved.	
Failures and service requests are responded to promptly.					
For urgent call outs; median time from notification to personnel on site - water supply. (DIA describe an urgent call out as one that leads to a complete loss of drinking water.)	48 minutes	<4 hours	24 minutes	Achieved. 3 urgent requests received and median time from notification to personnel on site is 24 minutes.	
For urgent call outs; median time from notification to resolution of problem - water supply. (DIA describe an urgent call out as one that leads to a complete loss of drinking water.)	3 hours	<1 day	36 minutes	Achieved. 3 urgent requests received and median time from notification to resolution is 36 minutes.	
For non-urgent call outs; median time from notification to personnel on site.	48 minutes	<1 day	18 minutes	Achieved. 88 non-urgent requests received and median time from notification to personnel on site is 18 minutes.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
For non-urgent call outs; median time from notification to resolution of problem.	22 hours and 56 minutes	<4 days	<1 day	Achieved. 88 non-urgent requests received and median time from notification to resolution of problem was 22 hours and 19 minutes.	
Number of complaints about drinking water pressure or flow per 1000 connections.	<1	<8	<1	Achieved. 1 complaint received which is less than 1 per 1000 connections based on a total of 2455 connections.	
Number of complaints about continuity of supply per 1000 connections.	0	<8	0	Achieved. No complaints received.	
Number of complaints about council's response to any of the drinking water issues per 1000 connections.	0	<5	0	Achieved. No complaints received.	
Water resources are used efficiently and sustainably.					
Average consumption of drinking water per day per resident.	384L	<400L	Ōpōtiki - 220L. Te Kaha - 262L. Ohiwa - 136L	Achieved. Water usage well within acceptable volumes.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Percentage of real water loss from networked reticulation system.	Ōpōtiki 16.4%, Te Kaha 29%	<10%	Ōpōtiki - 7%. Te Kaha - 8%. Ōhiwa - 63%	Not achieved. Water losses in Ōpōtiki and Te Kaha were high at the end of the second quarter due to large leaks early in the year. These leaks were fixed and losses have reduced. The Ōhiwa scheme is very small so even a small leak can appear as a significant loss percentage.	
Water supply is adequate for firefighting purposes.					
Minimum of six fire hydrants tested and meeting tri-annual compliance test with firefighting standards.	16	6	5	Not achieved. One hydrant found non-compliant due to partial valve closure. Issue has been resolved.	

Key Performance Indicator

Council will provide safe drinking water.

Compliance with NZ Drinking Water Standards 2005 (revised 2008)	TARGET							
			Performance achieved 2017/18	Performance Achieved 2016/17	Performance achieved 2017/18	Performance Achieved 2016/17	Performance achieved 2017/18	Performance Achieved 2016/17
		Location	Ōpōtiki	Ōpōtiki	Te Kaha	Te Kaha	Ohiwa	Ōhiwa
Bacterial Compliance	100%	Bacterial Compliance	Compliant	Compliant	Compliant	Compliant	Compliant	Compliant
Protozoal Compliance	100%	Protozoal Compliance	Compliant	Compliant	Non-compliant	Non-compliant	Non-compliant	Non-compliant
<p>COMMENTARY</p> <p>Achieved 100% Bacterial compliance. Not achieved - Protozoa compliance. These results are provisional, pending the assessment of compliance by the independent Drinking-Water Assessor.</p> <p>There are ongoing minor issues with the existing filtration in Te Kaha. Budget has been allocated in the 2018-2028 Long Term Plan for new settlement banks. It is proposed that the settlement banks will settle turbidity from water before it reaches the filters. Investigation surrounding this methodology is yet to be completed and it may turn out that an alternative is better.</p> <p>Ohiwa does not have treatment facilities for protozoa compliance. Budget has been allocated in the 2018-2028 Long Term Plan to install a filtration system to filter the turbidity out.</p>								

Internal Borrowing

	Opening Balance 1/07/2017 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2018 \$ 000's	Interest 2018 \$ 000's
Ohiwa Water	37	-	0	36	1
Opotiki/Hikutaia Water	3,294	-	7	3,286	128
Te Kaha Water	148	19	1	166	6
Total	3,478	19	9	3,488	135

Capital Expenditure

	Annual Plan 2018 000's	LTP 2018 000's	Actuals 2018 000's
- to meet additional demand			
Hikutaia Booster Station plus Storage	-	267	-
Northern Ext Stage 1	-	-	1
Southern Ext Stage 2a - Southern Ring Main	-	-	16
- to meet additional demand Total	-	267	17
- to improve the level of service			
Bore relining	5	-	-
Condition and Performance Assessments	5	5	-
Pump Spares	150	-	-
Te Kaha UV Unit	-	-	2
WTP Chlorine Pipe Upgrade	30	32	10
WaterS Condition & Performance	-	-	5
- to improve the level of service Total	190	37	18
- to replace existing assets			
Hikutaia Booster Station Electrical Control	15	16	-
WTP Backwash Pump	10	-	-
WTP Treatment Equipment & Service Pumps	5	5	8
Opotiki Water - Spare Pumps	-	-	5
Ōpōtiki Hedley Bores Renewal	-	-	29
Ohiwa Bore Pump	-	-	8
Te Kaha Water - Spare Pumps	-	-	1
- to replace existing assets Total	30	21	51
Total capital expenditure	220	326	85

Funding Impact Statement

Ōpōtiki District Council - Water Supplies Activity

Funding Impact Statement for 30 June 2018

Sources of operating funding

General rates, uniform annual general charge, rates penalties	137	149	132
Targeted rates	762	832	1,110
Subsidies and grants for operating purposes	-	-	-
Fees and charges	294	302	3
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	17	17	9

Total operating funding (A)

2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
1,210	1,300	1,269

Applications of operating funding

Payment to staff and suppliers	544	612	611
Finance costs	173	186	135
Internal charges and overheads applied	171	175	220
Other operating funding applications	-	-	-

Total applications of operating funding (B)

888	973	966
-----	-----	-----

Surplus (deficit) of operating funding (A - B)

322	327	303
-----	-----	-----

Sources of capital funding

Subsidies and grants for capital expenditure	1,429	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	508	70	10
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

Total sources of capital funding (C)

1,937	70	10
-------	----	----

Application of capital funding

Capital expenditure			
- to meet additional demand	716	267	17
- to improve the level of service	892	37	18
- to replace existing assets	592	21	51
Increase (decrease) in reserves	59	72	227
Increase (decrease) in investments	-	-	-

Total applications of capital funding (D)

2,259	397	313
-------	-----	-----

Surplus (deficit) of capital funding (C - D)

(322)	(327)	(303)
-------	-------	-------

Funding balance ((A - B) + (C - D))

-	-	-
---	---	---

Council was required to reclassify metered water charges from fees and charges revenue to targeted rates revenue this year.

Land Transport

What we do and why:

Council provides on-going management, development and maintenance of the District Land Transport Network. The Land Transport Network in the Ōpōtiki District enables the safe and efficient movement of people and goods and services that avoids damage to the environment. The Land Transport Network contributes to the social and economic development of the District Community.

An efficient, safe and reliable Land Transport Network is essential for the economic well - being of our District. Roads provide access to properties, the passage of traffic and the transportation of goods and services.



This significant activity includes:

Subsidised Roothing, Unsubsidised Roothing.



Community Outcomes	How Activity Contributes
Development and protection of natural environment	The transport network supports the economic and lifestyle needs of the District through provision of access to properties, passage of through traffic, and effective transportation of goods and services.
Development supports the community	
Services and facilities meets our needs	
A strong and distinctive community	

Potential Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Carbon emissions and safety associated with using the transport network.		✓		✓	Alternative fuel and product sources need to be considered. Education and safer road corridors.
Road standards and capacity could result in delays to the transport of good and services and access to emergency services and daily employment.		✓	✓		Responding to damages and repairs in a timely and appropriate manner.
There may be a gap between community expectations for roading and the subsidised funding from government.	✓	✓	✓		Consultation with community about choice between rates finding and level of service. Focussed Advocacy efforts.

Levels of service:

Key Performance Measure		Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
The surface of the roading network is maintained in good condition and is 'fit for purpose'.						
Percentage of requests relating to roads and footpaths that are responded to within timeframes set in Long Term Plan:						
	Urgent calls - Response within 1 day	95%	100%	100%	Achieved. A total of 46 urgent requests received and all were responded to within 1 day.	
	Non-urgent calls - Response within 4 days	83%	100%	92%	Not achieved. 161 non-urgent requests received. 149 were responded to within 4 days and 12 were responded to over 4 days. Many of those which fell outside of the 4 day target were requests for street light repairs. If new LED lights were due to be installed (in the near future) at reported fault locations, Council prudently waited for this to happen instead of undertaking the repair.	
Percentage of sealed road network resurfaced.		6.40%	>6%	5.80%	Effectively the minimum has been achieved.	
To undertake grading on unsealed roads in accordance with the operations & maintenance contract specification.		74.60%	100%	100%	Achieved.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
To apply new gravel to unsealed roads to the renewal schedule outlined in the operations & maintenance contract specification.	\$229,911 was spent on metalling unsealed roads	> \$100,000	\$202,000	Achieved	
The transportation system is reliable and travel times are predictable.					
Percentage of persons who rate the reliability of the District's roading network as good or excellent in the Customer satisfaction survey.	75%	>80%	72%	Not achieved. 72% rated the reliability of the District's roading network as good or excellent.	
Road users find the road environment predictable and the road safe to use.					
Percentage of persons who as users rate the safety of the District's roads as good or excellent in the Customer satisfaction survey.	73%	>85%	65%	Not achieved. 65% rated the safety of the District's roads as good or excellent.	
Average ride quality of sealed road network.	N/A	91-95%	97%	Achieved.	
Traffic services (street lighting, roadside vegetation, road signs, and road markings) are visible and accurate.					
Percentage of road users satisfied that traffic services on the network are accurate and visible in the Customer satisfaction survey.	84%	>85%	81%	Not achieved. 81% stated they were very/fairly satisfied.	
Road Corridor users (pedestrians, joggers, disabled persons etc.) are able to use the road corridors in a safe and convenient manner.					
The number of users who agree the standard of footpaths is good or excellent in the Customer satisfaction survey.	69%	>80%	60%	Not achieved. 60% rated the standard of footpaths as good or excellent.	

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Percentage of footpaths that are up to standard as set in plans.	0	90% of qualifying footpath faults scheduled for repair	90%	Achieved. Contract 141 Footpath renewals which was assembled based on a condition assessment schedule identifying all qualifying footpaths was completed. Assessment to verify and approve the certificate of completion is underway, a report for which is expected soon.	
Change from previous financial year in number of fatalities and serious injury crashes on the local road network.	5	Target not set.	-2	3 recorded in the 1 July 2017 to 30 June 2018 period.	

Internal Borrowing

	Opening Balance 1/07/2017 \$ 000's	Borrowed \$ 000's	Repaid \$ 000's	Balance 30/06/2018 \$ 000's	Interest 2018 \$ 000's
Subsidised Roothing	68	45	6	107	10
Total	68	45	6	107	10

Capital Expenditure

	Annual Plan 2018 000's	LTP 2018 000's	Actuals 2018 000's
- to improve the level of service			
Minor Improvements	110	112	105
Seal Extension (Subject to council approval)	210	-	-
Streetlight Upgrade	-	-	201
- to improve the level of service Total	320	112	307
- to replace existing assets			
Drainage Renewals	67	68	151
Emergency Reinstatement - Storm Damage	260	265	-
Footpath	80	33	78
Ngarue Road Bridge	-	-	6
Pavement Rehabilitation	250	198	194
Sealed Resurfacing	392	399	323
Seismic Assessments for Bridges	166	169	-
Traffic Services Renewals	45	46	21
Unsealed road metalling and rehab	128	131	2
Urban Kerb & Channel	60	33	49
- to replace existing assets Total	1,447	1,342	824
Total capital expenditure	1,767	1,454	1,131

Funding Impact Statement

Ōpōtiki District Council - Land Transport Activity

Funding Impact Statement for 30 June 2018

Sources of operating funding

General rates, uniform annual general charge, rates penalties	2,155	2,367	2,493
Targeted rates	-	-	-
Subsidies and grants for operating purposes	925	950	1,157
Fees and charges	42	43	-
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	17	18	80

Total operating funding (A)

Applications of operating funding

Payment to staff and suppliers	1,841	1,860	2,382
Finance costs	39	40	10
Internal charges and overheads applied	572	587	804
Other operating funding applications	-	-	-

Total applications of operating funding (B)

Surplus (deficit) of operating funding (A - B)

Sources of capital funding

Subsidies and grants for capital expenditure	738	760	790
Development and financial contributions	-	-	-
Increase (decrease) in debt	23	25	39
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

Total sources of capital funding (C)

Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	106	112	307
- to replace existing assets	1,328	1,342	824
Increase (decrease) in reserves	14	222	247
Increase (decrease) in investments	-	-	-

Total applications of capital funding (D)

Surplus (deficit) of capital funding (C - D)

Funding balance ((A - B) + (C - D))

	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
Total operating funding (A)	3,139	3,378	3,745
Total applications of operating funding (B)	2,452	2,487	3,196
Surplus (deficit) of operating funding (A - B)	687	891	549
Total sources of capital funding (C)	761	785	829
Total applications of capital funding (D)	1,448	1,676	1,378
Surplus (deficit) of capital funding (C - D)	(687)	(891)	(549)
Funding balance ((A - B) + (C - D))	-	-	-

Investments

What we do and why:

The Investment Activity provides for Council's ownership stake in BOP LASS Ltd (Bay of Plenty Local Authority Shared Services - a Council Controlled Organisation), TOI-EDA (Eastern Bay of Plenty Regional Economic Development Agency), and Evolution Networks Limited. Council has an investment stake in these organisations as by doing so it can leverage outcomes that are important to the Ōpōtiki District that it may not be able to achieve on its own. By having an ownership stake in these organisations Council is partnering with other units of Local Government and business within the Bay of Plenty Region to achieve common objectives.

This significant activity includes:

BOP LASS Ltd

Established in 2007/08 BOP LASS was created to foster shared services between participating Council's. It provides a vehicle to investigate, procure, develop and deliver shared services where a clear benefit (in terms of quality of service or cost) exists for member local authorities.

TOI-EDA

Toi-EDA is the Eastern Bay of Plenty regional Economic Development Agency established by the three territorial authorities (Kawerau, Ōpōtiki and Whakatāne) working together with local Iwi. Toi-EDA has a strong focus on its vision of enhancing the Eastern Bay of Plenty's economic growth and resultant social and economic wealth for its communities.


Evolution Networks Limited

Evolution Networks Limited is a wireless internet company originating from and based in the Bay of Plenty. Council took a 30% shareholding in the company during the year to increase connectivity within the district and wider Eastern Bay of Plenty. Evolution Networks Limited specialises in providing high speed wireless internet connections to remote rural areas other internet service providers have ignored. Their innovative approach has also seen the provision of the Sigfox Internet of Things (IoT) platform rolled out across the Eastern Bay of Plenty as well.

Community Outcomes	How Activity Contributes
Services and facilities meets our needs	Council's investments contribute to the social and economic well-being of the district.
A strong and distinctive community	
Fair and efficient leadership	

Potential Significant Negative Effect	Affected Well-being				Sustainable Solution
	Cultural	Social	Economic	Environmental	
Other parties with an ownership stake withdraw support.			✓		Council will continue to be an active member of CCOs at a governance and operational level to ensure they continue to add value to all those with an ownership stake.
CCOs are perceived as a threat to community autonomy.		✓			Council will continue to be an active member of CCOs at a governance and operational level to ensure they continue to be about advancing common objectives.

Levels of service:

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
BOPLASS					
Investigate new Joint Procurement initiatives for goods and service for BOPLASS councils.	>4	A minimum of four new procurement initiatives investigated	10	'See below'	
<p>Commentary: Achieved. Joint procurement initiatives undertaken for:</p> <p>Health, Safety & Risk Management Software – A project to investigate collective procurement of health and safety risk management software to provide improved functionality and cost savings for councils. Also included Waikato councils.</p> <p>Infrastructure Insurance – BOPLASS represented a collective group of 41 councils in negotiations for placement of councils' infrastructure insurance in the London markets. Requirements included increased limits and higher insured values for BOPLASS councils. Very competitive pricing achieved at rates up to 30% cheaper than had councils insured individually.</p> <p>Health & Safety in Design – BOPLASS facilitated the opportunity for councils' to participate in using design services to minimise health and safety risks of council driven projects.</p> <p>Enterprise Content Management / EDRMS Strategic Review – BOPLASS councils collectively reviewed vendor offerings and options for electronic document management systems. On-going reviews underway to determine benefits from collective approach to vendors.</p> <p>Managing Contractors' Onsite Safety - BOPLASS investigated the opportunity for councils to participate in joint procurement of the Forsite contractor management system to assist with</p>					

managing contractors' onsite safety. It was determined that the system was not currently required by all councils and individual contracts would be pursued rather than entering into a collective agreement.

Video Conferencing – A project to review options for councils' desktop and meeting room video conferencing systems included a review and testing of multiple providers. Zoom selected as preferred supplier to BOPLASS and councils.


Contract provides for cost savings, standard solution across councils and simplification of video conferencing for desktop or meeting-room calling.



Drug and Alcohol Testing – BOPLASS investigated the opportunity to establish a collective agreement and secure improved pricing from the incumbent supplier to the majority of the BOPLASS and Waikato councils to provide cost savings and common standards. Still under action.

Occupational Health Service Preferred Supplier – Following the completion of a tender Waikato Occupational Health Consultancy (WOHC) were appointed as the preferential Health Service supplier for the BOPLASS councils. Access to improved and consistent levels of service achieved at significantly reduced costs through a collaborative agreement. Waikato LASS also with the same provider.

Media Distribution Services – BOPLASS is investigating opportunities for regional coordination for the release and distribution of media notifications through common software and standardisation of services.

Training – Collaborative training has been arranged across a number of areas of council business, providing for discounted rates, reduced staff travel (as trainer is prepared to travel to region for a larger group), opportunity to network with peers from other councils and development of tailored material.

Communication	100%	Communicate with each shareholding Council at appropriate levels with at least one meeting with each Executive Leadership Team	Achieved	Executive-level meetings held with councils. Five Operations Committee meetings held during the year with executive level input provided by all shareholding councils. Executive Leadership Team representation and attendance at one or more meetings from every council.	
---------------	------	--	----------	--	---

Key Performance Measure	Achieved 2016/17	Target 2017/18	Achieved 2017/18	Commentary 2017/18	Tracking
Toi-EDA					
Develop and implement a Strategy and Annual Work Plan that supports and develops key sectors in the Eastern Bay economy to grow employment and wealth	Achieved	80% achievement of Work Plan actions	Achieved	Key focus areas Maori Land development, irrigation, logistics, hi-value tourism, workforce supply and development.	
Represent the Eastern Bay in all relevant wider economic development activities, planning strategies and initiatives.	Partially achieved	Submissions lodged on all regional and EBOP district plans. Active participation in 80% of Regional Governance Group and Management Group meetings	Achieved	Submissions lodged on 3 Eastern Bay of Plenty Long Term Plans and and BoPRLTP. Active participation in Bay of Connections, BoCMG, FLAG, FWAG and ISK.	

Funding Impact Statement

Ōpōtiki District Council - Investments Activity

Funding Impact Statement for 30 June 2018

Sources of operating funding

General rates, uniform annual general charge, rates penalties	81	83	119
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	19	19	-
Internal charges and overheads recovered	-	-	15
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-

Total operating funding (A)

Applications of operating funding

Payment to staff and suppliers	54	55	62
Finance costs	-	-	-
Internal charges and overheads applied	46	47	80
Other operating funding applications	-	-	-

Total applications of operating funding (B)

Surplus (deficit) of operating funding (A - B)

Sources of capital funding

Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-

Total sources of capital funding (C)

Application of capital funding

Capital expenditure			
- to meet additional demand	-	-	-
- to improve the level of service	-	-	-
- to replace existing assets	-	-	-
Increase (decrease) in reserves	-	-	14
Increase (decrease) in investments	-	-	(22)

Total applications of capital funding (D)

Surplus (deficit) of capital funding (C - D)

Funding balance ((A - B) + (C - D))

	2017 Long-term plan (\$000)	2018 Long-term plan (\$000)	2018 Actual (\$000)
Total operating funding (A)	100	102	134
Total applications of operating funding (B)	100	102	142
Surplus (deficit) of operating funding (A - B)	-	-	(8)
Total sources of capital funding (C)	-	-	-
Total applications of capital funding (D)	-	-	(8)
Surplus (deficit) of capital funding (C - D)	-	-	8
Funding balance ((A - B) + (C - D))	-	-	-

Progress towards community outcomes

This chart shows how our performance measures contribute to our community outcomes. You can read full details about our Community Outcomes and District Strategy in our Long Term Plan.



Here's a real example of this in action:

Community Outcome	Services and Facilities meet our needs - Provide facilities and services that meet current and future needs and are accessible to all.
District strategy	
Focus area	Quality of Life
Priority for action	Provide infrastructure e.g. roads, water, stormwater, sewerage, waste management, renewal of Ōpōtiki Township wastewater reticulation network.
Significant activity group	Environmental Sustainability
Significant activity	Wastewater
Level of service goal	A reliable removal and treatment service is provided in areas serviced by Council operated sewerage systems.
Key performance indicator	Number of sewage overflows into habitable buildings due to faults in the wastewater system.
Performance target	0

By monitoring the number of sewage overflows into habitable buildings we can make sure we are providing a reliable removal and treatment service which fulfils our community outcome of providing services and facilities that meet our needs.

The following tables outline the progress we've made towards the community outcomes we seek as a result of the Council's work programmes and performance measures.

Leadership

Community outcomes	Progress
Fair and Efficient Leadership, A strong and distinctive community spirit.	
To ensure effective and fair community representation and support and that policies and plans are integrated and wherever possible reflect the views of the wider community and stakeholders.	The 2016-17 Annual Report was published. We complied with all statutory requirements and adopted the 2018-2028 Long Term Plan and Waste Management and Minimisation Plan in June 2018. We held 23 open public meetings. Satisfaction with Council leadership was measured through our annual community survey. Councillors provided representation on a wide range of external committees and groups. We lodged submissions on all regional and Eastern Bay of Plenty district plans and actively participated in 80% of Regional Governance Group and Management Group meetings. Contact details for elected members are available on our website and via our call centre. We have engaged with our communities on our plans, projects and initiatives in a range of ways from formal submission procedures to pop up shops to stakeholder strategy days to social media.

Community Facilities

Community outcomes	Progress
Development and protection of the natural environment, A strong and effective community spirit, History and culture is treasured, Services and facilities meet our needs.	
<p>The Council will provide quality parks and recreation facilities that meet community expectations for outdoor recreation, a pleasant townscape, protection of the environment and access to the coast.</p> <p>Ensure that amenity facilities are maintained to a high standard for the residents and visitors to the Ōpōtiki District.</p> <p>Library services that inspire learning and celebration of our culture.</p>	Satisfaction with community facilities including recreation facilities, toilets, cemeteries and the library was measured through our annual community survey. 84% of our play equipment was compliant with relevant standards. Our library facilitated over 15 programmes. During our Long Term Plan consultation we sought community feedback on plans to improve the Rose Garden reserve, extend cycle trails, budget to access funding for tourism facilities to improve recreation areas.

Community Development

Community outcomes	Progress
A strong and effective community spirit, History and culture is treasured, Services and facilities meet our needs.	
To help assist the development of an inclusive community that provides a healthy, safe and friendly place to live, work and visit.	We continued to support the upkeep of 22 of the district's Urupa. We provided funding through MOUs with community organisations for surf life-saving, school swimming pool maintenance and running costs and a number of key historic buildings. We supported advertising for school and community group initiatives. We supported the community by administering the Ōpōtiki District Creative Communities Scheme. Through the Coast Initiative Fund Council supported over 11 projects valued at over \$35,000 that will directly benefit our coast communities. Our contractors undertook regular maintenance checks of the CCTV cameras in town, and we expanded coverage to include the wharf and carpark at the boat ramp. We funded a driver mentoring programme for the community as well following the closure of AA in town.

Economic Development

Community outcomes	Progress
Development and protection of the natural environment, Services and facilities meet our needs, Purposeful work and learning opportunities, Development supports the community.	
To create a sustainable economic future by broadening the Ōpōtiki District's economic and therefore employment base.	Continued to work with government to find a solution to viable harbour development. Maintained relationships with Ōpōtiki businesses. Held stakeholder strategy day to get input into planning. Worked with packhouses on expansion plans in terms of provision of services. Maintained contact with tourism sector and held 7 events including the popular Summer Fest which includes the Lantern Festival. Long Term Plan proposes to extend tourism facilities and Motu Trails.

Regulation and Safety

Community outcomes	Progress
Development and protection of the natural environment, Services and facilities meet our needs, A strong and effective community spirit, Development supports the community.	
<p>To ensure that public health and safety is protected and enhanced through the effective and efficient implementation of legislation (environmental health, liquor and noise control) and fit for purpose bylaws.</p> <p>To protect the interest of public health, safety and infrastructure and ensure the welfare of animals through the delivery of animal (particularly dog) control.</p> <p>To ensure the construction of sustainable buildings and to protect current and future users through the administration of the Building Control Act 2004 and relevant regulations.</p> <p>To ensure that the Council and community are prepared for a civil emergency or rural fire event and adequate systems are in place to enable recovery following a civil emergency.</p>	<p>Council continued to process liquor licence applications, inspect food premises, provide 24/7 Animal Control services and act as a Building Control Authority. Training plan implemented for staff for civil defence to cover any gaps and nearly all roles in the EOC allocated to cover rotating 12 hour shifts. Council continued to provide extensive civil defence education to the community. Council processed 100% of resource consent applications within timeframes. New call back service implemented to provide consistent timeframes and reliability to customers. Long Term Plan provides funding for dog neutering programme. Community views were sought on Earthquake Prone buildings. Online payment of dog registration renewals promoted. Investigations into providing online submission and vetting of building control applications.</p>

Solid Waste Management

Community outcomes	Progress
Development and protection of the natural environment, Services and facilities meet our needs, Development supports the community.	
<p>Ensure the environmentally safe collection and disposal of waste.</p> <p>Minimise the creation of waste within the district.</p>	<p>We continue to receive and act upon service complaints or requests and seek feedback from the public during our annual customer satisfaction survey. Rating of our RRC's this year was achieved well above targets. We continued with our on-going programme to promote waste minimisation through a number of initiatives including school visits to the RRCs and the worm composting workshop. During the LTP we asked the community to tell us how they wanted their kerbside collection delivered and changes were made in the 2018-2028 LTP to allow for changes to retailers no longer providing single use plastic bags. Council undertook a waste assessment and ran a special consultative process and adopted its Waste Management and Minimisation Plan during which we promoted waste minimisation.</p>

Stormwater

Community outcomes	Progress
Development and protection of the natural environment, Services and facilities meet our needs, Development supports the community.	
<p>To protect the environment from the adverse effects of stormwater.</p> <p>To protect public health and property.</p> <p>Facilities and services that meet the expectations of the community for quality of life.</p>	<p>Council continued to record and respond to Stormwater service requests in our customer contact centre and has set ambitious targets on how quickly we will respond. Council has set budget in the 2018-2028 LTP for projects that will help mitigate the adverse effects of climate change on our town after consulting with our community to find out what their expectations were. Council continues to maintain a high record of compliance and once again this year did not receive any abatement or infringement notices, enforcement orders or convictions.</p>

District Plan

Community outcomes	Progress
Development and protection of the natural environment, Services and facilities meet our needs, Development supports the community.	
<p>To assist the development of a safe and sustainable environment through the administration of the Ōpōtiki District Plan and the Resource Management Act 1991.</p> <p>To provide a District Plan that responds to and manages growth and development in terms of environmental sustainability.</p>	<p>Council continued the review process in accordance with the RMA.</p>

Wastewater

Community outcomes	Progress
Development and protection of the natural environment, Services and facilities meet our needs, Development supports the community.	
<p>To protect public health and property from sewage overflows.</p> <p>To enable economic growth with quality of life benefit.</p> <p>To protect the environment from the adverse effects of wastewater.</p>	<p>Council continued its rehabilitation programme for the Ōpōtiki township to lower instances where (during high rainfall) stormwater infiltrates the wastewater system. Council continued to record and respond to Wastewater service requests in our customer contact centre and has set ambitious targets on how quickly we will respond. Council continues to maintain a high record of compliance and once again this year did not receive any abatement or infringement notices, enforcement orders or convictions. During the 2018-2028 Long Term Plan consultation process Council listed Wastewater as a main issue and asked for community input into future plans for extension of the network to Hikutaia/Woodlands with the decision being made to reticulate when growth is apparent, ideally alongside water pipe renewal.</p>

Water Supply

Community outcomes	Progress
Development and protection of the natural environment, Services and facilities meet our needs, Development supports the community.	
<p>Safe drinking water in accordance with NZ Drinking Water Standards.</p> <p>Reliable water supplies, minimising supply disruptions through improved maintenance and meeting peak water supply demands.</p> <p>Cost effective operation, maintenance of and improvements to water supply systems including treatment facilities, pumping stations, reservoirs and piped reticulation.</p>	<p>Council recorded and responded to water supply requests in our customer contact centre. Council sought feedback from the community on water supply through its annual customer satisfaction survey. Projects have been proposed in the 2018-2028 LTP to rectify protozoal compliance issues at Ohiwa and Te Kaha supplies. Council implemented all projects listed for the 2018-19 year in the 2015-2025 LTP on-time and within budget.</p>

Land Transport

Community outcomes	Progress
Development and protection of the natural environment, Services and facilities meet our needs, Development supports the community.	
The transport network supports the economic and lifestyle needs of the District through provision of access to properties, passage of through traffic, and effective transportation of goods and services.	Council resurfaced areas of its network, undertook grading on, and applied gravel to, unsealed roads according to schedules. Council recorded and responded to land transport requests in our customer contact centre. Council sought feedback from the community on land transport through its annual customer satisfaction survey. During the 2018-2028 LTP consultation Council reminded the community that it could part fund new road seals to a level of 40% if the requesting groups/communities provided 60%. Council continues to monitor crashes on our roads to see where improvements might be made.

Investments

Community outcomes	Progress
Services and facilities meet our needs, A Strong and effective community, Fair and efficient leadership.	
Council's investments contribute to the social and economic well-being of the district.	<p>Council continues to be an active participant in BOPLASS in the interest of obtaining procurement and shared service savings for the community. A number of initiatives were undertaken by BOPLASS this year.</p> <p>Council also continued to engage with Toi EDA through the Regional Growth Leadership Group to help promote the harbour development project and other economic development initiatives such as the horticultural development on the Coast.</p>

Financial Information



Statement of Comprehensive Revenue and Expense

For the Year Ended 30 June 2018

	Note	Actual 2018 000's	Budget 2018 000's	Actual 2017 000's
Revenue				
Rates	2	10,576	10,563	10,207
Subsidies and Grants	4	3,739	11,550	4,250
Fees and Charges	3	1,158	1,461	1,032
Interest Revenue	5	101	104	120
Other Revenue	7	956	66	464
Development and financial contributions		5	-	3
Total Revenue		16,535	23,744	16,076
Expenditure				
Other Expenses	9	8,357	7,069	6,897
Depreciation and Amortisation	14,15	2,805	2,300	2,394
Personnel Costs	8	3,745	4,285	3,546
Finance Costs	5	229	411	222
Total Expenditure		15,136	14,065	13,059
Share of associate's surplus/(deficit)	13	(22)	-	(32)
Surplus / (Deficit)		1,377	9,679	2,985
Other Comprehensive Revenue and Expense				
Property, plant, and equipment revaluation		15,843	38	-
Total Other Comprehensive Revenue and Expense		15,843	38	-
Total Comprehensive Revenue and Expense		17,220	9,717	2,985

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 29

Statement of Changes in Equity

For the Year Ended 30 June 2018

	Note	Actual 2018 000's	Budget 2018 000's	Actual 2017 000's
Equity balance at 1 July		184,720	191,799	181,523
Comprehensive revenue and expense for year	22	17,220	9,717	2,985
Transfers	22	1,113	(425)	212
Equity Balance 30 June		203,053	201,091	184,720
Components of Equity				
Accumulated Funds at 1 July		131,185	127,434	127,970
Net Surplus/(Deficit)		1,377	9,679	2,985
Transfers to / (from) equity		(440)	(208)	230
Accumulated Funds 30 June		132,122	136,905	131,185
Asset Revaluation Reserves at 1 July		50,043	62,442	50,043
Transfers to / (from) reserves		565	-	-
Revaluation Gains/(Losses)		15,843	38	-
Revaluation Reserves 30 June		66,451	62,480	50,043
Council Created Reserves at 1 July		3,492	1,498	3,509
Transfers to / (from) reserves		988	208	(17)
Council created Reserves 30 June		4,480	1,706	3,492
Equity at 30 June		203,053	201,091	184,720

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 29

Statement of Financial Position

As at 30 June 2018

	Note	Actual 2018 000's	Budget 2018 000's	Actual 2017 000's
ASSETS				
Current Assets				
Cash & Cash Equivalents	10	3,630	60	4,601
Debtors & Other Receivables	11	3,451	3,583	4,130
Other Financial Assets	12	-	868	32
Prepayments		43	-	44
Total Current Assets		7,124	4,511	8,807
Non-Current Assets				
Investment Property	16	2,501	2,153	2,259
Investment in Associate	13	67	-	88
- Investments in CCO's and Other Similar Entities	12	5	223	5
- Investment in other entities	12	98	-	66
Property, Plant & Equipment	14	202,494	210,169	182,964
Intangible Assets	15	122	75	146
Total Non-Current Assets		205,287	212,620	185,528
TOTAL ASSETS		212,411	217,131	194,335
LIABILITIES				
Current Liabilities				
Trade & Other Payables	18	3,850	3,408	4,168
Borrowings	21	1,500	-	2,000
Employee Benefit Liabilities	20	367	350	306
Provisions	19	7	-	7
Total Current Liabilities		5,724	3,758	6,481
Non-Current Liabilities				
Borrowings	21	3,500	12,142	3,000
Provisions	19	134	140	134
Total Non-Current Liabilities		3,634	12,282	3,134
TOTAL LIABILITIES		9,358	16,040	9,615
NET ASSETS (assets minus liabilities)		203,053	201,091	184,720
EQUITY				
Accumulated Funds	22	132,122	136,905	131,185
Asset Revaluation Reserves	22	66,451	62,480	50,043
Council Created Reserves	22	4,480	1,706	3,492
TOTAL EQUITY		203,053	201,091	184,720

The accompanying notes form part of these financial statements

Explanations of significant variances against budget are detailed in note 29



JH Forbes

MAYOR

Date: 30 October 2018



A Lawrie

CHIEF EXECUTIVE

Date: 30 October 2018

Statement of Cashflows

For the Year Ended 30 June 2018

	Actual 2018 000's	Budget 2018 000's	Actual 2017 000's
Cashflow from Operating Activities			
Receipts from rates revenue	10,870	10,563	10,258
Subsidies and grants received	4,460	11,550	3,525
Fees and charges received	1,158	1,461	1,032
Interest and dividends from investments	107	104	116
Other revenue	216	66	326
Payments to suppliers and employees	(10,779)	(11,355)	(10,167)
Finance costs	(229)	(411)	(222)
Payments to/on behalf of other authorities*	(1,150)	-	965
Goods and services tax (net)	(325)	-	(368)
Net cashflow from operating activities	4,328	11,978	5,465
Cashflow from Investing Activities			
Receipts from sale of property, plant and equipment	219	-	85
Receipts from sale of investments	-	4,000	-
Purchases of property, plant and equipment	(5,298)	(22,912)	(5,049)
Acquisition of investments	(170)	(208)	(303)
Purchases of intangible assets	(50)	-	(121)
Net cashflow from investing Activities	(5,299)	(19,120)	(5,388)
Cashflow from Financing Activities			
Proceeds from borrowings	-	7,142	-
Repayment of borrowings	-	-	-
Net cashflow from financing activities	-	7,142	-
Net Increase / (Decrease) in Cash and cash equivalents	(971)	-	77
Opening Cash and cash equivalents	4,601	60	4,524
Closing Cash and cash equivalents	3,630	60	4,601

* Rates collected on behalf of the Bay of Plenty Regional Council are included in the Receipts of Rates Revenue and the subsequent payment in Payments to/on behalf of other entities. These are not included in the budget figures.

The accompanying notes form part of these financial statements
Explanations of significant variances against budget are detailed in note 29

Funding Impact Statement

Ōpōtiki District Council - Whole of Council

Funding Impact Statement for 30 June 2018

	2017 Annual plan (\$000)	2017 Annual report (\$000)	2018 Annual Plan (\$000)	2018 Actual (\$000)
Sources of operating funding				
General rates, uniform annual general charge, rates penalties	8,272	7,948	8,626	8,005
Targeted rates	1,919	2,259	1,937	2,570
Subsidies and grants for operating purposes	1,000	1,737	1,461	1,429
Fees and charges	1,378	1,032	1,461	1,158
Interest and dividends from investments	203	120	104	101
Local authorities fuel tax, fines, infringement fees, and other receipts	63	412	66	416
Total operating funding (A)	12,835	13,508	13,655	13,679
Applications of operating funding				
Payment to staff and suppliers	10,604	10,444	11,355	11,655
Finance costs	286	222	411	229
Other operating funding applications	-	-	-	-
Total applications of operating funding (B)	10,890	10,666	11,766	11,884
Surplus (deficit) of operating funding (A - B)	1,945	2,842	1,889	1,795
Sources of capital funding				
Subsidies and grants for capital expenditure	5,429	2,513	10,089	2,311
Development and financial contributions	-	3	-	5
Increase (decrease) in debt	797	-	7,142	-
Gross proceeds from sale of assets	-	(80)	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding (C)	6,226	2,436	17,231	2,316
Application of capital funding				
Capital expenditure				
- to meet additional demand	4,059	1,931	8,420	1,916
- to improve the level of service	2,844	781	7,580	766
- to replace existing assets	4,993	2,939	6,912	2,775
Increase (decrease) in reserves	275	(605)	208	(1,495)
Increase (decrease) in investments	(4,000)	232	(4,000)	149
Total applications of capital funding (D)	8,171	5,278	19,120	4,111
Surplus (deficit) of capital funding (C - D)	(1,945)	(2,842)	(1,889)	(1,795)
Funding balance ((A - B) + (C - D))	-	-	-	-

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 2018

REPORTING ENTITY

Ōpōtiki District Council (ODC) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations include the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBE) for the purpose of complying with generally accepted accounting practice.

The financial statements of ODC are for the year ended 30 June 2018. The financial statements were authorised for issue by Council on 30th October 2018.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Statement of compliance

The financial statements of ODC have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

These financial statements have been prepared in accordance with the reduced disclosure of a Tier 2 PBE accounting entity. ODC qualifies for the Tier 2 exemptions as it does not have debt or equity instruments that are traded in a public market nor hold assets in a fiduciary capacity for a broad group of outsiders; and has total expenses between \$2 million and \$30 million. These financial statements comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000), other than the remuneration in Note 26, the severance payments in Note 27, contingencies in Note 24 and the related party transaction disclosures in note 25. These transaction disclosures are rounded to the nearest dollar.

Standards issued and not yet effective, and not early adopted

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

Impairment of Revalued Assets

In April 2017, the XRB issued *Impairment of Revalued Assets* (PBE IPSAS 21), which now scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards. The new standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council has not yet assessed the effects of this new standard.

Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34 – 38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6 – 8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council has not yet assessed the effects of this new standard.

Financial instruments

In January 2017, the XRB issued PBE IFRS 9 *Financial Instruments*. PBE IFRS 9 replaces PBE IPSAS 25 *Financial Instruments: Recognition and Measurement*. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early adoption permitted.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council has not yet assessed the effects of this new standard.

Employee Benefits

In May 2017, the XRB issued PBE IPSAS 39 *Employee Benefits*. PBE IPSAS 39 replaces PBE IPSAS 25 *Employee Benefits*. PBE IPSAS 39 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted.

The Council plans to apply this standards in preparing the 30 June 2020 financial statements. The Council has not yet assessed the effects of this new standard.

Service Performance Reporting

The New Zealand Accounting Standards Board (NZASB) has issued PBE FRS 48 *Service Performance Reporting* effective for periods beginning on or after 1 January 2021, with early application permitted.

The Council plans to apply this standards in preparing the 30 June 2022 financial statements. The Council has not yet assessed the effects of this new standard.

Other changes in accounting policies

There have been no other changes in accounting policies.

SIGNIFICANT ACCOUNTING POLICIES

Revenue

Revenue is measured at the fair value.

The specific accounting policies for significant revenue items are explained below:

Exchange Transactions

Exchange transactions are transactions where Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Specific accounting policies for major categories of exchange revenue transactions are listed below.

Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Sale of goods

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

Provision of Commercially based Services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date.

Other gains and losses

Other gains and losses includes fair value gains and losses on financial instruments at fair value through surplus or deficit, unrealised fair value gains and losses on the revaluation of investment properties and realised gains and losses on the sale of PPE held at cost.

Non-Exchange Transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange, or where the value given or received is not able to be accurately measured.

An inflow of resources from a non-exchange transaction, whether this be an asset or revenue, is only recognised if a liability is not also recognised for that particular asset or revenue.

A liability is only recognised to the extent that the present obligations have not been satisfied. A liability in respect of a transferred asset is recognised only when the transferred asset is subject to a condition, such as a condition for the asset to be consumed as specified and/or that future economic benefits or service potential must be returned to the owner.

Specific accounting policies for major categories of non-exchange revenue transactions are listed below.

Rates revenue

The following policies for rates have been applied:-

- General rates, targeted rates (excluding water-by-meter) and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue
- Rates arising from late payment penalties are recognised as revenue when rates become overdue
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis
- Rates remissions are recognised as a reduction of rates revenue when ODC has received an application that satisfies its rates remission policy
- Rates collected on behalf of Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements as ODC is acting as agent for BOPRC.

New Zealand Transport Agency Rooding Subsidies

ODC receives funding assistance from New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other Grants Received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and Resource Consent Revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Infringement Fees and Fines

Infringement Fees and Fines mostly relate to fees and fines for use of library books. The fair value is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when ODC obtains control over the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developers, the fair value is based on the construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), ODC immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and Bequeathed Financial Assets

Donated and Bequeathed Financial Assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

Direct charges

Rendering of services at a price that is not approximately equal to the value of the service provided by the Council or Group is considered a non-exchange transaction. This includes rendering of services where the price does not allow the Council to fully recover the cost of providing the service (such as resource consents, building consents, water connections, dog licencing, etc.), and where the shortfall is subsidised by income from other activities, such as rates. Generally there are no conditions attached to such revenue.

Revenue from such services is recognised when the Council or Group issues the invoice or bill for the service. Revenue is recognised at the amount of the invoice or bill, which is the fair value of the cash received or receivable for the service. Revenue is recognised by reference to the stage of completion of the service to the extent that the Council or Group has an obligation to refund the cash received from the service (or to the extent that the customer has the right to withhold payment from the Council or Group for the service) if the service is not completed.

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 ODC's decision.

Leases

Finance leases

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

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

The finance charge is charged to the surplus or deficit 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 or 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 recognised as an expense on a straight line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Receivables

Receivables are recorded at their face value, less any provision for uncollectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Other Financial Assets

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

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has 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 revenue and expense

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 surplus or deficit 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 or it is part of a portfolio of identified financial instruments that are managed together and for which there

is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

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.

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

Loans to community organisations 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 surplus or deficit as a grant expense. The loans are subsequently measured at amortised cost using the effective interest method.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is 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 de-recognised are recognised in the surplus or deficit.

Fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense 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 realised within 12 months of balance date. ODC includes in this category:

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

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, 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 revenue and expense 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 recognised in the surplus or deficit.

Loans and receivables, and held-to-maturity investments

Impairment is established when there is evidence that ODC will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. If assets are impaired, the amount not expected to be collected is recognised in the surplus/deficit.

Financial assets at fair value through other comprehensive revenue and expense

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 revenue and expense, 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 recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised 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 recognised, 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 surplus or deficit.

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.

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.

Land (operational and restricted) is measured at fair value, and buildings and infrastructural assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land, buildings (operational and restricted) and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure their carry amount does not differ materially from fair value.

Revaluation movements are accounted for on a class of asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the value of the amount previously expensed, and then recognised in other comprehensive revenue and expense.

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 recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with this item will flow to ODC and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. 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%)

Fixed plant @ refuse recovery centre 30 years (3.33%)

Motor vehicles 5 years (20%)

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

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

Roading network

- Formation – not depreciated
- Sub base – not depreciated
- Basecourse (unsealed) 8 years (12.5%)
- Basecourse (sealed) 120 years (0.83%)
- Top surface: seal 15 years (6.67%); hot mix 30 years (3.33%)
- Bridges 100 years (1.0%)
- Cycleways 50 years (2%)

Kerb and footpaths 45 to 60 years (1.66% - 2.22%)

Reticulation 5 to 100 years (1% - 20.0%)

Traffic facilities (roading components) 10 to 30 years (3.33% - 10.0%)

Culverts (roading components) 60 years (1.66%)

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

Meters, valves and connections 15 to 50 years (2% - 6.66%)

River protection works 100 years (1.0%)

Open drains 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 an intangible asset. Direct cost will include the software development, employee costs and appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

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

Costs associated with development and maintenance of the Council's website is recognised as an expense when incurred.

Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use.

Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

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 the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software 3 to 7 years (14% - 33%).

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, and goodwill are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For revalued assets, the impairment loss is recognised in the surplus or deficit.

Value in Use for Non-cash-Generating Assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in Use for Cash-Generating Assets

Cash-Generating Assets are those assets that are held with the primary objective of generating a commercial return.

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

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 at each reporting date.

Gains or losses arising from a change in the fair value of investment property are recognised in surplus or deficit.

Payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

Borrowings are initially recognised at the amount borrowed plus transaction costs. Interest due on borrowings is subsequently accrued and added to the borrowings balance.

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 expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured 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, and sick leave.

A liability for sick leave is recognised 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.

A liability and an expense are recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

Presentation of Employee Entitlements

Sick leave and annual leave are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the surplus or deficit as incurred.

Provisions

A provision is recognised for future expenditure of an 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 an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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 and is included in "finance costs".

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 the following components.

- Accumulated funds
- Council created reserves
- Asset revaluation reserves
- Fair value through other comprehensive revenue and expense reserve

Council Created reserves

Council created 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.

Council created 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 council created 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.

Asset revaluation reserves

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

Fair value through other comprehensive revenue and expense reserves

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

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 in its 2017/18 annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted in preparing 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.

Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. Indirect costs are allocated as overheads across all activities utilising an appropriate driver.

There have been no changes to the cost allocation methodology during the year.

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from subsequent actual results. Estimates and assumptions 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 are discussed below:

Infrastructural assets

Note 14 provides information about the estimates and assumptions in determining the fair value of infrastructural assets.

Landfill aftercare provision

Note 19 provides information about the estimates and assumptions surrounding the landfill aftercare provision.

Critical judgments in applying accounting policies

Management has exercised the following critical judgments in applying accounting policies.

Classification of property

The Council owns land and buildings previously occupied by the Council Depot. A portion of the property was leased and this portion was classified as investment property. The property has been redeveloped and the entire property is now classified as investment property.

Work in progress in relation to the Development of the Harbour (Note 14: Property, Plant and Equipment)

Council has considered whether there are any indicators of impairment in relation to the costs previously capitalised in relation to the Development of the Harbour. Costs incurred as at 30 June 2018 are \$3.012 million. The costs represent harbour structure and navigation design, geotechnical information gathered and other project management costs specific to the overall project. Council continues to work with the Government and other agencies to progress this project and at this stage considers there to be future economic benefit from the works previously undertaken. It is expected that these costs will form part of the overall cost to complete the Harbour development. Council will reconsider the recoverability of this work on an ongoing basis going forward. Any impairment will be recognised in the statement of comprehensive revenue and expenditure at that time.

Rounding

Some rounding variances may occur in the financial statements due to the use of decimal places in the underlying financial data.

Note 2: Rates revenue

	Actual 2018 \$000	Actual 2017 \$000
General rate	8,595	8,273
Targeted rates attributable to activities		
Communities of Interest	250	341
Sewerage	676	601
Urban Refuse Collection	282	280
Water Supplies	727	719
Metered Water*	384	318
Rate penalties	134	143
Rates Remissions	(472)	(468)
Total rates income	10,576	10,207

Rate Remissions

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

Community, sporting and other organisations

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

Uniform charges on rating units owned by the same ratepayer

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

Penalties

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

Economic Development

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

Land used for natural, historic, cultural and conservation purposes

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

Extreme financial hardship

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

Rating units affected by calamity

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

Maori land general remission

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

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

Maori land economic adjustment remission

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

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.

Rating Base Information as at 30 June

	2018	2017
Number of rating units within the district	5,636	5,627
Total capital value of rating units within the district	1,943,236,850	1,693,017,400
Total land value of rating units within the district	988,183,050	963,786,900
The rating base information disclosed is based on the rating base information as at the end of the preceeding year.		

Note 3: Fees and Charges

	Actual 2018 \$000	Actual 2017 \$000
User fees and charges	638	636
Regulatory and resource consent charges	485	365
Infringements and fines	16	16
Rendering of services	18	15
Other	1	-
	1,158	1,032

Note 4: Subsidies and grants

	Actual 2018 \$000	Actual 2017 \$000
New Zealand Transport Rooding Subsidies	1,882	1,978
Grants towards Harbour Development	1,509	1,668
Grant from Bay of Plenty Regional Council for Rooding	26	4
Grant from Eastern Bay Charitable Trust for streetlight upgrade	39	-
Grants for Summer festival	53	44
Grant from NZ Lotteries towards Hikutaia Domain	40	-
Grant for Driver Licensing Programme	80	36
Ministry of Health subsidy towards upgrade of water supplies	14	439
Grant from Mōtū Trails Charitable Trust for Cycleway	44	-
Grant for Waste Minimisation	35	34
Other	17	47
	3,739	4,250

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

Note 5: Finance revenue and finance costs

	Actual 2018 \$000	Actual 2017 \$000
Interest revenue		
Interest revenue		
- term deposits	101	120
Total finance revenue	101	120
Finance costs		
Interest expense		
- interest on borrowings	229	222
Total finance costs	229	222
Net finance costs	128	102

Note 6: Exchange and non-exchange revenue

	Actual 2018 \$000	Actual 2017 \$000
Revenue from exchange transactions		
Rental Revenue	222	205
Finance Revenue	101	120
Total revenue from exchange transactions	323	325
Revenue from non-exchange transactions		
Fees and charges from activities	1,158	1,032
Rate revenue	10,576	10,207
Subsidies and grants	3,739	4,250
Other non-exchange revenue	739	262
Total revenue from non exchange transactions	16,212	15,751

Note 7: Other revenue

	Actual 2018 \$000	Actual 2017 \$000
Petrol tax	75	70
Vested and introduced assets	512	-
Profit on disposal of property, plant and equipment	-	49
Revaluation losses in excess of Revaluation Reserve	(43)	-
Gain (Loss) on changes in fair value of investment property (note 15)	71	63
Other Revenue	341	282
	<u>956</u>	<u>464</u>

Note 8: Personnel costs

	Actual 2018 \$000	Actual 2017 \$000
Salaries & wages	3,477	3,371
Defined contribution plan employer contributions	100	96
Increase/ (decrease) in employee benefit liabilities	61	(35)
Training costs	107	114
Total employee benefit expenses	<u>3,745</u>	<u>3,546</u>

Note 9: Other expenses

	Actual 2018 \$000	Actual 2017 \$000
Fees paid to principal auditor:		
- for audit of Long Term Plan	78	-
- for audit of Annual Report	101	99
Audit fees for Debenture Trust Deed assurance engagement	4	4
General grants	54	57
Impairment of receivables (note 11)	132	99
Minimum lease payments under operating leases	22	15
Direct expenses from investment property generating income	21	67
Subsidised roading	2,116	1,770
Non-subsidised roading	159	161
Solid waste management	867	665
Water supplies, stormwater and wastewater	725	661
Subscription and license fees	438	317
Legal costs	57	81
Rates expense on Council property	157	161
Insurance	122	78
Other operating expenses	3,304	2,662
Total Other Operating Expenses	<u>8,357</u>	<u>6,897</u>

Note 10: Cash and cash equivalents

	Actual 2018 \$000	Actual 2017 \$000
Cash at bank and in hand	569	1,076
Short term deposits maturing three months or less from date of acquisition	3,062	3,525
Total cash and cash equivalents	3,631	4,601

The carrying value of short-term deposits with maturity dates of three months or less approximates their fair value.

Note 11: Debtors and other receivables

	Actual 2018 \$000	Actual 2017 \$000
Rates receivable	4,176	4,441
Other receivables	1,535	1,619
Sundry debtors	25	225
	5,736	6,285
Less provision for impairment of receivables	(2,287)	(2,155)
Total debtors and other receivables	3,451	4,130

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

	Actual 2018 \$000	Actual 2017 \$000
At 1 July	2,155	2,056
Additional provisions made during the year	132	99
Receivables written off during the period	-	-
At 30 June	2,287	2,155
Total receivables comprise:		
Exchange Transactions	218	235
Non-exchange Transactions	3,233	3,895
	3,451	4,130

Receivables from exchange transactions includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.

Receivables from non-exchange transactions includes outstanding amounts for rates, grants infringements, and fees and charges that are partly subsidised.

Note 12: Other financial assets

	Actual 2018 \$000	Actual 2017 \$000
Current portion		
<i>Held to maturity</i>		
Local Government Funding Authority Borrowing Notes	-	32
Total current	-	32
Non-current portion		
<i>Other Investments</i>		
Unlisted shares in Civic Financial Services Ltd	18	18
Local Government Funding Authority Borrowing Notes	80	48
Total Investments in other entities	98	66
<i>Investments in CCO's and other similar entities</i>		
Unlisted shares in Bay of Plenty Local Authority Shared Services Ltd	5	5
Total Investment in CCO's and other similar entities	5	5
Total Non current	103	71
Total Other Financial Assets	103	103

Unlisted Shares

Unlisted shares are recognised at cost. Management have decided that cost price is used as there is not an active market to determine fair value.

Impairment

There were no impairment provisions for other financial assets. (2017 : nil)

Note 13: Investment in Associate

	2018 \$000	2017 \$000
Investment in Evolution Networks Limited	120	120
Equity accounted carrying amount	67	88
<i>Summarised financial information of associate presented on a gross basis</i>		
Assets	86	102
Liabilities	47	11
Revenues	208	113
Surplus/(deficit)	(53)	(124)
Council interest	30%	30%
Share of associate's contingent liabilities incurred jointly with other investors	-	-
Contingent liabilities that arise because of several liability	-	-

Note 14 Property, plant and equipment

Valuation

Operational and restricted land and buildings

The most recent valuation of land and buildings was performed by an independent valuer, Peter Erceg, BCom(VPM) MPINZ of Aon New Zealand. Operational buildings are valued at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value. The valuation is as at 1 July 2017.

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

Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for similar assets.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be

affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over-or underestimating the annual depreciation charge recognised as an expense in the statement of comprehensive income. To minimise this risk, infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration, and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The most recent valuation of infrastructural assets was performed as at 1 July 2017. The Three Waters valuation was performed by ODC engineering staff and peer reviewed by Peter Erceg, Bcom(VPM) MPINZ of Aon New Zealand. The roading asset valuation was performed by Peter Erceg, Bcom(VPM) MPINZ of Aon New Zealand.

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.

Work in progress

The total amount of property, plant and equipment in course of construction is \$4,674,915 (2017 \$2,584,394)

Restrictions

Land and buildings in the "Restricted Asset" category are subject to either restrictions on use, or disposal or both. This includes restrictions from legislation (such as land declared as a Reserve under the Reserves Act 1977), or other restrictions (such as land and buildings under a bequest or donation that restricts the purpose for which assets can be used).

Leasing

The net amount of plant and equipment held under finance leases is \$Nil (2017 \$Nil)

Note 14 Property, plant and equipment - continued

Core Infrastructure Assets

Included within the Council infrastructure assets are the following core Council Assets:-

	Closing book value \$'000	Additions constructed by Council \$'000	Additions transferred to Council \$'000	Replacement Cost estimate \$'000
2018				
Roading network	144,473	1,128	-	150,576
Water systems				
- Treatment Plants & Facilities	2,093	20	-	3,790
- Other	8,673	641	-	13,946
Sewerage system				
- Treatment Plants & Facilities	1,412	0	-	2,373
- Other	9,835	112	-	30,897
Stormwater	8,310	86	-	11,481
2017				
Roading network	140,912	2,071	-	147,281
Water systems				
- Treatment Plants & Facilities	2,872	481	-	4,183
- Other	6,131	399	-	13,565
Sewerage system				
- Treatment Plants & Facilities	1,420	24	-	2,366
- Other	4,641	364	-	31,235
Stormwater	6,025	49	-	11,493

Insurance

	Actual 2018 \$000	Actual 2017 \$000
The total value of all assets that are covered by insurance contracts	114,265	18,838
The maximum amount to which they are insured	66,737	16,981
The total value of all assets that are covered by financial risk-sharing arrangements	79,213	10,000
The maximum amount available under this arrangement	47,528	9,900
The total value of assets that are self insured	-	-
- there is no fund maintained for this purpose		

DEPRECIATION BY GROUP OF ACTIVITY

	Budget 2018 \$000's	Actual 2018 \$000's	Actual 2017 \$000's
Community Facilities	260	272	201
Economic Development	1	-	1
Land Transport	1,170	1,142	1,200
Regulation & Safety	7	7	7
Solid Waste Management	20	-	16
Stormwater	141	159	143
Support Services	213	444	307
Wastewater	210	455	226
Water Supplies	266	326	275
Community Development	12	-	16
Total depreciation	2,300	2,805	2,394

Note 14 Property, plant and equipment continued...

2018	Cost/ revaluation	Accumulated depreciation	Carrying amount	additions	reclassified	additions	impairment	disposals	depreciation	Depreciation Write Back	Revaluation surplus	Cost/ revaluation	Accumulated depreciation	Carrying amount
	2017	and impairment charges 2017	2017		assets	Vested	charges					2018	and impairment charges 2018	2018
Operational assets														
Land	696	-	696	-	-	-	-	140	-	-	154	710	-	710
Buildings	1,525	143	1,382	-	(72)	91	-	36	118	-	380	1,745	118	1,626
Plant, machinery and vehicles	1,575	784	791	271	-	-	-	135	229	113	-	1,711	901	810
Fixtures, fittings and equipment	875	722	153	109	-	-	-	79	66	71	-	905	717	188
Library collections	786	655	131	50	-	-	-	-	7	-	-	836	663	173
Total operational assets	5,457	2,304	3,153	430	-	72	91	390	421	184	534	5,907	2,399	3,508
Infrastructural assets														
Roads & footpaths	144,402	3,490	140,912	1,128	-	-	-	33	1,142	1	3,607	145,614	1,141	144,473
Water systems	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Treatment Plants & Facilities	3,131	258	2,872	20	(1,004)	-	-	9	81	-	295	2,174	81	2,093
- Other	6,682	551	6,131	641	1,004	-	-	8	244	-	1,148	8,917	244	8,673
Sewerage system	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Treatment Plants & Facilities	1,566	146	1,420	-	(658)	-	-	-	46	-	696	1,458	46	1,412
- Other	5,119	478	4,641	112	658	-	-	3	409	-	4,836	10,243	409	9,835
Stormwater drainage	6,403	379	6,025	86	-	-	-	-	159	-	2,358	8,469	159	8,310
Cycle Ways	1,182	35	1,147	-	(378)	-	-	-	14	-	297	1,066	14	1,052
Total infrastructural assets	168,485	5,337	163,148	1,988	-	378	-	53	2,095	1	13,236	177,940	2,094	175,846
Restricted assets														
Land	10,042	-	10,042	-	-	1,085	-	-	-	-	1,387	12,514	-	12,514
Buildings	4,409	371	4,038	788	450	827	-	622	215	-	686	6,166	215	5,951
Total restricted assets	14,451	371	14,080	788	450	1,912	-	622	215	-	2,073	18,679	215	18,465
Commissioned property, plant and equipment	188,393	8,012	180,381	3,206	-	2,003	-	1,065	2,731	185	15,843	202,526	4,707	197,819
WIP	Cost		Carrying Amount	Year Movement								Cost		Carrying Amount
	2017		2017									2018		2018
Work in progress - Roads & footpaths	-	-	-	3								3		3
Work in progress - Water	502	-	502	(502)								-		-
Work in progress - Sewerage	35	-	35	1,258								1,293		1,293
Work in progress - Stormwater drainage	14	-	14	(14)								0		0
Work in Progress - Harbour	1,870	-	1,870	1,142								3,012		3,012
Work in Progress - Community Facilities at	164	-	164	203								367		367
Total work in progress	2,585	-	2,585	2,090	-	-	-	-	-	-	-	4,675	-	4,675
Total property, plant and equipment	190,978	8,012	182,966	5,296	-	2,003	-	1,065	2,731	185	15,843	207,201	4,707	202,494

The net carrying amount of PPE held under finance lease is \$0 (2017: \$0)

Note 14 Property, plant and equipment continued...

2017	Cost/ valuation 2016	Accumulated depreciation and impairment	Carrying amount 2016	additions	additions Vested	impairment	disposals	depreciation	Depreciation Write Back	Revaluation surplus	Cost/ valuation 2017	Accumulated depreciation and impairment	Carrying amount 2017
	2016			2017									
Operational assets													
Land	656	-	656	40	-	-	-	-	-	-	696	-	696
Buildings	1,414	94	1,320	112	-	-	1	49	-	-	1,525	143	1,382
Plant, machinery and vehicles	1,482	758	724	305	-	-	212	203	177	-	1,575	784	791
Fixtures, fittings and equipment	789	663	126	100	-	-	13	72	13	-	875	722	153
Library collections	741	616	125	45	-	-	-	40	-	-	786	655	131
Total operational assets	5,082	2,131	2,951	601	-	-	226	364	190	-	5,457	2,304	3,152
Infrastructural assets													
Roads & footpaths	142,333	2,292	140,041	2,071	-	-	-	1,200	-	-	144,402	3,490	140,912
Water systems													
- Treatment Plants & Facilities	2,650	171	2,479	481	-	-	-	88	-	-	3,131	258	2,872
- Other	6,285	365	5,920	399	-	-	-	187	-	-	6,682	551	6,131
Sewerage system													
- Treatment Plants & Facilities	1,542	93	1,449	24	-	-	-	53	-	-	1,566	146	1,420
- Other	4,754	304	4,450	364	-	-	-	173	-	-	5,119	478	4,641
Stormwater drainage	6,354	235	6,119	49	-	-	-	143	-	-	6,403	379	6,025
Cycle Ways	1,142	23	1,119	40	-	-	-	12	-	-	1,182	35	1,147
Total infrastructural assets	165,060	3,483	161,577	3,427	-	-	-	1,857	-	-	168,485	5,337	163,148
Restricted assets													
Land	10,036	-	10,036	6	-	-	-	-	-	-	10,042	-	10,042
Buildings	4,195	247	3,948	214	-	-	-	124	-	-	4,409	371	4,038
Total restricted assets	14,231	247	13,984	220	-	-	-	124	-	-	14,451	371	14,080
Commissioned property, plant and equipment	184,373	5,861	178,512	4,249	-	-	226	2,345	190	-	188,392	8,012	180,380
WIP	Cost 2016		Carrying Amount 2016	Year Movement							Cost 2017		Carrying Amount 2017
Work in progress - Roads & footpaths	459		459	(459)			-				-		-
Work in progress - Water	25		25	477			-				502		502
Work in progress - Sewerage	-		-	35			-				35		35
Work in progress - Stormwater drainage	-		-	14			-				14		14
Work in Progress - Harbour	888		888	982			-				1,870		1,870
Work in Progress - Community Facilities and Property	239		239	(75)			-				164		164
Total work in progress	1,611	-	1,611	973	-	-	-	-	-	-	2,584	-	2,584
Total property, plant and equipment	185,984	5,861	180,123	5,222	-	-	226	2,345	190	-	190,976	8,012	182,964

Note 15 Intangible assets

	Computer software	Easement	Total
Cost			
Balance at 1 July 2017	458	10	468
Additions	50	-	50
Disposals	-	-	-
Balance 30 June 2018	508	10	518
Balance at 1 July 2016	306	10	316
Balance at 30 June 2017	458	10	468
Accumulated amortisation and impairment			
Balance at 1 July 2017	322	-	322
Amortisation charge	74	-	74
Disposals	-	-	-
Balance 30 June 2018	396	-	396
Balance at 1 July 2016	272	-	272
Balance at 30 June 2017	322	-	322
Carrying amounts			
Balance at 1 July 2017	136	10	146
Balance 30 June 2018	112	10	122
Balance at 1 July 2016	65	10	75
Balance 30 June 2017	136	10	146

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

Impairment

Easements

Easements are not cash generating in nature as they give Council the right to access private property where infrastructural assets are located. As such, impairment of an easement is determined by considering the future service potential of the of the easement and its assessed replacement cost. No impairment losses have been recognised for easements, as the carrying amount of the assets has been assessed as less than their replacement cost.

Easements have been assessed as having an indefinite useful life because they provide Council with access to the infrastructural assets for an indefinite time period.

Note 16 Investment property

	Actual 2018 \$000	Actual 2017 \$000
Balance 1 July	2,259	2,115
Additions	170	254
Disposals	-	(173)
Fair value gains/(losses) on valuation (note 7)	72	63
Balance 30 June	2,501	2,259

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 Peter Erceg an independent valuer from Aon New Zealand, who 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 highest and best use method.

Highest and best use is defined as the most probable use of the asset that is physically possible, appropriately justified, legally permissible, financial feasible, and which results in the highest value.

Note 17 Council Controlled Organisations

Council make contributions to both BOP LASS and Toi EDA. This has currently been included under Note 25 Related party transactions. Council has 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, Opoitiki 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.

Bay of Plenty Local Authority Shared Services Limited (BOPLASS Ltd)**BACKGROUND**

Ōpōtiki 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 Regional 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 shareholders 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:

- Use Joint Procurement to add value to goods and services sourced for its constituent Councils
- Facilitate Shared Services that benefit Councils and their stakeholders through improved levels of service, reduced costs, improved efficiency, innovation and/or increased value
- Pursue best practice in the management of all activities to obtain best value and minimise risk
- Demonstrate fiduciary responsibility by ensuring that its activities are adequately funded from savings achieved, levies, Council contributions, or Government funding where available.
- Allow other Councils or organisations to participate in its activities where this will benefit its constituent councils directly or indirectly
- Represent the collective views of its shareholders in matters with which it is associated.

Target 2017/18	Result	Narration
<p>Investigate new Joint Procurement initiatives for goods and services for BOPLASS councils.</p> <p>Procure from sources offering best value, service, continuity of supply and/or continued opportunities for integration.</p> <p>A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and/or improved service levels to the participating councils.</p>	Achieved	<p>Joint procurement initiatives undertaken for:</p> <p><u>Health, Safety & Risk Management Software</u> – A project to investigate collective procurement of health and safety risk management software to provide improved functionality and cost savings for councils. Also included Waikato councils.</p> <p><u>Infrastructure Insurance</u> – BOPLASS represented a collective group of 41 councils in negotiations for placement of councils' infrastructure insurance in the London markets. Requirements included increased limits and higher insured values for BOPLASS councils. Very competitive pricing achieved at rates up to 30% cheaper than had councils insured individually.</p> <p><u>Health & Safety in Design</u> – BOPLASS facilitated the opportunity for councils' to participate in using design services to minimise health and safety risks of council driven projects.</p> <p><u>Enterprise Content Management / EDRMS Strategic Review</u> – BOPLASS councils collectively reviewed vendor offerings and options for electronic document management systems. Ongoing reviews underway to determine benefits from collective approach to vendors.</p> <p><u>Managing Contractors' Onsite Safety</u> - BOPLASS investigated the opportunity for councils to participate in joint procurement of the Forsite contractor management system to assist with managing contractors' onsite safety. It was determined that the system was not currently required by all councils and individual contracts would be pursued rather than entering into a collective agreement.</p> <p><u>Video Conferencing</u> – A project to review options for councils' desktop and meeting room video conferencing systems included a review and testing of multiple providers. Zoom selected as preferred supplier to BOPLASS and councils.</p> <p>Contract provides for cost savings, standard solution across councils and simplification of video conferencing for desktop or meeting-room calling.</p>

		<p><u>Drug and Alcohol Testing</u> – BOPLASS investigated the opportunity to establish a collective agreement and secure improved pricing from the incumbent supplier to the majority of the BOPLASS and Waikato councils to provide cost savings and common standards. Still under action.</p> <p><u>Occupational Health Service Preferred Supplier</u> – Following the completion of a tender Waikato Occupational Health Consultancy (WOHC) were appointed as the preferential Health Service supplier for the BOPLASS councils. Access to improved and consistent levels of service achieved at significantly reduced costs through a collaborative agreement. Waikato LASS also with the same provider.</p> <p><u>Media Distribution Services</u> – BOPLASS is investigating opportunities for regional coordination for the release and distribution of media notifications through common software and standardisation of services.</p> <p><u>Training</u> – Collaborative training has been arranged across a number of areas of council business, providing for discounted rates, reduced staff travel (as trainer is prepared to travel to region for a larger group), opportunity to network with peers from other councils and development of tailored material.</p>
<p>Provide support to BOPLASS councils that are managing or investigating Shared Services projects.</p> <p>BOPLASS to provide 0.25 FTE resource and expertise to assist councils in Shared Services developments and projects.</p> <p>Quarterly satisfaction reviews with participating councils. Resource assignment measured from project job tracking.</p>	Achieved	<p>0.46 FTE provided through BOPLASS staff engagement committed directly to support of council shared service projects or individual council support – measured by fortnightly timesheets.</p> <p>Support provided to councils in development of the following services:</p> <p><u>GIS Centralised Data Repository / Shared SDE</u> – Establishment of central GIS storage services for councils. BOPLASS also investigated setting up a SDE (spatial data enterprise) on behalf of its councils. Following completion of initial architecture, it was determined that this was not feasible as it would require too much effort in terms of resource.</p> <p><u>Radio Telephony (RT) strategy</u> – A region-wide strategy has been developed by BOPLASS for the sharing and utilisation of Radio Telephone services and technologies. This is considered to be of significant importance in shared civil defence strategies.</p> <p><u>GIS Operating Guide for Civil Defence Emergency Events</u> – Developed by BOPLASS councils to capture</p>

		<p>learnings from the Edgecumbe event and as a reference to support collaborative working. Operating guide shared with the Local Government Geospatial Alliance and is now being developed into a national reference document through this national GIS collaborative group.</p> <p><u>Online Natural Hazards Mapping</u> – Developed as a shared data initiative with App available to BOPLASS councils to notify owners as hazards such as tsunami or flooding.</p> <p><u>Regional / Cross-Regional Approach to Licensing and Data Collection for Waste Operators</u> – Scoping of a project to provide a consistent approach to licensing of private waste operators and standards within the industry, while enabling improved data collection for councils' waste planning. Project also covers Waikato councils.</p> <p><u>Diversion of Organic Waste from Landfill</u> – Investigation of opportunities for the facilitation and development of a regional shared food waste collection service for BOPLASS councils. Initial scoping phase undertaken.</p> <p><u>Solid Waste Regional Infrastructure Strategy</u> – A regional or cross-regional approach to planned and potential waste infrastructure developments within the region. Project identified to be progressed with Waikato councils.</p> <p><u>Sustainable Procurement Research Project</u> – BOPLASS facilitated council participation in this project in conjunction with the Sustainable Business Network and Toi Ohomai. Collective project benefitted councils by assisting in establishing how current local government procurement policies and practices are aligned with national objectives of sustainability, and where improvements might be made.</p> <p><u>Support of Video Conferencing services for councils</u> – Ongoing support for councils in-house and external video conferencing services. Central management of virtual meeting rooms and directories.</p> <p><u>Review of Inter-Council Network (ICN) suppliers and services</u> A full review of the ICN was undertaken, with a number of providers changed, new services established, and new contracts negotiated on behalf of the councils participating in this shared service.</p>
--	--	--

		<p>Improved levels of service achieved, additional services added, and \$97,635 in annual savings achieved:</p> <ol style="list-style-type: none"> 1. <u>Wireless WAN solution for ICN in Opotiki</u> – Evolution Networks project to replace GWS server and develop Wireless WAN in Opotiki (ICN – new contract signed). 2. <u>Increase of fibre pipeline from Opotiki</u> – Termination of service with Vocus and commission of service with Alchemy. 3. <u>Migration off of the One.Govt service for ICN Whakatane & Rotorua</u> – Termination of One.Govt contract and migration of accounts to Vocus for links. 4. <u>Establishment of community internet backhaul for Kawerau</u> – New service for Kawerau community. 5. <u>Alchemy Network Service</u> – Opotiki fibre (ICN – new contract signed with new supplier of existing service). 6. <u>Vocus Communications</u> – Fibre pipeline services for Whakatane, Rotorua, Kawerau (ICN – new contract signed with new supplier). Reduction in cost of services. Addition of new links (migrated from One-Govt). 7. <u>Cybersmart</u> – Support of the ICN (agreement signed with new supplier). New service to provide technical support services. <p><u>Audit and Risk Insights Panel Sessions</u> – BOPLASS coordinated workshops with senior leaders of the KPMG advisory team to provide councils their insights and experience in the areas of:</p> <ul style="list-style-type: none"> • Internal Audit Trends, • Enabling Data Analytics in Internal Audits, • Cyber Security, • and Fraud Awareness <p>Workshops provided at no cost to councils and included inter-council sharing of invaluable information.</p> <p><u>Joint Development of Health & Safety Policies and Terms of Reference</u> – BOPLASS H&S group facilitated the sharing of existing H&S procedures or shared development of new procedures across the BOPLASS and Waikato councils. Includes H&S in procurement, common documentation, processes, H&S liabilities and standard reporting measures for councils and</p>
--	--	---

		<p>governance. Provides for reduced effort for all councils and ability to share best practice.</p> <p><u>Support for Shared Services projects identified and reviewed by BOPLASS Operations Committee</u> – Projects under review or progressed as opportunities for further council collaboration in Shared Services:</p> <ul style="list-style-type: none"> • GIS <ul style="list-style-type: none"> - Further opportunities to align and share services / resources • Digitalisation <ul style="list-style-type: none"> - Development of standard process and shared software and/or infrastructure • Shared Data Centre <ul style="list-style-type: none"> - Utilisation of shared infrastructure by multiple BOPLASS councils • Accounts Payable <ul style="list-style-type: none"> - Development of standard process and shared software and/or infrastructure • Debt Management/Collections <ul style="list-style-type: none"> - Development of shared service • Building Consents <ul style="list-style-type: none"> - Development of standard processes across councils and opportunities for sharing of resource • Capex projects <ul style="list-style-type: none"> - Alignment or sequencing of capital projects
<p>Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other councils and the greater Local Government community to increase breadth of BOPLASS collaboration.</p> <p>Provide access to the Collaboration Portal for councils outside of BOPLASS and utilise technologies to provide secure access.</p> <p>Proactively market the benefits to councils.</p> <p>All NZ councils are made aware of the Collaboration Portal and its benefits.</p> <p>Portal is operational outside of the LASS groups with a minimum</p>	Achieved	<p>Project completed to review usage of the Collaboration Portal and opportunities to further develop the Portal to increase the support for collaboration across local government in New Zealand. User survey undertaken along with a review of best practice methodologies.</p> <p>Design-thinking workshop run, with council staff reviewing opportunities to improve the user experience while providing direct input into developing improvements.</p> <p>Ongoing promotion and profiling of the Collaboration Portal has resulted in new councils and local government related organisations joining the Collaboration Portal</p> <p>On-boarding and training provided to new councils to maximise usage and ensure increased uptake.</p> <p>Collaboration Portal membership has increased by 13 local government organisations over the last year. There are now:</p>

of ten additional councils or local government related organisations having utilised the portal.		72 councils or local government related organisations registered on the Portal and 569 users.
<p>Ensure appointed vendors remain competitive and continued best value is returned to shareholders.</p> <p>Manage and/or renegotiate existing contracts.</p> <p>Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.</p>	Achieved	<p>Contracts negotiated and/or renewed for:</p> <p><u>Councils' liability insurance</u> – Providers reviewed and renewed. Solutions proposed and reviewed from alternative brokers and insurers.</p> <p><u>GIS software and services</u> –</p> <ul style="list-style-type: none"> • Geocortex Essentials • Geocortex Optimizer • FME • X-Tools • NZAA <p>Contracts renegotiated and renewed – no alternative suppliers.</p> <p><u>Print Media Copyright Agency (PMCA)</u> – Contract and requirements reviewed. Re-signed with PMCA – sole NZ provider.</p> <p><u>ESRI Enterprise Licensing Agreement</u> – Renegotiated and renewed. No alternative provider in NZ.</p> <p><u>Insurance brokerage services</u> – A review of options for the appointment of an insurance broker to the BOPLASS councils was undertaken. Aon reappointed for a further two year period, as provided for under the agreement. A full tender for brokerage services will be undertaken by BOPLASS at the conclusion of this extension.</p> <p><u>Aerial Photography</u> – BOPLASS contract extended as flying not completed within existing programme.</p> <p><u>Media Monitoring services</u> – Contract with iSentia was reviewed and renewed. Services reviewed from two companies.</p> <p><u>New contracts negotiated for Inter-Council Network</u> – All ICN contracts were reviewed and, where there were alternative options, tested in the market. Several providers were changed; providing for improved service levels or cost savings for participating councils.</p> <p><u>Insurance Forum</u> – BOPLASS hosted a forum which included presenters from London and Australia. This gave an opportunity for the London underwriter to get a better understanding of the regions they insure and for councils to meet with the underwriters and to gain a better understanding of the challenges facing the</p>

		insurance industry. Ultimately leading to improved services and rates for BOPLASS councils.
<p>Complete independent review of governance performance and structure to ensure it supports BOPLASS' strategic direction.</p> <p>Engage external party to complete independent review of BOPLASS governance.</p> <p>Affirmative feedback received from shareholding councils following 2017/18 governance review.</p>	Not achieved	<p>Governance review initiated. After preliminary review of governance, Board made decision to complete a strategic review of BOPLASS and include governance structure as an important aspect of this full review. A shortlist of independent consultants identified by BOPLASS Board.</p> <p>Review put on hold as a strategic alliance with Waikato LASS was proposed. Consultant engaged to review and facilitate the opportunity for the two LASS to develop a jointly aligned strategy. Review also covered LASS governance. BOPLASS and Waikato Boards completed collective evaluation.</p> <p>Decision made to proceed with independent reviews of the two LASS. BOPLASS progressing strategic review and independent governance review. The governance review has not been completed at this stage.</p>
<p>Communicate with each shareholding council at appropriate levels.</p> <p>Meeting with each Executive Leadership Team.</p> <p>At least one meeting per year.</p>	Achieved	<p>Executive-level meetings held with councils. Five Operations Committee meetings held during the year with executive level input provided by all shareholding councils. Executive Leadership Team representation and attendance at one or more meetings from every council.</p>
<p>Ensure current funding model is appropriate.</p> <p>Review BOPLASS expenditure and income and review council contributions and other sources of funding.</p> <p>Performance against budgets reviewed quarterly. Company remains financially viable.</p>	Achieved	<p>Council contributions levied.</p> <p>Contributions received from activities producing savings.</p> <p>Vendor rebates collected.</p> <p>Monthly and quarterly performance reviewed.</p> <p>Financial statements reported and reviewed at Board meetings.</p> <p>Financial position year end 30 June 2018: \$10,794 deficit.</p>

TOI EDA

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

The trust structure of Toi-EDA is designed to enable access to various types of funding. It is run by talented professionals and governed by a board of accomplished and experienced trustees.

Toi-Eda plays an important role in the Bay of Plenty regional partnership – Bay of Connections, particularly in terms of representing Eastern Bay of Plenty economic development interests and assisting to implement sector strategies.

Subsidiaries: Nil

Significant Policies and Objectives In Regard to Ownership and Control:-

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 that the settlers have no power to give directions to or exercise control over the Trustees or any part of the Trust's activities.

The key activities during the year have been:

- Continued support for the Ōpōtiki sea farm and harbour developments, facilitation of service and support activities, contribution to the harbour business case and advocacy at regional and national level
- Commissioning a new collaborative workforce development project across the kiwifruit and emerging aquaculture industries
- Advocating the expansion of the high productivity vehicle network in the eastern bay to service our key manufacturing industries
- Representing the eastern Bay in the Bay of Connections economic development framework at operational and governance levels and the implementation of BOC freight logistics, forestry, aquaculture and Māori economic development strategies
- Steering group roles for the Tertiary Strategy, Regional Growth study and land utilisation projects

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 Māori and the Eastern Bay of Plenty Community
- Promote the economic, environmental, cultural and social wellbeing of Māori 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 Māori 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 (GDP Growth)

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

Note 18 Trade and other payables

	Actual 2018 \$000	Actual 2017 \$000
Trade payables	2,435	1,623
Retained contract monies	313	271
Deposits and bonds	86	81
Accrued expenses	139	196
Rates in advance	348	318
Rates due to Bay of Plenty Regional Council	529	1,679
Total trade and other payables	3,850	4,168
Exchange Transactions	2,002	1,809
Non-exchange Transactions	1,848	2,359
	3,850	4,168

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

Note 19 Provisions

	Actual 2018 \$000	Actual 2017 \$000
Current provisions are represented by:		
Landfill aftercare provision	7	7
	7	7
Non-current provisions are represented by:		
Landfill aftercare provision	83	84
Weathertightness claims	51	49
	134	134

	Landfill Aftercare \$000	Weathertightness Claims \$000	Development Contributions \$000
Balance at 1 July 2016	96	50	162
Additional provisions made during the year	-	50	-
Amounts used during the year	(5)	(50)	(5)
Unused amounts reversed during the year	-	-	(157)
Discount unwinding	-	-	-
Balance as at 30 June 2017	91	50	-
Additional provisions made during the year	3	35	-
Amounts used during the year	(4)	(34)	-
Unused amounts reversed during the year	-	-	-
Discount unwinding	-	-	-
Balance as at 30 June 2018	90	51	-

Landfill aftercare provision

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 2035.

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 2.98% (2017 4.50%).

Weathertightness claims provision

The last of the weathertightness claims made in 2015 was settled for \$50,000 in 2017.

We have recently been joined to the Ministry of Education claim against Carter Holt Harvey, along with 48 other Councils.

At this stage we have classified this as a contingent liability as there is still a lot of uncertainty around the case but also raised a provision of \$50,000 to cover ongoing legal costs in relation to the case.

Note 20 Employee benefit liabilities

	Actual 2018	Actual 2017
Annual leave	228	216
Accrued pay	139	90
Total employee benefit liabilities	367	306
Comprising		
Current	367	306
Total employee benefit liabilities	367	306

Note 21 Borrowings

	Actual 2018 \$000	Actual 2017 \$000
Current		
Secured loans	1,500	2,000
Total current borrowings	1,500	2,000
Non-current		
Secured loans	3,500	3,000
Total non-current borrowings	3,500	3,000

Secured loans

ODC's secured debt is \$5,000,000 (2017 \$5,000,000). Of this, \$nil (2017: \$2,000,000) is issued at floating rates of interest. For floating rate debt, the interest rate is reset quarterly based on the 90 day bank bill rate plus a margin for credit risk. The balance of \$5,000,000 (2017 \$3,000,000) is issued at fixed rates of interest.

ODC's loans are secured over either separate or general rates of the Council.

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

Internal Borrowings

Information about internal borrowings is provided on pages 37 to 103 of the Council's annual report. Internal borrowings are eliminated on consolidation of activities in the Council's financial statements.

Refinancing

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

Note 22 Equity

	Actual 2018 \$000	Actual 2017 \$000
Accumulated Funds		
As at 1 July	131,185	127,969
Council created reserves	(4,249)	(3,291)
Transfers from:		
Council created reserves	3,261	3,308
Transfer from provisions	-	213
Asset revaluation reserve	548	-
Surplus/ (deficit) for year	1,377	2,986
As at 30 June	<u>132,122</u>	<u>131,185</u>
Council created reserves		
As at 1 July	3,492	3,509
Transfers to:		
Accumulated funds	(3,261)	(3,308)
Transfers from:		
Accumulated funds	4,249	3,291
As at 30 June	<u>4,480</u>	<u>3,492</u>
Asset revaluation reserve		
As at 1 July	50,043	50,043
Revaluation gains/ (losses)	15,843	-
Transfer to Equity	565	-
As at 30 June	<u>66,451</u>	<u>50,043</u>
Total Equity	<u>203,053</u>	<u>184,720</u>
Asset revaluation reserve consists of:		
Operational assets		
Land and Buildings	483	139
Infrastructural Assets		
Roading	42,543	38,937
Water systems	4,954	3,511
Sewerage systems	7,952	2,420
Stormwater system	6,980	4,622
Cycle Ways	376	79
Restricted assets		
Land and Buildings	<u>3,163</u>	<u>335</u>
	<u>66,451</u>	<u>50,043</u>

Restricted reserves relate to :

Trusts and bequest funds that have been provided to ODC by various people for specific purposes

Note 22: Council Created Reserve Funds

Special Reserves - 2018

Special Reserves	Activity	Purpose	Balance 01-Jul-17 \$000	Deposits \$000	Withdrawals \$000	Balance 30-Jun-18 \$000
Cash in Lieu of Reserves	Economic Development	For general purpose funding	156	10	-	166
Car Parking Reserve	Land Transport	For parking operating surpluses and deficits	5	-	-	5
General Purposes (Electricity Proceeds)	Economic Development	For general purpose funding	38	1	-	39
Development Contributions - Facilities	Community Facilities	For development of recreational facilities	408	14	-	422
CBD Development Reserve	Community Development	For development of the town CBD	37	1	-	38
Road Upgrade Reserve	Land Transport	For upgrading of roading	113	4	-	117
Destination Playground	Community Facilities	For Development of Playground	3	-	-	3
Elections Reserve	Leadership	For Funding Triennial Elections	17	15	-	32
Coast Community Board Reserve	Community Development	For Funding CCB Projects	100	8	-	108
Library Redevelopment Reserve	Community Facilities	For the Library Development Project	297	20	-	317
Whakaari Taonga Management Reserve	Community Facilities	For the development of reserves	10	5	-	15
District Plan Reserve	District Planning	For District Plan	-	-	-	-
			1,184	78	-	1,262

Other Reserves - 2018

	Purpose	Balance 01-Jul-17 \$000	Deposits \$000	Withdrawals \$000	Balance 30-Jun-18 \$000
Treasury Reserves	For operating surpluses and deficits	588	-	-	588
Depreciation Reserves	For funding replacement of existing assets	1,720	4,171	(3,261)	2,630
		2,308	4,171	(3,261)	3,218
		3,492	4,249	(3,261)	4,480

Note 22: Council Created Reserve Funds- continued

Special Reserves - 2017

			Balance 01-Jul-16 \$000	Deposits \$000	Withdrawals \$000	Balance 30-Jun-17 \$000
Special Reserves	Activity	Purpose				
Cash in Lieu of Reserves	Economic Development	For general purpose funding	149	7	-	156
Car Parking Reserve	Land Transport	For parking operating surpluses and deficits	5	-	-	5
General Purposes (Electricity Proceeds)	Economic Development	For general purpose funding	36	2	-	38
Development Contributions - Facilities	Community Facilities	For development of recreational facilities	391	17	-	408
CBD Development Reserve	Community Development	For development of the town CBD	-	37	-	37
Road Upgrade Reserve	Land Transport	For upgrading of roading	108	5	-	113
Destination Playground	Community Facilities	For Development of Playground	3	-	-	3
Elections Reserve	Leadership	For Funding Triennial Elections	16	1	-	17
Coast Community Board Reserve	Community Development	For Funding CCB Projects	49	51	-	100
Library Redevelopment Reserve	Community Facilities	For the Library Development Project	117	180	-	297
Whakaari Taonga Management Reserve	Community Facilities	For the development of reserves	7	3	-	10
District Plan Reserve	District Planning	For District Plan	86	-	(86)	-
			967	303	(86)	1,184

Other Reserves - 2017

			Balance 01-Jul-16 \$000	Deposits \$000	Withdrawals \$000	Balance 30-Jun-17 \$000
Treasury Reserves		Purpose				
		For operating surpluses and deficits	588	-	-	588
Depreciation Reserves		For funding replacement of existing assets	1,954	2,988	(3,222)	1,720
			2,542	2,988	(3,222)	2,308
			3,509	3,291	(3,308)	3,492

Note 23: Capital commitments and operating leases

Capital commitments

Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment

Comprising

Water systems

Roading network

Buildings

Total capital Commitments

Actual 2018 \$000	Actual 2017 \$000
1,137	1,162
1,137	1,162
1,045	437
92	44
-	681
1,137	1,162

Operating commitments

Operating expenditure for future years contracted on non-cancellable contracts at balance date but not yet incurred

Not later than one year

Later than one year and not later than five year

Later than five years

Actual 2018 \$000	Actual 2017 \$000
2,272	1,661
2,272	1,661
-	-
-	-
2,272	1,661

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 to 60 months. The future aggregate minimum lease payment under non-cancellable operating leases are as follows:

Non-cancellable operating leases as lessee

Not later than one year

Later than one year and not later than five years

Later than five years

Total non -cancellable operating leases

Actual 2018 \$000	Actual 2017 \$000
13	13
34	48
-	-
47	61

Note 24 Contingencies

Contingent liabilities

As disclosed in note 18, a provision of \$50,000 (2017: \$50,000) has been recognised for weathertightness claims. Council may also be exposed to potential future claims which may not have yet been lodged, up until the statutory limitation period expires. The amount of potential future claims may not have yet been lodged, up until the statutory limitation period expires. The amount of potential future claims is not able to be reliably measured and is therefore unquantifiable. Claims must be made within 10 years of construction or alteration of the dwelling in order for the claims to be eligible under the Weathertightness Homes Resolution Services Act 2006, but other statutory limitation periods could also affect claims.

inherent defects in the cladding sheets and cladding systems manufactured and prepared by CHH. Subsequently, in 2016, CHH commenced proceedings against 48 Councils, including Opotiki District Council alleging a breach of duty in the processing of building consents, undertaking building inspections and issuing Code Compliance Certificates.

During the current year the Councils sought to strike out CHH's claims against them. The High Court declined the strike out of the claim, but struck out proceedings in relation to 28 school buildings (none located in Opotiki) built outside the 10 year long stop contained within the Building Act 2004. Further, CHH applied for trial staging, with proceedings to commence in relation to 20 buildings. MoE opposed the application, seeking a trial on the determination of whether shadowclad is inherently defective. The High Court accepted the MoE proposal. CHH has appealed this decision.

At present, there is still insufficient information to conclude on potential liability and claim quantum, if any.

Contingent assets

Buildings on council land and reserves

ODC is aware that there are a number of buildings that have been erected either on council owned land or reserves, some of these are community type buildings such as the club rooms mentioned in this note in prior years, and some are more commercial buildings such as hangars at the aerodrome. For consistency these should all be recognised and treated equally.

Where a building is allowed to be built on Council land or reserves there are generally clauses in all such agreements that should the tenure come to an end the building will either be removed at the cost of the owner, or ownership of the property forfeited to Council.

Given that this relates to a great number of buildings across the district we have chosen not to singularly identify these assets or provide a value for them in our Annual Report.

This clause only becomes relevant when the building owner or leasee is dissolved or forfeits the lease.

Waihou Bay toilet advance

ODC advanced the funding required for the construction of a toilet facility at Waihou Bay by Tamatari Enterprises. The toilet is to be operated by Tamatari Enterprises and open to the public for a term of twenty five years. Should this arrangement continue for the complete term then no repayment of the advance is required. In the event of Tamatari Enterprises withdrawing from the arrangement then the advance is repayable on a prorata basis of the unexpired portion of the term. At 30 June 2018 this amounted to \$14,439 (2017 : \$26,439)

Note 25 Related party transactions

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.

	Actual 2018 \$000	Actual 2017 \$000
BOPLASS		
Annual contribution	12	12
Services Provided	50	20
	Actual 2018 \$000	Actual 2017 \$000
Toi EDA		
Annual contribution	31	31
Services Provided	11	79

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). All related-party transactions were conducted at arms length, and therefore do not require disclosure.

Key management personnel compensation

	Actual 2018 \$000	Actual 2017 \$000
<i>Councillors</i>		
Remuneration	215	206
Full time equivalent members	7	7
<i>Senior Management Team</i>		
Remuneration	783	765
Full time equivalent members	4	4
Total key management personnel remuneration	998	971
Total full-time equivalent personnel	11	11

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

Note 26 Remuneration

Chief Executive

The Chief Executive of Ōpōtiki District Council is appointed under Part 4, section 42 of the Local Government Act 2002.

The Chief Executive received the following remuneration:

	2018	2017
Salary	214,671	217,909
Vehicle (including FBT)	15,092	15,092
	229,763	233,001
Other Benefits		
Professional Association Fees	275	275
Total Remuneration	230,038	233,276

Elected representatives

	Actual 2018	Actual 2017
Mayor - John Forbes (Including salary plus car plus FBT)	66,641	66,238
Deputy Mayor - Lyn Reisterer	35,048	29,052
Councillor - Audit & Risk Chair - Arihia Tuoro	33,249	27,872
Councillor - Coast Community Board Chair - Haki McRoberts	24,408	28,154
Councillor - Barry Howe	18,541	18,231
Councillor - Shona Browne	18,541	18,231
Councillor - Ken Young	18,541	18,231
	214,969	206,009

Staff

	Actual 2018	Actual 2017
Number of full time employees	43	43
Number of full time equivalent of all other employees	14	7
Number of employees receiving less than \$60,000	57	38
Number of employees receiving between \$60,000 and \$79,999	8	8
Number of employees receiving between \$80,000 and \$219,999	5	8
Total number of Employees	70	54

Note 27 Severance Payments

For the year ended 30 June 2018 the Council made one severance payment for \$24,000. (2017: one severance payment of \$7,500).

Note 28 Events after balance sheet

There were no significant events after balance date.

Note 29 Explanation of major variances against budget

Explanations for major variations from ODC's estimated figures in the 2017-2018 Annual Plan are as follows:

		2018	
Statement of Comprehensive Income		\$000	
Actual surplus of \$1,377 million versus budget surplus of \$9,679 million			
An unfavourable variance of -\$8,302 million.			
Total revenue of \$16,535 million was \$7,209 million under budget made up as follows:			
Rates Revenue	a	13	Favourable
Subsidies and grants	b	(7,811)	Unfavourable
Fees and charges	c	(303)	Unfavourable
Financial Income		(3)	Unfavourable
Other Revenue	c	890	Favourable
Development and financial contributions	c	5	Favourable
		(7,209)	
Total expenditure of \$15,136 million was \$1,071 million over budget made up as follows:			
Personnel costs	d	540	Favourable
Depreciation and Amortisation	e	(505)	Unfavourable
Finance costs	f	182	Favourable
Other Expenditure	g	(1,288)	Unfavourable
		(1,071)	
Share of associate's surplus/(deficit)	h	22	Favourable
Net Operating Surplus		(8,302)	
Property Plant & Equipment Revaluation		15,805	
		7,503	

a. Rates revenue is as budgeted

b. Subsidies and grants are lower than budget due largely to the harbour development funding decision being unsuccessful to date, and the external funding towards the library project which has been postponed into 2018-19.

c. Fees and charges revenue are unfavourable due to the reclassification of rental revenue from fees and charges to other revenue. Other revenue is favourable as a result of this as well as assets vested into Council during the year.

d. Personnel costs are lower than budget due to unfilled positions and the cost savings in employing staff during the year with a full years salary budgeted.

e. Depreciation and amortisation is higher than budget as a result of asset revaluations being higher than expected.

f. Finance costs are less than budget due to delay in completing a number of capital projects.

g. Other expenditure is unfavourable due mostly to the loss on disposal of property, plant and equipment.

h. The favourable result in the share of associate's surplus is the recognition of Evolution Networks Ltd profit for the year.

Note 29 Explanation of major variances against budget - continued

Statement of Financial Position

Actual net equity of \$203,053 million versus budget of \$201,091 million, variance of -\$1,962 million.

An analysis of the major variances are set out below:

An increase in cash and cash equivalents	i	3,570	Favourable
A decrease in debtors and other receivables	j	(132)	Unfavourable
A decrease in other financial assets	k	(988)	Unfavourable
A decrease in Property, Plant and Equipment	l	(7,675)	Unfavourable
An increase in Investment Property	m	348	Favourable
An increase in intangible assets	n	47	Favourable
An increase in prepayments		43	Favourable
An increase in investments in associates		67	Favourable
An increase in creditors and other payables	o	(442)	Unfavourable
A decrease in borrowings	p	7,142	Favourable
A increase in Provisions		(1)	Unfavourable
A increase in employee benefit liabilities		(17)	Unfavourable
		<u>1,962</u>	

i. The increase in cash and cash equivalents is due to the budget assuming all capital projects would be completed during the year, whereas some projects were either postponed or not fully complete by year-end.

j. The decrease in debtors and other receivables is due to Harbour project and NZTA debtors being lower than anticipated. Budget for this line item is inflation adjusted to the prior year.

k. The decrease in other financial assets is due to investing cash into term deposits in accordance with Council's investment policy of having term deposits of no longer than 90 days. This is classified as cash and cash equivalents.

l. The decrease in Property, Plant and Equipment is due the timing of capital projects which were either still in progress or not yet started by year-end. These include the harbour and library redevelopment projects.

m. The increase in investment property is mostly due to the purchase of the Credit Union building.

n. The increase in intangible assets is due to the purchase of new software and investment in a new council payroll system.

o. The increase in creditors and other payables is due to a large payment owing to Regional Council for rates collected on their behalf. ODC has also invested in wastewater pipeline rehabilitation works, which are continuing into 2018-19.

p. The decrease in borrowings is due to the postponement and timing of some loan-funded capital projects. The budget assumes all loan-funded projects would be completed.

Note 29 Explanation of major variances against budget - continued

Statement of Cash Flows

2018 actual movement was an \$0,971 million decrease in cash held versus a budgeted increase in cash of \$0

Net cash flow from operating activities was \$4,606 million against a budget of \$11,978 million.

The unfavourable variance is due to the lower operating receipts from subsidy revenue than budgeted.

Net cash flow from investing activities was -\$5,577 million against a budget of -\$19,120 million.

This favourable variance is driven by the delays and deferrals to capital expenditure as outlined earlier in the report.

Net cash flow from financing activities was \$0,000 million against a budget of \$7,142 million.

The favourable variance is due to council not uplifting additional borrowings through various projects not progressing at the rate envisaged.

Statement of Compliance and Responsibility

For the Year Ending 30 June 2018.

Compliance

The Council and management of the Ōpōtiki District Council confirm that all the statutory requirements in relation to the annual report as outlined in the Local Government Act 2002 have been complied with.

Responsibility

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

The Council and management of the Ōpōtiki 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 Ōpōtiki District Council, the annual financial statements for the year ended 30 June 2018, fairly reflect the financial position and operations of the Ōpōtiki District Council.



JH Forbes

MAYOR

Date: 30 October 2018



A Lawrie

CHIEF EXECUTIVE

Date: 30 October 2018

Report from Audit New Zealand

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of Ōpōtiki District Council's annual report for the year ended 30 June 2018

The Auditor-General is the auditor of Ōpōtiki District Council (the District Council). The Auditor-General has appointed me, Clarence Susan, using the staff and resources of Audit New Zealand, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 30 October 2018. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 110 to 159:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2018;

- the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards;
- the funding impact statement on page 114, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s annual plan;
- the statement of service performance, referred to as “Council activities and performance” on pages 38 to 98:
 - presents fairly, in all material respects, the District Council’s levels of service for each group of activities for the year ended 30 June 2018, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 41 to 99, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s Long-term plan; and
- the funding impact statement for each group of activities on pages 41 to 99, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council’s Long-term plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 17 to 24, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the "Responsibilities of the auditor for the audited information" section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council's responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, referred to as "Council activities and performance", as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 6 to 16, 25 to 37, 100 to 108 and 162, but does not include the audited information and the disclosure requirements.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have completed audits on the District Council's 2018-28 Long term plan and debenture trust deed, which are compatible with those independence requirements. Other than these engagements 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

