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INTRODUCTION



COMMENTS FROM THE MAYOR AND CHIEF EXECUTIVE

2009/10 ANNUAL REPORT

The 2009/10 financial year has seen a continuance of tough economic conditions affecting the District and its residents.

The District has, by virtue of its strong agricultural base, and pro-active youth employment initiatives, perhaps been spared some of the worst effects of the recession, with only limited increases in unemployment or business closures. It is however believed that at a less obvious level there is some significant hardship in the District, as individuals and businesses continue on, but in less favourable financial circumstances.

It is however pleasing that despite such individual hardship, positive attitudes appear to be prevalent amongst the residents of the District, and it is hoped that such spirit will be rewarded with less difficult time in the near future.

The highlight of the year for Council has without doubt been the progress towards development of a new Proposed District Plan, which reflects Council's current thinking in respect of managing the local environment. The Proposed Plan, which is scheduled to be adopted in September 2010, will be the result of more than 3 years hard work by Council, incorporating inputs from potentially affected parties, Councillors, Council staff and consultants, at a cost that is currently in the order of \$800,000, but is likely to approach \$1.5 million by the time that the final 'operative' District Plan is delivered, which is hoped to occur in late 2011.

The plan review is a complex process, requiring Councillors to make difficult decisions that take account of local views, but which also reflect the broader framework of regional and national policies and regulations within which Council must operate. In making such decisions it is not possible to please every party, but it is believed that the positions adopted by Council fairly balance the sometimes conflicting imperatives.

Though the cost of the plan review is substantial, it is necessary for the preparation of a plan that is sufficiently well considered and robust to withstand the challenges that are likely to be faced over the next 10 years.

Council's focus on cost efficiency is stronger than ever, though limited opportunities for cost saving now exist, unless the community is willing to accept significantly lower levels of service, which thus far it has not indicated.

Essential infrastructural services such as provision of roads, water supplies and drainage comprise the majority of Council's expenditure, and reducing the levels of service in respect of these activities - or failing to carry out the necessary asset maintenance or replacement required to maintain those levels of service - pose very significant risks. The short term savings that can be achieved by these means can all too easily put a local authority into a 'catch up' situation, from which recovery will be slow, painful and expensive. Council will not expose the community to such risks, and because of this - regrettably - there is considered to be little practical potential for buffering ratepayers against the increasing market costs of these essential services, which are in some cases larger than the general rate of inflation.

Issues such as severe summer water shortages in Kawhia illustrate that more, rather than less, needs to be spent to ensure that essential infrastructure can meet the needs of the communities.

Strategies such as moving away from contractor delivery of a services to a situation where the service is delivered directly by Council staff - as has been recently done in respect of operating and maintaining Council's water services - may eliminate the need to pay the contractors profit margin, and therefore has the potential, but the extent of such savings are likely to be modest, and this approach is not applicable to all of the services provided by Council.



The subdued economy has been reflected in low levels of building and subdivision activity, which restricts the growth of rates revenues, and reduces income for the associated regulatory departments of Council. During the year it became apparent that these low levels of activity were unlikely to significantly rise in the short term, and that the associated resources of Council (including staff numbers) of Council needed to be reduced accordingly. Such reductions are currently underway.

SIGNIFICANT WORKS

No particularly large physical improvement works were completed in the 2009/10 year, with the extent of road improvement works remaining at a relatively low level in the interests of affordability.

Some of the other significant (over \$50,000) works carried out in the year included: -

- * Unsealed improvements to Te Rauamo, Okupata and Owhiro Roads
- * Renewal of stormwater drains under and adjacent to SH3, Otorohanga
- * Reconstruction of Kawhia boat ramp
- * Upgrade to Tihiroa Rural Water Scheme treatment plant

FINANCIAL POSITION

A small operating deficit of \$194,000 was recorded for the year, reflecting both the greater than expected difficulty in holding or reducing costs, and decreased revenue associated with the economic conditions.

Public Debt was \$13,448,000 at 30 June 2010. This was \$482,000 up on the previous financial year. The Council is keenly aware of the high level of public debt, relative to our peers. Our projections demonstrate that debt levels are likely to increase slightly in the medium term, but in the long term will decrease substantially.

CONCLUSION

Though it was another challenging year, Council continues its history of supporting the community and its residents through prudent management of public resources.

Dale Williams
MAYOR

Dave Clibbery
CHIEF EXECUTIVE

5th October 2010



DISTRICT PERSONNEL

OTOROHANGA DISTRICT COUNCIL

		Telephone
Mayor:	Dale Williams	(07) 873 6779
Deputy Mayor:	Hugh Earwaker	(07) 871 1761
Councillors:	Andrew Ormsby	(07) 873 8300
	Robert Prescott	(07) 873 8941
	Deborah Pilkington	(07) 871 0654
	Sue Blackler	(07) 872 2760
	Leveson Gower	(07) 872 2825

OTOROHANGA COMMUNITY BOARD

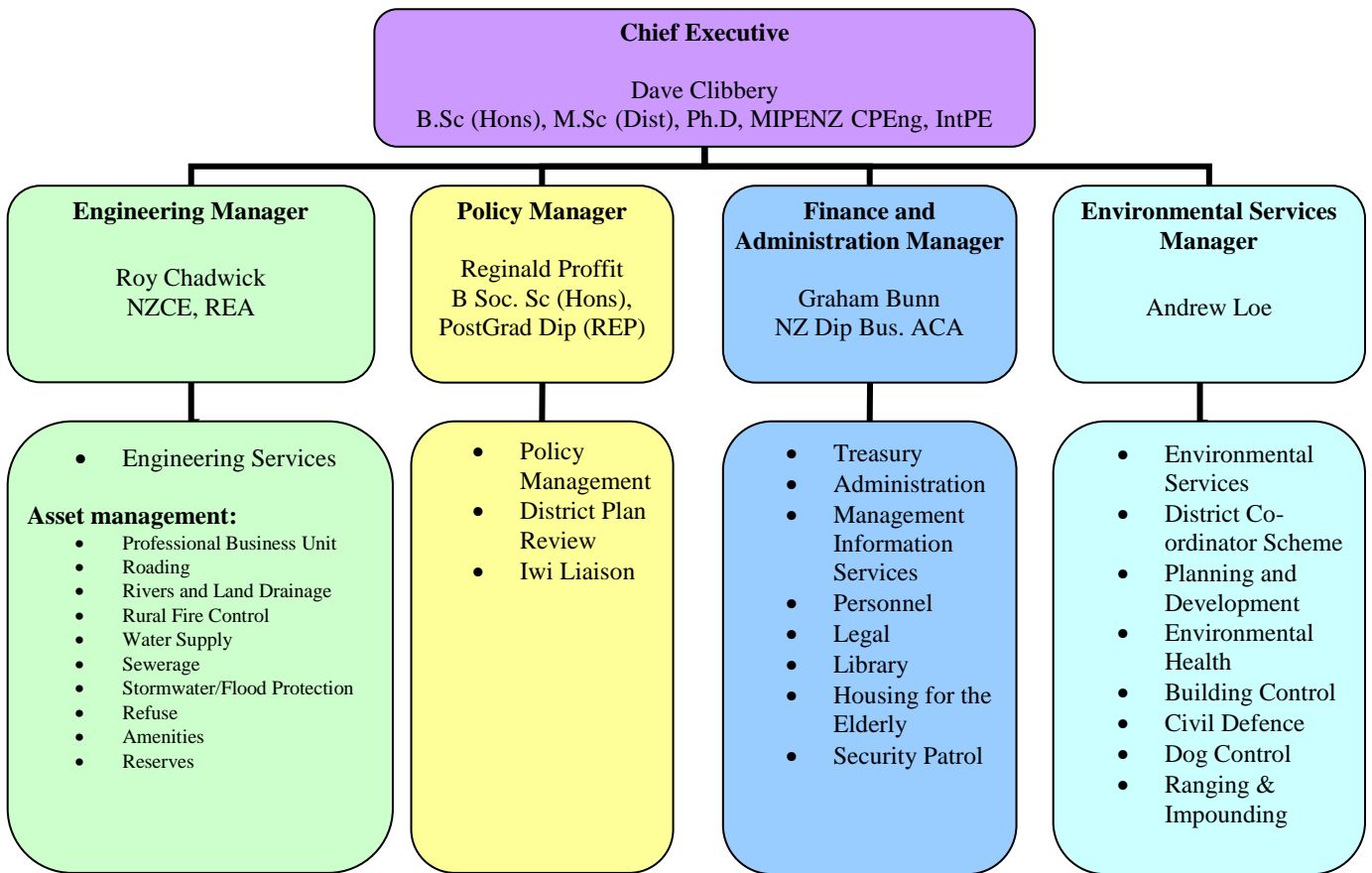
Chairperson:	Elisabeth Cowan	(07) 873 0849
Deputy Chairperson:	Tim Jones	(07) 873 8380
Members:	Brendon McNeil	(07) 873 7842
	Phil Tindle	(07) 873 8810
	Andrew Ormsby	(07) 873 8300
	Robert Prescott	(07) 873 8941

KAWHIA COMMUNITY BOARD

Chairperson:	Lou Sherman	(07) 871 0782
Deputy Chairperson:	Hano Ormsby	(07) 871 0822
Members:	Deborah Pilkington	(07) 871 0654
	Jan Bennett	(07) 871 0276
	Kit Jeffries	(07) 873 7615
	Kathy Workman-Beal	(07) 871 0759



MANAGEMENT STRUCTURE



Postal Address:

PO Box 11, Otorohanga 3900

Council Chambers:

Maniapoto Street, Otorohanga

Telephone Number:

07 - 873 4000

0800 Number:

0800 734 000

Fax Number:

07 - 873 4300

Email:

Info@otodc.govt.nz

Bankers:

Bank of New Zealand

Auditors:

Deloitte, on behalf of the Office of the Auditor General

Solicitors:

Gallie Miles, Te Awamutu



DISTRICT BACKGROUND

Otorohanga District is located some 50 kilometres south of Hamilton. The area administered by the Council covers 1976 sq.km. and extends from the Kawhia and Aotea Harbours on the west coast for a distance of 90 km to the eastern extremity near Mangakino. Included within the District are the urban communities of Otorohanga and Kawhia.

Geographically, the District comprises three distinct areas of approximately equal size. The eastern and western areas have predominantly more hills than the central area which is the southern limit of the Waikato Basin. Farming is the dominant industry with sheep and cattle farming in the hill country and intensive dairy farming in the central area. Horticulture and cropping are lesser but developing activities.

The original Otorohanga County was formed on 1 April 1922 and arose out of the amalgamation of the former Wharepapa and Mangaorongo Roads Board and part of the Waitomo County. The northern half of the former Kawhia County was amalgamated into the District on 1 April 1956. On 1 November 1971, the County of Otorohanga and the Borough of Otorohanga were united to form a new County of Otorohanga. At the time of the union there was no provision for a "District" Council status which only became available in 1978 following an amendment to the Local Government Act. The change in designation from a County Council to a District Council took place on 1 April 1979 and was made primarily to give recognition to the fact that Council is a rural-urban council with the urban area an integral part of the organisation.

The Council believes that it is able to function as an effective and independently viable unit of the local government with adequate staff and resources to administer a comprehensive range of services for its constituent ratepayers and residents.

A roading network, totalling 901.5 km in length, provides access. State Highways 3, 31 and 39 account for 94.5km of this and are maintained by Transfield under contract to Transit New Zealand at no cost to Council. The balance of 807km comprises 514km of sealed pavements of varying widths and 293km of metalled roads. Of these 28km of sealed roads are within the urban Communities of Otorohanga and Kawhia as is 0.5km of the unsealed roads. Within the Council maintained roading network are 154 bridges totalling 1995m in length and including 28 stock access structures. Since the Otorohanga County was first constituted, the prime aim of Council has been extension and improvement of the roading system as a means of encouraging land development and stimulating primary production.

The Council Office is located in the Community of Otorohanga which is situated on the Main Trunk Railway and at the junction of State Highway No.3, No. 31 and No. 39. The Town has good shopping facilities, three modern primary schools and a College, good medical facilities and caters for a wide range of sporting and cultural activities.

Otorohanga is centrally placed, being within easy driving distance of Auckland, Hamilton, Tauranga, Rotorua, Taupo and New Plymouth. The town has a population of 2,661 and is an important focus for tourist activities in the North King Country area. Being 16 kilometres north-west of Waitomo, Otorohanga is the closest town to the world famous glow worm caves.

Kawhia, a small holiday resort on the west coast, is also within the District. It is located on the shores of the Kawhia Harbour some 57 kilometres west of Otorohanga via State Highway 31, and has a permanent population of 384 with this increasing to over 3000 at peak holiday periods. Kawhia is the home of the Tainui people who settled there 600 to 700 years ago. The Kawhia Harbour covers more than 6000 hectares, with five rivers feeding into it. It is a popular and productive fishing spot.



STATISTICS

Area and Population

Area (Square kilometres)	1,976
Population (2006 Census figures)	9,516

Communities

	Area	Population
Otorohanga	507 ha	2,661
Kawhia	161 ha	384
Rural	196,932 ha	6,471
	<u>197,600 ha</u>	<u>9,516</u>

Valuation

Rateable Properties (No. of)	5,233
Non Rateable Properties (No. of)	228
Rateable Capital Value	\$3,629,707,700
Date of Last revision of Values	1 September 2007

Rates and Rating 2009/10

Total Rates (Excluding GST)	\$9,696,111
System of Rating	Capital Value

Public Debt Outstanding as at 30/06/10

Public Debt Outstanding	\$13,447,613
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Date of Constitution of District

1 November 1989



FINANCIAL STATEMENTS



**OTOROHANGA DISTRICT COUNCIL
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

Actual 30 June 2009 (000's)		Note	Budget 30 June 2010 (000's)	Actual 30 June 2010 (000's)
	Income			
9,245	Rates revenue	2	9,684	9,696
5,149	Other income	3	4,315	4,139
(213)	Others gains/(losses) on asset disposal	4	-	(57)
14,181	Total income		13,999	13,778
	Expenditure			
2,781	Employee benefit expenses	5	2,855	3,046
3,402	Depreciation and amortisation	6	3,369	3,488
6,909	Other expenses	7	6,038	6,567
885	Finance costs	8	857	871
13,977	Total operating expenditure		13,119	13,972
204	Profit/(loss) for the year		880	(194)
	Other Comprehensive Income			
46,797	Gain/(loss) on property revaluation		-	(207)
(4)	Gain/(loss) on available for sale financial assets		-	(2)
46,793	Total other comprehensive income		-	(209)
46,997	Total Comprehensive Income for the year		880	(403)

The accompanying notes on pages 14-54 form part of these financial statements.



**OTOROHANGA DISTRICT COUNCIL
BALANCE SHEET
AS AT 30 JUNE 2010**

Actual 30 June 2009 (000's)	Note	Budget 30 June 2010 (000's)	Actual 30 June 2010 (000's)
Assets			
Current assets			
1,388	9	1,272	1,292
1,657	10	1,750	2,051
199	12	1,250	410
3,244		4,272	3,753
Non-current assets			
534	11	538	532
245,077	13	243,568	244,683
48	14	31	43
245,659		244,137	245,258
248,903		248,409	249,011
Liabilities			
Current Liabilities			
2,786	15	1,774	2,804
2	16	2	2
303	17	273	302
7,019	18	7,019	3,500
10,110		9,068	6,608
Non-current liabilities			
28	16	26	26
39	17	62	53
5,947	18	8,029	9,948
6,014		8,117	10,027
16,124		17,185	16,635
232,779		231,224	232,376
Equity			
151,287		152,550	151,298
81,492	19	78,674	81,078
232,779		231,224	232,376

The accompanying notes on pages 14-54 form part of these financial statements.



**OTOROHANGA DISTRICT COUNCIL
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

Notes	Retained Earnings	Available for Sale Reserves	Asset Revaluation Reserves	Restricted Reserves	Total
	(000's)	(000's)	(000's)	(000's)	(000's)
Balance as at 1 July 2008	150,725	13	33,975	1,069	185,782
Profit/(loss) for the year	204	-	-	-	204
Other Comprehensive Income					
Gain/(loss) on revaluations	-	(4)	46,797	-	46,793
Total Comprehensive Income	204	(4)	46,797	-	46,997
Transfers (to)/from retained earnings	358	-	(151)	(207)	-
Balance 30 June 2009	151,287	9	80,621	862	232,779
Profit/(loss) for the year	(194)	-	-	-	(194)
Other Comprehensive Income					
Gain/(loss) on movement of reserves	-	(2)	(207)	-	(209)
Total Comprehensive Income	(194)	(2)	(207)	-	(403)
Transfers (to)/from retained earnings	205	-	-	(205)	-
Balance 30 June 2010	151,298	7	80,414	657	232,376

The accompanying notes on pages 14-54 form part of these financial statements.



**OTOROHANGA DISTRICT COUNCIL
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

Actual 30 June 2009 (000's)	Notes	Budget 30 June 2010 (000's)	Actual 30 June 2010 (000's)
	Cash flows from operating activities		
9,808	Receipts from rates revenue	9,684	9,497
4,360	Receipts from other revenue	4,211	3,792
98	Interest received	104	25
3	Dividends received	(1)	3
(8,848)	Payments to suppliers and employees	(8,894)	(9,478)
(874)	Interest paid	(857)	(893)
4,547	Net cash provided by Operating Activities	4,247	2,946
	Cash flows from investing activities		
226	Proceeds from Sale of Property, Plant and Equipment	51	144
68	Proceeds from sale of development property held for sale	-	-
(3,760)	Purchase of property, plant and equipment	(5,274)	(3,577)
(375)	Purchase of investments	(375)	-
(6)	Purchase of intangible assets	(30)	(23)
(3,847)	Net cash (used in) Investing Activities	(5,628)	(3,456)
	Cash flows from financing activities		
4,000	Proceeds from borrowings	8,399	7,500
(4,585)	Repayment of borrowings	(7,019)	(7,086)
(585)	Net cash provided by/(used in) Financing Activities	1,380	414
116	Net (decrease)/increase in cash, cash equivalents and bank overdrafts	(1)	(96)
1,272	Cash, cash equivalents and bank overdrafts at the beginning of the year	1,272	1,388
1,388	Cash and cash equivalents at the end of the year.	1,271	1,292

The accompanying notes on pages 14-54 form part of these financial statements.



OTOROHANGA DISTRICT COUNCIL NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2010 – continued

1. Summary of significant accounting policies.

Reporting Entity

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

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

The financial statements of ODC are for the year ended 30 June 2010. The financial statements were authorised for issue by Council on 5th October 2010. These financial statements comprise solely of the ODC financial results.

Statement of Compliance

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

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

Standards and Interpretations issued and not yet effective

In the current year ODC has adopted all of the Standards and Interpretations issued by the Accounting Standards Review Board (ASRB) that are relevant to its operations and effective for the current reporting period.

Those with disclosure impact:

The impact of the adoption of the following standards and amendments has been to expand the disclosures provided in these financial statements:

- *NZIAS1 – Presentation of Financial Statements (revised 2007)*
Impact – this has introduced terminology changes including revised titles for the financial statements and changes in the format and content of the financial statements.
- *Amendments to NZ IFRS 7 – Financial Instruments Disclosures*
Impact – The amendments to NZ IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Council has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

NZ IAS 23 Borrowing Costs (2007)

The Council has elected to defer capitalising borrowing costs as is allowed under this standard.

All other Standards and Interpretations adopted in the financial year had no impact on the measurement of assets, liabilities, equity, revenue, expenses and disclosures in the financial statements.

At the date of authorisation of the financial statements, a number of Standards and Interpretations were in issue but not yet effective.

**Otorohanga District Council****Notes to the Financial Statements for the year ended 30 June 2010 – continued**

Application of the following Standards, Amendments and Interpretations is not expected to have a material impact on the financial statement account balances of ODC.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2009	*	30 June 2011
Amendments to NZ IFRS 2 'Share-Based Payment' – Group Cash-Settled Share-Based Payment Transactions	1 January 2010	30 June 2011
Amendment to NZ IAS 32 'Financial Instruments: Presentation' – Classification of Rights Issues	1 February 2010	30 June 2011
Amendments to NZ IAS 24 'Related Party Disclosures'	1 January 2011	30 June 2012
NZ IFRS 9 'Financial Instruments'	1 January 2013	30 June 2014
NZ IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'	1 July 2010	30 June 2011
Amendments to NZ IFRIC 14 'Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2010		
- Improvements to NZ IFRS 3 and NZ IAS 27	1 July 2010	30 June 2011
- Improvements to other standards	1 January 2011	30 June 2012

* The effective date and transitional provisions vary by Standard. Most of the improvements are effective for annual periods beginning on or after 1 January 2010, with earlier adoption permitted.

Basis of Preparation

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

The financial statements have been prepared on a historical cost basis, apart from the revaluation of land and buildings, certain infrastructural assets and financial instruments, which are stated at their fair value.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars. The functional and reporting currency of ODC is New Zealand dollars.

Revenue

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

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

Other income

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

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



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2010 – continued

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

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

Interest income is recognised using the effective interest method.

Dividends are recognised as income when the rights to receive payment have been established.

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

Borrowing costs

Otorohanga District Council elects to defer the application of NZIAS 23 (revised 2007) and expenses borrowing costs in accordance with NZIAS 23 (2004).

Grant expenditure

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

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

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.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowing in current liabilities in the Balance Sheet.

Financial Assets

ODC classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available for sale financial assets. ODC currently only has loans and receivables and available for sale financial assets. The classification depends on the purpose for which the investments were acquired.

Management determines the classification of its investments at initial recognition.

Financial assets are initially recognised at fair value plus transaction costs except for those financial assets classified as fair value through profit and loss. Financial liabilities are recognised initially at fair value net of transaction costs.

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



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2010 – continued

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price for an asset held or liability to be issued is the current bid price and for an asset to be acquired or liability held, the asking price.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured shall be measured at cost.

The categories of financial assets held by ODC are:

- Loans and receivables
These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. The effective interest rate method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of a financial asset or where appropriate, a shorter period to the carrying amount of the financial asset.

Gains and losses when the asset is impaired or derecognised are recognised in the profit and loss. 'Trade and other receivables' and 'Rural Housing loans' are classified as loans and receivables.

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

- Available for sale financial assets
Available for sale financial assets are those that do not fall into any other financial instrument category.

This category encompasses:

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

After initial recognition the shareholdings in listed and unlisted companies are measured at their fair value. Where no fair value is available then the assets are valued at cost.

Gains and losses arising from changes in fair value are recognised in other comprehensive income and accumulated as a separate component of equity in the available-for-sale revaluation reserve with the exception of impairment losses, interest calculated using the effective interest rate and foreign exchange gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation is reclassified from equity to profit or loss (as a reclassification adjustment).

Impairment of financial assets

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



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2010 – continued

Assets Held For Sale

Assets Held for Sale is measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of Assets Held For Sale are recognised in the profit or loss.

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

Property, plant and equipment

Property, plant and equipment consist of:

Operational assets – These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

Restricted assets – Restricted assets are parks and reserves owned by ODC which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

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

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

Additions

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

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

Disposals

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

Subsequent costs

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



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2010 – continued

Depreciation

Depreciation is provided on a straight-line basis or diminishing value 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:

	Useful Life (Years)	Depreciation Rate
Buildings – Concrete	100	1%
Buildings – Wooden	40	2.5%
Improvements	20	5%
Vehicles	6.6	15%
Computers	3-4	25-33.33%
Office Equipment	4-10	10-25% DV
Furniture/ Fixtures	10	10% DV
Library Books	6.6	15% DV
Plant and Machinery	2.5-3	33.33 – 40%
<u>Water Treatment</u>		
Piping	36-80	1.25-2.7%
Equipment	2-50	2-50%
Other	20	5%
<u>Water Reticulation</u>		
Piping	5-80	1.25-20%
Equipment	5-30	3.33-20%
Other	25	4%
<u>Wastewater</u>		
Piping	14-80	1.25-7.14%
Equipment	3-60	1.66-33%
Other	19-37	2.7-5.26%
<u>Stormwater</u>		
Piping	13-80	1.25-7.7%
Equipment	8-60	1.66-12.5%
Other	25	4%
<u>Roading</u>		
<u>Pavement (Basecourse)</u>		
- Sealed	1-60	1.66-100%
- Unsealed	1-6	16.5-100%
Seal	1-15	6.7-100%
Culverts	10-80	1.25-10%
Bridges	12-94	1-8.5%
Kerb & Channel/ Catchpits	45	2.2%
Footpaths	20-55	1.8-5%
Streetlights	5-46	2-20%
Signposting	5-20	5-20%
Delineators/ RPMs	3-7	14.3 -33.3%



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

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

Revaluation

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

Operational land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value (Registered Valuers) and the valuation took effect in the financial year ended 30 June 2009.

Restricted land and buildings

At fair value as determined from market-based evidence by an independent valuer. The most recent valuation was performed by Quotable Value (Registered Valuers), and the valuation took effect in the financial year ended 30 June 2009.

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

At fair value determined on a depreciated replacement cost basis by sufficiently experienced in-house engineering staff. The valuation was independently reviewed and confirmed to have met the appropriate valuation and financial reporting standards, and deemed suitable for inclusion in the financial statements by Maunsell (now known as AECOM) (Registered Valuers). The most recent valuation took effect in the financial year ended 30 June 2009.

Land under roads

Land under roads, was valued based on land value of land within the ward the road is in. This valuation was performed by sufficiently experienced in-house engineering staff, based on information obtained from Quotable Value (Registered Valuers), and the average for each ward is used as the basis of the valuation of land under roads. This valuation was independently reviewed by Maunsell (now known as AECOM) (Registered Valuers). The most recent valuation took effect in the financial year ended 30 June 2009.

Accounting for revaluations

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

The results of revaluing are recognised in Other Comprehensive Income and accumulated as a separate component of equity in the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this amount is rather expensed in the profit or loss. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the profit or loss will be recognised first in the profit or loss up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

Intangible assets

Software acquisition

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the profit or loss.

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

Computer software (finite life)	3 years	33.3%
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Impairment of non-financial assets

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

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

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

If an assets carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is treated as a revaluation decrease. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the profit or loss.

For assets not carried at a revalued amount, the total impairment loss is recognised immediately in the profit or loss.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the profit or loss, a reversal of the impairment loss is also recognised in the profit or loss.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

Employee benefits

Short-term benefits

Employee benefits that ODC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at the rates expected to apply at the time of settlement.

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

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

Long-term benefits

Long service leave and retirement leave

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

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- The present value of the estimated future cash flows. A discount rate of 8.25%, and an inflation factor of 2.5% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Retirement leave is recorded at the time of entitlement of staff, as this represents the amount that can be claimed at any time after entitlement.

Superannuation schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the profit or loss as incurred. Defined contribution schemes include Kiwisaver, where legislation states that Council must contribute a matching contribution to the employee of 2%.

Provisions

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



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

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.

Borrowings

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

The components of equity are:

- Retained earnings
- Restricted reserves
- Asset revaluation reserves
- Available for sale revaluation reserve

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

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

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

The asset revaluation reserve arises on the revaluation of land, buildings and infrastructural assets. Where a revalued land, building or infrastructural asset is sold that portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

Available for sale revaluation reserve arises on the revaluation of investments held. Where a revalued investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is reclassified from equity to profit or loss (as a reclassification adjustment).

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



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

Landfill post-closure costs

ODC, as operator of the Otorohanga and Kawhia closed landfills, has a legal obligation under the resource consents to provide ongoing maintenance and monitoring services at the landfill. A provision for post-closure costs is recognised as a liability.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Goods and Services 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.

Commitment and contingencies are disclosed exclusive of GST.

Budget figures

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

Cost Allocation

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

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

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

Trade and other payables

Trade and other accounts payable are recognised when ODC becomes obliged to make future payments resulting from the purchase of goods and services. Subsequent to initial recognition, trade payables and other accounts payable are recorded at amortised cost.

Financial Instruments issued by the Council

Debt and Equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

Interest and dividends



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

Interest and dividends are classified as expenses or as distributions of profit consistent with the balance sheet classification of the related debt or equity instrument.

Financial guarantee contract liabilities

Financial guarantee contract liabilities are measured initially at their fair value and are subsequently measured at the higher of the amount of the obligation under the contract, as determined in accordance with NZ IAS-37 'Provisions, Contingent Liabilities and Contingent Assets'; and the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with NZ IAS 18 'Revenue'.

Statement of Cashflows

Cashflows from operating activities are presented using the direct method. Definitions of terms used in the Statement of cashflows:

- Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.
- Investing activities comprise the purchase and sale of property, plant & equipment and investments.
- Financing activities comprise the change in equity and debt capital structure of ODC
- Operating activities include all transactions and events that are not investing or financing activities.

Critical accounting estimates and assumptions

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

Landfill aftercare provision

The assumptions related to the provision for landfill aftercare is that the costs involved in monitoring the landfills will be recognised within the 30 year period used for calculating the discounted cashflows. Refer to note 16 for the carrying value of the provision.

Infrastructural assets

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

- The physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating and obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

consumption of the benefits of the asset, then ODC could be over or under estimating the annual depreciation charge recognised as an expense in the profit or loss. To minimise this risk ODC's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the ODC's asset management planning activities, which gives ODC further assurance over its useful life estimates.

During the year, management reconsidered the recoverability of its infrastructural assets, which are included in the balance sheet as at 30 June 2010 at \$218,171,142.

Useful lives of Property, Plant and Equipment

The useful lives of property, plant and equipment have been determined based on the asset management plans used during the creation of the LTCCP. For infrastructural assets this has been based on the information provided by the National Asset Management Steering Group (NAMS) regarding the useful life of infrastructural assets. For all other property, plant and equipment, the depreciation schedules included in the Income Tax Act have been used as a basis for setting the useful lives.

Critical judgements in applying ODC's accounting policies

Management has exercised the following critical judgements in applying the ODC's accounting policies for the period ended 30 June 2010:

1. Classification of property

ODC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the ODC's social housing policy. These properties are accounted for as property, plant and equipment.

2. Classification of investments

ODC owns a number of investments in other companies. The dividends received from these investments are incidental to holding the investments. These investments are held for strategic purposes, and are intended to be held for the long term. As such these investments have been classified as available for sale financial assets.



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued

2. Rates revenue

	Actual 2009	Actual 2010
	(000's)	(000's)
General Rates	3,335	3,601
Targeted rates attributable to activities		
Water	421	435
Metered Water Charges	535	595
Sewerage	387	389
Refuse	234	242
Land Transport	4,101	4,195
Security	74	73
Erosion Protection	31	30
CBD Development	26	28
Halls	22	21
Rates penalties	79	87
Total revenue from rates	9,245	9,696

3. Other Income

	Actual 2009	Actual 2010
	(000's)	(000's)
User charges	659	698
Metal Royalties	19	17
Land Transport NZ government grants	3,145	2,739
Regulatory revenue	723	512
Petrol tax	89	85
Vested assets revenue	391	40
Interest income for financial assets not at fair value through profit and loss		
- cash and cash equivalents	98	25
Dividend income	4	3
Other	21	20
Total other income	5,149	4,139



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued

4. Other gains/(losses) on asset disposals

	Actual 2009	Actual 2010
	(000's)	(000's)
Gain/(loss) on disposal of development property held for sale	(4)	-
Gain/(loss) on disposal of property, plant and equipment	(209)	(57)
Total other gains/(losses) on asset disposal	(213)	(57)

5. Employee Benefit Expenses

	Actual 2009	Actual 2010
	(000's)	(000's)
Salaries and wages	2,726	2,978
Employer contributions to defined contribution plans	46	55
Increase/(decrease) in employee benefit liabilities	9	13
Total employee benefit expenses	2,781	3,046

No additional liability exists to ODC related to the defined contribution plans.

6. Depreciation and Amortisation

	Actual 2009	Actual 2010
	(000's)	(000's)
Depreciation	3,374	3,459
Amortisation	28	29
Total depreciation and amortisation	3,402	3,488

7. Other Expenses

	Actual 2009	Actual 2010
	(000's)	(000's)
Audit fees for financial statement audit	97	99
Audit fees for LTCCP/Annual Plan audit	69	-
Impairment of receivables	(2)	-
Minimum lease payments under operating leases	49	49
Activity Operation	1,106	1,065



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

Asset Maintenance	600	607
Road Maintenance	3,272	3,117
Other expenses	1,718	1,630
Total other expenses	6,909	6,567

Otorohanga District Council is exempt from tax under the Income Tax Act 2007.

The impairment of receivables relates to the writing off of rates debtors after the statutory deadline of 7 years, as well as writing off rates debtors that were deemed to be uncollectible.

8. Finance costs

	Actual 2009 (000's)	Actual 2010 (000's)
Interest expense		
Interest on bank borrowings	885	871
	885	871

9. Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cashflow statement are reconciled to the related items in the balance sheet as follows:

	Actual 2009 (000's)	Actual 2010 (000's)
Cash and cash equivalents	1,388	1,292
Total cash and cash equivalents	1,388	1,292

Cash at the bank and in hand includes two amounts which have restrictions on what the money can be used for. These are:

- Subdivision reserve fund \$73,388 (2009: \$103,547)
- Otorohanga Community Charitable Trust Deposit \$Nil (2009: \$50,000)

The money held in the subdivision reserve fund can only be used to fund capital expenditure related to district parks and reserves.

The money from the Otorohanga Community Charitable Trust is a deposit held by ODC, which provides a return to the trust on a quarterly basis. This money can be called by the Trust at any time. A corresponding liability exists for this deposit, and this is included in the Trade and other payables balance – refer Note 15



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued

10. Trade and other receivables

	Actual 2009 (000's)	Actual 2010 (000's)
Rates receivables	286	485
Other receivables	1,130	1,355
Sundry debtors	139	153
Property sale receivables	50	-
Work In Progress	151	157
	1,756	2,150
Less provision for impairment of receivables	(99)	(99)
	1,657	2,051

Rates are struck on the 1st of July each year, and are charged in two instalments. In the year ended 30 June 2010 these instalments were due on 7th August 2009 and 1st January 2010. A charge of 10% is added to all rates levied and due for the 2009/10 year that remains unpaid after 28th August 2009 and 29th January 2010. A further 10% charge is added to all rates that have been levied in any financial year previous to 1 July 2010 which remained unpaid as at that date.

Property sale receivables have differing terms depending on the terms of the sale and purchase agreement. No interest is payable on any property sale receivables.

All other receivables have standard terms of 30 days from the date of the invoice. No interest is charged for other receivables that remain unpaid after the completion of the term. There are no impairment issues with other receivables.

Impairment

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

	Actual 2009 (000's)	Actual 2010 (000's)
Balance at beginning of the year	(98)	(99)
Impairment losses recognised on receivables		
Amounts written off as uncollectible	48	40
Amounts recovered during the year		
Increase in provision	(50)	(40)-
Unwind of discount		
Balance at end of the year	(99)	(99)



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued**

Ageing of Trade and other receivables

	2009			2010		
	Gross (000's)	Impairment (000's)	Net (000's)	Gross (000's)	Impairment (000's)	Net (000's)
Not past due	1,027	-	1,027	1,114	-	1,114
Past due 1-60 days	289	-	289	383	-	383
Past due 61-90 days	11	-	11	40	-	40
Past due > 90 days	429	(99)	330	613	(99)	514
Total	1,756	(99)	1,657	2,150	(99)	2,051

The impairment relates entirely to rates receivables.

The impairment provision has been calculated based on a review of specific overdue receivables and a collective assessment. The collective impairment is based on an analysis of past collection history and debt write-offs.

	Actual 2009 (000's)	Actual 2010 (000's)
Individual impairment	(8)	(23)
Collective impairment	(91)	(76)
Total provision for impairment	(99)	(99)

An analysis of the individually impaired debtors is as follows:

	Actual 2009 (000's)	Actual 2010 (000's)
Past due 1-60 days	-	-
Past due 61-90 days	-	-
Past due >90 days	(8)	(23)
Total individual impairment	(8)	(23)

11. Investments

	Actual 2009 (000's)	Actual 2010 (000's)
Available for sale Financial Assets		
Unlisted shares – Waikato Regional Airport Ltd	465	465
Unlisted shares – Ballance Agrinutrients	12	12



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

Listed shares – King Country Energy	42	40
Unlisted shares – NZ Local Government Insurance Corporation Ltd	15	15
Total equity investments	534	532

Unlisted shares

The fair value of unlisted shares of Waikato Regional Airport Ltd, Ballance Agrinutrients and the NZ Local Government Insurance Corporation Ltd are not able to be determined reliably and as such have been measured at cost. A range of estimates within which the fair values would be likely to lie are unable to be determined. Refer to note 22 for discussion regarding the increase in the Waikato Regional Airport Ltd value.

ODC holds a 7.69% shareholding in Local Authority Shared Services Limited, a company established by the 13 territorial and regional councils in the Waikato region. This share has a cost of \$1,000, but the capital has not been called yet, and therefore no investment has been recognised in the balance sheet. Refer to note 22 – Contingencies for a discussion of the uncalled capital.

Maturity analysis and effective interest rates

Refer to note 29 – Financial Instruments Risk

12. Assets Held For Sale

	Actual 2009 (000's)	Actual 2010 (000's)
Progress park*	199	199
Turongo Street	-	211
	199	410

*Development properties held for sale represent properties within the Progress Park subdivisions, which were developments done by Otorohanga District Council. The Progress Park development was an industrial park development and was completed in 2005 and comprised of 25 lots. Currently only 3 lots remain unsold (2009: 3 unsold). There is also a property on Turongo Street in Otorohanga that Council agreed to put on the market for sale prior to 30 June 2010.

These properties are expected to be sold within the year ended 30 June 2011, and these sales are expected to occur through regular real estate transactions. ODC has all these properties currently listed with real estate agents, and the prices being asked are reviewed on a regular basis, to ensure that they accurately reflect the market value. Given the decline in the economic conditions during the past year, the Council was unable to sell the three properties at Progress Park, and are currently investigating other options to ensure they are sold within the year ended 30 June 2011.

No development properties held for sale were recognised as expenses during the year, and there were no write-downs of development properties held for sale. No development properties held for sale have been pledged as securities against any liabilities ODC holds.

The development properties held for sale are shown at the carrying value as at balance date.

Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 – continued

13. Property, plant and equipment
2010

	Cost /revaluation 1 July 2009	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus	Cost /revaluation 30 June 2010	Accumulated depreciation	Carrying amount
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Council Operational assets											
Land	8,423	-	8,423	16	83	-	-	-	8,356	-	8,356
Buildings	5,388	130	5,258	62	277	-	96	-	5,173	215	4,958
Plant & Machinery/ Motor Vehicles	677	230	434	174	94	-	115	-	757	304	440
Furniture & Equipment/ Library Books	1,857	1,222	635	166	26	-	124	-	1,997	1,335	662
Total operational assets	16,345	1,582	14,750	418	480	-	335	-	16,283	1,854	14,416
Council infrastructural assets											
Sewerage system	5,285	153	5,132	39	8	-	154	-	5,316	306	5,010
Water system	4,845	140	4,705	19	1	-	146	-	4,863	287	4,576
Rural water supply	5,694	145	5,549	218	2	-	156	-	5,910	300	5,610
Drainage network	4,116	65	4,051	290	29	-	66	-	4,377	130	4,248
Stopbanks	1,089	-	1,089	-	-	-	-	-	1,089	-	1,089
Roading network	172,875	1,927	170,948	2,376	499	-	2,038	-	174,752	3,550	171,203
Bridges and culverts	27,310	487	26,823	113	326	-	488	-	27,097	662	26,435
Total infrastructural assets	221,214	2,917	218,297	3,055	864	-	3,048	-	223,405	5,227	218,171
Council restricted assets											
Land	7,639	-	7,639	39	-	-	-	-	7,678	-	7,678
Buildings	4,468	76	4,392	102	-	-	76	-	4,570	152	4,418
Total restricted assets	12,107	76	12,031	141	-	-	76	-	12,248	152	12,096
Total ODC property, plant and equipment	249,666	4,575	245,078	3,614	1,344	-	3,459	-	251,936	7,233	244,683

Land under roads included in Roothing network totals \$29,390,143.

Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 – continued

2009

	Cost /revaluation 1 July 2008	Accumulated depreciation	Carrying amount	Current year additions	Current year disposals	Current year impairment charges	Current year depreciation	Revaluation surplus	Cost /revaluation 30 June 2009	Accumulated depreciation	Carrying amount
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
Council Operational assets											
Land	8,477	-	8,477	16	70	-	-	171	8,423	-	8,423
Buildings	5,313	-	5,313	75	-	-	130	251	5,388	130	5,258
Plant & Machinery/ Motor Vehicles	617	206	411	119	30	-	65	-	677	230	434
Furniture & Equipment/ Library Books	1,765	1,136	629	155	2	-	147	-	1,857	1,222	635
Total operational assets	16,172	1,342	14,830	365	102	-	342	422	16,345	1,582	14,750
Council infrastructural assets											
Sewerage system	5,219	-	5,219	97	29	-	154	(985)	5,285	153	5,132
Water system	4,796	-	4,796	53	4	-	141	(1,502)	4,845	140	4,705
Rural water supply	5,675	-	5,675	20	1	-	145	(1,176)	5,694	145	5,549
Drainage network	4,100	-	4,100	29	13	-	65	(1,681)	4,116	65	4,051
Stopbanks	1,089	-	1,089	-	-	-	-	-	1,089	-	1,089
Roading network	170,487	-	170,487	2,526	103	-	1,962	(36,126)	172,875	1,927	170,948
Bridges and culverts	26,658	-	26,658	685	32	-	487	(4,349)	27,310	487	26,823
Total infrastructural assets	218,024	-	218,024	3,410	182	-	2,954	(45,819)	221,214	2,917	218,297
Council restricted assets											
Land	7,547	-	7,547	92	-	-	-	(142)	7,639	-	7,639
Buildings	4,416	-	4,416	52	-	-	76	(1,263)	4,468	76	4,392
Total restricted assets	11,963	-	11,963	144	-	-	76	(1,405)	12,107	76	12,031
Total ODC property, plant and equipment	246,159	1,342	244,817	3,919	284	-	3,372	(46,802)	249,666	4,575	245,078

Land under roads included in Roothing network totals \$29,385,911.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

An independent valuation of the entity's land and buildings was performed by Quotable Value, independent registered valuers not related to the entity, to determine the fair value of the land and buildings. The valuation was performed in January 2009 and does not materially differ from the value at 30 June 2009. The total fair value of Land and Building's valued by Quotable Value at 30 June 2009 after the revaluation was \$25,711,460. The carrying amount prior to the revaluation was \$25,809,265.

The infrastructural assets were valued by sufficiently experienced in-house engineering staff. The valuations were independently reviewed and confirmed to have met the appropriate valuation and financial reporting standards, and deemed suitable for inclusion in the financial statements by Maunsell (now known as AECOM) (Registered Valuers). The valuation was performed in January 2009 and does not materially differ from the value at 30 June 2009. The total fair value of Infrastructural assets valued by in-house engineering staff at 30 June 2009 after the revaluation was \$218,296,203. The carrying amount prior to the revaluation was \$172,205,487.

As at balance date no items of property, plant and equipment were temporarily idle. No items of property, plant and equipment were retired from active use and not classified as held for sale.

Rental property held by the Council is held to provide housing for the elderly, and the carrying amount as at 30 June 2010 is \$1,572 (2009: \$1,594).

14. Intangible assets – Computer Software

	Actual 2009 (000's)	Actual 2010 (000's)
Balance as at 1 July		
Cost	455	489
Accumulated amortisation	(413)	(441)
Opening carrying amount	42	48
Year ended 30 June		
Additions	35	24
Disposals – cost	-	-
Disposals – accumulated amortisation	-	-
Amortisation charge	(28)	(29)
Closing carrying amount	48	43
Balance at 30 June		
Cost	489	522
Accumulated amortisation	(441)	(479)
Closing carrying amount	48	43

Amortisation of intangibles is included in the depreciation and amortisation line within the Statement of Comprehensive Income. Refer to note 6 for a breakdown of this item.

Some items of software have been fully amortised but are still in use by the entity. These items include operating systems and other key software used in the day-to-day running of council.



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2010 – continued

Other intangibles

ODC has a number of easements over properties, giving Council access to inspect and maintain items of infrastructural importance. These easements hold no commercial value, and therefore no amount has been recorded for these easements.

15. Trade and other payables

	Actual 2009 (000's)	Actual 2010 (000's)
Trade payables	943	1,681
Deposits and bonds	604	488
Accrued expenses	824	339
Rates in advance	415	296
Total trade and other payables	2,786	2,804

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. The entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

16. Provisions

	Actual 2009 (000's)	Actual 2010 (000's)
Opening Balance	27	30
Increase in Landfill Aftercare Liability	5	-
Maintenance and Monitoring Costs	(2)	(2)
Closing balance	30	28
Represented by:		
Current portion	2	2
Non-current provisions	28	26
	30	28

Landfill aftercare provision

ODC gained resource consents to operate its Otorohanga and Kawhia landfills. ODC has responsibility under the resource consent to provide ongoing maintenance and monitoring of the landfill after the sites are closed.

Both landfills are closed. There are closure and post-closure responsibilities such as the following:



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued**

Closure responsibilities

- Final cover application and vegetation
- Incremental drainage control features
- Completing facilities for leachate collection and monitoring
- Completing facilities for water quality monitoring
- Completing facilities for monitoring and recovery of gas.

Post-closure responsibilities

- Treatment and monitoring of leachate
- Ground water and surface monitoring
- Gas monitoring and recovery
- Implementation of remedial measures such as needed for cover, and control of systems.
- Ongoing site maintenance for drainage systems, final cover and vegetation.

Capacity of the Site

The Otorohanga and Kawhia landfill's have been capped.

The cash outflows for landfill post-closure are expected to occur between 2011 and 2033. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and is discounted using a discount rate of 7.00% (2009: 7.00%).

17. Employee benefit liabilities

	Actual 2009 (000's)	Actual 2010 (000's)
Accrued pay	75	88
Annual leave	228	214
Long service leave	23	29
Retirement gratuities	15	17
Sick leave	-	7
Total employee benefit liabilities	342	355
Comprising:		
Current	303	302
Non-current	39	53
Total employee benefit liabilities	342	355



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued**

18. Borrowings

	Actual 2009 (000's)	Actual 2010 (000's)
Current		
Secured loans	7,019	3,500
Total current borrowings	7,019	3,500
Non-current		
Secured loans	5,947	9,948
Total non-current borrowings	5,947	9,948

Fixed-rate debt

ODC's secured debt of \$13,448 (2009: \$12,966) is issued at fixed rates of interest ranging from 5.91% - 7.97% (2009: 5.47% - 9.00%).

Security

The overdraft is unsecured. The maximum amount that can be drawn down against the overdraft facility is \$200,000 (2009: \$200,000). There are no restrictions on the use of this facility.

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

Refinancing

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

Maturity analysis

Refer to note 29 – Financial Instruments Risk

Fair value is disclosed in Note 29.



Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued

19. Other Reserves

	Actual 2009	Actual 2010
	(000's)	(000's)
Asset revaluation reserves		
Asset revaluation reserves consist of:		
<i>Operational assets</i>		
Land	5,599	5,551
Buildings	805	718
<i>Infrastructural assets</i>		
Sewerage system	1,759	1,757
Water system	2,024	2,024
Drainage network	1,933	1,920
Rural Water Supply	1,693	1,692
Bridges and Culverts	6,217	6,213
Roading network	53,972	53,924
<i>Restricted assets</i>		
Land	4,073	4,073
Buildings	2,546	2,546
Total Asset Revaluation Reserves	80,621	80,418
Restricted Reserves	862	657
Available for Sale Revaluation Reserve	9	7
Asset Revaluation Reserves	80,621	80,414
Total Reserves	81,492	81,078

Restricted reserves relate to:

- Subdivision reserves, which are used to record financial contributions on subdivisions. These financial contributions are accepted in lieu of the developer creating a reserve, and the money is used by Council for work on reserves within the area.
- General funds reserve, which is used for specific purposes that Council elects to use it for. Any use of money from this reserve has to be designated within the LTCCP or Annual Plan. This reserve is typically used for one-off non operational items.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued**

20. Reconciliation of net surplus/(deficit) after tax to net cash flow from operating activities

	Actual 2009 (000's)	Actual 2010 (000's)
Surplus/(deficit) after tax	204	(194)
Add/(less) non-cash items:		
Depreciation and amortisation	3,405	3,488
Net (gain)/loss on sale of property, plant and equipment	213	57
Impairment of receivables	(2)	-
Vested assets	(391)	(40)
Work In Progress	(35)	(6)
Add/(less) movements in working capital items:		
Trade and other receivables	513	(389)
Trade and other payables	640	30
Net cash inflow/(outflow) from operating activities	4,547	2,946

Trade and other payables includes the movement in creditors, accruals, provisions and employee entitlements.

Trade and other receivables include the movement in trade and other receivables (excluding work in progress) and other financial assets.

21. Capital commitments and operating leases

	Actual 2009 (000's)	Actual 2010 (000's)
Capital commitments		
Capital expenditure contracted for at balance date but not yet incurred for property, plant and equipment	186	1,835
Other Expenditure Commitments		
Maintenance Contracts	3,300	3,056

Operating leases as lessee

ODC leases property, plant and equipment in the normal course of its business. The majority of these leases have a non-cancellable term of 60 months. These leases are for photocopying equipment used within the day-to-day running of the council. ODC does not have the option to purchase the leased asset at the expiry of the lease period. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual 2009 (000's)	Actual 2010 (000's)
Non-cancellable operating leases as lessee		
Not later than one year	49	34



Otorohanga District Council

Notes to the Financial Statements for the year ended 30 June 2010 – continued

Later than one year and not later than two years	34	20
Later than two year and not later than five years	30	10
Later than five years	-	-
Total non-cancellable operating leases	113	64

Operating leases as lessor

ODC leases its property under operating leases. The majority of these leases have non-cancellable terms of 5 years, with lease terms ranging from 2 years up to 21 years in selected cases. The future aggregate minimum lease payments to be collected under non-cancellable operating leases are as follows:

	Actual 2009 (000's)	Actual 2010 (000's)
Non-cancellable operating leases as lessor		
Not later than one year	194	135
Later than one year and not later than two years	56	119
Later than two year and not later than five years	61	284
Later than five years	131	152
Total non-cancellable operating leases	441	690

22. Contingencies

Contingent Liabilities

	Actual 2009 (000's)	Actual 2010 (000's)
Guarantees	112	112
Uncalled Capital – Waikato Regional Airport Limited	300	300
Uncalled Capital – Local Authority Shared Services	1	1
	413	413

Guarantees

The value of guarantees disclosed as contingent liabilities reflects ODC's assessment of the undiscounted portion of financial guarantees that are not recognised in the Balance Sheet. At the year end it was not probable that the counterparty to the financial guarantee contract will claim under the contract. Refer to note 29 – credit risk for more details of the guarantees.

Uncalled Capital

During May 2004, the shareholders of Waikato Regional Airport Ltd (WRAL) of which ODC has a 3.125% shareholding, authorised the company issuing further shares totalling \$21.6m to existing shareholders. This capital restructure is part of the WRAL Airport Development and allows WRAL to borrow at commercially favourable interest rates. Of this uncalled capital a sum of \$375,000 was called up by WRAL in July 2009. The contingent liability for the remaining uncalled capital reduced to \$300,000. There are no plans to call up the remaining capital.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued**

The uncalled share capital for Local Authority Shared Services amounts to \$1,000 as at 30 June 2010. At present ODC is not aware of any plan to call the capital in the near future.

RiskPool Funding Call

RiskPool provides insurance coverage to council's throughout New Zealand. As a result of the leaky buildings issues throughout the country, RiskPool has been required to make calls for additional contributions from all members for the fund to have sufficient money to cover the claims. The Board has agreed in principal that there should be three \$9m calls across the Membership depending upon final claims development, one on 1 July 2010, a second on 1 July 2011 and a likely further one on 1 July 2012. Actual calls for 2011 and 2012 will depend upon the evolution of the liability environment and the flow-on effect on open claims provisions. ODC cannot clearly quantify the value of the likely 2011 and 2012 claims, and therefore no amount has been recorded for these. The 1 July 2010 claim amount has been included in the 2009/10 financial statements as an accrued creditor.

23. Related party transactions

The following transactions were carried out with related parties:

Key management personnel

Key management personnel include the Mayor, Councillor's, Chief Executive and other senior 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, dog registrations etc).

ODC also had transactions with Waikato Regional Airport Limited, but these were conducted as part of a normal customer relationship (such as payment of departure taxes and parking charges).

During the year Council had transactions with Councillor Prescott, who purchased a section of land from the Council for a purchase price of \$25,000 including GST. This transaction was an arms length transaction managed by the management team, and not the Council.

No provision has been required, nor any expense recognised for impairment of receivables to related parties (2009: \$nil).

Key management personnel compensation

	Actual 2009	Actual 2010
	(000's)	(000's)
Salaries and other short term employee benefits	806	784
Post employment benefits (defined contribution plan)	10	12
Other long term benefits	-	-
Termination benefits	-	-
	816	796



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

24. Remuneration

Chief Executive

The Chief Executive of ODC appointed under section 42 of the Local Government Act 2002 received a salary per their contract of \$150,790 (2009: \$150,790).

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

	Cost during the financial year	
	Actual 2009	Actual 2010
	(000's)	(000's)
Motor Vehicle	5	5
Telephone rental	1	1
Memberships	1	1
Superannuation Contribution	1	-
Fringe Benefit Tax	3	2

For the year ended 30 June 2010, the total annual cost including fringe benefit tax to the ODC of the remuneration package being received by the Chief Executive is calculated at \$154,797 (2009: \$165,519).

Elected representatives

	Total remuneration	
	Actual 2009	Actual 2010
	(000's)	(000's)
Dale Williams, Mayor	60	58
Hugh Earwaker, Deputy Mayor	32	27
Deborah Pilkington	20	17
Sue Blackler	13	13
Leveson Gower	13	13
Robert Prescott	19	20
Steve Adam	13	10
Andrew Ormsby	19	20



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

25. Severance payments

For the year ended 30 June 2010 ODC made no (2009: none) severance payments to employees.

26. Transit NZ Amendment Act Disclosure

	Actual 2009	Actual 2010
	(000's)	(000's)
ODC Professional Engineering Services Business Unit		
In-House Professional Services for TNZ Works	424	444
In-House Professional Services for other Works	229	310
Total Works/Services provided	653	754
Total Operating Costs	(676)	(775)
Net Gain/(Loss) on Operations	(23)	(21)

The gain or loss on the operation of the Engineering Business Unit is represented in the operating profit/(loss) for the year.

The above information is presented in accordance with Section 31 of the Transit New Zealand Act.

27. Statement of Financial Involvement in Council Controlled Organisations (CCO's)

Waikato Regional Airport Limited (WRAL)

This Company, established in 1989, operated the Airport situated at Rukuhia within Waipa District. The local authority part owners negotiated the purchase of the Crown's former shareholding to secure the retention of the airport as a major infrastructural facility important to the economy of the Waikato.

The objective of the airport company is to operate a successful commercial business, providing safe, appropriate and efficient services for the transportation of people and freight in and out of the port of Hamilton.

Council holds 3.125% of the airport company's shares. The remaining shares are owned by Hamilton City Council, Matamata-Piako, Waipa and Waikato District Councils.

Waikato Regional Airport Ltd Group reported a net loss of \$13.2 million for the year ended 30 June 2010 (2009: \$0.7m deficit).

No dividend was paid in 2010 (2009: nil).

Council intends to maintain its current shareholding for the foreseeable future. There are no formal policies or objectives relating to ownership and control of Waikato Regional Airport.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued**

A comparison of the company's financial and performance measures for the year ended 30 June 2010 is shown below:

Waikato Regional Airport Limited (WRAL)
Targets and Achievements

	Actual to 30 June 2010	Statement of Corporate Intent
Net loss after tax to Average Shareholders' Funds	(8.62%)	(1.24%)
Net loss before tax/interest to total assets	(1.30%)	(0.30%)
Net loss after taxation to total assets	(7.13%)	(0.83%)
Net loss before tax/interest to average shareholders' funds	(1.58%)	(0.45%)
Percentage of Non Landing Charges Revenue	80.34%	73.11%
Earnings before Interest, Taxation and Depreciation	\$545k	\$1,200k
Interest Rate Cover	2.94x	2.49x
Total Liabilities/Shareholders Funds: (Debt/Equity Ratio)	26:74	20:80

Local Authorities Shared Services (LASS)

	Ownership Interest	
	Actual 2009	Actual 2010
Local Authority Shared Services	7.69%	7.69%

The contingent liability arising from ODC's interest is disclosed in note 22. There are no capital commitments arising from ODC's interest in the LASS.

The Local Authority Shared Service Ltd (LASS) CCO was incorporated in December 2005.

LASS objective

The objective of the company is to provide Waikato region local authorities with a vehicle to develop shared services that demonstrate a benefit to the ratepayers and provide those services to local authorities.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

Introduction

Local Authority Shared Service Ltd (LASS) was developed as a joint initiative between the 13 councils of the Waikato region. Its evolution can be traced from a range of projects that were implemented between local councils. These projects highlighted the benefits of a jointly owned governance structure to provide an opportunity for collaborative management and development. Central government devolution, closer working relationships between councils and a desire to benefit from cost saving opportunities offered by jointly progressing shared initiatives have fostered more efficient services.

LASS provides an effective structure that can promote such developments to the benefit of those councils that choose to be actively involved in a particular joint service. Each council owns an equal number of shares in LASS and as such has an equal say in its development.

The LASS governance structure enables the directors appointed by the shareholders to decide on the future direction of those services that will be promoted under its auspices. Any such services will be operated as a stand alone business unit with an advisory group appointed by the shareholders participating in that service to provide direction but answerable to the directors.

28. Events after balance sheet date

There were no significant events after balance date

29. Financial instrument risks

Financial instruments categories

	Actual 2009	Actual 2010
	(000's)	(000's)
FINANCIAL ASSETS		
Cash and cash equivalents	1,388	1,292
Trade and other receivables	1,657	2,091
	3,045	3,383
Available for sale financial assets		
Listed shares	42	40
Unlisted shares	492	492
<i>Total available for sale financial assets</i>	534	532
FINANCIAL LIABILITIES		
Financial liabilities at amortised cost		
Trade and other payables	2,786	2,804
Borrowings		
- secured loans	12,996	13,448
<i>Total financial liabilities at amortised cost</i>	15,782	16,252



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

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

Fair values of Financial Instruments

The carrying amounts and the fair values of financial instruments are as follows:

	Carrying Value		Fair Value	
	2009 (000's)	2010 (000's)	2009 (000's)	2010 (000's)
Cash and Cash Equivalents	1,388	1,292	1,388	1,292
Trade and other receivables	1,657	2,091	1,657	2,091
Investments	534	532	534	532
Trade and other payables	2,786	2,804	2,786	2,804
Employee Benefit Liabilities	342	355	342	355
Borrowings – current	7,019	3,500	7,019	3,620
Borrowings – term	5,947	9,948	6,274	10,792

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and cash equivalents, receivables, investments, employee benefit liabilities and trade and other payables: The carrying value of these items is equivalent to the fair value

The fair values of borrowings are based on cash flows discounted using a rate based on the official cash rate of 2.75% (2009: 2.50%).

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

The fair value of listed shares is determined by reference to published price quotations in an active market. The market value of ODC's King Country Energy shares as at 30 June 2010 was \$40,170 (2009: \$42,230).

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2010

	Level 1 (000's)	Level 2 (000's)	Level 3 (000's)	Total (000's)
Available-for-sale financial assets				



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued**

Shares	40	-	-	40
	40	-	-	40

There were no transfers between Level 1 and 2 in the period.

Market risk

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. ODC is exposed to price risk through its listed and unlisted securities. There have been no changes to price risk from the prior year. Price risk is not managed as the only quoted share investment is in King Country Energy Limited.

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. ODC is not exposed to currency risk, as it does not enter into foreign currency transactions. There have been no changes to currency risk from the prior year.

Interest rate risk

The interest rates on ODC's investments and borrowings are disclosed below.

Fair value interest risk

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

Cash flow interest rate risk

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

ODC does not have any significant cashflow interest rate risk on financial liabilities or financial assets, as they do not have significant variable interest borrowings or investments, except for short-term bank deposits that are at floating rates.

There have been no changes to interest rate risk from the prior year.

Credit risk

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

ODC has a credit risk related to the two financial guarantees given for loans taken by local community organisations. As at 30 June 2010 one of these loans, totalling \$42,000, had been repaid, with the guarantee remaining in effect for two years. The other loan, guaranteed for \$70,000, is not likely to be defaulted on. The guarantee for the loan of \$42,000 includes a clause that means ODC will guarantee any future loans unless requested in writing to be removed from this guarantee. At the time of the annual report ODC is currently in the process of having this guarantee in perpetuity removed.



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued**

In the normal course of its business, ODC incurs credit risk from trade receivables. The extent of concentration of credit risk lies in trade receivables. This is explained in the table below.

Except as currently provided for, ODC does not expect the non performance in respect of any outstanding obligations at balance date.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses represents ODC's maximum exposure to credit risk without taking into account of any collateral obtained. No security is held on any of the above amounts.

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

Maximum exposure to credit risk

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

	Actual 2009	Actual 2010
	(000's)	(000's)
Cash at bank and term deposits	1,388	1,292
Trade and other receivables	1,657	2,091
Financial guarantees	112	112
	3,157	3,495

Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates. ODC does not have an expectation of non performance or any assets that are neither past due nor impaired.

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

There have been no changes to the credit risk policy from the prior year.

Liquidity risk

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



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued**

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

ODC has a maximum amount that can be drawn down against its overdraft facility of \$200,000 (2009: \$200,000). There are no restrictions on the use of this facility.

There have been no changes to the liquidity risk policy from the prior year.

Contractual maturity analysis of financial liabilities

The table below analyses ODC's financial liabilities into relevant maturity groupings based on the remaining period at the balance date of the contractual maturity date. Future interest payments on floating rate debt is based on the floating rate on the instrument at the balance date. The amounts disclosed are the contractual undiscounted cash flows.

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
2010						
Trade and other payables	2,804	2,804	2,804	-	-	-
Borrowings	13,448	15,565	3,705	2,258	9,154	448

	Carrying amount	Contractual cash flows	Less than 1 year	1-2 years	2-5 years	More than 5 years
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
2009						
Trade and other payables	2,786	2,786	2,786	-	-	-
Borrowings	12,966	14,183	7,401	3,943	2,391	448

Sensitivity analysis

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

	2009				2010			
	-100bps		+100bps		-100bps		+100bps	
	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)	(000's)
INTEREST RATE RISK								
Financial Assets								
Cash and cash equivalents	(11)	-	11	-	(9)	-	9	-



**Otorohanga District Council
Notes to the Financial Statements for the year ended 30 June 2010 –
continued**

Total sensitivity to interest rate risk	(11)	-	11	-	(9)	-	9	-
	-10%		+10%		-10%		+10%	
	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity	Profit	Other Equity
EQUITY PRICE RISK								
Financial assets								
Other financial assets	-	(4)	-	4	-	(4)	-	4
- quoted share investments								
Total sensitivity to equity price risk	-	(4)	-	4	-	(4)	-	4

Explanation of sensitivity analysis.

1. Cash and cash equivalents

Cash and cash equivalents includes deposits on call totalling \$853,373 (2009 \$1,132,122) which are at floating rates. A movement in interest rates of plus or minus 1.0% has an effect on interest income of \$8,534 (2009 \$11,321)

2. Secured loans

Council has no floating rate debt (2009: nil). A movement in interest rates of plus or minus 1.0% has no effect on interest expense (2009: nil). A movement in market interest rates on fixed debts does not have any impact because secured loans are accounted for at amortised cost using the effective interest method.

3. Listed shares

ODC holds listed equity instrument in King Country Energy, which are publicly traded. If there was a movement of plus or minus 10% in the share price the effect would have a movement in the revaluation reserve of \$4,017 (2009 \$4,223).

There have been no changes in the methods and assumptions from the prior year.

30. Capital management

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

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



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

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

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

ODC has the following restricted reserves:

- Subdivision reserve
- General funds reserve

Subdivision reserves, which are used to record financial contributions on subdivisions. These financial contributions are accepted in lieu of the developer creating a reserve, and the money is used by Council for work on reserves within the area.

General funds reserve, which is used for specific purposes that Council elects to use it for. Any use of money from this reserve has to be designated within the LTCCP or Annual Plan. This reserve is typically used for one-off non operational items.

Information about the values of the reserves can be found within the Statement of Changes in Equity.

There have been no changes to the management of capital from the prior year.



Otorohanga District Council Notes to the Financial Statements for the year ended 30 June 2010 – continued

31. Explanation of major variances against budget

Explanations for major variations from the Council estimate figures in the 2009-2019 LTCCP are as follows:

Statement of Comprehensive Income

Rates revenue is higher than estimates by \$12,000 due to the rates being struck on the values as at 1 July each year, which can differ from the values used when the estimates were created due to new subdivisions.

Other income was \$176,000 under budget. This decrease was mostly due to a decrease in regulatory income related to a decrease in building consent and resource consent applications.

Depreciation and amortisation was \$119,000 over budget due to some items of emergency capital expenditure that were not originally included in the budget.

Other expenses, excluding finance costs and employee benefit expenses are \$489,000 over budget, which is due to a number of factors. The main increase has been in land transport due to some maintenance work being bought forward, as well as within some of the water supply schemes due to issues with water leaks.

Balance Sheet

Development property held for sale is down on the budgeted figure by \$1,051,000. This is due to the Waiwera Street development not being completed during the year, which was budgeted for.

Property, plant and equipment is up on budget by \$1,465,000 due to the movement as a result of the emergency capital expenditure not originally included in the budget.

Overall borrowings are down on the total borrowings estimate by \$1,600,000 which is due to the loans for Waiwera Street not being raised, as well as less borrowings required during the year.

Trade and other payables is \$1,030,000 over budget, which is a result of the timing of works performed and payment of invoices.

Statement of Cashflows

Cashflows from operating activities was down on budget by \$1,301,000, as a result of decreased income from other receipts, due to the current economic environment, as well as increased payments to suppliers to some emergency works that were not budgeted for.

Purchase of property, plant and equipment is under budget by \$1,697,000, which is in part attributable to the Waiwera Street development, with the rest related to underspending in Land Transport due to changes in the funding available from NZTA.

Cashflows from financing activities is \$898,000 under budget due to the Waiwera St development not going ahead, as well as better cashflow management requiring less borrowing.



PERFORMANCE/ STATEMENT OF COMPLIANCE AND RESPONSIBILITY



PERFORMANCE DURING 2009/10

Statement of Service Performance

The Local Government Act 2002 contains a requirement for Council to report on non-financial information in the Annual Report. In developing its LTCCP for the 2009/10 year, Council set a number of performance measures which are reported on by activity.

These performance measures contain elements of quality, quantity, timeliness and location (where applicable).

Quality Management

The Council is committed to the principles of quality service and continuous improvement and, to this end, has controls in place for monitoring and improving the quality of the service it provides.

Capital Works

Capital works are constructed to design specifications. Inspections of works are undertaken by suitably qualified and experienced engineers and progress is reported on a regular basis to the Council.

Project Management

The Engineering Management Department undertakes the functions of planning, programming, supervision and technical audit of professional services and physical contracts let for the council, either through the in-house Business Unit or through independent consulting engineers. Substantial works are undertaken by consultants and contractors under separate contracts. For all professional services or physical contracts monies are retained until after a satisfactory maintenance period, when the contract is deemed complete.



STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Statement of Compliance

The Council and Management of Otorohanga District Council confirm that all the statutory requirements of Part 3, Schedule 10, Clause 20(1) of the Local Government Act 2002, regarding financial management and borrowing, have been complied with.

Statement of Responsibility

The Council and Management of Otorohanga District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them.

The Council and Management of Otorohanga 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 Otorohanga District Council, the annual Financial Statements for the year ended 30 June 2010 fairly reflect the financial position and operations of Otorohanga District Council.

Dale Williams
MAYOR

Dave Clibbery
CHIEF EXECUTIVE

Graham Bunn
**FINANCE AND
ADMINISTRATION MANAGER**

5th October 2010



REPORT ON LONG-TERM COUNCIL COMMUNITY PLAN AND POLICIES

Introduction

Each local authority is required to prepare and adopt a long-term council community plan, funding policy, investment policy, and Borrowing and Investment Policy.

Section 98(2) of the Local Government Act 2002 specifies that every local authority must provide, in its Annual Report, sufficient information about each of the documents listed above to enable an informed assessment of the extent to which the objectives and provisions of the strategy and policies have been met during that year.

Overview

During 2009/10 the Council made significant progress toward the achievement of objectives and policies for the year as set out in the Long-term council community plan, Funding Policy and Borrowing and Investment Policy. Details of achievement against the objectives and policy are set out below.

Long-Term Council Community Plan

Background

The Long-Term Council Community Plan (LTCCP) identifies significant activities of the Council and provides for the associated estimated future expenses, revenues, cashflows and other movements in the Balance Sheet. The general aim of the LTCCP is to ensure that the Council has adequately considered and accounted for its future operations in accordance with the following six principles.

- Prudent management of Council activities in the interest of the District and its inhabitants.
- Adequate provision for expenditure needs of the council.
- Adequate consideration and assessment of benefits and costs of different options.
- Lawful funding mechanisms that on reasonable grounds can be considered as appropriate.
- Maintaining prudent levels of debt in accordance with borrowing management policy.
- Operating revenue to cover all operating expenses.

The 2009/10 year was the first year of the 2009/19 LTCCP.



BORROWING AND INVESTMENT POLICY

Background

The Borrowing and Investment Policy incorporates the Investment and Borrowing Policies. The investment policy sets the parameters within which investment activity can occur, approved organisations for investment, and the type of approved investment vehicles. The mix of investments between current and non-current is determined according to Council's working capital needs. The purpose of the borrowing policy is to ensure that Council's debt and associated risks are maintained at prudent levels. It sets the parameters within which debt may be raised and the types of debt instruments available. Refer to the Annual Plan for an outline of the policy.

Overall Performance

There are no significant variations or material departures from the Councils' Borrowing and Investment Policy as reported in the 2009/10 LTCCP.

Performance Measures

	Actual	Maximum per Policy
Interest Expense / Rates Revenue	9.0%	20%
Term Liabilities per Capita	\$1,054	\$1,000
Term Liabilities/ Total Assets	4.0%	7.5%



OPPORTUNITIES FOR MAORI TO CONTRIBUTE TO COUNCILS' DECISION-MAKING PROCESSES

The Council is committed to acting cooperatively and in good faith showing flexibility and responsiveness and a desire to engage with Maori for the good governance of the District. This is done in a manner that is inclusive and makes the best use of the resources of both Maori and the Council.

Various mechanisms to enhance current practices were considered, and have been discussed with Maori. These include the development of a Consultative Committee, ongoing meetings with representative groups such as the Nehenehenui and Nga Tai O Kawhia Regional Management Committees, the holding of Council meetings on Marae, and the provision of information concerning resource management processes. Council is committed to continuing investigation of these opportunities.

The commitments contained in Council's Policy on Maori Involvement in Decision Making were also observed.

Since the publication of the Otorohanga LTCCP the Waikato-Tainui Raupatu Claims (Waikato River) Settlement Bill has been enacted. The Waikato River Settlement Act recognizes the connection and significance of Waikato-Tainui, Tuwharetoa, Affiliate Te Arawa Iwi/Hapu, Raukawa and Maniapoto with the Waikato River.

The Act streamlines the co-governance and co-management arrangements, establishes a single co-governance entity, the Waikato River Authority, and seeks to restore and protect the health and wellbeing of the Waikato River through the incorporation of the Vision and Strategy for the Waikato River into the Waikato Regional Policy Statement.

The area considered by the Waikato River Authority does not include Otorohanga District and as such there are no implications at a Governance level for the Council. However the incorporation of the Vision and Strategy into the Waikato Regional Policy Statement requires Council in reviewing its District Plan and making decisions on resource consents give effect to the relevant provisions of the Vision and Strategy. This is to be undertaken as part of the relevant review or consent processes.

Further to the above Crown have signed two separate Deeds of Settlement with Raukawa and Maniapoto which will affect Council. The detail of this is not clear at present however indications are that implications to Councils will be largely similar to that defined in the Waikato River Settlement Act.



SIGNIFICANT ACTIVITIES



COMBINED COST OF SERVICE STATEMENT

For the Year ended 30 June 2010

2009 Actual \$		2010 Estimate \$	2010 Actual \$
	OPERATING REVENUE		
4,681	Activity Revenue	4,246	4,073
5,820	Targeted Rates	6,019	5,996
32	Development Contributions	25	13
3,425	General Rates	3,665	3,700
3,739	Other General Sources	3,962	4,069
17,697	TOTAL OPERATING REVENUE	17,917	17,851
	Reconciling Items:		
(3,739)	Internal Recoveries	(3,962)	(4,069)
(213)	Gains/(losses) on asset disposal	-	(58)
391	Assets vested in Council	-	40
41	Interest Income on Special Funds	44	11
4	Dividend Income	-	3
14,181	TOTAL OPERATING REVENUE PER STATEMENT OF COMPREHENSIVE INCOME	13,999	13,778
	OPERATING EXPENDITURE		
	User Fees and Charges, Funding Assistance		
9,653	Network Services	9,087	9,980
1,473	Regulatory Services	1,362	1,519
1,762	Community Services	1,701	1,933
277	Community Development	316	223
4,498	Governance and Leadership	4,614	4,346
17,663	TOTAL EXPENDITURE	17,080	18,001
	Reconciling Items:		
(3,739)	Internal Recoveries	(3,962)	(4,069)
3	Landfill Aftercare Provision	1	-
50	Doubtful Debt Provision adjustment	-	40
13,977	TOTAL OPERATING EXPENDITURE PER STATEMENT OF COMPREHENSIVE INCOME	13,119	13,972
204	NET SURPLUS	880	(194)



NETWORK SERVICES

The Network Services Group activities deliver services which the community needs to function comfortably on a day to day basis and collectively must meet standards that provide a high level of community health and safety.

These activities operate on a network basis across the District, or in specific areas of the District, and all assets associated with these services have a lifecycle maintenance and renewal programme.

District Roding

The road network forms the backbone of Otorohanga's infrastructure and impacts on the potential for development in the District. The purpose of this activity is to provide for the safe and efficient passage of traffic throughout the District and Council acknowledges its interdependency on the State Highway network, as well as partnerships with key stakeholders in the transport arena.

This is the single largest activity of Council, and provides for road improvement and maintenance works such as pavement rehabilitation, reseals, bridge repairs, storm damage restoration, general maintenance, vegetation control, landscaping, sign posting and pavement marking (traffic services), street lighting, street cleaning, minor safety projects, and footpath repairs.

The rationale for Council's involvement stems in part, from statutory requirements. The Local Government Acts 1974 and 2002 empower Council to construct, upgrade and repair all roads, which is done with the help of Government funding. It also ensures common law rights of public access.

Major Capital Projects

	2010 Estimate \$ (000's)	2010 Actual \$ (000's)
Bulk Metalling	523	433
Sealed Road Resurfacing	1,110	925
Pavement Rehabilitation	360	331
Unsealed Smoothing	318	240



Key Roading Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2008/09	2009/10 Target	2009/10 Actual
The design and maintenance of District roads ensures that they are safe and comfortable to travel on	Reliable roading around the District will ensure that the transportation needs of communities are met. Providing safe vehicular access helps keep our communities safe and also helps provide quality transport networks	Average number of individual road defects on Sealed Rural Roads (including bleeding, shoving, rut/ hollows, edge breaks, potholes, inadequate drainage or loose surface material) observed per 10 kilometres of road lane from all routine cyclic inspections conducted during the year. All roads are inspected a minimum of 6 times per year.	New Measure	Average of 8 defects	12.4 per 10 km of road lane.
		Average number of individual road defects on Sealed Urban Roads (including bleeding, shoving, rut/ hollows, edge breaks, potholes, inadequate drainage or loose surface material) observed per kilometre of road lane from all routine cyclic inspections conducted during the year. All roads are inspected a minimum of 6 times per year.	New Measure	Average of 3 defects	2.9 per kilometre of road lane
		Sealed road smoothness is determined by an annual survey that measures road roughness using a scale known as 'NAASRA Counts'. The table below gives an approximate indication of ride quality a driver experiences versus the associated NAASRA counts. Quality – Excellent, NAASRA <40, Very Smooth ride Quality – Good, NAASRA 40-80, Some minor bumps encountered Quality – Fair, NAASRA 80-110, Constant up and down, but reasonably comfortable driving Quality – Poor. NAASRA 110-140, Constant movement. Can feel very rough in trucks. Modern cars suspension makes driving bearable but with low comfort	95% <150 NAASRA units in Bi-annual survey	Not measured	A total of 998,234 or 93.11% of the measured network has a NAASRA result of 140 or below.



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2008/09	2009/10 Target	2009/10 Actual
		<p>Quality – Very Poor, NAASRA >140, Uncomfortable with severe movement. Good control of steering required and may need to reduce speed.</p> <p>Table reference modified from Roughness Deterioration of Bitumen Sealed Pavements (2004) P D Hunt & J M Baker</p>			
		Provide bulk maintenance metal to all unsealed roads on average every five years from ongoing metalling programme	New Measure	Programmed length completed	All the work programmed for 2009/10 was completed
		Works programmed in LTCCP for general upgrading of unsealed roads, seal extension and sealed roads rehabilitation completed	New Measure	Programmed length completed	Two of the three USWP projects were completed. The third involved private land and is still being negotiated.
		Perception of road users taken from a satisfaction survey of all ratepayers triennially. The survey covers aspects of road standard and condition with measures of 1 = Poor, 4 = Adequate and 7 = Very Good	New Measure	Not measured	Not measured
		Perception of customers actively engaging with the service taken from an annual survey of 100 randomly selected customers recorded on Council's service requestor as making requests for services to Council in the last 12 months. Received responses identify performance as adequate or better. Where less than 100 recorded, all recorded customers surveyed	New Measure	> 75%	79% responded as adequate or better.



Sealed Rural Roads

Council's roads maintenance Engineering staff undertake regular cyclic inspections of all roads with the target of a minimum of 6 inspections of each road per year. The District has been split into 10 maintenance areas and a schedule of staff and areas has been set up to ensure the minimum of 6 inspections is achieved. All roads in each area are inspected during each round. From the inspections records, area 1 was inspected 5 times, areas 2, 5 & 10 were inspected 7 times and the remainder were inspected 6 times during the year. Area 1 was inspected just prior to the start of the financial year, hence only 5 inspections.

Defects on both urban and rural roads, sealed and unsealed are dealt with in the same manner. ie; the Engineer will inspect roads and list by road and by Route position the defects located. All defects, schedule and cyclic items are then entered into the Cyclic Inspection data base.

At the completion of each cyclic inspection all defects are submitted to the contractor for programming and includes the required response time for the remedial work to be completed.

All general roads maintenance is undertaken by Downer under contract 863 which runs from 2007/08 – 2012/13. Part of this contract provides a schedule of response times for maintenance activities. These response times vary dependant on the type of defect, class of road, traffic volumes, etc. This will vary from 24 hours for urgent traffic hazards to 30 days for minor defects.

Response times are monitored on a month to month basis. As part of Council's contract supervision, all staff involved with the contract complete a Monthly Contract Performance sheet and the scores are averaged to give a monthly total. This monitors Resources, Workmanship, Materials Compliance, Response Times, Health and Safety, Administration, Public Relations, Presentation, Site Tidiness, and Environmental Compliance. By using this method the Contractor strives to keep response times to the required levels and overall response times are at an acceptable level.

The recorded number of defects during the cyclic inspections for rural sealed road was 12.4 per 10 km of road lane which exceeded the performance target of 8.

Remedial work was however undertaken and the roads are in good condition. During May 2010 New Zealand Transport Agency undertook a technical audit of the districts roads and part of the summary from their report said "The standards of maintenance observed were of a high standard, due in no small part to the regular inspection regime employed by Council".

Sealed Urban Roads

The inspection process undertaken for urban sealed roads is as set out for rural sealed roads and these are part of the 10 inspection areas.

The recorded number of defects during the cyclic inspections for urban sealed road was 2.9 per kilometre of road lane which is below the performance target of 3.

The LTCCP performance measures showed that the biennial survey (shown as bi-annual in error) was to be undertaken in 2010/11 however from our records this should have been 2009/10 as the previous survey was in June 2008. Therefore a new survey was carried out in May 2010.



Road Smoothness

The information from the Road Roughness & Condition Survey has now been entered into RAMM by our Contractor PMS Limited and the results are available.

A listing from the RAMM software has been extracted from which an analysis has been based. The total data amounted to 17500 lines of spreadsheet information. Each road is measured for its NAASRA value in maximum 100m lengths in each lane.

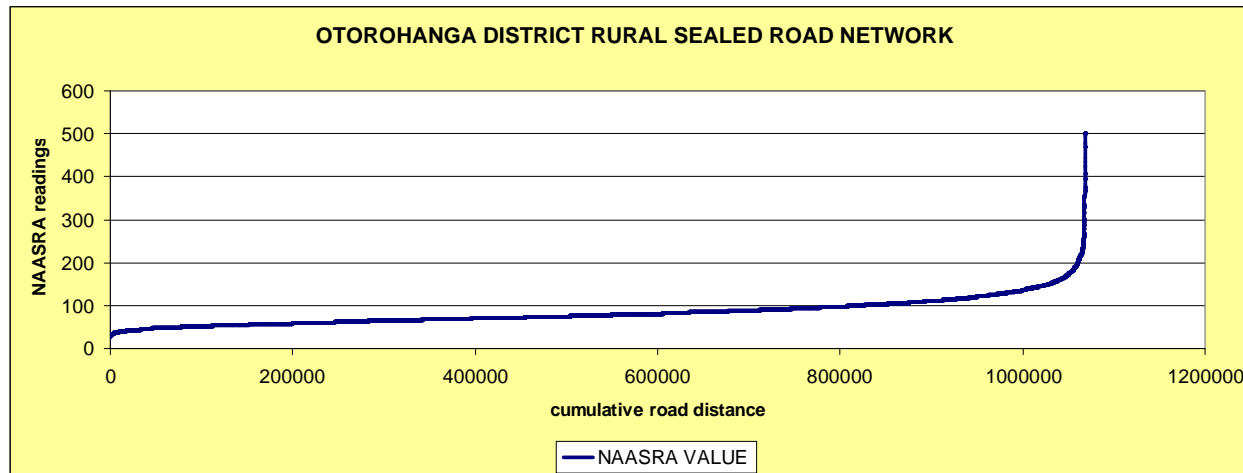
The target figure in the LTCCP is 95% of the sealed rural roading networks to be 140 NAASRA or less, down from 95% < 150 in previous years.

Assessment Method

The sections of sealed rural road were separated from the unsealed lengths, and the Otorohanga, Kawhia and Aotea carriageway lane lengths also separated out. The individual treatment section lengths of maximum 100m long were then ranked in order of ascending NAASRA values.

A total lane length of 107296m has been measured in 11532 individual treatment selection lengths.

A graph of the cumulative distance v NAASRA values is shown below.



Result of measurement

A total of 998,234 or 93.11% of the measured network has a NAASRA result of 140 or below.

The length of the network required to be smoothed to achieve the target of 95% which is above a NAASRA reading of 140 is 20,263m (lane length)



Future work to move towards meeting the target

Some of the measured network which shows a NAASRA of above 140 is programmed for Area Wide Pavement Treatment (AWPT), or re-sealing in the 2010/11 financial year and it can be expected to be improved to meet the 140 target through smoothing or patching repairs. A large number of the treatment selection lengths which do not meet the target are the short section adjoining the State Highway network which is administered and maintained by NZTA HNO and not able to be modified by Council.

The total lane length of these sections is 5202m, and it is therefore expected that the percentage of the network will be in the order of 93.6% below NAASRA 140 excluding natural deterioration of the existing pavement surface. It is however expected that the improvements works will outpace the natural deterioration, and a gradual overall improvement is the result.

With a continued AWPT and reseals programme it is likely that the figure of 95 % will be attained in the future.

Bulk Metalling

Council maintains 282 km of unsealed rural roads and has in place a programme to bulk metal all roads every 5 years. The programme does allow some variation to this cycle to cater for USWP works, urgent needs etc. This cycle gives an annual average length of 56.4 km and an average 9000 cubic metre of metal per year. These quantities vary due to different road widths

The work is currently undertaken by Inframax Construction Ltd under contract 937 which is a three year contract 2009/10 – 2011/12.

All the work programmed for 2009/10 was completed as set out below

ROAD	START RP	END RP	LENGTH km	QUANTITY m ³
Braine Rd	0.000	0.858	0.858	98
Bromley Rd	0.000	3.000	3.000	525
Bromley Rd	3.000	4.093	1.093	150
Brown Rd	0.000	0.477	0.477	60
Grice Rd	0.000	1.813	1.813	300
Hikuparea Rd	0.000	0.528	0.528	60



Lake Rd (Kawhia)	0.166	0.889	0.723	100
Landing Rd	0.000	2.550	2.550	310
Loop Rd	0.000	3.502	3.502	675
Mangati Rd	4.960	8.773	3.813	585
Mangawhio Rd	0.000	4.131	4.131	850
Owaikura Rd	2.030	4.131	1.728	350
Owhiro Rd	2.420	2.660	2.700	500
Owhiro Rd	5.120	6.768	1.648	230
Owhiro Rd	6.768	9.718	2.950	335
Pamotumotu Rd	0.000	1.502	1.502	299
Raglan Rd	5.330	7.830	2.410	580
Raglan Rd	7.830	11.395	3.565	850
Tahae Rd	0.000	3.150	3.150	600
Tauraroa Valley Rd	5.860	8.794	2.921	600
Te Kauri Rd	0.000	0.350	0.350	40
Te Raumauku Rd	2.420	4.120	1.700	350
Te Raumauku Rd	4.120	6.920	2.800	500
Te Raumauku Rd	6.920	9.050	2.130	350
		Total	51.835	9297



Works Programme

Council undertook a review of roading improvement works in September 2005 which included proposed seal extensions (SE), unsealed smoothing works (USS) and unsealed roads widening and minor improvements (USWP). From this review a 10 year roading improvements programme was prepared however due to changes in NZTA funding policy some variations to the programme have been necessary. With changing conditions a full review is proposed for the end of 2010 and the programme will be revised accordingly.

The improvement works programmed for 2009/10 were USWP on the following roads. No USS or SE were proposed:

ROAD	START RP	END RP	LENGTH km
Okupata Rd	11.980	15.400	3.420
Te Rauamoia Rd	0.010	5.220	5.210
Aotea Rd	2.630	3.630	1.000

Okupata and Te Rauamoia Roads were both completed however due to part of Aotea Road being on private land and not on the road reserve and difficulty obtaining approval from the land owners this work did not proceed. A contract was prepared and let for a section of Puketawai Road from RP 6.79 – 8.755 which was scheduled for 2010/11 and had a similar estimated value. Because of the late timing and the onset of winter it was decided not to proceed with this contract until spring 2010 and the funding was carried forward. Negotiations with the owners along Aotea Road are to continue.

Triennial Satisfaction Survey

Not measured. To be undertaken during 2011/2012

The last full customer level of service survey was undertaken in June 2008. The 60-70% of rural respondents and over 70% of urban respondents requested the same level of service.

Perception Survey

From the service request system report, 47 customers were recorded as having made request or enquiry to Council's roading department during the year. As this was less than 100, all were sent a "Customer Satisfaction Survey" form and 14 responded. Of these 11 or 79% rated their service as satisfactory or better. A number of comments were received on where improvements can be made and these will be addressed where possible.



Solid Waste

There is a community expectation that household waste is removed from properties and managed in an environmentally sound manner.

Council has no legal requirement to carry out this activity but believes that it will better protect the environment by providing cost effective and efficient methods of refuse disposal and recycling. It is also generally expected by the community that the Council will provide this service.

Following a public consultation process, Council adopted a Zero Waste Strategy in December 2002 which set out Council's proposals for providing refuse and recycling services throughout the District. It did however subsequently become apparent that very significant difficulties and costs would be encountered in achieving some of the objectives and targets that had been set out.

A review of Council's Solid Waste Management Strategy is therefore believed to be required, but it was considered inappropriate to conduct such a review until the final form of the Waste Minimisation (Solids) legislation was known. With this legislation now enacted and its practical implementation underway Council expects to be able to conduct this review in the near future.

Major Capital Projects

No capital projects were undertaken during the year.

Key Solid Waste Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2008/09	2009/10 Target	2009/10 Actual
Refuse and recycling collection services are provided and recycling actively promoted	Councils planning for the future of the District will consider growth and development in its waste management strategies, and will involve recycling as a key aspect for communities – engraining the importance of the character and natural	Percentage of customers requesting substantial improvements of level of service from three yearly customer satisfaction surveys	New Measure	Not measured	Not measured. To be undertaken during 2011/2012
		Perception of customers actively engaging with the service taken from an annual survey of 50 randomly selected customers recorded on Council's service requestor as making requests	New Measure	>75%	100% rated as adequate or better.



	values of our District	for services to Council in the last 12 months. Received responses identify performance as adequate or better. Where less than 50 recorded, all recorded customers surveyed			
		Council's Solid Waste management strategy remains relevant and up-to-date	New Measure	Completed 31 October 2009	Solid waste Management Strategy completed by 31 October 2009.
The closed landfills the Council is responsible for meet environmental compliance		Extent of compliance with associated Resource Consent conditions for the closed landfills in Otorohanga and Kawhia	Full Compliance	Full Compliance	No compliance reports have been received from Environment Waikato for the 2009/2010 year for either Otorohanga or Kawhia closed landfills.

Triennial Satisfaction Survey

The last full customer level of service survey was undertaken in June 2008. The majority of respondents requested the same level of service with a number wanting some improvement. The improvements suggested mainly related to increases in recycling services and this has been taken into consideration in reviewing Council's waste strategy (see below).

Perception Survey

From the service request system report, 8 customers were recorded as having made request or enquiry in relation to Council's refuse service during the year. As this was less than 50, all were sent a "Customer Satisfaction Survey" form and 4 responded. Of these all or 100% rated their service as satisfactory or better. A comment was received on where improvements can be made and these will be addressed where possible.

Solid Waste Management Strategy

A review of Council's waste strategy has been undertaken, taking into account the results of the last customer satisfaction survey and the Waste Minimisation Act 2008. As part of the review it was recognised that Council's previous objectives in the "Zero Waste Plan" (and in particular the elimination of waste to landfill by 2010) were unrealistic. The review focused on waste reduction and minimisation and Council's future direction in waste reduction and minimisation.



The Waste Minimisation Act 2008 requires that all Councils adopt a final Waste Management and Minimisation Plan by 1 July 2012. Council's current Waste Management and Minimisation Plan 2010 is seen as an interim version of this plan, as there are additional requirements imposed by the Act. However, the current plan meets all the current standards that the Council has set for such a plan, and the Council is working towards adopting the more comprehensive plan by the 1 July 2012 deadline.

The review document was considered by the two community boards and the "Waste Management and Minimisation Plan 2010" was adopted by Council on 1 June 2010.

Landfill Resource Consents

No compliance reports have been received from Environment Waikato for the 2009/10 year for either Otorohanga or Kawhia closed landfills.

The last report received for the Otorohanga closed landfill was on 10 March 2010 which covered the period July 2008 to June 2009. This showed full compliance for the consent for discharge of contaminants to air and partial compliance for the consent to discharge leachate onto or into land. The partial compliance was the result of one of the test bore holes being damaged and a sample not being able to be collected and also a sample not being collected from the river. The bore hole has since been repaired and the sampling contractor instructed to ensure that the river sample is collected and tested.

The sampling contractor, Food and Health Environmental have completed the sampling and testing at both closed landfills for 2009/10 and provided these to Council at the end of July 2010. These will be forwarded to Environment Waikato with Council's report in due course.

Water Supplies

Council has historically provided potable water to the urban communities of Otorohanga and Kawhia and to some rural areas to assist in facilitating economic development, and in recognition that such delivery of water is preferable to reliance on individual supply arrangements, particularly in the urban areas.

Having established such services Council is now limited in its ability to discontinue this activity, due to the provisions of the Local Government Act 2002.



Major Capital Projects

	2010 Estimate \$ (000's)	2010 Actual \$ (000's)
Tihiroa Plant Upgrade	5	154
Waipa Reservoir Roof Replacement	16	15
Otorohanga Treatment Plant Upgrade	100	-
Kawhia Plant Upgrade	20	30

Key Water Supply Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10 Target	2009/10 Actual
The water provided is safe to drink	Providing continuous, efficient, quality water supply to communities ensures the health of consumers	Instances of illness indicated to be associated with consumption of water from Council supplies per annum	0	0	No reported instances of illness indicated to be associated consumption of water from Council's water supplies during year.
		Instances of water disinfection failure, on Council water supplies with disinfection per annum	< 4	< 4	5 instances of water disinfection failure.
		Instances of bacteriological contamination of water from Council supplies per annum	< 4	< 4	A total of 4 instances of E coli contamination occurred, Otorohanga Community (1), Arohena RWS (1) Tihiroa RWS (1) and Ranginui RWS (1)
		Council administered water supplies achieving compliance with NZ Drinking Water	None Comply	None Comply	None of Council's 2 community or 4 RWS water supplies comply with NZDWS 2008.



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10 Target	2009/10 Actual
		Standards 2008			
The Council provides reliable drinking water supplies	Providing continuous, efficient, quality water supply to communities ensures the health of consumers	Number of instances when levels of monitored urban storage reservoirs are below 50% of capacity at 9.00am, unless due to planned maintenance works in the preceding 48 hours – instances per annum	< 10	< 10	A total of 12 instances occurred, Kawhia Community (3), Arohena RWS (4) and Tihiroa RWS (5)
		Percentage of customers requesting substantial improvements of level of service from 3 yearly customer satisfaction survey	New Measure	Not Measured	Not measured. To be undertaken during 2011/2012
		Perception of customers actively engaging with the service taken from an annual survey of 50 randomly selected customers recorded on Council's service requestor as making requests for services to Council in the last 12 months. Received responses identify performance as adequate or better. Where less than 50 recorded, all recorded customers surveyed	New Measure	> 75%	88% rated their service as satisfactory or better.



Water Disinfection Failure

A total of 5 instances occurred and were reported. Information from WINZ files show levels of free available chlorine (FAC) low at Otorohanga community (2), Arohena RWS (2) and Tihiroa RWS (1).

Instances of disinfection failure would arise when the chlorination of drinking water during the treatment plant process does not provide adequate FAC to kill germs in the water. This may be caused by equipment failure or the chlorine cylinder running out.

The chlorine content is tested daily by Otorohanga District Council at the treatment plant. Preventative measures are undertaken by monitoring the disinfection process to ensure that there is enough FAC in the drinking water supply. In addition, the water supply reticulation system transporting water for public use is sampled daily to measure the pH and FAC.

As soon as instances are detected the Ministry of Health is advised the fault remedied and additional monitoring / testing undertaken to ensure the correct levels are restored.

If a serious fault occurred, the public would be notified and advised of any necessary action. In the cases during the current year, the necessary actions were taken to remedy the failures, which were caused by the chlorine cylinders running out, which were replaced when this was discovered.

Council has a policy of regular inspection of equipment and plant, policies and asset management plans as well as works programmes which are work in conjunction to minimise the likelihood of failures occurring.

Funding has been made available in the 2010/11 estimates for a proposed upgrade of the Otorohanga water treatment plant which will include install alarms that electronically alert staff of failures. The probable installation of new UV units will provide further disinfection of the water supply against bacterial contamination. UV disinfection may also be utilised in certain outlying areas and it requires lower control measures in comparison to chlorination disinfection. The actual timing and extent of the upgrading will be dependant on the availability of funding through the Government subsidy funding scheme.

Bacteriological Contamination

Contaminated raw river water is cleared of suspended material and particles and is disinfected with chlorine at controlled pH levels. Measures to prevent post treatment contamination are undertaken through continuous monitoring of the water supply infrastructure.

Bacteriological water test samples are taken every week in Otorohanga and every month in Kawhia and the rural water supplies. Bacteriological contamination is uncommon in the Otorohanga District and any evidence of failure is immediately remedied. The Ministry of Health is notified and a 5 day monitoring regime put in place to ensure the water is clear of contamination.



Drinking Water Standards

A regulatory process developed by the NZ Ministry of Health called the Public Health Grading of Community Water Supplies 2003 requires all water supplied to a community with a population exceeding 500, to be graded. The only supply area within the Otorohanga District with a population greater than 500 is the Otorohanga Township.

Under the Water Standards system the grading of the drinking water supplied to the community is based on the microbiological and chemical quality along with the condition of the reticulation and the quality of care.

Risks that may affect the quality of the water supply source and the treatment plant effectiveness are assessed and a grading from 'A' (completely satisfactory) to an 'E' (unacceptable level of risk) is determined. A report from Waikato DHB is received for each financial years compliance with Drinking Water Standards being received around March the following year. The report for the 2008/09 financial year showed that the Otorohanga supply had an 'E' grade. The results above reflect the results of the 2008/09 report received in March 2010.

The low grade for the Otorohanga supply (E) has been influenced by the lack of test records supplied. It is anticipated that the new in-house water services arrangement for operations and the proposed upgrade of the treatment plant as detailed above will meet the requirements for achieving a satisfactory grade.

To ensure that the Drinking Water Standards changes from the 2000 Standards to the 2008 Standards are met, an upgrade is planned for the water treatment plant that improves the water quality to reach the standards for public use.

Sampling, testing and service procedures will follow the requirements of the Drinking Water Standards for NZ. Failing to comply with the water standards increases the risk of substandard disinfection and potential water contamination with bacteria and protozoa.

Reservoir Levels

A total of 12 instances occurred, Kawhia Community (3), Arohena RWS (4) and Tihiroa RWS (5)

Reservoir levels may fall when there are leaks in the reticulation, an inadequate supply from the source or a malfunctioning water treatment, the risk of low levels being greater during periods of peak demand most commonly over summer and national holiday periods.

Measures are undertaken to monitor reservoir levels and alerts occur electronically on a telemetry system that notifies the Council staff of levels that fall below a 50% capacity. Water Services staff respond to alerts to rectify problems as soon as possible following the alert.

Kawhia Township experienced low water supplies over the Christmas period of 2009 due to a combination of high demand, failure / inefficiency of the plant and the contract operator. All services have now been taken in house and proposals put in place to limit the likely recurrence next summer.

Plans for a proposed future upgrade of the Kawhia treatment plant will ensure that the quantity and quality of the supply is maximised and to a quality required by the NZ Drinking Water Standards. The limited spring supplies will require the development of community water conservation measures.



Of the five instances at Tihiroa, three of these were related to the treatment station upgrade work that was completed during the year, including replacing the liner in the reservoir and replacing some of the pipe work.

Note

A telemetry system electronically connecting the water treatment plants and the Council offices alerts water services staff of a malfunction related to the water treatment. Similarly, the functioning of equipment at pump stations distributed throughout the community can be monitored by Council staff through the telemetry communication system. Action in response to the failure of disinfection or storage or supply are acted on immediately by water services staff. The Council manages a continuous drinking water supply to the communities and leaks are responded to immediately if the water loss is rapid, or within 2 to 5 days if the water loss is slow. Water Service staff are 'on call' outside normal working hours to respond to instances that require immediate action.

Water Services Task	Time frame for action
Reticulation	
Major leak with rapid loss	Immediate
Consistent loss but water supply still available	2 days
Trickle loss of water	2 days to 1 week
Infrastructure	
Treatment Plant failure	Immediate
Pump station	Immediate to 2 days

Triennial Satisfaction Survey

The last full customer level of service survey was undertaken in June 2008. The majority of respondents (Otorohanga 59% and Kawhia 68%) requested the same level of service with a number wanting some improvement. The main improvements suggested in Otorohanga related to improving taste and quality while in Kawhia it was the water shortage. In both communities funding has been included over the next 2 years to undertake improvements. The full extent of the improvements will however be dependent on the availability of funding through the Government funding scheme.



Perception Survey

From the service request system report, 52 customers were recorded as having made request or enquiry to Council’s water services department during the year. As this was only just over the 50, all were sent a “Customer Satisfaction Survey” form and 17 responded. Of these 15 or 88% rated their service as satisfactory or better. A number of comments were received on where improvements can be made and these will be addressed where possible.

Waste Water

This activity (encompassing collection, reticulation and treatment of sewerage) is undertaken in the Otorohanga Community to prevent nuisance and health risks, and to meet the expectations of residents of larger communities.

Whilst there is no legal obligation on Council to maintain this activity it is strongly believed that such a service makes a significant contribution to community wellbeing, and that it should therefore be continued.

Major Capital Projects

No major capital projects during the year.

Key Waste Water Levels of Service

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2008/09	2009/10 Target	2009/10 Actual
			New Measure	Not measured	Not measured. To be undertaken during 2011/2012
The Council provides wastewater services that effectively collect and dispose of wastewater	Ensure that the needs of local and visitor communities are met. Contributes to the public health of the community	Percentage of customers requesting substantial improvements of level of service from a three yearly customer satisfaction survey	New Measure	Not measured	Not measured. To be undertaken during 2011/2012
		Perception of customers actively engaging with the service taken from an annual survey of 50 randomly selected customers recorded on Council’s service requestor as making requests for services to Council in the last 12 months.	New Measure	>75%	50% of respondents rated the service as adequate or better.



		Received responses identify performance as adequate or better. Where less than 50 recorded, all recorded customers surveyed			
Wastewater disposal as provided by the Council does not create any smells, spills or health issues and causes minimal impact on the natural environment		By measuring compliance with Wastewater discharge consent	Full Compliance	Full Compliance	For the period May 2009 to May 2010 faecal coliforms were evident in 14 out of 17 samples taken
		Frequency of sewerage overflows caused by failure or blockage of Council assets per annum	New Measure	<5 reported overflows	Met the level of service target of less than 5 instances of sewerage overflows caused by failure or blockage of Council's asset reported during the year

Triennial Satisfaction Survey

The last full customer level of service survey was undertaken in June 2008. The majority of respondents (62%) requested the same level of service with 30% wanting some improvement though comments did not indicate what improvements were desired. This survey only covered Otorohanga Community as this is the only waste water system.

Funding has been made available for investigation of stormwater infiltration into the sewer system and for the renewal of the effluent discharge consent which is due in June 2012.

Perception Survey

From the service request system report, 13 customers were recorded as having made request or enquiry to Council's wastewater services department during the year. As this was less than 50, all were sent a "Customer Satisfaction Survey" form and 2 responded. One rated the service as excellent and 1 not very good, a 50% rating.



Consent Compliance

For the period May 2009 to May 2010 faecal coliforms were evident in 14 out of 17 samples taken.

Additional planting of the wetlands was undertaken in November 2009 and March 2010 and upgrading to the outlet drainage carried out in April 2010 to improve the quality of the effluent leaving the treatment facility. Additional improvement / maintenance works are proposed to be undertaken during 2010/11

Sewerage Overflows

A total of 4 instances occurred taken from Council's service requests – Nos 0901559, 0901290, 0901136 & 0901013.

Otorohanga District Council Water Services team respond to sewerage manhole blockages and overflows immediately when notified. During the financial year 2009/2010, the performance measures achieved were successful and less than the target maximum for overflows. It is anticipated that these performance measure targets will be continuously met in the future.

The sewerage oxidation ponds are monitored twice a week. Any failure in the oxidation pond facilities are communicated to the Council by the telemetry system and repairs and failures are acted on immediately by the water services staff. Pump station failures and manhole blockages are acted on immediately.

There are no planned interruptions to customers for domestic waste water disposal during repairs. The exception is when deteriorating or ageing wastewater pipe is to be replaced. At least ten days notice is supplied to householders for consent to enter property and the intended brief disruption to wastewater disposal.

With the Water Services department becoming an in-house department, and not a separate contractor, there have been some changes to the way the process works, in that the service request system is now used purely for logging any incoming requests, and is not used as a method of tasking out the work to be done, as this is handled by in-house staff.

Flood Protection/ Stormwater/ Land Drainage

Council is required to administer urban drainage maintenance under the Land Drainage Act 1908, and considers that this activity also makes a positive contribution towards the potential for beneficial development in the urban areas. The provision of urban drainage protects private property (including land and assets) from flooding and subsequent erosion, and enables Council to fulfil its statutory responsibilities under the Building Act 1991.

Environment Waikato has largely relieved Council of their responsibility for managing rural land drainage schemes.



Major Capital Projects

	2010 Estimate \$ (000's)	2010 Actual \$ (000's)
Otorohanga Stormwater Capacity Upgrade	160	240
Flood Protection Switchboard Renewal	35	50

Key Stormwater Levels of Service

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2008/09	2009/10 Target	2009/10 Actual
Council stormwater systems are well operated and maintained	Sound planning of appropriate stormwater systems will ensure that communities are safe and healthy and ensure that efficient and effective water services are provided, to meet both current and future demands.	Percentage of customers requesting substantial improvements of level of service from a three yearly customer satisfaction survey	New Measure	Not measured	Not measured. To be undertaken during 2011/2012.
		Perception of customers actively engaging with the service taken from an annual survey of 50 randomly selected customers recorded on Council's service requestor as making requests for services to Council in the last 12	New Measure	>75%	100% rated their service as satisfactory or better.



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2008/09	2009/10 Target	2009/10 Actual
		months. Received responses identify performance as adequate or better. Where less than 50 recorded, all recorded customers surveyed			

Triennial Satisfaction Survey

The last full customer level of service survey was undertaken in June 2008 but did not include a section for flood protection and stormwater.

The discharge of stormwater within the Otorohanga and Kawhia communities is covered by Environment Waikato consents. The annual audit reports of 30 April 2010 showed full compliance in both communities.

Perception Survey

From the service request system report, 7 customers were recorded as having made request or enquiry to Council's stormwater services department during the year. As this was less than 50, all were sent a "Customer Satisfaction Survey" form and 3 responded. Of these all or 100% rated their service as satisfactory or better.



Statement of Cost of Service – Network Services
For the Year ended 30 June 2010

2009 Actual \$		2010 Estimate \$	2010 Actual \$
	OPERATING INCOME		
3,493	Activity Revenue	3,127	3,057
5,709	Targeted Rates	5,908	5,886
168	General Rates	233	246
651	Other General Sources	735	750
10,021	TOTAL OPERATING INCOME	10,003	9,939
	OPERATING EXPENDITURE		
6,895	Land Transport	6,228	6,822
1,115	Water Supplies	1,135	1,243
261	Stormwater/ Flood Protection/ Land Drainage	255	260
275	Solid Waste	288	296
431	Wastewater	454	575
676	Engineering Business Unit	727	775
-	Water Services	-	9
9,653	TOTAL OPERATING EXPENDITURE	9,087	9,980
368	NET COST OF SERVICE	916	(41)



COMMUNITY SERVICES

Parks and Reserves (including Public Conveniences)

Council's involvement in parks, reserves and associated activities is in part based upon provisions of the Reserves Act 1977 and the Resource Management Act 1991 and is also intended to improve the general quality of life for the residents in the District. In particular the parks and reserves provide facilities for passive or active enjoyment by residents and visitors alike.

Major Capital Projects

	2010 Estimate \$ (000's)	2010 Actual \$ (000's)
Otorohanga Skate Park ½ pipe	20	27
Kawhia Foreshore Protection	22	17

Key Parks, and Reserves (including public conveniences) Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2008/2009	2009/10	2009/10 Actual
			4.4%	Not Measured	Not measured. To be undertaken during 2011/2012
Providing Council parks and reserves that enhance our communities quality of life	Parks and reserves provide for a number of things – a sense of place, active recreation spaces and opportunities for communities to interact – all contributing to our community outcomes	Percentage of customers requesting substantial improvements of level of service from three yearly satisfaction surveys	New Measure	33%	Meets performance measure
		Provision of safe outdoor reserve structures; (% of structures complying with NZS 8630)			Reserve structures have been inspected and a minimum of 33% comply with NZS 8630 The footbridge at Rotary Park has been closed and is not



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2008/2009	2009/10	2009/10 Actual
Provision of Reserve Management Plans for all Council Reserves as required under the Reserves Management Act 1977					accessible.
		Provision of adequate, well formed & maintained paths, and tracks; (% of total track length complying with NZS 8630)	New Measure	10%	Meets performance measure 12% of reserve paths and tracks comply with NZS 8630 During the year, Community Max workers undertook improvements to tracks in Rotary Park and the riverbank from SH3 to Huiputea Drive dog exercise area.
		Provision of safe, high quality and maintained park furniture (% items meeting criteria)	New Measure	50%	Meets performance measure Park furniture has been inspected and 52% meet the criteria. These being 21 of 34 picnic tables, 2 of 2 barbeques and 0 of 8 seats.
		Progress towards development of Reserve Management Plans for all Council Reserves; (% of reserves with current plan in place)	New Measure	10%	Progress has been made with assessed over 10% of plans in place.



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline 2008/2009	2009/10	2009/10 Actual
Public Toilets as provided by Council are maintained in good condition	Having safe toilets helps achieve safe communities	Percentage of customers requesting substantial improvements of level of service from three yearly surveys	New Measure	Not Measured	Not measured. To be undertaken during 2011/2012

Triennial Satisfaction Survey

The last full customer level of service survey was undertaken in June 2008. The majority of respondents (57% Otorohanga Community, 68% Rural and 79% Kawhia Community) requested the same level of service. There were some general but no specific areas of improvements suggested. Some of the suggestions such as improved walking tracks at the Rotary / Bob Horsfall reserve and along the river bank, improved mowing standard, sealing at the netball courts have been undertaken.

Reserve Management Plans

The Rewa Rewa Reserve Management Plan 2010 and the Huiputea Reserve Management Plan 2008 have been completed and the Otorohanga Domain Management Plan collated and initiated.

The Rewarewa Plan was considered by Council on 22 June 2010 and is open to submissions before finalising.

Triennial Satisfaction Survey

Public toilets were included in the last full customer level of service survey undertaken in June 2008. The majority of respondents (57% Otorohanga Community, 68% Rural and 79% Kawhia Community) requested the same level of service for reserves. There were 6 requests for additional toilets at different locations throughout the district and 3 for improved service at existing toilets. No new toilets are proposed at present due to funding.



Library

Our public libraries have been supplying our communities with a library service for many years. While the technology and delivery options may change over time the core roles of the library remain unchanged. Our libraries support and are actively involved in the following;

The core roles are;

a) Reading and literacy

Libraries are a trusted source of information and provide extensive collections in range and depth. They encourage and support reading and literacy in people of all ages. Book and leisure resource lending will remain a key role. Increasingly libraries are enabling people to acquire information and digital literacy – essential skills in a digital world.

b) Community identity and local heritage

Libraries provide community identity and reflect the communities we serve.

Libraries are a key institution for collecting, conserving and making available local information and resources. Libraries are an important gateway for our community.

c) As a public place

Libraries are venues in which groups and individuals can participate in community activities. They provide a non-commercial community public space for research, programmes and activities.

d) Opportunities for lifelong learning and leisure

By providing opportunities for informal learning and by supporting formal education, libraries contribute to the economic and social wellbeing of people.

The need for retraining and ongoing learning has become a feature of modern economic life.

Libraries continue to be a key leisure provider. Traditionally this was through book circulation; increasingly it is through different formats and services.

Major Capital Projects

The only major capital project was the purchase of books, where \$56,000 was spent against a budget of \$50,000.



Key Library Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			Quality library service is provided	Healthy, cohesive, and informed communities have access to a wide range of up to date library materials	Triennial survey of customers satisfied with library services
A range of fiction, non-fiction, paperback, large print and reference books for both children and adults are available.	Number of books issued per annum	New Measure	2% increase over previous year		2.5% decrease over previous year.
Holiday programs are provided for children	Number of holiday programs run annually	4	4		4 Holiday programmes run
Our book stock is kept current	Publication date of 10 years or less	New Measure	>75%		As of 30 June 2010, 65.5% of the bookstock was published in 2000 or later.

Number of books issued

65,283 books were issued between 1 July 2009 and 30 June 2010. This is a 2.5% reduction on the 2008/09 year when 66,982 books were issued. As a mitigating factor there was an 8.3% increase in book issues between the 2007/08 and 2008/09 years so it is possible that issues are returning to a more normal level.

Holiday Programmes

Four holiday programmes were run between 1 July 2009 and 30 June 2010 including a craft programme in July, Learn how to bake a chocolate cake in October, Summer Holiday reading programme in Dec/Jan and Speedbooking in April.



Current Book stock

As of 30 June 2010, 65.5% of the bookstock was published in 2000 or later. This is 9.5% below the target of >75%. To achieve the target, either more new material needs to be purchased or old material culled. If the inputs of new material don't match the level of culling, there is a risk of reducing our total bookstock holdings further below the recommended level of 3 per head of population. Book purchases last financial year were 12% over budget, so there is limited ability to achieve target, which will need to be reduced to a more realistic level in the next LTCCP

Pensioner Housing

Though not considered to be part of Council's core business, housing for the elderly is owned and managed to meet community expectations and fulfil social obligations and ensure that there is a good standard of affordable rental accommodation available to elderly residents.

Major Capital Projects

No major capital projects during the year.

Key Pensioner Housing Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			2007/08	>95%	Otorohanga – 95.9%
Provide Pensioner Housing that is fully utilised	This service ensures Otorohanga District has housing that satisfies the needs of the community and is seen to be an ideal place for retirement	Percentage of Units occupied	Otorohanga 97.4%		Kawhia – 94.4%
Council provides Pensioner Housing that is affordable		Weekly Rental per unit	2008/09 Kawhia \$78 PW 1 per \$102 PW 2 per Otorohanga \$58 PW single unit	Below Market Median	Kawhia \$78 PW 1 person \$100 PW 2 person Otorohanga \$60 PW 1 person \$87 PW 2 person



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
Good standards of maintenance and accommodation are maintained by Council		Triennial survey of overall satisfaction	New Measure	Not Measured	Not Measured

Other Property

Council owns various types of property, which are managed in the best interest of the residents and ratepayers of the District. These properties are classified as commercial or community investments.

Major Capital Projects

	2010 Estimate \$ (000's)	2010 Actual \$ (000's)
Kawhia Museum Restoration	13	20



Key Other Property Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			New Measure	Annual Inspection	All buildings on Council Properties have current Building Warrant of Fitnesses, which ensures compliance with required legislation.
That all buildings and structures on Council Property meet the requirements of relevant legislation	Having safe buildings that are maintained in a sound, sanitary and safe condition – ensures our communities are safe	Full compliance of relevant legislation based on annual inspection of buildings and structures to ensure they meet the requirements of the Building Act and Fire Safety and Evacuation of Buildings Act			

Swimming Pool

Council carries out this activity to meet the expectations of the Community. There is no legal obligation to do so.

Major Capital Projects

No major capital projects during the year.

Key Swimming Pool Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			New Measure	Not Measured	Not Measured
Provision of a clean, safe, public swimming pool that can be accessed by the District	Ensuring that the public's access to a safe public swimming facility helps create safe communities and a range of recreational facilities	Percentage of customers requesting substantial improvements of level of service from 3 yearly customer satisfaction survey			
		Water Quality Tests under contract that meet the requirements of NZS 5826	NZS 5826 standards are met in 85% of analyses each	NZS 5826 standards are met in 85% of analyses each	FAC and cyanuric acid non-compliant (below 85%) for all three pools. Microbiology non-compliant for the two outdoor pools. pH test non-compliant for



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			month	month	the outdoor cold pool.
			New Measure	100% of requirements of AFQMS are met each month	Information for measurement not provided by the contractor, therefore unable to measure.

The pool facility is considered to provide a sound level of service for a community of this size. The Contractor is required to meet standards of supervision recommended in NZRA Aquatic Facility Guidelines 2007, and to test pool water quality in accordance with NZS 5826: 2000. Pool Management is also to comply with Water Safety NZ / ACC Poolsafe Quality Management Scheme.

Cemeteries

The Activity is undertaken to comply with legislation under Section 4 of the Burial and Cremations Act 1964, and to meet the expectations of the Community.

Major Capital Projects

No major capital projects during the year.

Key Cemeteries Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			New Measure	Not Measured	Not Measured
The Cemetery is well maintained	Well maintained and conveniently located cemeteries will be provided and planned for ahead of growth and development, ensuring these needs are met in the future	Percentage of customers requesting substantial improvements of level of service from 3 yearly customer satisfaction survey			



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
		Progress towards development of Reserve Management Plans for all Cemeteries; (% of cemeteries with current plan in place)	New Measure	10%	10% (planning and collation of data)

Litter Control

This service is outside the scope of the refuse collection contract and the main focus is one of picking up litter on the roadside and in Parks and Reserves. The service is also provided under contract to the State Highway network.

Key Litter Control Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
Provide a roadside litter collection service throughout the rural area	This service ensures that Otorohangas clean green image is maintained and the rural environment is not a dumping ground	Percentage of customers requesting substantial improvements of level of service from 3 yearly customer satisfaction survey	New Measure	Not Measured	Not Measured

Security Patrol

Due to an approach by local businesses to provide the service as the demand for a privately owned scheme did not exist.



Key Security Patrol Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			Nightly security patrol carried out	Nightly security patrol carried out	Nightly patrols have been carried out for at least 8 hours per night.
To provide Security Patrol services for a defined area within Otorohanga Community during night time hours	By ensuring that Otorohanga is a safe environment to live, work and play	By ensuring a nightly security patrol is provided for 8hrs per night by a registered officer			
		Triennial survey of respondents who feel safe in Otorohanga Community after dark	New Measure	Not Measured	Not Measured

District Sports Co-ordinator

Council's role in this scheme satisfies part of its Mission Statement by recognising the social need to promote physical activity. Through the District Sports Co-ordinator scheme, Council delivers a range of leisure programmes and events which increase participation in leisure activities.

Key District Sports Co-Ordinator Scheme Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			100% Compliance	100% Compliance	Sport Waikato provided two six monthly reports to Council. The period from July-Dec 09 was reported to Council on 26 th January 2010 and the period from Jan-July 10 was reported to Council on 13 th July 2010
Delivery of sport and leisure activities as per agreement between Sport Waikato and Otorohanga District Council	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy and active	100% compliance with agreement monitored through quarterly reports to Council			



**Statement of Cost of Service - Community Services
For the Year ended 30 June 2010**

2009		2010	2010
Actual		Estimate	Actual
\$		\$	\$
	OPERATING REVENUE		
365	Activity Revenue	373	452
96	Targeted Rates	94	93
32	Development Contributions	25	13
1,152	General Rates	1,328	1,334
3	Other General Sources	3	68
1,648	TOTAL OPERATING REVENUE	1,823	1,960
	OPERATING EXPENDITURE		
478	Parks and Reserves (including Public Conveniences)	500	506
292	Library	281	293
320	Swimming Pools	316	331
139	Pensioner Housing	96	110
45	Halls	44	44
45	Harbour Services	50	45
58	Cemeteries	62	61
173	Other Council Property	132	158
53	Litter Control	52	55
90	Security Patrol	96	92
-	Community Max	-	169
68	Sport Waikato	73	69
1,761	TOTAL INCOME	1,702	1,933
(113)	NET COST OF SERVICE	121	27



REGULATORY SERVICES

Building Control

The rationale for this group of activities is to safeguard people and property by monitoring, inspecting and controlling all building construction and modifications in accordance with the Building Act 2004.

Key Building Control Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
The Council processes, inspects and certifies work in Otorohanga District	The Council remains a Building Consent Authority to help ensure buildings are safe	Otorohanga District Council maintains its processes so that it meets BCA accreditation every two years	Yes	-	Not measured
	The Fencing of Swimming Pools Act is enforced	A Pool Register and a system of regular and recorded pool inspections will be in place by December 2009. Thereafter the Register and process will be audited annually.	New Measure	Register & Inspections in place	Register & Inspections in place
Building consent applications are processed within 20 working days as required by Sec 48 of the Building Act 2004	Council certifies all consented building work complies with the building code – ensuring our communities are safe	All consents will be processed within 20 working days and the average time to process a building consent will not be more than 10 days	100%	100%	99%

Inspection

Council is registered by the Department of Building and Housing as a Building Control Authority pursuant to the requirements of the Building Act 2004 and associated regulations. The assessment of the BCA functions in the biannual audit by IANZ covers all aspects of plan review and building inspection.



Enforcement

A process to manage complaints and breaches of the Building Act is one of the matters assessed by the IANZ audit. Registered BCA are assessed as having processes that meet a minimum standard as detailed in the regulations. All this information can be viewed on our Building Control database. Council maintains a register of all building related complaints received.

Planning and Development

This activity exists as a result of the statutory requirements of the Resource Management Act 1991. Under this Act Council is required to promote the sustainable management of natural and physical resources and to enable people and communities to provide for their social, economic, and cultural well-being.

Key Planning and Development Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
All resource consent decisions will be notified within the time limits of Sec 115 of the Resource Management Act 1991	Efficiently processing resource consent applications enables the Council to regulate land-use activities consistently with its District Plan (Landuse regulations), demonstrating that the Council values the natural environment	The time to process non-notified land use and subdivision consents will be no more than 20 working days	100%	100%	86%
		All decisions are prepared, signed and mailed to applicants within three days of the signing of the Planner's Report and Recommendation.	< 3days	< 3days	Not achieved
Good advice will be delivered to help people understand the District Plan rules	Good advice from the Council, in accordance with the District Plan, will contribute to ensuring that growth and development is managed appropriately and that the natural environment of the District is treated respectfully	Develop process maps and instructions for the Resource Consent application, assessment and issuing procedures. Draft process maps to be completed by June 2010. Procedures to be audited annually.	New Measure	Completed June 2010	Not completed.



Non-notified Consents

A number of non-notified consent during the year were not processed within the 20 working days guideline. These were usually where the work was being handled by outside consultants, and there were delays in the delivery of documents between Council and these outside consultants.

Decisions

There were a number of decisions that were not sent off to applicants within three days of signing as per the performance measure. In these few cases it was a result of staff resource issues.

Process Maps and Instructions.

These were not completed by 30 June 2010 as planned. This was due to staffing resource issues as a result of the District Plan review process. The present plan is to complete these by 30 June 2011.

Inspection

Council officers conduct site inspections and review information provided by the applicant to ensure that all conditions imposed on subdivision consents are complied with before the final S224 certificate is issued.

Performance bonds are taken from consent applicants who are granted land use consents to relocate dwellings in the District. Buildings are inspected to ensure completion before the bonds are refunded.

Council does not employ staff to monitor consent conditions. Enforcement matters are generally complaint driven. For land use consents that may require long term monitoring, a condition of consent is set allowing Council to recover actual and reasonable costs for monitoring consent conditions.

Enforcement

Enforcement action is taken following receipt of a genuine complaint or when Council is advised of a breach of District Plan rules. There is a procedure for escalated response to such breaches, starting with a basic warning letter (ie cease and desist) moving up through Abatement Notices, Enforcement Notice, Infringement Notice and finally Court Action.

A complaints register is maintained of complaints received.

Council delegations require any information laid under the Summary Proceedings Act to be approved by Council.



Civil Defence

The rationale for this activity is to fulfil Council's legal obligation under the Civil Defence Emergency Management Act 2002 and to fulfil the Community's expectation that this service will be provided.

Key Civil Defence Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			2	2	2
People are prepared for a civil defence emergency	This service means the Council has a direct role in ensuring communities are prepared for emergencies	Formal training exercises are conducted each year	2	2	2
		The Civil Defence action team comprising key staff will meet at least once between formal exercises to ensure preparedness and training schedules are maintained.	New Measure	Once between exercises	Once between exercises

Dog Control

The rationale for this activity is to service the Community's expectation for health, order and safety and to meet the Council's statutory obligations under the Dog Control Act 1996.

Key Dog Control Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			New Measure	<5%	<5%
Dogs roaming outside property boundaries and on public reserves will be impounded. The dog control officer responds to public complaints about roaming dogs and uplifts and impounds dogs found wandering the streets. Regular patrols are carried out in urban areas	Through this service, the public feel safe from roaming dogs	Percentage of dogs impounded	New Measure	<5%	<5%
		Complaints about roaming dogs that are responded to	100%	100%	100%



Stock Ranging and Impounding

The law relating to the establishment and management of public pounds, trespassing and wandering stock, and the impounding of stock provided under the provisions of the Impounding Act 1955.

Key Stock Ranging and Impounding Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			100%	100%	100%
Wandering animals are removed from roadways, public places and private property.	Public safety is enhanced because wandering animals are removed from roads and public places.	Calls about stock wandering on roads are actioned immediately. Response time depends on location of stock and travelling times			

Environmental Health

The rationale for this group of activities is to fulfil Council's duty to provide Environmental Health services to meet the requirements of the Health Act 1956, Local Government Act 2002 and Resource Management Act 1991.

Key Environmental Health Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			100%	100%	91%
Cases of communicable disease that are notified to the District Health board are referred to the Environmental Health officer for investigation. The affected family is interviewed and good hygiene practice is discussed. The outcome of the interview is reported back to the DHB	The cause of communicable disease is identified and further transmission of the infection is avoided	All communicable disease reports received from the District Health Board are investigating within 5 working days. The result of the investigation is reported back to the Medical Officer of Health no later than 7 working days from receiving the report.			
All premises in the District that prepare food for sale receive at least one	Having healthy food services, helps achieve safe	All premises in which food is sold or processed, hold a current	100%	100%	100%



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
annual inspection to check for compliance with the food hygiene regulations	communities	licence.			
		All licenced premises receive at least one annual inspection. All inspections recorded in the NCS database.	1	1	All licenced premises received at least one inspection during the year.
All premises in the District that sell liquor are inspected annually to ensure the operations comply with the provisions of their liquor licences. Managers of these premises are required to hold current managers certificates.	The Council will help to achieve safe and healthy communities through preventing bad behaviour as a result of liquor supply	A liquor licence is held in respect of all premises at which liquor is sold or supplied, and every premise licensed for the sale or supply of liquor is managed by an appropriately qualified person	100%	100%	100%

Communicable Diseases

During the year two cases reported were not followed up within the timeframes identified. In both these cases the delay was due to the cause of the disease being believed to be the water supply, and a delay occurred while waiting for the results of the water testing to be returned.

Trade Waste Licenses

Council's Trade Waste Bylaw was adopted to regulate excessive or unauthorised discharges into our stormwater and sanitary sewer systems. Such discharges have the potential to overload the treatment system or damage the piped network. Public health risk is a secondary consideration of this bylaw.

Rural Fire Control

Council provides a Rural Fire Service to fulfil its obligations under the Forest and Rural Fires Act and the Fire Service Amendment Act. The public's expectation is Council will provide rural fire protection and fire prevention services.



Key Rural Fire Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
To provide a rural fire service to meet the requirements of the Forest and Rural Fires Act and Regulations.	Aid in the reduction of uncontrolled fires and reduce the cost of rural fires to the ratepayers which will ensure that our essential services and the environment are protected.	Permits are to be issued within 3 working days Annual Restricted Fire Season.	>90%	>90%	The performance measure in the LTCCP is for 90% of permits to be issued within 3 working days during the annual fire restriction season. 96 permits were issued throughout the 2009/2010 fire season. Of those permits there were 83 permits issued within the 3 working days period which equates to 86%. Of the remaining 14% there were 3 permits issued outside the required time frame and 10 requests where there are no records of a permit being issued. Records cannot confirm if a permit was still required or the application withdrawn. With the dry summer, the restricted season was extended from 31 March to 30 April with the possibility of a further extension.
		Recovery of the costs of fires from those responsible for lighting fire or their insurers.	>90%	>90%	Only one chargeable fire occurred. The Purdie property fire on Puketawai Road was paid in full on 14 July 2010
		Review of the rural fire plan contact details annually and full review 2 yearly by 30 September	New Measure	Contact Details	Update of contact details completed and Rural Fire Plan 2009/10 prepared in September 2009. The revised document was sent to the National Rural Fire Authority by the 30 September 2009.



**Statement of Cost of Service - Regulatory Services
For the Year ended 30 June 2010**

2009		2010	2010
Actual		Estimate	Actual
\$		\$	\$
	OPERATING REVENUE		
723	Activity Revenue	641	512
-	Targeted Rates	-	-
-	Development Contributions	-	-
547	General Rates	506	722
216	Other General Sources	245	277
1,486	TOTAL OPERATING INCOME	1,392	1,511
	OPERATING EXPENDITURE		
473	Building Control	447	526
527	Planning & Development	310	354
41	Civil Defence	46	42
112	Dog Control	118	143
10	Stock & Ranging & Impounding	7	6
111	Environmental Health	103	113
38	Rural Fire Control	49	46
161	Environmental Services Manager	282	289
1,473	TOTAL OPERATING EXPENDITURE	1,362	1,519
13	OPERATING SURPLUS (DEFICIT)	30	(8)



COMMUNITY DEVELOPMENT

Property Development

Council has engaged in this activity to stimulate community growth through provision of sites suitable for residential, commercial or industrial purposes where it has been felt that an adequate resource of such sites has not existed in the market.

Key Property Development Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10 Target	2009/10 Actual
That identified opportunities to address significant perceived shortages in the availability of particular types of property in the District are explored.		Decision making on physical works stage in respect of identified opportunities	New Measure	Decision on Waiwera Street Development by 30 June 2010	Decision on Waiwera Street Development deferred until Resource Consent obtained.

District Promotion

This group of activities is undertaken to:

- a) Assist coordinated multi-agency contributions to the economic vitality of the District that will support local businesses and the general well being and sustainability of communities.
- b) Actively market the District as a good place to visit, and in which to live, work and do business.

Such promotion should be undertaken in a manner that builds upon, the historical, cultural and environmental character of the District.

The District Promotion group of activities is complementary to Council's Property Development activity, in that whilst this helps provide places for new residents and businesses to come to, District Promotion helps provide the incentives for such parties to move to and remain in those places.



Key District Promotion Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10 Target	2009/10 Actual
District is effectively promoted as a place to visit or lie in	Promoting Tourism and higher tourist spending will contribute to a stronger district economy	Total number of visitors to Otorohanga and Kawhia I-sites, previous year to 31 December	12,530	12,500	Otorohanga – 10,587 Kawhia – 3,084
		Total number of visits to otorohanga.co.nz website, previous year to 31 December	87,400	90,000	29,957
Tourism activity in District is supported		Total accommodation guest stay nights in District for previous year to 31 December (Ministry of Tourism data)	36,947	36,947	37,166



Statement of Cost of Service – Community Development
For the Year ended 30 June 2010

2009		2010	2010
Actual		Estimate	Actual
\$		\$	\$
	OPERATING REVENUE		
-	Activity Revenue	-	-
-	Targeted Rates	-	-
-	Development Contributions	-	-
295	General Rates	212	222
-	Other General Sources	-	-
295	TOTAL EXPENDITURE	212	223
	OPERATING EXPENDITURE		
128	Property Development	110	5
150	District Promotion	206	218
278	TOTAL INCOME & INTERNAL RECOVERIES	316	223
(17)	OPERATING SURPLUS (DEFICIT)	(104)	(1)



GOVERNANCE AND LEADERSHIP

Democracy

One of the main purposes of territorial authorities is to enable democratic decision making and action.

At a basic level this involves people being involved in the decisions that affect them. However, effective democracy is about more than Council's decision making; democracy in New Zealand is synonymous with human rights, fairness, justice and equity. This means that everyone should have the same opportunities to achieve their

potential, everyone should be able to participate and be part of our communities, and should have access to recreational, educational and employment opportunities.

Council now has a broader mandate from central government to consider how they meet the needs of the community. A consequence of this is Council's increased responsibility to ensure that the community is well informed and involved in Council decision making.

Democracy activities represent Council's commitment to ensuring equity and positive growth throughout our district. In many cases Council is not alone in seeking to maximise community participation and equity. This requires Council to identify and collaborate with other district, regional and national agencies with similar or complimentary goals.

Governance

What is Governance ?

Governance encompasses providing community leadership, balancing community views, resources and needs to make decisions that are best for the community. Governance focuses on establishing a vision and objectives for the community, and making high-level decisions on policies and actions that will support these objectives.

In the Otorohanga District Council governance functions are undertaken by the elected Mayor, Councillors and Community Board members.

Governance is not about the detailed practical 'hands on' implementation of policies or actions; that is the responsibility of Council's management and staff, who are delegated powers by Council to undertake those duties in accordance with the objectives and policies set by the elected members.



Governance Structures of Otorohanga District Council

Governance of the Otorohanga District is currently undertaken by the persons elected to the following positions:

- A Mayor, elected at large by the residents and ratepayers of the District
- Seven Councillors (two representing the Otorohanga Community Ward and one each for the five rural Wards) elected by the residents and ratepayers of the particular wards.
- Four members of the Otorohanga Community Board, elected by the residents and ratepayers of that community
- Five members of the Kawhia Community Board, of which 4 are elected by the residents and ratepayers of the Kawhia Community, and the other elected by residents and ratepayers of the Aotea subdivision of that community.

Governance Roles of Elected Members

The Mayor and Councillors of Otorohanga District Council collectively have the following roles:

- Setting the policy direction of Council.
- Monitoring the performance of Council.
- Representing the interests of the people of the District
- Representing the District and Council at a wide variety of forums
- Employing the Chief Executive of Council, who in turn employs all other staff on its behalf.
- Making decisions in relation to:
 - Notified Resource Consent applications, with submissions;
 - Matters which involve a financial implication for Council
 - Matters which involve non-urgent enforcement;
 - Notified Resource Consent applications recommended to be declined.
 - A wide variety of other issues relating to the social, environmental, economic and cultural wellbeing of the District.

In addition to performing these duties, the Mayor is responsible for:

- Ensuring the orderly conduct of business during meetings, as determined in Council's Standing Orders.



- Advocating on behalf of the community.
- Acting as the ceremonial head of Council.
- Providing leadership and feedback to other elected members

Community Boards

Community Boards represent the interests of particular local communities which are, in the opinion of Council, sufficiently distinct to warrant additional representation.

Within the Otorohanga District the Communities of Otorohanga and Kawhia have been judged to meet this criterion.

It is the expectation of Council that Community Board members will establish strong relationships with the communities they serve, so that the needs and expectations of the community are well understood.

Based upon the expectation that Community Boards will effectively understand and reflect the needs of their communities, the Otorohanga District Council has delegated a high level of authority to its Community Boards, which is not a common practice in New Zealand.

In particular Otorohanga District Council has delegated to the Otorohanga and Kawhia Community Boards all of Council's functions, duties and powers relating to the following activities in those communities:

Activity	Otorohanga Community Board	Kawhia Community Board
Refuse collection and disposal	✓	✓
Water supply operation and maintenance	✓	✓
Sewerage treatment and reticulation	✓	
Flood protection	✓	
Storm water drainage	✓	✓
Community Property (Buildings)	✓	✓
Housing for the elderly	✓	✓
Security patrols	✓	
Swimming Pools	✓	



Though it is not included in the above delegations, the Otorohanga and Kawhia Community Boards have also traditionally had substantial input into matters relating to Parks, Reserves and Public toilets within their communities.

The above delegations to the Community Boards are subject to the following conditions:

1. The respective Community Account not going into a financial deficit situation without the prior approval of Council.
2. Full allowance having been made for any proposed expenditure in the estimates approved by Council.
3. Compliance with any relevant policies or directions specified by Council.
4. Community Boards are precluded by statute from acquiring, holding or disposing of property.

Community Boards may make recommendations to Council on any matter, and may seek approval for any initiative for which delegated authority has not already been given.

The relationship that Community Boards have with their communities is typically more intimate than that between Councillors and their Wards, but it is expected that all elected members will be aware of the prevailing views amongst their constituents.

Decision Making Processes

Decision making by elected members and Council staff is in accordance with the previous descriptions of governance roles.

Public consultation on specific issues, outside of the routine Council planning processes (such as the LTCCP) is undertaken in circumstances where it is believed that there is a relatively high level of community interest in the issue and potential for significantly differing views amongst community members.

Such consultation is generally conducted in accordance with the Special Consultative Procedure of the Local Government Act 2002.

The financial implications associated with the particular issue is generally not a major factor in determining whether such public consultation is undertaken, since previous experience has shown that there may be substantial public interest in matters that are of little economic value. Very substantial proposed expenditure on any project (greater than 10% of total annual operating expenditure) will however trigger Council's Policy on Significance and an associated requirement for public consultation.



Key Democracy Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
Communicate and consult with the community on key issues	An active supportive community is achieved through the Council providing opportunities for residents and ratepayers to contribute to decision-making processes by providing their community views	Produce six-monthly Council newsletter	2 newsletters per annum	Minimum 2 newsletters per annum	A six-monthly Council newsletter was produced in July 2009 and December 2009
Meet Local Government Act 2002 statutory planning and reporting requirements.	By achieving statutory planning and reporting requirements a high standard of accountability is demonstrated to the community	Draft LTCCP/ Annual Plan to be adopted by 30 June each year Annual Report to be adopted by 31 October each year	100% compliance	100% compliance	Annual Report adopted on 27th October 2009 and Annual Plan adopted on 1st June 2010
Council will make itself aware of community views and have regard to views of its communities.	An active supportive community is achieved through the Council providing opportunities for residents and ratepayers to contribute to decision-making processes by providing their community views	Triennial Residents Survey to be undertaken on community satisfaction relating to delivery of services and Council efficiency	New Measure	Not Measured	Not Measured

Council Support

Council is required by legislation to disperse grants. It facilitates the distribution of funds from Sport and Recreation New Zealand (SPARC) and Creative Communities New Zealand. Local Residents and staff are represented on the distribution committees along with Councillors.

The provision of grants is an integral component of Council's strategy to empower local communities and assist them in achieving their vision and strategic outcomes, by encouraging and rewarding community spirit.



Key Council Support Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
Management and provision of Creative Communities and SPARC funding schemes	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy, active and creative	Distribution of funds to Creative Communities and SPARC funding schemes on application from qualifying organisations	New Measure	> 85% allocated	Creative Arts – 90.2% SPARC – 100%
Management and provision of Otorohanga District Council community funding	The Council supports the development of communities by providing funding to agencies where it sees that such funding will positively support and make our communities more healthy, active and creative and also support the vulnerable and those at risk	Provision of Otorohanga District Council General Grants and ongoing Grants	New Measure	Within annual budget allocation	Actual expenditure for General Grants and ongoing grants was \$93,631 against a budget of \$100,755

Corporate Planning

The Local Government Act 2002 requires every local authority to carry out a process to identify community outcomes – statements of community aspirations for the immediate to long-term future.

The process provides opportunities for people to discuss their desired community outcomes in terms of present and future social, economic, environmental and cultural well-being. The intention is that these outcomes become the basis for increased transparency and accountability by councils and other stakeholders, as a base for improving community well-being and sustainable development.

In addition to developing the community outcomes, Council must identify what it will contribute towards these, along with other agencies within its Long Term Council Community Plan and Annual Plans. Council must monitor its performance and achievement towards these outcomes as well as monitoring the achievement of the community outcomes.



Key Corporate Planning Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			New Measure	Report available in October 2009	Three yearly published report on the progress towards achieving community outcomes was adopted by Council on 8th December 2009
Existing levels of service as identified in Councils triennial survey meets the needs of the community	Having plans in place to ensure growth and change is managed will help ensure our community's vision will happen	A triennial Levels of Service Survey to all affected ratepayers	New Measure	Not measured	Not measured

The LTCCP is required by the Local Government Act 2002 to be produced every three years. There is also a requirement for the Community Outcomes contained in this document to be reviewed and evaluated at least once every six years to ensure that Council plans represent the wishes of the community.

The LTCCP will next be reviewed in the 2012/13 year and will provide a long term focus for the decisions and activities of the Council for the years 2012-2022.

The purpose of the LTCCP is to:

- Describe the activities of the local Council;
- Provide the Community Outcomes of the local Council's district or region;
- Co-ordinate the resources of the local Council and integrate decision-making;
- Provide long term focus for the decisions and activities of the local Council;
- Provide a basis for accountability of the local Council to the Community; and
- Provide an opportunity for participation by the public in decision-making processes on activities to be undertaken by the Council.



Community Outcomes

To comply with the ACT the LTCCP sets out the activities that Council will undertake over the next ten years, the reasons for undertaking these activities, how they might contribute to the achievement of community outcomes, what assets might be required and how these activities will be funded.

Council needs to carry out a public process to identify community outcomes every six years. This will need to be done again as part of the 2012 LTCCP, with Council carrying out a public process sometime in 2010/11. The outcomes process is a multi-organisational community-based process, led by Council. The proposed TAFM bill is signalling changes to the Community Outcomes process with more focus on council contribution to community wellbeing. The impact of this is likely to affect the process/ methodology that Council undertakes to use in identifying Community Outcomes to be included in the 2012 LTCCP.

Policy Development

The purpose of this activity is to formulate strategic direction in all policies, by-law and planning matters. Predominant drivers for policy development stem from legislative requirements. Council is involved in this activity because of public demand and statutory responsibility.

Key Policy Development Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
			100% 2009	100%	No matters for consideration have triggered the significance criteria in accordance with the LGA 2002. All resource management decisions e.g. consents and plan review, made have meet requirements of the RMA 1991



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
Policy development is visible and accountable	Ensures transparency in policy development to provide better information supporting community involvement and awareness	Key draft policy documents subject to consultation are available on Council's website	100% 2008	100% are available by the date of public notification of the policy/planning document	All documentation have been appropriately notified using the Council website, mail outs and public notices
		Environmental Monitoring Reports are published	New measure	No target	Not Measured
Provide location legislation	Put in place management controls that address issues and are consistent with Council policies, Central Government legislation, and which reflect the Community Outcomes	Review of bylaws undertaken	New Measure	No target	Not Measured
Council meets statutory planning requirements	Ensures processes and policies are developed in a consistent manner and reflective of community input	Proposed District Plan to be notified by end of 2009 Calendar year	New Measure	By end of 2009 calendar year	Proposed Plan was not notified December 2009. Plan is subject to meet notification timeline of September 2010.

Planning and Policy Development

Council's key policies are contained within the LTCCP and the routine updating of this plan is the primary stimulus for policy development

Other policies are however developed on an as required basis.

Council has traditionally not had a comprehensive policy framework, having found that a relatively loose framework can provide some flexibility that is beneficial to its customers. Changing statutory requirements and public expectations are however gradually changing this situation.



Iwi Liaison

The purpose of Iwi Liaison is to independently facilitate input from the Maori Community into democratic and community processes. Council has a statutory responsibility for this activity under the Local Government Act 2002 and the Resource Management Act 1991.

Key Iwi Liaison Level of Service Targets

Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
Foster capacity building for Maori to take part in local government processes	<ul style="list-style-type: none"> - Provides opportunity for Maori to be involved and engaged in decision making processes of Council - Provides opportunity for Council policies to address issues affecting Maori 	Adoption of formalised partnerships with Iwi/Maori authorities and groups	New Measure	No Target	Progress on this is being made with an Information Sharing Agreement being put in place between Council and an Iwi Authority
Acknowledge the relationship of Tangata Whenua with the natural environment	Recognise the unique relationship of Maori with the natural environment	Have in place agreed processes of consultation and opportunities for input into consent processes with Tangata Whenua authorities	New Measure	By 30 June 2009	Processes have been agreed with one Iwi Authority. Work is progressing with others. This work is dependent on willingness and capacity of tangata whenua.
Provide opportunities for Maori to be involved in decision-making processes	Ensure Council decisions reflect the Maori history and culture of the district and the unique relationship of Maori with the natural environment	Enter into and obtain resolution regarding options for Iwi/Maori and Council representation	New Measure	No Target	This is a matter that has been identified in the River Settlement processes and as



Level of Service	How it contributes to our community outcomes	How we measure our performance	Baseline	2009/10	2009/10 Actual
		Establishment and operation of representation forum(s) as agreed to by Iwi/Maori authorities and Council	New Measure	No Target	Discussions with some Iwi Authorities have taken place with scope to be agreed to but commitment give further consideration to this matter.



**Statement of Cost of Service – Governance and Leadership
For the Year ended 30 June 2010**

2009		2010	2010
Actual		Estimate	Actual
\$		\$	\$
	OPERATING REVENUE		
100	Activity Revenue	105	52
15	Targeted Rates	16	16
-	Development Contributions	-	-
1,263	General Rates	1,388	1,176
2,870	Other General Sources	2,980	2,974
4,248	TOTAL EXPENDITURE	4,489	4,218
	OPERATING EXPENDITURE		
648	Otorohanga District Council	655	607
125	Otorohanga Community Board	138	117
45	Kawhia Community Board	47	40
132	Council Support	126	121
397	Corporate Planning	196	193
297	Resource Management Policy Development	522	359
2,854	Support Services	2,932	2,908
4,498	TOTAL INCOME & INTERNAL RECOVERIES	4,616	4,345
(250)	OPERATING SURPLUS (DEFICIT)	(127)	(127)



SUPPORTING INFORMATION



EQUAL EMPLOYMENT OPPORTUNITIES POLICY

POLICY STATEMENT

The Otorohanga District Council is committed to supporting the principles of equal opportunity in recruitment, selection, employment, training and promotion.

The policy of the Council is to ensure that no employee, or potential employee, shall gain any advantage or suffer any disadvantage by reason of their race, colour, ethnic or national origin, gender, marital status, sexual preference, age, religious or political beliefs, or personal disability where said disability is irrelevant to an individuals ability to carry out the job.

This policy will remain consistent with:

- Good personnel policy and practices.
- The Human Rights Act 1993.
- Employment Contracts Act 1991.
- Local Government Amendment Act (No.3) 1996.

Council is committed to a programme of action to ensure its activities are carried out without discrimination.



AUDIT REPORT

Deloitte.

AUDIT REPORT

TO THE READERS OF OTOROHANGA DISTRICT COUNCIL'S FINANCIAL STATEMENTS AND SERVICE PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2010

The Auditor-General is the auditor of Otorohanga District Council (the District Council). The Auditor-General has appointed me, Graham Naylor, using the staff and resources of Deloitte to carry out the audit on her behalf. The audit covers the financial statements, the service performance information and the District Council's compliance with the other requirements of Schedule 10 of the Local Government Act 2002 that are included in the annual report of the District Council for the year ended 30th June 2010.

Unqualified opinion

In our opinion:

- The financial statements of the District Council on pages 10 to 54:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the District Council's financial position as at 30th June 2010 and
 - the results of its operations and cash flows for the year ended on that date.
- The service performance information of the District Council on pages 62 to 119:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the District Council's levels of service performance for the year ended 30th June 2010 including:
 - the levels of service performance as measured against the intended levels of service performance adopted in the long-term council community plan; and
 - the reasons for any significant variances between the actual service performance and the expected service performance.
- The District Council has complied with the other requirements of Schedule 10 of the Local Government Act 2002 that are applicable to the annual report, and that are included in the District Council's financial statements and service performance information.

The audit was completed on 5th October 2010, and is the date at which our opinion is expressed.

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

Basis of opinion

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



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

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

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

Audit procedures generally include:

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

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

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

Responsibilities of the Council and the Auditor

The Council is responsible for preparing financial statements and service performance information in accordance with generally accepted accounting practice in New Zealand. The financial statements must fairly reflect the financial position of the District Council as at 30th June 2010. They must also fairly reflect the results of its operations and cash flows for the year ended on that date. The service performance information must fairly reflect the District Council's levels of service performance for the year ended 30th June 2010.

The Council is also responsible for meeting the other requirements of Schedule 10 of the Local Government Act 2002 and including that information in the annual report. The Council's responsibilities arise from section 98 and Schedule 10 of the Local Government Act 2002.



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

Independence

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

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

Graham Naylor

DELOITTE

On behalf of the Auditor-General
Hamilton, New Zealand

Matters relating to the electronic presentation of the audited financial statements and statement of service performance

This audit report relates to the financial statements and statement of service performance of Otorohanga District Council for the year ended 30 June 2010 included on the Otorohanga District Council's website. The Otorohanga District Council's Councillors are responsible for the maintenance and integrity of the Otorohanga District Council's website. We have not been engaged to report on the integrity of the Otorohanga District Council's website. We accept no responsibility for any changes that may have occurred to the financial statements and statement of service performance since they were initially presented on the website.

The audit report refers only to the financial statements and statement of service performance named above. It does not provide an opinion on any other information which may have been hyperlinked to or from the financial statements and statement of service performance. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the audited financial statements and statement of service performance and related audit report dated 5th October 2010 to confirm the information included in the audited financial statements and statement of service performance presented on this website.

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



APPENDIX 1: COMMUNITY OUTCOMES PROGRESS REPORT

November 2009

In 2004 Otorohanga District Council consulted with its communities in respect of the desired outcomes of those communities. This was undertaken in accordance with the requirements of section 91 of the Local Government Act 2002. The identified desired outcomes were subsequently reflected as 'Community Outcomes' in the Long Term Council Community Plans (LTCCPs) of Council for the 2006-16 and 2009-19 periods.

This report outlines the progress made by Council towards achieving these 'Community Outcomes' up to November 2009, in accordance with the requirements of section 92 of the Act.



Background

Council undertook an initial community outcome identification process in 2004, at which time there was limited guidance available on how best to conduct the process.

A decision was made that consultation in respect of community outcomes should be relatively unstructured, so that residents would be able to fully express their views. This approach resulted in an extensive and detailed list of desired Community Outcomes, which are presented in Appendix 1.

A wide range of associated strategies and actions towards the achievement of these outcomes was identified, and these are also presented in Appendix 1.

At a broad level good progress has been made towards these outcomes, but at an individual outcome level progress has been variable. Such variations in progress towards individual outcomes in part reflects the fact that the outcomes adopted were so numerous (62 outcomes and over 150 associated strategies or actions) and diverse in terms of direction, specificity, resource requirements and the ability of Council to exert control.

Because of the issues relating to the form of the existing community outcomes, progress reporting against these outcomes in this document has been limited to a relatively high level, based upon progress against overarching groups of individual outcomes; for example the following five individual desired outcomes have been assigned to a single group:



Individual Community Outcomes:

Pedestrian's and motorists' safety in the main street is addressed
Footpaths and other walking areas are safe for pedestrians
Otorohanga is a safe environment to live and play
Zero tolerance to drugs is promoted in Otorohanga
That rural communities are aware of civil defence procedures

These outcomes are collectively grouped as **Outcome Group 1**

With the overarching principle **'Otorohanga is a safe place to live'**

The following sections present reports of achievement against such Outcome Groups, as listed in Appendix 1. These reports take the form of a brief assessment of overall progress towards the outcomes in the group, followed by any significant examples of achievement (or lack of achievement) in respect of particular desired outcomes within the group.

This report does not attempt to address each of the outcomes or strategies / actions that were originally defined, as this would result in a large and potentially incoherent document that would be unlikely to be beneficial in terms of community engagement or effective management.

Future Identification of Community Outcomes

It is now believed that the form of these existing community outcomes does not align well with the role of Council, and is not particularly effective in assisting Council to fulfil the expectations that District residents generally have of it, which typically relate to efficient delivery of traditional 'core' Council services.

Section 91 of the Local Government Act 2002 requires that a community outcomes identification process is conducted every 6 years, and as such this process is due to be carried out by 2010, unless there is a change of legislation before that time, as has been signalled by central government.

If a further Community Outcomes identification process is required to be conducted it is envisaged that this process will be significantly more structured than that carried out in 2004, with the intention of producing a new set of community outcomes against which Council and other agencies can more easily contribute in a tangible and measurable manner.





Progress Reporting - Outcome Group 1

Overarching Principle: Otorohanga is a safe place to live

Areas of Focus for this Outcome Group

The primary focus of this outcome group is primarily on traffic and pedestrian safety, with use of drugs, dog control and civil defence as other relevant 'safety' related aspects.

Overall Progress

It is believed that residents of the District generally perceive that it is a safe place in which to live and work.

There are significant variations in respect of assessments of traffic and pedestrian safety within the Otorohanga District. This is in part due to the relatively small size of the district, and associated limited volume of accident statistics. When accident rates are based on very small numbers of accidents, just one or two additional accidents - which may be matters of chance - have the potential to significantly change these rates despite there being no real fundamental change in the real safety of roads or road users.

For example on Council's rural roads accident and casualty rates in 2008 were below the national average for comparable Districts, but on urban roads and state highways these rates were very high in comparison to national data, resulting in an overall accident rate approximately 25% above the national average. Pedestrian accident rates in 2008 were however very low.

Only a relatively low proportion of accidents are however due to factors related to the road, with most attributable to poor driver behaviour, which is not easily influenced by Council. Despite the apparent limited influence of road factors on accidents, Council and the New Zealand Transport Authority have continued with progressive safety improvements.

Council and community awareness has been improved in relation to matters of civil defence, dog control and drug use, though it is recognised that the latter is a significant problem that may benefit from greater collaboration between Council and the NZ Police.

Crime rates in the area serviced by the Otorohanga Police station are low, at approximately half of the national average.

Specific Positive Progress Examples

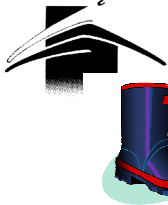
- Continuing program of safety improvements to local roads, state highways and associated footpaths
- Developed an improved prioritisation process for construction of new urban footpaths
- Pedestrian casualty rates in the District are very low relative to comparable national data, and show a trend of decline over the last 10 years
- A review of Otorohanga CBD safety was conducted, resulting in various minor safety improvements, including enhanced disabled access.
- Very few recent accidents in Otorohanga main street area, and none of high severity
- Improved Council involvement in regional Civil Defence matters, including multi-agency exercises to increase community awareness
- Dog exercise area created adjacent to Waipa River



Areas of Limited Progress

- Motorcycle casualty rates have significantly increased in the District over the last 10 years, well in excess of the national trend, though the small total number of accidents concerned does create a possibility that this result may be a statistic aberration, rather than a real indicator of a problem.
- Urban traffic accident rates have been progressively increasing over last 10 years. This appears to be attributable to poor driver behaviour rather than road factors, but again the relatively small number of accidents concerned leaves the possibility of statistical aberration.
- No progress made in respect of improved pedestrian access to Progress Park - costs of railway underpass or overpass considered prohibitive.
- More active enforcement of traffic bylaw provisions in Otorohanga trialled, but abandoned due to limited benefit and high cost.





Progress Reporting - Outcome Group 2

Overarching Principle: Ensure services and facilities meet the needs of the community

Areas of Focus for this Outcome Group

The focus of this outcome group is on the adequacy and availability of infrastructure and services, including those provided by Council and other agencies.

Overall Progress

Council has continued to maintain strong emphasis on the efficient and cost effective delivery of Council administered services such as roading, water supply, parks, rural halls, libraries and housing for the elderly to the broadest practical range of residents.

Recent surveys of customer satisfaction conducted by Council in respect of these activities have indicated that a large majority of residents (upwards of 90%) are satisfied with the levels of service provided, and do not wish to pay for improved services.

Council recognises the importance of other non-Council services such as education, health, social workers, police and fire to the long term wellbeing and sustainability of its communities, and also the importance of non-Council infrastructure provision such as communications, power supply, housing and public transport

It is however recognised that there is limited potential for Council to influence these activities beyond providing informal support for local providers and adopting an advocacy role on key issues.

Specific Positive Progress Examples

- Extensive investigation and Council policy development conducted to ensure long term adequacy of local road network
- Completion of Westridge subdivision by Council to provide additional house building opportunities
- Significant upgrading of Council's pensioner housing completed
- Continuing adequate funding for maintenance and replacement of key Council infrastructure
- Ongoing minor improvements to Council parks and reserves
- Adequate local police presence in the District, with rates of reported and unresolved crime in the District significantly below the national average
- Effectively governed schools throughout the District with relatively stable student rolls
- Recent provision in Otorohanga of a range of extremely successful youth training initiatives, with Council's Mayor instrumental in the development and delivery of these services.
- Very good primary health services in Otorohanga and Kawhia, with Council providing some support for these services
- Strong community network in Kawhia
- Council's Sport Coordinator has effectively promoted active living in Kawhia

Areas of Limited Progress

- Continued limited availability of reliable or high speed internet in rural areas
- There has been a further decrease in the availability of school bus services
- No apparent potential for economic extension of public transport services
- Affordability of living in Kawhia has declined, due to property market movements and limited community growth that would expand the rating base and spread costs more broadly.



Progress Reporting: Outcome Group 3

'Provide for the unique history and culture of the District'

Areas of focus for this Outcome Group

The primary focus of this outcome group is recognising, preserving and enhancing the culture and history of the District, in respect of both Maori and non-Maori. Providing support for the arts has also been included in this group.

Overall Progress

Significant progress has been made in relation to some aspects of this outcome group, but achievement has been limited elsewhere, in part due to a further increased focus of Council on its core business, necessitated by the current challenging economic environment.

Specific Positive Progress Examples

- Significant progress has been made towards establishing an agreement with Te Runanga o Ngati Hikairo in respect of heritage information management, and there is considered to be potential for this to be used as a template for similar agreements with other iwi groups.
- Work has been conducted, through the District Plan Review, towards improved definition and protection of historically and culturally significant trees in the District.
- Minor physical works have been completed to protect the Culturally important Te Papa o Karewa tree in Kawhia.
- Kawhia street sign design revised to incorporate Maori Queen's insignia.
- Continued growth of the Kai Festival in Kawhia
- There has been development of an arts community in Kawhia, through provision of training opportunities and exhibitions.
- An Arts Centre has been established in Otorohanga
- Continued Council support (through the Otorohanga District Development Board) for the activities of Project Kiwiana, the success of which was reflected in Otorohanga being judged as the best community of under 10,000 population in the 2009 Keep NZ Beautiful / 4 Square Best Town Awards.

Areas of Limited Progress

- Practice of having regular Council meetings on Marae not being pursued.
- Decision made by the Kawhia community against adoption of a formal town theme.
- Development of a structure plan for Kawhia not pursued because of apparent very limited range of potential community development options.





Progress Reporting: Outcome Group 4

'Promote the local economy and opportunities for sustainable economic development'

Areas of focus for this Outcome Group

The focus of this outcome group is on the provision of infrastructure, policies, promotion and human networks which will collectively contribute to enhanced and sustainable business and employment within the District

Overall Progress

Council recognises the importance of economic development, and endeavours to make the District 'business friendly', enabling positive development where this is appropriate.

It is believed that businesses generally appreciate this, and sound relationships between Council and bodies such as the Otorohanga District Development Board and the Otorohanga Business Association are considered to support this view. As such Council is generally satisfied that it is contributing positively to this outcome group.

Circumstances do however arise when issues such as planning or building controls may create adverse perceptions, particularly where there are conflicting environmental imperatives. Council is mindful of this and such issues are currently the subject of intensive consideration through the current review of Council's District Plan.

Specific Positive Progress Examples

- Council's recognition of the importance of the agricultural sector to the District has been reaffirmed by directions taken within Council's Long Term Council Community Plan and in the current review of the District Plan.
- The Otorohanga District Development Board continues to be very active in a broad range of economic development activities
- Council maintains excellent relationships with a wide range of individuals and groups associated with business activities in the District
- Extensive publicity in respect of Otorohanga's extremely successful youth employment initiatives has significantly raised the profile of the community
- Extensive investigation was undertaken in respect of potential further development of the Otorohanga Kiwihouse
- Council is participating in, and contributing to, a Waikato regional tourism promotion being provided through the Hamilton International Airport, giving the District, and the broader Waikato region a greater international marketing presence.
- Kiwiana branding of Otorohanga continues to be strong, with the recent development of the Ed Hillary walkway further enhancing this theme
- Wahanui Crescent 'Transport Hub' area and railway station building significantly improved

Areas of Limited Progress

- Though the previous population decline has been arrested to some extent, the District is still yet to register positive population growth.
- There are still relatively few local commercial tourism activities that will hold significant numbers of tourists in the District for an extended period.
- There remain significant barriers to economic development in Kawhia.
- No apparent prospect of viable new bus or rail links to communities in the District.
- No emphasis has been placed on promoting the 'Historic Tourist Route' in Otorohanga, and value of the route is being questioned.



Progress Reporting: Outcome Group 5

'Manage the natural and physical environment in a sustainable manner'

Areas of focus for this Outcome Group

The focus of this outcome group is on controlling and managing activities within the District in a manner that will not result in progressive degradation of the environment. This includes both those activities conducted by Council itself, and those activities conducted by others within the District that are subject to the control exercised by Council through its application of relevant provisions under the Resource Management Act.

Overall Progress

There is a continuing strong emphasis on sustainable management by Council, with the current review of the District Plan providing a particular point of focus.

It is recognised that the expectations of the local community and government agencies do change, and that Council policy and implementation methods must be responsive to this. It is believed that Council is demonstrating a willingness to adapt to these changing circumstances, though there may be cases where this may not meet the expectations of some parties.

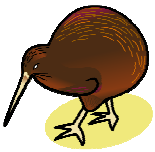
Specific Positive Progress Examples

- Substantial progress has been made towards revising the management of landuse and subdivision through the District Plan review process.
- A comprehensive water management plan has been developed for Kawhia
- Continuing development of reserves in Otorohanga and continuing review of associated landscape plan

Areas of Limited Progress

- Limited progress has been made towards a number of objectives contained in Council's existing Zero Waste Strategy. This is considered reflective of the unrealistic targets contained in that Strategy, the review of which is currently underway.
- Investigation of potential for establishing a reticulated sewer system in Kawhia has been severely constrained by inability to identify potential land for effluent treatment and disposal





Progress Reporting: Outcome Group 6

'Foster an involved and engaged community'

Areas of focus for this Outcome Group

The focus of this outcome group is on engaging more effectively with the various communities in the District, so that residents are adequately aware of, and can provide input on, key local issues associated with Council.

Overall Progress

It is very difficult to effectively assess the level of engagement of communities within the District. Council provides extensive formal opportunities for public input on important matters, but the level of response received is typically very low. The level of informal connection between Council and the communities is considered to be good, but there remain instances where individuals criticise Council's level of engagement on specific minor issues.

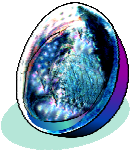
Specific Positive Progress Examples

- Increased opportunities have been provided for public consultation on Council strategic direction through processes associated with the District Plan Review, Council's Long Term Community Plan and associated processes, such as the service level review.

Areas of Limited Progress

- Level of response to the provided formal consultation opportunities is typically very low - commonly less than 5% even for highly significant issues.





Progress Reporting: Outcome Group 7

'Protect the special character of our harbours and their catchments'

Areas of focus for this Outcome Group

The focus of this outcome group is on developing or facilitating policies or actions that will preserve or enhance the positive characteristics (environmental, economic and recreational) of the Kawhia and Aotea Harbours.

Overall Progress

The multi-agency 'Shore Futures' process (managed by Environment Waikato) has provided an integrated framework for the management of the harbours, with a range of potential actions being identified, which if given effect through policies of relevant agencies would contribute towards the achievement of many outcomes within this group.





Progress Reporting: Outcome Group 8

'Recognise the importance of the District rural character'

Areas of focus for this Outcome Group

The focus of this outcome group is on facilitating policies and actions that recognise and support the existing rural character of the District and the associated benefits for residents.

Overall Progress

Particularly strong progress in respect of this outcome group is being made through the ongoing review of the District Plan, with a range of measures under discussion that would enable development within the District whilst ensuring retention of rural character.

Because the District Plan Review is not yet at a final stage, and is still subject to public consultation, it is not appropriate to identify any particular measures as specific 'Positive Progress' examples.

