



**Ōpōtiki District Council**  
STRONG COMMUNITY STRONG FUTURE

# Ōpōtiki District Council 2021/22 Summary Annual Report

June 2023



Summary of the Ōpōtiki District Council 2021/22 Annual Report

# From the Mayor and CE

The past 12 months has been full of challenges particularly with the impact of Covid and storm events experienced within the community. Lockdowns and supply chain delays were particularly difficult to navigate however we were still able to deliver some excellent outcomes for the community.

Council continues to assist the project delivery team with the ongoing construction of the Ōpōtiki harbour Development which is due for completion in late 2023. Te Tāhuhu o Te Rangi construction was completed, and the facility has seen numerous visitors since opening its doors. A range of improvements around the CBD have commenced including the development of lots 9 & 10. The skatepark and Rawinia Rangi Reserve developments were completed and are great open-space facilities with many people utilising them. Numerous Rooding, Wastewater and Three Waters projects were also commenced or delivered. These projects form part of the biggest capital works programme in the history of the council.

At the same time as delivering our major projects, a great deal of time and effort has gone into providing information and submissions on the government's Three Waters reform. We have been united, with Iwi and the community, in our opposition to the reform, and this has been reflected in our submissions. We have still participated in providing information on our Three Waters Assets to the government in good faith.

We are very proud of every local business that has stepped up in some way over the past 12 months to deliver to the projects, or business growth, and of those that have become part of the community and taken on our local people. Our workforce development initiatives, funded by MSD through the Mayors Taskforce for Jobs have supported many into roles and we thank the businesses for working with us for the many successes we have seen.

Overall we think it is has been an incredible year, despite its numerous challenges, and we hope you enjoy reading our many highlights.



**Mayor David Moore**



**CEO Stace Lewer**

## What you'll find in this report

- Message from Mayor and CE
- Non-financial performance overview
- Highlights and significant events
- Where your rates dollar is spent
- Financial reporting and prudence information
- Financial Strategy information
- Finances in brief
- Financial summary
- Summary Accounting Policies
- Summary Audit Report

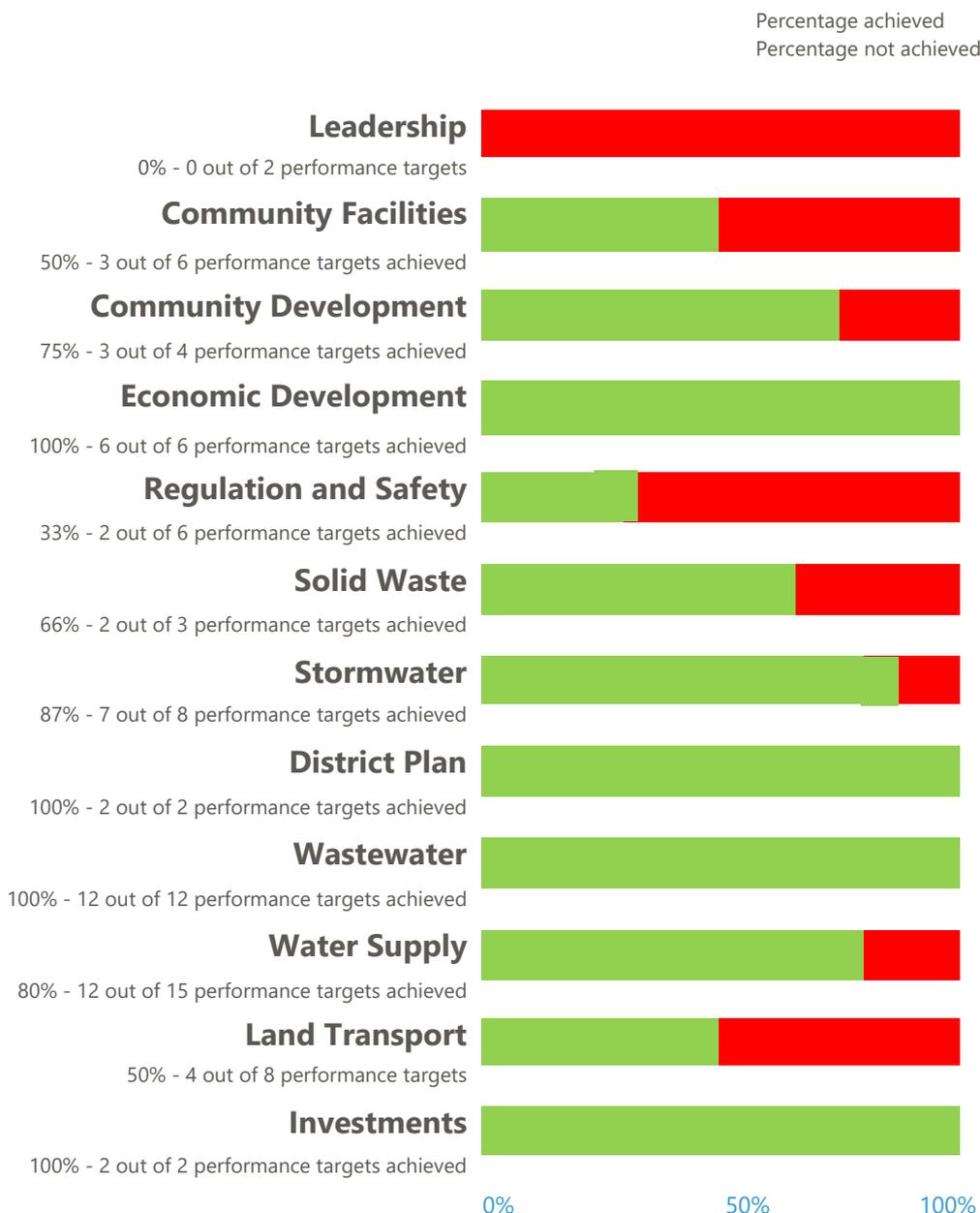
Our cover image: Council staff compete in Waka Ama during Matariki Festival 2022

# Our performance

Our projects and work programmes are contained in 12 groups of activities.

In our Long Term Plan for this financial year we had 74 non-financial performance measures to report on. The measures provide us with targets to meet, covering things such as responsiveness, safety, timeliness, meeting statutory requirements, and compliance. This graph shows the percentage of targets achieved and not achieved under each significant activity. Detailed reporting on the individual measures can be found in our full Annual Report along with information on why some targets were not met in the Activities and Performance section. We also show how our measures help us achieve our community outcomes and what progress has been made towards achieving the outcomes.

\*Our community survey gave us ten of the results recorded here. The 2020-21 community survey was undertaken by a new provider who delivers new data collection methods, deeper insights into respondent behaviours and attitudes, extra technology methods, and enhanced data analysis. With the new methods, we now get more responses from younger residents. A trend seen across New Zealand is that they tend to be less satisfied with Council services. This has meant there is greater variation in the current results than in previous data – the levels against which our 2021-2031 targets were set. Our provider advises comparison to earlier surveys should be treated with caution as the two are statistically different, and the adjustments made this year will allow for a more robust and representative baseline for ongoing surveys.



# Highlights and significant events

## Harbour Development Project

### The walls are nearly complete

HEB to moved onto site in September 2020 and started their enabling works—constructing laydown areas and haul roads and completing dynamic compaction testing.

The supply of nearly 400,000 tonnes of rock to site was concluded in November 2022.

The walls require 12,000 hanbar reinforcing units to protect the walls against wave action. The units were manufactured on site using concrete from Eastern Bay Concrete in Ōpōtiki. The casting was completed in October 2022.

In August 2022 Hinewai, the amphibious excavator, commenced dredging the river and channel. The walls are now nearing completion and focus of the project is moving to stockpiling sufficient sand to close the river and construct a new dune on the western side. River closure works have increased in scale due to the westward drift of the river entrance in recent years. The new harbour channel will be progressively opened during the second half of 2023.



Image: Drone photo breakwater progress 8 March 2023.

## Te Tāhuhu o Te Rangī

### Locals and visitors welcomed into new, larger community hub

Our library has welcomed locals and visitors with open arms into our new and larger community hub to enjoy the shared space and the hospitality provided.

The meeting rooms have been used for many purposes; charity trusts, training providers, hapū and iwi groups, individuals and study groups to name a few.

Our collections continue to reflect the community that they serve and means our members have access to good quality materials. Our physical books, magazines, digital equipment and DVDs are met with a growing selection of

free eBooks, Audios, eMagazines, eNewspapers and eMovies online.

Introducing customers to our Makerspace equipment has grown into a flurry of fantastic projects and has proved to be a space with great educational opportunities.

As the digital world expands into many aspects of our lives, the library's Digital Literacy programme has become a valued vehicle for public service delivery, and contribution to our community wellbeing.



Image: GoodYarn facilitator using our community hub to provide mental health and wellness workshops for our local farmers and their whānau at Te Tāhuhu o Te Rangī.

## **Lots 9 and 10, Church Street commercial development**

### **Laneway to connect visitors to Ōpōtiki's features**

This new two-level tilt concrete panel building is currently under construction and is due for completion in 2023. The Lot 9 & 10 project presents an opportunity to stimulate and attract new activity directly into Ōpōtiki's town centre.

The tenancies will be linked by a northern laneway with accessible entry points, which provides flow through to a service lane at the rear of the site. This connects visitors to Ōpōtiki's wider features such as the new entrance to the cycle trail.

The Laneway building has been designed by award-winning Rotorua firm DCA Architects of Transformation and is currently being marketed for lease by Bayleys Real Estate.



### **Other town centre revitalisation projects**

Additional funding received from the Provincial Growth Fund is being used to remove and replace verandas outside a number of Church Street properties, and refurbish 'Lot 7' - the shop next to Te Tāhuhu o Te Rangi. This work is being carried out in conjunction with the Lots 9 and 10 commercial development construction and is currently being marketed for lease.



Images: Ōpōtiki District Council Commercial Development | Renderings from DCA Architect of Transformation

## **Lighting programme**

### **Woodlands/Hukutaia completion in 2022/23**

Work began on the street lighting infill project after funding was received from Waka Kotahi NZTA and Trust Horizon to complete the remaining street lighting in Ōpōtiki township. The Woodlands/Hukutaia area is to be completed in 2022/23.

## **Road seal extension**

### **Council seal extension policy continues**

In consideration of demand and need for seal extension across the district, particularly where there is an economic benefit, for example, dust suppression around kiwifruit orchards, Council undertakes to seal a maximum of 2km seal extension work should a ratepayer request it and provide 60 percent of the cost.

## Rawinia Rangi Reserve cottage upgrade

### Rose Garden Cottage restored

Rawinia Rangi Reserve playground development was completed July 2021. Although the playground looked fantastic, we still had to renovate the beautiful little building on site, known as the Rose Garden Cottage. The cottage was in desperate need of repair and with funding assistance from PGF the cottage has now been restored to its former glory and we will be working through how it may best be utilised in the future.

Right: Rose Garden Cottage



## Skatepark

### Proving hugely popular and new features being added

The skatepark and adjoining carpark were completed. They are proving to be very popular and additional features have been added to the area including a toilet block, seating, BBQ, shelters, and CCTV cameras. In the next 12 months a new playground will be added along with culture features and signage to promote the area as an entry point onto the Motu trails.



Image: Skatepark and pumptrack

## Walkways/Coastal access

### Further signage and improvements on the way for completed township to pipi beds cycleway

Ōpōtiki District Council and contractors have now completed the cycleway from Ōpōtiki Township to Waiotahi Drifts subdivision and onto Waiotahe Pipi Beds. Further signage and improvements will be made to the look of the trail and almost 15 thousand plants have been

planted within the sand dunes around the trail since work commenced on it.

Horse trail markers have been installed on the stopbanks around Ōpōtiki to show where the horse trail goes.



Image: New cycleway—Waiotahe Beach, Ōpōtiki

## Water Supply

Major works this year included:

- Completion of the upgrade of the watermain in the Hukutaia Dip Road area. This includes hydrants at required intervals for firefighting safety standards
- Completion of the upgrade of the existing watermain from Otara Road to Te Rere Pa Road to service the Te Rere Marae
- Working on plans to install UV treatment at the Ōpōtiki Water Treatment Plant in the 2022/23 year. This is required under the new drinking water standards to disinfect the treated water before it goes into the reticulation system
- Exploring the options of additional water supply sources for the Te Kaha Water Supply system.

## Stormwater

### Planning for construction of storage area and new pump station

Progress has been made towards completing a Comprehensive Stormwater Consent submission. This application was submitted to Bay of Plenty Regional Council (BOPRC) in December 2022.

Council is nearing completion of stormwater pipe upgrades along Richard Street. This has been a large job which included 375m of 1200mm pipe and 210m of 750mm diameter pipe along Richard Street, 124m of 900mm diameter along St John Street and associated manholes.

The completed pipes will be connected into the planned King Street culvert upgrade project. This work is planned for the 2022/23 year.

Following the completion of the stormwater pipeline projects and the proposed King Street culvert upgrade, council has planned to construct a stormwater storage area. This will include wetland near Tarawa Creek flood bank to settle and purify the stormwater collected before pumping into Waioeka River. Council has also planned to construct a new stormwater pump station away from the Waioeka River flood bank.



Image: Laying stormwater pipe Richard Street, Opotiki



## Solid Waste

As of 1 January 2022, Ministry for the Environment made it mandatory for Council's to report on all waste material types received and diverted from landfill for each of our three sites. The need has required Council to improve its data collection methods to meet reporting requirements. There has been another clear increase in waste produced with an estimated 3727 tonnes produced in the 2021/22 year of which Council has diverted 1018 tonnes through various recycling methods. To assist in data collection, Council successfully applied for a grant of \$100k to construct a weighbridge and Council contribution will see a second weighbridge installed at the Opotiki site which will provide consistency in daily operations.

## Asset renewal

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

- ODC completed its annual road surfacing renewals work, resealing roads across the district. Drainage, unsealed road, and sign renewals were completed under the road maintenance contract in line with maintenance schedules and as needed. Some renewal works were deferred to the 2022/23 year to achieve cost efficiencies, these were pavement and footpath renewals
- Various stormwater, wastewater and water supply plant components to ensure optimal operation.

# Wastewater

## Concept design for new screens and aerators completed

Around 1200 tons of sludge from the wastewater treatment pond was removed this year to increase the capacity of the pond and improve the natural performance of the aerobic treatment pond.

Through 2021/22 the inlet works concept design was completed. This sets the stage for the detailed design and construction of a new set of screens at the treatment pond and for installation of aerators to improve the treatment process. The work also considered a range of options for further investigation and design which will be required as council look toward replacing our wastewater effluent disposal consent which expires in July 2025.

We also completed an options and concept design assessment of wastewater infrastructure for the Hukutaia area which has been identified as the preferred future

housing development area. This work was progressed alongside an Infrastructure Acceleration Fund application to central government. This fund supports councils in providing critical infrastructure to support housing development. The grant application was unsuccessful, however the concept design provides a vision for infrastructure into the area and will be picked up as we continue to explore options for providing wastewater infrastructure to the area.

In the next financial year we plan to start further investigations (identified in the design and assessment work listed above) that will take both the consent replacement and growth related projects to their next stages.



Image: Wastewater testing at the top of the Imhoff tank

## Land Transport

The urban street upgrade project was tendered but did not receive enough market interest, so was deferred to 2022/23. It has been combined with other street upgrade sites planned for that year to increase project scale and attract more competition.

**Major Storm Damage:** In October & November 2021, heavy rain and wind caused damage to road assets around the Otara area. Another larger event in February 2022 caused further damage on a more widespread area

across the district. The damages from these events totalled \$545,000 in initial response and repair costs. This work was subsidised by Waka Kotahi NZTA, and additional council funding approved for the repair costs. The works were carried out throughout the remainder of the year by contracting crews, under our road maintenance and emergency works contract. Some of the works were more specialist in nature and required other contractors to work on them.

## Building Control Authority

A total of 171 building consent applications were received in 2021/22. This is a 6% increase in application numbers compared to the previous financial year, and a 40% increase when compared to 2018/19. This increase in consent numbers, has placed a strain on the service particularly given the combined difficulty in recruiting permanent staff and consultants due to the current labour market conditions. However, we have been working hard to improve our processes and efficiency to manage the demand, as well. In the coming year we are expecting to receive over 200 consent applications which further demonstrates the growth and confidence of the development industry in Ōpōtiki.

### Earthquake prone buildings

All territorial authorities are required to report their progress toward identifying earthquake-prone buildings to the Ministry of Business, Innovation and Employment (MBIE) every year for a five year period, as part of the ongoing commitment to identifying and managing them.

Details of building that have been issued with earthquake prone building notices can be found on the MBIE register

Ōpōtiki district is identified as having a 'High' seismic risk, with a Z factor of 0.30 (see Verification Method for Building Code Clause B1-Structure). Territorial authorities that are within a high seismic area had to identify potentially earthquake-prone buildings by 1 January 2020. Ōpōtiki District Council achieved this, and all buildings considered to be earthquake-prone were identified. The building owners were then notified of the legislative requirements, and informed that they are required to provide to Council an earthquake assessment of their building by 31 December 2020. Depending on what each building assessment provides, varying works will be required on each of the buildings. It is the building owners' responsibility to carry out an earthquake assessment, and action any points necessary to address earthquake risk.

We have issued 40 Earthquake Prone Building notices, two have subsequently been removed from the register as they now meet the requirements. This leaves 38 that are still active and are required to achieve compliance by 2029.

## Digital services

We continue to make sure our investments in technology and digital services are carefully targeted to make things quicker, easier, and more convenient for both customers and staff while still meeting auditing, reporting, security and privacy requirements.

In the 2021-22 year we completed the background work on an updated contact and service request system which

strengthens our commitment of keeping the customer at the heart of what we do. The new solution should greatly increase two-way communications between Council and our customers. This system went live in February 2023 and an updated online services portal experience for customers will follow in early May.

# Housing

## Ōpōtiki needs more than 50-75 houses a year

Most estimates show Ōpōtiki needs more than 50-75 houses a year for the next ten years just to deal with the current undersupply and to house those seeking to return home.

Council's role has been to ensure an easy-to-navigate regulatory environment, a District Plan that looks to encourage housing development through zoning, and careful infrastructure planning for growth coming online through many central-government funded projects such as the harbour development. Council has also been meeting regularly with other key agencies such as the Ministry of Social Development, Kāinga Ora, Whakatōhea Māori Trust Board, Te Puni Kokiri and other housing providers.

Kāinga Ora clearly understood the challenges we are facing around affordable and social housing and they committed to a net increase of 20-40 additional houses within the next 18 months on top of an upgrade to existing housing stock.

Kāinga Maha have gained resource consent for 46 housing units on the old Sale Yards site and construction of houses has begun on site.



Image: More public housing is on the way with the sale of part of Council's Wellington Street / Union Street block to Kāinga Ora - Homes and Communities.

## Animal Control

### De-sexing scheme leads to decrease in unregistered roaming dogs

This year 1,511 dogs were registered, a slight increase on the previous year. In terms of dogs impounded, this is significantly less than in the previous financial year, due to the lockdown. The de-sexing scheme over the last five years has contributed significantly to there being less unwanted puppies which in turns leads to a decrease in unregistered roaming dogs. This has resulted in significantly less dogs being euthanised and a higher degree of dogs being rehomed, due to only a few dogs impounded being of dangerous/menacing breed.

We are continuing to work on improving the community's perception of the service through education and making it easier for people to report concerns and problems to us.



Image: The new pound is open

## Civil Defence

### Council works with Emergency Management Bay of Plenty on community preparedness

Recently Emergency Management Bay of Plenty has had a transition of accountability and responsibility from Emergency Management Bay of Plenty to Ōpōtiki District Council. Through this, Council has retained a member from Emergency Management Bay of Plenty, for two days a week, to provide CDEM local community resilience services.

Council is developing and organising a process for engagement in schools with Emergency Management Bay of Plenty to raise awareness and educate students and

families on emergency planning within the district under public education. Council has also undertaken engagement within various Marae in Ōpōtiki, communicating with those Marae spokespersons to ensure they are integrated in to the community response team planning.



Image: Heavy rain event 15 December 2021 - Toone Road, Waiōtahe, Ōpōtiki

## Events

### Working towards becoming a go to destination to celebrate Matariki

Staff planned and delivered two Matariki Festivals in the 2021-22 financial year and pivoted to play a key promotional and event delivery role within the Ōpōtiki Our Way community COVID response team.

Matariki in 2021 was held in July (1-11 July) and 2022 was in June.

For the 2021 Matariki Festival we organised and produced 5 Events and helped to facilitate a four-day wānanga at Waioweka Marae with 50 Future Leaders from all over the country. We also supported and promoted 10 events organised by the community for Matariki.

The 2022 festival ran from 16-26 June and included 5 events run by the i-SITE and 12 events run by the community. The success and uptake of community led events to celebrate Matariki has propelled us towards our goal of becoming a go to destination to celebrate Matariki.

A key highlight has been the regeneration of mātauranga (Māori Knowledge) associated with Matariki through the delivery of events and workshops and gathering of people.

Our normal Summer Festival was cancelled due to COVID restrictions. Instead, the i-SITE supported the Ōpōtiki Our Way vaccine drive through management of social media and promotion and coordination of vaccine events held at various locations around the community.

Ōpōtiki District Council received a *highly commended* at the Local Government Excellence Awards in the Social Wellbeing Category for the Ōpōtiki Our Way – COVID preparedness and response project.

Congratulations to the team on their success in growing Matariki and their role in supporting a nationally recognised community response to COVID.



Image: Community Covid response

# Reforms

## There are significant implications for Council and the communities we serve

Central Government has initiated several reforms affecting local government organisations such as ours. These reforms are occurring at a pace not seen since the wholesale reforms of the late 1980s – and there are significant implications for ourselves and the communities we serve.

### RM Reform

In November 2022, central government proposed to repeal the Resource Management Act 1991 and replace it with three new pieces of legislation. Two of these have been introduced to parliament. They are called the Natural and Built Environments Bill and the Spatial Planning Bill. The Environment Select committee heard submissions in February. ŌDC was part of a combined Bay of Plenty Regional Councils submission, and it can be read online on the NZ Parliament website. The third piece of legislation is called the Climate Change Adaptation Bill, and we are all waiting for this to be introduced which will likely be at the end of the year. All of these bills will have an effect on our District Plan and how this is created: we will keep a close eye on the bills and inform the community of any changes they need to know about.

### Future for Local Government

The Review into the Future for Local Government panel released their draft report in October 2022. The Panel were tasked with looking at how the system of local government and governance needs to adapt and change over the next 30 years, to improve the wellbeing of New Zealand communities and the environment, and actively embody the Treaty partnership. Lots of councils around the country wrote submissions on the draft report, including ŌDC. You can see our submission on the website. The Panel presents their final report to the Minister for Local Government in June, and we will wait to see if any changes to local government follow on from the final report.

### Three waters reforms

Central government's three waters legislation took the next step forward in November 2022 with the Select Committee review of the Water Services Entities Bill completed and recommendations published.

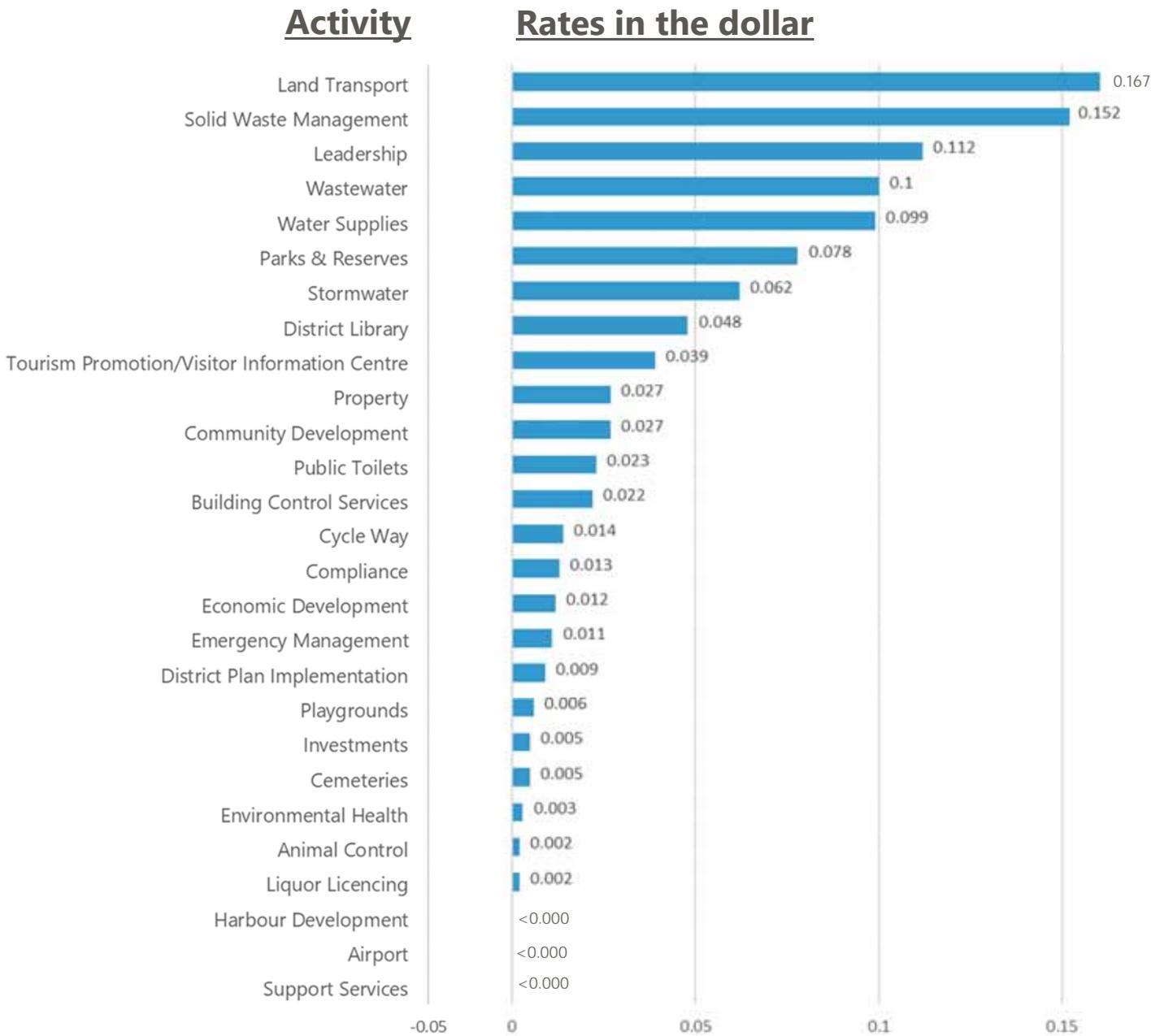
Our council continues to focus on being adaptable to the changing environment, seek benefit from any proposed changes, while continuing to advocate for a local voice. During the year we worked with partner agencies, other local councils and stakeholder groups to call for politics to be taken out of three waters management and to seek a consensus and inclusive approach to water management. This helps ensure we are as well prepared as possible for the outcome of these reforms.

Over the next few years we will need to work closely with iwi, our communities, central government, neighbouring councils and other stakeholders to navigate the reforms and ensure they place our communities in a better position for the future.



Our vision: STRONG COMMUNITY STRONG FUTURE

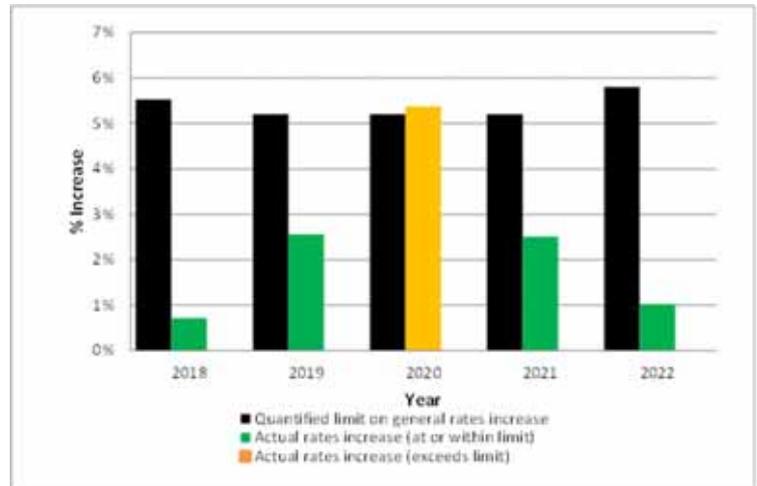
# Where your rate dollar goes



# Financial Reporting and Prudence

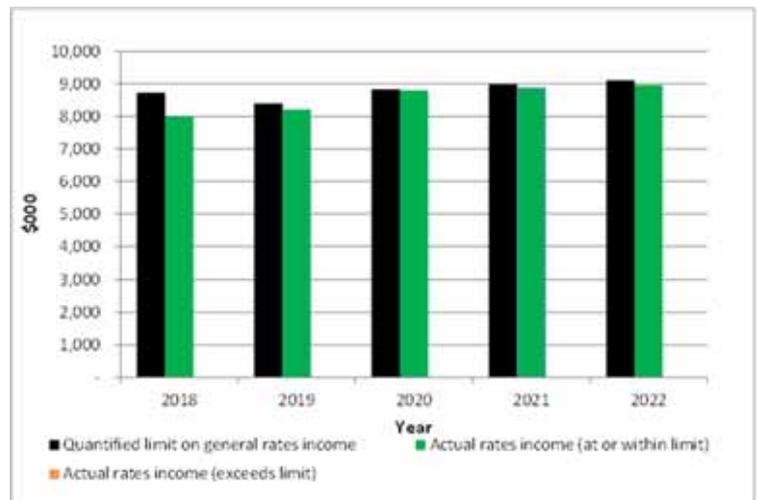
## Rates (increases) Affordability Benchmark – General Rates

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



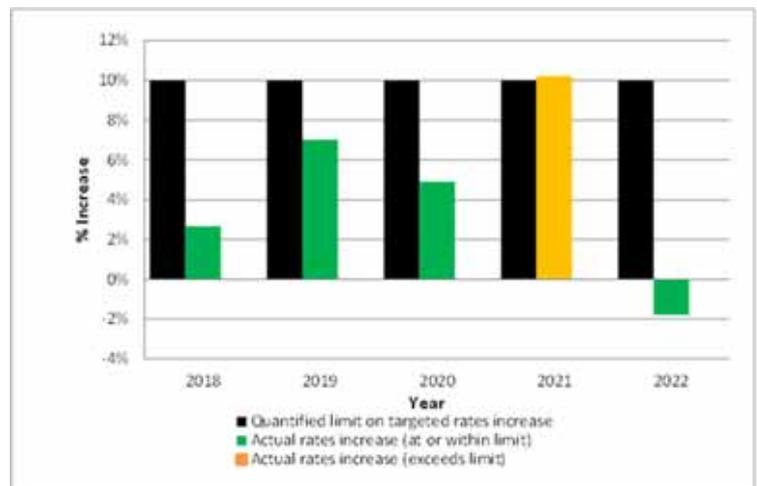
## Rates (Income) Affordability Benchmark – General Rates

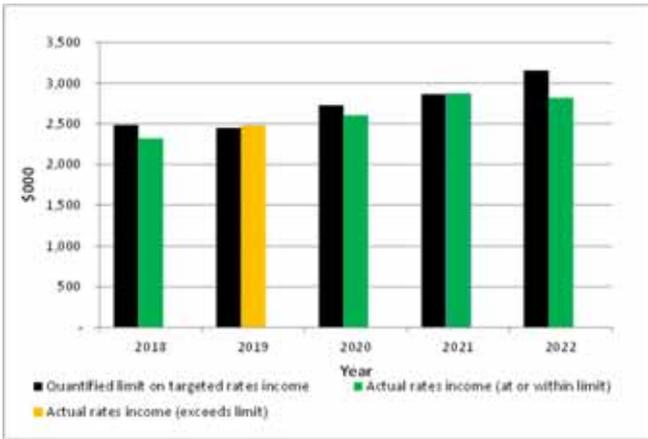
This graph compares the council's actual general rates income with a quantified limit on general rates contained in the financial strategy included in the council's long-term plan. The quantified limit is prior year general rates plus (LGCI plus 3%).



## Rates (increases) Affordability Benchmark – Targeted Rates

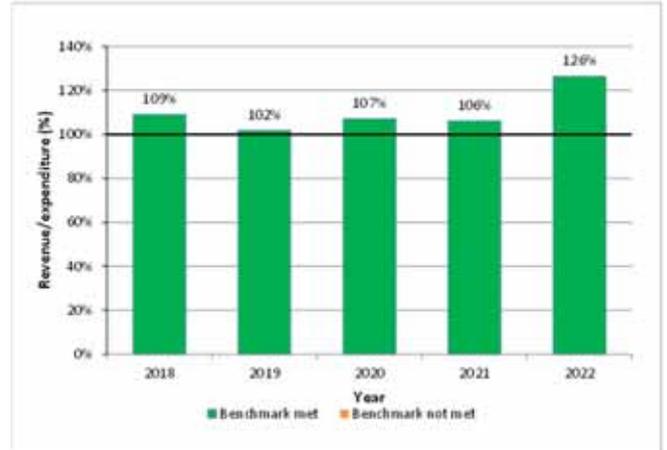
This graph compares the council's actual targeted rates increases with a quantified limit on targeted rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is 10%.





### Rates (Income) Affordability Benchmark – Targeted Rates

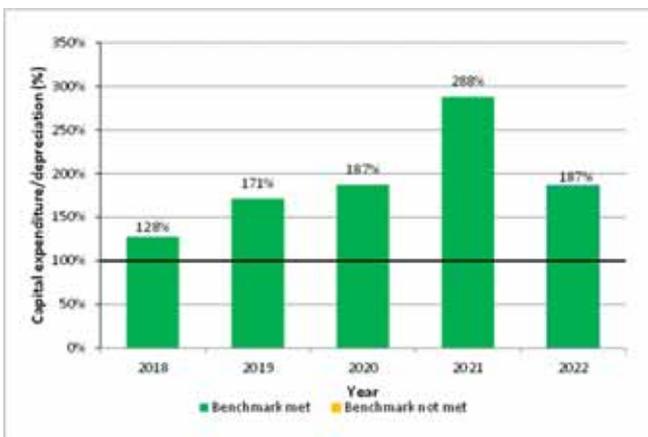
This graph compares the council's actual targeted rates income with a quantified limit on targeted rates income contained in the financial strategy included in the council's long-term plan. The quantified limit is prior year targeted rates plus 10%.



### Balanced Budget Benchmark

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

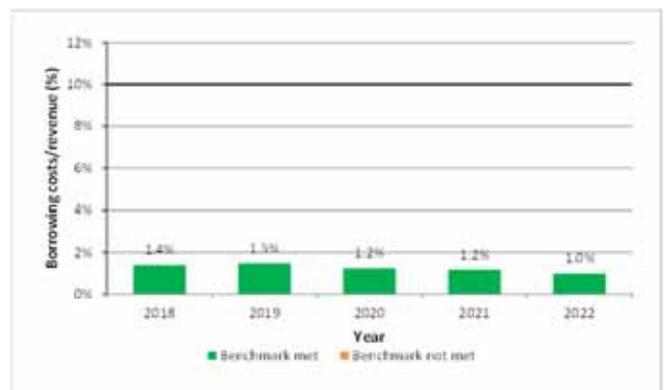
The council meets this benchmark if its revenue equals or is greater than its operating expenses.



### Essential Services Benchmark

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

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



### Debt Servicing Benchmark

This graph displays the Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financials and revaluations of property, plant, and equipment).

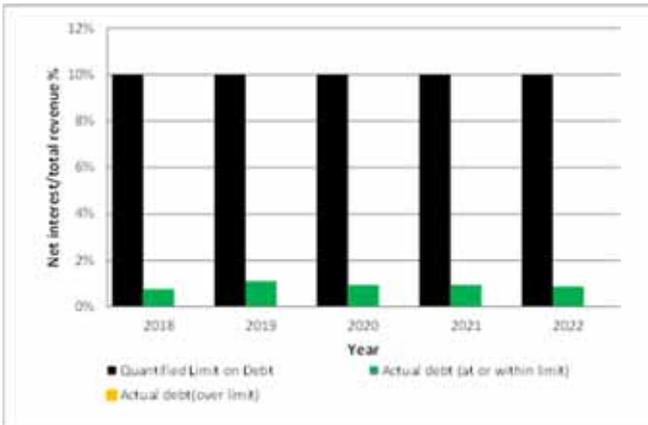
Because Statistics New Zealand projects the district's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

## Debt Affordability Benchmark

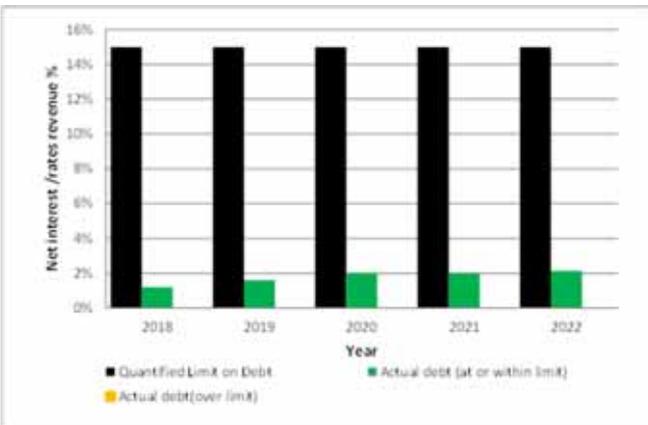
The Council meets the debt affordability benchmark if its borrowing is within each quantified limit on borrowing. The following graphs compare the Council's actual borrowing with the quantified limits on borrowing stated in the financial strategy included in the council's long term plan.

The quantified limits are:

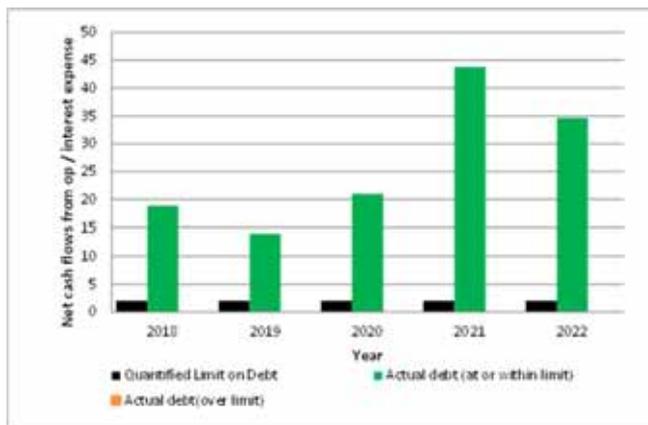
Net interest expense/total revenue less than or equal to 10%



Net interest expense/rates revenue less than or equal to 15%.



Net cash flows from operating/interest expense greater than or equal to 2.

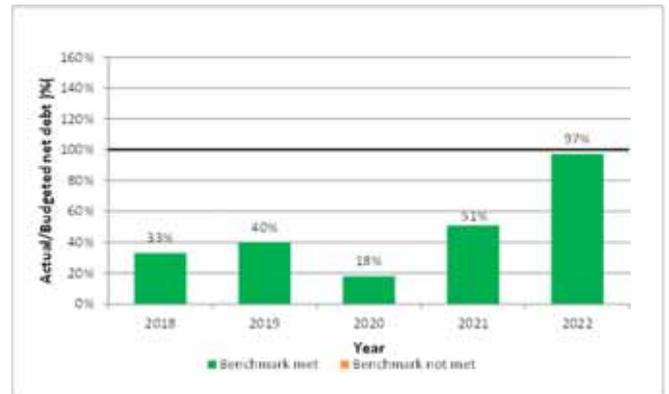


## Debt Control Benchmark

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

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

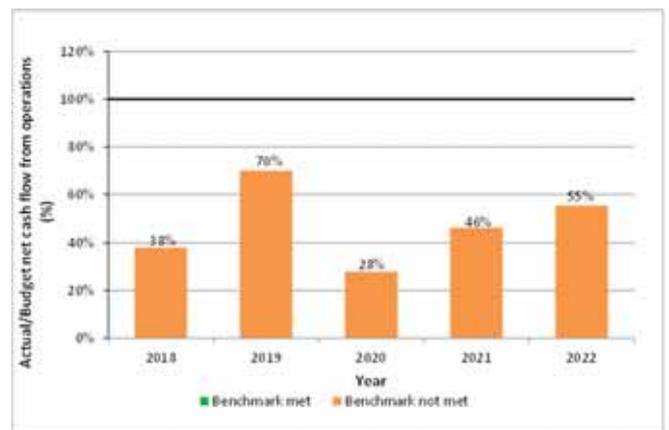
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



## Operations Control Benchmark

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

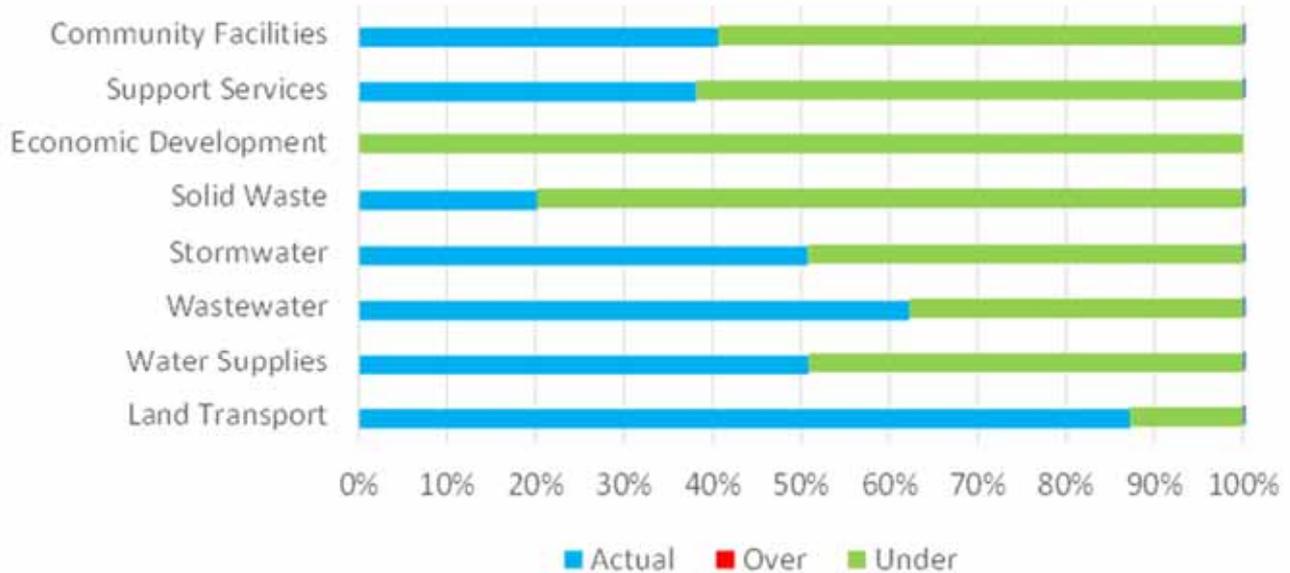
The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cash flow from operations.



# Our finances in brief



## Capital Expenditure by Activity



### Major Variances

**Community Facilities** – Underspent due largely to the ongoing effects Covid-19 disruption has had on supply chain and logistics. These include: skate park and pump track, library development, redevelopment of lots 9 & 10 (Mechanics Institute), CBD enhancement works, cycleway extensions and coastal reserves tourism infrastructure (reliant on external funding).

**Stormwater** – A number of key projects were able to be progressed this year, including the Richard Street gravity main. Progress was also made toward preparing a stormwater catchment management plan for submission to BOPRC as part of our comprehensive stormwater consent. Various projects were impacted by Covid-19 and its effects on resources, supply chain and logistics.

**Wastewater** – Design of the treatment plant inlet works upgrade was completed. Additionally, progress was made towards the options and concept design of wastewater and stormwater infrastructure into the Hukutaia area.

**Water Supplies** – A number of reticulation renewals and improvements were completed during the year, including Dip Rd water main and Terere Pa Rd water main upgrades.

**Land Transport** – The upgrade of Snell Road is a three year project which is planned to be completed by the 2023-24 year. Work on Wainui Road safety improvements was undertaken, while major emergency reinstatement works had to be carried out due to damage caused by severe weather events. Other projects completed during the year include drainage renewals, minor roading improvements, rehabilitation and resurfacing, and footpath renewals.

# Financial overview

Council has been previously very conscious of keeping debt low to allow capacity to invest in the harbour development and the rehabilitation of the towns aging wastewater infrastructure. Now we start to see the organisation position itself for delivery of the harbour development as well as the other government funded recovery projects. Our debt levels have increased from a previously stable \$5 million to \$7 million as we near the end of the wastewater reticulation works. We are now looking further into the future in relation to wastewater and growth.

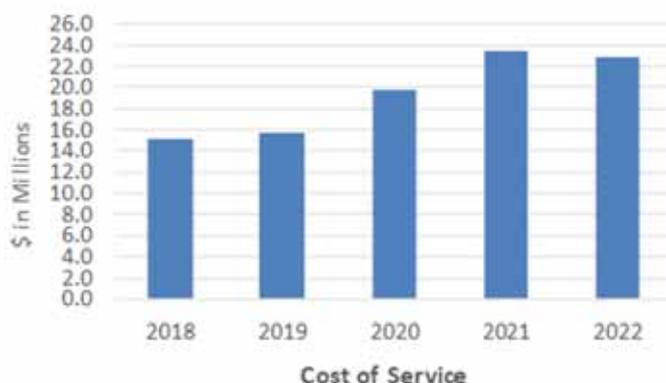
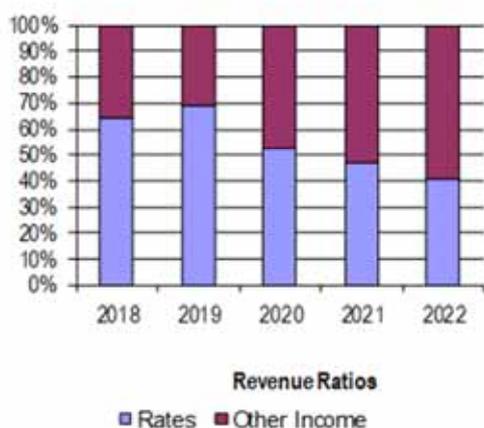
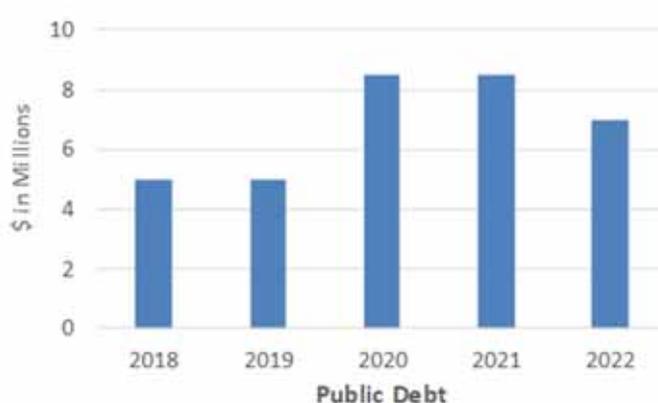
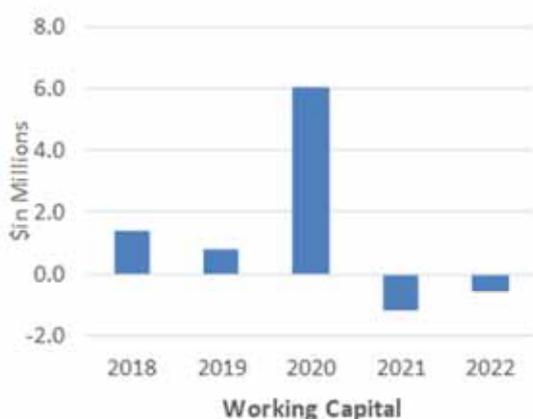
Although the harbour development project is being delivered by central government over three years (scheduled completion late 2023), there will still be an obligation for Council to contribute its \$5.4 million towards the expected funding gap in the earlier years post construction.

Sustainable debt levels and debt management is extremely important to Council and is an area which is managed well. Debt levels for Ōpōtiki are some of the lowest in the country currently and as our financial prudence measures outline are very sustainable in terms of Councils ability to meet its financial obligations.

It does need to be mentioned that the appropriate use of debt means that rates increases can be managed more effectively over a longer term. Take for example

Council undertaking a capital project costing \$100,000. This represents close to a 1% increase in rates if directly rate-funded. But if it was funded by borrowing, then the impact on rates would be a 0.1% increase on rates, meaning we could undertake \$1,000,000 worth of projects for the same rating impact of one \$100,000 project. The use of debt also helps smooth rate increases out between years, by spreading the impact of a large capital project over a number of rating years. This reduces the lumpiness of rate increases of big projects, and also spreads the burden more fairly between current and future ratepayers (who will also benefit from the project).

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



# Financial summary

## Variance Comments

### Income

Overall Council has achieved an operating surplus of \$6 million for the year against a budgeted surplus of \$14.1 million.

Subsidies and Grants are \$4.6 million lower than budgeted for the year due a number of projects being either delayed or deferred as a result of Covid-19 disruption, or where the external funding was unable to be secured.

Fees and charges revenue was slightly down on budget \$89k with the closure of some services during Covid-19 lockdowns.

Other revenue is higher than budget \$746k due to the fair value gain on the revaluation of investment property \$621k. Funding from the Bay of Plenty District Health Board was also received towards the Ōpōtiki Covid-19 response programme.

Development and financial contributions received is \$1.2m favourable due to financial contributions received for future harbour maintenance.

Finance revenue is less than budget \$13k due to lower interest rates than was anticipated. Additionally, available cash is used before any new borrowing is raised.

### Expenditure

Other operating expenditure is \$3.9 million higher than budget for the year, mostly due to the loss on disposal of property, plant and equipment \$3.3m. Other cost variations relate to consultancy and contract costs relating to infrastructure projects (but not capitalisable) and costs which were either partially or fully externally funded (three waters reform, Covid-19 health response, Mana in Mahi cadetship programme, Mayors Taskforce for Jobs programme).

More information about variances in operational expenditure is available at an activity level in the full annual report document.

Depreciation and amortisation is higher than budget \$730k as a result of asset revaluations performed in the previous year being higher than expected.

Ōpōtiki District Council Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2022	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
Total Revenue	28,880	31,847	24,882
Operating Expenditure	22,563	17,441	23,158
Finance Costs	285	314	291
Operating Surplus/(Deficit)	6,032	14,092	1,433
Share of Associate Surplus/(Deficit)	(22)	-	32
Other Comprehensive Revenue			
Gain on Asset Revaluations	70,728	-	8,595
<b>Total Comprehensive Revenue and Expense</b>	<b>76,738</b>	<b>14,092</b>	<b>10,060</b>

Ōpōtiki District Council Summary Statement of Changes in Equity for the year ended 30 June 2022	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
Equity at the Beginning of the Year	251,997	245,870	241,873
Total Comprehensive Revenue and Expense	76,738	14,092	10,060
Transfers to/from Equity	2	-	64
	<b>328,737</b>	<b>259,962</b>	<b>251,997</b>
<b>Equity - Closing Balances</b>			
Accumulated Funds	146,915	160,375	139,609
Asset Reserves	180,010	98,037	110,718
Council Created Reserves	1,812	1,550	1,670
<b>Equity at the End of the Year</b>	<b>328,737</b>	<b>259,962</b>	<b>251,997</b>

Employee benefit costs are higher than budget \$450k. This is due to a combination of: the ongoing disruption Covid-19 had on some operations; some unbudgeted positions being externally funded (government response initiatives), less unfilled positions than was anticipated, and also due to the budget for some non-direct costs (training/recruitment) sitting under other expenses.

Other comprehensive revenue was \$70.7 million more than budget. This is mostly due to the increase in fair value of Council's roading, three waters, cycleways, and land and buildings assets, than was budgeted.

## Statement of Financial Position

Total assets are higher than budget mostly as a result of the movement up in the asset revaluations performed on Council's roading, parks, reserves, land and building assets, than had been budgeted.

Ōpōtiki District Council Summary Statement of Financial Position as at 30 June 2022	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
Total Current Assets	9,806	9,404	14,409
Total Non-Current Assets	334,866	266,726	260,221
<b>Total Assets</b>	<b>344,672</b>	<b>276,130</b>	<b>274,630</b>
Total Current Liabilities	10,375	5,380	15,566
Total Non-Current Liabilities	5,559	10,789	7,067
Total Liabilities	15,934	16,169	22,633
<b>Net Assets/Equity</b>	<b>328,737</b>	<b>259,962</b>	<b>251,997</b>

## Statement of Cash Flows

Net cash from operations of \$9.9 million was lower than the budget of \$17.8 million due to lower operating receipts from subsidy revenue and higher payments to suppliers and employees than budgeted.

Net cash from investing activities of -\$7.5 million was lower than the budget of -\$21.9 million due to the delays and deferrals in capital expenditure as outlined earlier in the report. Some projects were also co-dependent on external funding which was unable to be sourced.

Net cash from financing activities of -\$1.5 million was lower than budget of \$2.2 million as the Council did not draw down on additional borrowings due to various projects not progressing at the rate envisaged.

Ōpōtiki District Council Summary Statement of Cash Flows for the year ended 30 June 2022	Actual 2022 \$000	Budget 2022 \$000	Actual 2021 \$000
Net Cash from Operating Activities	9,869	17,822	7,539
Net Cash from Investing Activities	( 7,475)	( 21,865)	( 6,839)
Net Cash from Financing Activities	( 1,500)	2,210	-
Net Increase/(Decrease) in Cash	894	( 1,833)	700
Cash at the Beginning of the Year	5,258	7,758	4,558
<b>Cash at the End of the Year</b>	<b>6,152</b>	<b>5,925</b>	<b>5,258</b>

## Summary Accounting Policies

The information included in this summary has been extracted from the audited full financial information in the Ōpōtiki District Council 2021/22 Annual Report. It is prepared on an individual entity basis as Ōpōtiki District Council does not have a group. This Summary Annual Report was authorised for issue on 14 June 2023 by the Mayor and Chief Executive of the Council.

The Council's full Annual Report has been audited by Audit New Zealand and an unmodified opinion was issued on 14 June 2023.

The full financial statements have been prepared in accordance with the reduced disclosure of a Tier 2 PBE accounting entity. This Summary Annual Report has been prepared in accordance with PBE FRS-43 Summary Financial Statements.

The approval by the Council on 14 June 2023 of the Financial Statements for the year ended 30 June 2022 is outside the statutory deadline for adoption established by the Local Government Act 2002, which requires that the financial statements are completed and adopted by Council before 31 October each year. This was due to an auditor shortage in New Zealand and the consequential effects of covid-19 including lockdowns.

The presentational currency is the New Zealand Dollar NZD.

## Disclaimer

This document is a summary of the full Annual Report, and as such does not include all of the detail and disclosures of the full Annual Report. It cannot be expected to provide as complete an understanding as provided by the full Annual Report. Copies of the full Annual Report are available from Ōpōtiki District Council Customer Services or Library. It is also available for viewing or downloading from Council's website at [www.odc.govt.nz](http://www.odc.govt.nz)

# Summary Additional Disclosures

## Contingencies

We have no contingent liabilities (2021: \$Nil). We have contingent assets, however these are unable to be quantified (2021: \$Nil).

## Commitments

Council has capital commitments at 30 June 2022 of \$3.48 million (2021: \$1.17m). These relate to capital works for water supply, wastewater, roading and buildings assets.

Council has operating commitments of \$11.1 million (2021: \$13.9m). These relate to non-cancellable contracts that have been entered into during the current financial year. These contracts have the following maturities: less than one year \$5.6m (2021: \$4m); later than one year but not later than five years \$5.5m (2021: \$3.9m).

## Events after balance date

During July and October 2022, the district experienced severe weather events, which affected some of the Council's infrastructure, particularly roading. This caused debris, and damage to roads. The cost of the clean-up, repairs and permanent reinstatement is ongoing but estimated to total \$1.4m once complete.

Council is claiming subsidy through Waka Kotahi NZTA as applicable, which will reduce the overall cost to ratepayers.

## Water service reform

In October 2021, the Government confirmed that it would introduce legislation to create four publicly owned water entities, and that the group's participation in the proposed reform would be mandatory. These entities would own and operate drinking water, wastewater and stormwater (three waters) services across New Zealand. The Department of Internal Affairs was tasked with the successful implementation of these reforms, and would work with the local government sector, iwi, water industry and other stakeholders to ensure a smooth transition to the new arrangements.

Subsequently, on 2 June 2022, the government introduced the Water Services Entities Bill in the House of Representatives.

On the 14th of December 2022, the Bill received its Royal Assent which will see the Water Services Entities Bill create four publicly owned water services from 1 July

2024. Two further bills, The Water Services Legislation Bill and The Water Services Economic Efficiency and Consumer Protection Bill were introduced into Parliament on 8 December 2022. These Bills set out the detailed functions and powers of the new entities and establishes the economic regulation and consumer protection regime, respectively.

On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed.

High level guidance has been issued that outlines which assets would transfer to the new entity. However there is not yet enough clarity to be able to quantify the financial impacts on asset values, revenue and associated debt with any certainty.

Not all of these assets may transfer, particularly assets that are used by other parts of the Council. Other non-infrastructure assets may also transfer.

The fair values of these assets have not been adjusted to reflect the transfer of assets. Once the transfer has been legislated and details around the mechanism for the transfer of the water assets and any compensation has been established, the values of these assets may require adjustment.

## Future for Local Government reform

A Ministerial Inquiry into the Future for Local Government has been established. The overall purpose of the review is to identify how our system of local democracy needs to evolve over the next 30 years, to improve the well-being of New Zealand communities and the environment, and actively embody the treaty partnership. The review will focus on the roles, functions, and relationships on local government, representation and governance, funding and financing. The draft report and recommendations were issued for public consultation on 30 September 2022. The final report is expected to be presented to the Minister and Local Government New Zealand in June 2023. Council will continue to pro-actively explore opportunities and participate in shared services to provide such services cost-effectively. There is the potential of changes within local government that results in a change to the structure and/or services provided by our organisation. While the review could recommend significant change to what local government is and does, there is no information available on the likely direction for the review at this time.

## Independent Auditor's Report

### To the readers of Ōpōtiki District Council's summary of the annual report for the year ended 30 June 2022

The summary of the annual report was derived from the annual report of the Ōpōtiki District Council the District Council for the year ended 30 June 2022.

The summary of the annual report comprises the following information on page 3 and pages 25 to 27:

- the summary statement of financial position as at 30 June 2022;
- the summaries of the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended 30 June 2022;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary of Our Performance information.

#### Opinion

In our opinion:

- the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the annual report; and
- the summary statements comply with PBE FRS-43: Summary Financial Statements.

#### Summary of the annual report

The summary of the annual report does not contain all the disclosures required by generally accepted accounting practice in New Zealand. Reading the summary of the annual report and the auditor's report thereon, therefore, is not a substitute for reading the full annual report and the auditor's report thereon.

The summary of the annual report does not reflect the effects of events that occurred subsequent to the date of our auditor's report on the full annual report.

#### The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2022 in our auditor's report dated 14 June 2023.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to development in the Government's water services reform programme which will affect the District Council in future years. Legislation passed in December 2022 established four publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. A water services Bill to enable the transfer of these assets and liabilities to the water services entities, is currently before Parliament. Until the Bill is passed, the financial impact of the transfer on the District Council, remains uncertain. On 13 April 2023, the Government announced further proposed amendments to the number of water services entities and to stagger their establishment dates starting from early 2025, with all the water services entities to be established by 1 July 2026. The timing of the transfer of assets and liabilities is therefore uncertain until amendments to existing legislation are passed. This matter is disclosed on page 27 of the summary financial statements.

#### Council's responsibility for the summary of the annual report

The Council is responsible for preparing the summary of the annual report which includes preparing summary statements, in accordance with PBE FRS-43: Summary Financial Statements.

#### Auditor's responsibility

Our responsibility is to express an opinion on whether the summary of the annual report represents, fairly and consistently, the information regarding the major matters dealt with in the full annual report and whether the summary statements comply with PBE FRS 43: Summary Financial Statements.

Our opinion on the summary of the annual report is based on our procedures, which were carried out in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in the District Council.



David Walker  
Audit New Zealand  
On behalf of the Auditor-General Auckland, New Zealand  
14 June 2023