



Ōpōtiki District Council
STRONG COMMUNITY STRONG FUTURE

Ōpōtiki District Council 2022/23 Summary Annual Report

November 2023



Summary of the Ōpōtiki District Council 2022/23 Annual Report

From the Mayor and CE

The past 12 months has been full of challenges for the community. The impact of Covid was still felt however thankfully this subsided throughout the year, as the world and country, moved forward following the global pandemic. Inflation and the cost of business-as-usual activities were significantly impacted. Cyclone Gabrielle impacted parts of the district however we were lucky in comparison to other parts of the country. We were prepared for the event with our emergency response team and key stakeholders; Iwi, hapu, emergency services, army and local leadership all playing a part. Although we had our challenges throughout the year, 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 early 2024. Council commissioned a "Benefits Realisation Report" which highlighted the benefit the project is providing the community at the 80% completion point. Significant job creation has been a great result. Numerous projects were delivered including improvements to the CBD with lots 9 and 10 progressing well and other buildings in the precinct being upgraded. The Rose Garden Cottage renovations at Rawinia Reserve are complete with a new roof and a total fit out. Extension to the Motu Trails from Ōpōtiki to the pipi beds is now complete. A major stormwater upgrade along Richard Street was completed and has improved stormwater management within the catchment. Road reseals were completed to improve the condition of our roads. Street lighting improvements were made with infill lighting around the town.

Forming stronger relationships with key partners, Whakatōhea, Ngī Tai and Te Whanau a Apanui has been and will continue to be a focus. Council signed the Reorua agreement with Whakatōhea.

There was a significant lift in building consents and new houses being built within the district over the year and this reflects growth and confidence within the district.

We continued to engage with central government and their reform agenda, including Affordable Waters, RMA and Future for Local Government.

Local Government elections were held in October, and we welcomed a new Mayor and three new councillors along with three returning councillors. The Coastal Community Board also welcomed two new members. Council recruited a new Chief Executive after long-time Chief Executive Aileen Lawrie resigned to take up a new challenge as CE of Thames-Coromandel District Council. Recognition for the contribution made by the previous Mayor, councillors, community board members and ex-CE is noted. Our thoughts and prayers also go out to former Councillor Louis Rapihana's whanau after his passing.



Mayor David Moore



CEO Stace Lewer Moore

What you'll find in this report

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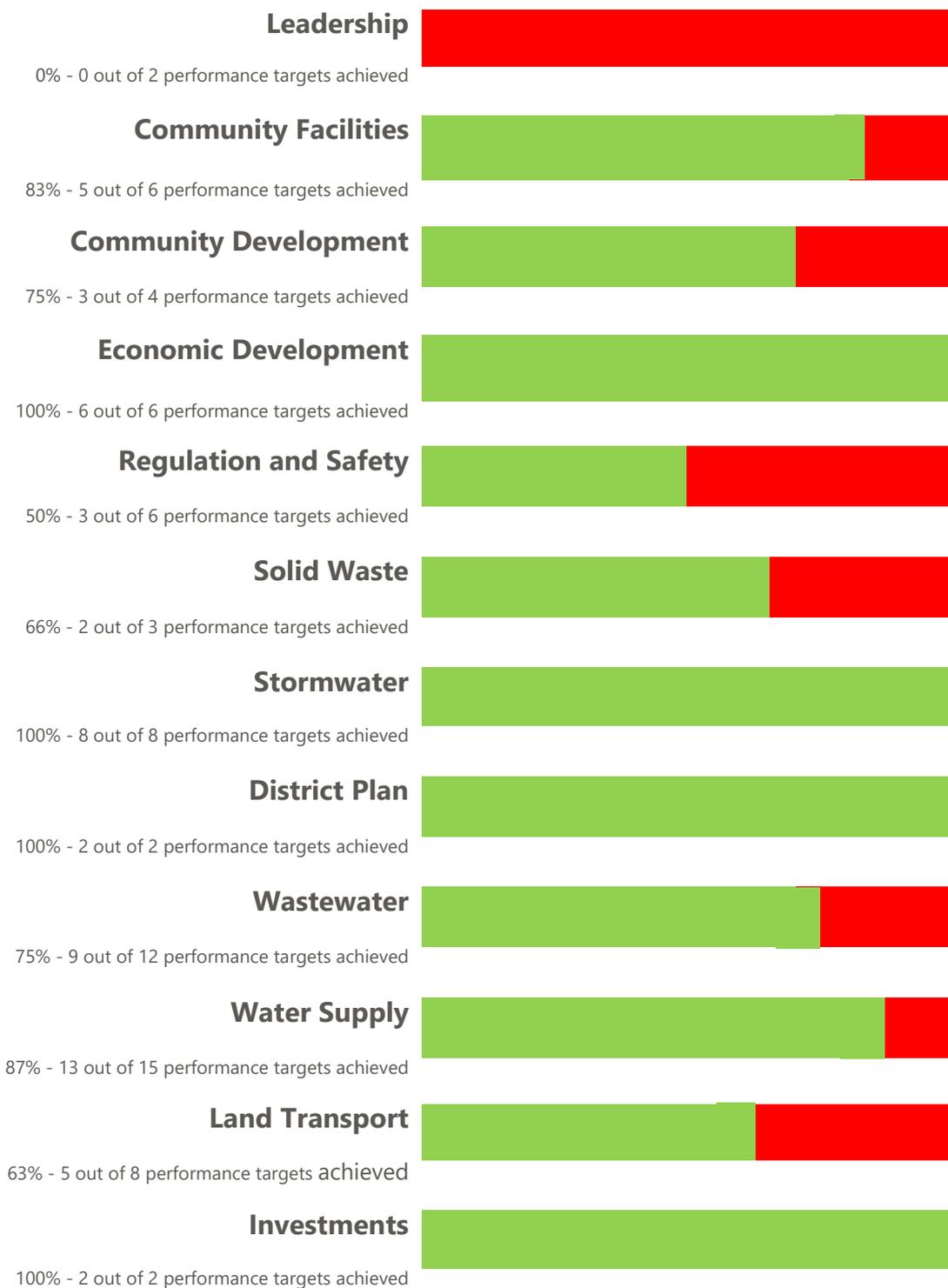
Our performance

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. You'll find this information 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.



Percentage achieved 
 Percentage not achieved 



Highlights and significant events

Harbour Development Project

New channel opened

In February 2020 government confirmed its investment in the long awaited Ōpōtiki Harbour and construction started in September that year.

In August 2022 Hinewai, the amphibious excavator, commenced dredging the river and channel. With the walls nearing completion, and Hanbar casting completed in October 2022, the focus moved to stockpiling sufficient sand to close the river and construct a new dune on the western side.

We are now on the last year of construction and aiming for an early 2024 public opening.

In the last week of July 2023, HEB opened the channel between the new walls and closed off the old river channel. The work has been assisted by generally calm seas and low river flows.

In the coming months contractors will continue to dredge the new channel to the required depth, complete the closing of the old river mouth and finish the top of the walls, they will then need time to demobilise with council completing the upgrade of Snell road for public access.



Image: Water flowing between the seawalls 4 August 2023.

Te Tāhuhu o Te Rangī

A true community hub

Te Tāhuhu o Te Rangī has become the true community hub it was hoped to be. A fantastic place for out-of-town visitors to view the beautiful building and admire the locals' artworks. The library continues to provide an amazing physical collection, has curated a fantastic selection of eBooks, eMagazines, Audios and online movies, all free to access, ensuring the removal of barriers to reading and entertainment. Librarians are available for those seeking digital help and trustworthy assistance with accessing central government services and any online information. The printing and scanning service is well utilised and the business suite in the Makerspace is consistently busy with the 3D printer and Lazer Cutter/

Emblaser being the most popular learning tools. With initial projects having no cost it ensures that customers are all welcome to experience this technology. The meeting rooms continue to be popular and remain free to study groups and non-profit organisations. As intended, this community facility allows for groups to regularly meet at their local library in the evenings and has been noted for its picturesque setting and high-quality service. The evening setting has also made a great backdrop for special events such as Matariki and a time to invite the community to share memories of the year past and speak of hopes and wishes for the future using storytelling to unite us.



Image: Leevana (one of our stars here at Council) and her boys, joined the Great Kiwi Bookathon raising money for Blind Low Vision New Zealand.

Property

New channel opened

Council's new commercial build at 103 Church Street is near completion. Two tenants have been approved and will occupy 75% of the building with one ground floor front tenancy area still available for lease.



Images: Council's new commercial build at 103 Church Street.

101A Church St has been fully renovated which includes a new roof and this premise is now tenanted.



Images: 101A Church Street interiors

We will be re-roofing 101B Church St later this year, the building had an internal renovation 2 years ago. These renovations mean Council owned buildings from 101 Church St (Te Tāhuhu o Te Rangi) through to 103 Church St (new commercial build) have all been renovated or rebuilt to a high tenatable standard all with new verandas. This massive project has been possible thanks to assistance from PGF funding.



The Rose Garden Cottage renovations at Rawinia Reserve are complete with a new roof and a total fit out. We currently have this premise out for hire, while we look for a permanent tenant to occupy the unique space.

A new roof has been installed on the Showgrounds clubrooms, and both pavilions have been re-carpeted due to wear and tear in these high use facilities.

Whitikau Reserve Playground

Installed in time for 2023 Matariki Celebration

Ōpōtiki District Council staff developed a concept design for Whitikau Reserve playground based on input from the public for a range of desired play activities. The Contract was awarded to develop detailed design and installation of the play activities identified in the concept plan. The installation of the playground was completed ahead of schedule and in time for the 2023 Matariki Celebration.



Images: Whitikau Reserve Playground

Water Supply

Major works this year:

UV treatment at the Ōpōtiki Water Treatment Plant has been completed. This is required under the new drinking water standards to disinfect the treated water before it goes into the reticulation system.

Asset Renewal

Programmed works completed including:

- Annual road surfacing renewals work, resealing roads (9.5km of rural and urban streets) 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 2023/24 year to achieve cost efficiencies, these were pavement and footpath renewals
- Various stormwater, wastewater and water supply plant components.

Stormwater

Major project completed

Council has completed a major stormwater project along Richard Street from Goring Street to the Tarawa Creek outlet structure with 210m of 750mm diameter pipe and 375m of 1200mm pipe with associated manholes. Further pipe was laid along St John Street at the Richard Street/St John Street intersection with 125m of 900mm diameter pipe used with associated manholes.



Images: Laying stormwater pipe—Richard Street, Ōpōtiki

Solid Waste

Weighbridges installed

Council has progressed with the supply and installation of two weighbridges capable of weighing up to 40 tons. This project includes an access road to the incoming and outgoing vehicles to the weighbridges and a kiosk to serve customers. The project will be completed in 2023.



Image: Weighbridges being installed at the Ōpōtiki Resource Recovery Centre.

Wastewater

Improved treatment process in place

Council has completed the installation of a new screen and aerators to improve the treatment process in the Opotiki Wastewater Treatment Pond.



Image: Treatment processor at the Ōpōtiki Wastewater Treatment Pond.

Other work this year involved the refurbishment of several manholes. This involved sealing of cracks with fibre reinforced cement lines to prevent infiltration of groundwater.

Lighting programme

726 LED Luminaries now installed

An additional 25 LED Luminaries in Ōpōtiki Township and 48 LED Luminaries in Woodland /Hukutaia were installed this year. 42 street lights were retrofitted with LED luminaries in the Church Street CBD area. A Total of 726 LED Luminaries have been installed in the Ōpōtiki District street light programme.



Image: Street lights on Church Street, Ōpōtiki that have been retrofitted with LED Luminaries.

Land Transport

Kerb and channel, pavement rehab, and emergency works—another busy year for roading



Image: New kerb and channel at the corner of Princess and St John Streets, Ōpōtiki

Our contractor has proceeded with the Urban Street upgrades. St John Street from Kelly Street to Albert Street has received widening of the road and flushed kerbs. Victoria Street and Princess Street (between St John Street to Church Street) have also received kerbing, new vehicle entrances, improved drainage and intersection improvements.

Verralls Road pavement rehabilitation, near the Waiotahi Valley Back Road intersection, has also been completed. The work included construction of pavement, road widening, earth works, kerb and channel, drainage improvements, chip sealing and reinstatement.

The 2022/23 year began with more rainfall than usual. In July 2022 the rainfall did not come in a single storm event but rather a sustained period of constant rain that made already saturated ground and swollen rivers worse. This caused damage at multiple locations across the district. Areas most affected were roads alongside the Otara River and its tributaries Tutaetoko and Pakihi streams, as well as Waiotahi Valley, Ōpape, and Whangaparaoa.



The Initial response ,and then the permanent reinstatement ,were carried out as Emergency Works which received a 95% contribution of funding from Waka Kotahi. An example of the work included Opape Beach Road where storm weather had taken away portions of the road restricting access to homes. The project was delivered with close support from Bay of Plenty Regional Council who provided technical advice and Delta Contracting who carried out the work over a very short period of time to stabilise and protect the area and restore access.



One of the site was a road dropout along Ohiwa Harbour Road. Council planned, designed, and constructed a retaining wall, ensuring that the road remains in place.

Housing

Kāinga Ora commit to an increase in housing

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 enable housing development through zoning, and careful infrastructure planning for growth coming

online through many central-government funded projects such as the harbour development.

Kāinga Ora clearly understood the challenges we are facing around affordable and social housing and they committed to a net increase of 50 additional houses within the next 24 months on top of an upgrade to existing housing stock.



Image: Aerial view of Ōpōtiki township

Building Control Authority

203 building consent applications received

A total of 203 building consent applications were received in 2022/23. This is a 18% increase in application numbers compared to the previous financial year, and a 50% increase when compared to 2018/19. This increase in consent numbers, has placed a strain on the service, however we now have more permanent staff in place who are supported by a team of consultants brought in to assist as and when required. We have also invested heavily in updating and improving the software packages used by staff to

process consents and carry out inspections. Alongside the improvements to our software packages 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.

Reforms

Central Government initiated several reforms which have had an effect on local government and local communities. The very rapid pace at which the latest raft of central government reforms has moved is similar to the reforms of the 1980s – and the effects of such a large package of reform will have an impact on the organisation, and the local communities we serve.

Affordable Waters

Since our 2021/22 Annual Report, the current government updated the *Three Waters* policy. The reform package is now called *Affordable Waters* and requires the establishment of ten publicly owned water services entities, as opposed to the original four. The ten entities will be based on regional boundaries; regional representative groups will be established and they will include representation from every territorial authority.

There will be a “staggered” approach to introduce the water services entities with all ten entities to “go live” between 1 July 2024 and 1 July 2026. The Water Services Entity Act 2022 was passed in December 2022, and the Water Services Entities Amendment Act 2023 was given effect to in July this year, to require the ten water services entities include representation from every territorial authority, alongside an equal number of mana whenua representatives.

We will continue our approach of working alongside our iwi and hapū, partner agencies, other local councils and stakeholder groups to continue advocating for an inclusive, local approach to water management.

Resource Management Reform

In August 2023, the Resource Management Act 1991 (RMA) was repealed. It was replaced by two new pieces of legislation designed to create a new resource management system for Aotearoa New Zealand – the Natural and Built Environment Act 2023 (NBA) and the Spatial Planning Act 2023 (SPA).

The NBA is the main replacement legislation for the RMA and, in time, it will require our planning tools, such as the District Plan, meet new national and regional standards and frameworks. The SPA requires territorial authorities to contribute toward regional spatial strategies in an integrated way and ensure their planning tools are geared toward achieving the outcomes of the regional spatial strategy.

The new resource management system will take several years to implement. During this time, it will be very important for council to work closely alongside iwi and hapū, industry and stakeholders, other local councils, and central government to ensure true local representation is a part of the decision making process in implementing the new system.

Future for Local Government

In June 2023, the final report from the Review in the Future for Local Government was released by the Panel: *He piki tūranga, he piki kotuku*.

The report contained 17 recommendations by the Panel to both central and local government which, if implemented, would work toward addressing the five key themes of the report: *embedding local government’s purpose and wellbeing focus; growing authentic Te Tiriti-based partnerships; system renewal; strengthening local democracy and leadership, and increasing funding*.

The Panel made the recommendations to central government, but also to local councils to encourage a proactive and joined-up approach. The current government has indicated the final report recommendations would not form part of their current agenda, and any changes would be considered in a new term. For ŌDC, this means keeping a close eye on any signals central government provides to the local government sector to ensure we can respond appropriately. We will continue our approach of working closely with iwi and hapū, the local government sector and community stakeholders.

Resource Consents

Engagement with Council prior to lodgement leads to shorter processing times

A total of 63 resource consent applications were received, the same as number as the previous years. This number of applications remains higher than the past five year trend of around 53 applications being received and pushes the five year trend to an average of 60 applications.

All consents processed during 2022/23 were processed within 20 working days.

We have been encouraging applicants to engage with us prior to submitting applications and where they have, processing times are now consistently between 3 -10 working days. This is an area the team are committed to developing further, encouraging a relationship between applicants and Council that is one of partnership to ensure the best possible outcomes.

Compliance

Efficiencies gained from improvement of processes and systems

We have a fully staffed compliance team who have been catching up on old cases as well as investigating new breaches. New systems and ways of working have

been implemented to improve efficiencies and the way we interact with customers.

Animal Control

Community encouraged to report issues

This year 1,447 dogs were registered, a slight decrease on the previous year. In terms of dogs impounded, this is significantly increased from the previous financial year with 307 dogs being impounded which represents 6 dogs being impounded each week. The number of infringement notices issued was the highest recorded

in reporting year, the largest portion of infringements issued being for failure to register a dog and failure to keep a dog under control. We are actively encouraging the public to report when they observe dogs roaming within the township in particular and to use our Antenno app to do so.



Get Antenno to report issues, as well as, receive alerts and notifications.



www.odc.govt.nz

Online services

Delivering convenience and better digital customer experiences

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 2022/23 year we completed the roll-out of our updated contact and service request system which strengthens our commitment of keeping the customer at the heart of what we do. The new solution greatly increases two-way communication between Council

and our customers. This upgrade will be followed by a new online portal experience for customers in October 2023.

Over 3,000 applications, payments and requests were entered through our online services systems in 2022/23 and we expect that number to continue to grow as we implement further solutions that enable our customers to engage and transact with council online 24/7.

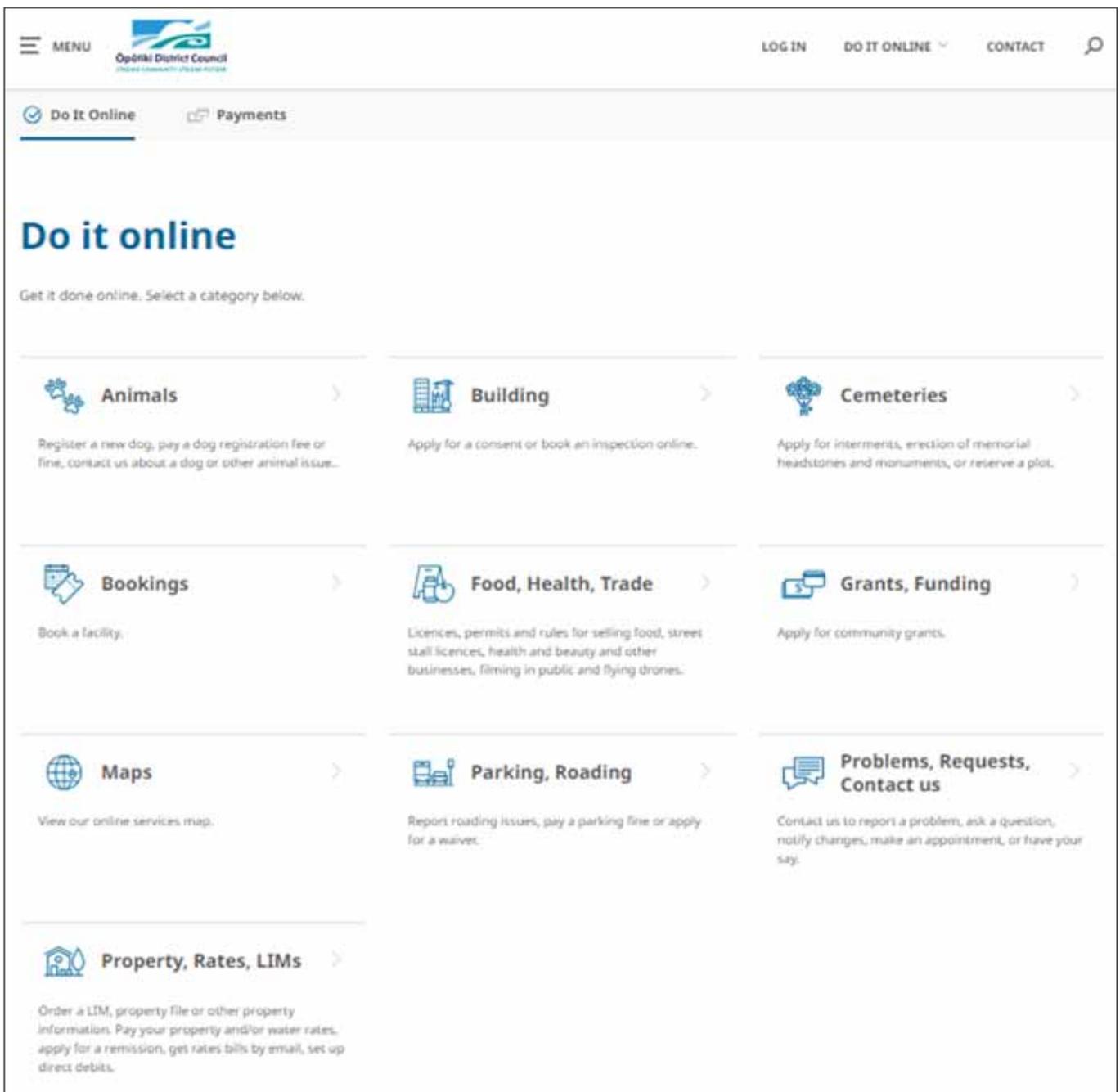


Image: Council's new customer portal MyŌpōtiki

Events

Ōpōtiki pushed through and delivered a jam packed Summer Festival

We tried a few new events in 2022/23 including the community blood drive. An opportunity was identified to bring the Community Blood Drive back to Opotiki. i-Site staff promoted the event, sourced a venue (Ōpōtiki RSA), and got local people to register and signed up. The New Zealand Blood Service were thrilled with the response and will be making repeat visits to Ōpōtiki. Enough blood was collected to save 132 lives!

Ōpōtiki isite coordinated its 4th annual Keep NZ Beautiful Clean Up Week. Great support was received from Nukutere Kohanga, Ōpōtiki District Council staff, Ray White Ōpōtiki, Ōpōtiki Lions, other individuals and groups.

After the previous summer of events being cancelled, we decided to kick the summer season off with something new to bring the community together. The i-Site team put on a Christmas Summer Market. There were 20 different food stalls and markets, live music, a

lolly scramble and of course Santa and his sleigh were there taking photos with all the kids.

Despite a wet summer full of cancelled events across the nation, Ōpōtiki pushed through and delivered a jam packed Summer Festival for locals and visitors alike. The festival ran from 27 December 2022 to 18 February 2023 and included some fantastic highlights, like the introduction of our first coastly beach dig in Te Kaha, sack races and mussel shucking at the Gourmet Food Market. The Lantern Festival show was a knockout featuring the very talented Rob Ruha and American based kiwi, Gin Wigmore.

In total 10 events were delivered by the isite staff and over 20 community events were supported.

Thanks to all our sponsors, funders, and the whole community for continuing to get behind and support local events.



Image: Gin Wigmore plays at the Ōpōtiki Lantern Festival 2023

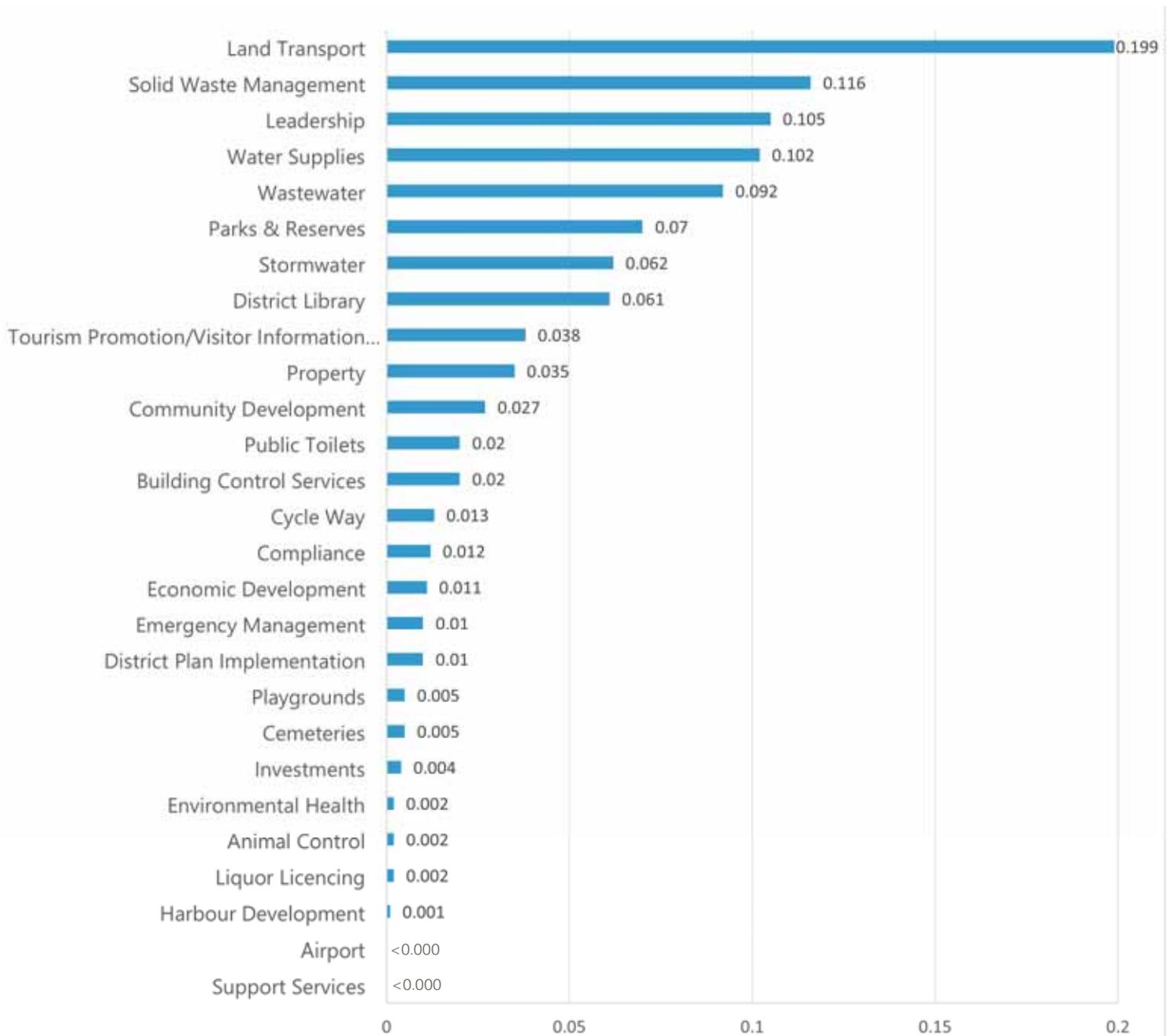


Our vision: STRONG COMMUNITY STRONG FUTURE

Where your rate dollar goes

Activity

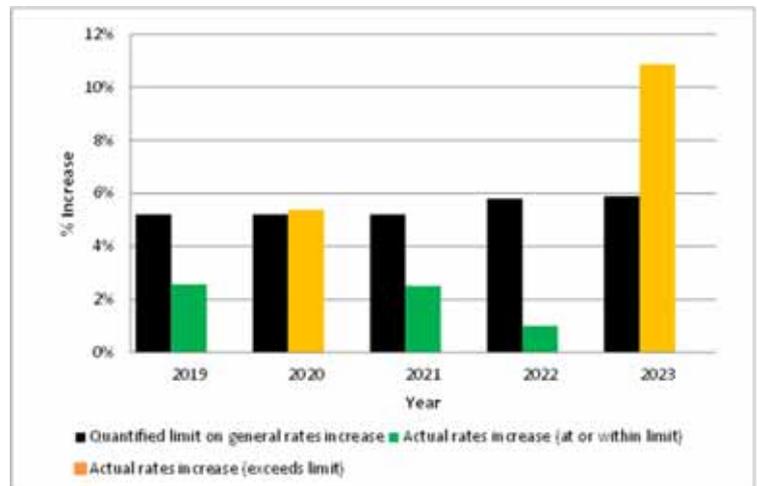
Rates in the dollar



Financial Reporting and Prudence

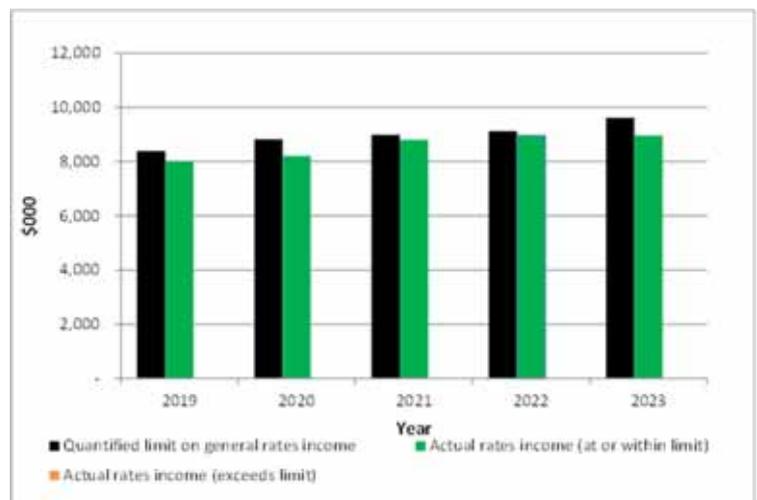
Rates (increases) Affordability Benchmark – General Rates

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%.



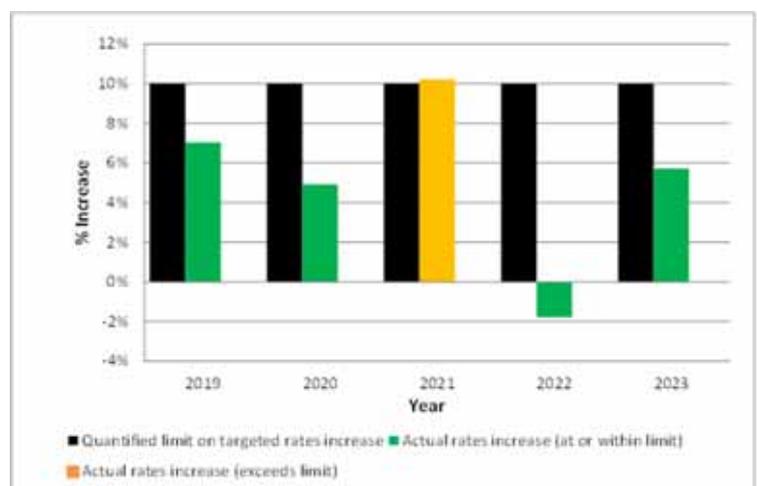
Rates (Income) Affordability Benchmark – General Rates

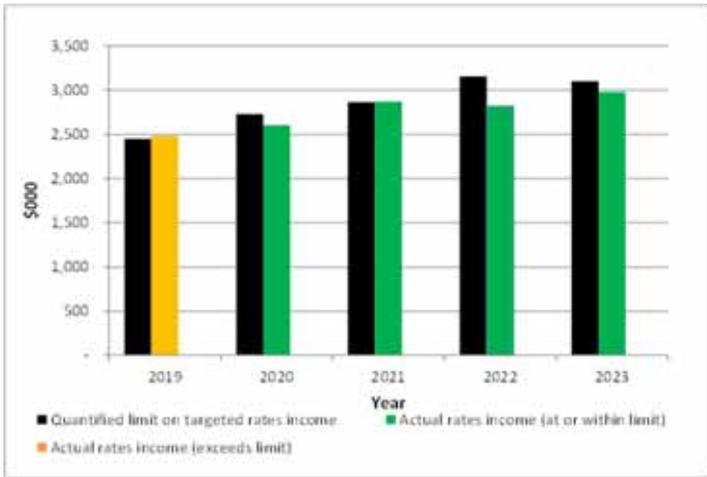
This graph compares the council's actual general rates income with a quantified limit on general rates contained in the financial strategy included in the council's long-term plan. The quantified limit is prior year general rates plus (LGCI plus 3%).



Rates (increases) Affordability Benchmark – Targeted Rates

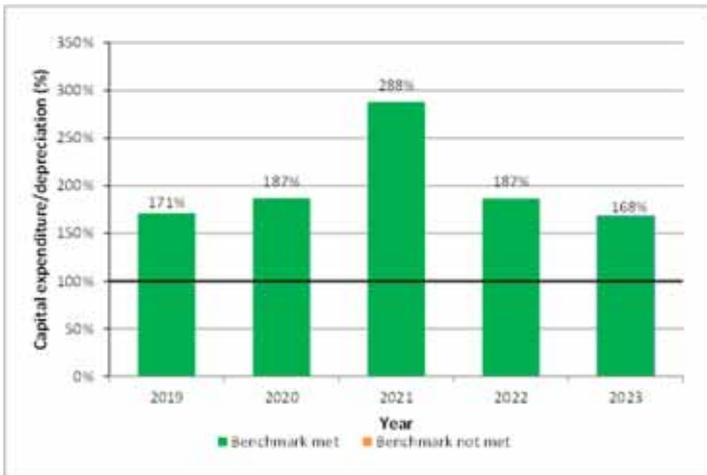
This graph compares the council's actual targeted rates increases with a quantified limit on targeted rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is 10%.





Rates (Income) Affordability Benchmark – Targeted Rates

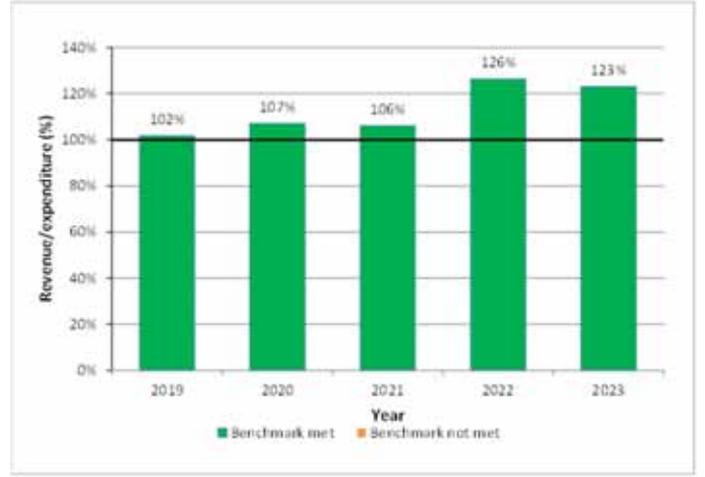
This graph compares the council's actual targeted rates income with a quantified limit on targeted rates income contained in the financial strategy included in the council's long-term plan. The quantified limit is prior year targeted rates plus 10%.



Essential Services Benchmark

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

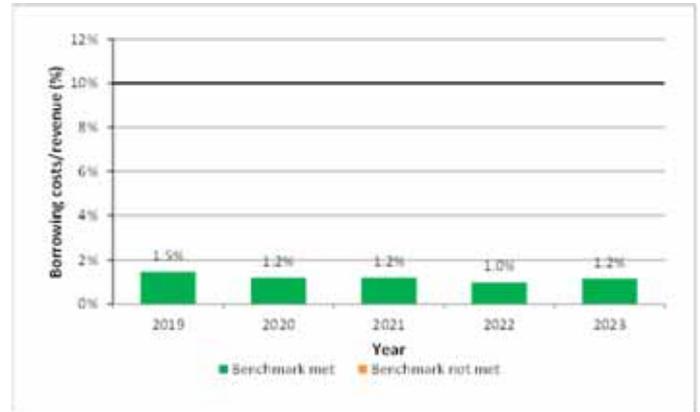
The council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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.



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).

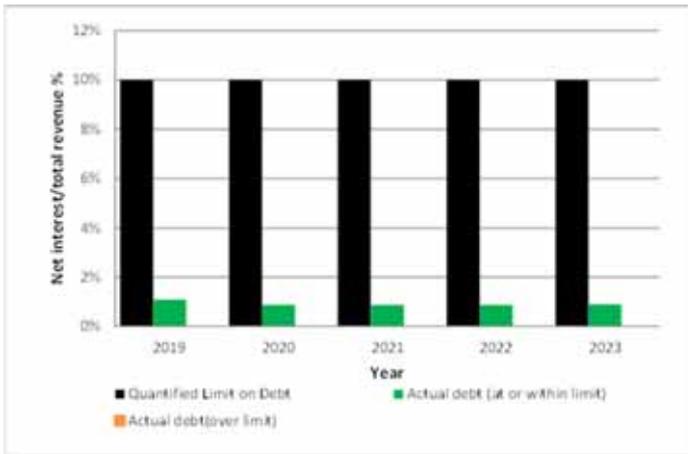
Because Statistics New Zealand projects the district's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

Debt Affordability Benchmark

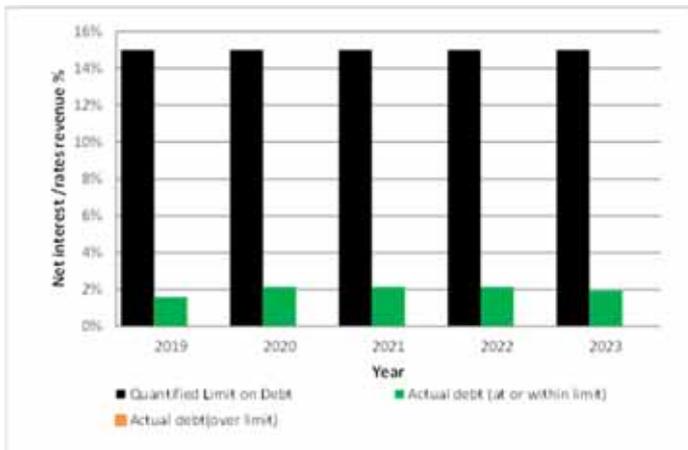
The Council meets the debt affordability benchmark if its borrowing is within each quantified limit on borrowing. The following graphs compare the Council's actual borrowing with the quantified limits on borrowing stated in the financial strategy included in the council's long term plan.

The quantified limits are:

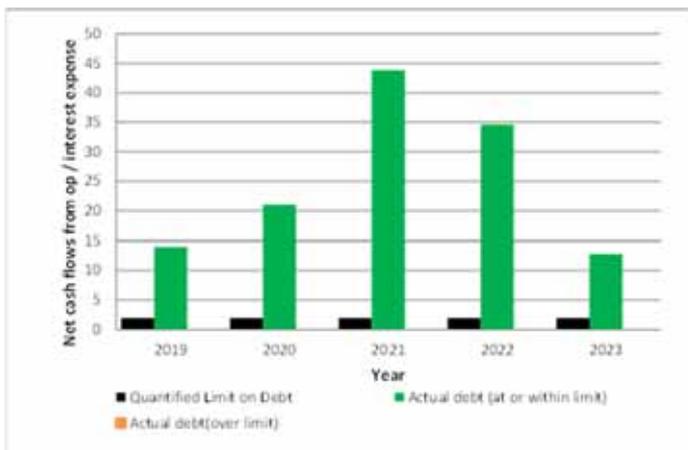
Net interest expense/total revenue less than or equal to 10%.



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



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

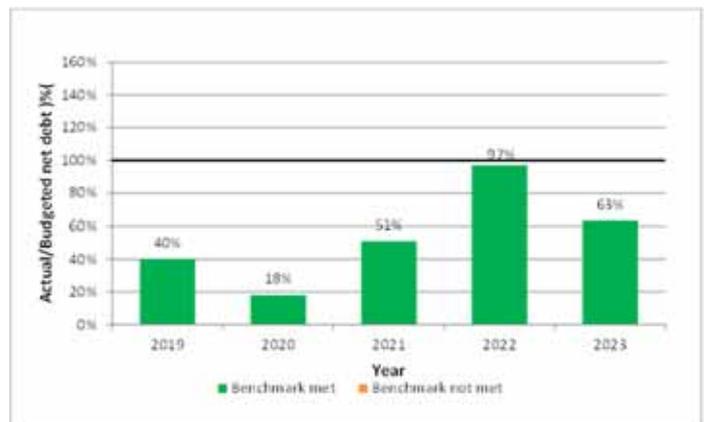


Debt Control Benchmark

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).

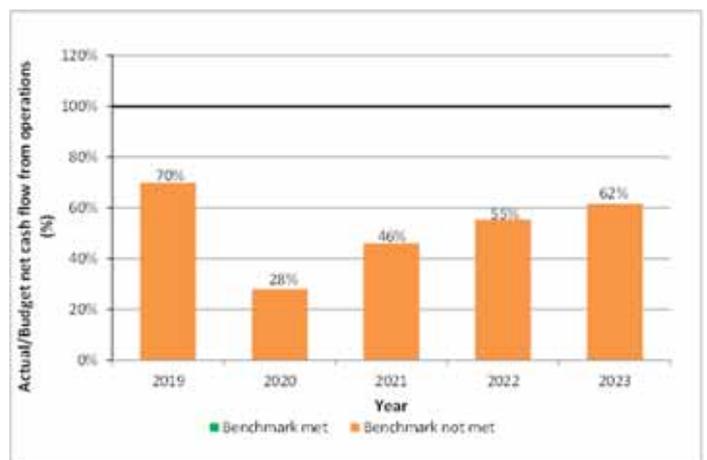
The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.



Operations Control Benchmark

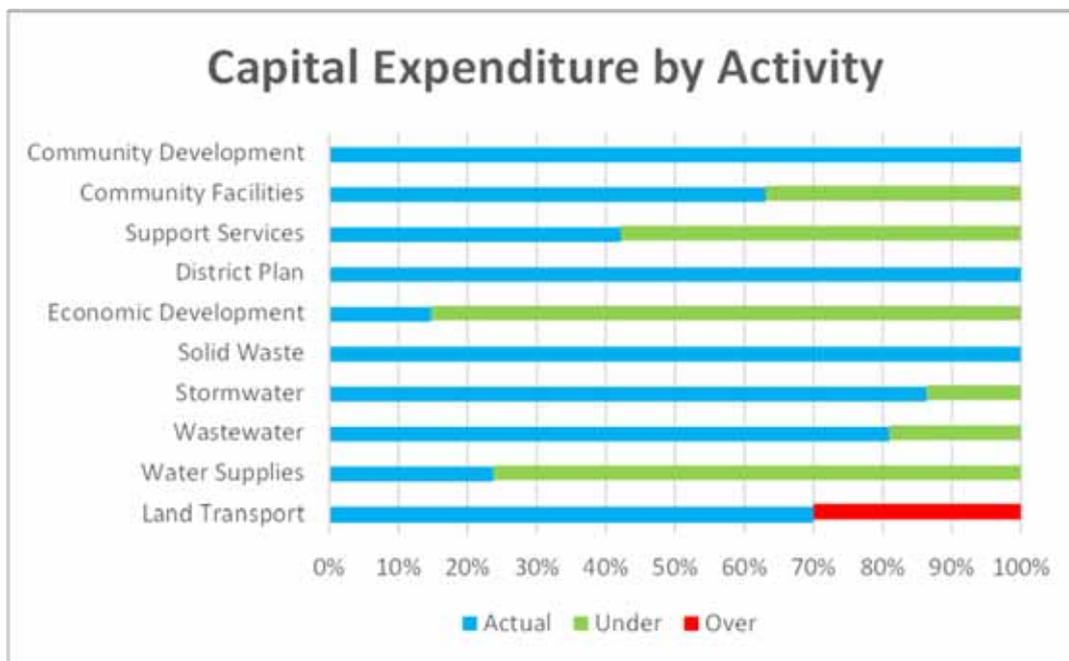
This graph displays the council's actual net cash flow from operations as a proportion of its planned net cash flow from operations.

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





Major variances

Community Development – This expenditure relates to the renewals of the town centres CCTV network, of which renewals of \$6,000 was completed during the year.

Community Facilities – Underspent mostly due to the Marine Precinct and Wharf Redevelopment which has been delayed. The mobile services library project is being reviewed to ensure it meets the needs of the community. Projects completed this year include: Whitikau Reserve playground and carpark toilets, completion of 101 Church Street building, the Waitohi cycleway extensions, Rose Garden cottage fit-out and re-roof, and a number of other playground renewals. The coastal reserves tourism infrastructure project is reliant on external funding.

Support Services - Renovations to the Council administration building remain on hold pending further review of options. The ERP replacement project is also deferred pending the outcome of Central Government’s review on the future of local government, while fleet replacement was progressed this year after supply chain issues last year

District Plan - The Waihou Bay Masterplan was consulted on during the year. It is being used to inform the Council of the aspirations of the Waihou Bay community and will ensure a future-proof and enduring plan is articulated in its planning policies, strategies, and associated budgeting.

Economic Development – The event storage shed facility has progressed into the 2023-24 year.

Solid Waste Management - The installation of a weighbridge at the Opotiki resource recovery centre was still in progress at year-end. Some operations renewals were also completed this year.

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 – Installation of the treatment plant inlet works upgrade was completed. The balance of any unused funding will be used towards engineering consultancy services for the new wastewater treatment plant consent and upgrade. A number of reticulation renewals were completed this year.

Water Supplies - Te Kaha Treatment Plant Relocation - a new water resource borehole location is being explored, subject to resource consent approval and easement agreement. A number of reticulation renewals and improvements were completed during the year, including Dip Rd water main and Terere Pa Rd water main upgrades. UV treatment at the Ōpōtiki Water Treatment Plant was completed. Various projects were impacted by Covid-19 and its effects on resources, supply chain and logistics. Opotiki UV treatment was also progressed during the year.

Land Transport – The upgrade of Snell Road is a three year project which is planned to be completed by the 2023-24 year. Major emergency reinstatement works needed to be carried out due to damage caused by severe weather events. Roothing budget was reallocated to give priority to these reinstatement works. Some renewal works were deferred to the 2023/24 year to achieve cost efficiencies; these were pavement and footpath renewals. Other projects completed during the year include drainage renewals, minor roading improvements, additional LED streetlight luminaries, rehabilitation and resurfacing.

Financial overview

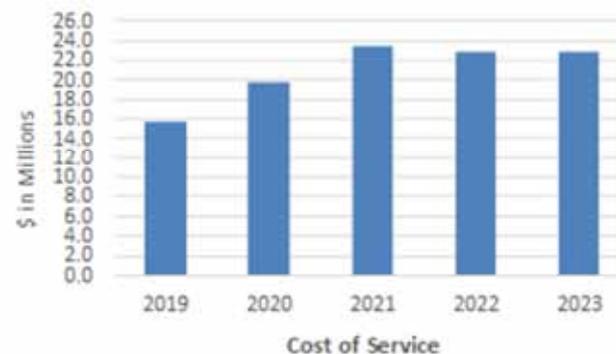
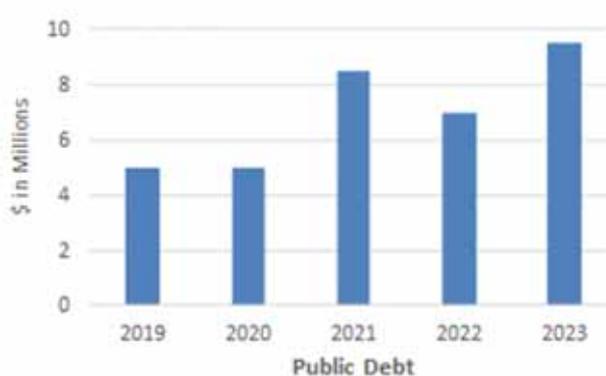
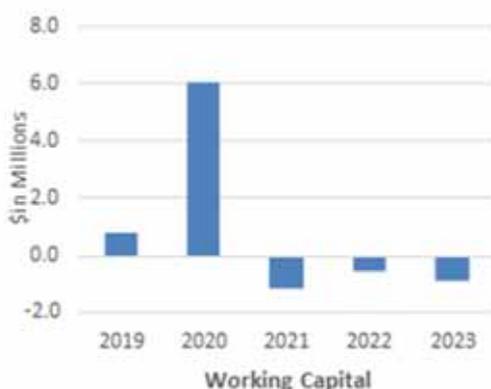
Council has been previously very conscious of keeping debt low to allow capacity to invest in the harbour development and the rehabilitation of the town's aging wastewater infrastructure. Now we start to see the organisation position itself for delivery of the harbour development as well as the other government funded recovery and water reform projects. Our debt levels have increased from a previously stable \$5 million to \$9.5 million as we have completed wastewater reticulation works. We are now looking further into the future in relation to wastewater and growth and aiming to understand the treatment plant upgrades required to sustain an extended wastewater network to cater for more resilience and greater housing development.

Although the harbour development project has been delivered by central government over the last three years, there is still an obligation for Council to contribute its \$5.4 million towards the expected funding gap in the earlier years post construction

There is always a lot of public scrutiny on Council debt levels nationally, and there are several cases where some Councils have let debt levels get out of hand. Sustainable debt levels and debt management is extremely important to Council and is an area which is managed well. Debt levels for Ōpōtiki are some of the lowest in the country currently and as the financial prudence measures outline further on in this report, are very sustainable in terms of Councils ability to meet its financial obligations.

It does need to be mentioned that the appropriate 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. 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. Sometimes three or more generations. It is fair that the cost of the future benefit received by future generations is paid by future generations.



Financial summary

Variance Comments

Income

Overall Council has achieved an operating surplus of \$5.29 million for the year against a budgeted surplus of \$3.03 million.

Subsidies and Grants are \$2.4 million higher than budgeted for the year due mostly to additional subsidy received from NZTA Waka Kotahi towards emergency works, and the progressing of MBIE funded Shovel Ready and PGF projects which had been affected by Covid related disruption.

Fees and charges revenue is slightly higher than budget due to a resurgence of activity generally post the affects to services during Covid related disruption. This includes development and financial contributions.

Other revenue is higher than budget mostly as a result of vested assets.

Finance revenue is favourable due to the resurgence of interest rates as a result of increasing inflation and resulting monetary policy measures taken by the Reserve Bank.

Expenditure

Other operating expenditure is \$2.2 million higher than budget due to losses on disposal of plant property and equipment \$1.1m. Other cost variations relate to contracting and consultancy costs relating to infrastructure projects (but not capitalisable) and costs which were either partially or fully externally funded (including three waters reform, Mana in Mahi cadetship programme, Mayor's Taskforce for Jobs and Workforce Development programmes).

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

Ōpōtiki District Council Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2023	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
Total Revenue	28,191	21,936	28,880
Operating Expenditure	22,571	18,365	22,563
Finance Costs	330	539	285
Operating Surplus/(Deficit)	5,290	3,032	6,032
Share of Associate Surplus/(Deficit)	-	-	(22)
Other Comprehensive Revenue			
Gain on Asset Revaluations	3,853	8,759	70,729
Total Comprehensive Revenue and Expense	9,143	11,791	76,739

Ōpōtiki District Council Summary Statement of Changes in Equity for the year ended 30 June 2023	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
Equity at the Beginning of the Year	328,737	258,432	251,997
Total Comprehensive Revenue and Expense	9,143	11,791	76,739
Transfers to/from Equity	5	-	1
	337,885	270,223	328,737
Equity - Closing Balances			
Accumulated Funds	153,007	161,828	146,915
Asset Reserves	182,379	106,796	180,010
Council Created Reserves	2,499	1,599	1,812
Equity at the End of the Year	337,885	270,223	328,737

Depreciation and amortisation is higher than budget \$1,437k as a result of assets revaluations performed in the previous year being higher than expected.

Personnel costs are higher than budget \$555k due to a combination of less unfilled positions than anticipated; unbudgeted positions which were externally funded, and some non-direct costs (training/recruitment) included here but budgeted under other expenditure.

Other comprehensive revenue is \$4.9 million less than budget. This is because all asset classes were revalued in the previous year, whereas the budget assumed some would be revalued this year.

Statement of Financial Position

Total assets are higher than budget mostly as a result of a movement up in the revaluations performed on Council's waters, roading, parks, reserves, land and building assets, than had been budgeted. Vested and found assets of \$10.7m also adds to this variance.

Ōpōtiki District Council Summary Statement of Financial Position as at 30 June 2023	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
Total Current Assets	6,735	9,171	9,806
Total Non-Current Assets	348,368	288,893	334,865
Total Assets	355,103	298,064	344,671
Total Current Liabilities	7,667	5,663	10,375
Total Non-Current Liabilities	9,551	22,179	5,559
Total Liabilities	17,218	27,842	15,934
Net Assets/Equity	337,885	270,223	328,737

Statement of Cash Flows

Net cash from operations of \$8.1 million was lower than the budget of \$6.9 million due to less payments to suppliers than budgeted.

Net cash from investing activities of -\$13.6 million was lower than the budget of -\$17.2 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 \$2.5 million was lower than budget of \$10 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 2023	Actual 2023 \$000	Budget 2023 \$000	Actual 2022 \$000
Net Cash from Operating Activities	8,074	6,853	9,869
Net Cash from Investing Activities	(13,635)	(17,224)	(7,475)
Net Cash from Financing Activities	2,500	9,961	(1,500)
Net Increase/(Decrease) in Cash	(3,061)	(410)	894
Cash at the Beginning of the Year	6,152	5,918	5,258
Cash at the End of the Year	3,091	5,508	6,152

Summary Accounting Policies

The information included in this summary has been extracted from the audited full financial information in the Ōpōtiki District Council 2022/23 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 4 December 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 20 November 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 20 November 2023 of the Financial Statements for the year ended 30 June 2023 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 the late adoption of the 2021-22 Annual Report and the consequential logistical affects in completing the 2022-23 Annual Report in time for audit sign-off by 31 October. The presentational currency is the New Zealand Dollar NZD.

Summary Additional Disclosures

Contingencies

We have no contingent liabilities (2022: \$Nil). We have no contingent assets either (2022: \$Nil).

Commitments

Council has capital commitments at 30 June 2023 of \$1.48 million (2022: \$3.48m). These relate to capital works for water supply, roading and buildings assets.

Council has operating commitments of \$7.9 million (2022: \$11.1m). 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 \$3m (2022: \$5.6m); later than one year but not later than five years \$4.9m (2022: \$5.5m).

Events after balance date

Water Service Reform Programme

The New Zealand Government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, clean and affordable water services. The Government believes this will be achieved by establishing new public entities to take on the delivery of drinking water, wastewater and stormwater services across New Zealand. The reform will be enacted by three pieces of legislation:

- The Water Services Entities Act 2022, which (as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023) establishes ten publicly owned water services entities and sets out their ownership, governance and accountability arrangements. A water services entity is established (for transitional purposes) on the date on which the appointment of the entity's establishment board takes effect, and its establishment date (operational date) will be a date between 1 July 2024 and 1 July 2026
- The Water Services Legislation Act 2023, which amended the Water Services Entities Act 2022 on 31 August 2023 to provide for the transfer of water services assets and liabilities to the water services entities
- The Water Services Economic Efficiency and Consumer Protection Act 2023, which provides the economic regulation and consumer protection framework for water services. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

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

Independent Auditor's Report

To the readers of Ōpōtiki District Council's summary of the annual report for the year ended 30 June 2023

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 2023.

The summary of the annual report comprises the following information on pages 4 to 19 and 28 to 30:

- the summary statement of financial position as at 30 June 2023;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2023;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of Council activities and performance

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 opinion thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2023 in our auditor's report dated 20 November 2023.

Our auditor's report on the full annual report also includes an emphasis of matter paragraph drawing attention to the disclosures about the Government's water services reform programme announcement as set out in the full annual report in Note 30 on page 157 to the financial statements. The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three water services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council as outlined in Note 30 on page 157, remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

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
4 December 2023

