

OUR PLAN IN ACTION

Information on year two of the 2021-2031
Ōpōtiki District Long Term Plan



Rates projections & examples

Project updates

Prospective Financial
Statements



Ōpōtiki District Council
STRONG COMMUNITY STRONG FUTURE

From the Mayor and CEO

The last two years have been an unprecedented time for the Ōpōtiki District, both good and bad. The PGF funding, the pandemic, and then the recovery funding has created a perfect storm of pressure on the council and other local agencies. We now face a range of inflationary financial pressures that mean rates will need to go up if we are to continue delivering the same services as we have previously.

Over the next 12 months we will see the completion of the Harbour entrance build. It will be incredibly exciting to see what unfolds in the months following the completion a year from now. We need to be ready for an influx of users and our masterplan work is intended to encourage long-term thinking about how to use our harbour and what services we should put where.

We know housing continues to be a challenge in the district and we are working with our iwi/hapu on localised development, with Kainga Ora on small developments, and with landowners in Hukutaia on larger developments. Collectively we see demand across all housing types and the focus will remain firmly on growing the stock of housing in the district.

Our covid recovery funding is coming to an end and no doubt you will have noticed the huge amount of work we have done on footpaths, Whitikau reserve, Rawinia Rangi Reserve, and Te Tāhuhu o Te Rangi. Our commercial building in the CBD should be complete in the coming year and we seek tenants that will be part of our renewed and vibrant CBD.

Over the past year Council has been delivering five times the usual amount of capital work (infrastructure and buildings). As the money comes to an end you will see our activities return to pre covid levels, as we again return to reliance on rates to fund our activities.

At a more operational level we will continue with improvement work on our three waters, despite the government's intention to place the assets in the ownership of the large "Entity B".

We await the changes that government proposes to standardize waste collection services, and we will update you on this when we understand more. All indications are that the cost of waste management will only increase.

Other changes we expect in the coming 12 months is the replacement of the Resource management Act, with three separate Acts of Parliament. With these reforms will go much of Councils decision making and it will be important to ensure we grow our influencing capability so we can advocate for best district outcomes to the new regional committees proposed.

Lastly, we have an election this year and look forward to seeing some people with long-term thinking and governance capability put their names forward for public office. Previous Councils have laid a fantastic base to really take the district and community forward.



Mayor, Lyn Riesterer



CEO, Aileen Lawrie

Major projects for 2022/23

Wastewater

The focus over the last several years has been on the repair and renewal of old and poor condition sewer assets within the Ōpōtiki town catchment. This investment has improved the reliability of the system and reduced the impact of storm events and potential overflows. Moving forward we need to now protect our repaired assets by being vigilant about any illegal or inadvertent stormwater connections. We are also continuing to monitor the condition of our assets and will renew or repair assets, such as manholes, as required to ensure the system is operating efficiently.

With the increased economic activity, linked to the harbour development, there is increasing pressure on housing. Large housing release areas, such as that proposed in Hukutaia, and infill developments within the town put pressure on the wastewater system. It is important that the reticulation network and treatment plant have capacity to accommodate the forecast growth. Council are undertaking capacity assessments within the reticulation network and at the treatment plant to determine what upgrades may be required to cater for the growth. Council will be completing wastewater modelling of the network to predict the impact of growth and determine the timing of works.

Council has commenced several treatment plant upgrade projects to increase the performance. This

includes de-sludging the ponds and Imhoff tank, upgrading the inlet works and new aerators within the ponds. These will continue to be delivered in 2022/23.

Options assessment associated to a major upgrade is also being investigated. The wastewater discharge consent is due for renewal in 2025 and work has commenced in preparation for this.

Harbour Development

The construction of the harbour is progressing well and is a little ahead of schedule. A completed harbour represents an incredible opportunity – a greenfield port development like this has not been done in New Zealand in a century. The master planning process currently underway lays out the options for development and our financials have some money set aside for harbour services/amenities. The private development is also in progress at the Marine Industrial Zone that was put into the district plan in 2016.

Since the 2012 LTP, Council had worked on the assumption that it would own and partly fund the capital cost of the harbour along with the government and Bay of Plenty Regional Council. In 2020 the



government announced that it, along with the contribution from the Bay of Plenty Regional Council, would fully fund the capital cost of the harbour construction. Late last year agreements were signed between Ministry of Business Innovation and Employment, Council and the Bay of Plenty Regional Council, that the government would own and deliver the harbour, and Ōpōtiki District Council would be responsible for the operations post construction. This means that the harbour training wall assets will belong to the government but will be managed locally. The harbour construction is now underway, with a partnership governance group overseeing the build. It is due for completion in mid 2023 and Council is in discussion with government about the date on which it will take responsibility. Over the coming year an agreement for its operation will be negotiated and the community consulted through the next LTP.

The implications of these decisions is that the construction and failure risks of the development now sit with government, not the local ratepayers. That means ultimate decision making during construction also lies with the government (in consultation with Ōpōtiki District Council and the Whakatōhea Māori Trustboard though). The government has now transferred the contract with HEB Construction to Crown Regional Holdings Limited, a wholly owned asset holding company for investments made through the Provincial Growth Fund.

Stormwater

Council has been looking into the state of the stormwater system in the Ōpōtiki township, including carrying out modelling about the future impacts of Climate change. Studies show that significant impacts can be expected from rainfall alone, within the town. We have also been undertaking CCTV condition assessments and cleaning of our stormwater pipes to better understand their condition and the need for renewal or upgrade.

The Ōpōtiki Township Stormwater scheme does not work well when we have high rainfall and it will only get worse with climate change. There is a lack of capacity in critical assets - things like pumps and pipes. We plan to improve this by installing bigger pipes and creating stormwater storage areas (ponding basins), so water can drain away from homes and businesses quicker, and subsequently be pumped to the rivers by bigger pump stations. Storage areas will also serve a secondary purpose - treatment. As stormwater passes through storage areas, plants purposely cultivated for absorbing contaminants will filter the stormwater before it reaches the river. Litter traps will also be considered and installed in specific locations e.g. alongside pump stations and storage areas to reduce litter entering the river system as well as considering fish friendly pump stations.

In 2021 a 1200mm trunk main was installed in Richard St. This project together with some of the smaller pipe installations will begin to resolve the flooding issue we have in the Tarawa Creek catchment which extends from Church St right back past Goring St to the college fields. In subsequent years we will continue to make improvement by isolating additional smaller pipes that



need upgrading, upgrading the Tarawa Creek pump station and by constructing the stormwater basins next to Tarawa Creek and next to Wellington St. We will also be lobbying the Bay of Plenty Regional Council to contribute toward installing a stop bank along the southern side of Duke St to prevent rural overland flow contributing to urban stormwater flooding.

We will also be finalizing a catchment management plan and consolidated resource consent for our urban catchment. This will be a great achievement and will streamline our regulatory framework for stormwater discharge.

Water Supply

Investment in the renewal of poor condition water assets has been delivered over the past several years and will continue in 2022/23. This aims to reduce unexpected failures within the network and maintain level of service. Staged renewal of the main trunk main from the Ōpōtiki water treatment plant to the town will be delivered over the next few years.

Investigation into an alternative water source within the Te Kaha catchment has been undertaken. The installation and commissioning of a bore supply to service Te Kaha is planned this year.

We will also continue to monitor the central government's new regulatory framework, which could impact on how we operate our systems.

Land Transport

Council will continue to seal unsealed roads where a 60% contribution is provided by those requesting the seal extension. A maximum of 2km will be considered for sealing on an annual basis. Council invites applications from those that wish to have their roads sealed and are willing to contribute 60% towards the cost.

The upgrade of Snell Rd will commence, with design and preliminary work underway and physical works expected to commence in 2022/23 and be completed early 2023/24. This project involves construction of a new sealed road to provide access to the new harbour entrance.

We are continuing with the programme of street upgrade projects for the 2021-2024 years of the LTP, which includes St John St, Victoria St, Princess St and Duke St, which involves drainage and pavement improvements.

Rehabilitation of approximately 1200m of Verralls Road will be completed to improve ride quality.

Street lighting upgrade work, which commenced in 2021/22 will also continue. This will bring the town up to the required minimum street lighting standards.

Renewal of footpath and drainage assets, such as culverts and kerb & channels, will be undertaken as needed as per the road maintenance contract.

Completion of bridge and major culvert component replacements as identified and prioritised in the annual structures inspection programme will be implemented under the bridge maintenance contract.

Renewal of traffic service assets (signs, street lights, road marking) on an as needed basis will be implemented under the road maintenance contract.



Solid Waste

Ōpōtiki's solid waste service moved to a zero waste ethos two decades ago now, being one of the first in the country to undertake such a commitment to reducing, reusing and recycling.

Year on year Ōpōtiki has driven its residual waste volumes down well below the national average through the services of the Resource Recovery Centres and commitment of the community to follow the 3 R's.

These days the drive to manage waste smarter is increasing. Where once it was a case of dropping it in a hole, reduction now revolves around education, recycling markets and an array of plant, from sorting belts and bailers, to waste to energy, and composting factories.

To continue to deliver, the solid waste service needs to innovate. There are multi-faceted issues facing solid waste service delivery in Ōpōtiki, nationally, and globally. Plastics once taken by Chinese markets are now going to landfill across the country. In efforts to curb this, central government will be multiplying landfill tariffs over the next few years. The intention is to use this revenue to fund national waste solutions. In the interim however waste authorities are faced with additional costs in place of returns. Drive to change producer practices and consumer habits is currently insufficient to continue reductions. The immediate emphasis is on authorities to educate and innovate.

Costs will inevitably escalate over coming years but there is opportunity to gain value through upgrading our service delivery - replacing cost with investment into operational improvements. In other words, let's spend our money doing the 3 R's better instead of spending it on sending waste to landfill. We are also looking at the installation of a weighbridge to better determine waste volumes and reduce waste generation through education and review of tariff

systems. This will also improve efficiency and the customer experience. Other initiatives include a review of green waste management.

The central governments proposed transform recycling plan is currently going through the consultation phase. Council will continue to engage with this process as this reform may have impact on kerbside collection and recycling operations.

Mobile Services

Work on the establishment of Mobile services for the Coast will commence. The purpose of the mobile service is to improve accessibility to a wide range of Council services and opportunities for our coast communities and other parts of our district in harder to reach to locations.

This year will see the purchase and fit out of a van whilst shaping what the service will include. It is expected the Mobile services will encompass 'traditional' library services such as delivering books, magazines and other resources, providing access to digital training, as well as opportunities for Council officers to interact with our more remote parts of our community either online or by traveling with the van. The aim is to provide a more equitable service for our district.

Social Development

In 2021/22 Council worked with Community, service providers, and central government agencies to support a community response to COVID. This was an example of social development activity in action. This coming year will see Council continue to shape their own social development activity as well as looking at ways a collective community approach can support the addressing of the social challenges our district is



facing. This includes looking at issues such as sustainable employment, appropriate housing, education and training opportunities, as well as the wider wellbeing/ora of our communities.

Local Government Reforms

Over the coming year we will be keeping a focus on the major reforms that government are proposing. The draft legislation will come out on the Three Waters reform, proposing to place ownership of all Three waters assets in four entities nationwide. We will keep you informed as we learn more about what this will mean for communities. Meanwhile our staff have been taking parts in the work being led by DIA to provide information and start planning the separation of these significant activities from Council.

The Resource Management Act is being reformed and will be replaced with three separate Acts – the Natural and Built Environments Act, the Strategic Planning Act and the Climate Change Act. Decision making on plans and spatial plans is proposed to move away from councils to a regional committee. We will keep you informed about these changes as they progress.

Other changes we will be watching are those proposed to civil defence and to waste collection.

Commercial CBD Building

In the coming year we will construct a two storey commercial building in the CBD (known as Lots 9 and 10) and a laneway through to Potts Ave. Additional work will be the refurbishment of the old Hospice shop and the replacement of the veranda in front of the council owned buildings. Building consent has been issued and the build contract has been awarded. Unfortunately land contamination was discovered

after demolition of the old buildings occurred and we are awaiting consents from the Regional Council to remediate the site before construction can commence. We hope to have tenants secured for the space upon completion sometime in the coming financial year.

How your Bay of Plenty Regional Council rates are invoiced and paid is changing

This year the rates on your invoice will look more like the figures on page 8 because Bay of Plenty Regional Council's rates will not be included in your bill.

We have collected regional council rates on their behalf for so long (more than 30 years), that often people didn't realise they were paying two sets of rates. But from the start of the rating year in July, regional council will collect their own rates, including rates for people living in river scheme areas.

In July you will receive a rates invoice as usual from Ōpōtiki District Council. Bay of Plenty Regional Council will send an invoice separately in September and that will need to be paid by 20 October to the regional council directly. There will only be one invoice each year from regional council, but you may be able to spread out your payments weekly, fortnightly or monthly. You can find out more about regional council rates, how to pay online, receive your invoices by email, set up a direct debit and more at www.boprc.govt.nz/rates.



Next years' rates

Property Type	Capital Value	2021/22 Rates	2022/23 Rates	\$ Increase	% Increase
Ōpōtiki Property	\$ 180,000	\$ 1,875	\$ 2,000	\$ 125	7%
Ōpōtiki Property	\$ 220,000	\$ 1,988	\$ 2,119	\$ 131	7%
Ōpōtiki Property	\$ 280,000	\$ 2,156	\$ 2,297	\$ 141	7%
Hikutaia/Woodlands Property	\$ 350,000	\$ 1,912	\$ 2,056	\$ 145	8%
Hikutaia/Woodlands Property	\$ 425,000	\$ 2,122	\$ 2,279	\$ 157	7%
Hikutaia/Woodlands Property	\$ 520,000	\$ 2,388	\$ 2,561	\$ 173	7%
Ōhiwa Property on water	\$ 540,000	\$ 2,633	\$ 2,757	\$ 124	5%
Ōhiwa Property on water	\$ 720,000	\$ 3,138	\$ 3,291	\$ 154	5%
Rural Residential Property	\$ 150,000	\$ 898	\$ 952	\$ 53	6%
Rural Residential Property	\$ 260,000	\$ 1,207	\$ 1,278	\$ 71	6%
Rural Residential Property	\$ 430,000	\$ 1,684	\$ 1,782	\$ 99	6%
Rural Property	\$ 221,000	\$ 1,097	\$ 1,162	\$ 65	6%
Rural Property	\$ 900,000	\$ 3,001	\$ 3,177	\$ 176	6%
Rural Property	\$ 1,944,500	\$ 5,930	\$ 6,276	\$ 346	6%
Te Kaha on water	\$ 300,000	\$ 1,640	\$ 1,755	\$ 115	7%
Te Kaha on water	\$ 500,000	\$ 2,201	\$ 2,348	\$ 148	7%
Kiwifruit Property	\$ 1,500,000	\$ 4,684	\$ 4,957	\$ 274	6%
Kiwifruit Property	\$ 3,097,500	\$ 9,163	\$ 9,698	\$ 535	6%
Commercial/Industrial Property	\$ 170,000	\$ 2,830	\$ 3,016	\$ 186	7%
Commercial/Industrial Property	\$ 280,000	\$ 3,138	\$ 3,342	\$ 204	6%
Commercial/Industrial Property	\$ 470,000	\$ 3,671	\$ 3,906	\$ 235	6%
Commercial/Industrial Property	\$ 2,620,000	\$ 9,700	\$ 10,286	\$ 586	6%

*Summary rates includes GST but excludes Regional Council Rates

The table above outlines the proposed rates across a range of properties of differing value and category. The values are based on the last rating revaluation which was completed in 2019.

Rates increases are across the board and are due largely to inflation increasing our costs. Insurance, maintenance projects, and Councillor remuneration are some of the areas seeing cost escalations above what was expected in the Long Term Plan. While the General Rate has increased the proportion each property pays under the Uniform Annual General Charge (UAGC) has not changed from what was set in the Long Term Plan.

The far right column indicates the expected percentage movement across each property type. As cost increases are spread over most of council's activities these rating increases are spread relatively evenly across all property types.

Forecast funding impact statement

	Annual Plan 2021/2022	Annual Plan 2022/2023	LTP 2022/2023
Sources of Operating Funding			
General rates, uniform annual general charge, rates penalties	9,071	9,786	9,567
Targeted rates	2,975	3,179	3,183
Subsidies and grants for operating purposes	2,147	2,028	2,028
Fees and charges	1,637	1,692	1,692
Interest and dividends from investments	46	47	47
Local authorities fuel tax, fines, infringement fees, and other receipts	357	368	368
Total Operating Funding (A)	16,233	17,100	16,885
Applications of Operating Funding			
Payments to staff and suppliers	13,878	14,572	14,315
Finance costs	314	539	406
Other operating funding applications	-	-	-
Total applications of operating funding (B)	14,192	15,111	14,721
Surplus (deficit) of operating funding (A-B)	2,041	1,989	2,164
Sources of capital funding			
Subsidies and grants for capital expenditure	15,614	4,760	4,760
Development and financial contributions	-	-	-
Increase (decrease) in debt	2,210	9,961	4,352
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	17,824	14,721	9,112
Applications of capital funding			
Capital expenditure			
- to meet additional demand	389	9,533	4,495
- to improve the level of service	12,653	3,597	3,597
- to replace existing assets	8,823	4,095	3,699
Increase (decrease) in reserves	-	-	-
Increase (decrease) of investments	(2,000)	(515)	(515)
Total applications of capital funding (D)	19,865	16,710	11,276
Surplus (deficit) of capital funding (C-D)	(2,041)	(1,989)	(2,164)
Funding Balance ((A-B)+(C-D))	-	-	-

Forecast statement of financial position

	Annual Plan 2021/2022	Annual Plan 2022/2023	LTP 2022/2023
ASSETS			
Current Assets			
Cash and cash equivalents	5,926	5,508	5,460
Debtors and other receivables	3,198	3,374	3,363
Prepayments	227	236	236
Available for sale assets	53	53	53
Total Current Assets	9,404	9,171	9,112
Non-Current Assets			
Plant, property and equipment	263,675	285,766	280,433
Intangible assets	85	85	85
Investment Property	2,700	2,776	2,776
Other financial assets			
Investment in Associates	266	266	266
Total Non-Current Assets	266,726	288,893	283,560
TOTAL ASSETS	276,130	298,064	292,672
LIABILITIES			
Current Liabilities			
Creditors and other Payables	5,037	5,319	5,261
Employee entitlements	342	342	342
Total Current Liabilities	5,379	5,661	5,603
Non-Current Liabilities			
Provisions	79	79	79
Borrowings	10,710	22,101	15,063
Total Non-Current Liabilities	10,789	22,180	15,142
TOTAL LIABILITIES	16,168	27,841	20,745
EQUITY			
Retained Earnings	160,375	161,828	163,533
Asset Revaluation Reserves	98,037	106,796	106,796
Council Created Reserves	1,550	1,599	1,599
TOTAL EQUITY	259,962	270,223	271,928



\$16.7M

CAPITAL EXPENDITURE

Up from 11.2 M due to deferral of capital expenditure from the current year.



\$22.1M

DEBT

Increase from 15.0M in the LTP due to timing of capital expenditure and renewal funding.



\$15.1M

OPERATIONAL EXPENDITURE

Increase from 14.7 million in LTP.



\$17.1M

OPERATING FUNDING

Minor change from LTP.



6.82%

PROPOSED TOTAL RATES INCREASE

Increase from 4.0% in LTP due to increases in unavoidable costs.

Tell us what you think

As we are not planning any major exceptions to what we said we would do in year two of the 2021-2031 Long Term Plan, we are not undertaking a time-consuming and expensive special consultative procedure.

But you can still let us know what you think is important:

- **Are there projects you would like us to consider in the next rounds of planning?**
- **Are there things we could do better?**
- **Are there things you would like us to do more or less of in the future?**

Send your feedback:

Online - odc.govt.nz/apfeedback

Email - info@odc.govt.nz

Post - PO Box 44, Ōpōtiki 3162

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