



Annual Report 2020-2021



Otago Regional Council Annual Report

1 July 2020 to 30 June 2021



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◆ Chief Executive, Sarah Gardner and Chairperson, Andrew Noone keeping a safe distance in Level 2 during the COVID-19 pandemic.

Message from our Chair & Chief Executive

If there's one thing we can rely on these days, it's that change is a constant, and the Otago Regional Council has needed to be agile in our response to change over the last year. We continue to gear up in expertise and resource as we drive our work forward to support a healthy, sustainable environment in Otago.

Our year began with a change in the Council, as Cr Andrew Noone replaced Cr Marian Hobbs as Chair in July 2020.

Our staff and communities have been resilient in their response to the shifting circumstances of the COVID-19 pandemic.

Significant government reforms also continue to impact our work programme. A lot of our activity is driven by central government, and these changes affect how we prioritise issues, distribute resources and make local decisions for Otago.

Planning for water reforms has had a big impact on our resourcing, planning, and community engagement. We are looking forward also to the local government reform package and resource management reform.

Throughout the year, Council made various decisions to invest in additional staff and to spend money where opportunities arose through COVID-19 recovery, like the 'Shovel Ready' climate resilience projects. Extra staff resource that was not included in the Annual Plan became necessary as a consequence of freshwater reform in 2020.

One of our roles is to create and uphold regional plans that set out how natural and physical resources are best managed in Otago. To achieve this, our Regional Plan: Water for Otago promotes the sustainable management of water using policies and methods to address freshwater use, development and protection.

'Quick-fix' changes to our Water Plan were progressed this year as interim measures to

improve Otago's water quality while we work on a new Land and Water Regional Plan. We proposed two plan changes: Plan Change 7 (Water Permits) and Plan Change 8 (Water Quality), as well as a third plan change to the Regional Plan: Waste for Otago; Plan Change 1 (Dust Suppressants & Landfills). In April 2020, the Minister for the Environment, the Hon. David Parker, at our request, 'called-in' the proposed plan changes and referred them to the Environment Court for decisions. These plan change processes have taken up substantial staff and legal counsel time in 2020-21.

We continue to develop and strengthen our programmes for effective water management, safe and secure communities in the face of climate change, urban development, and Otago's biosecurity and biodiversity.

Our science capabilities and capacity in freshwater have grown over the past year as we continue to bolster 'on the ground' action related to Otago's natural environment. A key part of our work has been developing an integrated freshwater management unit (FMU) based research programme. We've taken on 16 more staff to manage regulatory processes relating to water and succeeded in processing all resource consents received within required timeframes.

Our work in biodiversity and biosecurity forges ahead as we finished mapping biodiversity sites (across public and private land) and prioritising these for active management, in keeping with the requirements of our Biodiversity Action Plan. This is a critical database for future work.

We're leading the Head of Lake Wakatipu natural hazards adaptation project — a strategic and holistic approach to address natural hazards issues for the longer term and to consider future climate change, landscape changes, and multiple natural hazards. The approach is a blueprint for community-led decision making in areas affected by natural events and climate change, and incorporates the values and views of the local community and other project stakeholders and partners.

We're also making good progress in public transport. Over the past year, patronage of public bus services in Dunedin has increased, despite the disruptions of COVID-19. Dunedin is the only network in New Zealand where patronage rates are higher than they were in pre-COVID times. Overall public satisfaction with our Orbus services scored at 94% in Dunedin and 96% in Wakatipu in surveys taken in July and May 2021 respectively.

Gaining central government funding to support our vital flood protection and river management work has been a welcome boost. We have been awarded \$5.4 million from central government's Climate Resilience Fund for four flood resilience projects in Otago — to update, upgrade and restore infrastructure at West Taieri, Riverbank Road, Robson Lagoon (Lake Tuakitoto Wetland) and Outram.

We were also successful in accessing over \$960,000 from the Department of Conservation's Jobs for Nature fund towards a three-year project for pest plant control on high value biodiversity QEII covenant land in Otago.

On an internal note, in June 2021 Port Otago, who are 100% owned by Otago Regional Council, bought the former Warehouse Group building in central Dunedin to be our new head office. The site will be repurposed over the next two years and fulfils our requirements to host public-facing, office, and operational activities at one location. It includes infrastructure for electric fleet vehicles and will provide greater business continuity in the event of a disaster.

Strong relationships with our iwi partners, communities and stakeholders are fundamental to achieving our goals for Otago's environment. We're committed to solidifying our relationship with Kai Tahu. Mana to Mana, the rōpu of councillors and Otago rūnaka chairs, has met regularly in 2020-21, consolidating our iwi partnership at a governance level.

Otago Regional Council is continuing to evolve and respond as we support Otago communities through changes of all different kinds. Good quality relationships with common goals mean we're moving forward together, building resilience, to achieve the best possible outcomes for our environment and people.



Sarah Gardner
CHIEF EXECUTIVE



Andrew Noone
CHAIRPERSON

Councillors and their constituencies

Your elected Otago Regional Councillors represent the region's four constituencies – Dunedin, Dunstan, Moeraki and Molyneux.



⬆ Back row (L-R): Marian Hobbs, Carmen Hope, Bryan Scott, Michael Deaker, Kevin Malcolm, Gretchen Robertson, Kate Wilson.
On couch (L-R): Alexa Forbes, Michael Laws (Deputy Chair), Andrew Noone (Chair), Hilary Calvert, Gary Kelliher.

Dunedin constituency

There are six councillors who represent the Dunedin constituency.

Dunedin is comprised of central Dunedin and the Waikouaiti Coast, West Harbour, Otago Peninsula and Saddle Hill community board areas located within the Dunedin City territorial area.

Cr Marian Hobbs

Cr Hilary Calvert

Cr Gretchen Robertson

Cr Bryan Scott

Cr Michael Deaker

Cr Andrew Noone

Dunstan constituency

There are three councillors who represent the Dunstan constituency.

Dunstan is comprised of the Central Otago District and Queenstown Lakes District territorial areas.

Cr Alexa Forbes

Cr Gary Kelliher

Cr Michael Laws

Moeraki constituency

There is one councillor who represents the Moeraki constituency.

Moeraki is comprised of the Otago portion of Waitaki District territorial area, being part of the Ahuriri and Corriedale wards, and the entirety of the Oamaru and Waihemo wards.

Cr Kevin Malcolm

Molyneux constituency

There are two councillors who represent the Molyneux constituency.

Molyneux is comprised of the Clutha District territorial area and the Mosgiel-Taieri and Strath-Taieri community board areas located within the Dunedin City territorial area.

Cr Carmen Hope

Cr Kate Wilson

Our Strategic Plan and Values

Our strategic plan and values were released in October 2019. These set the direction for us as a regional council and help guide the organisation to deliver on our priorities for the good of the region.

Our Mission: Working together for a sustainable Otago

Our Vision: A healthy environment, a connected community, an engaged and proud community, a strong economy, and a future-proof region.

In everything we do, our focus is to: Protect, Connect, Enhance, Enable.

Before the 2022 financial year ended, we will develop and strengthen our programmes for:

Effective water management

- Transitioning towards a robust, values-based, and integrated management framework
- Managing water allocation issues in catchments where water is scarce, for good economic, social and environmental outcomes
- Supporting and promoting water quality improvements in degraded catchments

Safe and secure communities in the face of climate change

- Assess and communicate the effects of climate change in the region
- Assist climate change adaptation and risk mitigation

Urban development strategy

- Set minimum targets for development capacity as required by National Policy Statement (NPS) for urban development capacity
- Support city and district councils to ensure urban growth and development is environmentally sustainable

Improving Otago's biosecurity and biodiversity

- Deliver a plan for how we do 'these functions' in the future
- Deliver an implementation plan for the pest strategy

We seek excellence on our core activities:

- Environmental
- Regional leadership
- Regulatory
- Flood protection and river management
- Safety and hazards
- Transport

Strategic Directions: Over the course of the 2020-21 year Council developed Strategic Directions which document our mission and vision for the future, replacing the Strategic Plan referenced above. The Strategic Directions helped inform the development of the 2021-31 Long-term Plan (LTP) and Community Outcomes have been updated for the coming years.

Development of Māori capacity to contribute to decision-making

The Otago Regional Council values its relationship with Kāi Tahu Papatipu Rūnaka. Over 2020-21 we have worked with our iwi partners and their resource consultancy arms (Aukaha and Te Ao Marama) to give effect to the Treaty of Waitangi partnership, strengthen it and acknowledge the unique, enduring relationship iwi have with this land.

The acknowledged practice of Te Rūnanga o Ngāi Tahu is that consultation in the first instance is with Papatipu Rūnanga. There are four Kāi Tahu ki Otago Rūnaka being:

- Te Rūnanga Moeraki
- Kati Huirapa Rūnanga ki Puketeraki
- Te Rūnanga o Ōtākou
- Hokonui Rūnaka

There are three Ngāi Tahu ki Murihiku Rūnanga with interests in the region as well, which are:

- Awarua Rūnanga
- Waihopai Rūnanga
- Ōraka-Aparima Rūnanga

Key focus areas this year have been:

1. Partnership work:

We were committed to supporting and facilitating iwi participation in our workstreams and decision making, and building the work we were doing in partnership.

For 2020-2021 key opportunities included:

- Embedding the partnership into Long-term Plan 2021/31
- Strengthening governance engagement in the partnership, via four meetings of Mana to Mana (and refreshed Terms of Reference)
- Iwi representatives on Strategy and Planning Committee
- Development of the Strategic Directions 2021-31 (unpublished)
- Development of the Regional Policy Statement (notified)
- Input into the Otago Climate Change Risk Assessment (published)
- Development of He Mahi Rau Rika (Significance, Engagement and Māori Participation Policy) (draft)

- Strategy, Policy and Science Directorate hui at Ōtākou Marae
- Rūnaka feedback on Council's values translations and graphic development
- Development of Freshwater Action Planning Draft Policy (on-hold)
- Land and Water Regional Plan Governance Group (ongoing)
- Land and Water Regional Plan chapter development (ongoing)
- Consenting activity – established working relationship (ongoing)
- Compliance activity – emerging cooperation (ongoing)
- Biodiversity Regional Hui cooperation (ongoing)
- New work streams being established in the urban planning and biosecurity space

2. Internal bicultural competence:

We recognised the need to invest in building the bicultural competence of our staff. Bicultural competence is the ability to work alongside Te Ao Māori (Māori worldview) with confidence and understand how it is relevant to the work Council does.

People who are biculturally competent are usually able to relate to other ideas and people in a more flexible and adaptable manner, so in addition to working towards a greater relationship between Council and mana whenua, it is also a fantastic soft skill for our staff to be in command of.

The Otago Regional Council has entered into an agreement with the Otago Polytech to provide bicultural competency training over the next three years. This includes providing training modules on Te Reo, Tikaka, and Treaty of Waitangi, with associated assessment and micro-credentials to be achieved as a demonstration of learning.

Community outcomes

The community outcomes below were set out in the Council's 2018-28 Long-term Plan. These identify the desired results that the Otago Regional Council has been seeking to achieve.

The delivery of our significant activities contributes to:



A healthy environment:

A place where people can enjoy their environment safely, productively and respectfully



A connected community:

Service delivery that puts the community first and ensures that the operations are customer driven, efficient and fit-for-purpose



An engaged and proud community:

Communities empowered to be the champions and custodians of their environment in Otago



A strong economy:

A region that prioritises sustainability as an economic measure whilst being attractive to industry



A future-proof region:

A region that is prepared for the future environmental challenges and that retains the characteristics that make Otago a great place for everyone

Acknowledgements

We thank the district and city councils, other institutions, urban and rural industries, Kāi Tahu and the communities of Otago for working constructively with us to ensure the best possible outcomes for our region and its people.

Andrew Noone
CHAIRPERSON

Sarah Gardner
CHIEF EXECUTIVE



Our activities in depth

Overview of our activities

Otago Regional Council groups its 12 significant activities under the following six result areas or groups of activities. The bullet points show the significant activities that contribute to the result areas.

Environmental

‘On the ground’ action related to Otago’s natural environment

- Freshwater implementation
- Biodiversity and biosecurity
- Air
- State of the environment reporting

Regional leadership

Supporting informed decision making and an engaged community

- Governance and community engagement
- Regional planning and urban development

Regulatory

Professional service and action supporting the sustainable management of Otago’s natural resources

- Consenting, monitoring, investigations and enforcement

Flood and river management

Professional services, action and infrastructure to protect our communities and environment

- Flood and drainage schemes
- Rivers and waterway management

Safety and hazards

Professional services, planning and action to protect our communities and environment

- Civil Defence and Emergency Management
- Natural hazards and climate change adaptation

Transport

Planning, contract management and action to provide choice and to support the regional economy

- Transport planning and public passenger transport

Statement of service provision

This section reports on Council’s performance against service measures adopted in the Long-term Plan 2018-28 and updated in subsequent Annual Plans. Performance is reported under groups of significant activity. Funding Impact Statements that identify the costs and funding associated with each significant activity are included in section three of this document.

Key for significant activities achievement

The following table provides a key for understanding the reporting of performance against the significant activities.



Target has been achieved



Target has been partially achieved



Target has not been achieved

Environmental

‘On the ground’ action
related to Otago’s
natural environment



Water sampling - Clutha River at the Lake Wanaka outlet



Freshwater

Looking after Otago's water is our top priority. We worked with local communities throughout our region to achieve good outcomes in managing water quality and quantity.

Through leadership, setting a clear direction and sharing our knowledge with others, we are building a positive future for our environment, for ourselves and for generations to come.

Behind our on-the-ground actions collaborating with communities to protect our water resource, sits the legal framework of central government requirements and regional planning processes.

We operate within the National Policy Statement for Freshwater Management (NPS FM) and our Regional Plan: Water (RPW).

This included working closely with identified catchments so they can meet permitted activity rules, and improve our monitoring of river flows and water takes where needed to inform future decision making. We are also working actively with community groups to encourage innovative practices to improve or maintain good water quality.

We're committed to playing our part to preserve Otago's precious freshwater resource.

There is one activity that makes up our significant activity, Freshwater:

- The Good Water Programme (GWP)

Performance against levels of service targets

SERVICE STATEMENT

Water quality across Otago is maintained and improved

MEASURE

Develop an integrated freshwater management unit (FMU) based research programme to inform the Land and Water Plan, and report progress.

TARGET

Research programme is presented to committee by 30 June 2021

RESULT



COMMENT ON TARGET:

The freshwater management unit (FMU) based science programme to inform the new Land and Water Plan has been finalised. Council’s Science Team presented a regional precautionary approach for the hydrology to the Strategy and Planning Committee on 12 November.

The full programme of work was presented to Council on 23rd June and the regional precautionary approach was adopted across the work programme.

MEASURE

Water quality attributes are assessed by FMU annually.

TARGET

Report annually against national standards, indicate trends and identify issues

RESULT



COMMENTS ON TARGET:

Water Quality attributes were assessed at 114 sites: 106 river sites and 8 lake sites as part of the State of the Environment (SOE) monitoring programme. The SOE Water Quality Report Card was presented to Council on 14th October and provided an assessment of the compliance of Otago’s water quality with the Water Plan. Compared to the previous year’s water quality results, 83 sites retained the same grade, 20 sites improved and 11 sites degraded.

Results of State of Environment water-quality monitoring across the region are indicated on the map on the next page, and further detail is available in the annual water quality reports on the Otago Regional Council website.

MEASURE

The Catchment Advisory Group will adopt a position on how ORC will support groups.

TARGET

The Catchment Advisory Group makes recommendations to Council by December 2020

RESULT



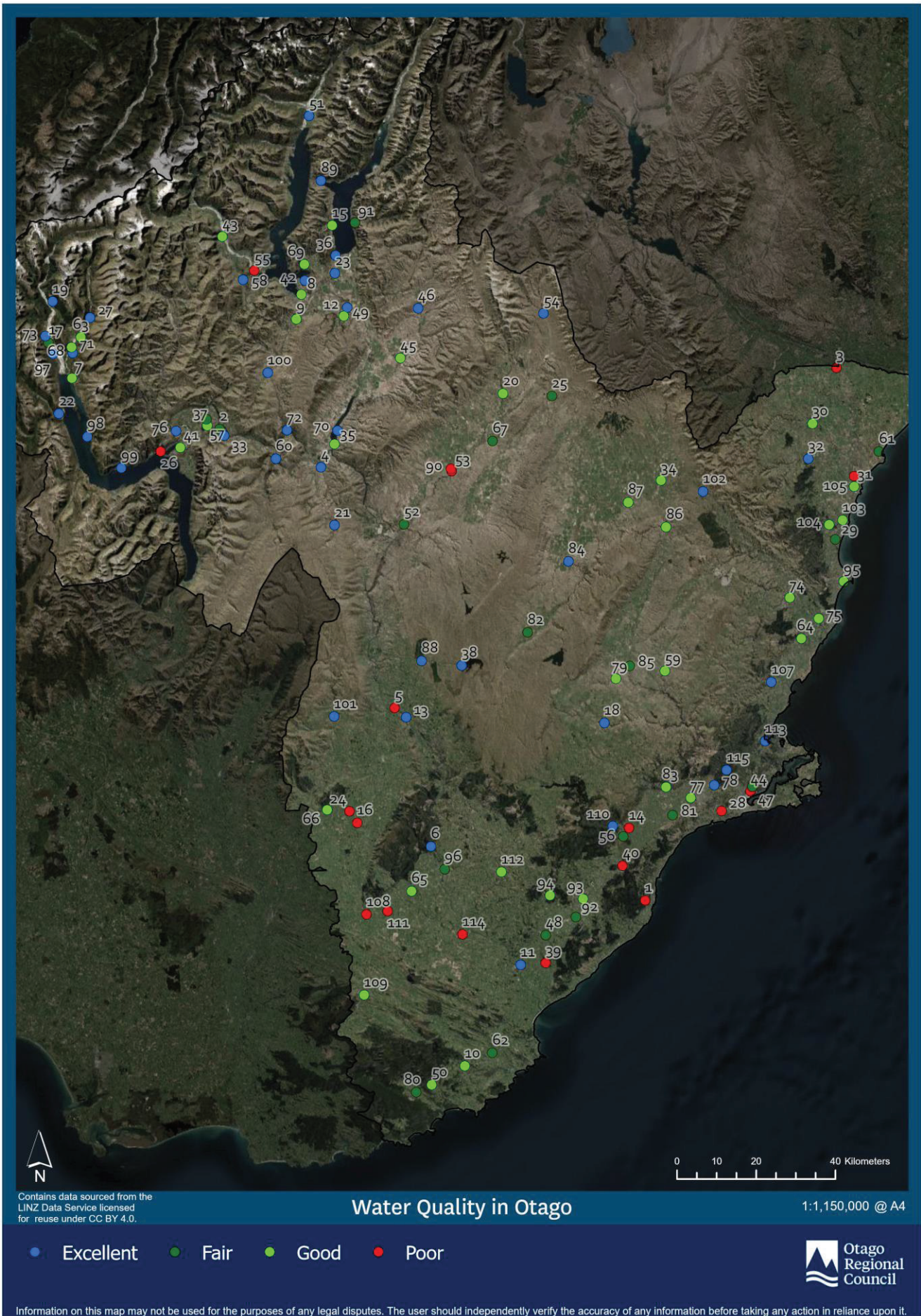
COMMENTS ON TARGET:

Council convened a Catchment Support Advisory Group made up of staff and councillors, catchment group representatives and a regional coordinator from NZ Landcare Trust. The group met to develop a set of working principles and an approach to allocate funding set aside in this year’s budget to support local groups to improve water quality.

In October the Group recommended that Council support the establishment of an overarching organisation that would help Catchment Groups through employing staff to provide facilitation, administrative and project support.

The initiative now employs a fulltime Otago regional coordinator and a part-time Otago Catchment Communities coordinator to provide organisational support for catchment groups and volunteers, helps groups secure funding, provides administration and communication support, and facilitates access to experts, information & technology.

Results of the State of Environment water-quality monitoring 2015-2020:



MEASURE

Support Catchment Groups in Otago to deliver their environmental outcomes and objectives.

TARGET

Areas of support are identified, and progress reported.

RESULT



COMMENTS ON TARGET:

Support was provided to catchments groups via participation in meetings, through the provision of technical advice, funding and/or assistance with water quality sampling. Specific support included:

- Funding the establishment of Otago Catchment Communities, who have achieved:
 - Attended 27 meetings, with 18 different Catchment Groups in Otago.
 - Undertaken specific projects including: Otago Dairy Leaders Forum, Otago Catchment Group Leaders Forum, development of an MPI Funding Application and facilitated workshops.
- Assisted Cardrona Catchment Group and Wai Wanaka with Land Use Capability information
- Led an Owhiro Catchment project focused on improving water quality, in conjunction with NZ Landcare
- Created a management plan for Tomahawk Lagoon, in consultation with local community
- Created a draft Lake Tuakitoto Management Plan in order to facilitate community engagement and confirmation of final actions
- Winter grazing, critical source area training and farm environmental plans sessions held with four Catchment Groups (57 farmers)

MEASURE

Work with Friends of Lake Hayes and other stakeholders to review the Lake Hayes Management Strategy and develop a programme of work for managing the water quality and flood hazard of Lake Hayes.

TARGET

Complete the Review and prepare the programme no later than 31 March 2021

RESULT



COMMENTS ON TARGET:

Council engaged with Friends of Lake Hayes, the Lake Hayes community, iwi and other stakeholders throughout the year to review and develop a programme of work. The programme of work includes augmentation of the water body to improve water quality and the installation of a culvert to mitigate flooding risk. Implementation of the work programme is underway.

More broadly, a revised Wai Whaka Ata/Lake Hayes Strategy draft was completed in March and is in the process of being finalised. The Wai Whaka Ata/Lake Hayes Strategy Group has been established to provide leadership in relation to implementation of the revised strategy.

MEASURE

Water Plan/s Implementation Action Plan and National Direction is progressed.

TARGET

1. Implementation Plan is finalised in line with Plan Changes being made operative

RESULT



2. Actions are implemented according to approved timeframes once Water Plan/s are operative



COMMENTS ON TARGET:

Target 1: Implementation plans have been developed for Plan Change 1, Plan Change 8 and for Action for Health Waterways. The implementation plans have progressed where appropriate and implementation is being overseen by the Good Water Programme Delivery Team and Good Water Programme Steering Committee.

Target 2: Actions associated with the development of Plan Change 1 and Plan Change 8 were implemented. Further actions associated with the implementation phase on the Plan Changes were paused, awaiting final decision from the Environment Court.

Telling the performance story

The FMU based research programme to inform the Land and Water Plan:

Council's science capability and capacity has grown significantly in the last year in order to build the capability to deliver the knowledge required for the new Land and Water Plan. Since June 2020, five new scientists, three team leaders and a research and contracts coordinator have been appointed into the science team while two vacancies in the team are still existing (senior freshwater ecologist and an agricultural systems scientist).

A research programme has been put into place to inform the LWRP and includes modelled hydrology, contaminant reduction scenarios, habitat studies, groundwater data, surface water quality, land use, soil attributes, wetlands, estuaries, biodiversity, fish passage and barrier information. The National Policy Statement on Freshwater Management (NPSFM) 2020 has significantly increased Otago Regional Council's obligations for wetland and fish passage management. Due to the size of these tasks, it is expected that these programmes will extend past 2023, likely resulting in plan changes beyond 2023. These programmes will be brought to Council for their consideration next financial year.

Lake Hayes restoration programme progress:

Significant progress has been made this year to develop and implement a programme of work for managing the water quality and flood hazard of Lake Hayes. A draft Wai Whaka Ata Lake Hayes Management Strategy was developed and is currently being progressed with mana whenua and a group of key stakeholders. A request for proposal has been created for the project management and delivery of the culvert and water augmentation at Lake Hayes. Council was on-track at 30 June 2021 to secure resource to manage this project. Further scientific work was undertaken with NIWA to explore augmentation implementation options.

Catchment group support:

An overarching structure to support the long-term sustainability of catchment groups in Otago was established, fully funded by the Otago Regional Council. The purpose of Otago Catchment Community (OCC) is to create and support an Otago wide network of catchment groups that are addressing environmental issues now and for generations to come.

The overall objective of OCC is improved management of Otago's environment, with a focus on rural water quality, by enabling and supporting an active, engaged and effective Catchment Group network.

The Otago Catchment Community will encourage a thriving Catchment Group network by:

1. Providing organisational support for Catchment Groups and volunteers
2. Assisting with the formation and direction setting of new and emerging groups
3. Assisting individual groups with identifying funding sources and writing applications
4. Providing administration support to help create and run groups
5. Providing communication support to help design, write and distribute information
6. Facilitating access to experts, information and technology
7. Establishing enduring funding pipelines to support changing needs
8. Acting as a conduit between government, regional authorities and stakeholders

In addition to the work of OCC, Otago Regional Council has provided technical expertise to a range of Catchment Group across the region.

Community Outcomes

Our work in Freshwater contributes to the following Community Outcomes:



A healthy environment

A place where people can enjoy their environment safely, productively and respectfully



A connected community

Service delivery that puts the community first and ensures that the operations are customer driven, efficient and fit-for-purpose



An engaged and proud community

Communities empowered to be the champions and custodians of their environment in Otago



A strong economy

A region that prioritises sustainability as an economic measure whilst being attractive to industry



A future-proof region

A region that is prepared for the future environmental challenges and that retains the characteristics that make Otago a great place for everyone



Biodiversity and Biosecurity

Otago is home to unique species that we need to look after. We share and understand the community's aspirations to protect our region's indigenous plants and wildlife.

Our Regional Pest Management Plan (Pest Plan) sets out the framework for how pest plants and animals specified in the plan will be managed in Otago over the next 10 years. It is supported by a Biosecurity Strategy that looks at how we will work with other organisations and the community to achieve the goals set out in the pest plan. Our work to support Otago's biosecurity includes supporting the control of prolific pests such as wilding pines, wallabies and rabbits. We do this by educating our communities, facilitating compliance and sometimes funding community projects.

Maintaining our biodiversity is a huge challenge. Although Council's work programme is in a developmental phase the biodiversity mapping which we have undertaken is an important step forward in prioritising actions that protect and support our plants and animals to thrive.

Our ECO Fund supports community projects that aim to protect, enhance or promote our local environment. We encourage and empower communities to take local action with the fund being fully subscribed this financial year.

There are four activities that make up our significant activity, Biosecurity & Biodiversity:

- Environmental Enhancement
- Biodiversity
- Biosecurity – pest management
- Wilding Pines

Performance against levels of service targets

SERVICE STATEMENT

Collaborate with the regional community to potentially invest and fund environmental enhancement projects that deliver good environmental and social outcomes.

MEASURE

The ECO Fund is administered to support community-led projects across Otago that protect and enhance the environment.

TARGET

1. The agreed funding of \$250,000 for the 2020-21 year is fully allocated to approved projects
2. Report to Council twice yearly on the allocation of the fund, status of fund recipients and summary of project outcomes

RESULT



COMMENTS ON TARGET:

The ECO Fund has two funding rounds per year and the agreed funding was fully allocated. This year we received 60 applications, requesting more than \$830k in total. 10 applications were approved in the October round for \$124,723 and 11 were approved in the March round for \$123,525; bringing the total allocated to \$248,248.

Reports on the allocation of the fund, fund recipients and project outcomes were presented to Council in May and November. Projects span across the region and cover diverse environmental enhancement objectives such as wetland restoration, possum control strategies, green skink translocation, environmental recreational enhancements, reforestation of waste land, and the development of backyard ecosanctuaries.

SERVICE STATEMENT

Implement the Biodiversity Action Plan

MEASURE

Implement the Biodiversity Strategy and Action Plan and review actions as required.

TARGET

Priority targets within the Biodiversity Strategy and Action plan are identified and achieved as scheduled

RESULT



COMMENT ON TARGET:

The Biodiversity Strategy and Action Plan has been implemented and reviewed as required. Priority targets were identified, and a range of actions were achieved as scheduled. Biodiversity mapping prioritisation of sites for active management has been completed, as has efforts to build on predator and weed initiatives to develop and implement landscape-scale programmes. A Partnership Lead – Biodiversity role has been established to support regional collaboration and national engagement. Council initiated a regional partnership with Kai Tahu and public sector agencies to advance indigenous biodiversity outcomes across the region.

Further work is required to complete other priority actions including development of a biodiversity research programme, scoping work to develop a common platform to share information on biodiversity and biosecurity, providing Good Management Practices (GMP) for biodiversity and on scoping a regional strategy.

SERVICE STATEMENT

Establish controls over animal and plant pests to maintain and enhance biodiversity, protect productive capacity and community health

MEASURE

Implement the current Biosecurity Operational Plan.

TARGET

All targets within the Biosecurity Operational Plan are achieved

RESULT



COMMENT ON TARGET:

Implementation of the Biosecurity Operational plan has progressed. In some areas the levels of service have been exceeded, however in other areas targets have not been fully met.

MEASURE

Review the Biosecurity Operational Plan

TARGET

Complete a review of the Biosecurity Operational Plan by 31 March 2021

RESULT



COMMENTS ON TARGET:

The review of the Biosecurity Operational Plan was completed by March. As a result of the review a revised plan has been drafted and was presented and approved by Council in June.

Telling the performance story

Environmental Enhancement

In addition to the ECO-fund Otago Regional Council also supported selected initiatives and organisations across the region which deliver biosecurity, biodiversity and environmental outcomes that align with our strategic objectives. Council made financial contributions to Predator Free Dunedin, the Yellow Eyed Penguin Trust, Orokonui Ecosanctuary and Wakatipu in the Wild.

Biodiversity

The biodiversity programme has seen an increase in both engagement and technical activities. A new Partnership Lead in Biodiversity commenced in September 2020 and an Otago Regional Council Biodiversity Working Group was established in October 2021.

Achievements this year include:

- Ecosystem mapping work was completed in late 2020 and is in the process of being released to a wider audience in 2021.
- Hosted a series of Otago Biodiversity Forums with iwi partners and key stakeholders in Alexandra and Dunedin
- Continue to develop ‘road map’ for the Otago Biodiversity Partnership.
- Engaged with DOC staff on Taieri river catchment programme around biodiversity.
- Engaged runaka partners on release and use of

indigenous ecosystems mapping and attended the Te Ao Turoa Partnership meeting.

The biodiversity mapping and ecological prioritisation of potential sites for active management was conducted across the region, irrespective of whether land was held in private, public or lease-hold tenure. This work was commissioned to meet Action 3.1 of the Council’s Biodiversity Action Plan. The biodiversity mapping has captured three outputs:

1. current extent of indigenous ecosystems across Otago for terrestrial, fresh water, and marine environments,
2. an estimation of the ecosystem coverage across Otago today had human settlement not occurred. This is called the ‘potential’ ecosystem coverage,
3. mapping of significant habitat for 22 fauna species; Wildlands was commissioned to produce the mapping, which was completed in August 2020.

The mapping and spatial ecological ranking work will enable Council to work with others in the private and public realms to identify where the best return on invest in active management of indigenous biodiversity will be, and to develop effective management responses.

Council has strengthened partnerships this year and initiated a regional partnership with Kai Tahu and public sector agencies to advance indigenous biodiversity outcomes across the region. The partnership includes

Otago Regional Council, DOC, all Territorial Authorities in Otago, and Kai Tahu through representation by Aukaha. The forum has met three times over the past year and is in the process of determining its purpose and the most appropriate way to develop a regional strategy and identify collaborative biodiversity projects.

Additionally, Council has successfully gained funding from the Department of Conservation for a project called “Maintaining the Gains”, which seeks to protect and restore indigenous biodiversity on QEII National Trust covenanted land in Otago.

Biosecurity – pest management

Otago Regional Council has been actively implementing its obligations under the Regional Pest Management Plan, Biosecurity Strategy and the Regional Pest Management Plan - Operational Plan. A major transformation of biosecurity activities commenced, including a rework of Council’s compliance activities and associated systems and processes.

Key achievements included:

- 331 rabbit inspections against Regional Pest Management Plan rules, against a target of 130; 53% of properties were compliant,
- Leading the establishment of community responses to rabbit management in Lake Hayes, Albert Town and Gibbston and planning for further facilitated action in Hidden Hills, Queensbury and Moeraki,
- 5,081 pest plant inspections against Regional Pest Management Plan rules, against a target of 3,215. Based on first inspections, 50% were compliant,
- 858 surveys done for Annual ‘Check, Clean Dry’ advocacy on aquatic pests over summer,
- Establishment of two Regional Co-ordination Groups (RCGs), one each for Wilding Conifer Management and Wallaby Surveillance and Control,
- Within the Wilding Conifers programme 21,817 hectares have been controlled in the Wakatipu area and 13,445 hectares in Central Otago (as of March 2021).
- Ground and aerial based wallaby surveillance activities in the North Otago, Hawea, Dunstan and the Hawkdens management units.

Wilding Pines

Otago Regional Council plays a lead role in facilitating government funding and overseeing aspects of delivery of Wilding Pine removal. This year increased funding from MPI for Wilding Pine removal has seen in a significant increase in this activity and resulted in control operations covering more than 35,000 hectares in Central Otago and Wakatipu areas.

Supporting Information:

Rabbit Inspections

	COUNT
Compliant	174
Non-compliant	157
TOTAL	331

Plant Inspections

FIRST INSPECTIONS	COUNT
Compliant	1,821
Non-compliant	1,811
Potential Plant Pests*	814
Total	4,446

RE-INSPECTIONS	COUNT
Compliant	370
Non-compliant	263
Potential Plant Pests*	2
Total	635
TOTAL INSPECTIONS	5,081

*Plants that may present a threat to the region and are classified as organisms of interest in the Regional Pest Management Plan.

Community Outcomes

Our work in Biosecurity & Biodiversity contributes to the following Community Outcomes:



A healthy environment

A place where people can enjoy their environment safely, productively and respectfully



A connected community

Service delivery that puts the community first and ensures that the operations are customer driven, efficient and fit-for-purpose



An engaged and proud community

Communities empowered to be the champions and custodians of their environment in Otago



A strong economy

A region that prioritises sustainability as an economic measure whilst being attractive to industry



A future-proof region

A region that is prepared for the future environmental challenges and that retains the characteristics that make Otago a great place for everyone



Air

Good air quality is necessary for health and well-being.

We are responsible for making sure our region complies with the government’s National Environmental Standard for Air Quality and, under the Resource Management Act, for controlling the discharge of contaminants into the air.

Meeting air quality standards is a particular challenge in localities with extremely cold winter weather and strong temperature inversions.

This activity is about implementing the Air Quality Strategy. We are interested in solutions that will continue to warm homes while improving air quality.

There is one activity that makes up our significant activity, Air:

- Air Strategy Implementation

Performance against levels of service targets

SERVICE STATEMENT

In targeted towns we work to reduce PM₁₀ emissions for ambient air quality

MEASURE

Review Air Strategy implementation approach.

TARGET

Programme review reported to Committee by 30 June 2021.

RESULT



COMMENT ON TARGET:

The review of the Air strategy implementation approach was not conducted this year. A Council decision in the Long-term Plan (LTP) process conducted during the reporting year removed the relevance of this target and measure. The current Air Strategy is to be reviewed and a new implementation plan will follow in year 3 and 4 of the 2021-31 LTP.

Telling the performance story

The Council decision to delay reviewing the Air Implementation Programme was difficult and reflected an understanding that the community must have confidence that future expenditure to improve air quality will achieve desired results. To achieve that confidence Council needs to review the underpinning Air Strategy and Regional Plan. Otago Regional Council has committed to doing that. We are aware that there is no one simple solution, and we need to learn from other approaches and take a co-ordinated response to ensure people are warm, healthy, and secure in their homes.

This means for example that the funds for subsidising the installation of clean burning technology under the ‘Clean Heat Clean Air Programme’ was not replenished.

This year Council’s work on Air focussed on region wide monitoring during winter, the results of which will help to inform the Air Plan review.

Otago Regional Council contributed to the Cosy Homes Trust in support of their work towards warm homes and clean air as a founding Trustee.

Community Outcomes

Our work in Air contributes to the following Community Outcomes:



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State of the Environment reporting

It's important that we continually monitor water quality and quantity, and air quality. Our environmental monitoring has expanded to include programmes for biodiversity, estuaries and coastal monitoring.

Data and information is collected on the well-being of Otago's environment and reported on in the State of the Environment reporting processes.

This information supports the development of policies and plans, and indicate how well our region is doing in complying with existing plans. It is also a measure of the Otago Regional Council's performance in looking after the environment.

ORC hosts the project office for the national Environmental Monitoring and Reporting (EMaR) project. The objective of EMaR is to become more consistent and integrated in the collection and presentation of environmental data. The EMaR project is a partnership between the regional sector, central government and the Cawthron Institute. A focus for the regional sector has been to get better at telling our own regional stories and make data more accessible to public and for national reporting purposes.

There are three activities that make up our significant activity, State of the Environment reporting:

- Ambient air quality monitoring
- Water quality and quantity monitoring
- Environmental Monitoring and Reporting (EMaR)

Performance against levels of service targets

SERVICE STATEMENT

Provide high quality and timely environmental information, indicators and advice to key decision makers and the community

MEASURE

Monitor air quality to assess compliance with the National Environmental Standard requirement of no more than one daily average reading of PM₁₀ per annum to be higher than 50 micrograms per cubic metre.

TARGET

Regulatory obligations met and annual report presented to committee by December 2020

RESULT



COMMENT ON TARGET:

Air Quality monitoring was conducted at four continuous monitoring sites and four winter only sites. Regulatory obligations were met, and any exceedances of NES levels were notified publicly as required. The Annual Air Quality report (calendar year 2020) was presented to the Data & Information Committee in March. The report included results of the State of the Environment monitoring for air quality for 2020 and also provided a summary of spatial and temporal PM₁₀ trends in Arrowtown, an outline of the monitoring projects required to inform the future Regional Air Plan review, and an analysis of Otago's air quality data during the COVID-19 lockdown.

MEASURE

Data quality and data availability monitored through Quarterly Reports shows compliance to relevant standards for sites defined in the “Monitoring Schedule for 2018-28 Long Term Plan”

TARGET

90% of data has a Quality Code of fair or better; 95% of all data has been captured; 95% of data shall be quality assured in three months of collection

RESULT**COMMENTS ON TARGET:**

The quality of the data made available through our monitoring programmes continues to be high. Quarterly reports on data capture and quality show that 98% of hydrological network data capture was archived.

Data quality is categorized into quality code (QC) levels, as defined by the National Environment Monitoring Standards (NEMS). QC levels range from QC0 (missing data) to QC600 (highest standard). Quality code targets depend on the monitoring type, with State of the Environment (SoE) surface hydrology targeted at QC600, while groundwater and project sites are generally targeted at QC500. Of all SOE site data archived (including groundwater, rainfall, and water temperature), a total of 90% were of the highest or fair quality standard, while for project sites 89% were at QC600 or QC500 level.

Continuous data feeds are publicly available through the Otago Regional Council-Water Info website, which also displays any alerts (e.g. low flow or flooding). Water quality (including contact recreation) and air quality data are publicly available through the LAWA website.

MEASURE

Changes and trend in natural resource availability and quality are analysed and reported to the Council as per the schedule entitled “Monitoring Schedule for 2018-28 Long-Term Plan”

TARGET

Reports are provided to Council as per the schedule.

RESULT**COMMENT ON TARGET:**

Reports presented to Council this year included the State of the Environment (SOE) Water Quality Report in October, the Groundwater Quality report and the Annual Air Quality report in March, the Lakes & Rivers Water Quality report in April, and the Contact Recreation Water Quality in June. The five-year Air Quality report was not completed by 30 June, however, is due to be presented to Council in September 2021. The SOE monitoring and reporting on estuary state has been completed. The estuary trophic index is a metric within the estuary monitoring protocol/ programme and included within the final reports. The estuary report is available but has not been presented to council because it describes ‘state’ only and there is insufficient data to describe changes and trends.



Moeraki, Waitaki

Telling the performance story

Ambient air quality monitoring

Four monitoring stations continually measured the level of particulate matter less than 10 microns (PM₁₀) in the air throughout the year. An additional three stations operated over the winter months. The data are available to the public on the LAWA websites. Exceedances are reported through news media during the winter months, as required.

In addition to the regular monitoring equipment maintenance ORC undertook intensive work on monitoring site upgrades in Arrowtown, Clyde, Cromwell and Milton. The upgrades involved replacing the older Beta Attenuation Monitors (BAMs) with new optical instruments which use light scatter to calculate concentrations of particulate matter. The new instruments will allow for better analysis of data due to their high resolution. Two of the monitoring sites now have equipment that can monitor smaller particulates (particulate matter less than 2.5 microns, PM_{2.5}) with a third site scheduled for upgrade in the next financial year. The monitoring of PM_{2.5} will provide a clearer picture of air quality and prepare us for the upcoming amendments to the National Environment Standards for Air Quality.

Water quality and quantity monitoring

Otago Regional Council’s water monitoring programme consists of more than 130 monitoring sites across Otago: 110 river sites, and 22 sites and depths at nine lakes. Rainfall, flow, water level, groundwater as well as water quality attributes and macroinvertebrates are measured at sites across the region. During the summer months we carried out weekly recreational water quality monitoring at 25 popular swimming spots around Otago (rivers, lakes, and beaches).

We carried out monthly State of the Environment (SOE) water quality testing through our network of monitoring sites which measure the state and trends of water

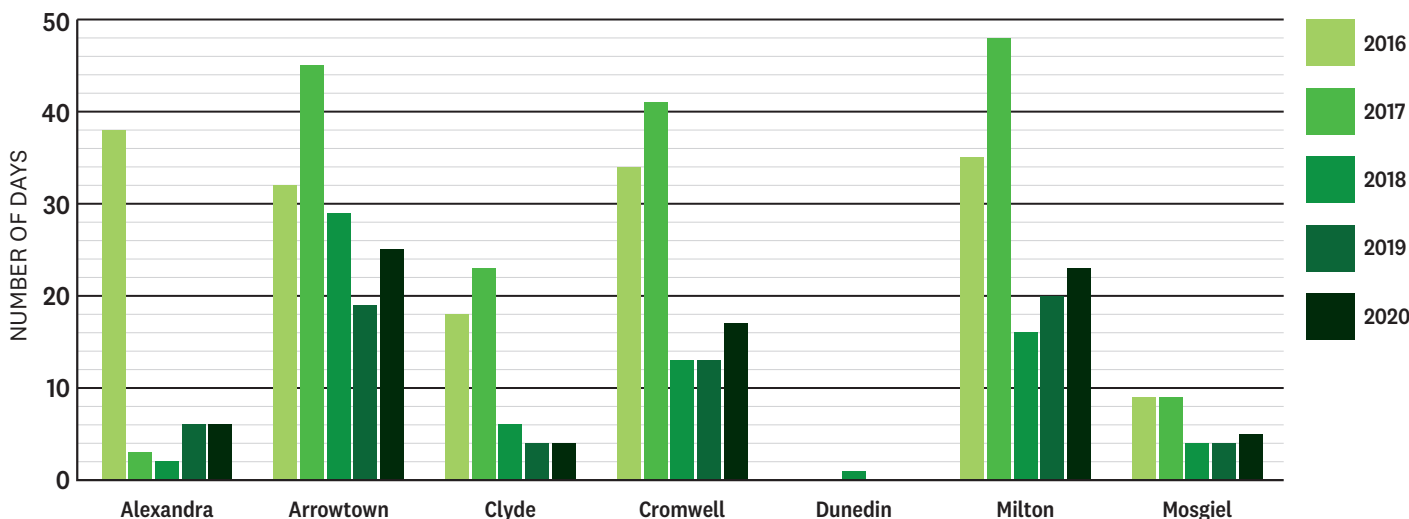
quality around the region. SOE monitoring results are based on five years of data taken when the flow site was at or below median flow.

The State of Environment report on the river and lake water quality in the region was presented to council in April. The study reports on the state of water quality on a site-by-site basis, relative to nationwide targets specified in the National Policy Statement for Freshwater Management 2020. The report considers 10 water quality variables and indicators and also assesses water quality trends at individual sites, and across Otago as a whole. The report tells us that water quality is best in the headwaters and at higher elevations, but it suffers at sites in smaller, low-elevation streams that drain pastoral or urban catchments.

The report does not analyse the drivers for water degradation trends. In the future, as Council gathers more detailed information on land use and land management changes at local and catchment scale further analysis will be possible. The report ‘State and Trends of River and Lake Water Quality in the Otago Region 2000-2020’ is available on the ORC website.

The results of the report will inform the development of our new Land and Water Regional Plan (LWRP), which divides the region by catchment into freshwater management units (FMU’s) and will support Council and the community to implement other water quality improvement initiatives. Understanding the state and trends in water quality by monitoring water quality attributes will enable Council to set limits and/or prepare action plans to achieve the outcomes required in the new Land and Water Plan and then monitor them to assess progress. The Land and Water Plan is due to be notified in 2023 is being written to comply with National Policy Statement for Freshwater Management (NPSFM) 2020 requirements.

Number of exceedances of NESAQ for PM₁₀



Growth of environmental monitoring programmes

In addition to our air and water monitoring programmes Council has been developing and expanding our monitoring programmes in coastal and estuarine environments, groundwater and biomonitoring. Coastal monitoring in 2020-21 has included scoping work to map marine biodiversity; the mapping will provide the basis for designing and developing coastal state and trends monitoring programme over the coming year. Fine-scale monitoring for estuaries was undertaken within the state of the environments (SOE) monitoring programme and work to design, develop and report on sediment monitoring for Otago's estuaries is on track.

The groundwater SOE report was presented to Council in March 2021 and highlighted key findings regarding groundwater quality in Otago. The report also identified a range of potential measures for improving Council's monitoring programme, public awareness, and the protection of groundwater quality. There is considerable work needed to extend the groundwater SOE network to collect the data Council needs to fully inform a Land and Water Regional Plan for each FMU. A programme to replace unsuitable or privately owned SOE bores with new dedicated SOE bores at key sites, will begin in the next financial year.

The biomonitoring programme included monitoring macroinvertebrates (annually) and periphyton (monthly) at 33 sites, additionally a new programme to monitor organic matter breakdown representing the ecological processes attribute in the National Policy Statement on Freshwater Management (NPSFM) was implemented. Continuous dissolved oxygen meters are being added to the network strategically and will inform many of the NPSFM attributes. Otago Regional Council commissioned external expertise for advice on setting Otago thresholds, rather than national. It is intended that a revised SOE biomonitoring programme will be implemented after the LWRP is notified in 2023.

National Environmental Monitoring and Reporting

Otago Regional Council continued to host the project office for the national Environmental Monitoring and Reporting (EMaR) programme. The Environmental Monitoring and Reporting programme's overall aim is to make fundamental changes to how the regional sector delivers environmental monitoring and reporting functions through a number of data and information projects. Information about the National EMaR programme and projects can be found on the LAWA website.

Aquarius project

Behind the scenes Otago Regional Council has undertaken a project to revolutionise how we manage our environmental data. Environmental data underpins a significant part of the current and future work undertaken by Council. Demand on datasets and information continues to grow and the use of this data is also expanding by Council and its stakeholders.

The previous systems and databases which had been used to manage Council's environmental data were at risk due to outdated technology and loss of technical support. The multi-year project has involved the migration of data from the existing time-series database to the new 'Aquarius' platform ensuring a fit for purpose and robust system. This new platform will be the backbone of our public facing environmental information. Despite the challenges presented by COVID-19 and a remote project team, the initial stages of the project have been delivered within agreed timeframes and under budget. The new database is now being used for daily operation requirements by multiple teams within the organisation. The final stage of the project will be undertaken early in the new financial year and will involve replacement of the WaterInfo web graphs with an interactive Web Portal for environmental data.

Community Outcomes

Our work in State of the Environment reporting contributes to the following Community Outcomes:



A healthy environment

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A connected community

Service delivery that puts the community first and ensures that the operations are customer driven, efficient and fit-for-purpose



An engaged and proud community

Communities empowered to be the champions and custodians of their environment in Otago



A strong economy

A region that prioritises sustainability as an economic measure whilst being attractive to industry



A future-proof region

A region that is prepared for the future environmental challenges and that retains the characteristics that make Otago a great place for everyone

Regional Leadership

Supporting informed decision making and an engaged community



Governance and Community Engagement

We want voices around Otago to be heard through our elected representatives, and our consultation and engagement activities, and to provide quality leadership that benefits our region.

Our goal is to deliver governance support and process that enables a robust, transparent democratic practice for Council's elected members and for community participation.

There are three activities that make up our significant activity, Governance and Community Engagement:

- Governance and democracy
- Public awareness
- Response to external proposals

Performance against levels of service targets

SERVICE STATEMENT:

Governance support and process that enables a robust and transparent democratic practice for Council's elected members and the community

MEASURE	TARGET	RESULT
Percentage of official information requests responded to within statutory timeframes	100%	

COMMENT ON TARGET:

There were 141 official information requests received and 140 were fulfilled within statutory timeframes; 99% compliant.

MEASURE	TARGET	RESULT
Percentage of council agendas that are publicly available two working days or more before a meeting.	100%	

COMMENT ON TARGET:

Agendas are routinely put on the Council Meetings and Agendas webpage, ordered by most recent meeting dates, two working days in advance of meetings. Printed agendas are also available for inspection on request at Otago Regional Council public offices, and on the day of meetings at the meeting venue.

MEASURE

Conduct meetings in accordance with Standing Orders and the Local Government Official Information and Meetings Act (LGOIMA) 1987.

TARGET

All meetings

RESULT



COMMENT ON TARGET:

This year there were 17 Council meetings, 26 Committee meetings and 4 Subcommittee meeting; all were held in accordance with Standing Orders and LGOIMA. There were also 39 workshops, four Mana to Mana meetings. Council meetings were held in Dunedin, Cromwell, Oamaru and Queenstown and regional visits were undertaken in conjunction with the away council meetings, and in South Otago.

SERVICE STATEMENT:

Council has clearly articulated policy, purpose and activity to encourage participation in decision-making by the community

MEASURE

Council's Long-term Plan, Annual Plans and Annual Reports are fit for purpose and accessible.

TARGET

All Local Government Act statutory planning requirements and financial reporting standards are met

RESULT



COMMENT ON TARGET:

During the financial year Council completed its Long-term Plan 2021-31 (LTP) and Annual Report 2019-20 to the requirements of the Local Government Act 2002. Both processes resulted in an unqualified external audit opinion. Community feedback was invited on the proposed LTP via a consultation document and detailed supplementary information. The process was extensively advertised, and plan information provided on Council's website. Council made final decisions about the LTP based on the feedback from the 560 submissions.

MEASURE

Hosting Mayoral Forum secretariat to coordinate Triennial agreement between Otago Territorial Local Authority mayors and ORC chair

TARGET

Four meetings per year

RESULT



COMMENT ON TARGET:

In-person Mayoral Forums were held in July, September, December, February and June. Ongoing work programme has included COVID-19 recovery, Three Waters, solid waste, and contribution to the Otago Regional Economic Development (ORED) group and iwi partnerships across Otago. Progress is being made on building cooperation across the region on climate change and Resource Management system reform, alongside existing priorities.

Telling the performance story

Governance and Democracy:

The 2020-21 year started with a change in leadership, following an extraordinary Council meeting to remove the Chair and appoint a new Chair. Councillor Andrew Noone was elected as the Chair on 8 July 2020 and led a review of the committee structure for the council. The new committee structure was adopted on 26 August

2020, and included two new committees including a Data and Information Committee and an Implementation Committee. This resulted in 0.5 FTE (unbudgeted) being approved for the team to support the work.

Council made it a priority to hold meetings in the regions. Council meetings, and associated field visits took place in South Otago (field visit only), Cromwell,

Oamaru and Queenstown. Holding council meetings around the region did not result in an increase in attendees however, perhaps due to council meetings being livestreamed and therefore available to everyone.

The year saw a sustained pace of governance work to support key Otago Regional Council priorities. The Regional Policy Statement, Strategic Directions, and Long-term Plan required a lot of engagement from governors, in addition to furthering a number of other work priorities across the organisation. With the establishment of the Data and Information Committee, a significant amount of “information” has also come to governors for consideration and noting. This has contributed to building engagement between staff and governors.

At the request of the new Chair, governors have also undertaken a series of professional development opportunities over the year which has included Chairs Training and bringing a selection of resource management specialists in to speak with councillors.

Mana to Mana, the rōpu of councillors and Otago rūnaka chairs has met regularly throughout the year and focussed on strengthening our partnership with iwi at a governance level to support the huge amount of work taking place at a staff level across the organisation. Refreshed terms of reference for the group were agreed and are due to be signed by all parties in September 2021, as a signal of commitment to the partnership.

Public awareness:

We continue to work with the wider organisation to enable timely public access to information, and to facilitate two-way conversations via community consultation and engagement. We have focused on enhancing our strategic framework for communications

and engagement during the period.

- Key ‘one-off’ communications have included: the launch of Bee Card, community consultations on the Long-term Plan, Regional Public Transport and Land Transport Plans, Manuherekia flow management scenarios, and the setting of freshwater visions.
- Initiatives included the launch of a new section of the website that allows ratepayers to look up the detail of current or estimated future rates by address and the launch of a popular new Orbus e-newsletter.

Otago Regional Council responded to 351 media enquiries and issued 96 media advisories/releases/statements during the 2020-21 financial year.

Response to external proposals:

As well as the typical smaller resource consent applications received, Otago Regional Council has submitted on two significant consent applications this year. Staff have prepared submissions on Variation 2 to the Dunedin City 2GP, as well as the above-mentioned consent applications and have submitted on a large number of consents across Otago, for subdivisions and/or land uses that are inconsistent with the partially operative RPS 2019. In addition, staff have continued to have significant involvement in appeals on the Queenstown Lakes District Plan review and the Dunedin City Second Generation Plan.

Due to the nature of this work technical support is often required for land use consents that Otago Regional Council engages in. Staff from across the organisation are involved in this work including experts from hazards, consents, legal, science and policy teams.

The unanticipated scale and volume of work in this activity this year and the appeals on the Queenstown and Dunedin City plans resulted in a budget overspend.

Community Outcomes

Our work in Governance and Community Engagement contributes to the following Community Outcomes:



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Regional Planning and Strategy

Our regional plans set out objectives, policies and rules for the sustainable use of natural and physical resources in Otago, including water, land, air, and the coast. We also increasingly need organisational and functional strategies and plans to support regional regulation and implementation, promote regional wellbeing and build community capacity and resilience.

Establishing and maintaining a robust, integrated, and consistent environmental planning framework is the overarching goal. A Regional Policy Statement (RPS) sets the direction for future management of natural and physical resources. Otago Regional Council's RPS is the foundation for the development of our regional and district plans. The RPS was under review during this reporting period with a programmed completion date of June 2021 (financial year end). The regional planning framework supports the management of Otago's freshwater and land resource and is Council's top priority. Our approach to planning and consenting regarding freshwater changed and we accelerated our work programme over the 2020-21 year. This includes working on the priority catchments Arrow, Cardrona and Manuhereki rivers ahead of notifying the LWRP in 2023.

Looking after our region's natural and physical resources includes managing urban development. Urban development is an important emerging issue for Otago, as the number of people choosing to live in Queenstown and Central Otago continues to grow.

There are four activities that make up our significant activity, Regional Planning and Strategy:

- Planning – Freshwater and Land
- Planning – Air, Water, Coast, Regional Policy Statement
- Urban Development Strategy
- Strategy

Community Outcomes

Our work in Regional Planning and Strategy contributes to the following Community Outcomes:



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Performance against levels of service targets

SERVICE STATEMENT:

Establish and maintain a robust, integrated and consistent environmental planning framework

MEASURE

Complete review of existing Regional Policy Statement (RPS) and notify the new one.

TARGET

Ministerial target: November 2020. (Extended by the Minister to June 2021)

RESULT



COMMENT ON TARGET:

The RPS was approved for notification on 16 June and notified on 26 June 2021, in line with the Minister for the Environment's recommendations.

MEASURE

Deliver against the Land and Freshwater programme as agreed with the Minister for the Environment to implement the National Policy Statement for Freshwater Management.

TARGET

Report to Committee on progress against work programme (adopted November 2019)

RESULT



COMMENT ON TARGET:

The Land and Freshwater planning programme has been progressing. A report was presented to Council in October 2020 and in March 2021 and an update provided to the Minister. The Land and Freshwater programme as agreed with the Minister includes work across Council activities in areas such as planning, science, environmental implementation, and regulatory work. In 2020-21 the plan changes were largely completed, the RPS was notified, and we are on track to deliver on the Land and Water Regional Plan. The Arrow and Cardrona water quantity limits process has been finalised, however the Manuherekia work and the FMU programme are behind schedule; but while there is a delivery risk the expectation remains that it will be delivered by December 2023. Work has commenced in the Upper Lakes rohe and the Catlins FMU, and preparatory work has commenced in the Taieri FMU and Dunedin and Coast FMU.

SERVICE STATEMENT:

Develop with our key partners an Urban Development Strategy

MEASURE

Provide region-wide direction on urban development in conjunction with the Territorial Local Authorities.

TARGET

Report to Committee on the preparation of an urban work programme

RESULT



COMMENT ON TARGET:

A report for options to develop an urban work programme was approved by Council in September 2020. Provision to implement the approved option was included in the LTP 2021-31. As at 30 June Council had made progress on completing the programme for future implementation.

Telling the performance story

Regional Policy Statement:

The RPS, which was notified in June, identifies the significant resource management issues for Otago and provides high-level guidance by way of policies and objectives. It also helps to explain how national direction on resource management will be applied in the Otago context and provides direction on how to balance potentially conflicting requirements.

Notification of the new RPS follows Minister for the Environment Hon. David Parker's recommendation made in 2019, after a review into Council's freshwater management planning regime. Council understands that this RPS is the first nationally to be notified since the National Policy Statement for Freshwater Management 2020 was gazetted, with its requirement to give effect to Te Mana O Te Wai, and to include freshwater visions for each Freshwater Management Unit. It is also the first RPS to be developed under the new National Planning Standards. The proposed 2021 RPS will be critical in reviewing our regional plans and the development of our new regional plans over the next few years, starting with the Land and Water Regional Plan which is intended to be notified in 2023.

Irrespective of the requirement of the Minister, all RPS's were required to be amended to give effect to the National Planning Standards by 2022, so this work was necessary for a variety of reasons.

A considerable amount of staff time and consultant support was required to achieve the completion of the review of the RPS in a tight timeframe. In addition, new NPS-FM requirements introduced in August 2020 required additional processes and additional community consultation which was both unplanned and unbudgeted. For more information on the RPS visit the ORC website.

Planning - Freshwater and Land:

There has been a considerable amount of staff time, and legal counsel time, associated with Plan Changes 7 and 8 to the Regional Plan: Water, and Plan Change 1 to the Regional Plan: Waste. All these plan changes responded to the Ministerial review undertaken in 2019.

The plan changes were called in and Council is responsible for the full costs of these processes. These Environment Court cost were unbudgeted and the duration of the hearing on Plan Change 7 was unexpected.

Planning - Air, Waste, Coast:

The review of the Regional Plan: Air was reprioritised and is now scheduled to commence in Year 2 of the

Long-term Plan 2021-31. The Waste Plan review was completed in late 2020 and is being used to inform the Land and Water Regional Plan development.

Urban Development Strategy:

The urban team have been supporting the RPS review, in particular Queenstown Lakes District Council, through their Future Development Strategy, which has pivoted to be a recovery strategy. Work to understand rezoning in the Dunedin City area is underway and support for Waitaki District Council on an urban focused growth strategy has also been occurring.

The assessment of highly productive land has not been undertaken at this stage. That work was predicated on the National Policy Statement for Highly Productive Land being gazetted in the financial year however it has not yet been released by Government. Until this NPS is gazetted, this work will not be able to be finalised.

Otago Regional Council initiated Quarterly Monitoring Reports, as required by the National Policy Statement on Urban Development 2020 (NPSUD). The initial report was presented to Council's Data & Information committee in March and the second in June.

Strategy:

Council developed Strategic Directions this year to document its vision, mission and inform development of the Long-term Plan (LTP). This vision for Otago was reflected into the LTP as community outcomes and significant activities. An environment scan undertaken for Strategic Directions also provided the basis for the non-financial assumptions underpinning the LTP.

Support was provided across a range of Council areas and activities to implement Strategic Directions. Some important contributions included:

- assessment of social and economic impacts of the Regional Policy Statement and Land and Water Regional Plan (Manuherekia FMU; water security policy options);
- science team operational planning;
- refresh of Council's communications and engagement strategy;
- draft policy for Freshwater Action Planning, which provided a framework for planning and a methodology for prioritising catchment action,

Council engaged with Southland and other Territorial Authorities to share information and intelligence about Resource Management Act reform and its implications for regional and district councils.

Regulatory

Professional service and action supporting the sustainable management of Otago's natural resource



Consenting, monitoring, investigations, and enforcement

As a regulatory authority we provide services to ensure that activities in Otago are consistent with both national and regional rules.

Our functions include processing and monitoring consents, investigating activities that don't comply with the rules, and oversight of navigational safety on our waterways.

Regulation is not the only way to get results. We collaborate with Otago communities in education and awareness campaigns to increase the community's knowledge and understanding of environmental matters. Working together, we can achieve good outcomes that maintain and improve our environment.

There are five activities that make up our significant activity, Consenting, Monitoring, Investigations and Enforcement:

- Consent processing
- Compliance monitoring
- Incident response, investigation, and enforcement
- Contaminated sites
- Harbours and waterway management

Performance against levels of service targets

SERVICE STATEMENT:

Deliver consenting processes efficiently and effectively under the Resource Management Act 1991 to enable the lawful use of natural and physical resources

MEASURE

Percentage of resource consent applications processed within Resource Management Act 1991 legislative timeframes.

TARGET

100%

RESULT



COMMENT ON TARGET:

Whilst this is an aspirational target, it has been achieved in a very busy year. 100% of applications have been processed within timeframes. An average of 48 applications for resource consents were received per month, an increase from 37 per month the previous year. This increase has been driven by deemed and water permits expiring in 2021 as well as new consent requirements relating to the new National Environmental Standard for Freshwater and Plan Change 8 to the Regional Plan Water. The number of applications in the system rose from 269 at the start of the financial year to 370 at the end of the year, demonstrating the increased workload for the consenting team.

SERVICE STATEMENT:

Administering and assessing performance monitoring data provided by consent holders

MEASURE

Percentage of performance monitoring returns received this year that will be assessed for compliance with consent conditions and rules within the year.

TARGET

85%

RESULT**COMMENT ON TARGET:**

This year Otago Regional Council received 6,403 performance monitoring returns and assessed 3,402 (53.1%) by 30 June. In addition, we processed 2,131 performance monitoring returns which had been carried over from the previous year. Although we did not achieve our target of 85%, our processing rates have increased; the total number graded for compliance in 2020-21 was 5,533 compared to 5,012 in 2019-20.

SERVICE STATEMENT:

Acting on non-compliances identified through consent audit or performance monitoring returns

MEASURE

Percentage of significant non-compliance found that has been followed up by staff.

TARGET

100%

RESULT**COMMENT ON TARGET:**

There were 3,291 non-compliances identified through performance monitoring and audits. Of those 2,296 were low risk, 653 were moderate and 342 were categorised as significant.

Of the 342 significant non-compliances, 57 relate to on-site audits conducted by compliance staff and the others were identified through performance monitoring. In all cases, consent holders were notified of their breach and the action they needed to take to correct it. There have been 56 separate enforcement actions recorded this year.

SERVICE STATEMENT:

Investigations and response to notifications of non-compliance and incidents

MEASURE

Maintain 24-hour/7 day a week response for environmental incidents.

TARGET

100%

RESULT**COMMENT ON TARGET:**

The Pollution Hotline was staffed 24hours a day/7days a week and online pollution reporting was available and checked during business hours. In total the Council received 1,913 complaints. The categories which received calls to the pollution hotline were:

- Outdoor burning: 386
- Water pollution: 372
- Odour: 254
- Domestic chimneys: 172
- All other categories: 729

MEASURE

Facilitate/carry out appropriate response training for staff and contractors.

TARGET

1. Hold at least one pollution incident response training exercise for each of the following: desktop exercise; a field exercise for pollution incident response; an equipment training day

2. Hold at least one marine oil spill incident response training for each of the following: desktop exercise; a field exercise for marine oil incident response.

RESULT



COMMENT ON TARGET:

Target 1: Pollution incident response training sessions were held throughout the 2020-21 year, including regular FIDOL (Frequency, Intensity, Duration, Offensiveness and Location) survey and water sampling training.

Target 2: An oil spill training exercise was undertaken in December 2020 and a full field exercise for marine oil spill incident response was held at MacAndrew Bay in April 2021. The Harbourmaster and Deputy Harbourmaster completed the Senior Regional Responder course with Maritime New Zealand.

SERVICE STATEMENT:

Enable safe use and navigation for all users of Otago harbour. Take appropriate action in response to notifications of non-compliance and incidents

MEASURE

Major incidents on Otago’s harbours and waterways will be responded to promptly and appropriately.

TARGET

1. Average response time after notification is no more than one hour for Otago Harbour and within four hours for other locations

2. Major incidents and Harbourmaster’s response will be reported to council quarterly

RESULT



COMMENT ON TARGET:

Target 1: All notified incidents were responded to within the target timeframes.

Target 2: Major incidents were reported in the Regulatory group’s quarterly reports to Committee and included, Trans Spring large commercial vessel (loss of propulsion in March) and Taieri mouth bar recreational incident (Fatality in April).

Telling the performance story

Consent processing:

2020-21 has been a busy year with a significant increase in both the consent applications received and the volume processed. Decisions were issued on 435 consents, up from 317 in the previous year. This increase has largely been driven by the process of replacing deemed and water permits which expire in 2021, as well as new consents required under the National Environment Standard for Freshwater (NES-FW) and Plan Change 8 to the Regional Plan Water. It is anticipated that workloads will continue to increase in

the 2021-22 period due to changes at the national and regional level introducing more consent requirements and applications to replace existing permits.

In addition to consent processing, work over the year has included:

- Internal process improvements aimed to increase efficiency and decrease processing costs
- Increased information on the consent process being available for the public to access on the website.
- Preparing for, providing feedback on, and

implementing plan changes such as Plan Change 7 and 8 to the Water Plan and Plan Change 1 to the Waste Plan ('Omnibus')

- Implementing the Action Plan for Healthy Waterways
- Training and supporting new staff that were recruited in this period

The Consents team also carries out the processing of approvals under the Flood Management Bylaw, applications for Building Consent under the Building Act and provides advice and information to the public and other teams about consent requirements. By the end of the reporting period the Building Consent function had been transferred to Environment Canterbury.

This year a significant portion of time was spent speaking to the community about the Action Plan for Healthy Water, including at catchment and community group meetings. This work was undertaken in parallel with consent processing.

Compliance monitoring:

The Compliance Monitoring team completed 605 on-site consent audits this year. In addition to consents compliance monitoring, monitoring of permitted activities included:

- 479 dairy inspections as part of the 2020/21 Dairy Inspection Compliance Project
- 38 forestry inspections and review of 174 forestry management plans for compliance with the National Environment Standard for Plantation Forestry

All non-compliances identified through audits have been followed up by staff and either appropriate action has been taken, or investigations are continuing.

Response, investigation, and enforcement:

Incident response staff continue to provide a high level of service on the Pollution Hotline. Calls have remained high with 1,913 complaints received, relating

to 1,268 incidents. All the incidents were responded to, with responses ranging from phone calls to desktop assessments and on-site investigations. Two prosecutions were completed this year.

Contaminated sites:

Otago Regional Council maintains a HAIL database (Hazardous Activities and Industries List), of properties where information is held regarding current or past land uses that have the potential to contaminate land.

In the year, 257 complaints and enquiries were responded to, 126 HAIL sites were registered (57 new sites) or updated, and 54 audits of contaminated sites were completed.

Harbours and water management:

We are responsible for the regulation of ports, harbours, waters and maritime-related activity in Otago under the Maritime Transport Act. In some districts this responsibility is delegated to other councils who are responsible for the waters in their patch, like Queenstown Lakes District Council.

Achievements in 2020-21 included:

- Maritime delegation for Lake Dunstan was transferred to Otago Regional Council as of September 2020. ORC and CODC navigational bylaws were merged and finalised.
- Navigation aids and signage across Otago's waters continued to be up-graded and replaced including in Otago Harbour and Lake Dunstan.
- Port and Harbour Marine Safety Code compliance external review was undertaken in May 2021. This is a joint review with Port Otago and the panel found the safety management systems fully compliant with the code requirements.
- Education and engagement activities included time on the water and involvement in safety campaigns such as the national 'No Excuses' campaign and the 'Old for New' Coastguard lifejacket campaign.

Community Outcomes

Our work in Consenting, Monitoring, Investigations, and Enforcement contributes to the following Community Outcomes:



A healthy environment

A place where people can enjoy their environment safely, productively and respectfully



A connected community

Service delivery that puts the community first and ensures that the operations are customer driven, efficient and fit-for-purpose



An engaged and proud community

Communities empowered to be the champions and custodians of their environment in Otago



A strong economy

A region that prioritises sustainability as an economic measure whilst being attractive to industry



A future-proof region

A region that is prepared for the future environmental challenges and that retains the characteristics that make Otago a great place for everyone



Flood Protection and River Management

Infrastructure to protect our
communities and environment

Flood and drainage schemes

Large, developed areas of Otago are low-lying river flats that are often close to sea-level. This means that protecting people’s wellbeing and livelihoods from flooding is a vital aspect of our work, as is maintaining and improving use of productive land through drainage and control of groundwater levels.

Council owns and manages three flood protection schemes, three drainage schemes and one combined flood protection and drainage scheme. We also own but commission external management for parts of the Lower Waitaki River Control Scheme.

The majority of the schemes were initially built to provide protection to local communities and agriculture on the adjacent floodplains. Some of these floodplains such as the Taieri are below sea level. The management of these schemes provides benefits including access to key transport infrastructure such as Dunedin Airport and State Highways, and protection of critical lifeline networks such as electricity substations. The schemes are essential to managing risks to communities associated with natural hazards, empowering economic prosperity and contributing to community resilience and well-being.

Sea-level rise predicted over the next 30 years may increase flooding and drainage risks. To prepare, we’re investigating these risks to determine future service and infrastructure needs.

Increasingly, we’re seeking to collaborate with communities as we do this work.

There are nine activities that make up our significant activity, flood protection and drainage schemes:

- Alexandra flood protection
- Leith flood protection
- Lower Clutha flood and drainage
- Lower Taieri flood protection
- West Taieri drainage
- East Taieri drainage
- Tokomairiro drainage
- Shotover River delta
- Designations and bylaws

Community Outcomes

Our work in Flood and Drainage Schemes contributes to the following Community Outcomes:



A healthy environment

A place where people can enjoy their environment safely, productively and respectfully



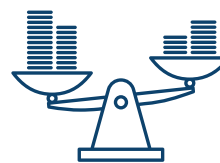
A connected community

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A strong economy

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Performance against levels of service targets

SERVICE STATEMENT:

Manage flood risk to people and property. Maintain, repair and renew drainage assets to maintain and improve the productive capacity of land

MEASURE

Flood protection, control works, and assets are maintained, repaired and renewed in line with the Infrastructure Strategy and defined standards set out in the operations and maintenance manuals for each scheme and primary assets.

TARGET

1. Performance against defined standards of the flood protection schemes and primary scheme assets reported by 30 June 2021.
2. Planned renewal works completed on programme and budget, and progress reported quarterly.
3. Planned maintenance works completed on programme and budget, and progress reported quarterly.
4. Complete review including recommendations on the performance of the Lower Taieri River and primary tributaries.
5. The Shotover River delta is managed to ensure the surface profile of the river is consistent with the target profile for the delta

RESULT



COMMENT ON TARGET:

Target 1: All flood protection schemes have been operating to their expected levels of service. The Taieri Flood Protection Scheme experienced a moderate flood in January, this resulted in the Otakia floodbank, and the Lower Taieri Riverbank requiring analysis, scoping and repair. Performance against defined standards will be included in the Annual Report for the Scheme; the report covers the financial year and is expected to be completed in September.

Target 2: Several of the planned flood scheme renewal works were completed on time and within budget; Renewal works completed include the Mill Creek Pump Station embankment repairs and Waipori Power factor correction and acquisition of an additional pump to supplement during events. Other renewal works are in progress but not completed. Reports summarising key achievements and activities for quarters 1-3 have been completed.

Target 3: Although the majority of planned flood scheme maintenance works were completed on time and within budget, weather and resources have delayed some maintenance activities which are ongoing. Key maintenance activities and response have occurred for scheme functionality. Reports summarising key achievements and activities for quarters 1-3 have been completed.

Target 4: The Taieri scheme review was tendered and awarded to a consultant. The project was launched in June 2021 and work will commence in the new financial year. The scheme review was not completed as originally planned due to detailed scoping and consideration of the program being aligned with the new Long-term Plan to allow reasonable community engagement and council consideration. This has been set out in the Infrastructure Strategy, which also indicates that future programs of work will require the information from the scheme review to inform decision making.

Target 5: The Shotover River delta management included monitoring and inspections.

MEASURE

Drainage assets are maintained and renewed in line with defined standards set out in the operations and maintenance manuals for each asset.

TARGET

1. Performance against defined standards of the drainage schemes and primary scheme assets reported by 30 June 2021.

2. Planned renewal works completed on programme and budget, and progress reported quarterly.

3. Planned maintenance works completed on programme and budget, and progress reported quarterly.

RESULT**COMMENT ON TARGET:**

Target 1: Drainage schemes have been operating at the expected levels of service. Performance against defined standards will be included in the Annual Report for the Scheme; the report covers the financial year and is expected to be completed in September.

Target 2: The majority of planned drainage scheme renewal works were completed on time and within budget; three planned pump renewals on the Taieri scheme have been completed with a fourth deferred until spring, one pump on the Lower Clutha scheme was renewed as planned. Reports summarising key achievements and activities for quarters 1-3 have been completed.

Target 3: Most of the planned drainage scheme maintenance works were completed on time and within budget; the annual drain cleaning programme was completed in Lower Clutha, Tokomairiro, and Lower Taieri schemes. The programme for the Taieri scheme was not fully completed with remaining work now scheduled for September 2021. Reports summarising key achievements and activities for quarters 1-3 have been completed.

Telling the performance story

Overview of delivery and scheme performance

Planned flood protection and drainage maintenance work has progressed however the planned capital programme was not fully delivered due to the January 2021 flood event and the reprioritisation of resource to the Climate Resilience programme.

Staffing levels have increased during the year and the team is expected to reach full capacity in 2021-22. The COVID-19 event has deferred work programs which have added pressure to Engineering's planned capital and maintenance projects. The lockdown in 2019-20 pushed out timeframes on many projects, making them too close to the higher-risk winter period to conduct, which has carried the delay throughout year.

Taieri scheme review

Initial scoping assessments revealed the review would be larger than initially anticipated and the project has now been included in years 1 and 2 of the Long-term Plan 2021-31. The Taieri scheme performance review was scoped and procured in 2020-21. The contract was awarded to the successful consultant, Tonkin & Taylor who will commence the review in 2021-22. The review has several phases, of which the first phase of scoping and assessment of scheme performance is expected in 2021-22. The project was launched in June 2021.

Climate Resilience Programme

Council entered agreement with MBIE in November 2020 to receive a funding grant totalling \$5.44M across four projects. The funding under this agreement is received as works are completed. Three projects were current renewal projects, and one project was part of the Clutha flood repair. The Climate Resilience programme is well underway with a launch for both Balclutha projects and Taieri projects held in March 2021.

Clutha flood repair

The February 2020 flood in the Lower Clutha caused significant damage over multiple sites. The design, scoping and procurement processes enabling the completion of the majority of the sites has been achieved within planned time and budget allocated from Council.

Capital projects

A number of planned capital projects were not-delivered due to a combination of under resourcing and additional unplanned flood recovery works and the climate resilience program. The capital works that were not delivered were predominantly the scoping and assessment of renewals. The deferral of these capital works is not considered critically detrimental to scheme performance. Further community consultation is required on some areas of capital renewal allocation, across the schemes. The capital works will be carried into the 2021-22 planning.



Rivers and Waterway Management

Looking after our rivers and waterways sustainably is more than simply managing the risk of floods.

It's also about meeting community expectations for the safe, enjoyable, and respectful use of rivers and streams.

Some of Otago's major rivers have a morphology and riparian management strategies. These set out the community's river values, river management objectives—including maintaining river form and riparian margins—and the roles of ORC, iwi, landholders, and stakeholders.

Working together with the community, our goal is to prepare for future environmental challenges and retain the characteristics of our rivers and waterways that make Otago a great place for everyone.

There are eight activities that make up our significant activity, rivers and waterway management:

- Dunedin rivers and waterways
- Clutha rivers and waterways
- Central Otago rivers and waterways
- Wakatipu rivers and waterways
- Wanaka rivers and waterways
- Waitaki rivers and waterways
- Lower Waitaki river control scheme (Environment Canterbury)
- Non-scheme management

Performance against levels of service targets

SERVICE STATEMENT:

Achieve a balance between maintaining channel capacity, channel stability and environmental outcomes in scheduled rivers and waterways

MEASURE

Investigate all reported blockages and obstructions along scheduled rivers and waterways and determine appropriate action within 20 working days.

TARGET

- 1. Report annual status of scheduled rivers and waterways by 30 June.**
- 2. 100% of investigations have action determined within 20 days.**

RESULT



COMMENT ON TARGET:

Target 1: Notifications under Global consent and response to blockages and obstructions are summarised in the Quarterly and Annual reports; the annual report covers the financial year and is expected to be completed in September.

Target 2: All reported blockages and obstructions in scheduled rivers and waterways, including flood blockages, were assessed, and attended to within 20 days.

Telling the performance story

The Engineering team has responded to all public enquiries relating to river maintenance and/or obstructions and coordinated timely removal and maintenance of river channels in 2020-21.

The Albert Town flood damage repair was completed on time under budget approved by Council to undertake the flood damage repairs. This is a significant achievement as this area of the river has challenges with meeting requirements of the community and outstanding natural landscape status.

Response to January flooding event was well undertaken across Otago. The main areas that experienced

damage were Middlemarch and parts of Central Otago. Otago Regional Council worked extensively with the Middlemarch community with increased waterway management and communications. Work is being undertaken with the community on what options may be available for future flooding mitigation.

River management activities were mostly achieved across Otago. Some catchments have had delays in planned vegetation management due to resources, weather events and access to these areas. These works are prioritised for 2021-22.

Community Outcomes

Our work in River and Waterway Management contributes to the following Community Outcomes:



A healthy environment

A place where people can enjoy their environment safely, productively and respectfully



A connected community

Service delivery that puts the community first and ensures that the operations are customer driven, efficient and fit-for-purpose



An engaged and proud community

Communities empowered to be the champions and custodians of their environment in Otago



A strong economy

A region that prioritises sustainability as an economic measure whilst being attractive to industry



A future-proof region

A region that is prepared for the future environmental challenges and that retains the characteristics that make Otago a great place for everyone

Safety and Hazards

Professional services, planning and action to protect our communities and environment



Outram Glen, Dunedin



Emergency Management

Maintaining and improving our communities’ resilience to emergencies is the fundamental reason for ORC’s work in emergency management.

Together with territorial authorities, we have responsibilities under the Civil Defence Emergency Management Act 2002 to ensure Otago’s exposure to hazards is reduced, we are prepared to respond to emergencies, and we can recover effectively from them.

In our service delivery, we put the community first and manage operations that are geared to their needs, efficient and fit-for-purpose. We provide Civil Defence and Emergency Management (CDEM) programmes across the region centred on the national CDEM priorities of reduction, readiness, response, and recovery.

There is one activity that makes up our significant activity, Emergency Management:

- Emergency Management

Community Outcomes

Our work in Emergency Management contributes to the following Community Outcomes:



A healthy environment

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Performance against levels of service targets

SERVICE STATEMENT:

Provide a region-wide coordinated response in the event of civil defence emergency to reduce the impacts on people

MEASURE

ORC has suitably trained staff available to respond for any activation of the Group Emergency Coordination Centre at the direction of the group controller in response to a civil defence event or emergency.

TARGET

1. At least one function manager trained in each of the six Coordinator Incident Management Systems (CIMS) areas at all times
2. Group CDEM controller or alternate controller is available

RESULT



COMMENT ON TARGET:

Target 1: There is coverage of at least two trained staff (as function lead) per CIMS function. Additional D4H and Coordinated Incident Management System (CIMS4) training has been undertaken with ECC personnel.

Target 2: Otago Regional Council has staff available to respond and Otago has seven CDEM group controllers which ensures a group controller or alternate is always available.

MEASURE

CDEM is available to respond appropriately to foreseeable and sudden onset events.

TARGET

Duty officer is on call 24 hours, 7 days a week, 365 days a year

RESULT



COMMENT ON TARGET:

The CDEM duty phone remains in operation with a CDEM staff member available at all times.

SERVICE STATEMENT:

Prepare and implement robust integrated suite of issue focused and community-based plans and strategies

MEASURE

An operative Group CDEM Plan is reviewed within statutory timeframes and fully implemented.

TARGET

Achieved

RESULT



COMMENT ON TARGET:

The Group Plan is fully implemented and due for review in 2021-22.

MEASURE

Full suite of community plans across the region is in place and remains under continuous review.

TARGET

Status and progress on the plans are reported to the Co-ordinating Executive Group and Council

RESULT**COMMENT ON TARGET:**

A full suite of community response plans have been developed. These vary depending on community needs and there is an ongoing review process, as the needs of the community are constantly changing.

Status and progress on the community plans was not reported to CEG and Council in 2020-21, however a report is scheduled to be presented to Council and CEG in the new financial year.

MEASURE

Region-wide issues plans in place and reviewed according to each plan. Status and progress reported to the CEG and Council on the following:

- **Regional Dam Failure Plan**
- **Regional Animal Welfare Plan**
- **South Island Alpine Fault Response Plan**
- **Coastal Tsunami Plan**

TARGET

Status and progress on the agreed issues plans are reported to the Coordinating Executive Group (CEG) and Council

RESULT**COMMENT ON TARGET:**

Region-wide issues plans are in place and have been reviewed regularly. They encompass:

- Priority dams have plans in place. Larger district dams are encompassed in the respective community response plan,
- The Regional Animal Emergency Plan is in place and any further development is the responsibility of the Ministry of Primary Industry.
- The Alpine Fault magnitude 8 (AF8) implementation plan is incorporated into group work plans and actions plans are being completed,
- The Coastal Tsunami Plan has been produced and circulated,
- The Group Recovery Plan will be updated as support for local recovery planning increases

Status and progress on the issues plans was not reported to CEG and Council in 2020-21, however a report on CDEM activity is scheduled to be presented to Council in the new financial year.

Telling the performance story

The CDEM team have been actively engaged with COVID resurgence efforts workshopping and planning for likely scenarios with Local and Central Government Stakeholders.

The Air Operations Plan covers how we would manage valuable air assets in a maximum credible event such as alpine fault. Partnering with Fire and Emergency NZ we have adopted industry best practice in approaching this ultimately signing an MOU with Fire and Emergency to enlist their expertise when managing such an event.

Otago Gets Ready is a cloud-based platform that allows communities to engage directly with us allowing them to

record any particular skills, needs or resources they may have whilst also subscribing for email and text alerts from us. Initially as a pilot in Central Otago this has now been rolled out through the entire region.

2020-21 has seen a significant investment into building the training and capability of staff within our Operations and Coordination Centres. With 498 staff trained to their respective operable levels we are sitting at 157% of the operational capacity accepted by CEG.

Although no formal response was required from June 2021 flood events CDEM staff were deployed to assist with CDEM efforts in Canterbury.



Natural hazards and climate change adaptation

We identify, monitor, and investigate natural hazards to support the safety and resilience of our communities.

Under the Resource Management Act, we're required to investigate and provide information on natural hazards in Otago. We assess their scale and significance and through collaborative initiatives, assist territorial authorities and communities with managing natural hazard risks in their areas. The information obtained is published in the Otago Natural Hazards database, which is maintained by Council.

Our work includes monitoring rainfall, river, and lake levels, and flow forecasting to inform the response to flood.

We're working to understand more about the future impacts of climate change on natural hazards so that we can work with territorial authorities and communities to prepare and adapt.

There are three activities that make up our significant activity, natural hazards and climate change adaptation:

- Natural hazards
- Flood and low flow risk management
- Climate change adaptation

Community Outcomes

Our work in Natural Hazards and Climate Change Adaptation contributes to the following Community Outcomes:



A healthy environment

A place where people can enjoy their environment safely, productively and respectfully



A connected community

Service delivery that puts the community first and ensures that the operations are customer driven, efficient and fit-for-purpose



An engaged and proud community

Communities empowered to be the champions and custodians of their environment in Otago



A strong economy

A region that prioritises sustainability as an economic measure whilst being attractive to industry



A future-proof region

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Performance against levels of service targets

SERVICE STATEMENT:

Investigate and respond to priority natural hazard events

MEASURE

Natural hazard events and consequences are properly and timely reported on so that appropriate measures to reduce risk are taken.

TARGET

All priority natural hazards events are investigated and reported

RESULT



COMMENT ON TARGET:

A heavy rainfall event affected the region in early January 2021. Post event observations and data, such as river cross sections were collected. The flooding in Middlemarch was investigated and public meetings to report on the event occurred in February and June.

SERVICE STATEMENT:

Delivering information to the community and decision-makers about natural hazards

MEASURE

Natural hazard information is available to the public and to communities via an effective web-based Otago Natural Hazards Database.

TARGET

Otago Natural Hazards Database is available 24 hours a day, 7 days a week

RESULT



COMMENT ON TARGET:

Otago natural hazard database operated to agreed service levels and was publicly available 24hrs/7 days a week.

SERVICE STATEMENT:

Provide timely warnings of potential flood events

MEASURE

Accurate and reliable rainfall, lake levels, and river flow information is provided to potentially affected groups and communities and is provided in an efficient and timely fashion.

TARGET

All flood warnings that exceed trigger levels are published on Otago Regional Councils website when notified.

RESULT



COMMENT ON TARGET:

A 24-hour flood management and response system operated through-out the year. There were 60 instances in 2020-21 that a flood warning trigger was reached in the region. All the flood warnings were automatically published on the WaterInfo website.

SERVICE STATEMENT:

Assist communities to understand and adapt to the effects of climate change

MEASURE

Establishment of a Climate Change Adaptation Programme.

TARGET

Progress on programme development is reported to council by 30 June 2021

RESULT



COMMENT ON TARGET:

Supporting work for the establishment of a Climate Change Adaptation Programme in 2020-21 included collaboration with central government, strengthening ties with district and city Councils and the completion of the first Otago Climate Change Risk Assessment, which was presented to the Data and Information Committee in March. The risk assessment will provide the evidence base to support adaptation programmes and initiatives in the region. Reports on aspects of our Climate change work were presented to Council through-out the year, however a specific report on development of a Climate Change adaptation programme was not presented. Further development of a Climate Change Adaptation Programme is included in the Long-term Plan.

MEASURE

Complete assessments of current CO2 emissions in Otago, which can inform communities and decision makers.

TARGET

- 1. Complete Otago region emissions footprint inventory and report to Council by 30 June**
- 2. Complete ORC emissions footprint inventory and report to Council by 30 June**
- 3. Complete feasibility study of lower emission public transport and report to council by 30 June**

RESULT



COMMENT ON TARGET:

Target 1: Otago region Greenhouse Gas (GHG) emissions inventory was completed and a report presented to the Data and Information committee in June.

Target 2: The Otago Regional Council’s GHG emissions inventory was completed and the full report presented to Council in November. The inventory tallied Council’s total gross GHG output over the 12-month period at 578 tonnes, made up mostly from transport fuels, domestic air travel, and purchased electricity. The report also outlined a plan of recommended actions for reducing Council’s carbon footprint.

Target 3: The feasibility study of lower emission public transport was not completed as Otago Regional Council is working with other councils looking at sector wide issues and options. The Council is participating in a regional council’s Transport Special Interest Group (TSIG) project investigating decarbonising the public transport fleet. The results of this project will inform Otago Regional Council’s feasibility study. Work on the project has included reviewing Auckland Transport’s Low Emission Bus Roadmap, and the Ministry of Transport’s ‘Public Transport Operating Model (PTOM) Decarbonisation Option Development’ paper. A submission to the Ministry of Transport from the TSIG is expected early in the new financial year.

Telling the performance story

Natural hazards:

The work programme for 2020-21 covered a wide range of natural hazards across the region and included technical support for the Waitaki District Council (WDC) district plan review, updating seismic information for

Dunedin City (DCC) and Clutha Districts (CDC) as well as starting a programme of LiDAR data capture of Coastal Otago. The support to WDC included natural hazard information and communication support, as well as presenting at public meetings on the main natural

hazards faced by the different communities of Moeraki, Kakanui, Oamaru, and the Waitaki plains.

Updated seismic info for DCC and CDC was presented to the Data and Information Committee in June and is available on the NHDB. This project is the last step of a programme of work, which started in 2016 and is aimed at better understanding the location and characteristics of faults in Otago.

Council started a three-year programme of LiDAR data capture work with three priority areas (Dunedin, Otago coast and Manuherekiia catchment and surrounding). Capture of parts of priority area 1 (Dunedin and Mosgiel urban areas) was completed in June 2021 and further capture is planned for July/August 2021.

Flood and low flow risk management:

A 24-hour flood management and response system operated during the year. This financial year was marked by a significant heavy rainfall event that affected most parts of the region in January 2021. Timely forecasts, warnings and relevant weather, flow and water level information were provided to Civil Defence, district and city councils and to the public during the January heavy rainfall event and for smaller heavy rainfall events during the year. This information has also been used to inform decision around the preparedness and management of the flood protection schemes in the region.

The commissioning by MetService of the first weather radar in Otago in December 2020 was a milestone to improve rainfall information available for a large part of the region and helped to inform the response to heavy rainfall events.

Climate change:

Otago climate change reports:

Otago Regional Council received its first Otago Climate Change Risk Assessment at a meeting of the Data and Information Committee in March. The Risk Assessment is a milestone report on the impacts of climate change and its associated risks and opportunities for the region. The report is available on the ORC website.

All district and city councils in Otago were consulted, and sector leads and experts from Otago and beyond had input. Over 70 groups and specialists were invited to contribute to the Risk Assessment, such as the Department of Conservation, Heritage New Zealand, New Zealand Insurance Council, and the Otago Chamber of Commerce. The Risk Assessment was undertaken with input from Aukaha and Kā Rūnaka, and staff will continue to work with Rūnaka on a Kāi Tahu approach to climate change risk assessment.

The report provides a picture of the dramatic ways in which climate change is set to affect the Otago region over the coming decades. Climate change will exacerbate existing challenges and introduce new ones. The report will help guide actions within and beyond Otago Regional Council; it is filled with data and projections that will

inform how we as a region adapt to the challenges and rise to the opportunities of climate change.

Otago region's first Greenhouse Gas (GHG) emissions inventory was also prepared this year, in collaboration with Otago's five city and district councils. The full report was presented to Data and Information committee in June. The GHG inventory, together with the Otago Climate Change Risk Assessment, will provide a good basis to develop a regional partnership approach to the current and future challenges of climate change.

Climate change adaptation programme:

The climate change adaptation programme in 2020-21 focussed on South Dunedin, the Clutha delta and the head of Lake Wakatipu. Milestones in the climate change programme included the completion of the first Otago Climate Change Risk Assessment, a regional Greenhouse Gas (GHG) emissions inventory and an inventory of the Council's organisational GHG emissions.

Collaboration with district and city councils on adaptation continued to strengthen during the financial year, particularly for South Dunedin and for the area at the head of Lake Wakatipu where notable progress has been made on gaining a better understanding of the physical environment and natural hazards and on community engagement on natural hazards and risks.

Collaboration with central government on climate change adaptation matters has continued, including participation in the Ministry for the Environment's work through workshops on the development of the National Adaptation Plan.

Head of Lake Wakatipu:

Significant progress on technical investigations, two major engagement sessions with the Community in December and April to present expected changes to the physical environment and discuss adaptation approaches. Approach adopted by Council in May. Council established specific communication channels for this project including a dedicated webpage and a monthly newsletter.

South Dunedin:

Continuation of the technical work programme focusing on better understanding the physical environment and expected changes. Information on liquefaction was presented to Data and Information Committee in October 2020. Additional work to refine the understanding of groundwater and geology is underway, with drilling expected to be completed by August 2021. Otago Regional Council has been working with DCC to develop a joint work programme.

Clutha delta:

A coastal hazard assessment was completed in June which will guide future adaptation planning for the area as well as informing Otago Regional Council's infrastructure management (flood protection and drainage scheme).

Transport

Planning, contract management and action to provide choice and support the regional economy





Transport Planning and Public Passenger Transport

We're responsible for implementing public transport services in Otago. Our aim is to provide efficient, reliable public transport services that meet community needs. Through contracted operators, we provide public passenger transport services in Dunedin and Queenstown.

We also provide a regionwide Total Mobility Scheme to assist eligible people with impairments, who are unable to use public transport because of their impairment.

We prepare a Regional Land Transport Plan in collaboration with Environment Southland and a Regional Public Transport Plan.

There are three activities that make up our significant activity, Transport:

- Regional Land Transport Plan (RLTP)
- Public transport
- Stock truck effluent disposal



Performance against levels of service targets

SERVICE STATEMENT:

To provide efficient and reliable public transport services that meet community needs

MEASURE

Reliability of service – at least 95% of monitored services leave the terminus on time* (as defined by NZTA).

TARGET

Average of at least 95% per month

RESULT



COMMENT ON TARGET:

Transport have been trialling a reliability report using real-time tracking software in in Dunedin from March 2021 and in Queenstown from 2019. The real-time tracking has provided a higher level of confidence and accuracy in service monitoring. Tracking data below provides a comparison of average departure time vs schedule from terminus and the from Bus Hub (Dunedin) and Frankton Interchange (Queenstown) from April – June 2021.

AVERAGE RELIABILITY TO SCHEDULE (MINUTES) FOR APRIL-JUNE 2021

Supplier	Go Bus Dunedin		Ritchies Dunedin		Ritchies Queenstown	
Location	Terminus	Bus Hub	Terminus	Bus Hub	Terminus	Frankton
Minutes	2.17	1.21	2.32	1.33	1.55	1.51

For the period services were on average departing within 1.2 and 2.3 minutes of their scheduled departure times. Overall, the average (mean) illustrates that the service is running very close to the schedule, noting however that within the mean data there will be some significant variations, particularly at peak times.

*On-time is considered to be scheduled service trips leaving origin stop between 59 seconds before and four minutes and 59 seconds after the scheduled departure time.

MEASURE	TARGET	RESULT
Vehicle quality - 100% of vehicle fleet complies with Regional Passenger Transport Vehicle quality standards at annual audit.	100%	

COMMENT ON TARGET:

Fleet inspections were completed by January and 100% comply with Waka Kotahi NZTA’s vehicle quality standards (Requirements for Urban Buses). During the year all vehicles were fitted with new ticketing hardware and GPS-based real-time tracking.

A secondary set of supplementary inspections related to accessibility were also undertaken in conjunction with a specialist Accessibility Advisor, over and above mandatory NZTA inspections.

MEASURE	TARGET	RESULT
Public Satisfaction – at least 85% of bus users surveyed annually for each network are satisfied with the overall standard of service.	85%	

COMMENT ON TARGET:


Orbus Dunedin scored 94% and Orbus Wakatipu came in at 96% for overall passenger satisfaction, in the Waka Kotahi NZ Transport Authority surveys, which were conducted in the last quarter of the 2020-21 financial year.

MEASURE	TARGET	RESULT
Patronage recovery, post COVID-19 in Dunedin and Queenstown, will be reported to Council quarterly for 2020-21.	Reported quarterly	

COMMENT ON TARGET:

Patronage for the year was 2,706,191 for Dunedin and 889,063 for Queenstown, which is 106% and 60% respectively, when compared to pre-COVID patronage rates.

Dunedin is outperforming other NZ centres and is the only network trending higher than pre-COVID figures; contributing factors may include the introduction of Bee Card and the \$2 fare trial. In Queenstown the reduced level of airport/tourist activity and the broader impacts of COVID on the local economy has resulted in lower patronage. Quarterly reports on patronage were presented to the Data and Information Committee in March and June 2021.

MEASURE	TARGET	RESULT
Implement a trial Lake Wakatipu Ferry service as per community consultation feedback and Council directive.	Trial commences in 2020-21 financial year	

COMMENT ON TARGET:

The ferry trial commenced, however at a reduced level of service due to reduced demand for public transport services in Queenstown as a result of COVID-19 impacting visitor numbers.

MEASURE	TARGET	RESULT
The Regional Public Transport Plan (RPTP) is prepared in accordance with the Land Transport Management Act 2003 and any guidance issued by the Waka Kotahi New Zealand Transport Agency (NZTA).	Regional Public Transport Plan (RPTP) completed and adopted by Council by 30 June	

COMMENT ON TARGET:

The RPTP was completed and adopted by Council on 23 June 2021.

SERVICE STATEMENT:

Facilitate and support prioritised investment in Otago’s transport network by local and central government

MEASURE

The Regional Land Transport Plan (RLTP) is prepared and submitted in line with the Land Transport Management Act 2003 and any guidance issued by the New Zealand Transport Agency (NZTA)

TARGET

Regional Land Transport Plan (RLTP) completed and adopted by Council by 30 June

RESULT



COMMENT ON TARGET:

The RLTP was prepared, adopted by Council on 23 June 2021 and submitted to the Waka Kotahi NZ Transport Agency.

MEASURE

Collaborate with Environment Southland and other South Island local authorities to establish and deliver on pan-regional priorities for transport investment.

TARGET

Pan-regional priorities presented to government/NZTA

RESULT



COMMENT ON TARGET:

Strategic land transport planning happened in collaboration with territorial authorities, regional councils and Waka Kotahi NZ Transport Agency, primarily through the preparation of a new regional land transport plan. Activities across the year included meetings of the Otago and Southland Technical Advisory Groups, meetings of the Otago/Southland Regional Transport Committee, as well as virtual, and in-person, meetings of the South Island Regional Transport Committee Chairs and Deputy Chairs.



Telling the performance story

Regional Land Transport Plan (RLTP)

The preparation of a new Regional Land Transport Plan (RLTP) was undertaken this year, involving cross-regional collaboration with the Southland Regional Transport Committee (RTC) and the other South Island local government regions. The RLTP is prepared by each regional council’s Regional Transport Committee, which are supported by respective regional Technical Advisory Groups. In February the draft RLTP was adopted by Otago and Southland RTC’s. The draft was released in March and public submissions sought. The RTC hearing’s panel heard submitters in Dunedin and Queenstown in April and the RLTP review was completed and adopted by Council on 23 June 2021.

Public transport

Transport services have been impacted by the COVID-19 pandemic (Queenstown more so than Dunedin) Following the move out of lockdown last financial year, Council has implemented a number of initiatives to improve public transport customer experience including the introduction of the Bee Card, \$2 flat fare trial and app based real-time information across both networks.

Bee card roll-out:

Bee Card replaced GoCard as the electronic bus card for the Orbus networks in Dunedin and Queenstown from September. The Bee Card is a simple tag on tag off system that makes it easier for passengers to get on and off the bus, ideal during peak bus usage. As well as benefits to customers, it provides Council with useful information about when, where and how people are travelling, which will help us improve the networks. Until the Bee Card went live, buses in Otago remained free. The Bee card is also used in eight other regions in New Zealand.

\$2 flat fare trial:

Council consulted the public on a short-term flat fare structure for Dunedin and received over 1,400 submissions during the one-month consultation period. Council subsequently approved a trial of a flat fare

structure, removing fare zones in Dunedin and replacing them with one zone and three simple fares, plus free off-peak travel for SuperGold card holders.

Real-time information trial:

From the end of April 2021 real-time information about bus locations was available for the Dunedin and Queenstown bus networks on the free *Transit* app and the Otago Regional Council website. The app is free, easy to use and available for iPhones and Android devices. As well as real-time bus information, it offers the ability for users to plan their journey, with step-by-step navigation and timing, and be notified of service disruptions affecting their journey. Additionally, a solar-powered e-stop at Macandrew Bay in Dunedin provides a real time feed, with a view to sending real time information to the several e-stops at the Dunedin Bus Hub in the future. A second solar powered e-stop has been issued to QLDC for installation at Arthur’s Point, Queenstown.

Regional Public Transport Plan (RPTP):

A review of the Regional Public Transport Plan (RPTP) was undertaken this year and involved scoping and engagement with both local and central government partners and the public. Stakeholder roadshows were held in Dunedin and Queenstown in March to test draft challenges, vision and objectives. In April Council approved a draft RPTP and this was released in May and public submissions sought. The RPTP was adopted by Council on 23 June. The Regional Public Transport Plan (RPTP) and the Regional Land Transport Plan (RLTP) are available on the ORC website.

Stock truck effluent disposal

Construction of a stock truck effluent disposal (STED) was completed at Tarras in April and brings the total number of STED’s across Otago to nine. Council has regularly emptied and maintained the three Central Otago STEDs through-out the year. The others are emptied and maintained by the territorial authorities.

Community Outcomes

Our work in Transport contributes to the following Community Outcomes:



A healthy environment

A place where people can enjoy their environment safely, productively and respectfully



A connected community

Service delivery that puts the community first and ensures that the operations are customer driven, efficient and fit-for-purpose



An engaged and proud community

Communities empowered to be the champions and custodians of their environment in Otago



A strong economy

A region that prioritises sustainability as an economic measure whilst being attractive to industry



A future-proof region

A region that is prepared for the future environmental challenges and that retains the characteristics that make Otago a great place for everyone

Public Transport Satisfaction Survey Dunedin

Survey taken from 7 July - 10 July 2021

Overall satisfaction

94 %

The overall level of satisfaction with the Dunedin public transport system has increased from 2019.

▲ 88 % in 2019 ▲ 93 % in 2018



Participants

23 % aged 18-24

23% of participants were aged 18-24 followed by 18% aged 25-44 years.



15 % supergold cardholders

15% of participants were supergold card holders.



37 % travelling to work

37% of participants used the bus to get to work. 23% used the bus for shopping and 17% used for other.



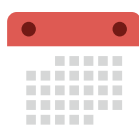
82 % would recommend using bus

82% of participants would likely or very likely recommend public transport to friends or colleagues



33 % use the bus for 2 to 4 trips per week

33% of participants use the bus for 2 to 4 trips per week. 30% use the bus for 5 or more trips per week.



Passenger satisfaction

92 % exterior of the bus
▲▼ 91 % in 2019 / 94 % in 2018

93 % interior of the bus
▲▼ 92 % in 2019 / 96 % in 2018

89 % bus is on time
▲ 79 % in 2019 / 87 % in 2018

85 % how often the services run
▼▼ 86 % in 2019 / 91 % in 2018

94 % value for money of fare
▲ 82 % in 2019 / 88 % in 2018

97 % having enough seats available
▲▼ 94 % in 2019 / 98 % in 2018

95 % ease of getting on and off the bus
▲ 94 % in 2019 / 92 % in 2018

92 % comfort of inside temperature
▼▲ 94 % in 2019 / 92 % in 2018

92 % helpfulness and attitude of driver
▲▼ 91 % in 2019 / 95 % in 2018

95 % personal security during trip
▼ 95.2 % in 2019 / 97 % in 2018

98 % satisfaction with current trip
▲ 95 % in 2019 / 98 % in 2018

81 % information about services and delays
▲ 70 % in 2019 / 76 % in 2018

92 % travel time
▲▼ 85 % in 2019 / 96 % in 2018

95 % convenience of paying
▲ 84 % in 2019 / 88 % in 2018

90 % ease of getting route information
▲▼ 85 % in 2019 / 92 % in 2018

Public Transport Satisfaction Survey Wakatipu

Survey taken from 7 July - 10 July 2021

Overall satisfaction

96 %

The overall level of satisfaction with the Wakatipu public transport system has decreased from 2019.



▼ 97% in 2019 ▲ 95% in 2018

Participants

48 % aged 25-34

48% of participants were aged 25-34 followed by 18% aged 18-24 years.



90 % non supergold cardholders

90% of participants were not supergold card holders.



61 % travelling to work

61% of participants used the bus to get to work.



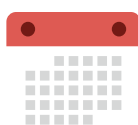
91 % would recommend using bus

91% of participants would likely or very likely recommend public transport to friends or colleagues



40 % use the bus for 2 or more trips per day

40% of participants use the bus for 5 or more trips per week. 22% use the bus for 2 to 4 trips per week.



Passenger satisfaction

88 % exterior of the bus
▼ 95% in 2019 / 95% in 2018

98 % interior of the bus
▲ 97% in 2019 / 95% in 2018

86 % bus is on time
▲ 81% in 2019 / 85% in 2018

72% how often the services run
▼ 84% in 2019 / 78% in 2018

89 % value for money of fare
▼ 95% in 2019 / 96% in 2018

100 % having enough seats available
▲ 98% in 2019 / 99% in 2018

96 % ease of getting on and off the bus
▼ 98% in 2019 / 99% in 2018

96 % comfort of inside temperature
▲▼ 92% in 2019 / 97% in 2018

94 % helpfulness and attitude of driver
▲ 94% in 2019 / 92% in 2018

99 % personal security during trip
▲ 99% in 2019 / 95% in 2018

96 % satisfaction with current trip
▼ 99% in 2019 / 98% in 2018

70 % information about services and delays
▼ 75% in 2019 / 71% in 2018

94 % travel time
▼▲ 96% in 2019 / 84% in 2018

86 % convenience of paying
▼ 90% in 2019 / 92% in 2018

88 % ease of getting route information
▼ 93% in 2019 / 95% in 2018

Financial statements

Funding impact statements for Otago Regional Council activities

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

Council Funding Impact Statement for the year ended 30 June 2021

	Actual 2020/21 \$000s	Annual Plan 2020/21 \$000s	Actual 2019/20 \$000s	Annual Plan 2019/20 \$000s
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charge and rate penalties	11,768	11,180	11,762	11,180
Targeted rates (other than a targeted rate for water supply)	15,814	15,777	15,191	15,183
Subsidies and grants for operating purpose	19,007	11,474	12,235	12,133
Fees, charges and targeted rates for water supply	2,748	5,050	2,894	3,570
Interest and dividends from investments	10,576	11,100	10,393	9,412
Local authorities fuel tax, fines, infringement fees and other receipts	12,060	11,702	10,572	10,493
TOTAL OPERATING FUNDING (A)	71,973	66,282	63,047	61,971
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	81,443	68,732	63,447	61,670
Finance costs	-	104	-	104
Other operating funding applications	-	651	-	52
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	81,443	69,487	63,447	61,826
SURPLUS (DEFICIT) OF OPERATING FUNDING (A – B)	(9,470)	(3,204)	(400)	145
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	1,610	410	72	410
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	1,610	410	72	410
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure – to meet additional demand	-	-	-	-
Capital expenditure – to improve the level of service	2,660	1,965	3,616	1,933
Capital expenditure – to replace existing assets	2,886	4,936	1,308	3,341
Increase (decrease) in reserves	(13,406)	(9,695)	(5,252)	(4,719)
Increase (decrease) of investments	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	(7,860)	(2,794)	(328)	555
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	9,470	3,204	400	(145)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-	-

Reconciliation of Council Funding Impact Statement to Statement of Comprehensive Revenue and Expense for the year ended 30 June 2021

	Actual 2020/21 \$000s	Annual Plan 2020/21 \$000s	Actual 2019/20 \$000s	Annual Plan 2019/20 \$000s
SURPLUS/(DEFICIT) OF OPERATING FUNDING IN FUNDING IMPACT STATEMENT	(9,470)	(3,204)	(400)	145
ADD/(DEDUCT):				
Increase in the fair value of investment property	1,542	-	1,386	-
Increase in the fair value of investment portfolio	2,458	-	416	-
Gain/(Loss) on disposal of assets	834	417	54	344
Depreciation and amortisation	(3,359)	(2,967)	(2,841)	(2,531)
Impairment (loss)/reversal on property plant and equipment	122	-	(298)	-
Write-off of property plant and equipment work in progress		-	(2,380)	-
Other	(581)	586	(44)	(233)
SURPLUS/(DEFICIT) BEFORE TAXATION IN STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	(8,454)	(5,168)	(4,107)	(2,275)

Schedule of Capital Expenditure

	Actual 2020/21 \$000s	Annual Plan 2020/21 \$000s	Actual 2019/20 \$000s	Annual Plan 2019/20 \$000s
RIVER MANAGEMENT, FLOOD PROTECTION AND CONTROL WORKS				
Alexandra flood	-	-	12	-
East Taieri drainage	94	218	-	339
Leith flood protection	-	680	1,587	1,202
Lower Clutha flood and drainage	1,306	740	37	68
Lower Taieri flood protection	264	1,600	42	802
Tokomairiro	-	80	-	95
West Taieri drainage	106	563	6	450
Wanaka river management	797	-	-	-
Sundry	21	-	-	-
ENVIRONMENTAL				
Air monitoring	110	60	41	51
Water monitoring sites	480	525	430	445
Pest management	20	5	3	5
Harbour Management	45	30	36	-
Environmental Enhancement	-	-	-	-
TRANSPORT				
Dunedin/Wakatipu	639	-	575	-
Stock truck effluent disposal sites	210	600	82	-
CORPORATE				
Property	346	100	184	50
Cars and station wagons	332	675	541	677
Computers and software	715	955	1,128	1,017
Plant	23	20	210	21
Sundry	37	50	11	51
TOTAL	5,545	6,901	4,925	5,273

Funding Impact Statement: Environmental

Funding Impact Statement for the year ended 30 June 2021

	Actual 2020/21 \$000s	Long Term Plan 2020/21 \$000s	Actual 2019/20 \$000s	Long Term Plan 2019/20 \$000s
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charge and rate penalties	3,456	4,902	3,669	4,394
Targeted rates (other than a targeted rate for water supply)	891	1,840	1,547	1,543
Subsidies and grants for operating purpose	6,204	55	1,790	824
Fees, charges and targeted rates for water supply	-	381	-	376
Internal charges and overheads recovered	288	-	305	-
Local authorities fuel tax, fines, infringement fees and other receipts	3,696	4,948	3,926	4,682
TOTAL OPERATING FUNDING (A)	14,535	12,126	11,237	11,819
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	13,214	4,674	6,991	4,895
Finance costs	-	-	-	-
Internal charges and overheads applied	3,184	8,227	3,257	7,731
Other operating funding applications	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	16,398	12,901	10,248	12,626
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	(1,863)	(775)	989	(807)
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	-	-	-	-
APPLICATION OF CAPITAL FUNDING				
Capital expenditure - to meet additional demand	-	-	-	-
Capital expenditure - to improve the level of service	470	176	367	136
Capital expenditure - to replace existing assets	139	311	81	346
Increase (decrease) in reserves	(2,472)	(1,262)	541	(1,289)
Increase (decrease) of investments	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	(1,863)	(775)	989	(807)
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	1,863	775	(989)	807
FUNDING BALANCE ((A-B) + (C-D))	-	-	-	-

Funding Impact Statement: Regional Leadership

Funding Impact Statement for the year ended 30 June 2021

	Actual 2020/21 \$000s	Long Term Plan 2020/21 \$000s	Actual 2019/20 \$000s	Long Term Plan 2019/20 \$000s
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charge and rate penalties	5,052	4,428	4,854	4,296
Targeted rates (other than a targeted rate for water supply)	-	-	-	-
Subsidies and grants for operating purpose	25	202	25	157
Fees, charges and targeted rates for water supply	-	136	-	133
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	4,847	3,585	4,694	3,620
TOTAL OPERATING FUNDING (A)	9,924	8,351	9,573	8,206
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	12,349	2,761	7,585	3,030
Finance costs	-	-	-	-
Internal charges and overheads applied	2,985	5,511	3,208	5,270
Other operating funding applications	-	6	-	6
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	15,334	8,278	10,793	8,306
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	(5,410)	73	(1,220)	(100)
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	-	-	-	-
APPLICATION OF CAPITAL FUNDING				
Capital expenditure - to meet additional demand	-	-	-	-
Capital expenditure - to improve the level of service	1	21	-	21
Capital expenditure - to replace existing assets	-	-	-	-
Increase (decrease) in reserves	(5,411)	52	(1,220)	(121)
Increase (decrease) of investments	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	(5,410)	73	(1,220)	(100)
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	5,410	(73)	1,220	100
FUNDING BALANCE ((A-B) + (C-D))	-	-	-	-

Regional Leadership includes the significant activities described in the 2018-2028 Long Term Plan as Policy and Planning and Community.

Funding Impact Statement: Regulatory

Funding Impact Statement for the year ended 30 June 2021

	Actual 2020/21 \$000s	Long Term Plan 2020/21 \$000s	Actual 2019/20 \$000s	Long Term Plan 2019/20 \$000s
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charge and rate penalties	1,654	960	1,770	916
Targeted rates (other than a targeted rate for water supply)	188	-	-	-
Subsidies and grants for operating purpose	104	-	65	-
Fees, charges and targeted rates for water supply	2,752	2,543	2,894	2,425
Internal charges and overheads recovered	43	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	2,088	787	1,857	780
TOTAL OPERATING FUNDING (A)	6,829	4,290	6,586	4,121
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	6,411	377	4,613	369
Finance costs	-	-	-	-
Internal charges and overheads applied	4,429	3,901	3,417	3,741
Other operating funding applications	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	10,840	4,278	8,030	4,110
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	(4,011)	12	(1,444)	11
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	-	-	-	-
APPLICATION OF CAPITAL FUNDING				
Capital expenditure - to meet additional demand	-	-	-	-
Capital expenditure - to improve the level of service	50	-	36	-
Capital expenditure - to replace existing assets	-	21	11	21
Increase (decrease) in reserves	(4,061)	(9)	(1,491)	(10)
Increase (decrease) of investments	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	(4,011)	12	(1,444)	11
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	4,011	(12)	1,444	(11)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-	-

Funding Impact Statement: Flood Protection and River Management

Funding Impact Statement for the year ended 30 June 2021

	Actual 2020/21 \$000s	Long Term Plan 2020/21 \$000s	Actual 2019/20 \$000s	Long Term Plan 2019/20 \$000s
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charge and rate penalties	400	352	181	332
Targeted rates (other than a targeted rate for water supply)	6,203	6,213	5,928	5,992
Subsidies and grants for operating purpose	732	-	-	-
Fees, charges and targeted rates for water supply	(4)	208	-	239
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,030	529	602	525
TOTAL OPERATING FUNDING (A)	8,361	7,302	6,712	7,088
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	5,418	3,261	3,060	3,268
Finance costs	-	-	-	-
Internal charges and overheads applied	1,373	2,268	1,145	2,227
Other operating funding applications	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	6,791	5,529	4,205	5,495
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	1,570	1,773	2,507	1,593
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	1,523	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	1,523	-	-	-
APPLICATION OF CAPITAL FUNDING				
Capital expenditure - to meet additional demand	-	-	-	-
Capital expenditure - to improve the level of service	389	583	1,610	1,195
Capital expenditure - to replace existing assets	2,186	2,381	72	1,214
Increase (decrease) in reserves	518	(1,191)	825	(816)
Increase (decrease) of investments	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	3,093	1,773	2,507	1,593
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(1,570)	(1,773)	(2,507)	(1,593)
FUNDING BALANCE ((A-B) + (C-D))	-	-	-	-

Funding Impact Statement: Safety and Hazards

Funding Impact Statement for the year ended 30 June 2021

	Actual 2020/21 \$000s	Long Term Plan 2020/21 \$000s	Actual 2019/20 \$000s	Long Term Plan 2019/20 \$000s
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charge and rate penalties	883	629	934	613
Targeted rates (other than a targeted rate for water supply)	2,664	2,460	2,474	2,416
Subsidies and grants for operating purpose	-	-	90	-
Fees, charges and targeted rates for water supply	-	-	-	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	1,035	522	900	530
TOTAL OPERATING FUNDING (A)	4,582	3,611	4,398	3,559
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	2,740	1,102	2,609	1,153
Finance costs	-	-	-	-
Internal charges and overheads applied	1,277	2,641	1,953	2,628
Other operating funding applications	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	4,017	3,743	4,562	3,781
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	565	(132)	(164)	(222)
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	-	-	-	-
APPLICATION OF CAPITAL FUNDING				
Capital expenditure - to meet additional demand	-	-	-	-
Capital expenditure - to improve the level of service	32	-	26	-
Capital expenditure - to replace existing assets	-	-	-	-
Increase (decrease) in reserves	533	(132)	(190)	(222)
Increase (decrease) of investments	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	565	(132)	(164)	(222)
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	(565)	132	164	222
FUNDING BALANCE ((A-B) + (C-D))	-	-	-	-

Funding Impact Statement:

Transport

Funding Impact Statement for the year ended 30 June 2021

	Actual 2020/21 \$000s	Long Term Plan 2020/21 \$000s	Actual 2019/20 \$000s	Long Term Plan 2019/20 \$000s
SOURCES OF OPERATING FUNDING				
General rates, uniform annual general charge and rate penalties	323	275	352	264
Targeted rates (other than a targeted rate for water supply)	5,869	5,722	5,242	5,229
Subsidies and grants for operating purpose	11,093	8,888	10,265	9,206
Fees, charges and targeted rates for water supply	-	139	-	241
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	9,673	8,853	8,986	8,492
TOTAL OPERATING FUNDING (A)	26,958	23,877	24,845	23,432
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	28,513	23,965	24,752	24,275
Finance costs	-	-	-	2
Internal charges and overheads applied	712	1,039	986	1,009
Other operating funding applications	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	29,225	25,006	25,738	25,285
SURPLUS (DEFICIT) OF OPERATING FUNDING (A-B)	(2,267)	(1,129)	(893)	(1,853)
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	849	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING (C)	849	-	-	-
APPLICATION OF CAPITAL FUNDING				
Capital expenditure - to meet additional demand	-	-	-	-
Capital expenditure - to improve the level of service	846	-	658	-
Capital expenditure - to replace existing assets	3	-	-	-
Increase (decrease) in reserves	(2,267)	(1,129)	(1,551)	(1,853)
Increase (decrease) of investments	-	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	(1,418)	(1,129)	(893)	(1,853)
SURPLUS (DEFICIT) OF CAPITAL FUNDING (C-D)	2,267	1,129	893	1,853
FUNDING BALANCE ((A-B) + (C-D))	-	-	-	-

Financial Statements

This section reports the results of the Otago Regional Council as a separate entity and the consolidated results of the group comprising the Council and Port Otago Limited.

Port Otago Limited

The Council is the 100% shareholder of Port Otago Limited. The Council views its shareholding role as one of trustee for the people of Otago, a position widely supported throughout the region.

Each year Port Otago Limited produces a Statement of Corporate Intent, which is then formally approved by Council. As its owner, the Council does not participate in the management and operation of the company; this is left in the care of the Directors of Port Otago Limited and its management. Port Otago Limited reports to Council on a six-monthly basis its performance results for the period.

The results of Port Otago Limited for the year ended 30 June 2021 have been incorporated into the Group results included within these financial statements.

Overview of Financial Performance

Statement of Comprehensive Revenue and Expenses

The total comprehensive revenue and expense gain of \$67.612 million comprises an operating deficit for the year of \$8.354 million and a revaluation gain of \$75.966 million. The deficit of \$8.354 million is \$3.186 million more than the budgeted deficit of \$5.168 million.

The following major items contributed to this variance:

- \$1.6 million New Zealand Transport Authority (NZTA) grant revenue to cover increased bus operational costs.
- \$0.7 million grant money received for the climate resilience project on the lower Clutha flood scheme.
- \$1.6 million reduction in compliance monitoring revenue with resources being focused on business improvements which were non-chargeable.
- \$2.5 million above budget legal expenses with the majority \$1.9 million being incurred due to unbudgeted costs for Plan change 7 and Regional Policy Statement work on freshwater visions and mediation.
- \$1.5 million reclassification of aerial imagery and ticketing system software as expenditure. This was budgeted as capital.
- \$2 million unbudgeted consultant expenditure in consent (\$1.5 million) and policy (\$0.5 million).
- \$0.8 million unbudgeted expenditure for costs accrued to pay bus drivers the living wage from 1 July 2020.

Revaluation Gain

The revaluation gain of \$75.966 million reflects the gain on the revaluation of the Council's shareholding in the Port Otago Limited Group at 30 June 2021 and is greater than the gain of \$7.000 million provided for in the budget by \$68.966 million.

The budgeted increase is a nominal estimate only, as the major factors contributing to the valuation are not able to be forecast with any significant degree of accuracy. The quantum of the gain does not impact directly on the operations of the Council during the year.

Statement of Financial Position

TOTAL ASSETS

Total assets at \$765.8 million exceeds the budgeted amount of \$700.8 million by \$65 million.

The following major items contributed to this variance:

- Cash and cash equivalents and other financial assets (our managed investment fund) have a combined amount of \$29.7 million and are \$5.2 million below the budget amount of \$24.5 million. This variance from budget is primarily due to a higher level of funding requirements in the year to fund previously deferred projects and the increased level of services.
- Shares in subsidiary: The valuation of the Council shareholding in Port Otago Limited at 30 June 2021 of \$612.3 million, exceeding the budgeted amount of \$548.2 million by \$64.1 million.
- Intangible assets is \$1.9 million and is \$3.4 million below the budgeted amount of \$5.3 million. This variance from budget is caused by the re classification as expenditure some software projects including aerial imagery and ticketing system software.
- Investment property of \$16.5 million is \$2.2 million great than budget of \$14.3 million due to the increased valuation of Council's investment property.

All other assets and liabilities are in line with budget.

EQUITY

Public equity and reserves at \$745.8 million exceed the budgeted amount of \$686.6 million by \$59.2 million.

The major factor in the variance is the Available for Sale revaluation reserve, which records the accumulated revaluation gains on the annual revaluations of the Council's shareholding in Port Otago Limited.

The budgeted balance of the reserve at 30 June 2021 was \$528.2 million, whereas the actual balance is \$592.3 million, a variance of \$64.1 million.

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2021

	NOTES	Council 2021 \$000	Council Budget \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
Rates revenue	3	27,015	26,957	26,501	26,957	26,465
Grant revenue and subsidies		19,007	11,474	12,235	19,007	12,235
Other revenue	3	12,014	14,074	10,350	12,014	10,350
REVENUE FROM EXCHANGE TRANSACTIONS						
Dividends	2	10,439	10,100	9,830	339	330
Interest and investment revenue		138	1,000	563	138	999
Other revenue	3	3,361	2,678	3,567	93,182	104,580
TOTAL REVENUE		71,974	66,282	63,046	151,637	154,959
EXPENDITURE						
Employee benefits expense	22	(21,956)	(22,743)	(18,089)	(54,109)	(52,814)
Depreciation and amortisation expense	11	(3,360)	(2,967)	(2,841)	(15,395)	(13,855)
Finance costs	15(b)	-	(2)	-	(2,608)	(2,716)
Other expenses	19	(60,067)	(46,156)	(47,780)	(83,533)	(72,230)
TOTAL OPERATING EXPENDITURE		(85,383)	(71,868)	(68,710)	(155,645)	(141,615)
Share of surplus from equity accounted joint ventures		-	-	-	-	203
Other gains/(losses)	4	4,955	417	1,557	86,980	30,948
SURPLUS/(DEFICIT) BEFORE TAX		(8,454)	(5,168)	(4,107)	82,972	44,495
Income tax benefit/(expense)	18	100	-	101	(6,942)	(7,444)
SURPLUS/(DEFICIT) FOR THE YEAR		(8,354)	(5,168)	(4,006)	76,030	37,051
OTHER COMPREHENSIVE REVENUE AND EXPENSES						
Items that may be reclassified to surplus/(deficit):						
Available-for-sale financial assets:						
Revaluation gain/(loss) – shares in subsidiary	2	75,966	7,000	2,129	-	-
Available for sale financial asset gains reclassified to surplus/(deficit) during the year		-	-	-	-	-
Cashflow hedges:						
Unrealised movement in hedging interest rate swaps		-	-	-	1,598	(471)
Income tax relating to components of other comprehensive revenue and expenses		-	-	-	-	-
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		75,966	7,000	2,129	1,598	(471)
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		67,612	1,832	(1,877)	77,628	36,580

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2021

	NOTES	Council 2021 \$000	Council Budget \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
CURRENT ASSETS						
Cash and cash equivalents		4,380	6,985	7,898	4,621	8,205
Trade and other receivables	12	8,318	9,591	9,412	19,131	24,522
Property held for sale	8	-	-	-	-	-
Investment property inventories	9	-	-	-	21,495	27,554
Other financial assets	5	25,313	17,502	23,436	25,313	23,436
Other financial instrument		-	-	-	1,021	-
Other current assets		698	442	514	4,955	1,951
TOTAL CURRENT ASSETS		38,709	34,520	41,260	76,536	85,668
NON-CURRENT ASSETS						
Shares in subsidiary	2	612,330	548,235	536,364	-	-
Joint ventures accounted for using the equity method	28	-	-	-	-	-
Property, plant and equipment	6	96,236	98,254	92,945	316,317	318,321
Intangible assets	10	1,888	5,326	4,699	7,267	9,961
Investment property	7	16,490	14,323	14,948	495,780	393,437
Income tax receivable		-	-	-	1,004	-
Deferred tax asset	18	98	98	98	-	-
TOTAL NON-CURRENT ASSETS		727,042	666,236	649,054	820,368	721,719
TOTAL ASSETS		765,751	700,756	690,314	896,904	807,387
CURRENT LIABILITIES						
Trade and other payables	13	17,031	12,503	10,318	23,980	18,426
Provisions		783	-	-	783	228
Borrowings	15	-	-	-	5,240	5,140
Employee entitlements	14	2,143	1,639	1,815	6,315	7,500
Other financial instruments	31	-	-	-	636	1,009
Tax payable		-	-	-	-	590
TOTAL CURRENT LIABILITIES		19,957	14,142	12,133	36,954	32,893
NON-CURRENT LIABILITIES						
Employee entitlements	14	-	-	-	956	1,057
Borrowings	15	-	-	-	73,850	67,150
Deferred tax liabilities	18	-	-	-	16,404	13,747
Other financial instruments	31	-	-	-	619	2,047
TOTAL NON-CURRENT LIABILITIES		-	-	-	91,829	84,001
TOTAL LIABILITIES		19,957	14,142	12,133	128,783	116,894
NET ASSETS		745,794	686,614	678,181	768,121	690,493
EQUITY						
Reserves	16	635,622	569,244	557,650	387,695	301,851
Public equity	17(a)	110,172	117,370	120,531	380,426	388,642
TOTAL EQUITY		745,794	686,614	678,181	768,121	690,493

The accompanying notes form part of these financial statements.

Statement of Changes in Net Assets/Equity for the year ended 30 June 2021

NOTES	TOTAL COUNCIL 2021				
	Opening Balance 1 July 2020 \$000	Other Comprehensive Revenue and Expense \$000	Transfers In \$000	Transfers Out \$000	Closing Balance 30 June 2021 \$000
EQUITY					
General Rate Equity	72,647	(8,354)	52,919	(53,451)	63,761
Targeted Rate Equity	47,884	-	48,510	(49,983)	46,411
TOTAL PUBLIC EQUITY	120,531	(8,354)	101,429	(103,434)	110,172
RESERVES:					
Asset Replacement Reserve	3,756	-	1,736	(2,555)	2,937
Asset Revaluation Reserve	12,887	-	1,542	-	14,429
Available for Sale Revaluation Reserve	516,364	75,966	-	-	592,330
Building Reserve	13,440	-	133	-	13,573
Emergency Response Reserve	3,901	-	575	-	4,476
Hedging Reserve	-	-	-	-	-
Water Management Reserve	897	-	9	-	906
Kuriwao Endowment Reserve	6,397	-	946	(381)	6,962
Environmental Enhancement Reserve	8	-	251	(250)	9
TOTAL RESERVES	557,650	75,966	5,192	(3,186)	635,622
TOTAL EQUITY AND RESERVES	678,181	67,612	106,620	(106,620)	745,794

NOTES	TOTAL GROUP 2021				
	Opening Balance 1 July 2020 \$000	Other Comprehensive Revenue and Expense \$000	Transfers In \$000	Transfers Out \$000	Closing Balance 30 June 2021 \$000
EQUITY					
General Rate Equity	340,758	79,064	53,169	(135,866)	337,125
Targeted Rate Equity	47,884	-	48,434	(49,983)	46,335
TOTAL PUBLIC EQUITY	388,642	76,030	101,603	(185,849)	380,426
RESERVES:					
Asset Replacement Reserve	3,756	-	1,736	(2,555)	2,937
Asset Revaluation Reserve	275,488	-	83,782	-	359,270
Available for Sale Revaluation Reserve	-	-	-	-	-
Building Reserve	13,440	-	133	-	13,573
Emergency Response Reserve	3,901	-	575	-	4,476
Hedging Reserve	(2,036)	1,598	-	-	(438)
Water Management Reserve	897	-	9	-	906
Kuriwao Endowment Reserve	6,397	-	946	(381)	6,962
Environmental Enhancement Reserve	8	-	251	(250)	9
TOTAL RESERVES	301,851	1,598	87,432	(3,186)	387,695
TOTAL EQUITY AND RESERVES	690,493	77,628	189,035	(189,035)	768,121

The accompanying notes form part of these financial statements.

Statement of Changes in Net Assets/Equity for the Year ended 30 June 2020

NOTES	TOTAL COUNCIL 2020				
	Opening Balance 1 July 2019 \$000	Other Comprehensive Revenue and Expense \$000	Transfers In \$000	Transfers Out \$000	Closing Balance 30 June 2020 \$000
EQUITY					
General Rate Equity	72,482	(4,006)	43,526	(39,355)	72,647
Targeted Rate Equity	51,955	-	36,444	(40,515)	47,884
TOTAL PUBLIC EQUITY	124,437	(4,006)	79,970	(79,870)	120,531
RESERVES:					
Asset Replacement Reserve	5,034	-	1,302	(2,580)	3,756
Asset Revaluation Reserve	11,501	-	1,386	-	12,887
Available for Sale Revaluation Reserve	514,235	2,129	-	-	516,364
Building Reserve	13,105	-	337	(2)	13,440
Emergency Response Reserve	4,325	-	111	(535)	3,901
Hedging Reserve	-	-	-	-	-
Water Management Reserve	875	-	22	-	897
Kuriwao Endowment Reserve	6,472	-	285	(360)	6,397
Environmental Enhancement Reserve	74	-	253	(319)	8
TOTAL RESERVES	555,621	2,129	3,696	(3,796)	577,650
TOTAL EQUITY AND RESERVES	680,058	(1,877)	83,666	(83,666)	678,181

NOTES	TOTAL GROUP 2020				
	Opening Balance 1 July 2019 \$000	Other Comprehensive Revenue and Expense \$000	Transfers In \$000	Transfers Out \$000	Closing Balance 30 June 2020 \$000
EQUITY					
General Rate Equity	327,479	37,051	43,526	(67,298)	340,758
Targeted Rate Equity	51,955	-	36,444	(40,515)	47,884
TOTAL PUBLIC EQUITY	379,434	37,051	79,970	(107,813)	388,642
RESERVES:					
Asset Replacement Reserve	5,034	-	1,302	(2,580)	3,756
Asset Revaluation Reserve	246,159	-	29,329	-	275,488
Available for Sale Revaluation Reserve	-	-	-	-	-
Building Reserve	13,105	-	337	(2)	13,440
Emergency Response Reserve	4,325	-	111	(535)	3,901
Hedging Reserve	(1,565)	(471)	-	-	(2,036)
Water Management Reserve	875	-	22	-	897
Kuriwao Endowment Reserve	6,472	-	285	(360)	6,397
Environmental Enhancement Reserve	74	-	253	(319)	8
TOTAL RESERVES	274,479	(471)	31,639	(3,796)	301,851
TOTAL EQUITY AND RESERVES	653,913	36,580	111,609	(111,609)	690,493

The accompanying notes form part of these financial statements.

Cash Flow Statement for the Year ended 30 June 2021

	NOTES	Council 2021 \$000	Council Budget \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from non-exchange transactions						
Receipts from customers		25,147	26,957	31,092	113,737	102,396
Grant income and subsidies		19,007	11,474	12,235	19,007	12,235
Other receipts		12,014	-	-	12,014	-
Receipts from exchange transactions						
Interest and investment income		138	1,000	563	138	998
Rental income		1,022	-	1,056	1,022	24,073
Subvention payment		100	-	101	-	-
Dividends		10,439	10,100	9,830	339	330
Other receipts		5,290	16,759	8,458	5,290	8,458
Payments to suppliers and employees		(72,761)	(68,899)	(65,257)	(129,430)	(126,285)
Interest and other costs of finance paid		-	(2)	-	(2,562)	(2,347)
Income tax received/(paid)		-	-	-	(6,596)	(10,674)
Donations		(350)	-	(350)	(350)	(350)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES		46	(2,611)	(2,272)	12,609	8,834
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest capitalised		-	-	-	(190)	(567)
Proceeds from sale of property, plant and equipment		1,399	410	182	1,646	855
Proceeds from sale of intangible assets		-	-	-	-	-
Sale of held for sale assets		-	-	-	-	-
Sale of investment property		-	-	-	2,433	20,744
Advances (to)/from subsidiaries		-	-	-	27	(2,162)
Proceeds from other financial assets		581	-	(518)	581	(518)
Purchase of/improvements to investment property		-	-	-	(14,144)	(25,609)
Purchase of other financial assets		-	-	-	-	-
Purchase of property in development		-	-	-	-	-
Purchase of property, plant and equipment		(5,376)	(5,401)	(3,688)	(12,259)	(24,131)
Purchase of intangible assets		(168)	(900)	(1,238)	(1,087)	(1,425)
Repayment of lease improvements		-	-	-	-	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(3,564)	(5,891)	(5,262)	(22,993)	(32,813)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings		-	-	-	59,600	116,915
Repayment of borrowings		-	-	-	(52,800)	(100,305)
NET CASH INFLOW/(OUTFLOW) FROM FINANCING ACTIVITIES		-	-	-	6,800	16,610
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(3,518)	(8,502)	(7,534)	(3,584)	(7,369)
Cash and cash equivalents at the beginning of the financial year		7,898	15,487	15,432	8,205	15,574
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		4,380	6,985	7,898	4,621	8,205

The accompanying notes form part of these financial statements.

For the purpose of the Statement of Cash Flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

The following terms are used in the Statement of Cash Flows:

- operating activities are the principal revenue producing activities of the Group and other activities that are not investing or financing activities;

- investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents; and
- financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents include cash on hand and in bank and deposits in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statements are reconciled to the related items in the Statement of Financial Position as follows:

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
CASH AND CASH EQUIVALENTS:				
Cash at bank and on hand	4,380	7,898	4,621	8,205
Term deposits with maturities less than 3 months	-	-	-	-
	4,380	7,898	4,621	8,205

(b) Reconciliation of Surplus for the Year to Net Cash Flows from Operating Activities

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
SURPLUS/(DEFICIT) FOR THE YEAR	(8,354)	(4,006)	76,030	37,051
ADD/(LESS) NON-CASH ITEMS:				
Depreciation and amortisation	3,360	2,841	15,396	13,855
(Gain)/loss on sale of property, plant and equipment	(834)	(53)	(865)	(77)
Write off of intangible assets	686	15	686	15
Provision for doubtful debts	10	4	9	4
(Gain)/loss on revaluation of investment property	(1,542)	(1,386)	(83,782)	(29,329)
Loss/(gain) on disposal of investment property	-	-	-	(1,656)
Net change in fair value of derivative financial instruments	-	-	(602)	232
Net change in fair value of financial instruments	(2,458)	(416)	(2,458)	(416)
Non-current employee entitlements	-	-	-	114
Share of surpluses retained by joint ventures	-	-	-	(203)
Movement in non-current employee entitlements	-	-	(101)	-
Deferred tax	-	-	2,035	(667)
Impairment of property plant and equipment	(121)	298	727	298
Write-off of property plant and equipment work in progress	564	2,324	564	2,324
	(8,689)	(379)	7,639	(15,506)
MOVEMENT IN WORKING CAPITAL:				
Trade and other receivables	1,094	192	5,392	(120)
Inventories	-	-	6,059	(1,275)
Other current assets	(184)	(72)	(3,005)	127
Trade and other payables	6,713	(2,189)	5,490	(6,028)
Provisions	784	-	555	(39)
Employee entitlements	328	176	(1,185)	369
Tax Payable	-	-	(1,594)	(2,462)
Movement in working capital items classified as investing activities	-	-	(6,742)	(3,283)
	8,735	(1,893)	4,970	(12,711)
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	46	(2,272)	12,609	8,834

Notes to the Financial Statements for the Year ended 30 June 2021

1. Statement of Accounting Policies

Reporting Entity

The Council is a regional local authority governed by the Local Government Act 2002.

The Council Group (Group) consists of the Council and its subsidiary Port Otago Limited (100% owned). The Port Otago Limited Group consists of Port Otago Limited, its subsidiaries, associates and joint ventures.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. The principal activities of the Group entities are described in Note 28. Accordingly, the Council has designated itself and the Group as public benefit entities for financial reporting purposes.

The Financial Statements of Council are for the year ended 30 June 2021 and were authorised for issue by Council on 27 October 2021.

Statement of Compliance

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

The financial statements comply with Public Benefit Entity Public Sector (PBE (PS)) standards. The financial statements have been prepared in accordance with Tier 1 PBE standards.

Basis of Preparation

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments (including derivative financial instruments). Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements are presented in thousands of New Zealand dollars. New Zealand dollars are the Council's and Group's functional currency.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Exchange differences are recognised in the surplus/(deficit) in the period in which they arise.

The financial statements are stated exclusive of GST, except for receivables and payables in the Statement of Financial Position which are recognised inclusive of GST. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows in the Cash Flow Statement.

The budget amounts in these financial statements are for Council only and are those approved by the Council in the Long-Term Plan / Annual Plan and have been prepared using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

Adoption of New and Revised Standard and Interpretations

- All mandatory new or amended accounting standards and interpretations were adopted in the current year.

None had a significant impact on these financial statements.

Standards and interpretations issued and not yet adopted

The following are new, revised, or amended standards that are applicable to the Group which are in issue by are not yet required to be adopted for the year end 30 June 2021.

- PBE IPSAS 40: PBE Combinations effective for periods commencing 1 January 2021
- PBE IPSAS 41: Financial Instruments effective for periods commencing 1 January 2022
- PBE FRS 48: Service Performance Reporting effective for periods commencing 1 January 2022

Council expects to adopt the above standard in the period in which they become mandatory. Council anticipates that the above standard are not expected to have a material impact on the financial statements in the period of initial application; however, a detailed assessment has yet to be performed.

Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Council entity and its controlled entities as defined in *PBE IPSAS 35 Consolidated Financial Statements*. A list of controlled entities appears in Note 28 to the financial statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements incorporate the financial statements of the Council and entities controlled by the Council and its subsidiaries. Control is achieved when the Council:

- Has power over the other entity
- Has exposure, or rights, to variable benefits from its involvement with the other entity
- Has the ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity

The Group financial statements are prepared by combining the financial statements of all the entities that comprise the Group, being the Council and its subsidiaries as defined by *PBE IPSAS 35: Consolidated Financial Statements*. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a controlled entity are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

The interest of minority shareholders is stated at the minority's proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each controlled entity from the date on which the Council obtains control and until such time as the Council ceases to control the entity.

In preparing the consolidated financial statements, all inter-company balances and transactions, and unrealised profits arising within the Group, are eliminated in full.

Accounting Policies

Accounting policies that summarise the measurement basis used and are relevant to the understanding of the financial statements, are provided throughout the accompanying notes.

The accounting policies adopted have been applied consistently throughout the periods presented in these financial statements.

Critical Estimates, Assumptions and Judgements

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

- Estimate of Fair Value of Investment Property – refer to Note 7
- Estimate of Fair Value of Shares in Subsidiary – refer to Note 2
- Property, Plant and Equipment – refer to Note 6
- Classification of Property – refer to Note 7

The Group makes estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results and are continually being evaluated based on historical experience and other factors, including expectations of future events that are expected to be reasonable under the circumstances. Other than the COVID-19 impacts, referred to below, there are no estimates or assumptions in the view of Directors that have a risk of causing a significant adjustment to the carrying amounts of assets or liabilities within the next financial year.

Further information about significant areas of estimation uncertainty that have the most significant effect on the amount recognised in the financial statements is disclosed in the relevant notes:

- Fair value measurements of property portfolio assets refer to Note 7
- Property, plant and equipment refer to Note 6

Refer to Note 26 for the impact of COVID-19 on estimates and judgements.

2. Shares in Subsidiary and Dividend Income

Port Otago Limited is a 100% subsidiary of the Council.

Recognition and Measurement

The Council's investment in Port Otago Limited is carried at fair value in the Council entity's financial statements. At each balance date the Council obtains an annual valuation of the Council's shareholding in its subsidiary Port Otago Limited. The Port Otago group consists of Port Otago Limited, its subsidiaries, associates and joint ventures.

The annual valuation is determined by an independent firm of chartered accountants and business advisors.

In assessing the valuation, the valuers adopt methodologies appropriate for the components of the Port Otago Limited group, employing the discounted cashflow methodology for Port Otago port operations and net tangible assets approach for Chalmers Properties Limited. Changes in forecast cashflows and property values and other factors that the fair value assessment is based on may result in the fair value of the shares in the subsidiary being different from previous estimates. The fair value is a level 3 fair value measurement, as the valuation technique includes inputs that are not based on observable market data (unobservable inputs).

Significant Assumptions Used in Determining Fair Value of Financial Assets and Financial Liabilities

The valuation for the shares in Port Otago Limited is a combination of a discounted cashflow and net tangible assets approach based on information provided by the entity and investment property valuations. The fair value of the shares in subsidiaries at 30 June 2021 was based on cashflows discounted using a weighted average cost of capital of 7.6% (2020: 7.2%), terminal growth rate 3% (2020: 2%) and discount for lack of marketability 5% (2020: 5%). Refer to Note 7 for revaluation inputs associated with the investment properties.

Sensitivity to WACC

- A decrease of 0.5% in WACC to 7.1% would result in a \$35.176m increase in fair value
- An increase of 0.5% in WACC to 8.1% would result in a \$28.296m decrease in fair value

Sensitivity to growth rate

- A decrease of 0.5% in the terminal growth rate to 2.5% would result in a \$19.341m decrease in fair value
- An increase of 0.5% in the terminal growth rate to 3.5% would result in a \$24.270m increase in fair value

Valuation uncertainty

As at the valuation date, the valuer has considered there is market uncertainty. The valuation is current at the date of valuation only. The value assessed may change significantly and unexpectedly over a relatively short period of time and historical transactional data may not be reflective of how markets might move under differing economic, monetary and fiscal conditions. There is the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19.

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Balance at beginning of year	536,364	534,235	-	-
Gain/(loss) recognised in other Comprehensive Revenue and Expense	75,966	2,129	-	-
BALANCE AT END OF YEAR	612,330	536,364	-	-

Related party transactions

During the year the following receipts/(payments) were made from/(to) Port Otago Limited:

	Council 2021 \$000	Council 2020 \$000
Dividend payment made to Council	10,100	9,500
Harbour Control Centre and other costs	(60)	(60)
Other expenses	175	90

3. Revenue

Recognition and Measurement

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue from Non-exchange Transactions

Rates revenue is recognised as income when levied. Council levies general rates for those functions that are assessed as providing benefits to all ratepayers within each of the constituent districts and city, and levies targeted rates where functions benefit a defined group of ratepayers.

Grants and subsidies are recognised upon entitlement, as conditions pertaining to expenditure have been fulfilled.

Other fee income from non-exchange transactions is recognised when the supplies and services have been rendered.

Revenue from Exchange Transactions

Dividend income is recognised on the date of the dividend declaration.

Interest revenue is recognised on a time proportionate basis using the effective interest method.

Revenue from port services is recognised in the accounting period in which the actual service is provided.

Revenue from the rendering of services, including relating to contracts and consent application that are in progress at balance date, is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Fees and charges are recognised as income when supplies and services have been rendered. Fees received from the following activities are recognised as revenue from exchange transactions: resource consent processing, pest animal and plant contract work, grazing leases and licenses and enforcement work.

Rates Revenue

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
RATES REVENUE COMPRISES:				
General rates	11,201	11,311	11,143	11,275
Targeted rates	15,814	15,190	15,814	15,190
	27,015	26,501	26,957	26,465

Other Revenue

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
REVENUE FROM EXCHANGE TRANSACTIONS				
Port revenue	-	-	60,238	76,768
Consents and regulatory fees	2,338	2,511	2,338	2,511
Regional services revenue	-	-	-	-
Investment property rental income	673	693	27,822	18,161
Other property rental income	350	363	2,784	7,140
	3,361	3,567	93,182	104,580
REVENUE FROM NON-EXCHANGE TRANSACTIONS				
Consents and regulatory fees	904	432	904	432
Other activity fees and charges	11,110	9,918	11,110	9,918
	12,014	10,350	12,014	10,350

4. Other Gains/(Losses)

	NOTES	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Unrealised net change in value of investment property and property in development	7	1,542	1,386	83,782	29,329
Gain/(loss) on disposal of investment property		-	-	-	1,656
Gain/(loss) on disposal of property, plant and equipment		834	53	865	77
Net change in fair value of financial assets carried at fair value through surplus or deficit		2,458	416	2,458	416
Impairment of Property, plant and equipment	6	121	(298)	(727)	(298)
Net change in fair value of derivative financial instruments classified at fair value through surplus or deficit (interest rate swaps)		-	-	602	(232)
TOTAL OTHER GAINS/(LOSSES)		4,955	1,557	86,980	30,948
GAINS		4,955	1,855	87,707	31,478
LOSSES		-	(298)	(727)	(530)

Gains or losses on the sale of investment property and property, plant and equipment are recognised when an unconditional contract is in place, it is probable that the Group will receive the consideration due, and significant risks and rewards of ownership of assets have been transferred to the buyer.

5. Other Financial Assets

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
HELD FOR TRADING - CARRIED AT FAIR VALUE				
Current:				
Managed funds – cash (i)	2,113	3,192	2,113	3,192
Managed funds – bonds (i)(ii)	10,108	8,741	10,108	8,741
Managed funds – equities (i)	13,092	11,503	13,092	11,503
	25,313	23,436	25,313	23,436

Other financial assets are classified on initial recognition at fair value through surplus of deficit or loans and receivables.

Loans and Receivables at Amortised Cost

Loans and receivables are subsequently measured at amortised cost using the effective interest rate method.

Financial Assets at Fair Value through Surplus of Deficit

Financial assets are classified as financial assets at fair value through surplus or deficit where the financial asset:

- Has been acquired principally for the purpose of selling in the near future;
- Is a part of an identified portfolio of financial instruments that the Council and Group manages together and has a recent actual pattern of short-term profit-taking; or
- Is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through surplus or deficit are stated at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Revenue and Expense. The net gain or loss is recognised in the Statement of Comprehensive Revenue and Expense and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

- (i) The Council and Group have classified their managed funds held for trading. The Group holds a portfolio of floating and fixed interest deposits, bonds and equity securities that is managed externally. This classification has been determined as all assets within this category are available for trading at any point. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the surplus/(deficit).
- (ii) The Group holds fixed interest bonds via its managed fund portfolio, the maturity dates range between 2022-2030.

Fair Value

The fair values of financial assets and financial liabilities are determined as follows:

Level 1 – the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets is determined with reference to quoted market prices. Financial assets in this category include managed fund equities and shares in listed companies.

Level 2 – the fair value of other financial assets and financial liabilities (excluding derivative instruments) is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments.

Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	COUNCIL				GROUP			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Level 4 \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000	Level 4 \$000
2021								
Financial assets at FVTSD ¹ :								
Other financial assets	25,313	-	-	25,313	25,313	-	-	25,313
2020								
Financial assets at FVTSD ¹ :								
Other financial assets	23,436	-	-	23,436	23,436	-	-	23,436

¹ FVTSD: Fair Value through the surplus or deficit

6. Property, Plant and Equipment

	Cost 1 July 2020 \$000	Additions \$000	Disposals \$000	Transfers \$000	Reclass \$000	Cost 30 June 2021 \$000	Accumulated Depreciation and Impairment Charges 1 July 2020 \$000	Impairment Losses Charged in Profit or Loss \$000	Depreciation Expense \$000	Accumulated Depreciation Reversed on Disposal \$000	Accumulated Depreciation and Impairment Charges 30 June 2021 \$000	Book Value 30 June 2021 \$000
COUNCIL OPERATIONAL ASSETS												
Land	12,550	-	-	-	-	12,550	-	-	-	-	-	12,550
Endowment land	1,495	-	(715)	-	-	780	-	-	-	-	-	780
Buildings	7,172	111	(3)	7	-	7,287	(1,816)	-	(320)	1	(2,135)	5,152
Plant and vehicles	9,540	1,483	(272)	116	23	10,890	(5,440)	-	(1,124)	226	(6,338)	4,552
Capital work in progress	337	365	(64)	(123)	-	515	-	-	-	-	-	515
TOTAL OPERATIONAL ASSETS	31,094	1,959	(1,054)	-	23	32,022	(7,256)	-	(1,444)	227	(8,473)	23,549
COUNCIL INFRASTRUCTURAL ASSETS												
Floodbanks	27,548	884	-	-	-	28,432	(165)	121	-	-	(44)	28,388
Protection works	9,741	-	-	-	-	9,741	-	-	-	-	-	9,741
Structures	41,796	615	-	854	-	43,265	(18,340)	-	(850)	-	(19,190)	24,075
Drains	3,760	-	-	-	-	3,760	-	-	-	-	-	3,760
Bridges	1,509	-	(54)	-	-	1,455	(1,087)	-	(45)	47	(1,085)	370
Culverts	1,278	48	(6)	-	-	1,320	-	-	-	-	-	1,320
Transport Infrastructure & hardware	2,723	640	(2)	-	1,938	5,299	(402)	-	(686)	-	(1,088)	4,211
Capital work in progress	746	1,230	(300)	(854)	-	822	-	-	-	-	-	822
TOTAL INFRASTRUCTURAL ASSETS	89,101	3,417	(362)	-	1,938	94,094	(19,994)	121	(1,581)	47	(21,407)	72,687
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	120,195	5,376	(1,416)	-	1,961	126,116	(27,250)	121	(3,025)	274	(29,880)	96,236

Council infrastructural assets represent Flood Protection and Control Works as defined in the Local Government (Financial Reporting and Prudence) Regulations 2014. All infrastructure assets acquired during the year were constructed by Council. There were no infrastructural assets transferred to the Council from external entities. Included in the infrastructure capital disposals are assets which were vested to Dunedin City Council and general public of Otago.

IPSAS 21 impairment of a non-cash generating assets requires an impairment assessment if there is any indication that an asset may be impaired. During the February 2020 flood, flood protection assets in the Clutha and Queenstown regions were damaged. In 2020 the book value of the damaged flood assets was impaired using the restoration cost approach. During the 2021 financial year the assets were repaired, and the impairment was reversed.

Council 2020

COUNCIL OPERATIONAL ASSETS

	Cost 1 July 2019 \$000	Cost 30 June 2020 \$000	Accumulated Depreciation and Impairment Charges 1 July 2019 \$000	Impairment Losses Charged in Profit or Loss \$1,000	Depreciation Expense \$000	Accumulated Depreciation Reversed on Disposal \$000	Transfers \$000	Accumulated Depreciation and Impairment Charges 30 June 2020 \$000	Book Value 30 June 2020 \$000
Land	12,545	12,550	-	-	-	-	-	-	12,550
Endowment land	1,495	1,495	-	-	-	-	-	-	1,495
Buildings	7,031	7,172	(1,502)	-	(314)	-	-	(1,816)	5,356
Plant and vehicles	8,822	9,540	(4,958)	-	(992)	423	87	(5,440)	4,100
Capital work in progress	407	337	-	-	-	-	-	-	337
TOTAL OPERATIONAL ASSETS	30,300	31,094	(6,460)	-	(1,306)	423	87	(7,256)	23,838

COUNCIL INFRASTRUCTURAL ASSETS

Floodbanks	27,548	27,548	-	(165)	-	-	-	(165)	27,383
Protection works	9,383	9,741	-	-	-	-	-	-	9,741
Structures	40,042	41,796	(17,386)	(133)	(821)	-	-	(18,340)	23,457
Drains	3,760	3,760	-	-	-	-	-	-	3,760
Bridges	1,509	1,509	(1,043)	-	(45)	-	-	(1,087)	422
Culverts	1,267	1,278	-	-	-	-	-	-	1,278
Transport infrastructure & hardware	2,298	2,723	(53)	-	(262)	-	(87)	(402)	2,320
Capital work in progress	3,276	746	(1,880)	-	-	-	-	-	746
TOTAL INFRASTRUCTURAL ASSETS	89,083	89,101	(18,482)	(298)	(1,128)	-	(87)	(19,994)	69,107
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	119,383	120,195	(24,942)	(298)	(2,433)	423	-	(27,250)	92,945

Council infrastructural assets represent Flood Protection and Control Works as defined in the Local Government (Financial Reporting and Prudence) Regulations 2014. All infrastructure assets acquired during the year were constructed by Council. There were no infrastructural assets transferred to the Council from external entities. Included in the infrastructure capital disposals are assets which were vested to Dunedin City Council and Aurora.

IPSAS 21 Impairment of a non-cash generating assets requires an impairment assessment if there is any indication that an asset may be impaired. During the February 2020 flood, flood protection assets in the Clutha and Queenstown regions were damaged. The book value of the damaged flood assets have been impaired using the restoration cost approach. Refer to note 25 contingent liability and contingent asset for estimated restoration costs and estimated insurance proceeds.

Group 2021

OPERATIONAL ASSETS

	Cost 1 July 2020 \$000	Additions \$000	Disposals \$000	Transfers \$000	Reclass \$000	Cost 30 June 2021 \$000	Accumulated Depreciation and Impairment Charges 1 July 2020 \$000	Impairment Losses Charged in Profit or Loss \$000	Depreciation Expense \$000	Accumulated Depreciation Reversed on Disposal \$000	Transfers \$000	Accumulated Depreciation and Impairment Charges 30 June 2021 \$000	Book Value 30 June 2021 \$000
Land – Council	12,550	-	-	-	-	12,550	-	-	-	-	-	-	12,550
Endowment land – Council	1,495	-	(715)	-	-	780	-	-	-	-	-	-	780
Buildings – Council	7,172	111	(3)	7	-	7,287	(1,816)	-	(320)	1	-	(2,135)	5,152
Plant and vehicles – Council	9,540	1,483	(272)	116	23	10,890	(5,440)	-	(1,124)	226	-	(6,338)	4,552
Capital work in progress – Council	337	365	(64)	(123)	-	515	-	-	-	-	-	-	515
Land – Port	36,300	-	-	-	-	36,300	-	-	-	-	-	-	36,300
Buildings and improvements – Port	86,256	3,359	(760)	-	-	88,855	(26,590)	-	(3,197)	755	-	(29,032)	59,823
Wharves and berths dredging – Port	91,030	305	-	-	-	91,335	(24,327)	(848)	(1,999)	-	-	(27,174)	64,161
Plant, equipment and vehicles – Port	116,884	4,101	(279)	-	-	120,706	(59,022)	-	(5,917)	278	-	(64,661)	56,045
Capital work in progress – Port	4,845	-	(1,093)	-	-	3,752	-	-	-	-	-	-	3,752
TOTAL OPERATIONAL ASSETS	366,409	9,724	(3,186)	-	23	372,970	(117,195)	(848)	(12,557)	1,260	-	(129,340)	243,630

COUNCIL INFRA-STRUCTURAL ASSETS

Floodbanks	27,548	884	-	-	-	28,432	(165)	121	-	-	-	(44)	28,338
Protection works	9,741	-	-	-	-	9,741	-	-	-	-	-	-	9,741
Structures	41,796	615	-	854	-	43,265	(18,340)	-	(850)	-	-	(19,190)	24,075
Drains	3,760	-	-	-	-	3,760	-	-	-	-	-	-	3,760
Bridges	1,509	-	(54)	-	-	1,455	(1,087)	-	(45)	47	-	(1,085)	370
Culverts	1,278	48	(6)	-	-	1,320	-	-	-	-	-	-	1,320
Transport infrastructure & hardware	2,723	640	(2)	-	1,938	5,299	(402)	-	(686)	-	-	(1,088)	4,211
Capital work in progress – Council	746	1,230	(300)	(854)	-	822	-	-	-	-	-	-	822
TOTAL INFRASTRUCTURAL ASSETS	89,101	3,417	(362)	-	1,938	94,094	(19,994)	121	(1,581)	47	-	(21,407)	72,687
TOTAL GROUP PROPERTY, PLANT AND EQUIPMENT	455,510	13,141	(3,548)	-	1,961	467,064	(137,189)	(727)	(14,138)	1,307	-	(150,747)	316,317

Group 2020

OPERATIONAL ASSETS

	Cost 1 July 2019 \$000	Additions \$000	Disposals \$000	Transfers \$000	Reclass \$000	Cost 30 June 2020 \$000	Accumulated Depreciation and Impairment Charges 1 July 2019 \$000	Impairment Losses Charged in Profit or Loss \$000	Depreciation Expense \$000	Accumulated Depreciation Reversed on Disposal \$000	Transfers \$000	Accumulated Depreciation and Impairment Charges 30 June 2020 \$000	Book Value 30 June 2020 \$000
Land – Council	12,545	5	-	-	-	12,550	-	-	-	-	-	-	12,550
Endowment land – Council	1,495	-	-	-	-	1,495	-	-	-	-	-	-	1,495
Buildings – Council	7,031	117	-	24	-	7,172	(1,502)	-	(314)	-	-	(1,816)	5,356
Plant and vehicles – Council	8,822	1,478	(507)	(253)	-	9,540	(4,958)	-	(992)	423	87	(5,440)	4,100
Capital work in progress – Council	407	117	(41)	(147)	-	337	-	-	-	-	-	-	337
Land – Port	35,281	1,019	-	-	-	36,300	-	-	-	-	-	-	36,300
Buildings and improvements – Port	72,769	14,142	(655)	-	-	86,256	(24,079)	-	(2,919)	408	-	(26,590)	59,666
Wharves and berths dredging – Port	89,634	1,404	(8)	-	-	91,030	(22,326)	-	(2,009)	8	-	(24,327)	66,703
Plant, equipment and vehicles – Port	114,523	3,506	(1,145)	-	-	116,884	(54,964)	-	(5,181)	1,123	-	(59,022)	57,862
Capital work in progress – Port	1,988	2,857	-	-	-	4,845	-	-	-	-	-	-	4,845
TOTAL OPERATIONAL ASSETS	344,495	24,645	(2,356)	(375)	-	366,409	(107,829)	-	(11,415)	1,962	87	(117,195)	249,214
COUNCIL INFRA-STRUCTURAL ASSETS													
Floodbanks	27,548	-	-	-	-	27,548	-	(165)	-	-	-	(165)	27,383
Protection works	9,383	-	-	357	-	9,741	-	-	-	-	-	-	9,741
Structures	40,042	199	-	1,555	-	41,796	(17,386)	(133)	(821)	-	-	(18,340)	23,547
Drains	3,760	-	-	-	-	3,760	-	-	-	-	-	-	3,760
Bridges	1,509	-	-	-	-	1,509	(1,043)	-	(45)	-	-	(1,087)	422
Culverts	1,267	15	(4)	-	-	1,278	-	-	-	-	-	-	1,278
Transport infrastructure & hardware	2,298	82	-	343	-	2,723	(53)	-	(262)	-	(87)	(402)	2,320
Capital work in progress – Council	3,276	1,674	(2,324)	(1,880)	-	746	-	-	-	-	-	-	746
TOTAL INFRASTRUCTURAL ASSETS	89,083	1,970	(2,328)	375	-	89,101	(18,482)	(298)	(1,128)	-	(87)	(19,994)	69,107
TOTAL GROUP PROPERTY, PLANT AND EQUIPMENT	433,578	26,615	(4,684)	-	-	455,510	(126,311)	(298)	(12,543)	1,962	-	(137,189)	318,321

Property, Plant and Equipment

Property, plant and equipment consist of:

Operational Assets

Operational assets include:

- Council-owned land, endowment land, buildings, and plant and vehicles; and
- Port owned land, buildings and improvements, wharves and berths dredging, and plant, equipment and vehicles.

Infrastructural Assets

Infrastructural assets deliver benefits direct to the community and are associated with major flood protection and land drainage schemes. Infrastructural assets include floodbanks, protection works, structures, drains, bridges, culverts, bus hubs and shelters.

Transport infrastructure assets and hardware deliver benefits to the transport bus network in Queenstown and Dunedin.

Restricted Assets

Endowment land is vested in the Council by the Otago Regional Council (Kuriwao Endowment Lands) Act. The Act restricts disposition of this land to freeholding initiated by lessees.

(A) COST

Land and Buildings are recorded at cost or deemed cost less accumulated depreciation and any accumulated impairment losses.

Other property, plant and equipment is recorded at cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired for no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition. When significant, interest costs incurred during the period required to construct an item of property, plant and equipment are capitalised as part of the asset's total cost.

(B) DEPRECIATION

Operational assets with the exception of land, are depreciated on a straight-line basis to write-off the cost of the asset to its estimated residual value over its estimated useful life.

Infrastructural assets including floodbanks, protection works and drains and culverts are constructions or excavations of natural materials on the land and have substantially the same characteristics as land, in that they are considered to have unlimited useful lives, and in the absence of natural events, these assets are not subject to ongoing obsolescence or deterioration of service performance, and are not subject to depreciation. Other infrastructural assets are depreciated on a straight-line basis to write off the cost of the asset to its estimated residual values over its estimated useful life.

Expenditure incurred to maintain these assets at full operating capability is charged to the surplus/(deficit) in the year incurred.

The following estimated useful lives are used in the calculation of depreciation:

Operational Assets	Life	Infrastructural Assets	Life
Buildings – Council	10-50 years	Floodbanks	Unlimited
Plant and vehicles – Council	3-20 years	Protection works	Unlimited
Buildings and improvements – Port	10-50 years	Drains	Unlimited
Wharves – Port	15-70 years	Culverts	Unlimited
Vessels and Floating Plant – Port	5-30 years	Structures	8-100 years
Plant, equipment and vehicles – Port	3-30 years	Bridges	33-100 years
		Transport infrastructure and hardware	5-15 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

(C) DISPOSAL

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the surplus/(deficit) in the period the asset is derecognised.

Critical Judgements and Assumptions

(A) COUNCIL AND GROUP

The Council owns a number of properties that are held for service delivery objectives as part of the Council's various flood protection schemes. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are accounted for as property, plant and equipment.

(B) GROUP ONLY

Port Otago Limited owns a number of properties that are classified and accounted for as property, plant and equipment rather than investment property if the property is held to meet the strategic purposes of the port, or to form part of buffer zones to port activity, or to assist the provision of port services, or to promote or encourage the import or export of goods through the port.

Impairment

At each reporting date, the Council and Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council and Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. An impairment loss is recognised in the surplus or deficit whenever the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount.

Useful Lives and Residual Values

At each balance date, the Group reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful lives and residual value estimates of property, plant and equipment requires the Group to consider a number of factors, such as the physical condition of the asset, expected period of use of the asset by the Group, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus/(deficit), and carrying amount of the asset in the Statement of Financial Position. The Group minimises the risk of this estimation uncertainty by physical inspection of assets, asset replacement programmes and analysis of prior asset sales. The Group has not made significant changes to past assumptions concerning useful lives and residual values.

7. Investment Property

	NOTES	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
BALANCE AT BEGINNING OF YEAR		14,948	13,562	393,437	347,682
Acquisitions		-	-	-	-
Subsequent capital expenditure		-	-	10,328	16,059
Interest capitalised		-	-	190	394
Disposals		-	-	-	(426)
Net movement in incentives		-	-	121	(57)
Net movement in prepaid leasing costs		-	-	171	107
Transfer to property held for sale	8	-	-	-	(2,719)
Transfer to investment property inventories	9	-	-	7,751	-
Transfer from investment property inventories	9	-	-	-	3,068
Net gain/(loss) from fair value adjustments	4	1,542	1,386	83,782	29,329
BALANCE AT END OF YEAR		16,490	14,948	495,780	393,437

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Valuation Analysis				
VALUED AT 30 JUNE BALANCE DATE AS DETERMINED BY:				
Jones Lang LaSalle	-	-	55,371	173,994
CVAS (NZ) Limited (Colliers)	-	-	182,075	204,495
Savills (NZ) Limited (Savills)	-	-	208,725	-
CBRE Limited (CBRE)	-	-	31,900	-
Tay and Tay Limited	16,490	14,948	16,490	14,948
	16,490	14,948	494,561	393,437
Plus: investment property under construction and carried at cost	-	-	1,219	-
	16,490	14,948	495,780	393,437

Investment property is property held to earn rentals and/or for capital appreciation. Investment property is measured initially at cost and subsequently at fair value. Gains or losses arising from changes in the fair value of investment property are reported in the surplus/(deficit) in the period in which they arise.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The fair value of investment property reflects the Director's assessment of the highest and best use of each property and, amongst other things, rental income, from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects the cash outflows that could be expected in respect of the property.

No depreciation or amortisation is provided for on investment properties. However, for tax purposes, depreciation is claimed on building fit-out and a deferred tax liability is recognised where the building component of the registered building exceeds the tax book value of the building. The deferred tax liability is capped at the amount of depreciation that has been claimed on each building. Gains or losses on the disposal of investment properties are recognised in the surplus/(deficit) in the period in which the risks and rewards of the investment property have been fully transferred to the purchaser.

Borrowing costs are capitalised if they are directly attributable to the acquisition or construction of a qualifying property. Capitalisation of borrowing costs will continue until the asset is substantially ready for its intended use. The rate at which borrowing costs are capitalised is determined by reference to the weighted average borrowing costs and the average level of borrowings.

Due to the uncertainty related to the COVID-19 pandemic the investment property value may change unexpectedly over a relatively short time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). The valuations have been determined at 30 June 2021 based on a certain set of assumptions used by the valuers, however these could change in a short period due to ongoing property market transactions.

Critical Judgements

Fair Value of Property Portfolio Assets (includes investment property, property held for sale and property in development)

The fair value of the Council's and Group's investment property at 30 June 2021 requires estimation and judgement and has been arrived at on the basis of valuations carried out at that date by independent registered valuers who conform with the New Zealand Property Institute Practice Standards. The valuers have extensive market knowledge in the types of investment properties owned by the Council and Group.

The fair value was determined using valuation techniques via a combination of the following approaches:

- **Direct Capitalisation:** The subject property rental is divided by a market derived capitalisation rate to assess the market value of the asset. Further adjustments are then made to the market value to reflect under or over renting, additional revenue and required capital expenditure.
- **Discounted Cash Flow:** Discounted cash flow projections for the subject property are based on estimates of future cash flows, supported by the terms of any existing lease and by external evidence such as market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.
- **Sales Comparison:** The subject property is related at a rate per square metre as a means of comparing evidence. In applying this approach a number of factors are taken into account, such as but not limited to, size, location, zoning, contour, access, development potential / end use, availability of services, profile and exposure, current use of surrounding properties, geotechnical and topographical constraints.

Significant inputs used together with the impact on fair value of a change in inputs:

	COUNCIL		GROUP	
	Range of Significant Unobservable Inputs		Range of Significant Unobservable Inputs	
Market capitalisation rate (%) (i)	4.65%	6.0%	4.0%	7.8%
Market rental (\$ per Sqm) (ii)	\$48	\$203	\$10.50	\$456
Discount rate (%) (iii)	6.75%	8.0%	5.8%	9.3%
Rental growth rate (%) (iv)	2.0%	25%	1.6%	25%
Terminal capitalisation rate (%) (v)	5%	6.5%	4.0%	8.0%
Profit and risk rate (vi)	N/A	N/A	5.0%	5.0%
Development sell down period (years) (vii)	N/A	N/A	2	2

- (i) The capitalisation rate applied to the market rental to assess a property's value, determined through similar transactions taking into account location, weighted average lease term, size and quality of the property.
- (ii) The valuer assessment of the net market income that a property is expected to achieve under a new arm's length leasing transaction.
- (iii) The rate applied to future cash flows relating transactional evidence from similar properties.
- (iv) The rate applied to the market rental over the future cash flow projection.
- (v) The rate used to assess the terminal value of the property.
- (vi) The rate providing an allowance for the risks and uncertainties associated with similar activities in conjunction with current market conditions.
- (vii) The length of time in years anticipated to complete the sell down of developed land.

8. Property Held for Sale

	NOTES	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
BALANCE AT BEGINNING OF YEAR		-	-	-	2,105
Transfer from (to) investment property	7	-	-	-	2,719
Disposals		-	-	-	(4,824)
BALANCE AT END OF YEAR		-	-	-	-

Property classified as held for sale is measured at:

- Fair value for items transferred from investment property, and
- Fair value less estimated costs of disposal, measured at time of transfer, for items transferred from property, plant and equipment.

Property is classified as held for sale if the carrying amount will be recovered through a sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the property is available for immediate sale in its present state. There must also be an expectation of completing the sale within one year from the date of classification. Property is not depreciated nor amortised while it is classified as held for sale.

9. Investment Property Inventories

	NOTES	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
BALANCE AT BEGINNING OF YEAR		-	-	27,554	28,829
Transfer (to) from investment property	7	-	-	-	-
Transfer (to) from property held for sale	8	-	-	(7,751)	-
Transfer to investment property	7	-	-	-	(3,068)
Land acquired from joint venture partner		-	-	2,499	-
Disposals		-	-	(1,640)	(6,974)
Subsequent capital expenditure		-	-	833	8,594
Interest capitalised		-	-	-	173
BALANCE AT END OF YEAR		-	-	21,495	27,554

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Comprising:				
Developed land for sale	-	-	21,371	21,720
Units and warehouse developments	-	-	124	5,834
	-	-	21,495	27,554

Transfers to investment property from investment property inventories occur when there is a change in use evidenced by the commencement of a development with a view to sale. Future development stages that have not yet commenced and are being held for capital appreciation are accounted for in investment property.

Investment property inventories are accounted for as inventory and initially recognised at deemed cost represented by the fair value at the time of commencement of the development. Further costs directly incurred through development activities are capitalised to the cost of the investment property inventories.

Investment property inventories are valued annually and are measured at the lower of cost and fair value. Where costs exceed the fair value of the investment property inventories the resulting impairments are included in the Income Statement in the period in which they arise.

Developed Land for Sale

The \$21.4 million carrying value at balance date reflects the cost of 10.4 hectares of developed land for sale. In their June 2021 valuation, Jones Lang LaSalle stated a net realisable value of \$33.2 million for this land on hand. At June 2020, the \$21.7 million carrying value of developed land reflects the Groups 11.1 hectare share of the developed land. Jones Lang LaSalle stated a net realised value for the Groups share of developed land on hand at June 2020 of \$31.7 million.

10. Intangible Assets

	Council Computer Software \$000	Council Total \$000	Group Computer Software \$000	Group Resource Consents \$000	Group Total \$000
GROSS CARRYING AMOUNT					
Balance at 30 June 2019	7,167	7,167	7,579	5,641	20,387
Additions	302	302	183	4	489
Capital WIP additions	1,136	1,136	-	-	1,136
Capital WIP write off	(15)	(15)	-	-	(15)
Transfer to complete asset	(200)	(200)	-	-	(200)
Disposals	(32)	(32)	(30)	-	(62)
BALANCE AT 30 JUNE 2020	8,358	8,358	7,732	5,645	21,735
Additions	1,070	1,070	914	4	1,988
Capital WIP additions	40	40	-	-	40
Capital WIP write off	-	-	-	-	-
Transfer to complete asset	(941)	(941)	-	-	(941)
Transfer to Property plant and equipment	(1,961)	(1,961)	-	-	(1,961)
Write off to statement of comprehensive income	(686)	(686)	-	-	(686)
BALANCE AT 30 JUNE 2021	5,880	5,880	8,646	5,649	20,175
ACCUMULATED AMORTISATION AND IMPAIRMENT					
Balance 30 June 2019	(3,283)	(3,283)	(5,895)	(1,430)	(10,608)
Amortisation expense	(408)	(408)	(563)	(257)	(1,228)
Disposals	32	32	30	-	62
BALANCE 30 JUNE 2020	(3,659)	(3,659)	(6,428)	(1,687)	(11,774)
Amortisation expense	(335)	(335)	(546)	(255)	(1,136)
Disposals	2	2	-	-	2
BALANCE AT 30 JUNE 2021	(3,992)	(3,992)	(6,974)	(1,942)	(12,908)
NET BOOK VALUE					
AS AT 30 JUNE 2021	1,888	1,888	1,672	3,707	7,267
AS AT 30 JUNE 2020	4,699	4,699	1,304	3,958	9,961

The cost of acquiring an intangible asset is amortised from the date the asset is ready for use on a straight-line basis over the periods of expected benefit.

Computer Software

Computer software assets are stated at cost, less accumulated amortisation and impairment. The amortisation periods range from 1 to 5 years.

Resource Consents

For resource consents the amortisation periods range from 3 to 25 years. Where the periods of expected benefit or recoverable values have diminished, due to technological change or market conditions, amortisation is accelerated or the carrying value is written down.

Resource consents relate to the granting of the consents which will allow Port Otago Limited to deepen to 15 metres and widen the channel in Otago Harbour so larger ships will be able to call at Port Chalmers. Consents were granted in January 2013 and were activated in March 2015. Amortisation of the carrying amounts commenced on the activation of the consents and will be amortised over the life of the consents which is either 3 years or 20 years. An additional 25 year consent was granted in June 2017 to undertake maintenance dredging and disposal of dredge spoil.

Impairment

At each reporting date, the Council and Group reviews the carrying amounts of intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council and Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

11. Schedule of Depreciation and Amortisation

	NOTES	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Depreciation of property, plant and equipment	6	3,025	2,433	14,138	12,543
Amortisation of intangible assets	10	335	408	1,136	1,227
Amortisation of leasing costs		-	-	121	85
		3,360	2,841	15,395	13,855

Depreciation and Amortisation by Activity (Council Only)

	NOTES	Actual 2020-2021 \$000	Annual Plan 2020-2021 \$000	Actual 2019-2020 \$000	Annual Plan 2019-2020 \$000
Environment		235	271	225	234
Regional Leadership		11	-	47	-
Regulatory		164	206	211	212
Flood Protection and Control Works		863	898	843	831
Safety and Hazards		19	13	15	20
Transport		700	282	271	72
Corporate		1,368	1,297	1,229	1,163
		3,360	2,967	2,841	2,532

12. Trade and Other Receivables

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS				
Trade receivables (i)	2,270	5,132	13,329	20,353
Provision for doubtful debts	(103)	(86)	(348)	(197)
	2,167	5,046	12,981	20,156
Sundry accruals	-	97	-	97
Goods and Services Tax receivable	298	290	298	290
	2,465	5,433	13,279	20,543
TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS				
Trade receivables (i)	4,754	2,222	4,753	2,222
Provision for doubtful debts	(12)	(18)	(12)	(18)
	4,742	2,204	4,741	2,204
Accrued Income	1,111	1,775	1,111	1,775
Goods and Services Tax receivable	-	-	-	-
	5,853	3,979	5,852	3,979
TOTAL	8,318	9,412	19,131	24,522

(i) Trade receivables are non-interest bearing and generally on monthly terms.

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for doubtful debts is established when there is objective evidence that the Council or Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is expensed in the surplus/(deficit).

13. Trade and Other Payables

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Trade payables for Exchange transactions (i)	11,519	6,548	14,042	10,623
Other accrued charges	5,512	3,770	9,938	7,803
Property deposits received	-	-	-	-
	17,031	10,318	23,980	18,426

(i) The average credit period on purchases is 30 days.

Trade payables and other accounts payable are recognised when the Council and Group becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

14. Employee Entitlements

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Accrued salary and wages	266	145	933	1,356
Annual leave	1,855	1,648	5,230	6,013
Long service leave	-	-	919	1,016
Retiring allowances	22	22	59	64
Sick leave	-	-	130	108
	2,143	1,815	7,271	8,557
Disclosed in the financial statements as:				
Current	2,143	1,815	6,315	7,500
Non-current	-	-	956	1,057
	2,143	1,815	7,271	8,557

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Council and Group in respect of services provided by employees up to reporting date.

15. Borrowings and Finance Costs

15 (a) Borrowings

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
SECURED - AT AMORTISED COST				
Bank borrowings	-	-	79,090	72,290
	-	-	79,090	72,290
Analysed as:				
Current	-	-	5,240	5,140
Non-current	-	-	73,850	67,150
	-	-	79,090	72,290

Borrowings are recognised initially at fair value. Subsequent to initial recognition, borrowings are stated at amortised cost, with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings, using the effective interest method.

The carrying amount of borrowings reflects fair value as the borrowing finance rates approximate market rates.

The Group has a \$81 million Short Term Advances Facility with ANZ Bank New Zealand Limited which the Group may draw from for terms ranging from call to the termination of the agreement, which is 1 July 2023 (2020: 1 July 2022). In addition the Group has a \$29 million Commercial Flexi Facility with ANZ Bank New Zealand Limited which is subject to an annual review. The next review is due on 30 June 2022 (2020: 30 June 2021).

The security for advances is a cross guarantee and indemnity between Port Otago Limited, Chalmers Properties Limited and Te Rapa Gateway Limited in favour of the lender, general security agreement over the assets of Port Otago Limited and Chalmers Properties Limited and registered first-ranking mortgages over land.

15 (b) Finance Costs

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Interest on loans	-	-	2,798	3,283
Capitalised borrowing costs	-	-	(190)	(567)
Other	-	-	-	-
	-	-	2,608	2,716

Borrowing costs directly attributable to the acquisition and/or construction of property, plant and equipment and long-term investment property development projects are capitalised as part of the cost of those assets. Other borrowing costs are expensed in the period in which they are incurred.

16. Reserves

	Available for Sale Revaluation Reserve \$000	Asset Replacement Reserve \$000	Emergency Response Reserve \$000	Kuriwao Endowment Reserve \$000	Asset Revaluation Reserve \$000	Water Management Reserve \$000	Building Reserve \$000	Environmental Enhancement Reserve \$000	Total Reserves \$000
OPENING BALANCE 1 JULY 2019	514,235	5,034	4,325	6,472	11,501	875	13,105	74	555,621
TRANSFERS IN:									
Transfers from general rate equity	-	1,183	-	121	-	-	-	250	1,554
Interest received	-	119	111	164	-	22	337	3	756
Revaluation gain	2,129	-	-	-	1,386	-	-	-	3,515
	2,129	1,302	111	285	1,386	22	337	253	5,825
TRANSFERS OUT:									
Transfers to general rate equity	-	(2,580)	-	(110)	-	-	(2)	(319)	(3,011)
Transfers to targeted rate equity	-	-	(535)	(250)	-	-	-	-	(785)
	-	(2,580)	(535)	(360)	-	0	(2)	(319)	(3,796)
CLOSING BALANCES 30 JUNE 2020	516,364	3,756	3,901	6,397	12,887	897	13,440	8	557,650
TRANSFERS IN:									
Transfers from general rate equity	-	1,702	-	878	-	-	-	250	2,830
Transfers from targeted equity	-	-	535	-	-	-	-	-	535
Interest received	-	34	40	68	-	8	133	1	285
Revaluation gain	75,966	-	-	-	1,542	-	-	-	77,508
	75,966	1,736	575	946	1,542	8	133	251	81,158
TRANSFERS OUT:									
Transfers to general rate equity	-	(2,555)	-	(131)	-	-	-	(250)	(2,936)
Transfers to targeted rate equity	-	-	-	(250)	-	-	-	-	(250)
	-	(2,555)	-	(381)	-	-	-	(250)	(3,186)
CLOSING BALANCES 30 JUNE 2021	592,330	2,937	4,476	6,962	14,429	905	13,573	9	635,622
CLOSING BALANCES 30 JUNE 2020	516,364	3,756	3,901	6,397	12,887	897	13,440	8	557,560

	Available for Sale Revaluation Reserve \$000	Asset Replacement Reserve \$000	Emergency Response Reserve \$000	Kuriwao Endowment Reserve \$000	Asset Revaluation Reserve \$000	Water Management Reserve \$000	Building Reserve \$000	Environmental Enhancement Reserve \$000	Hedging Reserve \$000	Total Reserves \$000
Group										
OPENING BALANCES AT 1 JULY 2019	-	5,034	4,325	6,472	246,159	875	13,105	74	(1,565)	274,479
TRANSFERS IN:										
Transfers from general rate equity	-	1,183	-	121	-	-	-	250	-	1,554
Interest received	-	119	111	164	-	22	337	3	-	756
Revaluation gain	-	-	-	-	29,329	-	-	-	-	29,329
Change in fair value of interest rate swaps	-	-	-	-	-	-	-	-	(654)	(654)
	-	1,302	111	285	29,329	22	337	253	(654)	30,985
TRANSFERS OUT:										
Transfers to general rate equity	-	-	-	(110)	-	-	(2)	(319)	-	(431)
Transfers to targeted rate equity	-	(2,580)	(535)	(250)	-	-	-	-	-	(3,182)
Deferred tax arising on fair value movement	-	-	-	-	-	-	-	-	183	-
Realised on sale of assets	-	-	-	-	-	-	-	-	-	-
	-	(2,580)	(535)	(360)	-	-	(2)	(319)	183	(3,613)
CLOSING BALANCES 30 JUNE 2020	-	3,756	3,901	6,397	275,488	897	13,440	8	(2,036)	301,851
TRANSFERS IN:										
Transfers from general rate equity	-	1,702	-	878	-	-	-	250	-	2,830
Transfers from targeted rate equity	-	-	535	-	-	-	-	-	-	535
Interest received	-	34	40	68	-	8	133	1	-	285
Revaluation gain	-	-	-	-	83,782	-	-	-	-	83,782
Change in fair value of interest rate swaps	-	-	-	-	-	-	-	-	2,220	2,220
	-	1,736	575	946	83,782	8	133	251	2,220	89,652
TRANSFERS OUT:										
Transfers to general rate equity	-	(2,555)	-	(131)	-	-	-	(250)	-	(2,936)
Transfers to targeted rate equity	-	-	-	(250)	-	-	-	-	-	(250)
Deferred tax arising on fair value movement	-	-	-	-	-	-	-	-	(622)	(622)
Realised on sale of assets	-	-	-	-	-	-	-	-	-	-
	-	(2,555)	-	(381)	-	-	-	(250)	(622)	(3,808)
CLOSING BALANCES 30 JUNE 2021	-	2,937	4,476	6,962	359,270	905	13,573	9	(438)	387,695
CLOSING BALANCES 30 JUNE 2020	-	3,756	3,901	6,397	275,488	897	13,440	8	(2,036)	301,851

Restricted and Council Created Reserves

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

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

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

Available-for-Sale Revaluation Reserve

The available-for-sale revaluation reserve arises on the revaluation of the shares in subsidiary (Council only) and shares in listed companies (Group).

Asset Replacement Reserve

This reserve represents funds held for the replacement of Council operational assets.

Emergency Response Reserve

This reserve is separately funded to enable Council to respond appropriately to emergency situations.

Kuriwao Endowment Reserve – Restricted

This reserve represents the accumulation of net income from Kuriwao Endowment land less any distribution of that income. The reserve is available to fund works for the benefit of the Lower Clutha District.

Asset Revaluation Reserve

This reserve arises on the revaluation of investment property.

Water Management Reserve

The purpose of this reserve is to provide funding for water management initiatives in Otago.

Hedging Reserve

This reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments relating to interest payments that have not yet occurred.

Building Reserve

The purpose of this reserve is to set aside funding for a new head office for the Council.

Environmental Enhancement Reserve

The purpose of this reserve is to provide funding for the maintenance or enhancement of areas of the natural environment within the Otago region.

17. (a) Public Equity

Public Equity – General Rates	Council	Council	Group	Group
	2021	2020	2021	2020
	\$000	\$000	\$000	\$000
BALANCE AT BEGINNING OF YEAR	72,647	72,482	340,758	327,479
NET SURPLUS	(8,354)	(4,006)	76,030	37,051
TRANSFERS IN				
Transfer from Public Equity Targeted Rates	49,983	40,515	49,983	40,515
Kuriwao endowment reserve	131	110	131	110
Asset replacement reserve	2,555	2,580	2,555	2,580
Asset revaluation reserve	-	-	-	-
Water Management Reserve	-	-	-	-
Environmental Enhancement Reserve	250	319	250	319
Building Reserve	-	2	-	2
	52,919	43,526	52,919	43,526
TRANSFER OUT				
Transfer to Public Equity Targeted Rates	(48,260)	(35,659)	(48,260)	(35,659)
Kuriwao endowment reserve	(946)	(285)	(946)	(285)
Asset replacement reserve	(1,736)	(1,302)	(1,736)	(1,302)
Emergency response reserve	(575)	(111)	(575)	(111)
Asset revaluation reserve	(1,542)	(1,386)	(83,783)	(29,329)
Water management reserve	(9)	(22)	(9)	(22)
Building Reserve	(133)	(337)	(133)	(337)
Environmental Enhancement Reserve	(250)	(253)	(250)	(253)
Available-for-sale asset gains reclassified to surplus/-(deficit)	-	-	-	-
	(53,451)	(39,355)	(135,692)	(67,298)
BALANCE AT END OF YEAR	63,761	72,647	334,015	340,758

Public Equity – Targeted Rates

BALANCE AT BEGINNING OF YEAR	47,884	51,955	47,884	51,955
NET SURPLUS	(8,354)	(4,006)	79,064	37,051
TRANSFERS IN				
Transfer from Public Equity General Rates	48,260	35,659	44,260	35,659
Kuriwao endowment reserve	250	250	250	250
Emergency response reserve	-	535	-	535
	48,510	36,444	44,510	36,444
TRANSFERS OUT				
Transfer to Public Equity General Rates	(49,983)	(40,515)	(49,983)	(40,515)
	(49,983)	(40,515)	(49,983)	(40,515)
BALANCE AT END OF YEAR – REFER NOTE 17 (B)	46,411	47,884	46,411	47,884

Total Public Equity

BALANCE AT BEGINNING OF YEAR	120,531	124,437	388,642	379,434
NET SURPLUS	(8,354)	(4,006)	79,064	37,051
Transfers	(2,005)	100	(84,246)	(27,843)
BALANCE AT END OF YEAR	110,172	120,531	380,426	388,642

Equity is the community's interest in the Council and Group and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

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

17. (b) Public Equity Targeted Rates - Reserve Movements

	COUNCIL AND GROUP - 2021			COUNCIL AND GROUP - 2020				
	Opening balance 1 July 2020 \$000	Transfers in \$000	Transfers out \$000	Closing balance 30 June 2021 \$000	Opening balance 1 July 2019 \$000	Transfers in \$000	Transfers out \$000	Closing balance 30 June 2020 \$000
RIVER MANAGEMENT RESERVES								
Central Otago River Management	460	313	(339)	434	395	315	(248)	460
Clutha River Management	183	332	(332)	183	38	333	(188)	183
Dunedin River Management	1,462	268	(350)	1,380	1,479	287	(304)	1,462
Queenstown River Management	745	176	(214)	707	684	170	(109)	745
Waitaki River Management	512	407	(390)	529	222	411	(121)	512
Wanaka River Management	571	209	(1,054)	(274)	571	234	(234)	571
Shotover Delta Flood Mitigation	204	84	(39)	249	133	86	(15)	204
Stoney Creek	152	2	-	154	148	4	-	152
FLOOD AND DRAINAGE SCHEME RESERVES								
Alexandra Flood Protection	146	96	(186)	56	231	99	(184)	146
East Taieri Drainage	346	658	(550)	454	199	485	(338)	346
Leith Flood Protection	(15,734)	1,614	(856)	(14,976)	(14,665)	1,629	(2,698)	(15,734)
Lower Clutha Flood and Drainage	(101)	3,256	(3,842)	(687)	(197)	1,639	(1,543)	(101)
Lower Taieri Flood Protection	955	1,577	(1,195)	1,337	632	839	(516)	955
Lower Waitaki Flood Protection	4	203	(213)	(6)	(9)	162	(149)	4
Tokomairiro Drainage	244	144	(145)	243	150	129	(35)	244
West Taieri Drainage	(1,926)	889	(872)	(1,909)	(1,844)	664	(746)	(1,926)
OTHER RESERVES								
Clean Heat Clean Air	47	-	(47)	-	209	3	(165)	47
Dunedin Transport Services	(4,504)	18,792	(20,777)	(6,489)	(2,539)	16,030	(17,995)	(4,504)
Queenstown Transport Services	(359)	8,029	(8,513)	(843)	(188)	7,096	(7,267)	(359)
Rural Water Quality	1,189	696	(271)	1,614	509	1,167	(487)	1,189
Dairy Monitoring	80	192	(198)	74	74	190	(184)	80
Wilding Pines	(205)	6,030	(6,114)	(289)	(144)	1,892	(1,953)	(205)
Emergency Management	(669)	2,852	(2,617)	(434)	(63)	2,564	(3,170)	(669)
Lake Hayes Restoration	(365)	-	(4)	(369)	(372)	16	(9)	(365)
Infrastructural Assets	64,447	1,691	(865)	65,273	66,304	-	(1,857)	64,447
	47,884	48,510	(49,983)	46,411	51,955	36,444	(40,515)	47,884

River Management Reserves

Targeted rating is used to fund river management works across the city and districts within Otago.

Flood and Drainage Scheme Reserves

Targeted rating is used to fund the costs associated with maintaining the level of flood and drainage protection provided by these schemes.

Transport Reserves

Targeted rating is used in Dunedin and Queenstown to fund the Council's costs associated with the provision of bus services.

Clean Heat Clear Air Reserve

The purpose of this reserve is to fund costs associated with the provision of funding associated with the improvement of insulation and heating in homes located within the targeted rating district.

Schedule of Internal Borrowing for Public Equity Targeted Rates – Reserve

Council 2021	Amount borrowed as at 30 June 2020 \$000	Funds borrowed during the year \$000	Funds repaid during the year \$000	Interest charged \$000	Amount borrowed as at 30 June 2021 \$000
Flood Protection and Control Works	17,761	5,590	(5,962)	194	17,583
Environment	570	6,111	(6,030)	7	658
Safety and Hazards	669	2,608	(2,852)	6	431
Transport	4,863	29,224	(26,822)	67	7,332
	23,863	43,533	(41,666)	274	26,004

Council 2020	Amount borrowed as at 30 June 2020 \$000	Funds borrowed during the year \$000	Funds repaid during the year \$000	Interest charged \$000	Amount borrowed as at 30 June 2021 \$000
Flood Protection and Control Works	16,706	4,555	(3,932)	432	17,761
Environment	516	1,949	(1,908)	13	570
Community	9	149	(162)	-	(4)
Safety and Hazards	63	3,161	(2,564)	9	669
Transport	2,727	25,167	(23,126)	90	4,863
	20,021	34,981	(31,692)	544	23,859

18. Income Taxes

Income Tax Recognised in Statement of Comprehensive Revenue and Expense

NOTES	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
INCOME TAX (EXPENSE)/BENEFIT COMPRISES:				
Current year – current tax	-	-	(4,914)	(6,885)
Current year – deferred tax	100	101	(2,035)	667
Prior period adjustment current tax	-	-	7	(108)
Prior period adjustment deferred tax	-	-	-	-
INCOME TAX (EXPENSE)/BENEFIT REPORTED IN THE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	100	101	(6,942)	(7,444)
The prima facie income tax expense on pre-tax accounting surplus reconciles to the income tax expense in the financial statements as follows:				
Surplus/(deficit) before income tax	(8,454)	(4,107)	82,972	44,495
Imputation credits	-	-	-	-
	(8,454)	(4,107)	82,972	44,495
Income tax expense (credit) calculated at 28%	(2,367)	(1,150)	23,232	12,459
Non-deductible expenses	23,807	19,141	23,856	19,178
Non-assessable income	(18,712)	(15,429)	(40,348)	(15,950)
Unrealised change in investment property	-	-	(100)	(6,998)
Deferred tax expense relating to the origination and reversal of temporary differences	-	-	92	(326)
Prior period adjustment	-	-	210	(919)
Imputation credits utilised	(2,828)	(2,660)	-	-
INCOME TAX EXPENSE (CREDIT)	(100)	(101)	6,942	7,444

Council entered into an agreement for the Council to transfer 2020 tax year losses to its subsidiary Port Otago Limited. In conjunction with the tax loss transfer of \$257,857 (2020 tax year: \$359,850), by way of a tax loss offset, Port Otago Limited made a subvention payment of \$100,278 (2020 tax year: \$100,758) to the Council.

The tax expense represents the sum of the tax currently payable and deferred tax, except to the extent that it relates to items recognised directly in equity, in which case the tax expense is also recognised in equity.

Current tax payable is based on taxable profit for the period. Taxable profit differs from net surplus/(deficit) before tax, as reported in the Statement of Comprehensive Revenue and Expense, because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Council's and Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred Tax Balances

Deferred tax comprise taxable and deductible temporary differences arising from the following:

Council 2021	Council Opening Balance \$000	Council Charged to Surplus/(Deficit) \$000	Council Charged to other Comprehensive Revenue and Expense \$000	Council Closing Balance \$000
GROSS DEFERRED TAX ASSET:				
Tax losses	101	(3)	-	98
	101	(3)	-	98

Council 2020	Council Opening Balance \$000	Council Charged to Surplus/(Deficit) \$000	Council Charged to other Comprehensive Revenue and Expense \$000	Council Closing Balance \$000
GROSS DEFERRED TAX ASSET:				
Tax losses	98	-	-	98
	98	-	-	98

Group 2021	Group Opening Balance \$000	Group Charged to Surplus/(Deficit) \$000	Group Charged to Other Comprehensive Revenue and Expense \$000	Group Closing Balance \$000
GROSS DEFERRED TAX LIABILITY:				
Other financial assets	(854)	169	622	(64)
Property, plant and equipment	11,365	(606)	-	10,759
Investment property	5,110	2,199	-	7,309
Other	(1,874)	273	-	(1,600)
	13,747	2,035	622	16,404

Group 2020	Group Opening Balance \$000	Group Charged to Surplus/(Deficit) \$000	Group Charged to Other Comprehensive Revenue and Expense \$000	Group Closing Balance \$000
GROSS DEFERRED TAX LIABILITY:				
Other financial assets	(606)	(65)	(183)	(854)
Property, plant and equipment	12,498	(1,133)	-	11,365
Investment property	4,559	551	-	5,110
Other	(1,854)	(20)	-	(1,874)
	14,597	(667)	(183)	13,747

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Council and Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax is recognised as an expense or income in the surplus/(deficit), except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity.

Imputation Credit Account Balances

	Group 2021 \$000	Group 2020 \$000
BALANCE AT END OF YEAR	47,693	45,993

Imputation credit balances available directly and indirectly to the Council through subsidiaries are \$47,791,000 as at 30 June 2021, and \$46,091,000 as at 30 June 2020.

19. Other Expenses

	NOTES	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Net bad and doubtful debts		16	43	16	59
Donations		350	350	544	466
Operating lease rental expenses:					
- Minimum lease payments		454	341	884	829
Company Directors' remuneration		-	-	387	356
Purchased materials and services		58,311	44,249	77,988	64,985
Fuel and electricity		372	417	2,795	3,155
Write-off of property, plant and equipment work in progress		564	2,380	564	2,380
		60,067	47,780	83,533	72,230

Included in the write-off of property, plant and equipment work in progress are assets which were vested to Dunedin City Council and the Otago community.

20. Remuneration (Council Only)

Employee Staffing Levels

The number of all employees, employed by the Council on the last day of the financial year was as follows:

	Number of Employees 30 June 2021	Number of Employees 30 June 2020
Full-time employees	231	186
Full-time equivalent number of other employees	19.8	20.6

Council regards one full-time equivalent as an employee who works 37.5 hours weekly.

Employee Remuneration

The following table classifies the number of all employees employed on the last day of the financial year into remuneration bands, calculated as the total annual remuneration (including the value of non-financial benefits) being received as at the last day of the financial year.

TOTAL ANNUAL REMUNERATION	Number of Employees 30 June 2021	Number of Employees 30 June 2020
Less than \$60,000	44	36
\$60,000 to \$79,999	74	77
\$80,000 to \$99,999	76	55
\$100,000 to \$119,999	33	21
\$120,000 to \$139,999	14	14
\$140,000 to \$199,999	10	5
\$200,000 to \$299,999	5	5
\$300,000 to \$319,999	1	1
	257	214

Chief Executive Remuneration

The Chief Executive of the Council is appointed under Section 42 of the Local Government Act 2002. During the period to 30 June 2021 the Chief Executive Sarah Gardner received salary payments amounting to \$316,631 (2020: \$281,770), and the total cost including fringe benefit tax of the remuneration package received during that period is calculated at \$360,026 (2020: \$322,550).

Elected Representatives' Remuneration

The following tables disclose the total annual remuneration (including the value of non-financial benefits) received by or payable to the Chairperson and other Councillors of the Council.

Council Remuneration 2021

COUNCILLOR	Meetings attended /eligible meetings ¹	Remuneration \$	Meeting fees \$	Allowances and mileage \$	Other \$	Total \$
Andrew Noone (Chairperson)	45/47	140,522	-	550	12,729	153,801
Michael Laws (Deputy Chairperson)	39/43	83,920	-	10,102	324	94,346
Hilary Calvert	46/47	62,239	-	550	-	62,789
Michael Deaker	41/43	62,239	-	1,045	-	63,284
Alexa Forbes	41/43	62,239	2,690	11,849	281	77,059
Marian Hobbs	40/43	62,239	-	3,415	-	65,654
Carmen Hope	37/43	62,239	-	10,701	97	73,037
Gary Kelliher	39/43	62,239	240	11,442	-	73,921
Kevin Malcolm	41/47	62,239	-	13,344	-	75,583
Gretchen Robertson	40/43	62,239	2,050	1,967	19	66,275
Bryan Scott	41/43	62,239	-	2,642	251	65,132
Kate Wilson	44/47	62,239	-	550	-	62,789
		846,832	4,980	68,157	13,701	933,670

¹ Eligible meetings include attendance at Council and Committee Meetings and Subcommittee Audit and Risk (for Crs Calvert, Noone, Malcolm and Wilson). Councillors may have been absent on council business

Council Remuneration 2020

COUNCILLOR	Month in term	Meetings attended /eligible meetings ¹	Remuneration \$	Meeting fees \$	Allowances and mileage \$	Other \$	Total \$
Stephen Woodhead (Chairperson to Oct 19)	4	14/14	40,494	-	-	3,814	44,308
Gretchen Robertson (Deputy Chairperson to Oct 19)	12	39/40	65,469	8,053	1,354	422	75,298
Marian Hobbs (Chairperson from Oct 19)	8	26/26	102,246	-	725	-	102,971
Michael Laws (Deputy Chairperson from Oct 19)	12	37/40	74,033	-	10,918	321	85,272
Alexa Forbes	8	25/26	43,400	-	5,164	646	49,210
Graeme Bell	4	9/14	15,763	-	2,165	35	17,963
Douglas Brown	4	14/14	18,128	-	3,132	362	21,622
Michael Deaker	12	37/40	61,528	-	750	-	62,278
Gary Kelliher	8	24/26	43,400	-	6,631	-	50,031
Hilary Calvert	8	26/26	43,400	-	275	-	43,675
Carmen Hope	12	39/40	59,163	-	5,500	64	64,727
Kate Wilson	8	26/26	43,400	-	275	-	43,675
Trevor Kempton	4	14/14	18,128	-	475	-	18,603
Kevin Malcolm	8	26/26	43,400	-	1,214	-	44,614
Ella Lawton	4	11/14	15,763	4,187	4,079	455	24,484
Samuel Neill	4	14/14	15,763	-	475	-	16,238
Andrew Noone	12	37/40	61,528	4,837	1,646	108	68,119
Bryan Scott	12	40/40	61,528	520	1,196	27	63,270
			826,534	17,597	45,974	6,254	896,359

Severance Payments

For the year ended 30 June 2021, the Council had one (2020: one) severance payments totalling \$95,000 (2020: \$7,000).

21. Key Management Personnel Compensation

The compensation of the Councillors, Chief Executive and General Managers of the Council, and of the Directors and other senior management of the Port Otago Limited Group was as follows:

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
MANAGEMENT PERSONNEL				
Short-term employee benefits	1,584	1,329	4,915	4,639
Post-employment benefits	-	-	-	-
	1,584	1,329	4,915	4,639
Full-time equivalent number of key management personnel	6	6	24	24
GOVERNING PERSONNEL				
Councillors remuneration	860	858	860	858
Directors' fees	-	-	387	356
	860	858	1,247	1,214

22. Employee Benefits Expense

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Salaries and wages	20,886	17,133	51,487	50,230
Defined contribution plans	916	745	2,468	2,373
Termination benefits	154	211	154	211
	21,956	18,089	54,109	52,814

Superannuation Schemes

Recognition and Measurement

Contributions to defined contribution superannuation schemes are expensed when incurred.

23. Subsequent Events

On 5 October 2021 the Directors of Port Otago declared a final dividend of \$1.0 million for the year ended 30 June 2021. As the final dividend was approved after balance date, the financial effect of the dividend payable of \$1.0 million has not been recognised in the Balance Sheet.

On 21 September 2021 Council entered into the New Zealand Local Government Funding Agency (NZLGFA) as a guarantor. The NZLGFA was incorporated in December 2021 with the purpose of providing debt funding to local authorities in New Zealand and it has a current credit rating from Standard and Poor's of AA+.

24. Commitments for Expenditure

Capital Expenditure Commitment

At 30 June 2021 the Group had commitments for capital expenditure of \$20.4 million (2020: 4.78 million). Included in the above amounts are Council commitments of \$0.2 million (2020: \$0.77 million) relating to property, plant and equipment acquisitions and contracts for capital expenditure. Port Otago Limited had commitments for capital expenditure of \$20.2 million (2020: \$4.01 million) which relates to purchases and refurbishments of port assets and investment property.

Lease Commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 27 to the financial statements.

25. Contingent Liabilities and Contingent Assets

Council Only Contingent Liabilities

The Council has been advised of potential claims in relation to the issue of resource consents. The Council does not expect any material uninsured liability to arise from these potential claims, (2020: \$Nil).

2020: During the February 2020 flood event our flood assets on the Taieri and Lower Clutha performed to the expected level of service, however minor damage was incurred to these assets. Council performed urgent repairs of \$535,000 and recorded a \$289,000 impairment to the value of the flood protection fixed assets in the 30 June 2020 Statement of Comprehensive Income.

Council has performed an assessment of the damaged assets and forecasted that \$5,700,000 future costs are required to restore the flood protection assets back to their expected level of service. This forecasted cost is likely to be incurred in the 2021 financial period but is dependent on COVID-19 restrictions and river levels allowing work to proceed.

Consistent with the nature of the Council's activities, the Council is involved in Environment, High and District Court proceedings resulting from decisions made by the Council as a planning and consenting authority under the Resource Management Act.

Council Only Contingent Assets

The Council does not have any contingent assets as at 30 June 2021.

2020: Council has assessed the insurance proceeds which are likely to be available in relation to the flood protection asset damaged from the February 2020 flood event. National Emergency Management Agency (NEMA) on preliminary insurance assessments has indicated that they will fund \$2,400,000 of the cost of repairs. Council's external insurance provider on preliminary assessments have indicated that they will fund the entire cost of repair to pump stations which is estimated to be \$177,000. Certainty on the insurance proceeds is dependent on repairs being performed and actual costs being determined and are likely to be received in 2021 financial period.

Group

There are no contingent liabilities or assets at 30 June 2021 (30 June 2020: \$Nil) other than those arising in the normal course of business.

26. Impact of COVID-19 pandemic on Council

Council

There has been a minor impact on Council as a result of COVID-19 pandemic.

Council's subsidiary Port Otago Limited is held in Council financial statements at fair value. The valuation of Port Otago is based on current year performance and forecasted future performance. The global COVID-19 pandemic and resulting impacts on trade, the cruise industry and property markets has increased the level of uncertainty around certain estimates in the future performance of Port Otago. This has had a minor impact on the valuation of our subsidiary Port Otago.

During the period March to June 2020 the New Zealand Transport Agency (NZTA) required Council to provide free bus fares for all users (this continued into the 2021 financial period). Bus fare revenue was funded during this period directly by NZTA with \$2,300,000 received to compensate Council for lost bus fare revenue from customers. This was treated in the same manner as bus fare revenue and was recorded as other income on the Statement of Comprehensive Income.

The impact COVID-19 has had on Council levels of service has been recorded in the Statement of Service Performance section.

Group

An assessment of the impact of COVID-19 on the Group's Statement of Comprehensive Income and Statement of Financial Position is set out below, based on the information available at the time of preparing these financial statements.

Other Revenue

The New Zealand government banned cruise ships from entering New Zealand waters from 14 March 2020 resulting in no arrivals during the 2021 financial year compared to 112 cruise ship arrivals in the 2020 financial year. At this stage it is unlikely cruise ships will visit for the coming 2021/22 cruise ship season (2022 financial year).

Investment Property

As at June 2020, the independent valuations of the Group's investment property portfolio were reported on the basis of 'material valuation uncertainty', meaning less certainty and a higher degree of caution should be applied to the valuations. As at June 2021, the 'material valuation uncertainty' clause has been removed from all of the independent valuations.

27. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Council and/or Group as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Council and/or Group as Lessee

Assets held under finance leases are recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are capitalised.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

Lease Incentives

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

Disclosures for lessees

Leasing Arrangements

Operating leases relate to property, vehicles and equipment leases. All operating lease contracts contain market review clauses in the event that the Council/Group exercises its option to renew. The Council/Group does not have an option to purchase the leased asset at the expiry of the lease period.

Non-cancellable Operating Lease Payments

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Not longer than 1 year	491	346	1,029	702
Longer than 1 year and not longer than 5 years	860	385	2,672	551
Longer than 5 years	-	-	1,939	109
	1,351	731	5,640	1,362

Disclosures for Lessor

Operating Lease Commitments as Lessor

The Group has entered into commercial property leases. These non-cancellable leases have remaining non-cancellable lease terms of up to 21 years.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

Group	2021 \$000	2020 \$000
RENTALS RECEIVABLE		
Within one year	24,329	22,675
After one year but not more than five years	83,197	78,762
More than five years	86,869	91,146
MINIMUM FUTURE LEASE RECEIVABLE	194,395	192,583

28. Subsidiaries, Associates and Joint Ventures

	Country of Incorporation	OWNERSHIP INTEREST	
		2021 %	2020 %
Council – Otago Regional Council	New Zealand	-	-
Subsidiaries – Port Otago Limited	New Zealand	100	100

Otago Regional Council is the head entity within the consolidated group. Port Otago Limited holds the Group's interest in the other subsidiaries, associates and joint ventures detailed below.

The principal activities of the entities are:

	Principal activities	OWNERSHIP INTEREST	
		2021 %	2020 %
SUBSIDIARIES			
Chalmers Properties Limited	Property investment	100	100
Te Rapa Gateway Limited	Property investment	100	100
Fiordland Pilot Services Limited	Shipping services	100	100
JOINT VENTURES AND ASSOCIATES			
Hamilton Porter JV	Property investment	-	66.7

Subsidiaries

Subsidiaries are entities that are controlled, either directly or indirectly, by the Council. The results of subsidiaries acquired or disposed of during the period are included in the consolidated surplus/(deficit) from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Joint Ventures

The remaining 33.3% interest in Hamilton Porter JV was purchased during the financial year. Refer to Note 29 for transaction details.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results, assets and liabilities of joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the surplus or deficit and other comprehensive income of the joint venture. In assessing the Group's share of the surplus or deficit or other comprehensive income of the joint venture, the Group's share of any unrealised profits or losses on transactions between Group companies and the joint venture is eliminated. Dividends or distributions received from a joint venture reduce the carrying amount of the investment in that joint venture in the Group financial statements. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture, the Group discontinues its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture until the date it ceases to be a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying value of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in surplus or deficit in the period in which the investment is acquired.

On 30 April 2020 South Freight Limited, a subsidiary of Port Otago Limited, sold its 50% ownership interest in Icon Logistics Limited to Harbour Logistics Limited, the remaining shareholder. This investment was previously accounted for in the Group financial statements using the equity method. Icon Logistics Limited was allowed to use the equity method due to this better reflecting the substance of the economic reality of the Group's interest in the joint controlled entity Icon Logistics Limited.

On 30 June 2020 South Freight Limited and Port Otago Limited were amalgamated with Port Otago Limited becoming the amalgamated company. The shares of South Freight Limited were cancelled without payment or other consideration.

All companies in the Group have 30 June balance dates.

Joint Ventures Accounted for Using the Equity Method

	NOTES	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Balance at beginning of year		-	-	-	2,003
Share of profit from joint ventures recognised in the Statement of Comprehensive Revenue and Expenses		-	-	-	203
Shareholder advances		-	-	-	-
Less Net assets sold				-	(2,206)
BALANCE AT END OF YEAR		-	-	-	-

Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group's interest in joint arrangements is incorporated into the Group's financial statements and has been accounted in the Balance Sheet on the basis of the Group's proportionate interest in the fair value of each of the

assets and liabilities of the joint arrangements, and in the Statement of Comprehensive Income on the basis of the Group's proportionate interest in the income and expenses incurred in relation to the joint arrangement. In determining the fair value of its share of the net assets and its share of net income of the joint arrangement, the Group applies the accounting policies set out in these financial statements.

Summarised financial information of jointly operations:

	Group 2021 \$000	Group 2020 \$000
Current assets	-	3,303
Non-current assets	-	5
TOTAL ASSETS	-	3,308
Current liabilities	-	(115)
Non-current liabilities	-	-
TOTAL LIABILITIES	-	(115)
NET ASSETS	-	3,193

Any capital commitments and contingent liabilities arising from the Group's interests in joint ventures are disclosed in Notes 24 and 25 respectively.

29. Related Party Disclosures

Council

Otago Regional Council is the ultimate parent of the Group and controls one entity, being Port Otago Limited, including its subsidiaries, associates and joint ventures.

During the 30 June 2021 year, Councillors as part of a normal customer relationship, were involved in minor arm's length transactions with the Council, such as the payment of rates.

RELATED PARTY ENTITY	Relationship to related party entity	Total paid by the entity to Council	Total paid to the entity to Council	Outstanding balance owed by Entity	Outstanding balance owed by Council
Councillor Hilary Calvert					
Auripo Holdings Limited	Shareholder	273	-	-	4,862
Councillor Marian Hobbs					
Otago Natural History Trust	Trustee	-	-	-	115,000
Orokonui Ecosanctuary Limited	Director	-	11,885	-	-
Councillor Gary Kelliher					
Springvale Downs Limited	Director/ Shareholder	76	-	-	-
Springvale Water Supply Company Limited	Director	94	-	-	-
Councillor Kevin Malcolm					
J & E Soper Family Trust	Trustee	121	-	-	-
Poltalloch South Trust	Trustee	121	-	-	-
Councillor Andrew Noone					
Ravensdown Limited	Shareholder	26,908	-	-	-
Silver Fern Farms Limited	Shareholder	11,610	-	-	-
Councillor Kate Wilson					
Predator Free Dunedin (Ceased Dec 2020)	Trustee	-	690,000	-	-
Strath Taieri Agriculture and Rural Tourism Trust	Trustee	232	-	-	-

During the 30 June 2020 year, Councillors as part of a normal customer relationship, were involved in minor arm's length transactions with the Council, such as the payment of rates.

RELATED PARTY ENTITY	Relationship to related party entity	Total paid by the entity to Council	Total paid to the entity to Council	Outstanding balance owed by Council
Councillor Graeme Bell				
Meridian Energy Limited	Shareholder	-	273,752	4,862
Councillor Douglas Brown				
Alliance Group Limited	Shareholder	3,301	-	-
Contact Energy Limited	Shareholder	208,074	-	-
Farmlands Co-operative Society	Shareholder	-	5,975	-
Meridian Energy Limited	Shareholder	-	273,752	4,862
North Otago Irrigation Company Limited	Shareholder	1,070	-	-
PGG Wrightsons Limited	Shareholder	-	720	1,072
Ravensdown Limited	Shareholder	7,366	-	-
Councillor Hilary Calvert				
Auripo Holdings Limited	Shareholder	273	-	-
Councillor Gary Kelliher				
Springvale Downs Limited	Director/ shareholder	76	-	-
Springvale Water Supply Company Limited	Director	38	-	-
Councillor Trevor Kempton				
Delta Utility Services Limited	Director	750	11,747	7,493
Naylor Love Limited	Director	-	61,133	-
Councillor Kevin Malcolm				
J & E Soper Family Trust	Trustee	121	-	-
Poltalloch South Trust	Trustee	5,142	-	-
Councillor Andrew Noone				
Ravensdown Limited	Shareholder	7,366	-	-
Silver Fern Farms Limited	Shareholder	15,436	-	-
Councillor Kate Wilson				
Predator Free Dunedin	Trustee	-	-	350,000
Strath Taieri Agriculture and Rural Tourism Trust	Trustee	574	-	-

Group

Refer to Note 2 for transactions between Council and Port Otago Limited.

Transactions with Icon Logistics Limited

Port Otago Limited had a 50% interest in Icon Logistics Limited through its wholly owned subsidiary, South Freight Limited. This interest was sold on 30 April 2020.

Icon Logistics Limited is a tenant and purchaser of services from Port Otago Limited. The amount received from Icon Logistics Limited during 2020 for property rentals and sale of services was \$121,732 with \$684 receivable at 30 June 2020.

Icon Logistics Limited also provides transport services to Port Otago Limited. The amount paid to Icon Logistics Limited during 2020 for the supply of transport services was \$1,326,499 with \$128,749 payable at 30 June 2020. South Freight Limited provided a \$200,000 shareholder advance to Icon Logistics Limited during the 2019 financial year. For the period ended 30 April 2020, interest revenue of \$5,340 was accrued.

Transactions with Hamilton Porter JV

Port Otago Limited had a 66.7% interest in the Hamilton Porter JV through its wholly owned subsidiary, Te Rapa Gateway Limited (TGL). During the year, TGL acquired the remaining 33.3% interest held by R&M Corporation Limited

for \$2.4 million through a share sale and purchase, resulting in TGL being the sole shareholder of Hamilton Porter JV Company Limited (HPJVL) and sole beneficiary of the bare trust. Subsequently, all assets held by HPJVL were transferred to TGL and HPJVL was liquidated and wound up.

At June 2020, Te Rapa Gateway Limited provided an advance of \$103,000 to Hamilton Porter JV. Hamilton Porter JV also has an accounts payable balance owing for recharged costs of \$2,842.

Chalmers Properties Limited provided accounting and administration services to Hamilton Porter JV for which \$5,000 was charged for the 2020 financial year. At 30 June 2020 there were no balances owing to Chalmers Properties Limited.

Transactions Eliminated on Consolidation

Related party transactions and outstanding balances with other entities in a group are disclosed in an entity's financial statements. Intra-group related party transactions and outstanding balances are eliminated in the preparation of consolidated financial statements of the group.

30. Remuneration of Auditors

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Audit fees for financial statement audit	125	121	125	121
Audit fees for audit of Annual Plan/Long-Term Plan	70	-	70	-
Other services	-	-	-	-
Fees for tax and advisory services – Council	-	-	-	-
	195	121	195	121
Audit fees to other auditors for audit of financial statements of group entities	-	-	127	129
	-	-	127	129
	195	121	322	250

The auditor for and on behalf of the Controller and Auditor-General, of the Otago Regional Council, is Deloitte Limited, and of the Port Otago Limited Group is Audit New Zealand.

31. Financial Instruments

Financial Risk Management Objectives

The Council has established a Treasury Management Policy, which combines the Local Government Act 2002 requirement for local authorities to adopt a Liability Management Policy and an Investment Policy. These provide a framework for prudent debt management and the management of financial resources in an efficient and effective way.

The Council and Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

Significant Accounting Policies for Financial Instruments

Financial assets and financial liabilities are recognised in the Council's or Group's Statement of Financial Position when the Council and/or Group becomes a party to contractual provisions of the instrument.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through surplus or deficit which are initially valued at fair value.

Financial Assets are classified into the following specified categories: financial assets 'at fair value through surplus or deficit', 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Impairment of Financial Assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Derivative Financial Instruments

The Council and Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates hedges of highly probable forecast transactions as cash flow hedges. Changes in the fair value of derivatives qualifying as cash flow hedges are recognised in other comprehensive revenue and expense and transferred to the cash flow hedge reserve in equity. The ineffective component of the fair value changes on the hedging instrument is recorded directly in the surplus/(deficit).

When a hedging instrument expires or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the surplus/(deficit). When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the surplus or deficit. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the surplus/(deficit).

For qualifying hedge relationships, the Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The net differential paid or received on interest rate swaps is recognised as a component of interest expense over the period of the swap agreement.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Fair Value of Financial Instruments

The group carries interest rate derivatives (derivative financial instruments) at fair value. The fair value of interest rate swaps is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates. These instruments are included in Level 2 of the fair value measurement hierarchy. Interest rate derivative fair values are valued and are calculated using a discounted cash flow model using FRA rates provided by ANZ Bank New Zealand Limited based on the reporting date of 30 June 2021.

	COUNCIL				GROUP			
	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
2021								
Financial assets at FVTSD:								
Other financial instruments	-	-	-	-	-	1,021	-	1,021
Financial liabilities at FVTSD:								
Other financial instruments	-	-	-	-	-	(1,255)	-	(1,255)
2020								
Financial liabilities at FVTSD:								
Other financial instruments	-	-	-	-	-	(3,056)	-	(3,056)

Categories of Financial Instruments

Council 2021

	Loans and Receivables \$000	Fair Value Through Surplus or Deficit – Held for Trading \$000	Fair Value Through Other Comprehensive Revenue and Expense \$000	Financial Liabilities at Amortised Cost \$000	Total \$000
FINANCIAL ASSETS					
Cash and cash equivalents	4,380	-	-	-	4,380
Trade and other receivables (note 12)	8,318	-	-	-	8,318
Other financial assets (note 5)	-	25,313	-	-	25,313
Other current assets	698	-	-	-	698
Shares in subsidiary	-	-	612,330	-	612,330
TOTAL FINANCIAL ASSETS	13,396	25,313	612,330	-	651,039
FINANCIAL LIABILITIES					
Trade and other payables (note 13)	-	-	-	17,031	17,031
Provision	-	-	-	783	783
TOTAL FINANCIAL LIABILITIES	-	-	-	17,814	17,814

Council 2020

	Loans and Receivables \$000	Fair Value Through Surplus or Deficit – Held for Trading \$000	Fair Value Through Other Comprehensive Revenue and Expense \$000	Financial Liabilities at Amortised Cost \$000	Total \$000
FINANCIAL ASSETS					
Cash and cash equivalents	7,898	-	-	-	7,898
Trade and other receivables (note 12)	9,412	-	-	-	9,412
Other financial assets (note 5)	-	23,436	-	-	23,436
Shares in subsidiary	-	-	536,364	-	536,364
TOTAL FINANCIAL ASSETS	17,310	23,436	536,364	-	577,110
FINANCIAL LIABILITIES					
Trade and other payables (note 13)	-	-	-	10,318	10,318
TOTAL FINANCIAL LIABILITIES	-	-	-	10,318	10,318

Group 2021

	Loans and Receivables \$000	Fair Value Through Surplus or Deficit – Held for Trading \$000	Fair Value Through Other Comprehensive Revenue and Expense \$000	Financial Liabilities at Amortised Cost \$000	Total \$000
FINANCIAL ASSETS					
Cash and cash equivalents	4,621	-	-	-	4,621
Trade and other receivables (note 12)	19,131	-	-	-	19,131
Other financial instruments	-	1,021	-	-	1,021
Other financial assets (note 5)	-	25,313	-	-	25,313
TOTAL FINANCIAL ASSETS	23,752	26,334	-	-	50,086
FINANCIAL LIABILITIES					
Other financial instruments	-	1,255	-	-	1,255
Trade and other payables (note 13)	-	-	-	23,980	23,980
Borrowings (secured) (note 15)	-	-	-	79,090	79,090
TOTAL FINANCIAL LIABILITIES	-	1,255	-	103,005	104,260

Group 2020

	Loans and Receivables \$000	Fair Value Through Surplus or Deficit - Held for Trading \$000	Fair Value Through Other Comprehensive Revenue and Expense \$000	Financial Liabilities at Amortised Cost \$000	Total \$000
FINANCIAL ASSETS					
Cash and cash equivalents	8,205	-	-	-	8,205
Trade and other receivables (note 12)	24,522	-	-	-	24,522
Other financial assets (note 5)	-	23,436	-	-	23,436
TOTAL FINANCIAL ASSETS	32,727	23,436	-	-	56,163
FINANCIAL LIABILITIES					
Other financial instruments	-	3,056	-	-	3,056
Trade and other payables (note 13)	-	-	-	18,426	18,426
Borrowings (secured) (note 15)	-	-	-	72,290	72,290
TOTAL FINANCIAL LIABILITIES	-	3,056	-	90,716	93,772

Market Risk

The Group's activities expose it primarily to the financial risks of changes in market prices of other financial assets (principally Managed Funds – Equities and Shares in Listed Companies), foreign currency exchange rates and interest rates.

There has been no change during the year to the group exposure to market risks or the manner in which it manages and measures the risk.

(a) Currency Risk

Currency risk is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Group is exposed to currency risk in relation to the purchase of certain capital items denominated in foreign currencies. Foreign currency forward purchase contracts are used to manage the Group's exposure to movements in exchange rates on foreign currency denominated liabilities and purchase commitments. The Council is exposed to currency risk in relation to the investments denominated in foreign currencies forming part of the managed fund portfolio. The policy governing Managed Funds places restrictions on the currencies in which the fund manager may invest, and the amount of exposure to any one currency.

Amount of Exposure to Currency Risk

The Group's exposure to foreign currency risk for each class of financial instruments is as follows:

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Managed funds	8,340	6,734	8,340	6,734
TOTAL MANAGED FUNDS	8,340	6,734	8,340	6,734

The only significant sensitivity the group has in relation to changes in foreign currency relates to the Council's Managed funds. The carrying value of investments in equity securities held in AUD, USD and Euro denominated currency may fluctuate with changes in the exchange rate between the New Zealand dollar and the foreign currency.

A favourable movement of 10% in the exchange rates at 30 June 2021 would have the impact of increasing the carrying value of the Managed funds, and the Council surplus, by \$926,579 (2020: \$780,000), and an unfavourable movement of 10% would impact unfavourably to the extent of \$758,532 (2020: \$638,000).

(b) Interest Rate Risk

The Council and Group is exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by the use of floating-to-fixed interest rate swaps contracts. These swaps have the economic effect of converting borrowings from floating rate to fixed rates.

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on borrowings. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date.

The Council is also exposed to interest rate risk to the extent that it holds funds on demand, at call or in floating interest rate instruments as part of cash and cash equivalent balances and the managed funds portfolio.

The policy governing management of the managed funds places restrictions on how the funds may be invested, and the amount of exposure to interest rates from funds held at call and on a floating rate basis. Council invests surplus funds with Council-approved financial institutions, and holds sufficient funds on call as part of its cash management procedures.

The following table discloses the impact of a movement of plus and minus 100 basis points in interest rates applicable to those instruments.

Sensitivity to Interest Rate Risk

Group	2021				2020			
	Profit -100bps \$000	Other Equity -100bps \$000	Profit +100bps \$000	Other Equity +100bps \$000	Profit -100bps \$000	Other Equity -100bps \$000	Profit +100bps \$000	Other Equity +100bps \$000
	FINANCIAL LIABILITIES							
Borrowings	790	-	(790)		723	-	(723)	-
Derivatives – hedge accounted	-	(2,271)	-	823	-	(4,435)	-	(1,478)
Derivatives – non-hedge accounted	(229)	-	923		(895)	-	373	-
TOTAL SENSITIVITY TO INTEREST RATE RISK	561	(2,271)	133	823	(172)	(4,435)	(350)	1,478

Equity Price Risk

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Group is exposed to equity securities price risk on its investments held in publicly traded securities.

The following information discloses the Group's exposure and sensitivity to equity price risk.

Exposure to Equity Price Risk

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
FINANCIAL ASSETS				
Other financial assets	15,945	13,846	15,945	13,846
EXPOSURE TO EQUITY PRICE RISK	15,945	13,846	15,945	13,846

Sensitivity to Equity Price Risk

Council and Group	2021				2020			
	-10% Profit \$000	-10% Other Equity \$000	+10% Profit \$000	+10% Other Equity \$000	-10% Profit \$000	-10% Other Equity \$000	+10% Profit \$000	+10% Other Equity \$000
	FINANCIAL ASSETS							
Other financial assets	(1,595)	-	1,595	-	(1,385)	-	1,385	-
TOTAL SENSITIVITY EQUITY PRICE RISK	(1,595)	-	1,595	-	(1,385)	-	1,385	-

The sensitivity analysis shows the impact a movement of plus or minus 10% in the price of equities would have on the fair value of the equities.

Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group.

The Council has no significant concentrations of credit risk arising from trade receivables, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

Council trade and other receivables mainly arise from the Council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of debtors and other receivables with reference to internal or external credit ratings.

The Council Treasury Management Policy details the objectives, policies and restrictions for management of the fund. The policy includes the key objective of capital preservation, placing restrictions on the exposure to credit risk.

The Group is predominantly exposed to credit risk arising from a small number of shipping line and warehouse clients comprising the majority amount of subsidiary trade receivables. Regular monitoring of trade receivables is undertaken to ensure that the credit exposure remains within the Group's normal trading terms of trade.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for impairment, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with credit-ratings assigned by international credit rating agencies.

Maximum Exposure to Credit Risk

The Group's maximum exposure for each class of financial instrument is as follows:

	Council 2021 \$000	Council 2020 \$000	Group 2021 \$000	Group 2020 \$000
Cash at bank and term deposits	4,380	7,898	4,380	8,205
Trade and other receivables	8,318	9,412	8,318	24,522
Other financial assets (Note 5)	25,313	23,436	25,313	23,436
Other financial instrument- asset	-	-	1,004	-
Other financial instrument- liability	-	-	(1,255)	(3,056)
Shares in subsidiary	612,330	536,364	612,330	-
	650,341	577,110	650,090	53,107

Liquidity Risk Management

Liquidity risk is the risk that the Group will encounter difficulty in raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate committed credit facilities, and the ability to close out market positions.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Contractual Maturity Analysis of Financial Instruments

The following contractual maturity information analyses the Group's financial instruments into the relevant grouping based on the remaining period at balance date to the contractual maturity date. Future interest payments on floating rate debt are based on the floating rate of the instrument at balance date. The amounts disclosed are the contractual undiscounted cash flows.

Council 2021	Weighted Average Effective Interest Rate	Carrying Amount \$000	Contractual Cash Flows \$000	AGEING OF CASH FLOWS	
				Less Than 1 Year \$000	1 Year or Greater \$000
FINANCIAL ASSETS					
Cash and cash equivalents	-	4,380	4,380	4,380	-
Trade and other receivables	-	8,318	8,318	8,318	-
Managed fund:					
Cash and call deposits	-	2,113	2,113	2,113	-
Fixed interest securities	2.18	10,108	10,620	2,982	7,638
Equity securities	-	13,092	13,092	13,092	-
Shares in subsidiary	-	612,330	612,330	-	612,330
TOTAL FINANCIAL ASSETS		650,341	650,853	30,885	619,968
FINANCIAL LIABILITIES					
Trade and other payables	-	(17,031)	(17,031)	(17,031)	-
Provision	-	(784)	(784)	(784)	-
TOTAL FINANCIAL LIABILITIES		(17,815)	(17,815)	(17,815)	-

Council 2020	Weighted Average Effective Interest Rate	Carrying Amount \$000	Contractual Cash Flows \$000	AGEING OF CASH FLOWS	
				Less Than 1 Year \$000	1 Year or Greater \$000
FINANCIAL ASSETS					
Cash and cash equivalents	0.05	7,898	7,898	7,898	-
Trade and other receivables	-	9,412	9,412	9,412	-
Managed fund:					
Cash and call deposits	-	3,192	3,192	3,192	-
Fixed interest securities	3.00	8,741	8,752	2,342	6,410
Equity securities	-	11,503	11,503	11,503	-
Shares in subsidiary	-	536,364	536,364	-	536,364
TOTAL FINANCIAL ASSETS		577,110	577,121	34,347	542,774
FINANCIAL LIABILITIES					
Trade and other payables	-	(10,318)	(10,318)	(10,318)	-
Provision	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES		(10,318)	(10,318)	(10,318)	-

Group 2021	Weighted Average Effective Interest Rate	Carrying Amount \$000	Contractual Cash Flows \$000	AGEING OF CASH FLOWS	
				Less Than 1 Year \$000	1 Year or Greater \$000
FINANCIAL ASSETS					
Cash and cash equivalents	-	4,621	4,621	4,621	-
Trade and other receivables	-	19,131	19,131	19,131	-
Managed fund:					
Cash and call deposits	-	2,113	2,113	2,113	-
Fixed interest securities	2.18	10,108	10,620	2,982	7,638
Equity securities	-	13,092	13,092	13,092	-
TOTAL FINANCIAL ASSETS		49,065	49,577	41,939	7,638
FINANCIAL LIABILITIES					
Trade and other payables	-	(23,980)	(23,980)	(23,980)	-
Borrowings (secured)	2.70	(79,090)	(84,340)	(16,495)	(67,845)
Provision	-	(783)	(783)	(783)	-
Other financial instruments	-	(234)	(271)	(716)	445
TOTAL FINANCIAL LIABILITIES		(104,087)	(109,374)	(41,974)	(67,400)

Group 2020	Weighted Average Effective Interest Rate	Carrying Amount \$000	Contractual Cash Flows \$000	AGEING OF CASH FLOWS	
				Less Than 1 Year \$000	1 Year or Greater \$000
FINANCIAL ASSETS					
Cash and cash equivalents	0.05	8,205	8,205	8,205	-
Trade and other receivables	-	24,522	24,522	24,522	-
Managed fund:					
Cash and call deposits	-	3,192	3,192	3,192	-
Fixed interest securities	3.00	8,741	8,752	2,342	6,410
Equity securities	-	11,503	11,503	11,503	-
TOTAL FINANCIAL ASSETS		56,163	56,174	49,764	6,410
FINANCIAL LIABILITIES					
Trade and other payables	-	(18,426)	(18,426)	(18,426)	-
Borrowings (secured)	2.9	(72,290)	(77,148)	(44,140)	(33,008)
Provision	-	-	-	-	-
Other financial instruments	3.48	(3,056)	(3,160)	(1,112)	(2,048)
TOTAL FINANCIAL LIABILITIES		(93,772)	(98,734)	(63,678)	(35,056)

Annual Report Disclosure Statement for year ending 30 June 2021

Purpose of this statement

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

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

Rates affordability benchmark

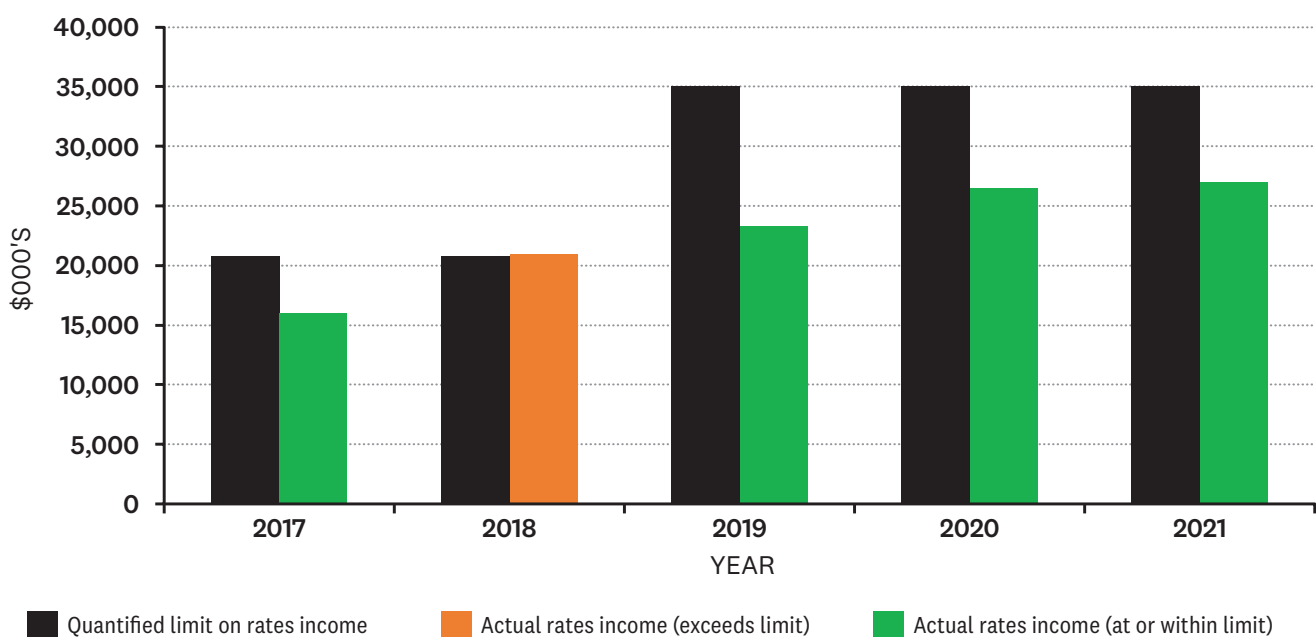
The Council meets the rates affordability benchmark if:

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

Rates (income) affordability

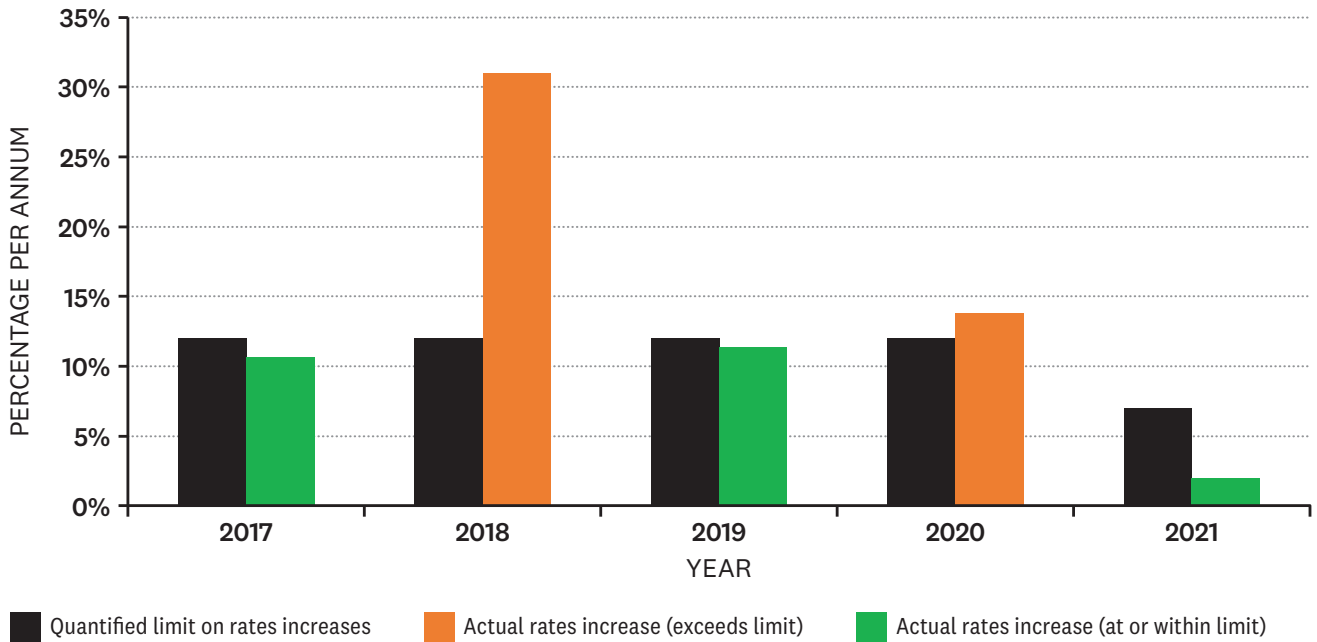
The following graph compares the Council's actual rate income with a quantified limit on rate contained in the financial strategy included in the Council's Long-Term Plan.

The quantified limit is set in the Council financial summary statement and measured in thousands of dollars. The quantified limits for rates are from the long-term plan 2018-2028. The quantified limit is \$35 million or 50% of total revenue.



Rates (increases) affordability

The following graph compares the Council’s actual rate increases with a quantified limit on rate increases included in the financial strategy included in the Council’s Long-Term Plan. The quantified limit is an increase of 7% per annum, (2017, 2018, 2019, 2020: 12%).



Rates affordability commentary

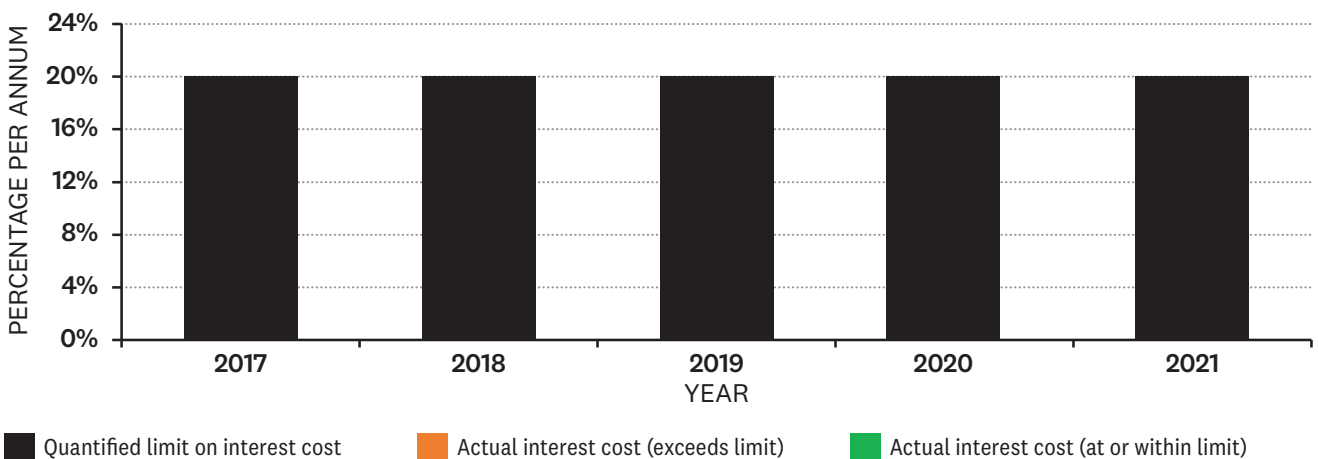
The Rates (Income) affordability graph shows the quantified limit was exceeded in 2018 and 2020. The quantified limit included in the Long-Term Plan was \$20,700,000 and the actual amount of revenue was \$20,908,000 in 2018. The Annual Plan for 2017/18 budgeted for rates of \$20,910,000.

The Rates (increases) affordability graph shows the quantified limit was exceeded in 2018 and in the 2020. The quantified limit included in the Long-Term Plan was an increase of 12% in 2018 and 2020, and the actual amount of the increase was 31% and 14%. The Annual Plan 2019/20 provided for additional general rate funded expenditure, primarily in the Environmental activity area and specifically associated with the water programmes.

Debt affordability benchmark

The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The Council specifies the quantified limit on borrowing as being the interest cost on borrowing as a percentage of revenue (percentage of rates income in PY).

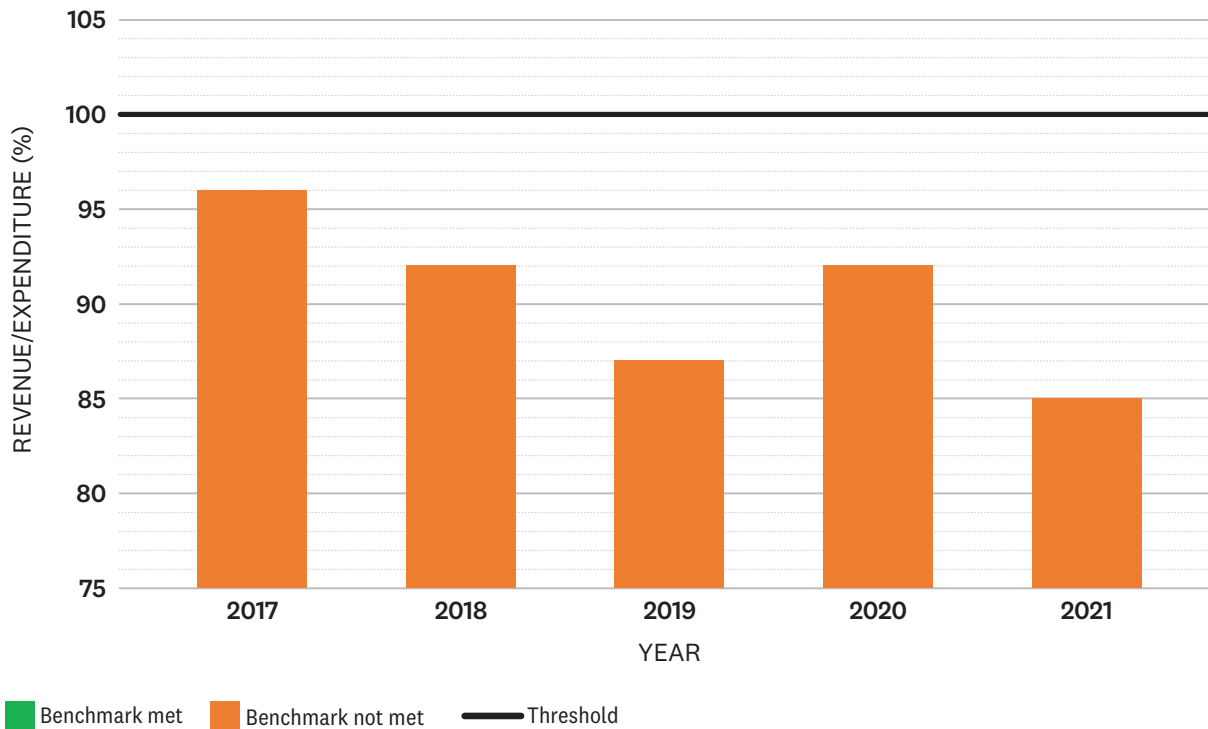
The following graph compares the Council’s actual interest costs as a percentage of borrowing with a quantified limit specified in the financial strategy included in the Council’s Long-Term Plan. The quantified limit is interest costs being a maximum of 20% of rates income, (2017-2020 20%).



Balanced budget benchmark

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

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



Balanced budget benchmark commentary

The balanced budget benchmark graph shows that in 2021-2017, Council's revenue was less than operating expenses. The Council is required to ensure that estimated revenue is sufficient to cover estimated operating costs unless Council resolves that in any particular year, it is financially prudent to fund a portion of operating costs from other sources, including reserve funds.

In the 2017 year, Council resolved to fund costs associated with particular activities from reserve funds, including funding from the general reserve for regional economic development, research and development, biodiversity restoration, stock truck effluent disposal sites and transport reserves for developmental transport activity.

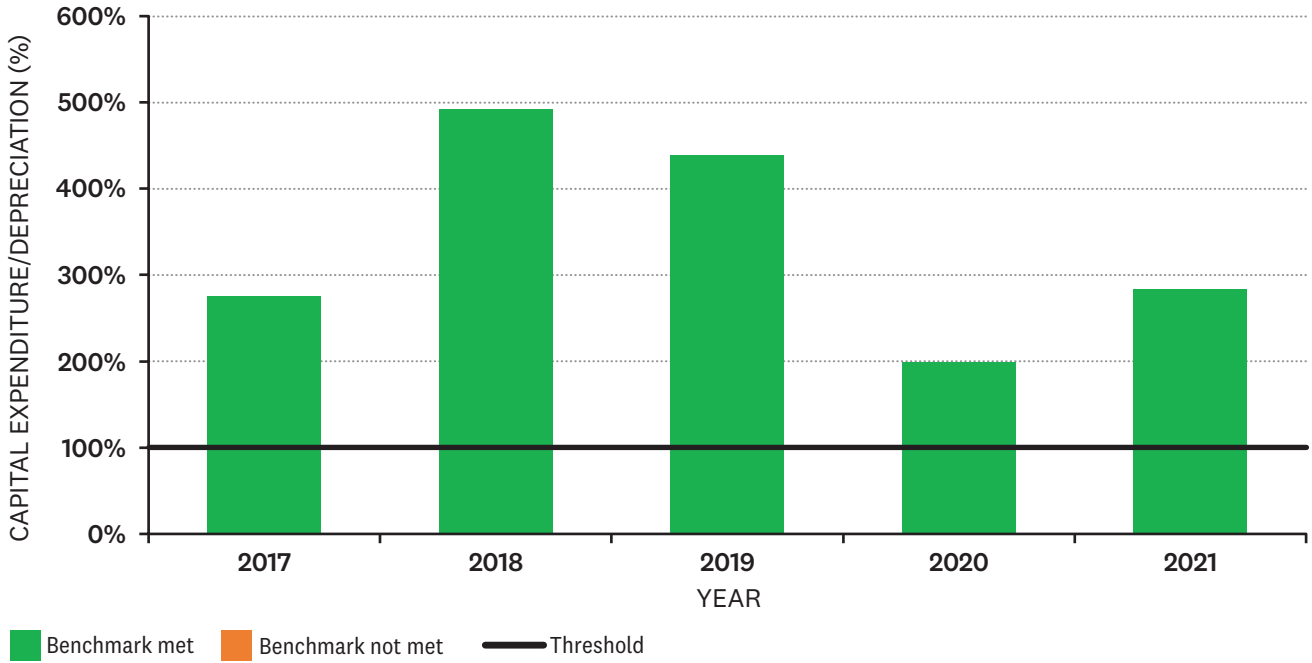
In the 2018-2021 years, Council resolved to fund costs associated with particular activities from reserves, with the activities most affected being the Environmental, Community and Transport activities.

Essential services benchmark

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

The Council’s network services comprise flood protection and river management.

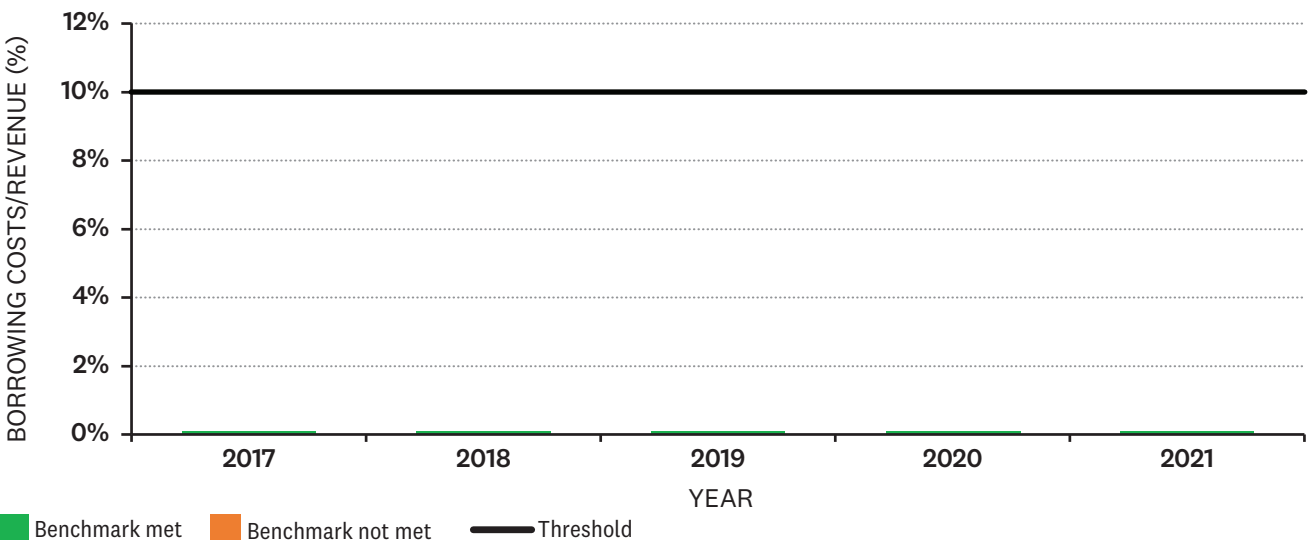
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



Debt servicing benchmark

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

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

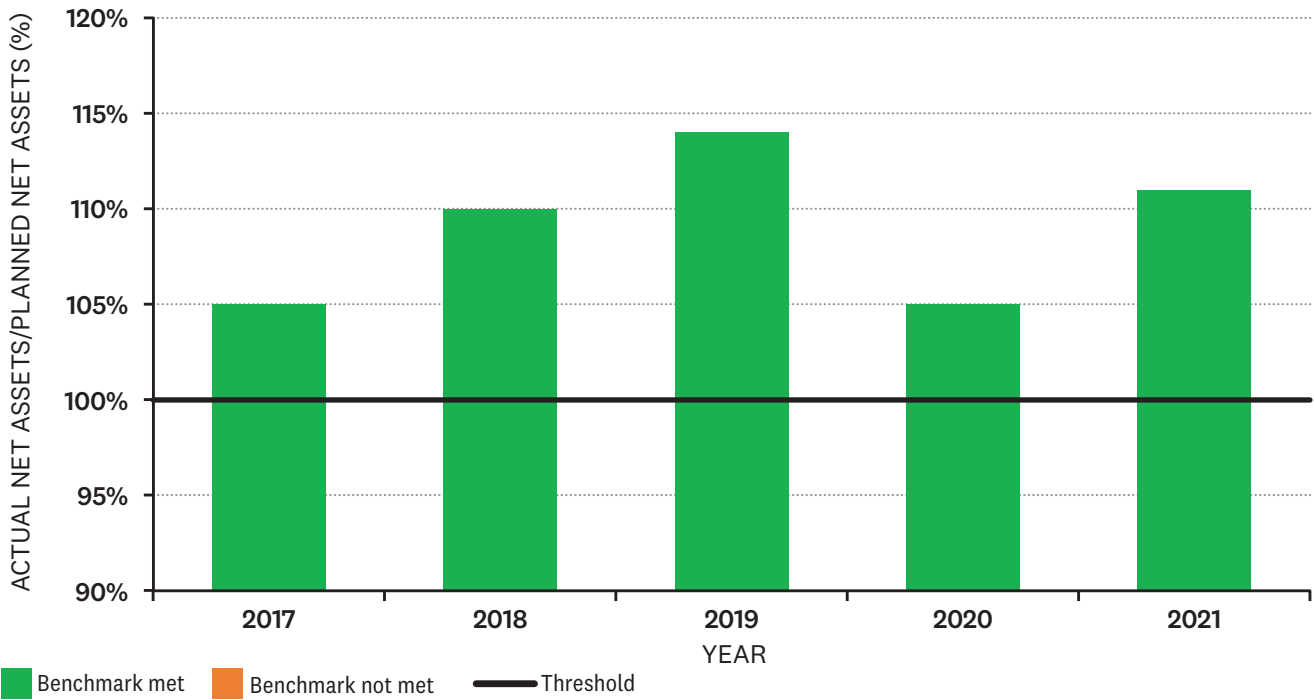


Debt control benchmark

The following graph displays the Council’s actual net debt as a proportion of planned net debt. In this statement, net debt means financial liabilities less financial assets (excluding trade and other receivables).

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

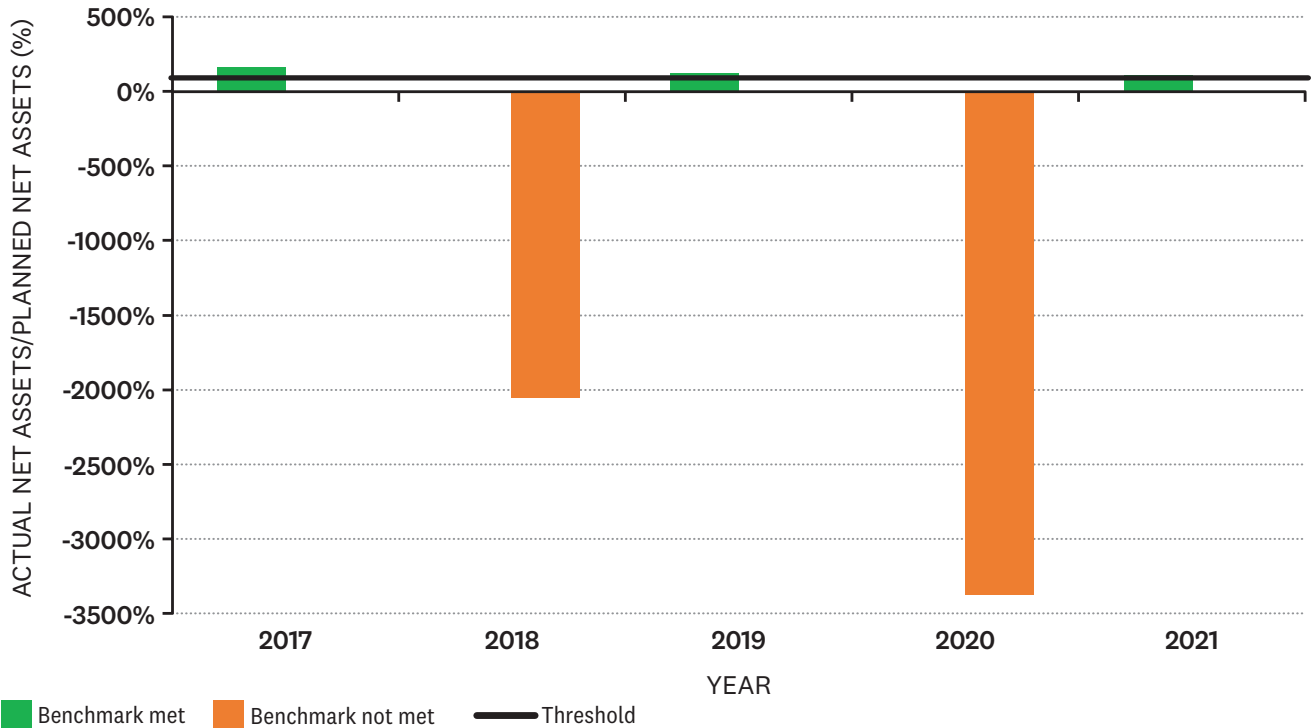
During the period 2016/17 to 2020/21, Council had budgeted net assets rather than net debt. For Council, the debt control benchmark is met if its actual net assets (financial assets, excluding trade and other receivables), less financial liabilities, equals or is more than its planned net assets.



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.



Operations Control benchmark commentary

The Operations Control benchmark graph shows the actual net cash flow from operations as a percentage of the planned net cash flow from operations.

In the 2021 year, the actual cash flow from operations was a net inflow of \$271,000 compared to the planned net outflow of \$2,661,000. The major cause of this variance was an increase in grant revenue.

In the 2020 year, the actual cash flow from operations was a net outflow of \$2,272,000 compared to the planned net outflow of \$82,000. The major cause of this variance was an increase in service on water policy, science, and our emergency response to the COVID-19 pandemic.

In the 2019 year, the actual cash flow from operations was a net inflow of \$129,000 compared to the planned net outflow of \$1,357,000. The major cause of this variance was an increase in spending on capital projects, investment activities, in the current year.

In the 2018 year, the actual net cash flow from operations was a net outflow of \$5,729,000 compared to the planned net inflow of \$293,000. The major cause of this variance is associated with a lower revenue level than budgeted and an increased level of receivables than budgeted, concentrated on receivables from a small number of major organisations associated with transport projects.

In the 2017 year, the actual net cash flow from operations was a net inflow of \$3,173,000 compared to the planned net outflow of \$1,978,000.

Additional information

Rates Revenue

The rating base information in the table below is as at the preceding 30 June to the financial year shown in the table, and comprises the rating base for the region as a whole.

Otago Region	Rating Base Information for the Year Ended 30 June 2021	Rating Base Information for the Year Ended 30 June 2020
Total number of rating units	119,591	117,753
Total capital value of rating units	\$92,993,220,030	\$80,888,981,000
Total land value of rating units	\$49,147,606,280	\$41,964,349,700

Insurance of Assets

The total carrying value of all assets of the Council as at 30 June 2021 that are covered by insurance contracts amounts to \$16.978 million (2020: \$16.535 million) and the maximum amount to which they are insured is \$52.751 million (2020: \$48.008 million).

The total value of all assets of the Council as at 30 June 2021 that are self-insured amounts to \$97.637 million (2020: \$96.056 million).

Included in the value of self-insured assets are flood protection and drainage infrastructural assets of \$64.477 million (2020: \$62.822 million), land of \$29.060 million (2020: \$28.215 million), transport infrastructural assets and hardware of \$2.212 million (2020: \$0.321 million) and software of \$1.888 million (2020: \$4.699 million).

Flood protection and drainage infrastructural assets include floodbanks, protection works and drains and culverts. Assets of this nature are constructions or excavations of natural materials on the land, and have substantially the same characteristics of land, in that they are considered to have unlimited useful lives.

The Council does not maintain separate self-insurance funds, and considers that the level of reserve funds held is sufficient for the purpose of self-insuring assets that are not covered by insurance contracts.

As at 30 June 2021 the Council had not entered into any financial risk sharing arrangement for any assets held (2020: \$Nil).

Directory

Otago Regional Council councillors

Chairperson	A Noone
Deputy Chairperson	M Laws
Regional Councillors	H Calvert
	M Deaker
	A Forbes
	M Hobbs
	C Hope
	G Kelliher
	K Malcolm
	G Robertson
	B Scott
	K Wilson

Otago Regional Council executive staff

Chief Executive	S Gardner
General Manager Corporate Services and Chief Financial Officer	N Donnelly
General Manager Strategy, Policy and Science	G Elsum
General Manager Operations	G Palmer
General Manager Regulatory and Communications	R Saunders
General Manager Governance, Culture and Customer	A Vercoe

Otago Regional Council details

Bankers	Bank of New Zealand
Auditors	Deloitte Limited on behalf of the Auditor-General, Wellington
Solicitors	Ross Dowling Marquet and Griffin, PO Box 1144, Dunedin
Principal office	Philip Laing House, Level 2, 144 Rattray Street, Dunedin 9016
Website	www.orc.govt.nz
Phone	0800 474 082 0800 800 033 (Pollution hotline)
Email	customerservices@orc.govt.nz

Port Otago Limited

Chairperson	Paul Rea
Deputy Chairperson	Pat Heslin
Directors	Tom Campbell
	Tim Gibson
	Jane Taylor
	Bob Fulton
	Becky Lloyd
Chief Executive	Kevin Winders

Office and depot locations

Offices

Dunedin office - Philip Laing House

Monday to Friday. 8.00am to 5pm
Closed on public holidays.

Level 2
144 Rattray Street
Dunedin 9016

Queenstown office

Monday to Friday. 8.00am to 4.30pm.
Closed on public holidays.

Terrace Junction
1092 Frankton Road
Queenstown 9300

Depots

We have staff located at depots throughout the region.

Please note that depots do not service general enquiries or accept payments.

Please contact us by email or phone for guidance or general enquiries.

Alexandra office

William Fraser Building
Dunorling Street
Alexandra 9340

Cromwell

14 Rogers Street
Cromwell 9310

Palmerston

54 Tiverton Street
Palmerston 9430

Taieri

173 Dukes Road North
North Taieri

Balclutha

Hasborough Place
Balclutha 9230

Oamaru

32 Ribble Street
Oamaru 9400

Dunedin

70 Stafford Street
Private Bag 1954
Dunedin 9054

Wanaka

185 Riverbank Road
Wanaka 9382

Statement of compliance

In accordance with Part 3 of Schedule 10, Clause 34 of the Local Government Act 2002, the Council and management of Otago Regional Council confirm that all the statutory requirements in relation to the Annual Report have been complied with.



Sarah Gardner
CHIEF EXECUTIVE



Andrew Noone
CHAIRPERSON



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF OTAGO REGIONAL COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Auditor-General is the auditor of Otago Regional Council (the Regional Council) and its subsidiaries and controlled entities (the Group). The Auditor-General has appointed me, Heidi Rautjoki, using the staff and resources of Deloitte Limited, to report on the information in the Regional Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

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

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

We completed our work on 27 October 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 70 to 119:
 - present fairly, in all material respects:
 - the Regional Council and Group's financial position as at 30 June 2021;
 - the results of the operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 61, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's Annual Plan;
- the statement of service provision on pages 9 to 59:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and
 - complies with generally accepted accounting practice in New Zealand; and

- the statement about capital expenditure for each group of activities on page 62, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's annual plan; and
- the funding impact statement for each group of activities on pages 63 to 68, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Regional Council's long term plan.

Report on the disclosure requirements

We report that the Regional Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on page 120 to 126, which represent a complete list of required disclosures and accurately reflects the information drawn from the Regional Council and Group's audited information and, where applicable, the Regional Council's long term plan and annual plans.

Basis for our opinion on the audited information

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

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

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

Responsibilities of the Council for the audited information

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

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

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

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

Responsibilities of the auditor for the audited information

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error.

Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the Regional Council's Annual Plan.

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

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

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

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

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 2 to 7, 69 and 127 to 128, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

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

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

Independence

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

In addition to our audit and our report on the disclosure requirements, we have carried out assurance engagements in the areas of the long-term plan 2021-2031 and other engagements relating to tax and other services, which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Regional Council or its subsidiaries and controlled entities.



Heidi Rautjoki
Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand





Overlooking the Frankton Arm of Lake Wakatipu, Queenstown