



Otago
Regional
Council

Annual Report 2022-2023



Otago Regional Council Annual Report

1 July 2022 to 30 June 2023



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Richard Saunders, Chief Executive & Gretchen Robertson, Chairperson

Message from our Chairperson and Chief Executive

Tēnā koutou katoa. This has been another extremely busy year for the Otago Regional Council (ORC) as we continued to deliver a substantial work programme. This includes our most significant piece of work, the new Land and Water Regional Plan for Otago.

A consistent theme throughout this and previous years is rising workload matched by increasing staff and resourcing needs. We continue to work closely with our communities to deliver new regulations relating to freshwater, and we acknowledge the work of our rural community who engaged so constructively with us.

Our Council remains on track to deliver official 'public notification' on the new land and water plan by 30 June 2024. This has required significant work from staff and

governance, and we are looking forward to engaging further with our community in late 2023. The umbrella policy of the LWRP, the Regional Policy Statement, required a new round of panel hearings but has progressed well throughout the year. We are looking forward to the certainty of direction this gives us around the way we manage precious natural resources.

After a particularly challenging beginning to the financial year with driver shortages and sickness, an increase in driver pay has made a big difference to the ability to deliver public transport in Queenstown and Dunedin. We thank our communities in Dunedin and Queenstown for their patience and for their support of public transport throughout this disruptive period. We

look forward to electrification of our fleet in Dunedin, with the first of 14 electric buses arriving to start their routes in the next financial year. It is exciting to be able to provide more sustainable public transport just as patronage levels have become more positive.

Fulfilling our environmental monitoring and regulatory roles, proactive work continues at pace as data and information is collected at increasing numbers of collection points on the health of Otago's water, groundwater, air and land, and on the risks posed by natural hazards. Work has also continued with the monitoring of pests in the region and implementation of corresponding programmes such as targeting rooks, wallabies, wilding conifers and water-borne weeds.

In total, 1339 compliance audits and site inspections were completed, along with rising numbers of consent applications (957 resource consent applications compared to 603 the prior year). A significant Regulatory investment was the new environmental data portal launched on our website in March, collating data from more than 250 water monitoring sites around Otago and replacing existing flood and low-flow warning sites. The new system gives people access to a user-friendly map which includes improved information about the context of flows across Otago.

Showing how vulnerable climactic events can make us, our rivers and infrastructure were also tested by four high rainfall and one low-flow event last year, resulting in 71 sites for repairs – of these, 25 are still to be completed. Reactive works were also required in response to erosion, gravel build-up or vegetation blockages. As in other regions, these added costs can be unexpected but require greater investment than we can predict: climate change is making its presence felt everywhere.

In Glenorchy and South Dunedin, engagement around natural hazards continues and important reports were released on the extent of these hazards this year.

We also had several occasions, albeit unfortunate ones for other regions, to be immensely proud of our staff, many of whom were deployed to support national emergencies over the 2022-2023 financial year, including to Northland, Auckland, Gisborne, Hawke's Bay and the West Coast. We appreciate the efforts of these staff and the support they provided our fellow communities.

We have continued to focus strongly on engagement with Otago communities. This included a return to the Wanaka A & P show to explain the value of our work and talk through changes with our community; a well-attended public engagement around catchment plans in the Catlins; a packed earthworks event to educate developers and contractors in Queenstown; and effective Intensive Winter Grazing workshops. We are especially proud that our community engagement

around winter grazing consents was 'highly commended' at the Local Government conference in July this year.

Also this year, we launched a new regular, regional newsletter, Te Mātāpuna / The Source to communicate directly with our community, and a new methodology for collecting public feedback became embedded through Customer Support contact points. These initiatives reflect the council's commitment to both demonstrating value and listening to our communities- at every level of ORC.

As we look forward we are committed to continuing to strengthen our partnership with mana whenua, build and enhance relationships with our community, and deliver programmes of work that support a healthy environment and community.

Kā mihi nui,



Gretchen Robertson
CHAIRPERSON



Richard Saunders
CHIEF EXECUTIVE

Development of Māori Capacity to Contribute to Decision Making

He Mahi Rau Rika, the Council's Significance, Engagement and Māori Participation policy, expresses our intent to actively seek meaningful engagement with mana whenua and to support the Crown's intention to uphold the principles of te Tiriti o Waitangi / Treaty of Waitangi as prescribed in local government and Treaty settlement legislation.

Over 2022-2023 we worked with our Iwi partners and their resource consultancy arms (Aukaha and Te Ao Mārama) to give effect to te Tiriti o Waitangi / Treaty of Waitangi partnership, strengthen it and acknowledge the unique, enduring relationship mana whenua 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:

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

Three Ngāi Tahu ki Murihiku Rūnanga have shared interests in the region:

- Awarua Rūnanga
- Waihopai Rūnaka
- Ōraka-Aparima Rūnaka

This year saw more engagement with Southland Rūnanga, with representatives attending Mana to Mana and the Land and Water Regional Plan Governance Group, and participating in Council's strategic refresh process. We are committed to supporting and facilitating mana whenua participation in our workstreams and decision making, and building the work we do in partnership. At the governance level, this is reflected in the Mana to Mana group, a regular meeting of councillors and Rūnaka Chairs/Upoko to identify and agree key areas for engagement and to

review the development of the partnership. A noho marae partnership hui was held at Ōtākou following the election of a new Council in October 2022. This offered councillors and rūnaka an opportunity for whanaukataka and to better understand te taiao from a te ao Māori and Mātauraka Māori perspective. The ORC's new Chief Executive, Richard Saunders, was welcomed onto Ōtākou Marae by mana whenua when taking up his new role as a sign of the strength and importance of the partnership.

The Council has started a te Tiriti o Waitangi Audit, undertaken by Te Kura Taka Pini (TKTP) and supported by rūnaka. The audit will ascertain whether the ORC is operating in a manner consistent with its commitment to partner with mana whenua and whether a bicultural approach is demonstrated within its organisation.

At an operational level, we have increased our active engagement on a range of issues, including land, water and air quality, biodiversity, natural hazards infrastructure, compliance and consenting, climate change and emergency management. Key opportunities in 2022-2023 are:

- Ongoing governance engagement in the partnership, via two meetings of Mana to Mana, the post-election partnership hui, and a tikaka learning session with mana whenua
- Iwi participation in the strategic directions refresh process
- Iwi representative as Co-Chair for the Environmental Science and Policy Committee
- Iwi representatives on the Environmental Science and Policy Committee and the Regional Leadership Committee
- Working with Aukaha and Te Ao Mārama through the Integrated Catchment Management Working Group to develop a collaboration framework and Catchment Action Plan framework for the Catlins pilot
- Land and Water Regional Plan Governance Group (ongoing)
- Membership of the Land and Water Regional Plan project team, including chapter development,

community consultation and the Māori economy work programme (ongoing)

- Partnership with rūnaka in 'Jobs for Nature' funded projects, such as Te Hākapupu/Pleasant River restoration project (ongoing)
- Engagement and expertise provided to engineering, compliance, consent and civil defence and emergency management teams (ongoing)
- Co-design in the Council's Dunedin Whare Rūnaka (Council House) project
- Ongoing working relationships in the consenting, compliance and regulatory teams

- 'Te Mana o Taiari' governance, alongside iwi and the Department of Conservation (ongoing)
- Biodiversity Regional Hui cooperation (ongoing)
- Direct engagement between Civil Defence Emergency Management, rūnaka and iwi

Recognising the need to invest in building the bicultural competence of our staff, the ORC has an agreement with the Otago Polytechnic to provide bicultural competency training, which includes modules on Te Reo, Tikaka and te Tiriti o Waitangi / Treaty of Waitangi. There has been strong interest and uptake from staff this year.



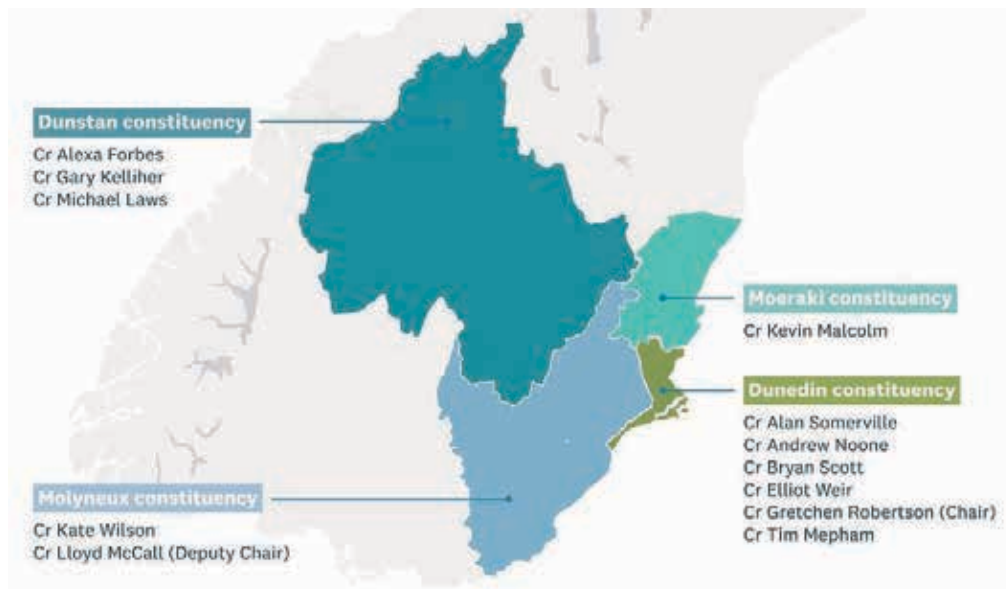
Councillors and Constituencies

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



Back row left to right: Cr Andrew Noone, Cr Alan Somerville, Cr Bryan Scott, Cr Elliot Weir, Cr Tim Mepham, Cr Michael Laws. Insert: Cr Gary Kelliher

Front row left to right: Cr Alexa Forbes, Cr Kevin Malcolm, Cr Gretchen Robertson (Chair), Cr Lloyd McCall (Deputy Chair), Cr Kate Wilson



Strategic Directions

Our strategic directions help to set the direction for us as a regional council and guide us to deliver on our priorities for the good of the region.

Our strategic directions were updated in 2021.

Our Values Ō Mātau Uara

- Accountable
- Caring
- Creative
- Collaborative
- Trustworthy
- Open and honest

Our Mission Te Kaupapa

Enriching life in a way that ensures positive relationships between environment, people and place, now and for our future.

Whakahaumakohia te ao kia whiria te taura ora ki waeka i te taiao, i te tai-takata, i te tai-whenua mō nāianeī, mō te āpōpō hoki.

Vision for ORC Te Whāika ki ORC

Otago's communities, through engagement, trust us to make well-informed decisions and enable solutions.

What we will do Ka Aha Mātau

Protect, Connect, Enhance, Enable

Ka tāwharau, ka whakahono, ka whakaniko, ka whakamana

The wellbeing of Otago's communities – now and in the future - is at the heart of what we do. We strive to ensure communities can rely on the Otago Regional Council for knowledge about the region's environment and communities; to lead environmental management in Otago in partnership with mana whenua; to collaborate to create resilient and sustainable communities; and to advocate for Otago communities on issues affecting the region.

Community Outcomes

Our Vision for Otago







Tā Mātau Whaika ki Ōtākou

Communities that connect with, and care for, Otago’s environment. An environment that supports healthy people and ecosystems. Communities that are resilient in the face of natural hazards, climate change and other risks. Te ao Māori and mātauraka Kāi Tahu are embedded in Otago communities Sustainable, safe and inclusive transport A sustainable way of life for everyone in Otago.

ORC’s Community Outcomes describe what is valued as important for a good quality of life in Otago. In our 2021-31 Long-term Plan, the Otago Regional Council identified these six Community Outcomes which the Council seeks to achieve through the delivery of our activities. We aspire to improve the wellbeing (social, economic, environmental and cultural) of our region through our work in these four groups of activities.

This matrix shows the four groups of activities and the Community Outcomes to which they most strongly align:

	Communities that connect with, and care for, Otago’s environment		An environment that supports healthy people and ecosystems		Communities that are resilient in the face of natural hazards, climate change and other risks
	Te Ao Māori and Mātauranga Kāi Tahu are embedded in Otago communities		Sustainable, safe and inclusive transport		A sustainable way of life for everyone in Otago

						
Regional Leadership	✓	✓	✓	✓	✓	✓
Environment	✓	✓	✓	✓		✓
Safety and Resilience			✓			✓
Transport					✓	✓

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.



Gretchen Robertson
CHAIRPERSON



Richard Saunders
CHIEF EXECUTIVE



Our Activities and Performance



Overview of our Activities

Otago Regional Council's ten activities are arranged into four groups:



Regional Leadership

- **Governance and Community Engagement**
- **Regional Planning**
- **Regulatory**

Our Regional Leadership work supports informed decision making and an engaged community. Our democratic decision-making process and community-elected councillors ensure everyone's voices around Otago are heard and that leadership is provided to benefit Otago. Our regional plans set out objectives, policies and rules for the sustainable use of natural and physical resources in Otago, and our regulatory work supports the sustainable management of water, land, air and coast. We also need organisational and functional strategies and plans to support regional regulation and implementation, promote regional wellbeing and build community capacity and resilience.



Environment

- **Land and Water**
- **Biodiversity and Biosecurity**
- **Air**

Environmental management is at the heart of what Otago Regional Council does. We have a responsibility to lead and work with communities in our natural environment. We facilitate the sustainable use of water, land, air, and coasts. We do this in part by protecting our unique biodiversity, managing pests, and monitoring the state of the environment. We are also reviewing our regional plans and transitioning towards an integrated catchment management approach to protect freshwater, land, coastal environment, and ecosystems.



Safety and Resilience

- **Natural Hazards and Climate Change**
- **Flood Protection, Drainage and River Management**
- **Emergency Management**

Risk management and building resilience is a key focus for Otago Regional Council. We identify and monitor natural hazards and work to support communities to understand the implications of risk and to make informed decisions. We are working to better understand the climate change challenges and risks to the region – this supports adaptation planning. Our flood protection schemes help protect people and properties from floods, and our drainage schemes help maintain the productive capability of the land and waterways. We also respond to flood events and support Otago Civil Defence and Emergency Management.



Transport

- **Transport (including Regional Transport and Public Passenger Transport)**

Otago Regional Council is responsible for public transport in Otago, and through contracted operators, we provide public passenger transport services in Dunedin and Queenstown. We also provide a region-wide 'Total Mobility scheme' to assist eligible people who are unable to use public transport. We facilitate wider transport projects in Otago and prepare a Regional Land Transport Plan.

Statement of Service Provision

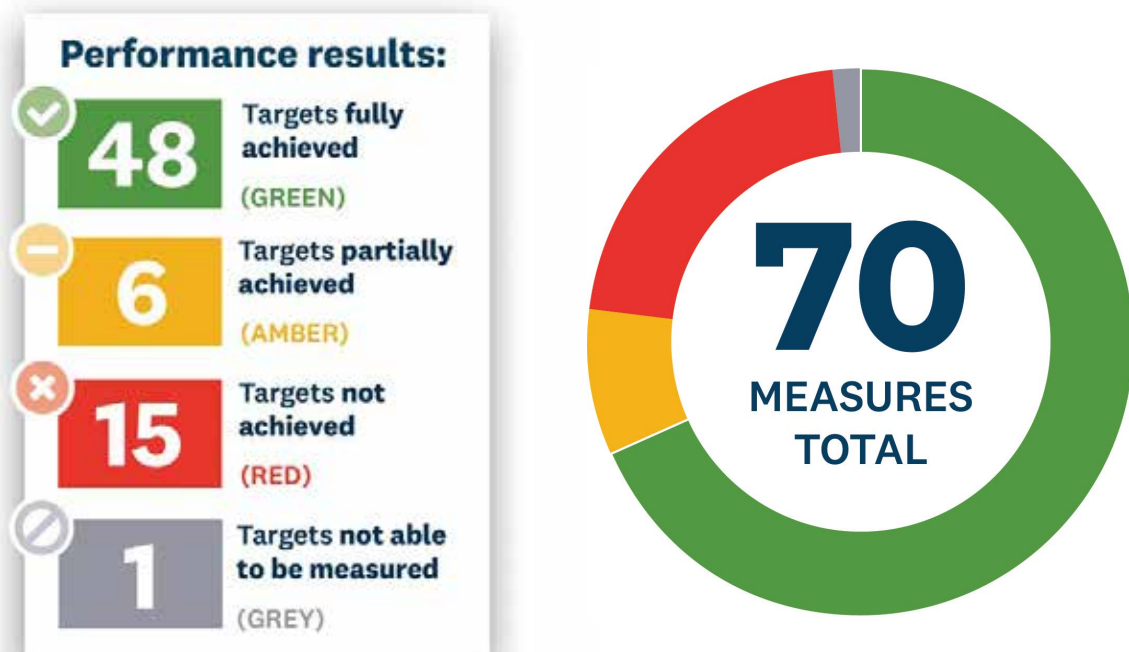
This section reports on Council’s performance against service measures adopted in the Long-term Plan 2021-31.

As part of preparing the forecast statement of service provision in the 2021/2023 Long-term Plan, Council made judgements in the selection of service performance measures for its groups or activities.

The measures and targets were selected to reflect the level of service Council planning to provide to the community. Considerations included national requirements for measurement, whether existing data was available to support a baseline state and whether the measures and targets were able to be monitored. Progress is reported quarterly to Council's Finance committee along with the Annual Report.

The Long-term Plan contains 36 Level of Service statements, 64 measures and 72 targets; of these, 70 relate to activities delivered in the 2022-23 year. Performance against these service measures and targets is reported by groups of activities and quarterly updates have been presented to Council’s Finance Committee.

Funding Impact Statements, that identify the costs and funding associated with each group are included in the financial section of this Annual Report.



Regional Leadership

This group of activities includes the following council activities:

- Governance and Community Engagement
- Regional Planning and Urban Development
- Regulatory

Performance results



Outram Glen

Community Outcomes

Our Regional Leadership activities contribute to:



Governance and Community Engagement



This activity supports Otago’s elected regional council representatives to perform in their roles of decision making and connecting community. Enabling and strengthening our regional democracy is sought and is underpinned by these roles.

Work that supports decision making includes:

- Elected member committee structure, council meetings
- Secretariat support for the ‘Otago Mayoral Forum’
- Partnership with Kāi Tahu and iwi liaison;
- Advice and information about community wellbeing in Otago

Council communications and engagement expertise supports connecting community in a timely and accessible way to Council decision making and work.

The key programmes that make up this activity are:

- Media and Communications
- Governance and Democracy

Performance and Delivery

Governance and Democracy

Local body elections were delivered in October 2022. A comprehensive “Stand” campaign took place to attract candidates to stand for election to the ORC, including staff attending candidate information evenings in all constituencies. This was followed by a “Vote” campaign, to encourage voters to participate in the local body elections.

The newly elected Council attended a noho marae at Ōtākou Marae following the inaugural Council meeting. In addition to creating new decision-making structures for the 2022-2025 triennium and allocating roles and responsibilities, the new Council was immediately focused on engaging with the second round of Land and Water Regional Plan public consultations, considering the ORC’s Annual Plan for 2023/24 and a recruitment process to appoint a permanent Chief Executive. From March to June 2023, refreshed Strategic Directions have been developed in partnership with mana whenua, which will be consulted on as part of the Long-term Plan. Council meetings have taken place in Cromwell and Balclutha, in addition to Dunedin, and meetings continue to be livestreamed to increase accessibility for the public. Agendas were available two days in advance of Council and Committee meetings.

Media and Communications

Public Transport communications during a period of travel disruption, with timetable changes required, and the Council’s engagement activities around freshwater, pests and educating landowners about new rules and consent requirements, dominated the publicity space for the Council this year. We also launched a new website project to replace the existing site with a new, more functional design next year. A wide-reaching campaign to promote public participation in the draft Land and Water Regional Plan resulted in good public participation in September/October 2022. Other significant activities included a successful resumption of ORC’s A&P show activity, the instigation of a new ORC newsletter – Te Mātāpuna / The Source – direct to letterboxes and a new brochure going out with redesigned rates notices to explain how rates are spent. Social media engagement is also up by just over 100 per cent year on year for our Facebook following, as our persistent focus on creating colourful and engaging content pays off.

ORC’s Community Survey was completed for the second year running in November last year, with a third survey planned for the end of 2023. An action plan created from this has identified 19 tasks for ORC teams to work

on, assisted by the Communications and Marketing team. This is progressing well, including some of the above tasks now completed.

Customer Experience

Our Customer Support team manages an average of approximately 6000 enquiries a month via phone, email and reception. As part of the level of service to establish a methodology for collecting customer feedback, enduring surveys have been embedded through our Customer Support team contact points (phone, email and reception) to establish how satisfied the public are with the customer support they receive from the ORC. The aim of this initiative is to ensure a consistent standard of customer service and give us a roadmap for improvements. It will also contribute to the creation of an ORC customer strategy. The initial results will show how we perform against industry standards and enable us to set a baseline and targets against which we can measure improvements to our customer service provision.

Wellbeing Framework

In collaboration with government agencies and community representatives, we developed Otago’s first wellbeing framework in late 2022. The framework is a tool to enable the ORC to identify appropriate indicators for wellbeing in Otago and measure progress against wellbeing outcomes. It will also help us incorporate wellbeing more effectively into our strategic planning and decision making.

The framework identifies seven key outcomes for wellbeing in Otago, grouped into three dimensions: People, Community and Place. From this, we produced an Otago Wellbeing Baseline Report in June 2023 to highlight performance against 33 indicators, comparing Otago against other areas and showing diversity within Otago. Our region performs particularly strongly in the dimensions of ‘healthy and fulfilled people’, ‘belonging and identity’ and ‘participation and governance’. There is room for improvement in ‘a good standard of living’ and ‘a healthy natural environment’.

Climate Change

The ORC released the first annual report for regional climate collaboration in June 2023. This report showcases our efforts to lead regional climate collaboration with the formation of the Otago Climate Officers’ Group and continued work on joint projects such as the Regional Greenhouse Gas Inventory and the upcoming Regional Climate Strategy.

We received a preliminary Regional Greenhouse Gas Inventory and Scenario Modelling, which highlights trends across the Otago region. This is still a work in

progress as we want to align methodology with local councils and ensure we are using up-to-date data for the region, so we were therefore unable to meet the target to report to Council by 30 June 2023. The ORC has a good track record of work on understanding regional greenhouse gas emissions, and the scenario modelling carried out in 2022-23 builds on this.


The combined inventory and scenario modelling will be publicly reported in September 2023.



Taken together, the annual report for regional climate collaboration and the updated regional greenhouse gas inventory and scenario modelling lay a solid platform for the regional climate strategy and subsequent work ahead.

Performance Results

LEVEL OF SERVICE:

Provide and promote governance processes and democratic decision making that is robust and transparent for the community.



PERFORMANCE MEASURE	TARGET	RESULT
Percentage of council agendas that are publicly available two working days or more before a meeting.	2022/2023 100%	 100%
	2021/2022 100%	 100%

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of official information requests responded to within 20 working days of being logged.	2022/2023 100%	 98.5%
	2021/2022 100%	 97.5%

NOTE: 135 requests received and 133 responded to within the statutory time frame. Two requests fell outside of 20 days due to issues with internal processes. One case was due to staff error and the other was delayed by the need to seek legal advice.

LEVEL OF SERVICE:

Develop and deliver robust and effective corporate planning and reporting.

PERFORMANCE MEASURE	TARGET	RESULT
Deliver our statutory requirements with acceptable process and deliverables to decision-makers and the community.	2022/2023 Unmodified audit reports received.	
	2021/2022 Unmodified audit reports received.	

LEVEL OF SERVICE:

Build mana whenua participation in Council decision making through a treaty-based partnership approach in our engagement.

PERFORMANCE MEASURE	TARGET	RESULT
Work done in partnership with iwi; increase the number of outputs and groups working together on projects.	2022/2023 Maintain or increase numbers from 2021-22 baseline.	
	2021/2022 Establish baseline.	 19



PERFORMANCE MEASURE	TARGET	RESULT
Build the bicultural competency of ORC staff and Councillors.	2022/2023 > 50 participants in programme per year.	 167
	2021/2022 > 50 participants in programme per year.	 57

LEVEL OF SERVICE:

Provide relevant, timely and accessible communications and engagement activities which enable the community to understand and participate in ORC's programmes and decision making.

PERFORMANCE MEASURE	TARGET	RESULT
Annual survey is conducted to understand and improve community awareness, perceptions and expectations of ORC.	2022/2023 Survey results show increased community awareness and improved satisfaction with the performance of ORC.	
	2021/2022 Survey completed to establish baselines and a report made public.	 9 December 2021 Council Meeting

The community survey was completed in November 2022 and presented to Council, with satisfaction and awareness results being similar to the previous year. Work on actions arising from the survey is progressing.

PERFORMANCE MEASURE	TARGET	RESULT
Customers express high levels of satisfaction with customer service provision.	2022/2023 Determine methodology for establishing customer satisfaction.	
	2021/2022 Determine methodology for establishing customer satisfaction.	

2022/2023: Methodology was determined and agreed for the base of the survey to be completed in future periods.
2021/2022: Project was not progress and has been deferred until the next financial year due to staff turnover and prioritisation.

LEVEL OF SERVICE:

Collect information on Otago regional wellbeing (economic, social, cultural and environmental) and identify significant issues.

PERFORMANCE MEASURE	TARGET	RESULT
Report on community wellbeing indicators.	2022/2023 Complete annual report on wellbeing indicators and issue report to Council by 30 June.	
	2021/2022 Develop baseline wellbeing indicators and report to Council.	

LEVEL OF SERVICE:

Collect and make publicly available, accurate, relevant and timely information on climate change in Otago.

PERFORMANCE MEASURE	TARGET	RESULT
Information on climate change in Otago is shared with the community and stakeholders.	2022/2023 Complete regional GHG (green house gas) inventory and report to Council by 30 June.	
	2021/2022 N/A no measure new target in 2022/2023.	

While we received a preliminary Regional Greenhouse Gas Inventory and Scenario Modelling, reporting to Council has been delayed while further work is done to align methodology with local councils and ensure we are using up-to-date data for the region. The combined inventory and scenario modelling will be publicly reported in September 2023.

LEVEL OF SERVICE:

Lead a regional approach to climate change in partnership with local councils and iwi.

PERFORMANCE MEASURE	TARGET	RESULT
Report on regional stakeholder engagement and collaboration on climate change.	2022/2023 Complete annual report on regional climate change collaboration and report to Council by 30 June.	
	2021/2022 N/A no measure new target in 2022/2023.	

Regional Planning



We set strategic direction on Otago’s natural resources via a planning framework that guides how people interact with the environment. In this framework, our regional plans set objectives, policies and rules for sustainably using natural and physical resources in Otago, including water, land, air, and the coast.

Other strategies and plans are also needed to support regulation, on-ground action, and community capacity building. Strategic direction and collaboration on important regional issues, such as climate change and community wellbeing, help support better outcomes for Otago communities.

Another important component of this activity is working with Otago’s city and district councils on resource management and urban development. An integrative approach is sought via liaison with other ORC functions, such as engineering, hazards management, and transport planning.

The key programme that makes up this activity is:

- Regional Planning

Performance and Delivery

The Regional Policy Statement (RPS) identifies the significant resource management issues for Otago and explains how national direction on resource management will be applied. It sets out what we want for Otago, what's stopping us achieving this, and how we will solve those problems.

Regional Policy Statement

The Regional Policy Statement (RPS) identifies the significant resource management issues for Otago and explains how national direction on resource management will be applied. It sets out what we want for Otago, what's stopping us achieving this, and how we will solve those problems. We are nearing the end of a long process to review the RPS. It was not operative by the target date of 30 June 2023, but we are progressing well through the hearings process.

Consistent with a High Court decision in July 2022, we separated the RPS into freshwater and non-freshwater parts. The hearing for the non-freshwater parts started in January 2023 and was completed in May. The hearing for freshwater parts is scheduled to start at the end of August 2023, and a decision on both parts may be issued by the end of the calendar year 2023. Once any appeals are resolved, the RPS will become operative.

Urban Development

The central government's National Policy Statement on Urban Development requires local authorities responsible for high and medium growth urban environments to have a Future Development Strategy (FDS). An FDS promotes long-term strategic spatial planning to make sure urban environments function well as they develop.

The ORC is jointly developing Future Development Strategies with the Dunedin City Council and the Queenstown Lakes District Council, in partnership with mana whenua. Work is progressing well and both strategies are due to be consulted on in early 2024. Community engagement is a key part of developing an FDS, to ensure it reflects the public's aspirations for their areas over the next 30 years. The ORC and DCC held a series of community workshops across Dunedin and surrounding settlements in April and May 2023.

Work on the development of a draft Urban Development Strategy was paused for two reasons: to allow staff to prioritise FDS work, and because it will likely be overtaken by both the FDS work and the regional spatial strategy to be developed under the new Spatial Planning Act.

Responding to Issues

Our teams respond to national reforms and legislative processes. In the last financial year, we made submissions on RMA reforms, as well as other central government regulations and strategies. We are also working towards incorporating two new sets of national direction into the proposed RPS: the National Policy Statement for Indigenous Biodiversity 2023 and the National Policy Statement on Greenhouse Gas Emissions from Industrial Heat Processes 2023.

Performance Results

LEVEL OF SERVICE:



Support Otago's councils and communities to manage environmentally sustainable urban growth.

PERFORMANCE MEASURE	TARGET	RESULT
Develop an integrated planning framework that enables well managed urban growth across Otago.	2022/2023 Develop draft regional Urban Development Strategy by 30 June	
	2021/2022 Establish partnership agreements with DCC and QLDC by 30 June 2022.	

Work on the development of a draft Urban Development Strategy was paused to allow staff to prioritise work on future development strategies with the Dunedin City Council and the Queenstown Lakes District Council, in partnership with mana whenua. The Urban Development Strategy will likely be overtaken by both the FDS work and the regional spatial strategy to be developed under the new Spatial Planning Act.

LEVEL OF SERVICE:

Develop and maintain an environmental planning framework that aligns with national directions and enables sustainable management of natural and physical resources.

PERFORMANCE MEASURE	TARGET	RESULT
Complete review of existing Regional Policy Statement (RPS).	2022/2023 Make RPS operative by 30 June.	
	2021/2022 Respond to hearing recommendations within specific timeframes.	

Consistent with a High Court decision in July 2022, the Regional Policy Statement was separated into freshwater and non-freshwater parts. It was not operative by the target date of 30 June 2023, but we are progressing well through the hearings process.

PERFORMANCE MEASURE	TARGET	RESULT
Lead the development, implementation and review of Integrated Catchment Plans (ICP), in collaboration with iwi and community.	2022/2023 N/A no measure	
	2021/2022 Commence development of an Integrated Catchment Planning programme and report to Council on progress by 30 June.	

Regulatory



As a Regulatory authority, ORC supports the sustainable management of water, land, air and the coast. We process resource consents develop rules for how natural resources are used and managed, monitoring them and ensuring the rules are applied. We investigate activities that don't comply, providing services to ensure activities in Otago are consistent with both national and regional rules in the Resource Management Act.

Enforcing rules is not the only- or in some cases, the best- way to get results. ORC has an educational and awareness raising role, collaborating with Otago communities on campaigns to increase knowledge and understanding of environmental matters.

We are also responsible for maritime activity and navigational safety on lakes, rivers and harbours and for the regulation of ports under the Maritime Transport Act. In Queenstown and Wānaka, navigational safety is delegated to the Queenstown Lakes District Council.

The key programmes that make up this activity are:

- Consent Processing
- Compliance Monitoring and Contaminated Sites
- Incident Response, Investigation and Enforcement
- Harbour and Waterway Management

Performance and Delivery

The Regulatory teams delivered a high volume of work over the last financial year, meeting all of their service level targets. The targets were met at a time of regulatory change, with increased implementation work as a result of new national and regional requirements. A wide range of engagement activities, including drop-in sessions and meetings, system improvements and resources have been developed alongside core business activities. There has also been an increased presence on the water by the Harbourmaster team with the addition of a second boat into the Otago region.

Consents

The Consents team received 957 resource consent applications over the financial year, consistently meeting required time frames. In comparison, 603 applications were received in the 2021/2022 financial year. This shows a significant increase in workload for the team, which it has handled well. Decisions were made on 1,260 individual consents (cumulative total) in the financial year; for context decisions were made on 665 individual consents in the 2021/2022 year. The main types of consents processed were for surface water takes, bores, general land use activities and discharges to land.

The processing of consents for intensive winter grazing was a focus for the Consents team. It was a key activity for rural communities, which was supported by awareness-raising and education-based sessions. The organisation won a Local Government New Zealand award for its engagement activity on intensive winter grazing. Consents for earthworks were a key part of the workload, especially in Central Otago.

Along with applications for these new consent types, the team has continued to process applications to replace expired deemed permits and water permits, with the bulk of these now complete.

One review of conditions of a consent was completed. This was a small-scale review of conditions on a consent related to hydroelectricity. Staff were involved in two appeals to consent decisions, which were both resolved through Environment Court mediation.

We received 3,109 public enquiries over the last financial year, a number that is consistently increasing. We answered 99.5% of enquiries within seven days, 88.0% of these within two days. The most common

enquiry types are requests for copies of documents and information about discharges to land, farming activities and bores.

Staff have worked on several initiatives to enhance our public enquiries service and other projects over the last financial year. The “Farmers Guide” is a new webpage that provides information for farmers on resource consents, useful links, relevant dates and FAQs. We have also developed a new online forms portal and recorded short videos on specific consent activities for the website.

Compliance Monitoring

Resource consents often require consent holders to submit performance monitoring returns, providing information that ranges from photographs of work to management plans to monthly water quality results. Staff graded a substantial number of these returns, with an increase from 6,945 in the 2021/22 year to 8,912 in the 2022/23 year. Performance monitoring helps the Compliance Team prioritise which consents require audits.

ORC carried out 1,339 compliance audit and site inspections – this total was made up of 1,009 consent audits and 293 dairy inspections. Staff followed up all instances of non-compliance and either took appropriate action or are continuing investigations.

For dairy farms, the ORC monitors the compliance of farm waste streams (offal pits and landfills) and animal effluent systems and discharges. In the last financial year, ORC inspected all high-risk farms, with some follow-up inspections. Compliance staff completed 293 on-site dairy inspections in the 2022/23 year.

In the plantation forestry area, ORC received 238 forestry notifications and 79 management plans. A compliance risk assessment was undertaken on forestry management plans, and on-site inspections were undertaken where appropriate to check compliance on the ground. Compliance staff completed 37 on-site forestry inspections in the 2022/23 year.

Low-flow conditions on water take consents were monitored during the 2022/23 summer. The team regularly communicated with affected consent holders, checked water takes daily, carried out monitoring inspections and provided media and stakeholder updates. The team also engaged with water user groups.

Monitoring compliance with permitted activity intensive winter grazing was undertaken in the 2022 and 2023 winter seasons. The monitoring focus for winter grazing in the 2023 season was on farms where IWG consents have not yet been applied for, and waterway disturbances.

Investigations and Enforcement

The ORC pollution hotline has been available 24/7 throughout the year. We received 1,407 service requests, relating to 1,203 incidents. The most common requests related to water pollution, outdoor burning and odour.

In the 2022/23 year, the ORC issued 151 formal enforcement actions, comprising 80 infringement notices, 55 abatement notices, eight formal warnings, seven prosecutions initiated, and one enforcement order sought. The most common RMA breaches that led to formal enforcement action related to contaminant discharges into water, discharges to land that could enter water, non-compliance with abatement notices, and alteration or disturbance of waterways.

Education and Engagement

A large part of Regulatory work is education and engagement with landowners, consent holders and the community. A focus this year has been changes to requirements for animal effluent storage and discharge, intensive winter grazing, residential earthworks and for nitrogen reporting. We held several winter grazing sessions for the public, where staff talked about how to meet the criteria in the new National Environmental Standards for Freshwater, grazing management plans and the consent process.

We ran a series of earthworks toolkit days with contractors, which were well received.

Harbour and Waterway Management

As with other parts of the Regulatory team, an important part of our role is to provide boating safety advice and information to the community. Our education and engagement with water users increased over the reporting year, using channels such as radio interviews, video and social media. Safety videos on using a kill cord, bar crossings and safe speeds, and monitoring your wash and wake were developed and provided in the online catalogue. We have also shared information and key safety messages through presentations and community sessions on the ground. The Brighton Gala Day, which attracted 15,000 people, was a great opportunity for people to meet the Harbourmaster team and see the vessel.



We responded to a major incident off the coast and another near the head of the harbour. Both incidents are currently under investigation by Maritime New Zealand.

Throughout the year, we had an organisation-wide team trained and ready to respond to oil spills. Fortunately, the team didn't require deployment but did complete the three required training exercises.

Performance Results

LEVEL OF SERVICE:



Provide effective, efficient and customer centric consenting processes under the Resource Management Act (RMA) 1991 to enable the lawful use of natural and physical resources.



PERFORMANCE MEASURE	TARGET	RESULT
Percentage of resource consent applications processed within Resource Management Act 1991 legislative timeframes.	2022/2023 ≥98%	 100%
	2021/2022 ≥98%	 100%



PERFORMANCE MEASURE	TARGET	RESULT
Percentage of public enquiries for consent information completed within 7 working days.	2022/2023 Maintain or increase from 2021-22 baseline.	 100%
	2021/2022 Establish baseline.	 99%

LEVEL OF SERVICE:

Provide effective and efficient compliance monitoring, investigations and enforcement services and take appropriate actions to ensure the lawful use of natural and physical resources.



PERFORMANCE MEASURE	TARGET	RESULT
Percentage of performance monitoring returns completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets.	2022/2023 ≥ 90%	 178%
	2021/2022 ≥ 90%	 116%



PERFORMANCE MEASURE	TARGET	RESULT
Percentage of programmed inspections/audits completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets.	2022/2023 ≥ 90%	 139%
	2021/2022 ≥ 85%	 116%

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of significant non-compliances identified where action is taken in accordance with Compliance Policy.	2022/2023 100%	 100%
	2021/2022 100%	 100%

LEVEL OF SERVICE:

Provide effective and efficient environmental response services to pollution incidents or notifications of non-compliant activities.

PERFORMANCE MEASURE	TARGET	RESULT
Maintain 24-hour/7-day-a-week response for environmental incidents.	2022/2023 Pollution hotline staff available/on call 24/7.	
	2021/2022 Pollution hotline staff available/on call 24/7.	

PERFORMANCE MEASURE	TARGET	RESULT
Maintain 20 appropriately trained responders for maritime oil pollution incidents.	2022/2023 20 responders attend 3 exercises per year.	
	2021/2022 20 responders attend 3 exercises per year.	

2021/2022: We maintained 20 appropriately trained responders who have been re-validated throughout the year by Maritime New Zealand (MNZ) when attending two exercises; the plan for three exercises was untenable due to Covid-19 impact and MNZ agreed that two exercises only were required this year.

LEVEL OF SERVICE:

Develop and maintain robust regulations and procedures to enable safe use and navigation of our region's ports, harbours, coastal areas and inland waterways.

PERFORMANCE MEASURE	TARGET	RESULT
Maintain compliance with Port and Harbour Marine Safety Code.	2022/2023 Annual self-review is completed by ORC and POL and signed off by the Chief Executives.	
	2021/2022 Annual self-review is completed by ORC and POL and signed off by the Chief Executives.	

LEVEL OF SERVICE:

Promote and encourage safe use of ports, harbours, coastal areas and inland waterways and take appropriate action in response to non-compliance and incidents.

PERFORMANCE MEASURE	TARGET	RESULT
Major incidents on Otago's harbours and waterways will be responded to.	2022/2023 Major incidents and ORC's response are reported to Council quarterly.	
	2021/2022 Major incidents and ORC's response are reported to Council quarterly.	

Major incidents occurred in March and June and were responded to but not yet reported to Council.

PERFORMANCE MEASURE	TARGET	RESULT
On-water engagement, education of recreational users and safety campaigns are documented and reported annually.	2022/2023 Report to Council by 30 June.	
	2021/2022 Report to Council by 30 June.	

Environment

This group of activities includes the following council activities:

- Land and Water
- Biodiversity and Biosecurity
- Air

Performance results



Matakaea / Shag Point

Community Outcomes

Our Environmental activities contribute to:



Land and Water



Our role involves working with Otago communities to manage water quality and quantity. To do this well, we need robust, integrated and consistent regional plans and strategies. Our current work includes an ambitious planning programme to develop a new Land and Water Regional Plan by 2023.

We also assess water quality and quantity through our network of monitoring sites across the region, and this data informs planning and future decision making. Our water monitoring and science programmes have expanded to include monitoring estuaries, the coast, groundwater, biomonitoring, land-use and soil monitoring.

We collaborate with communities to protect Otago's water resources through education, engagement and action. Our implementation programme includes education and support for landowners and catchment groups, as well as involvement in community-led projects and remediation works.

The key programmes which make up this activity are:

- Land and Water Planning
- Land and Water Science and Monitoring
- Land and Water Implementation

Performance and Delivery

Land and Water Planning

Our planning programme in 2022/23 has continued to focus on completing a new Land and Water Regional Plan (LWRP). It will align Otago with the new national regulatory frameworks for managing freshwater. The programme was adjusted to reflect an extension to the government deadline for public notification to mid-2024.

The LWRP has two workstreams: the first focuses on region-wide plan provisions and the second on specific provisions for Freshwater Management Units (FMUs). Most topics in the plan provisions have now been drafted and reviewed. We sought direction from governance on some specific topics through a workshop in mid-2023.

Community and stakeholder engagement is a substantive component of the work programme, with three stages planned to reach public notification. Council is on track, having completed stage two during 2022/23. This focused on environmental outcomes and options for achieving them. This work sets the basis for completing stage three engagement with communities on suggested actions and rationale early in the new financial year.

Science and Monitoring

Our Science and Monitoring teams carry out an extensive body of work to understand Otago's natural environment, with the scale of staff resource now stable as planned. Data captured by this activity informs policy/regional plan development and helps us track how effective that policy is. It also guides environmental restoration and management projects and is made publicly available through reports and online databases. We also launched a new web portal that provides near real-time data on water quality, river flow and rainfall.

A large part of our work in 2022/23 was to inform the development of the LWRP. Our land and soil science programme, re-established in early 2021, is designed to provide long-term information about how land use affects water quality, an important piece of the puzzle in understanding and setting policy to manage the health of our region's waterways. We reported on this programme to the Environmental Science and Policy Committee in April 2023.

In this financial year, we looked at how to improve the accuracy of the land use map compiled in 2021/22. A project is underway in collaboration with Manaaki Whenua – Landcare Research to map the soils of three large areas with high production capabilities: parts of the Catlins, Tuapeka West and Moa Flat. Field and laboratory work has been completed for the Catlins

area, and the soil maps will be available online later in 2023. We are establishing a long-term programme to monitor soil health across the region, and description and sampling of the 22 initial sites was completed in the last financial year – 10 new sites will be added later this year. Improvements were made to our soil moisture monitoring network, and we prioritised sites for future installations.

Extensive hydrology and ecology investigations have been carried out on the Manuhereki River as part of work to establish minimum flow levels. We monitor flow at 14 sites and rainfall at four sites. Water quality is also monitored monthly at nine sampling points.

In this financial year, we completed a study that analysed and reviewed the state and trends of water quality data for Otago's rivers, lakes, and groundwater between 2017 and 2022. The data was collected from our monitoring network for rivers (107 sites), lakes (34 sites/depths), and groundwater (55 sites). The results show that river and lake water quality varies across Otago, being best at high elevations under predominantly native land cover and poorer in urban streams in Dunedin, intensified catchments in North Otago and some tributaries in the Lower Clutha Rohe.

Our estuary, freshwater and contact recreation monitoring programmes provide an up-to-date picture of the state of Otago's waterways. Reports on these programmes were presented to Council in June 2023.

Adding Tahakopa, Waipati/Chaslands estuaries and Hoopers and Papanui Inlets to our estuary monitoring programme, we completed assessments of the state of health for all estuaries in Otago by the end of the 2022/23 field season. Fine-scale data was collected for the Pleasant River, Tautuku and Blueskin Bay estuaries, and sediment plate monitoring continued in all estuaries. Tidal conditions meant we were not able to fully map Hoopers Inlet and the Kaikorai Estuary – these will be completed in the next field season.

We are progressing well with the development of a marine monitoring programme designed to build our understanding of Otago's coastal environment in line with freshwater and land programmes. A desktop project to map significant ecological areas and key habitats/ecosystems on Otago's coastline was completed this year. Next steps are to develop a management framework for significant areas, verify findings through field work, and develop a more detailed coastal monitoring programme to fill gaps in our knowledge. We have also completed baseline reporting on kelp forests, but field work verification has been delayed. Both projects will inform the review of the Regional Plan: Coast for Otago, which is due for public notification in mid- 2026.

Land and Water Implementation

Part of our role is to support projects led by communities and landowners to conserve soils, improve water quality and use water efficiently – we also spend a lot of time on community education and engagement. A highlight is Toitū Te Hākapupu, a multi-year remediation project for Te Hākapupu | Pleasant River run in partnership with Kāti Huirapa Rūnaka ki Puketeraki. This project is progressing well – initial planning is complete, and planting and fencing are likely to start later in 2023. We contributed to intensive winter grazing workshops this year and are preparing for dairy effluent workshops early in the new financial year.

In collaboration with local communities, we have projects underway to develop, prioritise and implement management plans for Lake Tuakitoto, Tomohaka / Tomahawk Lagoon and Lake Hayes. In this financial year, we developed priority actions and began work to implement them. The priority action plans have been delivered as expected. Partnership with mana whenua and collaboration with communities in these areas is ongoing.

Integrated Catchment Management

The ORC set a pathway for an integrated catchment management programme in August 2022, establishing the ICM Working Group and selecting the Catlins as the pilot for a Catchment Action Plan to be developed in collaboration with mana whenua and the community. A framework for how the CAP will be developed through grassroots collaboration has been endorsed – this essentially is a way of working together to develop a plan for the area that everyone has ownership of. The Catchment Action Plan (CAP) is not another document that sits on a shelf. The CAP will be accessible online in a format that outlines the long-term goals, shows the current situation, ranks the pressures, and explains what we aim to do about them. This format also enables us to track progress in achieving the actions and adapt if we are off track. We have started the development of this online hub and expect to have a prototype by mid-2024. You can keep track of the ICM Programme and the CAP development here.

Work on the pilot CAP is expected to start in October 2023, and an Integrated Catchment Group for the Catlins is being established following a community meeting held in mid-July.



We continue to fund the Otago Catchment Community and meet regularly to ensure our work programmes are aligned.



Performance Results



LEVEL OF SERVICE:

Monitor the state of Otago's freshwater resources and coastal environment and make accurate, relevant and timely information publicly available.

PERFORMANCE MEASURE	TARGET	RESULT
Implement a regional coastal environment monitoring programme.	2022/2023 Annual report on monitoring programme completed and reported to Council.	
	2021/2022 Develop regional coastal monitoring programme and report to Council.	

PERFORMANCE MEASURE	TARGET	RESULT
Implement freshwater and estuarine environment monitoring programmes.	2022/2023 Annual report on monitoring programme completed and reported to Council.	
	2021/2022 Annual report on monitoring programme completed and reported to Council.	



Estuary Programme progress, Contact Recreation, and the water quality monitoring programme reports were presented to the Science and Policy committee at the 29 June 2023 meeting.

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of data from the water monitoring network that is captured quarterly.	2022/2023 ≥95% data capture achieved.	 98%
	2021/2022 ≥ 95% data capture achieved.	 98%

LEVEL OF SERVICE:

Monitor Otago's land use and make accurate, relevant and timely information on sustainable land-use publicly available.

PERFORMANCE MEASURE	TARGET	RESULT
Develop and implement a regional land use monitoring programme.	2022/2023 Annual report on monitoring programme completed and reported to Council.	
	2021/2022 Develop regional land-use monitoring programme and report to Council.	 Public briefing 8 December 2021

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of data from the land-use monitoring network that is captured quarterly.	2022/2023 ≥ 95% data capture achieved.	 98%
	2021/2022 N/A no measure.	

LEVEL OF SERVICE:



Provide a robust and integrated environment planning framework for Otago's land, water and coast resources.

PERFORMANCE MEASURE	TARGET	RESULT
Complete the Land and Water Regional Plan (LWRP).	2022/2023 Report to Council on proposed management options for 5 Rohe or FMU's by 30 June.	
	2021/2022 Report to Council on proposed management options for 3 Rohe or FMUs by 30 June.	

A change in approach has meant consultation was conducted in all Freshwater Management Units (FMUs) across the region in parallel, rather than working through the process with FMUs in sequence. The deadline for public notification of the proposed Land and Water Regional Plan has been extended to mid-2024. Work is progressing to meet this deadline.

LEVEL OF SERVICE:

Develop and maintain an environmental planning framework that aligns with national directions and enables sustainable management of natural and physical resources.

PERFORMANCE MEASURE	TARGET	RESULT
Integrated Catchment Action Plans (CAPs) are developed in collaboration with iwi and community.	2022/2023 One catchment Action Plan drafted.	
	2021/2022 N/A no measure.	

To allow for a more collaborative approach, the drafting of Catchment Action Plans will take longer than originally envisioned.

LEVEL OF SERVICE:

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

PERFORMANCE MEASURE	TARGET	RESULT
'Otago Catchment Communities' is supported to meet deliverables and targets of funding agreement.	2022/2023 Report to Council on deliverables and targets achieved by 30 June.	
	2021/2022 Funding is administered as per agreement.	
	Report to Council on deliverables and targets achieved by 30 June.	


LEVEL OF SERVICE:

Promote and enable best practice land management for soil conservation, water quality preservation, the efficient use of water and to enhance Otago's biodiversity and ecosystems.

PERFORMANCE MEASURE	TARGET	RESULT
Landowner/community led projects promoting best practice land management for soil; conservation, water quality and the efficient use of water are identified and supported.	2022/2023 Three or more projects supported per year.	 3
	2021/2022 Three or more projects supported per year.	 3

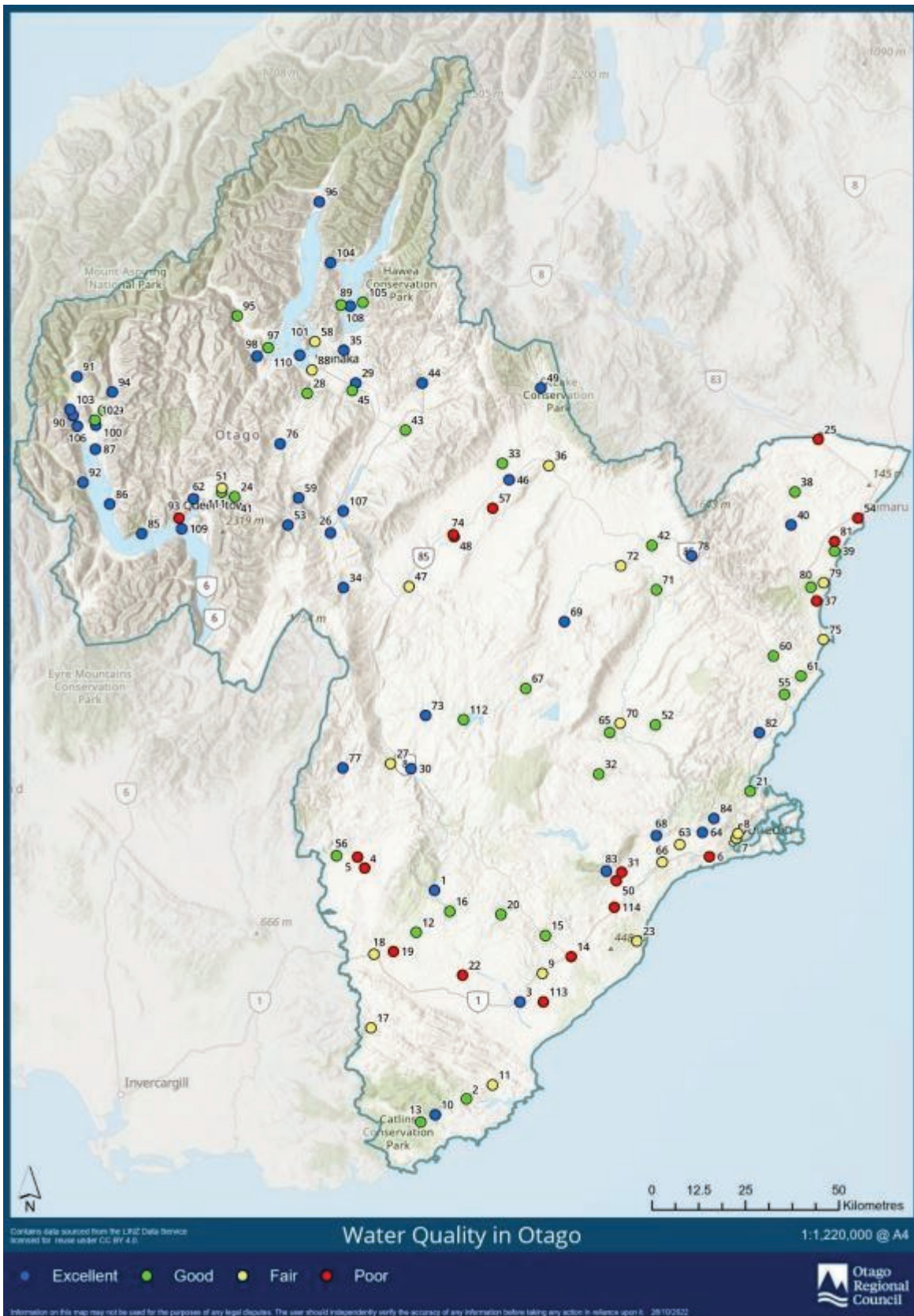
LEVEL OF SERVICE:

Collaborate with iwi, communities and landowners to develop and deliver a programme of actions to improve water quality and indigenous biodiversity in selected degraded water bodies.

PERFORMANCE MEASURE	TARGET	RESULT
At least three site specific action plans for selected degraded waterbodies are developed, prioritised, and implemented.	2022/2023	
	Projects confirmed and priority actions identified by 30 September.	
	90% of priority actions undertaken as scheduled.	
	2021/2022	
Projects confirmed and priority actions identified by 30 September.	 9 priority actions	
90% of priority actions undertaken as scheduled.	 100%	

Lake Tuakitoto, Tomohaka/Tomahawk Lagoon and Lake Hayes projects have been confirmed to continue for this financial year. Priority actions have been developed for this financial year.

Results of the State of Environment water-quality monitoring 2017-2022:



Biodiversity and Biosecurity



Otago is home to unique species that we need to look after. Our Regional Pest Management Plan (Pest Plan) sets out the framework for how pest plants and animals will be managed in Otago. It is supported by a Biosecurity Strategy that looks at how we will work with organisations and communities to achieve the goals set out in the Pest Plan.

Our biosecurity work supports the control of prolific pests, such as feral rabbits. We do this by educating our communities, facilitating compliance and through funding projects. Council also plays a lead role in facilitating government funding and overseeing projects such as wilding conifer removal and wallaby eradication.

Council's biodiversity work programme is growing and our monitoring programme is developing. We are strengthening partnerships across the region and also encourage communities to help realise local initiatives via applying for support through our 'Eco Fund'.

The key programmes which make up this activity are:

- Biodiversity Science and Monitoring
- Biodiversity Implementation
- Biosecurity (Pest Management)
- Wilding Conifers

Performance and Delivery

Biodiversity Implementation

The ORC's Biodiversity Action Plan: Te Mahi hei Tiaki i te Koiora (2019-2024) sets out a framework and work programme to maintain and enhance biodiversity in Otago. This programme centres on five components: to increase active management for the protection and improvement of indigenous biodiversity, engage in regional and national collaborations, better information and sharing for improved biodiversity management, provide advice and support for good management practices for indigenous biodiversity, and strengthen biodiversity outcomes through regulatory plans. Eleven actions were intended to be completed or underway by 2022/2023, of which six have progressed to the expected level and three related to information management have progressed but started late. The remaining two related to the biodiversity strategy review were paused as they were dependent on the National Policy Statement for Indigenous Biodiversity, which only came into being in August 2023.

Our funding programmes foster community-led projects that protect and enhance Otago's flora, fauna and environment. In the 2023 ECO and Incentives Fund rounds, 32 organisations received \$536,470 in grants, slightly under the total pool available of \$568,000. The funds were again oversubscribed, with 49 applications seeking a total of \$1.17 million. Environmental work supported by the funds includes water quality monitoring, trap purchases, animal and weed pest control, native plant nurseries and plantings, and biodiversity enhancement. Our Catchment Advisors support the funding process with site visits and advice. We also contributed financially to Predator Free Dunedin.

Biodiversity Partnerships

With the Environmental Implementation team becoming more established in 2022/23, we have increased our partnerships to maintain and enhance indigenous biodiversity in Otago.

We developed two new partnership projects in 2022/23 – with QEII (a charitable trust that partners with private landowners to protect ecologically significant sites) and Ngā Whenua Rāhui (a DOC programme to protect the natural integrity of Māori land). The partnerships involve sharing the cost of fencing to protect high value biodiversity. This year also saw the establishment of a working group with Te Rūnanga o Ōtākou and Kāti Huirapa Rūnaka ki Puketeraki to support site-led work in West Harbour/Mt Cargill, Quarantine Island, Goat Island and the Otago Peninsula. A new project has been started with Predator Free Dunedin to build on and learn from the possum control work in the West

Harbour Mt Cargill area. The learnings from this work will be used to develop more possum control with landowners in other parts of Otago.

Other engagement activities in this financial year included training for Hokonui Rūnanga in methods to monitor the outcomes of large pest control projects, a Halo Project field trip, meetings with partner organisations, and hui to improve public information on stormwater, biodiversity and the environment at Tomohaka/Tomahawk Lagoon.

Biodiversity Science and Monitoring

Work is underway to develop and implement a region-wide programme to monitor the Indigenous biodiversity of Otago's ecosystems. The recent publication of the National Policy Statement – indigenous Biodiversity (NPS IB) will guide the further development of this programme. We are working through a desktop inventory of biodiversity across the region while beginning several programmes.

In the terrestrial biodiversity domain, we received a report outlining the threatened species present in Otago and started a series of threat classification reports. We completed threat classifications for reptiles and bats, and have some regional monitoring in place for indigenous vegetation and some native birds. In this financial year, we also developed monitoring programmes to assess the extent and ecological integrity of two naturally rare and vulnerable ecosystems – inland salt pans and coastal turf. Otago has the highest number of coastal turf ecosystems in the country and the only inland salt pan; the monitoring programmes will inform work to protect them.

In the freshwater domain, fish surveys and habitat monitoring over the 2022/23 financial year gave us a better picture of the state of the environment and ecological activity, which we will build on in future seasons. The Environmental Monitoring team completed 16 state of the environment (SOE) fish surveys, monitored 44 ecological threshold sites, conducted monthly sampling for periphyton at 34 sites, and took an annual summer invertebrate sample at each of our SOE water quality sites.

A long-term project is investigating barriers to fish passage across the region. NIWA completed a desktop exercise, which highlighted around 13,000 fish passages to be assessed. We completed approximately 200 of these over the winter. Work was also done this year as part of multi-year projects to remove trout from Pisgah Creek near Kyeburn and Boundary Creek to reduce predation stress on threatened native non-migratory fish.

Biosecurity

The ORC's Biosecurity Operational Plan (BOP) sets out the activities we intend to do each year to implement the Regional Pest Management Plan, which outlines how declared pests in Otago will be managed over a ten-year period from 2019 to 2029. Of the 62 key performance indicators (KPIs) in the 2022/23 plan, 39 were fully achieved (62.9%) and 19 were partially achieved (30.6%), many substantially. These rates are a small improvement on the previous year.

Over the last 18 months, we have done a lot of work to make our compliance and enforcement system more effective, consistent and defensible. A transition to the new system began in November 2022 and it was fully rolled out in April 2023. Where we did not achieve our targets, this was generally due to resourcing issues and delays associated with the transition to the new system. Our outcomes for compliance and enforcement are expected to improve once the new system has been operating for a full year (2023/24).

We completed 544 rabbit inspections (down from 800 in the previous year), focusing on areas with high rabbit population densities. We have also increased the support and education that we provide to communities around long term sustained rabbit management.

Overall, around half of inspected properties met the rules for rabbit density set in the Regional Pest Management Plan, a similar rate to the previous year. Improvements to our inspection programme will provide a clearer picture of progress in coming years. We are developing relationships with public land managers to discuss rabbit management and to share information.

We also completed 1,256 inspections for declared pest plants. Around 40% of inspected properties met the rules set in the Regional Pest Management Plan, a rate that is broadly similar to the previous year. Small infestations of lagarosiphon were found in Albert Town and Bullock Creek, and removal is being investigated. Our "Check, Clean, Dry" campaign was run over the summer to educate the public on preventing the transmission of aquatic weeds between waterways, particularly lagarosiphon.

Wilding Conifers

Otago's landscapes are highly vulnerable to the invasion of wilding conifers, with the high country and tussock grasslands at particular risk. In the last financial year, we have developed a Regional Wilding Conifer Strategy to support the control of wilding conifers through community awareness, better information systems, consistent and clearer regulations, and lifting participation. The strategy and associated implementation plan were adopted by the Council in May 2023.





Performance Results

LEVEL OF SERVICE:

Collaborate with iwi, DOC and other key organisations to develop, coordinate and deliver a programme of actions to enhance indigenous biodiversity.



PERFORMANCE MEASURE	TARGET	RESULT
Actions listed in the Biodiversity Action Plan (BAP) are prioritised and progressed.	2022/2023 90% of current actions achieved within time frames specified.	
	2021/2022 Priority actions achieved within timeframes specified in annual work plan.	 ≥ 85% met

2022/2023: The Biodiversity Action Plan (2019-2024) consists of 15 actions. Of the 11 actions intended to be completed or underway by 2022-2023, six have progressed to the expected level and three related to information management have progressed but started late. Two actions related to the biodiversity strategy review were paused as they were dependent on the National Policy Statement for Indigenous Biodiversity, which came into being after the end of the financial year.

PERFORMANCE MEASURE	TARGET	RESULT
2022/2023 Biodiversity and biosecurity partnerships established and joint projects developed and progressed.	2022/2023 Maintain or increase number of partnerships engagement activities and events and report to Council.	 6 projects
2021/2022 Partnerships established in line with the Biodiversity Action Plan and joint projects developed.	Projects and progress against milestones reported to Council	
	2021/2022 Establish baseline number of partnership engagement activities and events, and report to Council.	 Baseline 4
	Joint projects scoped and milestones identified and reported to Council.	

LEVEL OF SERVICE:

Monitor the state of Otago's indigenous biodiversity ecosystems and make accurate, relevant and timely information publicly available.


PERFORMANCE MEASURE	TARGET	RESULT
Develop and implement a regional indigenous biodiversity ecosystems monitoring programme.	2022/2023 Develop monitoring programme* and report to Council by 30 June.	
	2021/2022 N/A no measure new measure in 2022/2023	



* Including requirement of National Policy Statement for Indigenous Biodiversity (NPSIB).

Work is underway to develop and implement a regional monitoring programme for indigenous biodiversity. The recently published National Policy Statement – Indigenous Biodiversity will guide the further development of this programme.

LEVEL OF SERVICE:

Provide support and funding to selected initiatives and organisations across the region which deliver biosecurity, biodiversity and environmental outcomes that align with our strategic objectives.

PERFORMANCE MEASURE	TARGET	RESULT
Complete a report on the initiatives and organisations supported and the key deliverables achieved.	2022/2023 Report to Council by 30 June.	
	2021/2022 Report to Council by 30 June.	

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of funding administered as per agreements.	2022/2023 100%	 100%
	2021/2022 100%	 100%

24 grants completed of the 25 approved. One of the 2022 grants was forfeited due to co-funding issues, which rendered the project unviable.

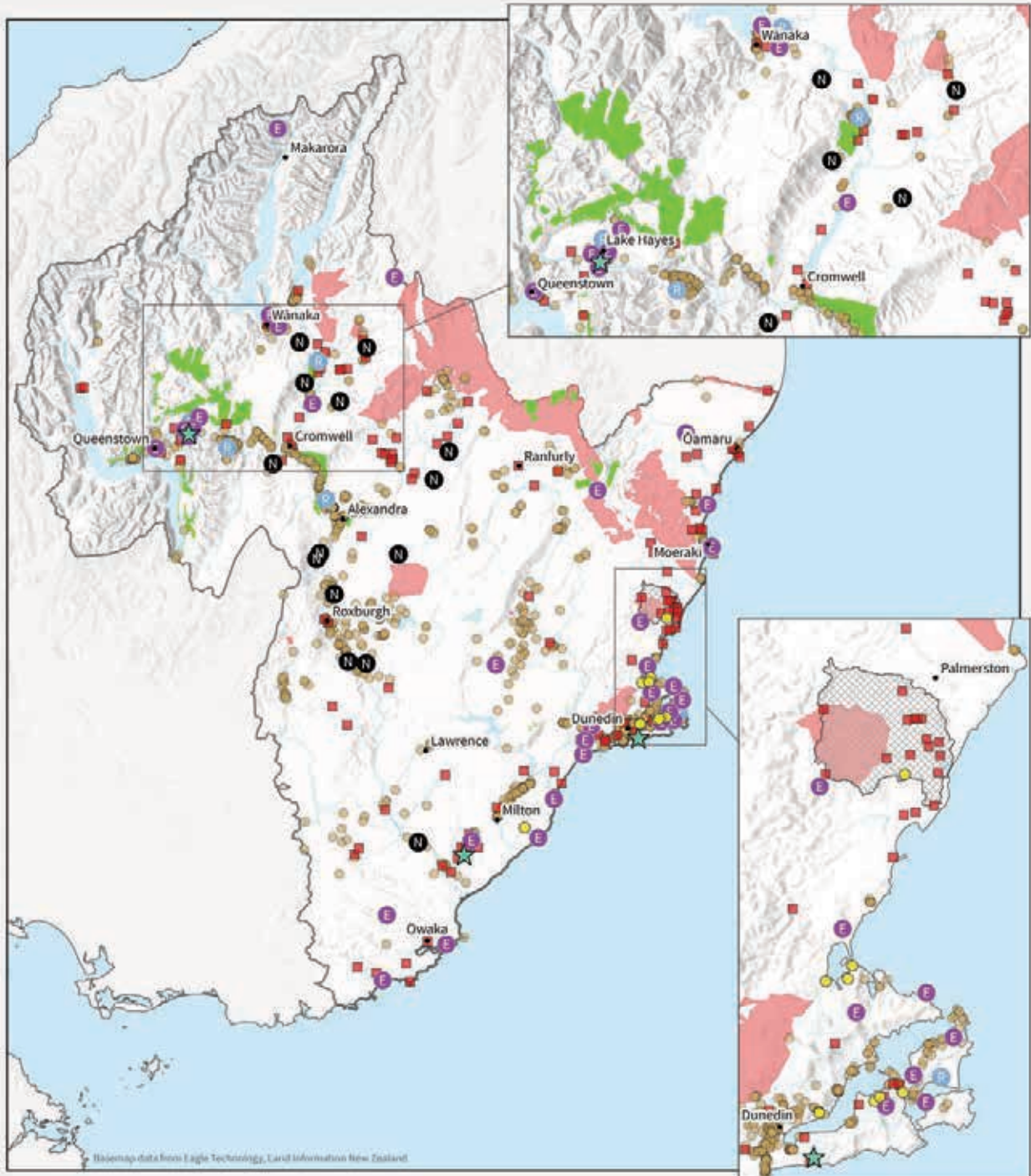
LEVEL OF SERVICE:

Develop and deliver practices and programmes that give effect to the Regional Pest Management Plan (RPMP).

PERFORMANCE MEASURE	TARGET	RESULT
Actions within the Biosecurity Operational Plan (BOP) are identified and progressed.	2022/2023 90% of actions achieved within timeframes specified.	
	2021/2022 Priority actions achieved within timeframes specified in annual work plan.	

NOTE: While we are below target in only achieving 62.9% of the Biosecurity Operational Plan deliverables, almost all remaining deliverables have been partially completed, many substantially.

Environmental Implementation Team Activities (2022-2023)



Information on this map may not be used for the purposes of any legal disputes. The user should independently verify the accuracy of any information before taking any action in reliance upon it. This map was generated for A4 printing on 5/09/2023 at the scale of 1:1,600,000 (main map).

Air



Good air quality is necessary for health and well being. We are responsible for aligning our region 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 especially challenging in areas with extremely cold winter weather and temperature inversions. Otago’s air quality often degrades during winter when domestic heating emissions increase with cold and calm weather and inversion layers occur. Council’s implementation role and approach regarding air quality is ‘on hold’ with a planned strategic refresh. In the meantime, the Regional Air Plan review has been initiated and will assist direction on implementation.

We monitor air quality at sites across Otago, including Milton, Mosgiel, Dunedin, Alexandra, Clyde, Cromwell and Arrowtown. These sites measure the concentration of particles in the air and capture a mixture of PM₁₀ and PM_{2.5} pollutants. ORC also contributes to clean air and healthy homes as a Trustee of the Cosy Homes Trust.

The key programmes which make up this activity are:

- Air Monitoring
- Regional Plan: Air
- Air Strategy (Air Quality implementation programme paused)

Performance and Delivery

ORC's air science and monitoring this year focused on monitoring site upgrades and region-wide monitoring in winter, the results of which will help inform the review of our Regional Plan: Air.

Otago's air quality is monitored at eight sites to assess pollution from burning, mainly produced by home heating. Data from our monitoring programme is publicly available on the LAWA website and all air quality exceedances (above the limits for PM₁₀, measured at four of the sites) are reported through news media over the winter. We reported on the monitoring programme and two additional projects to the Environmental Science and Policy Committee in April 2023.

While previous work to improve air quality has seen a long-term reduction in winter air pollution in Alexandra, Arrowtown, Cromwell, Clyde and Milton, significant reductions in emissions are still needed for the region to consistently comply with national standards. In the 2022 winter season, Alexandra, Arrowtown and Mosgiel all exceeded the national standards at times.

We are working through a network upgrade to include monitoring for PM_{2.5}, a finer particle size likely to be regulated in the updated National Environmental Standard for Air Quality (NESAQ). Full upgrades of the Mosgiel and Dunedin sites were completed in the 2022-23 financial year. A temporary site at Wānaka was also completed, with long-term monitoring sites planned for Wānaka and Frankton in the 2023-24 financial year. The Cromwell monitoring site was moved to a new location, and we carried out minor upgrades for Clyde, Cromwell and Milton.

Over the 2022 winter, we undertook two additional air quality projects. In central Dunedin, we monitored nitrogen dioxide (NO₂) and sulphur dioxide (SO₂), gas emissions related to transport and industry. Monitoring showed concentrations within national standards. We also tested ultra-low emission burners in seven homes in Arrowtown to accurately record emissions from real-life use of these burners, which are effectively the only type of wood burner that can be installed in Air Zone 1 (Alexandra, Arrowtown, Clyde and Cromwell) under the Air Plan. This study contributes to national understanding of the factors that influence emissions and wood burner efficiency and will enable better estimates of policy effectiveness during future Air Plan development.

Spatial studies have been done and are still ongoing in several towns using small PM_{2.5} monitors installed on power poles and lamp posts. These towns are Alexandra (in collaboration with NIWA), Clyde, South Dunedin, Ōamaru, Kingston, Lake Hawea, Luggate and Ranfurly. The aim of these studies is to find out where the peak PM_{2.5} concentrations are in these towns and to evaluate the need for long-term monitoring sites there.

Work has begun on the ORC's review of the Regional Plan: Air, which is due to be publicly notified in mid 2025. As reported, we are currently behind schedule due to staff vacancies and the reprioritisation of resource to the Regional Policy Statement.



A paper on the process and timeframes for review was taken to the Environmental Science and Policy Committee in June 2023. We are preparing an indicative time line and draft project plan, and will present an issues and options paper to the committee in the second half of 2023. Scientific and monitoring work to inform the planning process is on track, with one more report to complete this calendar year.

Performance Results

LEVEL OF SERVICE:



Monitor Otago's air quality and make accurate, relevant and timely information publicly available.

PERFORMANCE MEASURE	TARGET	RESULT
Implement regional air monitoring programme.	2022/2023 Annual report on monitoring programme completed and reported to Council.	 Council 26 April 2023
	2021/2022 Annual report on monitoring programme completed and reported to Council.	 Data and Information Committee 9 March 2022

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of data from the air monitoring network that is captured quarterly.	2022/2023 ≥ 95% data capture achieved.	 96%
	2021/2022 ≥ 95% data capture achieved.	 97%

LEVEL OF SERVICE:

Provide a robust and integrated environmental planning framework for Otago's air resource.

PERFORMANCE MEASURE	TARGET	RESULT
Complete review of the Regional Plan: Air	2022/23 Issues and options papers developed by 30 June.	
	2021/2022 N/A no measure	

This target was not achieved as Council reprioritised staff from beginning the regional plan air to completing the Regional Policy Statement (RPS) work programme.

Safety and Resilience

This group of activities includes the following council activities:

- Natural Hazards and Climate Change
- Flood Protection, Drainage and River Management
- Emergency Management

Performance results



Styx Basin, Upper Taiari/Taiari

Community Outcomes

Our Safety and Resilience activities contribute to:

		✓			✓

Natural Hazards and Climate Change



We identify, monitor, and investigate natural hazards to provide intelligence that supports community resilience and the ability to adapt to environmental change. Our work includes monitoring rainfall, river and lake levels, and providing public information on water levels and flows, all of which help inform responses to flood events.

We engage with people, communities, iwi partners, and other stakeholders in Otago to develop partnerships and implement projects to address hazard risks, as well as increasing awareness and understanding.

We're working to understand more about the future impacts of climate change on natural hazards so we can collaborate with territorial authorities and communities to prepare and adapt. We're developing an approach to assess risk across our communities to inform future priorities, at the same time as undertaking projects for the risks we already know about.

The key programmes that make up this activity are:

- Natural Hazards
- Flood and Low-flow Risk Management
- Climate Change

Performance and Delivery

Over the last year, we have worked closely with Otago communities and relevant organisations to provide hazard information and technical support, and to guide adaptation to natural hazards. We made good progress on natural hazard and climate change projects and programmes in South Dunedin, Clutha Delta and the Head of Lake Whakatipu. We continued to gather data that improves our understanding of natural hazards, and to make this data easily accessible to the community.

Risk Assessment and Prioritisation Programme

Our work on hazard risk assessment and prioritisation progressed well this year. The ORC is undertaking a programme that will enable us to assess risks associated with natural hazards consistently across the Otago region, to see which areas have the highest risks, and to prioritise options for managing or adapting to natural hazards.

From previous work, we have a good understanding of the kinds of natural hazards (including those associated with climate change) in the Otago region and where they are. We progressed a preliminary region-wide risk analysis, calculating how likely each hazard is to occur and what its impact might be. We plan to report on this by June 2024 and make the data available.

Progress was also made towards more complex risk assessment work that builds on the above. In short, we are developing a methodology for assessing cumulative risks at community level. This work will inform decisions on where and how to act.

South Dunedin

The Otago Regional and Dunedin City Councils approved the South Dunedin Future programme plan in July 2022. The ORC supports this joint work programme through collaboration and funding, and it is a good example of the multi-disciplinary, cross-sector nature of climate change adaptation.

We lead the gathering and analysis of natural hazards information for the programme. Our work in this financial year has focused on continuing to monitor groundwater and sea levels and consolidating the

information we have about natural hazards so it can be integrated into programme workstreams and made available through community flyers, website updates and technical reports.

We have initiated projects this year to improve our understanding of groundwater, sea level, coastal inundation and vertical land movement in the area.

Glenorchy and Head of Lake Whakatipu

We are undertaking a long programme of work on liquefaction and floodplain hazards at the the Dart-Rees floodplain and Glenorchy township. Having built a good understanding of the hazards, we have focused this financial year on assessing potential approaches for managing these hazards. Reports on engineering approaches that could be used to manage risks related to liquefaction in Glenorchy and flooding and erosion at the Head of Lake Whakatipu have been completed and were presented to Council in May 2023.

Initial work and scoping have been done for a range of other assessments and investigations. A draft flood hazard assessment report for the Buckler Burn at Glenorchy has been completed and is being peer reviewed.

In conjunction with technical work, we have a sustained programme of community engagement as part of the process for developing a natural hazards adaptation strategy.

Clutha Delta and Other Areas

We have completed a gap analysis on the data and information we have about hazards in the Clutha Delta and have developed an initial programme plan. Over 2022/23, we continued investigating natural hazards, focusing on liquefaction and coastal hazards.

Progress on Roxburgh and Henley has been slow due to resourcing issues.

Data Capture

LiDAR mapping for the whole Otago coastal area – covering 4,250 square kilometres – was completed this financial year and made available through public websites. The mapping provides high-resolution, 3D ground elevation data and is a valuable tool for identifying, mapping and managing natural hazards, such as flooding, erosion and landslips. Data for a further almost 4,000 square kilometres around the Manuhereka catchment in Central Otago has also been captured and is being prepared for release later this year.

Otago Natural Hazards Database

The Otago Natural Hazards Database is an online portal that makes the information we have about the region's natural hazards publicly accessible so that people can make informed decisions. In the last financial year, we made the database more user friendly, improving its functionality, adding a tutorial video and updating the portal display to make it work better for people accessing the database on their mobile device. We also continued to update the database with new information.

Flood Response

Our flood management and response system operated without issue over this year. We issued 45 flood warnings as required.

The MetService's rain radar near Hindon gives us real-time information about where the rain is falling in the region, providing more certainty during heavy rainfall events. In the last year, we have engaged external support to convert this data into information about how much rain is falling in particular areas, further enhancing our ability to manage emergency responses. The rain radar works in conjunction with our network of rain gauges, and the data will be used to update our flood forecasting capabilities in the long term.



Te Nohoaka o Tukiauu / Sinclair Wetlands

Performance Results

LEVEL OF SERVICE:

Provide information on natural hazards and risks, including the effects of climate change, so that communities and stakeholders can make informed decisions.







PERFORMANCE MEASURE	TARGET	RESULT
Relevant and up to date natural hazards information is available via the web-based Otago Natural Hazards Database.	2022/2023 Database information is checked and updated monthly.	
	2021/2022 Database information is checked and updated monthly.	

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of flood warnings that are issued in accordance with the flood warning manual.	2022/2023 100%	 100%
	2021/2022 100%	 100%

LEVEL OF SERVICE:

Collaborate with communities and stakeholders to develop and deliver natural hazards adaptation strategies.

PERFORMANCE MEASURE	TARGET	RESULT
2022/2023 Develop a regional natural hazards risks assessment and regional approach for prioritising adaptation.	2022/2023 Report to Council on progress of natural hazard risk assessment and prioritisation approach.	
2021/2022 Complete regional natural hazards risks assessment (NHRA) and develop a regional approach for prioritising adaptation to inform adaptation planning and implementation.	2021/2022 Commence natural hazard risk assessment and investigation of prioritisation approach.	

PERFORMANCE MEASURE	TARGET	RESULT
Implement prioritised natural hazard risks adaptation works.	2022/2023 Work in priority areas* is delivered as per plan by 30 June 2023.	
	The Head of Lake Whakatipu natural hazards adaptation strategy progresses as per annual work plan.	
	ORC contribution to the South Dunedin Future programme* progresses as per annual work plan.	
	2021/2022 Work in priority areas* is delivered as per plan by 30 June.	
	The Head of Lake Whakatipu natural hazards adaptation strategy progresses as per annual work plan.	
	Collaboration framework for South Dunedin and Harbourside natural hazards adaptation strategy is defined by 30 June 2022.	

NOTE: Work progressed well in South Dunedin, the Head of Lake Whakatipu and the Clutha Delta. Due to the high degree of risk, additional work around the Head of Lake Whakatipu/Glenorchy was prioritised. Therefore, planned natural hazard investigation and management work for Roxburgh and Henley progressed more slowly than originally anticipated.

* The South Dunedin Future (SDF) programme is a joint partnership with DCC and will provide a framework for developing climate change adaptation options for South Dunedin and Harbourside.

Flood Protection, Drainage and River Management



Otago has large, developed areas situated on low-lying river flats often close to sea-level. Our flood protection schemes help protect people and their livelihoods in adverse weather events, and our drainage schemes help maintain the productive capability of land.

Around 43,000 ha of rural and urban land in Otago has council-provided flood protection and drainage infrastructure. Three flood protection schemes, three drainage schemes and one combined flood protection and drainage scheme are council owned and managed. We also own but commission external management for parts of the Lower Waitaki River Control Scheme.

The key programmes which make up this activity are:

- Flood Protection
- Drainage Schemes
- Rivers and Waterways
- Designations and Bylaws

Performance and Delivery

Area	Progress/Performance
ALEXANDRA FLOOD PROTECTION SCHEME	100% of planned maintenance completed. One capital works project: Progressed as planned.
LEITH FLOOD PROTECTION SCHEME	100% of planned maintenance completed. Two capital works projects: Both in scoping and investigations stage.
LOWER CLUTHA FLOOD PROTECTION AND DRAINAGE SCHEME	90% of planned maintenance completed. <ul style="list-style-type: none"> All scheduled mechanical drain cleaning completed, apart from a variation to remove two sites from the schedule and defer one site to year 3. Scheduled drain and floodbank spraying completed. Floodbank/drain mowing and tree maintenance completed. All inspections (drain, culvert, bridge, pump station, relief well) completed. Ten capital works projects: eight progressed as planned and two delayed.
LOWER TAIERI FLOOD PROTECTION SCHEME	100% of planned maintenance completed. <ul style="list-style-type: none"> Floodbank mowing completed in Q4. All noxious floodbank spraying completed in Q3. All floodbank inspections for the year completed. Six capital works projects: All progressed as planned.
WEST TAIERI DRAINAGE SCHEME	81% of planned maintenance completed. <ul style="list-style-type: none"> Mechanical drain cleaning mostly completed, except for two drains removed due to water quality issues. Scheduled drain spraying completed. All inspections (drain, culvert, bridge, pump station) for the year completed. Five capital works projects: four progressed as planned and one delayed.
EAST TAIERI DRAINAGE SCHEME	100% of planned maintenance completed. <ul style="list-style-type: none"> Scheduled drain cleaning and spraying completed. All inspections (drain, culvert, bridge, pump station) for the year completed. 7 capital works projects: 6 progressed as planned and 1 delayed.
TOKOMAIRARO DRAINAGE SCHEME	100% of planned maintenance completed. <ul style="list-style-type: none"> Scheduled drain cleaning and spraying completed. Planned tree maintenance completed. All inspections (drain, culvert, bridge) for the year completed.
DUNEDIN RIVERS AND WATERWAY MANAGEMENT	88% of planned maintenance completed. Most planned maintenance progressed within staff and contracting constraints.
CLUTHA RIVERS AND WATERWAY MANAGEMENT	73% of planned maintenance completed. Most planned maintenance works progressed within staff and contracting constraints. July 2022 flood remediation/repairs ongoing.
CENTRAL OTAGO RIVERS AND WATERWAY MANAGEMENT	70% of planned maintenance completed. Most planned maintenance progressed within staff and contracting constraints.
WHAKATIPU RIVERS AND WATERWAY MANAGEMENT	88% of planned maintenance completed. Most planned maintenance progressed within staff and contracting constraints.
WĀNAKA RIVERS AND WATERWAY MANAGEMENT	95% of planned maintenance completed. Most planned maintenance progressed within staff and contracting constraints.
WAITAKI RIVERS AND WATERWAY MANAGEMENT	49% of planned maintenance completed. Some planned maintenance progressed within staff and contracting constraints.

Flood Protection and Drainage Schemes Works

The ORC manages flood protection and drainage infrastructure for around 43,000 ha of rural and urban land in Otago. Our flood protection schemes are designed to protect people and their livelihoods in adverse weather, while our drainage schemes are about maintaining the productive capability of the land.

We completed 94% of the maintenance scheduled for the ORC's seven flood protection and drainage schemes in the last financial year, above the performance target of 85% (see table on page 56 for a breakdown of this work programme). A small number of drains set to be mechanically cleaned were deferred or removed, either because the cleaning was not needed or the work couldn't be done due to issues with the water quality. One pump in Kaitangata was out of service for unplanned maintenance for 28 days (April to May). The schemes continue to perform at the level they are designed for, with no breaches.

We fell slightly behind the performance target of 90% for planned capital renewals, delivering 87% or 27 out of 31 of our planned projects. Three of the projects that didn't meet their delivery target were associated with pump station upgrades in the Taieri, West Taieri and Lower Clutha drainage schemes. Each of these projects has been scoped and work is expected to get underway early in the 2023/24 financial year. Pump improvements at the Paretai Pump Station are in the early stages of investigation for scoping.

All schemes remained resilient in weather events, and deferring some renewals did not critically affect their performance.

Climate Resilience Projects

We have made considerable progress in delivering the Climate Resilience Programme of multi-year projects part-funded by the Ministry of Business, Innovation and Employment (MBIE). Two of the four projects are in the Lower Clutha flood protection scheme (Robson Lagoon and Riverbank Road), and two are in the Lower Taieri flood protection scheme (Outram and Contour Channel).

The Riverbank Road and Robson Lagoon projects were completed ahead of schedule in December 2021 and November 2022 respectively, and the Outram project was finished in June 2022. We expect to complete the Contour Channel project by June 2025 as planned. Stages 5, 6 and 7 of the floodbank works have been completed, and work is underway on Stage 8 and the bridge replacement.

Taieri Scheme Review

The review of the Taieri scheme started in 2021. Our focus for the last financial year was on risk analysis and assessment, with the risk assessment report due to be completed early in the next financial year.

River Management

The Council's river and waterway management programmes faced some challenges. There is a narrow window of time when we can do maintenance to support fish passage and biodiversity in waterways. Work in some catchments was also delayed due to weather and river conditions, low flows, accessibility, gravel consent requirements, contractor availability and staff shortages. As a result, we delivered 80% of our planned programme, below the 90% target for the year.

After several years of weather-related flooding, this year proved stable, with only the July/August rainfall events causing elevated flows across catchments in Otago, which resulted in some damage across rivers. This meant that, overall, less reactive and unplanned work was needed in some catchments than previous years, contributing in part to reduced expenditure. However, 55 additional reactive works were added to the work programme in response to erosion, gravel build-up or vegetation blockages due to a combination of low and elevated river levels, which can both contribute to these issues.

We had some challenges managing the 302 public queries we received about our flood protection schemes, drainage and rivers, refining our processes in the last quarter of the financial year to make sure queries are being appropriately tracked, monitored and actioned. We had a better track record in responding to the 135 queries about blockages and obstructions in rivers and waterways, assessing 95% of these within 20 days.

Flooding July/August 2022

Between 12 July and 8 August 2022, four weather events resulted in elevated flows in rivers across the region. Areas across central, coastal and south Otago were affected at different times, depending on the rainfall distribution of each event.

An interactive map of our flood repair and recovery programme is available online, showing repair sites, their programmed completion and their status (available [here](#)). The map is updated monthly, and the programme may change as we carry out investigations and repairs. We identified 71 sites for repairs following the 2022 flooding – of these, 25 are still to be completed. We also have two sites remaining from the 2020 flood recovery package, and these will be repaired in the 2023/24 construction season.

Bylaws

The ORC provides flood protection and land drainage across 43,000 ha of rural and urban land in Otago. The new Flood Protection Management Bylaw 2022, which safeguards flood protection and land drainage assets







owned or managed by the ORC, came into effect on 1 September 2022. We received 25 bylaw applications during the year, granting 21 and declining one.



Performance Results

LEVEL OF SERVICE:

Provide the standard of flood protection and control agreed upon with communities.

PERFORMANCE MEASURE	TARGET	RESULT
Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents.	2022/2023 ≥ 80% of planned maintenance programme completed.	 94%
	Schemes function to their constructed design standards.	
	≥ 90% of renewals programme completed.	 87%
	2021/2022 ≥ 80% of planned maintenance programme completed.	 80%
	Schemes function to their constructed design standards.	
	≥ 90% of renewals programme completed.	 30%

NOTE: We fell slightly behind our target for planned capital renewals, delivering 87% or 27 out of 31 of our planned projects. Three projects associated with pump station upgrades in the Taieri, West Taieri and Lower Clutha drainage schemes were not delivered as scheduled, but they have been scoped and work will get underway early in the 2023/24 financial year. Pump improvements at the Paretai Pump Station are in the early stages of investigation for scoping. The deferral of some renewals did not critically affect scheme performance in weather events.

LEVEL OF SERVICE:



Respond efficiently and effectively to damage from natural hazard events.

PERFORMANCE MEASURE	TARGET	RESULT
Damage identified, prioritised and a repair programme communicated with affected communities in a timely manner.	2022/2023 Programme developed and communicated within 3 months of the event.	
	2021/2022 Programme developed and communicated within 3 months of the event.	



NOTE: Not able to be measured as there were no flood events in 2022-23 or 2021/2022 which required a repair programme to be developed.

LEVEL OF SERVICE:

Maintain channel capacity and stability, while balancing environmental outcomes and recognising mana whenua values in rivers.

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of identified and reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days.	2022/2023 100%	 95%
	2021/2022 100%	 94%

NOTE: We had some challenges managing public queries about our flood protection schemes, drainage and rivers, refining our processes in the last quarter of the financial year to make sure queries are being appropriately tracked, monitored and actioned.

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of planned maintenance actions achieved each year.	2022/2023 ≥ 90%	 80.4%
	2021/2022 ≥ 90%	 78%

We delivered 80% of our planned programme for river and waterway management, below the 90% target. This work faces challenges with time constraints, weather and river conditions, low flows, accessibility, gravel consent requirements, contractor availability and staff shortages.

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 can recover effectively. ORC administers and coordinates the work of the Otago CDEM Group, operating through a shared service agreement with councils across Otago, while the Co-ordinating Executive Group (CEG) and the Otago CDEM Joint Committee oversee governance and operations.

Our programmes across the region are centred on national CDEM priorities of reduction, readiness, response, and recovery.

The key programme that makes up this activity is:

- Emergency Management

Performance and Delivery

Emergency Management is a critical activity – planning and preparing for emergencies, and leading the response and recovery effort when events happen. A focus this year has been on making sure our communities are ready to weather disasters. We have been involved in sector reform and deployed teams to support the responses to Auckland flooding and Cyclone Gabrielle.

Planning and Education

A large part of business as usual work for the Emergency Management Otago team is planning and education. Highlights in the 2022/2023 financial year are scientist delivery of our ‘Clued Up Kids’ programme in Clutha, Waitaki, Queenstown and Wānaka, a region-wide business continuity roadshow in collaboration with Resilient Organisations NZ, and continued support of the AF8 Project with roadshow presentations in Ōamaru, Cromwell and Balclutha.

Community Response Readiness and Resilience

Our staff support communities to build resilience and make sure they are ready to respond in disasters. In the last financial year, we overhauled the Community Response Group framework to embed a consistent approach across the region that aligns with national guidelines. We also developed 66 community resilience guides. These are community-driven documents that help people understand how to prepare for emergencies, how to support each other and where to find help.

We produced a monthly broadcast/podcast with Otago Access Radio with a broad focus on creating resilience. Speakers have included scientists, emergency services, budget advisors sharing tips on how to create an emergency kit on a budget, and the disability sector.

CDEM Facility

A full-time Emergency Coordination Centre (ECC) is set up and ready to be activated quickly in an emergency. All areas are functional and passed monthly equipment checks throughout the 2022/2023 financial year.

Staff and Training

Emergency Management Otago has a core staffing team and is able to draw on a wider group of trained personnel from the ORC and other councils in the region in an emergency.

While we actively manage an appropriate wider group of trained personnel, we have not been able to retain trained function leads and team members at our target level. This is in part due to staff resignations or role changes at contributing councils – when a trained person leaves, there is naturally a lag before their replacement can be trained. This was compounded by vacancies in the core Emergency Management Otago team and a lack of available external trainers.

We continue to take steps to attain and maintain our targets for trained staff – these include providing more regular training opportunities and documenting ECC responsibilities for relevant staff more clearly. Recruitment for more Emergency Management Otago staff also remains a priority.

Activations and Deployments

No emergencies were declared in Otago in the 2022/2023 financial year. The ECC was activated over three weeks in July 2022 for a series of heavy rain events and again in March 2023 for a heavy rain warning. These activations required monitoring and the sharing of flood information, rather than a full response.

Our staff were deployed to support several national emergencies over the 2022/2023 financial year. Six Emergency Management Otago staff were deployed to Auckland with the flooding in February 2023, and four went to the upper North Island following Cyclone Gabrielle. At the request of the National Emergency Management Agency (NEMA), the Group Manager Emergency Management Otago was deployed to the Far North District for seven days as Local Controller. Two staff were deployed to the West Coast to support lower Westland in August 2022 and again in May 2023.

Sector Reform

At a national level, a significant body of work is underway to reform the emergency management system and review the regulatory framework that emergency management operates within. The Emergency Management Otago team stays up to date on the reform process, leads consultations with partner organisations and works on submissions to the process.

Performance Results





LEVEL OF SERVICE:

Support the Otago CDEM Group in improving the resilience of Otago to civil defence emergencies.

PERFORMANCE MEASURE	TARGET	RESULT
Support is provided to the Otago CDEM Group as per the CDEM Act and Otago CDEM Partnership Agreement.	2022/2023 Fulfil all requirements as the administering authority.	
	2021/2022 Fulfil all requirements as the administering authority.	

LEVEL OF SERVICE:

Provide resources to coordinate an efficient and effective region-wide response to a civil defence emergency.

PERFORMANCE MEASURE	TARGET	RESULT
An adequate Emergency Coordination Centre (ECC) facility and staffing are available.	2022/2023 Adequate staff who are trained and available for any activation of the ECC.	
	An appropriate facility is available for activation at all times.	
	2021/2022 Adequate staff who are trained and available for any activation of the ECC.	
	An appropriate facility is available for activation at all times.	

NOTE: Due to staff turnover, the number of trained staff was below target. Adequate staffing consists of staff who are trained (two staff trained as leads across each of the six functions) and available (a minimum of four staff per function) for any activation of the ECC.

PERFORMANCE MEASURE	TARGET	RESULT
<p>2022/2023 Maintain response functionality to enable operational situational awareness when ECC activated.</p>	<p>2022/2023 Response solutions are checked as scheduled and any issues remedied.</p>	
<p>2021/2022 ECC activated in a timely manner.</p>	<p>2021/2022 ECC activated within 1 hour of Group Controller's decision to activate.</p>	

NOTE: No emergency events which required the ECC to be activated 2022/2023; time frame not able to measured.

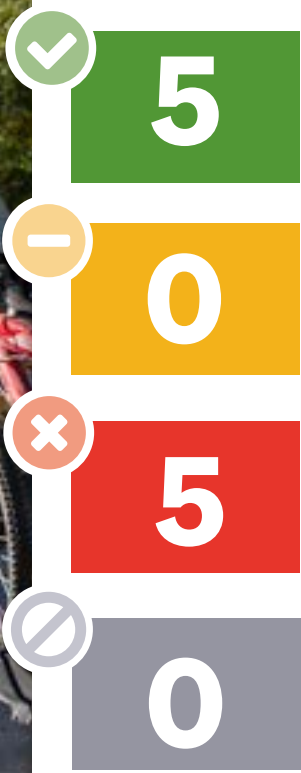


Transport

This group of activities includes the following council activities:

- Governance and Community Engagement
- Regional Planning and Urban Development
- Regulatory

Performance results



Arrowtown

Community Outcomes

Our **Transport** activities contribute to:



Transport Planning and Public Passenger Transport



Otago Regional Council is responsible for public transport in Otago, and through contracted operators, we provide public passenger transport services in Dunedin and Queenstown. We also provide a region wide 'Total Mobility scheme' to assist eligible people who are unable to use public transport. These services sit under a wider umbrella of Regional Land Transport Planning and Regional Passenger Transport Planning that we are responsible for, working with Waka Kotahi, Environment Southland, and Council's in the Otago Region. Under these plans we have a role in facilitating some key transport projects in Otago.

ORC has strategic oversight, in partnership with Waka Kotahi (NZTA), on land transport matters. We coordinate regional land transport activities and produce a Regional Land Transport Plan (RLTP) in partnership with Environment Southland, NZTA and city and district councils. The RLTP outlines future planned transport network improvements and forms the basis of funding applications to the National Land Transport Fund on a three-yearly cycle.

Key work programmes include:

- Regional Land Transport Plan
- Public Transport Dunedin
- Public Transport Queenstown
- Regional Total Mobility Service

Performance and Delivery

Transport activities in the 2022/2023 financial year continued to be dominated by Covid, specifically the post-Covid challenges of industry labour shortages (drivers, diesel mechanics and vehicle certifiers). The Dunedin buses ran to a reduced timetable from July 2022 to February 2023, and Queenstown buses ran on a reduced timetable for 11 months of the financial year (from July 2022 to June 2023).

Due to the labour industry shortages noted above – including the well-publicised nationwide driver shortages – the bus services suffered from unreliability, particularly in the second and third quarters, despite only offering reduced timetables.

The continuation throughout the year of the Government’s half-price fares, the end of lockdowns and the easing of border restrictions saw passengers returning to buses and ferries in greater numbers, despite reduced timetables and periods of unreliability. In the 2022/2023 financial year, just over four million passenger trips were taken across the region. This was the most ever carried on the network, surpassing the previous (pre-Covid high) by 1%. The region-wide return to pre-Covid levels was driven by the Dunedin network, where passenger numbers increased by 18% from 2021/22 and are now 10% higher than in the 2018/19 year.

Passenger numbers for Queenstown are not yet back to the previous high, but are increasing year on year, with a 55% increase from 2021/22. Patronage on the Queenstown ferries was 74% higher than in 2021/22.

Improvements to support customer experience during the year focused on upgrading real-time information for the Orbus website and the Transit App. Real-time information was made available on screens at the Dunedin Hub, and screens at the Frankton Hub were also upgraded to display real-time information.

Positive results from our annual passenger surveys show high levels of satisfaction. Overall passenger satisfaction with Dunedin Public Transport decreased to 86% (from 89% in 2021/22), and decreased for Queenstown Public Transport to 92% (98% in 2021/22). This year, 99% of customers expressed their satisfaction with the Total Mobility scheme, compared with 87% in 2021/22.

In the second year of the Council’s 2021-2031 Regional Land Transport Plan (RLTP), significant progress was made on two business cases looking at the public transport services required to support further patronage and population growth in Dunedin and Queenstown. Using the feedback provided in almost 1800 survey responses, the Dunedin Fares and Frequencies Business Case has assessed some 108 combinations of bus service frequencies and fare structures, which will inform Council’s investment decision in the upcoming Long Term Plan. The Queenstown Public Transport Services Business Case is evaluating the best types of vehicles and routes to use to provide greater public transport options when major infrastructure projects, such as the Frankton BP roundabout, are completed over the next few years.

Performance and Results

LEVEL OF SERVICE:

Advocate for Otago's regional transport planning priorities and aspirations at a national level.

PERFORMANCE MEASURE	TARGET	RESULT
The Regional Land Transport Plan (RLTP) is reviewed and submitted in line with the Land Transport Management Act 2003 and any guidance issued by the New Zealand Transport Agency (NZTA).	2022/2023 RLTP implementation progress is reported annually to Regional Transport Committee.	
	2021/2022 RLTP implementation progress is reported annually to Regional Transport Committee.	

LEVEL OF SERVICE:



Provide efficient, reliable and accessible public transport services that meet community needs.

PERFORMANCE MEASURE	TARGET	RESULT
Annual public transport boardings in Queenstown per capita.	2022/2023 Increase (2021-22: 806,802 total patronage and 52 trips per capita).	 Increase 55%
	2021/2022 Increase (from prior year).	 Decreased 9%



Queenstown bus patronage for 2022/23 is 1,252,982, a 55% increase from 2021/22. Trips per capita in 2022/23 were 79 trips.

PERFORMANCE MEASURE	TARGET	RESULT
Annual public transport boardings in Dunedin per capita.	2022/2023 Increase (2021-22: 2,367,099 total patronage and 23 trips per capita).	 Increase 18%
	2021/2022 Increase (from prior year).	 Decreased 13%

Dunedin bus patronage for 2022/23 is 2,797,300 a 18% increase from 2021/22. Trips per capita in 2022/23 were 27 trips.

PERFORMANCE MEASURE	TARGET	RESULT
Overall passenger satisfaction with Whakatipu public transport system at annual survey.	2022/2023 97%	 92%
	2021/2022 97%	 98%




Satisfaction levels remain positive at 92% but have dropped due to service disruptions caused by the driver shortage and reduced timetables.

PERFORMANCE MEASURE	TARGET	RESULT
Overall passenger satisfaction with Dunedin public transport system at annual survey.	2022/2023 97%	 89%
	2021/2022 93%	 89%



Satisfaction levels remain positive at 86% but have dropped due to service disruptions caused by the national driver shortage and reduced timetables.

LEVEL OF SERVICE:





Provide efficient, reliable and accessible public transport services that meet community needs.

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of scheduled services delivered (reliability).	2022/2023 95%	 96% (DN)
		 86% (QTN)
	2021/2022 95%	 98%

Queenstown scheduled services were delivered 86% reliably. Queenstown services were acutely affected by the national driver shortage. Dunedin scheduled services were delivered 96% reliably.

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of scheduled services on-time (punctuality – to five minutes).	2022/2023 95%	 96%
	2021/2022 95%	 96%

The annual percentage of scheduled service on-time is not available, due to the introduction of a new real time information system. An annual figure will be produced for 2023/24.

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of users who are satisfied with the provision of timetable and services information.	2022/2023 Maintain or increase (from 2022 baseline: 70% (DN), 88% (QTN).	 64% (DN)
	2021/2022 Establish baseline.	 81% (QTN)
		 70% (DN)
		 88% (QTN)

The drop in satisfaction is likely influenced by the national driver shortage, reduced timetables and significant roadworks in Dunedin and Queenstown.

PERFORMANCE MEASURE	TARGET	RESULT
Percentage of users who are satisfied with the overall service of the Total Mobility scheme.	2022/2023 Maintain or increase (from 2022 baseline: 87%).	 99%
	2021/2022 Establish baseline.	 87%

****Reliability** is based on scheduled trips completed in full. A service trip leaving the origin stop >59 seconds early or >9 minutes and 59 seconds late is deemed not to have operated.

*****Punctuality** is based on scheduled service trips leaving origin stop between 59 seconds before and four minutes and 59 seconds after the scheduled departure time.



Public Transport Satisfaction Survey Dunedin

Survey taken 19 – 21 April 2023

Overall satisfaction

86%



The overall level of satisfaction with the Dunedin public transport system has decreased in 2023.

▼ **89% in 2022** ▼ **94% in 2021**

Participants

24% aged 18 - 24 years

24% of participants were aged 18 – 24 years followed by 20% aged 25 – 34 years.



81% non supergold cardholders

81% of participants were not supergold cardholders.



38% travelling to work

38% of participants used the bus to get to work.



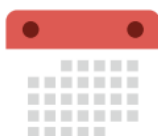
79% would recommend using the bus

79% of participants would likely or very likely recommend public transport to friends or colleagues.



36% 5 or more trips per week

36% of participants use the bus 5 or more trips per week.



Passenger satisfaction

89% Exterior of the bus
▶ 89% in 2022 | **92% in 2021**

92% Interior of the bus
▲ 91% in 2022 | **93% in 2021**

68% The bus is on time
▼ 73% in 2022 | **89% in 2021**

76% How often the service runs
▼ 82% in 2022 | **85% in 2021**

98% Value for money of fare
▲ 97% in 2022 | **94% in 2021**

95% Having enough seats available
▲ 93% in 2022 | **98% in 2021**

94% Ease of getting on and off the bus
▼ 95% in 2022 | **95% in 2021**

90% Comfort of the inside temperature
▼ 94% in 2022 | **92% in 2021**

95% Helpfulness and attitude of driver
▲ 91% in 2022 | **92% in 2021**

95% Personal security during trip
▼ 96% in 2022 | **95% in 2021**

98% Satisfaction of current trip
▲ 96% in 2022 | **98% in 2021**

64% Information about services and delays
▼ 70% in 2022 | **81% in 2021**

94% Travel time
▲ 90% in 2022 | **92% in 2021**

97% Convenience of paying
▲ 95% in 2022 | **95% in 2021**

84% Ease of getting route information
▼ 86% in 2022 | **90% in 2021**

Public Transport Satisfaction Survey Whakatipu

Survey taken 8 – 10 May 2023

Overall satisfaction

92%



The overall level of satisfaction with the Whakatipu public transport system has decreased in 2023.

▼ **98% in 2022** ▼ **96% in 2021**

Participants

40% aged 25 – 34 years

40% of participants were aged 25 – 34 followed by 21% aged 35 – 44 years.



98% non supergold cardholders

98% of participants were not supergold cardholders.



50% travelling to work

50% of participants used the bus to get to work.



85% would recommend using the bus

85% of participants would likely or very likely recommend public transport to friends or colleagues.



30% 2 or more trips per day

30% of participants use the bus 2 or more trips per day.



Passenger satisfaction

94% Exterior of the bus
▼ **96% in 2022** | **88% in 2021**

90% Interior of the bus
▼ **92% in 2022** | **96% in 2021**

79% The bus is on time
▼ **80% in 2022** | **86% in 2021**

70% How often the service runs
▼ **74% in 2022** | **72% in 2021**

94% Value for money of fare
▼ **98% in 2022** | **89% in 2021**

96% Having enough seats available
▼ **98% in 2022** | **95% in 2021**

98% Ease of getting on and off the bus
▶ **98% in 2022** | **96% in 2021**

96% Comfort of the inside temperature
▼ **98% in 2022** | **95% in 2021**

92% Helpfulness and attitude of driver
▼ **93% in 2022** | **94% in 2021**

96% Personal security during trip
▶ **96% in 2022** | **99% in 2021**

98% Satisfaction of current trip
▶ **98% in 2022** | **96% in 2021**

81% Information about services and delays
▼ **87% in 2022** | **70% in 2021**

94% Travel time
▲ **92% in 2022** | **93% in 2021**

94% Convenience of paying
▼ **96% in 2022** | **86% in 2021**

90% Ease of getting route information
▼ **96% in 2022** | **88% in 2021**

Financial Statements



Funding Impact Statements for Otago Regional Council

Council Funding Impact Statement for the year ended 30 June 2023

\$000s	Annual Plan 2021/22	Actual 2021/22	Annual Plan 2022/23	Actual 2022/23
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties	19,577	20,386	23,127	24,253
Targeted rates	20,462	20,555	24,101	24,168
Subsidies and grants for operating purposes	18,856	21,691	22,102	26,187
Fees and charges	6,158	4,150	6,861	4,286
Interest and dividends from investments	13,750	13,813	14,750	19,477
Local authorities fuel tax, fines, infringement fees and other receipts	11,231	6,234	9,128	7,255
Total Sources of Operating Funding (A)	90,034	86,829	100,069	105,626
Applications of Operating Funding				
Payments to staff and suppliers	88,217	85,886	98,547	101,304
Finance costs	350	224	350	5,203
Other operating funding applications	465	-	424	46
Total Applications of Operating Funding (B)	89,032	86,110	99,322	106,553
Surplus (deficit) of operating funding (A - B)	1,002	719	748	(927)
Sources of Capital Funding				
Subsidies and grants for capital expenditure	-	-	-	-
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	-	15,000	-	10,000
Gross proceeds from sale of assets	410	255	420	874
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total Sources of Capital Funding (C)	410	15,255	420	10,874
Applications of Capital Funding				
To meet additional demand	-	-	-	-
To improve level of service	1,995	3,543	2,813	2,581
To replace existing assets	6,050	1,011	10,295	1,516
Increase / (Decrease) in reserves	(6,633)	11,420	(11,940)	5,850
Increase / (Decrease) in investments	-	-	-	-
Total Applications of Capital Funding (D)	1,412	15,974	1,168	9,947
Surplus / (Deficit) of Capital Funding (C - D)	(1,002)	(719)	(748)	927
Funding Balance ((A - B) + (C - D))	-	-	-	-

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.

Reconciliation of Council Funding Impact Statement to Statement of Comprehensive Revenue and Expense for the year ended 30 June 2023

\$000s	Annual Plan 2021/22	Actual 2021/22	Annual Plan 2022/23	Actual 2022/23
Surplus/(deficit) of operating funding in Funding Impact Statement	1,002	719	748	(927)
Add/(deduct)				
Increase/(Decrease) in the fair value of investment property	-	305	-	(4)
Increase/(Decrease) in the fair value of investment portfolio	-	(2,412)	-	1,129
Gain/(Loss) on disposal of assets	740	196	-	381
Depreciation and amortisation	(3,574)	(3,949)	(4,356)	(4,140)
Impairment (loss)/reversal on property plant and equipment	-	(42)	-	-
Write-off of property plant and equipment work in progress	-	-	-	-
Other	399	(106)	1,422	(75)
Surplus/(deficit) before taxation in Statement of Comprehensive Revenue and Expense	(1,433)	(5,289)	(2,186)	(3,637)

Schedule of Capital Expenditure

\$000s	Annual Plan 2021/22	Actual 2021/22	Annual Plan 2022/23	Actual 2022/23
REGIONAL LEADERSHIP				
Compliance	30	1	-	21
Harbour management	20	2	120	121
Public Awareness	-	-	100	2
ENVIRONMENTAL				
Water Monitoring	1,295	629	1,563	899
Pest Management	-	-	-	6
Biodiversity	90	48	90	16
Air monitoring	45	150	90	78
SAFETY AND RESILIENCE				
Climate change	-	163	-	6
Emergency management	-	20	-	32
Hazards	470	-	-	-
Flood protection / drainage - Alexandra	-	-	20	-
Flood protection / drainage - East Taieri	380	-	180	22
Flood protection / drainage - Leith	-	-	250	-
Flood protection / drainage - Lower Clutha	1,000	607	680	181
Flood protection / drainage - Lower Taieri	1,865	996	950	1,449
Flood protection / drainage - Tokomairiro	30	-	20	-
Flood protection / drainage - West Taieri	350	34	1,130	35
River Management - Central Otago	-	-	-	-
River Management - Clutha	-	-	-	-
River Management - Dunedin	-	-	-	-
River Management - Lower Waitaki Scheme	-	-	-	-
River Management - Waitaki	-	-	-	-
River Management - Wakatipu	-	2	-	-
River Management - Wanaka	-	-	-	-
TRANSPORT				
Transport	-	3	-	-
CORPORATE				
Property	100	261	5,220	233
Motor Vehicles	675	972	675	667
Computers and software	1,625	625	1,950	265
Plant	20	41	20	64
Sundry	50	-	50	-
TOTAL	8,045	4,554	13,108	4,097

Funding Impact Statement:

Regional Leadership

Funding Impact Statement for the year ended 30 June 2023

\$000s	Long Term Plan 2021/22	Actual 2021/22	Long Term Plan 2022/23	Actual 2022/23
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties	15,706	16,125	16,340	17,002
Targeted rates (other than a targeted rate for water supply)	188	191	200	200
Subsidies and grants for operating purposes	75	43	75	65
Fees, charges and targeted rates for water supply	5,300	4,156	5,805	4,166
Internal charges and overheads recovered	-	40	-	75
Local authorities fuel tax, fines, infringement fees and other receipts	260	167	266	219
Total Sources of Operating Funding (A)	21,529	20,722	22,686	21,729
Applications of Operating Funding				
Payments to staff and suppliers	15,230	14,428	15,982	15,897
Finance costs	-	-	-	-
Internal charges and overheads applied	6,352	7,874	6,950	8,093
Other operating funding applications	8	-	8	880
Total Applications of Operating Funding (B)	21,590	22,302	22,940	24,869
Surplus (deficit) of operating funding (A - B)	(61)	(1,580)	(254)	(3,141)
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)	-	-	-	-
Applications of Capital Funding				
To meet additional demand	-	-	-	-
To improve level of service	30	3	-	144
To replace existing assets	20	-	51	-
Increase / (Decrease) in reserves	(111)	(1,583)	(305)	(3,285)
Increase / (Decrease) in investments	-	-	-	-
Total Applications of Capital Funding (D)	(61)	(1,580)	(254)	(3,141)
Surplus / (Deficit) of Capital Funding (C - D)	61	1,580	254	3,141
Funding Balance ((A - B) + (C - D))	-	-	-	-

Funding Impact Statement:

Environment

Funding Impact Statement for the year ended 30 June 2023

\$000s	Long Term Plan 2021/22	Actual 2021/22	Long Term Plan 2022/23	Actual 2022/23
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties	13,938	14,309	17,079	17,374
Targeted rates (other than a targeted rate for water supply)	3,373	3,386	5,171	4,818
Subsidies and grants for operating purposes	3,877	6,160	2,536	5,442
Fees, charges and targeted rates for water supply	200	(29)	205	(0)
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	964	134	364	193
Total Sources of Operating Funding (A)	22,352	23,960	25,355	27,825
Applications of Operating Funding				
Payments to staff and suppliers	19,472	19,052	20,514	21,776
Finance costs	-	-	-	0
Internal charges and overheads applied	4,412	5,242	5,496	6,635
Other operating funding applications	-	-	-	643
Total Applications of Operating Funding (B)	23,884	24,294	26,010	29,054
Surplus (deficit) of operating funding (A - B)	(1,532)	(334)	(655)	(1,229)
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)	-	-	-	-
Applications of Capital Funding				
To meet additional demand	-	-	-	-
To improve level of service	1,090	521	1,293	747
To replace existing assets	340	306	486	252
Increase / (Decrease) in reserves	(2,962)	(1,160)	(2,434)	(2,228)
Increase / (Decrease) in investments	-	-	-	-
Total Applications of Capital Funding (D)	(1,532)	(334)	(655)	(1,229)
Surplus / (Deficit) of Capital Funding (C - D)	1,532	334	655	1,229
Funding Balance ((A - B) + (C - D))	-	-	-	-

Funding Impact Statement:

Safety and Resilience

Funding Impact Statement for the year ended 30 June 2023

\$000s	Long Term Plan 2021/22	Actual 2021/22	Long Term Plan 2022/23	Actual 2022/23
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties	3,116	3,199	3,859	4,055
Targeted rates (other than a targeted rate for water supply)	9,611	9,668	10,002	10,315
Subsidies and grants for operating purposes	1,700	1,230	1,558	1,125
Fees, charges and targeted rates for water supply	408	30	462	120
Internal charges and overheads recovered	-	524	-	941
Local authorities fuel tax, fines, infringement fees and other receipts	245	349	251	963
Total Sources of Operating Funding (A)	15,080	15,000	16,132	17,518
Applications of Operating Funding				
Payments to staff and suppliers	9,338	8,558	10,638	9,047
Finance costs	-	-	-	-
Internal charges and overheads applied	2,565	3,633	2,717	4,369
Other operating funding applications	-	-	-	335
Total Applications of Operating Funding (B)	11,903	12,191	13,355	13,751
Surplus (deficit) of operating funding (A - B)	3,177	2,809	2,777	3,767
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)	-	-	-	-
Applications of Capital Funding				
To meet additional demand	-	-	-	-
To improve level of service	100	1,345	102	892
To replace existing assets	3,995	478	3,855	833
Increase / (Decrease) in reserves	(918)	986	(1,180)	2,042
Increase / (Decrease) in investments	-	-	-	-
Total Applications of Capital Funding (D)	3,177	2,809	2,777	3,767
Surplus / (Deficit) of Capital Funding (C - D)	(3,177)	(2,809)	(2,777)	(3,767)
Funding Balance ((A - B) + (C - D))	-	-	-	-

Funding Impact Statement:

Transport

Funding Impact Statement for the year ended 30 June 2023

\$000s	Long Term Plan 2021/22	Actual 2021/22	Long Term Plan 2022/23	Actual 2022/23
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties	745	765	763	785
Targeted rates (other than a targeted rate for water supply)	7,290	7,309	8,756	8,766
Subsidies and grants for operating purposes	13,203	14,239	14,340	18,973
Fees, charges and targeted rates for water supply	250	-	256	-
Internal charges and overheads recovered	-	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	8,517	4,522	9,293	4,542
Total Sources of Operating Funding (A)	30,005	26,835	33,408	33,066
Applications of Operating Funding				
Payments to staff and suppliers	31,572	27,988	34,417	34,515
Finance costs	-	-	-	-
Internal charges and overheads applied	727	710	843	883
Other operating funding applications	-	-	-	72
Total Applications of Operating Funding (B)	32,299	28,699	35,260	35,470
Surplus (deficit) of operating funding (A - B)	(2,294)	(1,863)	(1,852)	(2,404)
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)	-	-	-	-
Applications of Capital Funding				
To meet additional demand	-	-	-	-
To improve level of service	-	-	-	-
To replace existing assets	-	3	-	-
Increase / (Decrease) in reserves	(2,294)	(1,866)	(1,852)	(2,404)
Increase / (Decrease) in investments	-	-	-	-
Total Applications of Capital Funding (D)	(2,294)	(1,863)	(1,852)	(2,404)
Surplus / (Deficit) of Capital Funding (C - D)	2,294	1,863	1,852	2,404
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; that is left in the case 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 2023 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 \$19.963 million comprises an operating deficit for the year of \$3.637 million and a revaluation gain of \$23.6 million. The deficit of \$3.637 million is \$1.450 million greater than the budgeted deficit of \$2.187 million.

The following major items contributed to this variance:

- Grants revenue and subsidies is \$4.085 million greater than budgeted revenue of \$22.102 million. The main factor causing this variance is the additional grant from Waka Kotahi NZTA of \$3.092 million to fund the 50% fare revenue discount scheme. This increase in grant funding has not resulted in an increase in overall revenue as the revenue was originally budgeted to be received as bus fare revenue which is classed as other revenue.
- Other revenue is \$3.412 million below budgeted revenue due to the following major factors:
 - Public transport revenue was \$1.839 million below budgeted revenue for Dunedin and Whakatipu. This decrease in fare revenue was caused by the continuation of the \$2 fares, the funding of 50% of the fare revenue in grant funding from Waka Kotahi NZTA and the Queenstown ferry being budgeted to be an operational route in the 2022/2023 financial year with Council receiving gross fare revenue. The ferry is still in trial phase with revenue being received under the contract by the operator and Council providing a net cost subsidy.
 - Consent processing is \$0.905 million below the \$3.887 million budgeted revenue.
 - Compliance monitoring and contaminated sites was \$0.613 million below budgeted revenue of \$1.780 million.
- Interest and investment revenue is \$4.258 million greater than budget due to the budget showing a net position of the Port Otago Limited loan interest. Port Otago Limited loan interest is required to be shown as interest income and expense for Council in the Statement of Comprehensive Revenue and Expense. This has resulted in a \$4.621 million increase to both interest and investment income and finance costs.
- Employee benefits expense is \$4.2985 million above budget due to vacancies in budgeted positions.
- Other expenses is \$6.963 million below budget due to the following:
 - \$3.765 million increased expenditure on external resources due to staff vacancies and specialist work required on the Regional Planning Statement (RPS) project.
 - Additional expenditure of \$0.673 million spent on biosecurity wilding pine removal due to increased grant funding from central government.
 - \$1.800 million increased expenditure on bus contractors due to increases in bus driver wages.
 - \$0.606 million increased legal expenses due to increased compliance court cases and RPS legal advice.

Revaluation gain

The revaluation gain of \$23.600 million reflects the gain on the revaluation of the Council's shareholding in the Port Otago Limited Group at 30 June 2023 and is less than the gain of \$24.531 million provided for in the budget by \$0.931 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 \$1,024.154 million exceeds budgeted assets of \$833.597 million by \$190.557 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 \$40.092 million and are \$1.247 million above the budget amount of \$38.845 million.
- Assets held for sale has increased from a nil budgeted balance \$3.350 million. This balance is the book value of Birch/Kitchener Street and has been reclassified as assets held of sale from property plant and equipment due to this property being intended to be sold in the next 12 months at year end.
- Shares in subsidiary: The valuation of the Council shareholding in Port Otago Limited at 30 June 2023 of \$723.890 million, exceeded the budgeted amount of \$657.795 million by \$66.095 million.
- Property plant and equipment is \$93.994 million and is \$12.071 million below budget amount of \$106.065 million. Property plant and equipment is below budget due to delays in flood protection capital projects from budget and delays in the supply or ordered plant. \$3.350 million property plant and equipment was transferred to assets held for sale at 30 June 2023.
- Intangible assets is \$0.820 million and is \$3.162 million below the budgeted amount of \$3.982 million. This variance is caused by the re classification as expenditure of some software projects no longer meeting the definition of an intangible asset.
- In 2022 financial year Council borrowed funds from the New Zealand Local Government Funding Agency (NZLGFA). In the current financial year Council has lent \$25.228 million to fund deficit reserves and \$125.088 million to provide loan facilities for Port Otago Limited. Borrowings are held as current borrowing of \$58.878 million and non current borrowing of \$91.438 million in the Datement of Financial Position. Borrowing with the NZLGFA was budgeted to be \$25 million for Council only.
- The loan facilities lent to Port Otago Limited of \$125.088 million are classified as non current related party receivable due to the Council and Port Otago limited loan agreement allowing settlement after giving 24 months notice. It is intended that the borrowing with Port Otago Limited will continue as roll over financing.
- All other assets and liabilities are inline with budget.

Equity

Public Equity and reserves at \$848.528 million exceed the budgeted amount of \$787.640 million by \$60.880 million. The major factor in the variance is the Port Share Revaluation Reserve, which records the accumulated revaluation gains on the annual revaluation of the Council's shareholding in Port Otago Limited.

The budged balance of the reserve at 30 June 2023 was \$666.120 million, whereas the actual balance is \$747.994 million.

Statement of Comprehensive Revenue and Expense for the year ended 30 June 2023

\$000s	Notes	Council 2023	Council Budget	Council 2022	Group 2023	Group 2022
REVENUE FROM NON-EXCHANGE TRANSACTIONS						
Rates revenue	1	47,342	47,228	40,211	47,222	40,106
Grant revenue and subsidies		26,187	22,102	21,691	26,187	21,691
Other revenue	1	8,234	10,949	6,673	8,109	6,673
REVENUE FROM EXCHANGE TRANSACTIONS						
Dividends	16	14,469	14,000	13,469	469	469
Interest and investment revenue		5,008	750	344	386	209
Other revenue	1	4,343	5,040	4,441	115,475	92,397
TOTAL REVENUE		105,583	100,069	86,829	197,848	161,545
EXPENDITURE						
Employee benefits expense	2	(28,397)	(32,692)	(25,692)	(65,926)	(56,845)
Depreciation and amortisation expense	3	(4,140)	(4,356)	(3,949)	(16,306)	(15,924)
Finance costs	22	(5,203)	(250)	(224)	(4,399)	(3,012)
Other expenses	4	(72,986)	(66,022)	(60,299)	(101,242)	(82,903)
TOTAL OPERATING EXPENDITURE		(110,726)	(103,320)	(90,164)	(187,873)	(158,684)
Other gains / (losses)	5	1,506	1,064	(1,953)	1,998	59,115
SURPLUS / (DEFICIT) BEFORE TAX		(3,637)	(2,187)	(5,289)	11,973	61,976
Income tax benefit / (expense)	6	-	-	100	(6,280)	(9,757)
SURPLUS / (DEFICIT) FOR THE YEAR		(3,637)	(2,187)	(5,189)	5,693	52,219
OTHER COMPREHENSIVE REVENUE AND EXPENSES						
Items that may be reclassified to surplus / (deficit):						
Fair value through Other Comprehensive Revenue and Expense financial assets:						
Fair value gain/(loss) on shares in subsidiary	16	23,600	24,531	87,960	-	-
Cashflow hedges:						
Unrealised movement in hedging interest rate swaps		-	-	-	165	2,385
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE		23,600	24,531	87,960	165	2,385
TOTAL COMPREHENSIVE REVENUE AND EXPENSE		19,963	22,344	82,771	5,858	54,604

The accompanying notes form part of these financial statements.

Statement of Financial Position as at 30 June 2023

\$000s	Notes	Council 2023	Council Budget	Council 2022	Group 2023	Group 2022
CURRENT ASSETS						
Cash and cash equivalents	7	14,830	2,049	13,243	14,885	13,323
Trade and other receivables	8	18,192	9,304	11,140	36,279	22,690
Investment property inventories	13	-	-	-	15,507	16,428
Other financial assets	15	25,262	36,796	23,434	25,262	23,434
Property held for sale	17	3,350	-	-	3,350	2,060
Other financial instruments	23	-	-	-	2,149	1,128
Other current assets		1,433	698	883	4,495	3,593
TOTAL CURRENT ASSETS		63,067	48,847	48,700	101,927	82,656
NON-CURRENT ASSETS						
Shares in subsidiary	16	723,890	657,795	700,290	-	-
Property, plant and equipment	11	93,994	106,065	97,032	332,480	321,706
Intangible assets	14	820	3,982	1,450	5,025	5,698
Non current related party receivable	16	125,088	-	99,960	-	-
Investment property	12	16,795	16,810	16,795	621,709	588,980
Other financial instruments	23	-	-	-	2,430	3,153
Borrower notes	21	500	-	-	2,588	1,210
Deferred Tax Asset	33	-	98	98	-	-
TOTAL NON-CURRENT ASSETS		961,087	784,750	915,625	964,232	920,747
TOTAL ASSETS		1,024,154	833,597	964,325	1,066,159	1,003,403
CURRENT LIABILITIES						
Trade and other payables	9	22,594	18,614	18,196	37,735	27,017
Borrowings	21	58,878	-	67,956	64,418	76,206
Employee entitlements	10	2,716	2,343	2,408	8,795	7,145
Other financial instruments	23	-	-	-	23	-
Tax payable		-	-	-	4,715	848
TOTAL CURRENT LIABILITIES		84,188	20,957	88,560	115,686	111,216
NON-CURRENT LIABILITIES						
Employee entitlements	10	-	-	-	861	903
Borrowings	21	91,438	-	47,200	101,438	47,200
Deferred tax liabilities	33	-	-	-	19,473	21,357
Other financial instruments	23	-	25,000	-	115	-
TOTAL NON-CURRENT LIABILITIES		91,438	25,000	47,200	121,887	69,460
TOTAL LIABILITIES		175,626	45,957	135,760	237,573	180,676
NET ASSETS		848,528	787,640	828,565	828,586	822,727
EQUITY						
Reserves	18	747,994	666,120	723,546	450,367	449,811
Public equity	19	100,534	121,520	105,019	378,219	372,916
TOTAL EQUITY		848,528	787,640	828,565	828,586	822,727

Statement of Changes in Net Assets/Equity for the year ended 30 June 2023

TOTAL COUNCIL 2023						
\$000s	Opening Balance 1 July 2022	Other Comp. Revenue and Expense	Transfers In	Transfers Out	Closing Balance 30 June 2023	Council Budget
EQUITY						
General Rate Equity	61,221	(3,637)	64,303	(62,616)	59,270	78,607
Targeted Rate Equity	43,798	-	58,735	(61,269)	41,264	42,913
TOTAL PUBLIC EQUITY	105,019	(3,637)	123,038	(123,885)	100,534	121,520
RESERVES						
Asset Replacement Reserve	2,540	-	2,656	(2,297)	2,899	754
Asset Revaluation Reserve	14,734	-	(4)	-	14,730	14,749
Port Share Revaluation Reserve	680,290	23,600	-	-	703,890	637,796
Building Reserve	13,840	-	355	(113)	14,082	1,938
Emergency Response Reserve	4,563	-	117	-	4,680	4,611
Water Management Reserve	684	-	16	(228)	472	5
Kuriwao Endowment Reserve	6,857	-	689	(318)	7,228	6,258
Environmental Enhancement Reserve	38	-	302	(327)	13	9
TOTAL RESERVES	723,546	23,600	4,131	(3,283)	747,994	666,120
TOTAL EQUITY AND RESERVES	828,565	19,963	127,169	(127,168)	848,528	787,640
TOTAL GROUP 2023						
\$000s	Opening Balance 1 July 2022	Other Comp. Revenue and Expense	Transfers In	Transfers Out	Closing Balance 30 June 2023	
EQUITY						
General Rate Equity	329,118	5,693	64,303	(62,159)	336,955	
Targeted Rate Equity	43,798	-	58,735	(61,269)	41,264	
TOTAL PUBLIC EQUITY	372,916	5,693	123,038	(123,428)	378,219	
RESERVES						
Asset Replacement Reserve	2,540	-	2,656	(2,297)	2,899	
Asset Revaluation Reserve	419,340	-	(462)	-	418,878	
Building Reserve	13,840	-	355	(113)	14,082	
Emergency Response Reserve	4,563	-	117	-	4,680	
Hedging Reserve	1,950	165	-	-	2,115	
Water Management Reserve	684	-	16	(228)	472	
Kuriwao Endowment Reserve	6,857	-	689	(318)	7,228	
Environmental Enhancement Reserve	38	-	302	(327)	13	
TOTAL RESERVES	449,811	165	3,673	(3,283)	450,367	
TOTAL EQUITY AND RESERVES	822,727	5,858	126,711	(126,711)	828,586	

The accompanying notes form part of these financial statements.

Statement of Changes in Net Assets/Equity for the year ended 30 June 2022

\$000s	TOTAL COUNCIL 2022					
	Opening Balance 1 July 2021	Other Comp. Revenue and Expense	Transfers In	Transfers Out	Closing Balance 30 June 2022	Council Budget
EQUITY						
General Rate Equity	63,761	(5,189)	56,963	(54,314)	61,221	77,676
Targeted Rate Equity	46,411	-	50,704	(53,317)	43,798	44,509
TOTAL PUBLIC EQUITY	110,172	(5,189)	107,667	(107,631)	105,019	122,185
RESERVES						
Asset Replacement Reserve	2,937	-	2,514	(2,911)	2,540	2,316
Asset Revaluation Reserve	14,429	-	305	-	14,734	13,458
Port Share Revaluation Reserve	592,330	87,960	-	-	680,290	544,299
Building Reserve	13,573	-	267	-	13,840	7,235
Emergency Response Reserve	4,476	-	87	-	4,563	4,059
Water Management Reserve	905	-	18	(239)	684	-
Kuriwao Endowment Reserve	6,962	-	197	(303)	6,856	6,003
Environmental Enhancement Reserve	9	-	472	(443)	38	(40)
TOTAL RESERVES	635,622	87,960	3,860	(3,896)	723,546	577,330
TOTAL EQUITY AND RESERVES	745,794	82,771	111,527	(111,527)	828,565	699,515

\$000s	TOTAL GROUP 2022				
	Opening Balance 1 July 2021	Other Comp. Revenue and Expense	Transfers In	Transfers Out	Closing Balance 30 June 2022
EQUITY					
General Rate Equity	334,015	52,219	56,963	(114,079)	329,118
Targeted Rate Equity	46,411	-	50,704	(53,317)	43,798
TOTAL PUBLIC EQUITY	380,426	52,219	107,667	(167,396)	372,916
RESERVES					
Asset Replacement Reserve	2,937	-	2,514	(2,911)	2,540
Asset Revaluation Reserve	359,270	-	60,070	-	419,340
Building Reserve	13,573	-	267	-	13,840
Emergency Response Reserve	4,476	-	87	-	4,563
Hedging Reserve	(438)	2,387	-	-	1,949
Water Management Reserve	906	-	18	(239)	684
Kuriwao Endowment Reserve	6,962	-	197	(303)	6,856
Environmental Enhancement Reserve	9	-	472	(443)	38
TOTAL RESERVES	387,695	2,387	63,625	(3,896)	449,811
TOTAL EQUITY AND RESERVES	768,121	54,606	171,292	(171,292)	822,727

The accompanying notes form part of these financial statements.

Cash Flow Statement for the year ended 30 June 2023

\$000s	Notes	Council 2023	Council Budget	Council 2022	Group 2023	Group 2022
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from exchange transactions						
Receipts from customers		43,608	47,228	38,086	111,173	91,242
Grant income and subsidies		26,187	22,102	21,691	26,187	21,691
Other receipts		8,234	15,997	6,673	8,234	6,673
Receipts from non-exchange transactions						
Interest and investment income		4,643	750	153	4,643	153
Rental income		1,147	-	1,145	35,009	32,519
Subvention payment		100	-	100	-	-
Dividends		14,000	14,000	13,000	-	-
Other receipts		3,219	-	2,613	3,219	2,613
Payments to suppliers and employees		(99,377)	(98,714)	(85,085)	(154,936)	(132,766)
Payments to suppliers and employees		-	-	-	-	(283)
Interest and other costs of finance paid		(5,203)	(250)	(224)	(8,815)	(3,135)
Income tax received / (paid)		-	-	-	(4,361)	(3,878)
Donations		(350)	-	(350)	(350)	(350)
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		(3,792)	1,113	(2,198)	20,003	14,479
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest capitalised		-	-	-	(1,041)	(159)
Proceeds from the sale of Property, Plant and Equipment		1	420	255	5,714	569
Proceeds from the sale of intangibles		190	-	-	190	-
Sale of investment property		-	-	-	2,596	214
Purchase of improvements to investment property		(5)	-	-	(31,915)	(29,912)
Purchase of Property, Plant and Equipment		(4,284)	(11,258)	(4,315)	(35,002)	(19,792)
Purchase of intangible assets		(55)	(1,850)	(75)	(55)	(86)
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		(4,153)	(12,688)	(4,135)	(59,513)	(49,166)
CASH FLOWS FROM FINANCING ACTIVITIES						
Proceeds from borrowings		35,160	-	115,156	213,262	223,411
Lending to Port Otago Ltd		(25,628)	-	(99,960)	-	-
Repayment of borrowings		-	-	-	(172,190)	(180,305)
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		9,532	-	15,196	41,072	43,106
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		1,587	(11,575)	8,863	1,562	8,419
CASH AND CASH EQUIVALENTS AS AT 1 JULY 2022		13,243	13,624	4,380	13,323	4,621
CASH AND CASH EQUIVALENTS AS AT 30 JUNE 2023		14,830	2,049	13,243	14,885	13,040

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.

Reconciliation of Surplus to Net Cash Flows from Operating Activities

\$000s	Notes	Council 2023	Council 2022	Group 2023	Group 2022
SURPLUS / (DEFICIT) FOR THE YEAR		(3,637)	(5,189)	5,693	52,219
ADD / (LESS) NON-CASH ITEMS					
Depreciation and amortisation		4,140	3,949	16,307	15,924
(Gain) / loss on sale of property, plant and equipment		(381)	(196)	(1,378)	(296)
Write off of intangible assets		-	-	-	-
Provision for doubtful debts		50	(12)	50	(12)
Bad debts written off		(51)	-	(51)	-
(Gain) / loss on revaluation of investment property		4	(305)	462	(60,070)
Net change in fair value of derivative financial instruments		-	-	47	-
Net change in fair value of financial instruments		(1,129)	2,412	(1,129)	(1,203)
Share of surpluses retained by joint ventures		-	-	-	2,412
Unrealised foreign currency (gains) losses		-	-	23	-
Movement in non-current employee entitlements		-	-	(42)	-
Deferred tax		-	-	(1,948)	53
Impairment of property, plant and equipment		-	42	-	4,026
Write-off of property, plant and equipment work in progress		(25)	-	(25)	42
		(1,029)	701	18,009	13,095
Movement in working capital					
Trade and other receivables		(7,054)	(2,822)	(10,199)	3,559
Inventories		-	-	(921)	(5,067)
Other current assets		(552)	(185)	902	(1,362)
Trade and other payables		4,399	1,165	7,279	3,037
Provisions		-	(783)	-	(783)
Employee entitlements		308	265	1,650	830
Tax payable		-	-	3,867	848
Movement in working capital items classified as investment activities		137	(539)	(584)	605
		(2,762)	(2,899)	1,994	1,667
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES		(3,791)	(2,198)	20,003	14,762

Notes to the Financial Statements



Basis of Reporting

This section contains the significant accounting policies of the Otago Regional Council that relate to the financial statements as a whole. Significant accounting policies relating to specific account balances are also included in the related note disclosures.

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 16. 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 2023 and were authorised for issue by Council on 25 October 2023.

Statement of Compliance

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 (Financial reporting and Prudence) Regulations 2014 (LG(FRP)R), 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 a going concern basis.

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.

PBE IPSAS 41 Financial Instruments

The external Reporting Board (XRB) issues PBE IPSAS 41 Financial Instruments, which supersedes both PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments Recognition and Measurement.

The main changes between PBE IPSAS 29 and PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected credit losses, which may result in earlier recognition of impairment losses.
- Revised hedger account requirement to better reflect the management of risks.

PBE IPSAS 41 amended the financial instruments disclosure, the table below outlines the change in classification.

Financial Assets	Classification PBE IPSAS 29	Classification PBE IPSAS 41
Cash and cash equivalents	Loans and Receivables	Amortised cost
Trade and other receivables	Loans and Receivables	Amortised cost
Related party receivable	Loans and Receivables	Amortised cost
Borrower notes	Loans and Receivables	Amortised cost
Other Financial Instruments	FVTSD	FVTSD
Other financial assets	FVTSD	FVTSD
Other current assets	Loans and Receivables	Amortised cost
Shares in subsidiary	FVTOCRE	FVTOCRE

FVTOCRE = Fair value through Other Comprehensive Revenue and Expense

FVTSD = Fair value through Surplus or Deficit

There has been no measurement adjustment on transition to PBE IPSAS 41.

Standards and interpretations issued and not yet adopted

PBE Standard and interpretations that have recently been issues or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2023 are outlined below:

- Amendments to PBE IPSAS 1 – Disclosure of Fee for Audit Firms’ Services; effective for periods commencing 30 June 2024

Council expects to adopt the above standard in the period in which it becomes mandatory. Council anticipates that the above standard is 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 16 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 12
- Estimate of Fair Value of Shares in Subsidiary – refer to Note 16
- Property, Plant and Equipment – refer to Note 11
- Classification of Property – refer to Note 11

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 Council 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 12
- Property, plant and equipment refer to Note 11



Notes to the Financial Statements:

Results for the Year

Albert Town Lagoon

This section focuses on the financial performance of the Otago Regional Council and Group during the year. It outlines significant accounting policies adopted in the recognition of revenue and expenditure and provides detail about rates and other revenue, as well as significant expenditure such as employee benefits, goods and services purchased, depreciation, amortisation, and other costs.

The notes in this section are as follows:

- 1. Revenue**
- 2. Employee Benefits Expense**
- 3. Schedule of Depreciation and Amortisation**
- 4. Other Expenses**
- 5. Other Gains / (Losses)**
- 6. Income Taxes**

1. Revenue

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	
TYPE	RECOGNITION AND MEASUREMENT
Rates revenue	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	Grants and subsidies are recognised upon entitlement, as conditions pertaining to expenditure have been fulfilled.
Other fee income	Other fee income from non-exchange transactions is recognised when the supplies and services have been rendered.
Revenue from exchange Transactions	
TYPE	RECOGNITION AND MEASUREMENT
Dividend income	Dividend income is recognised on the date of the dividend declaration.
Interest revenue	Interest revenue is recognised on a time proportionate basis using the effective interest method
Revenue from port services	Revenue from port services is recognised in the accounting period in which the actual service is provided.
Revenue from the rendering of services	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	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	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.

Other Revenue

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Revenue from exchange transactions				
Port Revenue	-	-	77,350	56,582
Consents and regulatory fees	3,196	3,296	3,158	3,296
Investment property rental income	804	810	34,624	32,184
Other property rental income	343	335	343	335
	4,343	4,441	115,475	92,397
Revenue from non-exchange transactions				
Consents and regulatory fees	1,241	962	1,241	962
Other activity fees and charges	6,993	5,711	6,868	5,711
	8,234	6,673	8,109	6,673

Rates Revenue

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Rate revenue:				
General rates	23,174	19,656	23,143	19,627
Targeted rates	24,168	20,555	24,079	20,479
	47,342	40,211	47,222	40,106

2. Employee Benefits Expense

Employee entitlements for salaries and wages, annual leave, long service leave and other similar benefits are recognised as expenditure and liabilities when they accrue to employees.

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Employee benefits expense:				
Salaries and wages	27,168	24,187	64,697	55,340
Defined Contribution Plans	1,182	1,077	1,182	1,077
Termination payments	47	428	47	428
	28,397	25,692	65,926	56,845

3. Schedule of Depreciation and Amortisation

Depreciation is provided on all property, plant and equipment except for land, endowment land, capital work in progress, floodbanks, protection works, drains and culverts. Depreciation is calculated to write down the cost or revalued amount of the assets on a straight-line basis over their useful economic lives.

Amortisation is provided on intangible assets, except rights to acquire, and is calculated to write down the cost of the assets on a straight-line basis over their useful economic lives.

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Depreciation and Amortisation				
Depreciation of property plant and equipment	3,659	3,450	14,877	14,118
Amortisation of intangible assets	481	499	1,212	1,641
Amortisation of leasing costs	-	-	217	165
	4,140	3,949	16,306	15,924

Depreciation and Amortisation by Activity (Council Only)

As required by the Local Government (Financial Reporting and Prudence) Regulations 2014, the Council's depreciation and amortisation by group of activities is as follows:

\$000s	Actual 2022/2023	Annual Plan 2022/23	Actual 2021/22	Long Term Plan 2021/22
Depreciation and Amortisation				
Environment	359	392	277	350
Regional Leadership	174	175	166	121
Safety & Resilience	938	984	948	1,011
Transport	783	788	786	580
Corporate	1,886	2,017	1,772	1,512
	4,140	4,356	3,949	3,574

4. Other Expenses

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Other expenses				
Net bad and doubtful debts	50	(12)	50	(12)
Donations	350	350	811	612
Company Directors' remuneration	-	-	490	500
Minimum lease payments	648	651	2,365	1,923
Fuel and Electricity	575	442	4,975	4,082
Purchased materials and services	71,336	58,750	92,024	75,680
Other	27	118	27	118
	72,986	60,299	101,242	82,903

Remuneration of Auditors

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Audit fees for financial statements audit	182	120	182	120
Other services - Debenture Trust Reporting	6	6	6	6
	188	126	188	126
Audit fees to other auditors for audit of financial statements of group entities	-	-	184	223
Audit fees for Pleasant River Te Hikapupu Project	5	-	5	6
Audit fees to other auditors for other services to group activities	-	-	3	62
	5	-	192	291
	193	126	380	417

The auditor for an on behalf of the Controller and Auditor-General, of the Otago Regional Council, is Deloitte Limited, and of the Port Otago Limited Group is Ernest and Young.

5. Other Gains / (Losses)

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.

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Other Gains / (Losses)				
Gain / (loss) on revaluation of investment property	(4)	305	(462)	60,070
Gain / (loss) on disposal of property, plant and equipment	381	154	1,378	254
Net change in fair value of financial assets carried at fair value through the profit and loss	1,129	(2,412)	1,129	(2,412)
Fair value change in forward start interest rate swaps	-	-	(47)	1,203
	1,506	(1,953)	1,998	59,115
GAINS	1,510	459	2,507	61,527
LOSSES	(4)	(2,412)	(509)	(2,412)

6. Income Taxes

Income Tax Recognised in Statement of Comprehensive Revenue and Expense

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
INCOME TAX (EXPENSE) / BENEFIT COMPRISES:				
Current year - current tax	-	-	(8,160)	(5,816)
Current year - deferred tax	-	100	1,909	(4,026)
Prior period adjustment current tax	-	-	(29)	85
INCOME TAX (EXPENSE) / BENEFIT REPORTED IN THE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE	-	100	(6,280)	(9,757)
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	(3,637)	(5,289)	11,973	61,976
	(3,637)	(5,289)	11,973	61,976
Income tax expense (credit) calculated at 28%	(1,102)	(1,481)	3,352	17,353
Non-deductible expenses	31,003	25,146	30,953	25,184
Non-assessable income	(25,981)	(20,125)	(26,191)	(20,154)
Unrealised change in investment property	-	-	(2,673)	(13,146)
Deferred tax expense relating to the origination and reversal of temporary differences	-	-	869	505
Prior period adjustment	-	-	(30)	15
Imputation credits utilised	(3,920)	(3,640)	-	-
	-	(100)	6,280	9,757

Council entered into an agreement for the Council to transfer 2022 tax year losses to its subsidiary Port Otago Limited. In conjunction with the tax loss transfer of \$257,276 (2022 tax year: \$257,364), by way of a tax loss offset, Port Otago Limited made a subvention payment of \$100,051 (2022 tax year: \$100,086) 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.

Imputation Credit Account Balances

\$000s	Group 2023	Group 2022
BALANCE AT END OF YEAR	55,903	47,211

Notes to the Financial Statements:

Working Capital



Shotover River, Central Otago

This section provides information about the operating assets and liabilities available for the Otago Regional Council and Group's day-to-day activities.

The notes in this section are as follows:

- 7. Cash and Cash Equivalents**
- 8. Trade and Other Receivables**
- 9. Trade and Other Payables**
- 10. Employee Entitlements**

7. Cash and Cash Equivalents

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:

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
CASH AND CASH EQUIVALENTS:				
Cash at bank and on hand	6,830	13,243	6,885	13,323
Term deposits with maturities less than 3 months	8,000	-	8,000	-
	14,830	13,243	14,885	13,323

8. Trade and Other Receivables

Trade and other receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and Group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivable have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment.

Rates are "written off"

- When remitted in accordance with the Council's rates remission policy and
- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonable recovered) and 90B (in relation to Maori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than two years overdue.

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS				
Trade receivables	2,295	2,277	20,426	14,207
Expected credit loss allowance	(75)	(75)	(119)	(455)
	2,220	2,202	20,307	13,752
Goods and Services Tax receivable	935	975	935	975
	3,155	3,177	21,242	14,727
TRADE AND OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS				
Trade receivables	8,032	4,774	8,032	4,774
Expected credit loss allowance	(79)	(28)	(79)	(28)
	7,953	4,746	7,953	4,746
Accrued income	7,084	3,217	7,084	3,217
	15,037	7,963	15,037	7,963
TOTAL	18,192	11,140	36,279	22,690

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

The Chief Executive approved the write off rates receivables during the year under Local Government (Rating) Act 2022 as follows:

Section 90 A Nil (2022: Nil)

Section 90 B Nil (2022: Nil)

9. Trade and Other Payables

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.

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Trade payables for Exchange transactions	15,140	10,867	30,281	19,688
Other accrued charges	7,454	7,329	7,454	7,329
	22,594	18,196	37,735	27,017

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

10. Employee Entitlements

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.

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Accrued salary and wages	555	395	2,087	1,342
Annual leave	2,150	2,002	6,568	5,659
Long service leave	-	-	685	866
Retiring allowances	11	11	48	48
Sick leave	-	-	130	133
	2,716	2,408	9,518	8,048
Disclosed in the financial statements as:				
Current	2,716	2,408	8,795	7,145
Non-current	-	-	861	903
	2,716	2,408	9,656	8,048

Notes to the Financial Statements:

Investments and Long-Term Assets

Poolburn, Central Otago

This section provides information about the investments the Otago Regional Council and Group have made in investments and long-term assets.

The notes in this section are as follows:

- 11. Property, Plant and Equipment**
- 12. Investment Property**
- 13. Investment Property Inventories**
- 14. Intangible Assets**
- 15. Other Financial Assets**
- 16. Shares in Subsidiary and Dividend Income**
- 17. Property Held for Sale**

11. Property, Plant and Equipment

COUNCIL 2023

\$000s	Cost 01 July 2022	Additions	Disposals	Transfers	Reclass	Cost 30 June 2023
COUNCIL OPERATIONAL ASSETS						
Land	12,550	-	-	(3,350)	-	9,200
Endowment Land	780	-	(295)	-	-	485
Buildings	7,542	87	-	73	-	7,702
Plant and Vehicles	11,511	1,987	(386)	99	-	13,211
Capital Work-in-Progress	361	278	-	(172)	-	467
TOTAL OPERATIONAL ASSETS	32,744	2,352	(681)	(3,350)	-	31,065
COUNCIL INFRASTRUCTURAL ASSETS						
Floodbanks	28,470	24	-	-	-	28,494
Protection Works	9,741	-	-	-	-	9,741
Structures	43,443	35	-	1	-	43,479
Drains	3,760	-	-	-	-	3,760
Bridges	1,455	-	-	-	-	1,455
Culverts	1,965	117	-	30	-	2,112
Transport Infrastructure & Hardware	5,235	-	-	-	-	5,235
Capital Work-in-Progress	1,612	1,769	-	(31)	-	3,350
TOTAL INFRASTRUCTURAL ASSETS	95,681	1,946	-	-	-	97,627
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	128,425	4,298	(681)	(3,350)	-	128,692

\$3,350,000 was transferred from land and property plant and equipment to property held for sale refer to note 17.

\$000s	Accumulated Depreciation and Impairment Charges 01 July 2022	Impairment Charges	Depreciation Expense	Accumulated Depreciation Reversed on Disposal	Accumulated Depreciation and Impairment Charges 30 June 2023	Book Value 30 June 2023
COUNCIL OPERATIONAL ASSETS						
Land	-	-	-	-	-	9,200
Endowment Land	-	-	-	-	-	485
Buildings	(2,519)	-	(400)	-	(2,919)	4,783
Plant and Vehicles	(5,748)	-	(1,546)	354	(6,940)	6,271
Capital Work-in-Progress	-	-	-	-	-	467
TOTAL OPERATIONAL ASSETS	(8,267)	-	(1,946)	354	(9,859)	21,206
COUNCIL INFRASTRUCTURAL ASSETS						
Floodbanks	(44)	-	-	-	(44)	28,450
Protection Works	-	-	-	-	-	9,741
Structures	(20,106)	-	(905)	-	(21,011)	22,468
Drains	-	-	-	-	-	3,760
Bridges	(1,128)	-	(44)	-	(1,172)	283
Culverts	-	-	-	-	-	2,112
Transport Infrastructure & Hardware	(1,847)	-	(765)	-	(2,612)	2,623
Capital Work-in-Progress	-	-	-	-	-	3,350
TOTAL INFRASTRUCTURAL ASSETS	(23,125)	-	(1,714)	-	(24,839)	72,788
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	(31,392)	-	(3,659)	354	(34,698)	93,994

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.

11. Property, Plant and Equipment

COUNCIL 2022

\$000s	Cost 01 July 2021	Additions	Disposals	Transfers	Reclass	Cost 30 June 2022
COUNCIL OPERATIONAL ASSETS						
Land	12,550	-	-	-	-	12,550
Endowment Land	780	-	-	-	-	780
Buildings	7,287	188	-	66	-	7,542
Plant and Vehicles	10,890	2,482	(1,968)	107	-	11,511
Capital Work-in-Progress	515	101		(173)	(82)	361
TOTAL OPERATIONAL ASSETS	32,022	2,772	(1,968)	-	(82)	32,744
COUNCIL INFRASTRUCTURAL ASSETS						
Floodbanks	28,432	32	-	6	-	28,470
Protection Works	9,741	-	-	-	-	9,741
Structures	43,265	140	-	38	-	43,443
Drains	3,760	-	-	-	-	3,760
Bridges	1,455	-	-	-	-	1,455
Culverts	1,320	456	-	189	-	1,965
Transport Infrastructure & Hardware	5,299	-	(64)	-	-	5,235
Capital Work-in-Progress	822	1,023	-	(233)	-	1,612
TOTAL INFRASTRUCTURAL ASSETS	94,094	1,651	(64)	-	-	95,681
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	126,116	4,423	(2,033)	-	(82)	128,425

\$000s	Accumulated Depreciation and Impairment Charges 01 July 2021	Impairment Charges	Depreciation Expense	Accumulated Depreciation Reversed on Disposal	Accumulated Depreciation and Impairment Charges 30 June 2022	Book Value 30 June 2022
COUNCIL OPERATIONAL ASSETS						
Land	-	-	-	-	-	12,550
Endowment Land	-	-	-	-	-	780
Buildings	(2,135)	-	(384)	-	(2,519)	5,023
Plant and Vehicles	(6,338)	-	(1,335)	1,925	(5,748)	5,763
Capital Work-in-Progress	-	-	-	-	-	361
TOTAL OPERATIONAL ASSETS	(8,473)	-	(1,719)	1,925	(8,267)	24,477
COUNCIL INFRASTRUCTURAL ASSETS						
Floodbanks	(44)	-	-	-	(44)	28,426
Protection Works	-	-	-	-	-	9,741
Structures	(19,190)	-	(916)	-	(20,106)	23,337
Drains	-	-	-	-	-	3,760
Bridges	(1,085)	-	(43)	-	(1,128)	327
Culverts	-	-	-	-	-	1,965
Transport Infrastructure & Hardware	(1,088)	-	(772)	13	(1,847)	3,387
Capital Work-in-Progress	-	-	-	-	-	1,612
TOTAL INFRASTRUCTURAL ASSETS	(21,407)	-	(1,731)	13	(23,126)	72,555
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	(29,880)	-	(3,450)	1,938	(31,392)	97,032

IPSAS 21 Impairment of a non-cash generating asset requires an impairment assessment if there is any indication that an asset may be impaired. No assessment was required in 2022/2023 and 2022/2021.

11. Property, Plant and Equipment

GROUP 2023

\$000s	Cost 01 July 2022	Additions	Disposals	Transfers	Reclass	Cost 30 June 2023
OPERATIONAL ASSETS						
Land	12,550	-	-	(3,350)	-	9,200
Endowment Land	780	-	(295)	-	-	485
Buildings	7,541	87	-	73	-	7,701
Plant and Vehicles	11,511	1,987	(386)	99	-	13,211
Capital Work-in-Progress	361	278	-	(172)	-	467
Land- Port	36,205	3,385	-	-	-	39,590
Buildings and improvements- Port	90,887	3,506	(44)	-	-	94,349
Wharves and berths dedging- Port	91,335	5,851	(5,713)	-	-	91,473
Plant, Equipment and vehicles- Port	122,587	4,150	(2,593)	-	-	124,144
Capital work in progress- Port	13,349	32,497	-	(18,606)	-	27,240
TOTAL OPERATIONAL ASSETS	387,106	51,741	(9,031)	(21,956)	-	407,860
COUNCIL INFRASTRUCTURAL ASSETS						
Floodbanks	28,470	24	-	-	-	28,494
Protection Works	9,741	-	-	-	-	9,741
Structures	43,443	35	-	1	-	43,479
Drains	3,760	-	-	-	-	3,760
Bridges	1,455	-	-	-	-	1,455
Culverts	1,965	117	-	30	-	2,112
Transport Infrastructure & Hardware	5,235	-	-	-	-	5,235
Capital Work-in-Progress	1,612	1,769	-	(31)	-	3,350
TOTAL INFRASTRUCTURAL ASSETS	95,681	1,945	-	-	-	97,626
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	482,787	53,686	(9,031)	(21,956)	-	505,486

\$000s	Accumulated Depreciation and Impairment Charges 01 July 2022	Impairment Charges	Depreciation Expense	Accumulated Depreciation Reversed on Disposal	Accumulated Depreciation and Impairment Charges 30 June 2023	Book Value 30 June 2023
OPERATIONAL ASSETS						
Land	-	-	-	-	-	9,200
Endowment Land	-	-		-	-	485
Buildings	(2,519)	-	(400)	-	(2,919)	4,782
Plant and Vehicles	(5,748)	-	(1,546)	354	(6,940)	6,271
Capital Work-in-Progress	-	-	-	-	-	467
Land- Port	-	-	-	-	-	39,590
Buildings and improvements- Port	(31,503)	-	(3,218)	11	(34,710)	59,639
Wharves and berths dedging- Port	(29,013)	-	(1,836)	-	(30,849)	60,624
Plant, Equipment and vehicles- Port	(69,174)	-	(6,164)	2,589	(72,749)	51,395
Capital work in progress- Port	-	-	-	-	-	27,240
TOTAL OPERATIONAL ASSETS	(137,957)	-	(13,164)	2,954	(148,167)	259,693
COUNCIL INFRASTRUCTURAL ASSETS						
Floodbanks	(44)	-	-	-	(44)	28,450
Protection Works	-	-	-	-	-	9,741
Structures	(20,106)	-	(905)	-	(21,011)	22,468
Drains	-	-	-	-	-	3,760
Bridges	(1,128)	-	(44)	-	(1,172)	283
Culverts	-	-	-	-	-	2,112
Transport Infrastructure & Hardware	(1,847)	-	(765)	-	(2,612)	2,623
Capital Work-in-Progress	-	-	-	-	-	3,350
TOTAL INFRASTRUCTURAL ASSETS	(23,124)	-	(1,714)	-	(24,839)	72,787
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	(161,081)	-	(14,877)	2,954	(173,006)	332,480

11. Property, Plant and Equipment

GROUP 2022

\$000s	Cost 01 July 2021	Additions	Disposals	Transfers	Reclass	Cost 30 June 2022
OPERATIONAL ASSETS						
Land	12,550	-	-	-	-	12,550
Endowment Land	780	-	-	-	-	780
Buildings	7,287	188	-	66	-	7,541
Plant and Vehicles	10,890	2,482	(1,968)	107	-	11,511
Capital Work-in-Progress	515	101	-	(173)	(82)	361
Land- Port	36,300	-	(95)	-	-	36,205
Buildings and improvements- Port	88,855	-	(675)	2,707	-	90,887
Wharves and berths dedging- Port	91,335	-	-	-	-	91,335
Plant, Equipment and vehicles- Port	120,706	-	(1,289)	3,170	-	122,587
Capital work in progress- Port	3,752	15,485	-	(5,888)	-	13,349
TOTAL OPERATIONAL ASSETS	372,970	18,256	(4,027)	(11)	(82)	387,106
COUNCIL INFRASTRUCTURAL ASSETS						
Floodbanks	28,432	32	-	6	-	28,470
Protection Works	9,741	-	-	-	-	9,741
Structures	43,265	140	-	38	-	43,443
Drains	3,760	-	-	-	-	3,760
Bridges	1,455	-	-	-	-	1,455
Culverts	1,320	456	-	189	-	1,965
Transport Infrastructure & Hardware	5,299	-	(64)	-	-	5,235
Capital Work-in-Progress	822	1,023	-	(233)	-	1,612
TOTAL INFRASTRUCTURAL ASSETS	94,094	1,651	(64)	-	-	95,681
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	467,064	19,907	(4,091)	(11)	(82)	482,787

\$000s	Accumulated Depreciation and Impairment Charges 01 July 2021	Impairment Charges	Depreciation Expense	Accumulated Depreciation Reversed on Disposal	Accumulated Depreciation and Impairment Charges 30 June 2022	Book Value 30 June 2022
OPERATIONAL ASSETS						
Land	-	-	-	-	-	12,550
Endowment Land	-	-	-	-	-	780
Buildings	(2,135)	-	(384)	-	(2,519)	5,022
Plant and Vehicles	(6,338)	-	(1,335)	1,925	(5,748)	5,763
Capital Work-in-Progress	-	-	-	-	-	361
Land- Port	-	-	-	-	-	36,205
Buildings and improvements- Port	(29,032)	-	(3,001)	530	(31,503)	59,384
Wharves and berths dedging- Port	(27,174)	-	(1,839)	-	(29,013)	62,322
Plant, Equipment and vehicles- Port	(64,661)	-	(5,828)	1,315	(69,174)	53,413
Capital work in progress- Port	-	-	-	-	-	13,349
TOTAL OPERATIONAL ASSETS	(129,340)	-	(12,387)	3,770	(137,957)	249,149
COUNCIL INFRASTRUCTURAL ASSETS						
Floodbanks	(44)	-	-	-	(44)	28,426
Protection Works	-	-	-	-	-	9,741
Structures	(19,190)	-	(916)	-	(20,106)	23,337
Drains	-	-	-	-	-	3,760
Bridges	(1,085)	-	(43)	-	(1,128)	327
Culverts	-	-	-	-	-	1,965
Transport Infrastructure & Hardware	(1,088)	-	(772)	14	(1,846)	3,389
Capital Work-in-Progress	-	-	-	-	-	1,612
TOTAL INFRASTRUCTURAL ASSETS	(21,407)	-	(1,731)	14	(23,124)	72,557
TOTAL COUNCIL PROPERTY, PLANT AND EQUIPMENT	(150,747)	-	(14,118)	3,784	(161,081)	321,706

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.

Infrastructure 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 Whakatipu 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
Buildings- Council	10- 50 years
Plant and vehicles- Council	3 -20 years
Buildings and improvements- Port	10- 50 years
Wharves- Port	15- 70 years
Vessels and floating plant- Port	5 -30 years
Plant, equipment and vehicles- Port	3 - 30 years

Infrastructural Assets	Life
Floodbanks	Unlimited
Protection works	Unlimited
Drains	Unlimited
Culverts	Unlimited
Structures	8- 100 years
Bridges	33- 100 years
Transport infrastrucutre 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

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.

12. Investment Property

\$000s	Notes	Council 2023	Council 2022	Group 2023	Group 2022
BALANCE AT BEGINNING OF YEAR		16,795	16,490	588,980	495,780
Subsequent capital expenditure		4	-	31,611	28,661
Interest capitalised		-	-	573	110
Net movement in incentives		-	-	(104)	376
Net movement in prepaid leasing costs		-	-	(26)	512
Transfer to investment property inventories	13	-	-	1,137	5,531
Transfer to non-current assets held for sale	17	-	-	-	(2,060)
Transfer from investment property inventories	13	-	-	-	-
Net gain / (loss) from fair value adjustments	5	(4)	305	(462)	60,070
BALANCE AT END OF YEAR		16,795	16,795	621,709	588,980

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Valuation Analysis				
VALUED AT 30 JUNE BALANCE DATE AS DETERMINED BY:				
Jones Lang LaSalle	-	-	119,956	65,936
Bayleys Valuations Limited	-	-	269,760	248,755
CVAS (NZ) Limited (Colliers)	-	-	178,000	209,350
CBRE Limited (CBRE)	-	-	30,900	31,900
Tay and Tay Limited	16,795	16,795	16,795	16,795
	16,795	16,795	615,411	572,736
Plus: investment property under construction carried at cost	-	-	6,298	16,244
	16,795	16,795	621,709	588,980

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.

Critical Judgements

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

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)	4.8%	7.0%	4.5%	10.0%
Market rental (\$ per Sqm)	(ii)	\$47	\$245	\$12	\$420
Discount rate (%)	(iii)	6.5%	8.5%	6.3%	11.0%
Rental growth rate (%)	(iv)	2.0%	25.0%	2.0%	3.8%
Terminal capitalisation rate (%)	(v)	5.0%	8.5%	4.6%	10.3%
Profit and risk rate (%)	(vi)	N/A	N/A	5.0%	5.0%
Development sell down period (years)	(vii)	N/A	N/A	0.25 - 0.5 years	0.75 years

(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.

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.

13. Investment Property Inventories

\$000s	Notes	Council 2023	Council 2022	Group 2023	Group 2022
BALANCE AT BEGINNING OF YEAR		-	-	16,428	21,495
Transfer from investment property	12	-	-	-	-
Transfer to investment property	12	-	-	(1,137)	(5,531)
Land acquired from joint venture partner		-	-	-	-
Disposals		-	-	-	-
Subsequent capital expenditure		-	-	216	464
Interest capitalised		-	-	-	-
BALANCE AT END OF YEAR		-	-	15,507	16,428

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
COMPRISING:				
Development land for sale	-	-	15,507	16,428
Units and warehouse developments	-	-	-	-
	-	-	15,507	16,428

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.

Disposals are recorded in revenue as sales of property inventories with the cost of sales recorded in operating expense as cost of sales of property inventories.

Developed Land for Sale

The \$15.5 million carrying value at balance date reflects the cost of 6.7 hectares of developed land for sale. In their June 2023 valuation, Jones Lang LaSalle stated a net realisable value of \$37.1 million for this land on hand. At June 2022, the \$16.4 million carrying value of developed land reflected the Groups 7.3 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 2022 of \$42.1 million.

14. Intangible Assets

\$000s	Council Computer Software	Council Total	Group Computer Software	Group Resource Consents	Group Total
GROSS CARRYING AMOUNT					
Balance as at 30 June 2021	5,880	5,880	14,526	5,650	20,176
Additions	75	75	75	-	75
Capital WIP additions	-	-	-	-	-
Capital WIP write offs	-	-	-	-	-
Transfer to complete asset	-	-	-	-	-
Transfer to Property plant and equipment	(14)	(14)	(4)	-	(4)
Disposals	-	-	-	-	-
BALANCE AT 30 JUNE 2022	5,941	5,941	14,597	5,650	20,247
Additions	-	-	-	-	-
Capital WIP additions	-	-	-	688	688
Capital WIP write offs	-	-	-	-	-
Transfer to complete asset	-	-	-	-	-
Disposals	(190)	(190)	(190)	-	(190)
BALANCE AT 30 JUNE 2023	5,751	5,751	14,407	6,338	20,745
ACCUMULATED AMORTISATION AND IMPAIRMENT					
Balance as at 30 June 2021	(3,992)	(3,992)	(10,966)	(1,942)	(12,908)
Amortisation expense	(499)	(499)	(1,386)	(255)	(1,641)
Disposals	-	-	-	-	-
BALANCE AT 30 JUNE 2022	(4,491)	(4,491)	(12,352)	(2,197)	(14,549)
Amortisation expense	(481)	(481)	(872)	(340)	(1,212)
Disposals	41	41	41	-	41
BALANCE AT 30 JUNE 2023	(4,931)	(4,931)	(13,183)	(2,537)	(15,720)
NET BOOK VALUE					
AS AT 30 JUNE 2022	1,450	1,450	2,245	3,453	5,698
AS AT 30 JUNE 2023	820	820	1,224	3,801	5,025

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.

15. Other Financial Assets

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
CARRIED AT FAIR VALUE				
Current:				
Managed funds - cash	2,541	1,713	2,541	1,713
Managed funds - bonds	11,264	10,340	11,264	10,340
Managed funds - equities	11,457	11,381	11,457	11,381
	25,262	23,434	25,262	23,434

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through Other Comprehensive Revenue and Expenses (FVTOCRE); and
- fair value through Surplus and Deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated at FVTSD, in which case it is recognised in surplus and deficit.

The classification of a financial asset depends on its cash flow characteristics and the Council and Group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cashflows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and Group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

For those instruments recognised at fair value in the Statement of Financial Position, fair values are determined according to the following hierarchy:

- Level 1 - Quoted market price - Financial instruments with quoted prices for identical instruments in active markets.
- Level 2 - Valuation technique using observable inputs - Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Level 3 - Valuation techniques with significant non-observable inputs - Financial instruments valued using models where one or more significant inputs are non-observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the Statement of Financial Position.

\$000s	Council				Group			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
2023								
Financial assets at FVTSD: Other financial assets	25,262	-	-	25,262	25,262	-	-	25,262
2022								
Financial assets at FVTSD: Other financial assets	23,434	-	-	23,434	23,434	-	-	23,434

16. 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 designated at Fair Value Through Other Comprehensive Revenue and Expenses (FVTOCRE). 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 2023 was based on cashflows discounted using a weighted average cost of capital of 7.8% (2022: 8.6%), terminal growth rate 2.5% (2022: 3%) and discount for lack of marketability 3% (2022: 3%). Refer to Note 12 for revaluation inputs associated with the investment properties.

Sensitivity to WACC

- A decrease of 0.5% in WACC to 7.3% would result in a \$34.950 million increase in fair value
- An increase of 0.5% in WACC to 8.3% would result in a \$28.846 million decrease in fair value

Sensitivity to terminal growth rate

- A decrease of 0.5% in the terminal growth rate to 2.0% would result in a \$18.178 million decrease in fair value
- An increase of 0.5% in the terminal growth rate to 3.0% would result in a \$21.965 million increase in fair value

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Balance at beginning of year	700,290	612,330	-	-
Gain / (loss) recognised in Other Comprehensive Revenue and Expense	23,600	87,960	-	-
BALANCE AT END OF YEAR	723,890	700,290	-	-

Related Party Transactions

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

\$000s	Council 2023	Council 2022
REVENUE TRANSACTIONS		
Dividend payment made to Council	14,000	13,000
Rates	138	104
Other	206	46
Interest on borrowings	4,621	134
EXPENDITURE TRANSACTIONS		
Harbour Control Centre and other costs	60	60
Finance costs	125	45

During the 2022 year Council and Port Otago Limited, entered into an agreement whereby Council provides an unsecured related party loans facility of up to a maximum of \$100 million. This was increase to \$150 million during 2023. The related party loan amounts, interest rates and repayment dates ranging from November 2023 - April 2030 (2022: August 2022 to June 2029) match loans provided by the New Zealand Local Government Funding Agency (LGFA) to Council. Port Otago Limited pays all reasonable costs and expenses incurred by Council in connection with the establishment of its LGFA facility and ongoing fees associated with related party borrowing. Council or Port Otago Limited may terminate the related party loan agreement by giving 24 months notice to the other party. All related party loans under the agreement are unsecured.

As at 30 June 2023 Otago Regional Council had advanced loans of \$125,088,000 to Port Otago Limited (2022: \$99,960,000). Related party loans are classified as non current due to the Council and Port Otago loan agreement requiring 24 months notice for termination of the facility. Related party loan repayment will match the LGFA loan outlined at Note 21.

Group Subsidiaries

Otago Regional Council is the head entity within the consolidated group. Port Otago Limited (100% owned) holds the Group's interest in the other subsidiaries, associates and joint ventures detailed below.

The principal activities of the entities are:

SUBSIDIARIES	Principal activities	OWNERSHIP INTEREST	
		2023 %	2022 %
Chalmers Properties Limited	Property investment	100	100
Te Rapa Gateway Limited	Property investment	100	100
Fiordland Pilot Services Limited	Shipping Services	100	100

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.

17. Property Held for Sale

\$000s	Notes	Council 2023	Council 2022	Group 2023	Group 2022
BALANCE AT BEGINNING OF YEAR		-	-	2,060	-
Transfer from / (to) investment property	12	-	-	-	2,060
Transfer from / (to) land	11	3,350	-	3,350	-
Disposals		-	-	(2,060)	-
BALANCE AT END OF YEAR		3,350	-	3,350	2,060

Property classified as held for sale is measured at the lower of carrying amount and fair value less costs to sell.

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.

Notes to the Financial Statements:

Council Funding

Purakaunui Falls, Catlins

This section contains analysis of the net assets of the group and the council, accumulated funds and restricted reserves.

The notes in this section are as follows:

18. Reserves

19. Public Equity

20. Public Equity Targeted Rates – Reserve Movements

21. Borrowings

22. Finance Costs

18. Reserves

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.

PORT SHARE REVALUATION RESERVE

The Port share 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.

COUNCIL

	Port share Revaluation Reserve	Asset Replacement Reserve	Emergency Response Reserve	Kuriwao Endowment Reserve	Revaluation Management Reserve	Asset Reserve	Water Reserve	Building Reserve	Environmental Enhancement Reserve	Hedging Reserve	Total Reserves
\$000s											
BALANCES 30 JUNE 2021	592,330	2,937	4,476	6,962	905	14,429	905	13,573	9	-	635,621
TRANSFERS IN:											
General rate equity	-	2,465	-	63	-	-	-	-	470	-	2,998
Interest received	-	49	87	134	18	-	18	267	2	-	557
Revaluation gain	87,960	-	-	-	305	-	-	-	-	-	88,265
	87,960	2,514	87	197	18	305	18	267	472	-	91,820
TRANSFERS OUT:											
General rate equity	-	(2,911)	-	(53)	(239)	-	(239)	-	(443)	-	(3,646)
Targeted rate equity	-	-	-	(250)	-	-	-	-	-	-	(250)
	-	(2,911)	-	(303)	(239)	-	(239)	-	(443)	-	(3,896)
BALANCES 30 JUNE 2022	680,290	2,540	4,563	6,856	684	14,734	684	13,840	38	-	723,545
TRANSFERS IN:											
General rate equity		2,586		505					297		3,388
Interest received		70	117	184	16		16	355	5		747
Revaluation gain	23,600				(4)						23,596
	23,600	2,656	117	689	(4)	(4)	16	355	302	-	27,731
TRANSFERS OUT:											
General rate equity		(2,297)		(67)	(228)		(228)	(113)	(327)		(3,032)
Targeted rate equity				(250)				(113)	(327)		(250)
	-	(2,297)	-	(317)	(228)	-	(228)	(113)	(327)	-	(3,282)
BALANCES 30 JUNE 2023	703,890	2,899	4,680	7,228	472	14,730	472	14,082	13	-	747,994

GROUP

\$000s	Port share Revaluation Reserve	Asset Replacement Reserve	Emergency Response Reserve	Kuriwao Endowment Reserve	Asset Revaluation Reserve	Water Management Reserve	Building Reserve	Environmental Reserve	Hedging Reserve	Total Reserves
BALANCES 30 JUNE 2021	-	2,937	4,476	6,962	359,270	905	13,573	9	(438)	387,694
TRANSFERS IN:										
General rate equity	-	2,465	-	63	-	-	-	470	2,388	5,386
Interest received	-	49	87	134	-	18	267	2	-	557
Revaluation gain	-	-	-	-	60,070	-	-	-	-	60,070
TRANSFERS OUT:	-	2,514	87	197	60,070	18	267	472	2,388	66,013
General rate equity	-	(2,911)	-	(53)	-	(239)	-	(443)	-	(3,646)
Targeted rate equity	-	-	-	(250)	-	-	-	-	-	(250)
BALANCES 30 JUNE 2022	-	2,540	4,563	6,856	419,340	684	13,840	38	1,950	449,811

GROUP

	Port share Revaluation Reserve	Asset Replacement Reserve	Emergency Response Reserve	Kuriwao Endowment Reserve	Asset Revaluation Reserve	Water Management Reserve	Building Reserve	Environmental Enhancement Reserve	Hedging Reserve	Total Reserves
\$'000s										
TRANSFERS IN:										
General rate equity		2,586	-	505	-	-	-	297	165	3,553
Interest received		70	117	184	-	16	355	5	-	747
Revaluation gain		-	-	-	(462)	-	-	-	-	(462)
	-	2,656	117	689	(462)	16	355	302	165	3,838
TRANSFERS OUT:										
General rate equity		(2,297)		(67)		(228)	(113)	(327)	-	(3,032)
Targeted rate equity				(250)					-	(250)
	-	(2,297)	-	(317)	-	(228)	(113)	(327)	-	(3,282)
BALANCES 30 JUNE		2,899	4,680	7,228	418,878	472	14,082	13	2,115	450,367
2023	-									

19. Public Equity

Public Equity – General Rates

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
BALANCE AT BEGINNING OF YEAR	61,221	63,761	329,118	334,015
NET SURPLUS / (DEFICIT)	(3,637)	(5,189)	5,693	52,219
TRANSFERS IN:				
Asset replacement reserve	2,297	2,911	2,297	2,911
Asset revaluation reserve	-	-	-	-
Building reserve	113	-	113	-
Environmental enhancement reserve	327	443	327	443
Kuriwao endowment reserve	67	53	67	53
Transfers from public equity - targeted rates	61,270	53,317	61,270	53,317
Water management reserve	228	239	228	239
	64,302	56,963	64,302	56,963
TRANSFERS OUT:				
Asset replacement reserve	(2,656)	(2,514)	(2,656)	(2,514)
Asset revaluation reserve	4	(305)	462	(60,070)
Building reserve	(355)	(267)	(355)	(267)
Emergency response reserve	(117)	(87)	(117)	(87)
Environmental enhancement reserve	(302)	(472)	(302)	(472)
Kuriwao endowment reserve	(689)	(197)	(689)	(197)
Transfers to public equity - targeted rates	(58,485)	(50,454)	(58,485)	(50,454)
Water management reserve	(16)	(18)	(16)	(18)
	(62,616)	(54,314)	(62,158)	(114,079)
BALANCE AT END OF YEAR	59,270	61,221	336,955	329,118

Public Equity - Targeted Equity

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
BALANCE AT BEGINNING OF YEAR	43,798	46,411	43,798	46,411
TRANSFERS IN:				
Kuriwao endowment reserve	250	250	250	250
Transfers from public equity - general rates	58,485	50,454	58,485	50,454
	58,735	50,704	58,735	50,704
TRANSFERS OUT:				
Transfers to public equity - general rates	(61,269)	(53,317)	(61,269)	(53,317)
	(61,269)	(53,317)	(61,269)	(53,317)
BALANCE AT END OF YEAR	41,264	43,798	41,264	43,798

Total Public Equity

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
BALANCE AT BEGINNING OF YEAR	105,019	110,172	372,916	380,426
NET SURPLUS / (DEFICIT)	(3,637)	(5,189)	5,693	52,219
Transfers	(848)	36	(390)	(59,729)
BALANCE AT END OF YEAR	100,534	105,019	378,219	372,916

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.

20. Public Equity Targeted Rates – Reserve Movements

\$000s	Council and Group - 2023				Council and Group - 2022			
	Opening balance 01 July 2022	Transfers In	Transfers Out	Closing balance 30 June 2023	Opening balance 01 July 2021	Transfers In	Transfers Out	Closing balance 30 June 2022
RIVER MANAGEMENT RESERVES								
Central Otago river	434	352	(380)	406	434	335	(335)	434
Clutha river	(47)	391	(738)	(394)	183	363	(593)	(47)
Dunedin river	1,260	209	(424)	1,045	1,380	320	(440)	1,260
Queenstown river	794	262	(260)	796	707	229	(142)	794
Shotover delta flood mitigation	256	6	-	262	249	7	-	256
Stoney creek	159	4	-	163	154	5	-	159
Waitaki river	801	423	(237)	987	529	422	(150)	801
Wanaka river	(203)	260	(197)	(140)	(274)	224	(153)	(203)
FLOOD AND DRAINAGE SCHEME RESERVES								
Alexandra flood	(88)	464	(316)	60	56	122	(266)	(88)
East Taieri drainage	303	719	(954)	68	454	820	(971)	303
Leith flood	(14,368)	1,641	(953)	(13,680)	(14,976)	1,699	(1,091)	(14,368)
Lower Clutha flood	(631)	2,137	(1,931)	(425)	(687)	2,557	(2,501)	(631)
Lower Taieri flood	2,296	3,472	(2,653)	3,115	1,337	3,065	(2,106)	2,296
Lower Waitaki flood	(30)	191	(208)	(47)	(6)	190	(214)	(30)
Tokomairiro drainage	150	163	(221)	92	243	184	(277)	150
West Taieri drainage	(2,112)	1,022	(1,103)	(2,193)	(1,909)	1,058	(1,261)	(2,112)
OTHER RESERVES								
Biosecurity	(648)	4,911	(5,439)	(1,176)	-	4,135	(4,783)	(648)
Clean Heat Clean Air	-	-	-	-	-	-	-	-
Dairy monitoring	14	200	(235)	(21)	74	193	(253)	14
Dunedin transport services	(8,786)	20,259	(23,226)	(11,753)	(6,489)	17,348	(19,645)	(8,786)
Emergency management	(101)	3,407	(3,211)	95	(434)	2,997	(2,664)	(101)
Infrastructural assets	65,984	1,687	(911)	66,760	65,273	1,639	(928)	65,984
Lake Hayes restoration	(450)	243	(376)	(583)	(369)	219	(300)	(450)
Queenstown transport services	(1,674)	10,281	(10,714)	(2,107)	(843)	7,704	(8,535)	(1,674)
Rural water quality	903	2,750	(3,214)	439	1,614	734	(1,445)	903
Wilding pines	(418)	3,281	(3,369)	(506)	(289)	4,135	(4,264)	(418)
	43,798	58,735	(61,270)	41,264	46,411	50,704	(53,317)	43,798

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

\$000s

	Amount borrowed as at 30 June 2022	Funds borrowed during the year	Funds repaid during the year	Interest Charged	Amount borrowed as at 30 June 2023
COUNCIL 2023					
Flood protection and control works	17,265	5,234	(6,105)	424	16,818
Environment	1,516	9,357	(8,635)	47	2,285
Safety and hazards	97	3,215	(3,312)	-	-
Transport	10,461	33,641	(30,540)	300	13,862
	29,339	51,447	(48,592)	771	32,965

	Amount borrowed as at 30 June 2022	Funds borrowed during the year	Funds repaid during the year	Interest Charged	Amount borrowed as at 30 June 2023
COUNCIL 2022					
Flood protection and control works	17,583	4,606	(5,437)	513	17,265
Environment	658	9,440	(8,614)	32	1,516
Safety and hazards	431	2,656	(2,997)	7	97
Transport	7,332	27,916	(25,050)	263	10,461
	26,004	44,618	(42,098)	815	29,339

21. Borrowings

New Zealand Local Government Funding Agency

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
CURRENT				
Secured borrowings	58,878	67,956	58,878	67,956
Unsecured borrowings	-	-	-	-
	58,878	67,956	58,878	67,956
NON-CURRENT				
Secured borrowings	91,438	47,200	91,438	47,200
Unsecured borrowings	-	-	-	-
	91,438	47,200	91,438	47,200
TOTAL BORROWINGS	150,316	115,156	150,316	115,156
FIXED RATE BORROWINGS	56,655	100,095	56,655	100,095
FLOATING RATE BORROWINGS	93,661	15,061	93,661	15,061

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 Statement of Comprehensive Revenue and Expense 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.

Council is a guarantor of the New Zealand Local Government Funding Agency (NZLGFA) as a guarantor. The NZLGFA was incorporated in December 2011 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 AAA and a foreign currency rating of AA+. NZLGFA has a local currency rating from Fitch of AA+ and a foreign currency rating of AA.

As at 30 June 2023, Otago Regional Council is one of 31 local authority shareholders and 71 local authority guarantors of the NZLGFA. When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Otago Regional Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2023, NZLGFA had borrowings totalling \$17,684 million (2022: \$15,795 million).

Financial reporting standards require Otago Regional Council to recognise the guarantee liability by applying the 12 month expected credit loss model (as fair value could not be reliably measured) and subsequently at the higher of the provision for impairment at balance date determined by the expected credit loss model and the amount initially recognised. At the end of the financial year, the Council have assessed the 12 month expected credit losses for the guarantee liability, based on market information of the underlying assets held by the NZLGFA. The estimated 12 month expected credit losses are immaterial due to the extremely low probability of default by the NZLGFA in the next 12 months, and therefore the Council have not recognised a liability.

When borrowing long-term from LGFA, borrower notes must be subscribed for in an amount of 2.5% of long-term borrowings. Borrower notes are used by LGFA as a source of capital to ensure there is sufficient capital to match the growth in the LGFA's balance sheet. LGFA redeems the borrower notes plus interest when the related borrowings are repaid or no longer owed to LGFA. At 30 June 2023 Council had subscribed to borrower notes totalling \$500,000 (2022: nil), the Group had subscribed to borrower notes totalling \$2,588,460 (2022: \$1,210,255). The borrower notes on issue are as follows:

Borrower notes in issue 2023

Maturity Date	Amount	Interest Rate
01-28-2024	\$130,769	5.62%
03-23-2025	\$205,128	5.79%
01-28-2026	\$205,128	5.75%
03-18-2026	\$130,769	5.89%
06-10-2029	\$128,205	6.08%
11-30-2023	\$179,487	5.76%
03-11-2027	\$230,769	5.94%
12-12-2027	\$372,564	6.00%
12-12-2025	\$147,436	5.90%
12-12-2026	\$105,000	5.96%
04-15-2025	\$125,000	5.71%
04-15-2026	\$125,000	5.30%
04-15-2027	\$125,000	5.85%
05-15-2028	\$125,000	5.30%
03-20-2028	\$125,000	6.04%
04-14-2029	\$51,282	6.10%
04-14-2030	\$76,923	6.15%
	2,588,460	

Borrower notes on issue 2022

Maturity Date	Amount	Interest Rate
11-30-2023	\$179,000	3.02%
06-10-2029	\$231,000	3.33%
01-28-2024	\$131,000	2.72%
03-23-2025	\$205,000	3.26%
01-28-2026	\$205,000	2.86%
03-18-2026	\$131,000	3.34%
06-10-2029	\$128,000	3.47%
	1,210,000	

Borrowing - Bank

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
CURRENT				
Secured borrowings	-	-	5,540	8,250
Unsecured borrowings	-	-	-	-
	-	-	5,540	8,250
NON-CURRENT				
Secured borrowings	-	-	10,000	-
Unsecured borrowings	-	-	-	-
	-	-	10,000	-
TOTAL BORROWINGS	-	-	15,540	8,250
FIXED RATE BORROWINGS	-	-	15,540	8,250
FLOATING RATE BORROWINGS	-	-	-	-

The Group has a \$31 million (2022: \$31 million) Short Term Advances Facility with ANZ Bank New Zealand Limited (ANZ) which the Group may draw from for terms ranging from call to the termination of the agreement, which is 1 July 2025 (2022: 1 July 2024). In addition the Group has a revolving \$29 million (2022: \$29 million) Commercial Flexi Facility with ANZ which is subject to an annual review. The next review is due on 30 November 2023 (2022: 30 November 2022).

The financial undertakings provided to the ANZ are an adjusted equity % (shareholder investment/total tangible assets) of greater or equal to 50% and interest cover ratio (EBIT : interest costs) greater or equal to 2.50 : 1. All financial undertakings were in compliance as at 30 June 2023.

The security for advances is a cross guarantee and indemnity between subsidiaries 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.

22. Finance Costs

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Interest on loans	5,203	224	5,440	3,171
Capitalised borrowing costs	-	-	(1,041)	(159)
	5,203	224	4,399	3,012

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.



Notes to the Financial Statements:

Financial Risk Management

Tokatā / Nugget Point, Catlins

This section provides details Council and Group’s borrowings - a major source of financing used to deliver services to the people of Otago. It also includes information about the group’s financial instruments that are used to manage the risks associated with borrowings and details Council and Group’s exposure to a variety of financial risks and how these risks are managed.

The notes in this section are as follows:

23. Financial Instruments

24. Market Risk

25. Equity Price Risk

26. Credit Risk

27. Liquidity Risk

23. 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 other comprehensive revenue and expenses', and 'amortised cost'. 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 relevant financial institution based on the reporting date of 30 June 2023.

\$000s	Council				Group			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
2023								
Financial assets at FVTSD: Other financial assets	25,262	-	-	25,262	25,262	-	-	25,262
Financial assets at FVTSD: Other financial instruments	-	-	-	-	-	4,579	-	4,579
Financial liabilities at FVTSD: Other financial instruments	-	-	-	-	-	138	-	138
2022								
Financial assets at FVTSD: Other financial assets	23,434	-	-	23,434	23,434	-	-	23,434
Financial assets at FVTSD: Other financial instruments	-	-	-	-	-	4,281	-	4,281

COUNCIL 2023

\$000s	Amortised Cost	Fair Value Through Surplus or Deficit	Fair value though Other Comprehensive Revenue and Expense	Total
FINANCIAL ASSETS				
Cash and cash equivalents	14,830	-	-	14,830
Trade and other receivables	18,192	-	-	18,192
Related party receivable	125,088	-	-	125,088
Borrower notes	500	-	-	500
Other financial assets	-	25,262	-	25,262
Other current assets	1,433	-	-	1,433
Shares in subsidiary	-	-	726,890	726,890
TOTAL FINANCIAL ASSETS	160,043	25,262	726,890	912,195
FINANCIAL LIABILITIES				
Trade and other payables	22,594	-	-	22,594
Borrowing	150,316	-	-	150,316
Provisions	-	-	-	-
TOTAL FINANCIAL LIABILITIES	172,910	-	-	172,910

COUNCIL 2022

\$000s	Amortised Cost	Fair Value Through Surplus or Deficit	Fair value though Other Comprehensive Revenue and Expense	Total
FINANCIAL ASSETS				
Cash and cash equivalents	13,243	-	-	13,243
Trade and other receivables	11,140	-	-	11,140
Related party receivable	99,960	-	-	99,960
Borrower notes	-	-	-	-
Other financial assets	-	23,434	-	23,434
Other current assets	883	-	-	883
Shares in subsidiary	-	-	700,290	700,290
TOTAL FINANCIAL ASSETS	125,226	23,434	700,290	848,950
FINANCIAL LIABILITIES				
Trade and other payables	18,196	-	-	18,196
Borrowing	115,156	-	-	115,156
Provisions	-	-	-	-
TOTAL FINANCIAL LIABILITIES	133,352	-	-	133,352

GROUP 2023

\$000s	Fair value though Other Comprehensive Revenue and Expense			Total
	Amortised Cost	Designated at Fair Value Through Surplus or Deficit		
FINANCIAL ASSETS				
Cash and cash equivalents	14,885	-	-	14,885
Trade and other receivables	36,279	-	-	36,279
Related party receivable	-	-	-	-
Borrower notes	2,588	-	-	2,588
Other financial instruments *	-	4,579	-	4,579
Other financial assets	-	25,262	-	25,262
Other current assets	4,495	-	-	4,495
Shares in subsidiary	-	-	-	-
TOTAL FINANCIAL ASSETS	58,247	29,841	-	88,088
FINANCIAL LIABILITIES				
Trade and other payables	37,735	-	-	37,735
Other financial instruments	-	138	-	138
Borrowing	165,856	-	-	165,856
Provisions	-	-	-	-
TOTAL FINANCIAL LIABILITIES	203,591	138	-	203,729

* Mandatorily at fair value.

GROUP 2022

\$000s	Fair value though Other Comprehensive Revenue and Expense			Total
	Amortised Cost	Designated at Fair Value Through Surplus or Deficit		
FINANCIAL ASSETS				
Cash and cash equivalents	13,323	-	-	13,323
Trade and other receivables	22,690	-	-	22,690
Related party receivable	-	-	-	-
Borrower notes	1,210	-	-	1,210
Other financial instruments *	-	4,281	-	4,281
Other financial assets	-	23,434	-	23,434
Other current assets	3,593	-	-	3,593
Shares in subsidiary	-	-	-	-
TOTAL FINANCIAL ASSETS	40,816	27,715	-	68,531
FINANCIAL LIABILITIES				
Trade and other payables	27,017	-	-	27,017
Borrowing	123,406	-	-	123,406
Provisions	-	-	-	-
TOTAL FINANCIAL LIABILITIES	150,423	-	-	150,423

24. 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 value of the Group's assets, liabilities and operating cashflow will fluctuate. 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:

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Managed funds	7,415	8,092	7,415	8,092
TOTAL MANAGED FUNDS	7,415	8,092	7,415	8,092

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, GBP and EUR 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 2023 would have the impact of increasing the carrying value of the managed funds, and the Council surplus, by \$823,578(2022: \$898,876), and an unfavourable movement of 10% would impact unfavourably to the extent of \$673,895 (2022: \$735,929).

(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 and forward start swaps. 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

COUNCIL	2023				2022			
	Profit +100bps	Other Equity +100bps	Profit -100bps	Other Equity -100bps	Profit +100bps	Other Equity +100bps	Profit -100bps	Other Equity -100bps
\$000s								
FINANCIAL LIABILITIES								
Borrowings	1,475	-	(1,475)	-	(1,261)	-	1,335	-
TOTAL SENSITIVITY TO INTEREST RATE RISK	1,475	-	(1,475)	-	(1,261)	-	1,335	-

GROUP	2023				2022			
	Profit +100bps	Other Equity +100bps	Profit -100bps	Other Equity -100bps	Profit +100bps	Other Equity +100bps	Profit -100bps	Other Equity -100bps
\$000s								
FINANCIAL LIABILITIES								
Borrowings	1,630	-	(1,630)	-	(1,470)	-	1,470	-
Derivatives - hedge accounted	-	5,204	-	949	-	3,655	-	1,797
Derivatives - non-hedge accounted	1,860	-	1,224	-	1,993	-	1,142	-
TOTAL SENSITIVITY TO INTEREST RATE RISK	3,490	5,204	(406)	949	523	3,655	2,612	1,797

25. 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

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
FINANCIAL ASSETS				
Other financial assets	14,393	13,575	14,393	13,575
EXPOSURE TO EQUITY PRICE RISK	14,393	13,575	14,393	13,575

Sensitivity to Equity Price Risk

Council and Group	2023				2022			
	-10% Profit	-10% Other Equity	+10% Profit	+10% Other Equity	-10% Profit	-10% Other Equity	+10% Profit	+10% Other Equity
FINANCIAL ASSETS								
Other financial assets	(1,439)	-	1,439	-	(1,358)	-	1,358	-
TOTAL SENSITIVITY TO EQUITY PRICE RISK	(1,439)	-	1,439	-	(1,358)	-	1,358	-

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.

26. 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.

Council

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 has credit risk exposure to related party for advance of \$125.088 million (2022:\$99.96 million).

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 Council is exposed to credit risk as a guarantor of all of the NZLGFA's borrowings. Information about this exposure is explained in note 21.

Group

Financial instruments which potentially subject the Group to credit risk, principally consist of bank balances, trade and other receivables, derivative financial instruments and other financial assets.

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 counter parties are high quality financial institutions 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:

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Cash at bank and term deposits	14,830	13,243	14,885	13,323
Trade and other receivables	18,192	11,140	36,279	22,690
Related party receivable	125,088	99,960	-	-
Other financial assets	25,262	23,434	25,262	23,434
Other financial instrument - asset	-	-	4,579	4,281
Other financial instrument - liability	-	-	138	-
Shares in Subsidiary	723,890	700,290	-	-
	907,262	848,067	81,143	63,728

27. Liquidity Risk

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 2023

\$000s	Weighted Average Effective Interest Rate	Carrying Amount	Contractual Cash Flows	AGEING OF CASH FLOWS		
				Less than 1 Year	1-5 Years	Greater than 5 Years
FINANCIAL ASSETS						
Cash and cash equivalents		14,830	14,830	14,830	-	-
Trade and other receivables		18,192	18,192	18,192	-	-
Related party receivable	6.18	125,088	143,564	59,962	72,563	11,039
Shares in subsidiary		723,890	723,890	-	-	723,890
Managed fund:						
Cash and call deposits		2,541	2,541	2,541	-	-
Fixed interest securities	3.69	11,264	11,571	2,936	7,426	1,209
Equity securities		11,456	11,456	11,456	-	-
TOTAL FINANCIAL ASSETS		907,261	926,044	109,917	79,989	736,138
FINANCIAL LIABILITIES						
Trade and other payables		(22,594)	(22,594)	(22,594)	-	-
Borrowing	6.16	(150,316)	(172,543)	(66,212)	(95,292)	(11,039)
Provision		-	-	-	-	-
TOTAL FINANCIAL LIABILITIES		(172,910)	(195,137)	(88,806)	(95,292)	(11,039)

COUNCIL 2022

\$000s	Weighted Average Effective Interest Rate	Carrying Amount	Contractual Cash Flows	AGEING OF CASH FLOWS		
				Less than 1 Year	1-5 Years	Greater than 5 Years
FINANCIAL ASSETS						
Cash and cash equivalents	-	13,243	13,243	13,243	-	-
Trade and other receivables	-	11,140	11,140	11,140	-	-
Related party receivable	3.55	99,960	106,374	40,294	48,843	17,737
Managed fund:						
Cash and call deposits	-	1,714	1,714	1,714	-	-
Fixed interest securities	3.15	10,340	10,618	358	5,236	5,024
Equity securities	-	11,381	11,381	11,381	-	-
Shares in subsidiary	-	700,290	700,290	-	-	700,290
TOTAL FINANCIAL ASSETS		848,068	854,760	78,130	54,079	723,051
FINANCIAL LIABILITIES						
Trade and other payables	-	(18,196)	(18,196)	(18,196)	-	-
Borrowing	3.08	(115,156)	(122,100)	(69,052)	(37,736)	(15,312)
Provision	-	-	-	-	-	-
TOTAL FINANCIAL LIABILITIES		(133,352)	(140,296)	(87,248)	(37,736)	(15,312)

GROUP 2023

\$000s	Weighted Average Effective Interest Rate	Carrying Amount	Contractual Cash Flows	AGEING OF CASH FLOWS		
				Less than 1 Year	1-5 Years	Greater than 5 Years
FINANCIAL ASSETS						
Cash and cash equivalents		14,885	14,885	14,885	-	-
Trade and other receivables		36,279	36,279	36,279	-	-
Managed fund:						
Cash and call deposits		2,541	2,541	2,541	-	-
Fixed interest securities	3.69	11,264	11,571	2,936	7,426	1,209
Equity securities		11,456	11,456	11,456	-	-
TOTAL FINANCIAL ASSETS		76,425	76,732	68,097	7,426	1,209
FINANCIAL LIABILITIES						
Trade and other payables		(37,735)	(37,735)	-	-	-
Borrowing (secured)	6.16	(165,856)	(188,083)	(71,752)	(105,292)	(11,039)
Provision		-	-	-	-	-
Other financial instruments		4,441	5,019	2,430	2,443	146
TOTAL FINANCIAL LIABILITIES		(199,150)	(220,799)	(69,322)	(102,849)	(10,893)

GROUP 2022

\$000s	Weighted Average Effective Interest Rate	Carrying Amount	Contractual Cash Flows	AGEING OF CASH FLOWS		
				Less than 1 Year	1-5 Years	Greater than 5 Years
FINANCIAL ASSETS						
Cash and cash equivalents	-	13,323	13,323	13,323	-	-
Trade and other receivables	-	22,690	22,690	22,690	-	-
Managed fund:						
Cash and call deposits	-	1,714	1,714	1,714	-	-
Fixed interest securities	3.42	10,340	10,618	358	5,236	5,024
Equity securities	-	11,381	11,381	11,381	-	-
TOTAL FINANCIAL ASSETS		59,448	59,726	49,466	5,236	5,024
FINANCIAL LIABILITIES						
Trade and other payables	-	(27,017)	(27,017)	(27,017)	-	-
Borrowing	3.08	(123,406)	(122,100)	(69,052)	(37,736)	(15,312)
Provision	-	-	-	-	-	-
Other financial instruments	-	4,281	4,739	1,208	3,223	308
TOTAL FINANCIAL LIABILITIES		(146,142)	(144,378)	(94,861)	(34,513)	(15,004)

The Council is exposed to liquidity risk as a guarantor of all LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposures is explained in note 21.



Notes to the Financial Statements:

Other Disclosures

Queenstown

The notes in this section are as follows:

- 28. Key Management Personnel Compensation**
- 29. Remuneration (Council Only)**
- 30. Subsequent Events**
- 31. Commitments for Expenditure**
- 32. Contingent Liabilities and Contingent Assets**
- 33. Deferred Tax Balances**
- 34. Leases**
- 35. Related Party Disclosures**

28. 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:

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
MANAGEMENT PERSONNEL				
Short-term employee benefits	1,401	1,843	5,621	5,544
Post-employment benefits	-	-	-	-
	1,401	1,843	5,621	5,544
Full-time equivalent number of key management personnel	5	6	23	24
GOVERNING PERSONNEL				
Councillors remuneration	887	862	887	862
Directors' fees	-	-	490	500
	887	862	1,377	1,362

Key management personnel of Council does not include the interim Chief Executive Dr Pim Borren who was not employed directly by Council. Disclosure of payments made to Dr Pim Borren are included in Note 29. Remuneration.

29. 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 2023	Number of Employees 30 June 2022
Full-time employees	269	259
Full-time equivalent number of employees	22.2	20.8

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 2023	Number of Employees 30 June 2022
Less than \$60,000	26	35
\$60,000 to \$79,999	87	90
\$80,000 to \$99,999	86	79
\$100,000 to \$119,999	54	48
\$120,000 to \$139,999	24	20
\$140,000 to \$159,999	13	8
\$160,000 to \$259,999	11	8
\$260,000 to \$300,000	2	-
\$360,000 to \$379,000	1	-
\$620,000 to \$639,000	-	1
	304	289

Chief Executive Remuneration

The Chief Executive of the Council is appointed under Section 42 of the Local Government Act 2002.

Dr Pim Borren was appointed interim Chief Executive on 7 June 2022 and was compensated through a 3rd party as a consultant. During the period 1 July 2022 to 31 May 2023 Council made total payments of \$595,924 in relation to compensation for the services of Dr Borren including travel and accommodation costs. (2022: \$55,093).

Richard Saunders was employed as Chief Executive from 1 June 2023. During the period 1 June 2023 to 30 June 2023, total remunerations (including any non-financial benefits) paid or payable to the Chief Executive was \$30,093. (2022: nil).

2022: Sarah Gardner was employed as Chief Executive from 1 July 2021 to 18 May 2022. During the period to 30 June 2022 the Chief Executive, Sarah Gardner received total payments of \$636,384 (including any non-financial benefits). Included within this amount was accrued annual leave of \$73,978 and severance payments of \$192,106.

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 2023

COUNCILLOR	Meetings attended / eligible meetings	Remuneration \$	Meeting fees \$	Allowance and mileage \$	Other \$	Total
Gretchen Robertson - Chairperson (appointed 15 October 2022)	39/39	125,529	-	798	3,224	129,550
Andrew Noone - Chairperson (to 14 October 2022)	39/41	87,674	-	1,501	1,396	90,572
Lloyd McCall - Deputy Chairperson (appointed 10 November 2022)	23/25	59,012	-	7,372	-	66,384
Kevin Malcolm - Deputy Chairperson (to 14 October 2022)	39/43	72,499	-	16,709	-	89,208
Alexa Forbes	34/41	66,185	-	11,446	464	78,096
Gary Kelliher	40/41	66,185	-	6,118	-	72,304
Michael Laws	34/39	66,185	-	2,423	-	68,608
Timothy Mepham	25/27	46,250	-	1,117	-	47,367
Bryan Scott	32/39	66,185	-	610	119	66,914
Alan Somerville	24/25	46,250	-	275	-	46,525
Elliot Weir	19/25	46,250	-	1,005	59	47,314
Kate Wilson	39/43	66,185	-	6,953	609	73,747
Hilary Calvert	16/16	19,935	-	275	-	20,210
Michael Deaker	11/14	19,935	-	275	-	20,210
Carmen Hope	14/14	19,935	-	798	-	20,733
		874,197	-	57,674	5,870	937,742

Council Remuneration 2022

COUNCILLOR	Meetings attended / eligible meetings	Remuneration \$	Meeting fees \$	Allowance and mileage \$	Other \$	Total
Andrew Noone - Chairperson	50/52	142,260	-	550	5,937	148,747
Kevin Malcolm - Deputy Chairperson (appointed 25 May 2022)	52/52	68,118	-	7,614	410	76,142
Michael Laws - Deputy Chairperson (to 25 May 2022)	41/48	85,480	-	5,435	189	91,104
Hilary Calvert	51/52	65,959	-	550	-	66,509
Michael Deaker	41/48	65,959	-	550	-	66,509
Alexa Forbes	48/50	65,959	-	7,916	677	74,551
Marian Hobbs (to 1 November 21)	13/13	20,985	-	275	-	21,260
Carmen Hope	44/48	65,959	-	7,077	-	73,035
Gary Kelliher	48/48	65,959	-	7,445	-	73,404
Gretchen Robertson	42/48	65,959	1,040	755	-	67,754
Bryan Douglas Scott	44/48	65,959	-	929	58	66,945
Kate Wilson	52/52	65,959	1,300	678	-	67,937
		844,512	2,340	39,775	7,270	893,896

Severance Payments

For the year ended 30 June 2023, the Council had two (2022: four) severance payments of; \$24,500 and \$98,000 (2022: \$10,000, \$10,000, \$21,000 and \$192,106). Included in the 2022 severance payments was \$192,106 made to the CEO.

30. Subsequent Events

On 5 September 2023 the Directors of Port Otago declared a final dividend of \$1.0 million for the year ended 30 June 2023. 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.

31. Commitments for Expenditure

Capital Expenditure Commitment

At 30 June 2023 the Group had commitments for capital expenditure of \$17.3 million (2022: \$47 million). Included in the above amounts are Council commitments of \$3.2 million (2022: \$0.3 million) relating to property, plant and equipment acquisitions and contracts for capital expenditure. Port Otago Limited had commitments for capital expenditure of \$14.1 million (2022: \$46.8 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 34 to the financial statements.

32. Contingent Liabilities and Contingent Assets

Council Only Contingent Liabilities

Otago Regional Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ("Riskpool"). The Scheme is in wind down, however the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by re insurance), and to fund the ongoing operation of the scheme. The likelihood of any call in respect of historical claims diminishes with each year as limitation periods expire.

However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme court decision. At this point any potential liability is unable to be quantified.

The Council has also 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, (2022: \$Nil).

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 2023. In the prior year the Council at 30 June had a contingent assets for bus trips which have been paid for but were not performed from the bus operators in June 2022.

Group

There are no other contingent liabilities or assets at 30 June 2023 (30 June 2022: \$Nil) other than those arising in the normal course of business.

33. Deferred Tax Balances

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

Council 2023

\$000s	Opening Balance	Charged to Surplus / (Deficit)	Charged to Other Comprehensive Revenue and Expenses	Closing Balance
GROSS DEFERRED TAX ASSET:				
Tax Losses	98		(98)	-
	98	-	(98)	-

Council 2022

\$000s	Opening Balance	Charged to Surplus / (Deficit)	Charged to Other Comprehensive Revenue and Expenses	Closing Balance
GROSS DEFERRED TAX ASSET:				
Tax Losses	98	-	-	98
	98	-	-	98

Group 2023

\$000s	Opening Balance	Charged to Surplus / (Deficit)	Charged to Other Comprehensive Revenue and Expenses	Closing Balance
GROSS DEFERRED TAX LIABILITIES:				
Other financial assets	1,200	148	64	1,412
Property, plant and equipment	10,249	(497)	-	9,752
Investment property	11,864	(1,045)	-	10,819
Other	(1,956)	(554)	-	(2,510)
	21,357	(1,948)	64	19,473

Group 2022

\$000s	Opening Balance	Charged to Surplus / (Deficit)	Charged to Other Comprehensive Revenue and Expenses	Closing Balance
GROSS DEFERRED TAX LIABILITIES:				
Other financial assets	(64)	337	927	1,200
Property, plant and equipment	10,759	(510)	-	10,249
Investment property	7,309	4,555	-	11,864
Other	(1,600)	(356)	-	(1,956)
	16,404	4,026	927	21,357

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.

34. 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

\$000s	Council 2023	Council 2022	Group 2023	Group 2022
Less than 1 year	648	653	1,093	1,153
1 - 2 years	648	653	1,093	1,098
2 - 3 years	355	390	800	835
3 - 4 years	163	246	608	691
4 - 5 years	125	161	570	603
Longer than 5 years	228	338	1,278	1,832
	2,167	2,441	5,442	6,212

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:

\$000s	Group 2023	Group 2022
RENTALS RECEIVABLE		
Within one year	32,728	28,766
1 - 2 years	30,639	27,011
2 - 3 years	29,571	24,828
3 - 4 years	23,875	23,835
4 - 5 years	21,642	18,452
More than five years	102,979	84,905
MINIMUM FUTURE LEASE RECEIVABLE	241,434	207,797

35. Related Party Disclosures

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.

Council 2023

During the 30 June 2023 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 ENTITIES	Relationship to related party entity	Total paid by the entity to Council	Total paid to the Entity by Council	Outstanding balance owed by Entity	Outstanding balance owed
Councillor Alan Somerville					
Forest & Bird	Member		21,700	-	-
Councillor Alexa Forbes					
Otago Polytech	Employee	180,544	63,882	-	-
Councillor Andrew Noone					
Farmlands Co-operative Limited	Shareholder	-	6,387	-	-
Morfazan Limited	Shareholder	992	-	-	-
Ravensdown Co-operative Limited	Shareholder	26,118	89,260	3,374	-
Silver Fern Farms Co-operative Limited	Shareholder	56,007	-	3,335	-
Councillor Bryan Scott					
Otago Catchment Community Incorporated	Member	-	426,938	-	-
Councillor Elliot Weir					
Monarch Wildlife Cruises	Employee	15,204	1,954	1,294	-
Councillor Gary Kelliher					
Manuherikia Irrigation Co-operative Society	Ultimate Shareholder	1,050			
Springvale Downs Limited	Director & Shareholder	97	-	-	-
Springvale Water Supply Company Limited	Director	225	-	-	-
Councillor Kate Wilson					
Alliance Group Co-operative Limited	Shareholder	43,907	-	17,586	-
Farmlands Co-operative Limited	Shareholder	-	6,387	-	-
Otago Central Rail Trail Network Trust	Chairperson	27,783	-	-	-
PGG Wrightson Limited	Shareholder	-	241,203	-	15,854
Silver Fern Farms Co-operative Limited	Shareholder	56,007	-	3,335	-
Strath Taieri Agriculture and Rural Tourism Trust	Trustee	295	-	-	-

Strathburn Limited	Director & Shareholder	225	-	-	-
Councillor Kevin Malcolm					
J & E Soper Family Trust	Trustee	225	-	-	-
Lower Waitaki Irrigation Company Limited	Shareholder	4,000	-	3,174	-
Poltalloch South Trust	Trustee	225	-	-	-
Councillor Lloyd McCall					
Kelso Dairy Limited	Director & Shareholder	275	-	-	-
Otago Catchment Community Incorporated	Member	-	426,938	-	-
Councillor Tim Mepham					
Yellow-eyed Penguin Charitable Trust	Member	-	19,655	-	-

Council 2022

During the 30 June 2022 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 ENTITIES	Relationship to related party entity	Total paid by the entity to Council	Total paid to the Entity by Council	Outstanding balance owed by Entity	Outstanding balance owed
Councillor Andrew Noone					
Ravensdown Limited	Shareholder	6,122	50,515	-	9,959
Silver Fern Farms Limited	Shareholder	12,373	-	-	-
Councillor Gary Kelliher					
Springvale Downs Limited	Director / Shareholder	647	-	97	-
Springvale Water Supply Company Limited	Director	225	-	-	-
Councillor Hilary Calvert					
Auripo Holdings Limited	Shareholder	570	-	-	-
Councillor Kate Wilson					
Straith Taieri Agriculture and Rural Tourism Trust	Trustee	325	-	-	-
Councillor Kevin Malcolm					
J & E Soper Family Trust	Trustee	225	-	-	-
Poltalloch South Trust	Trustee	225	-	-	-

Group

Refer to Note 16 for transactions between Council and Port Otago Limited.

Chalmers Properties Limited has provided an advance to Te Rapa Gateway Limited to fund its share of land acquisition and development expenditure. The current intention of Chalmers Properties Limited is to provide ongoing financial support to Te Rapa Gateway Limited.

Port Otago Limited and Chalmers Properties Limited have a \$300,000 overdraft offset facility arrangement which is included in the Group debt facility detailed in note 20. The purpose of this arrangement is to minimise any interest costs to the two entities.

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.

Annual Report Disclosure Statement for year ending 30 June 2023

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

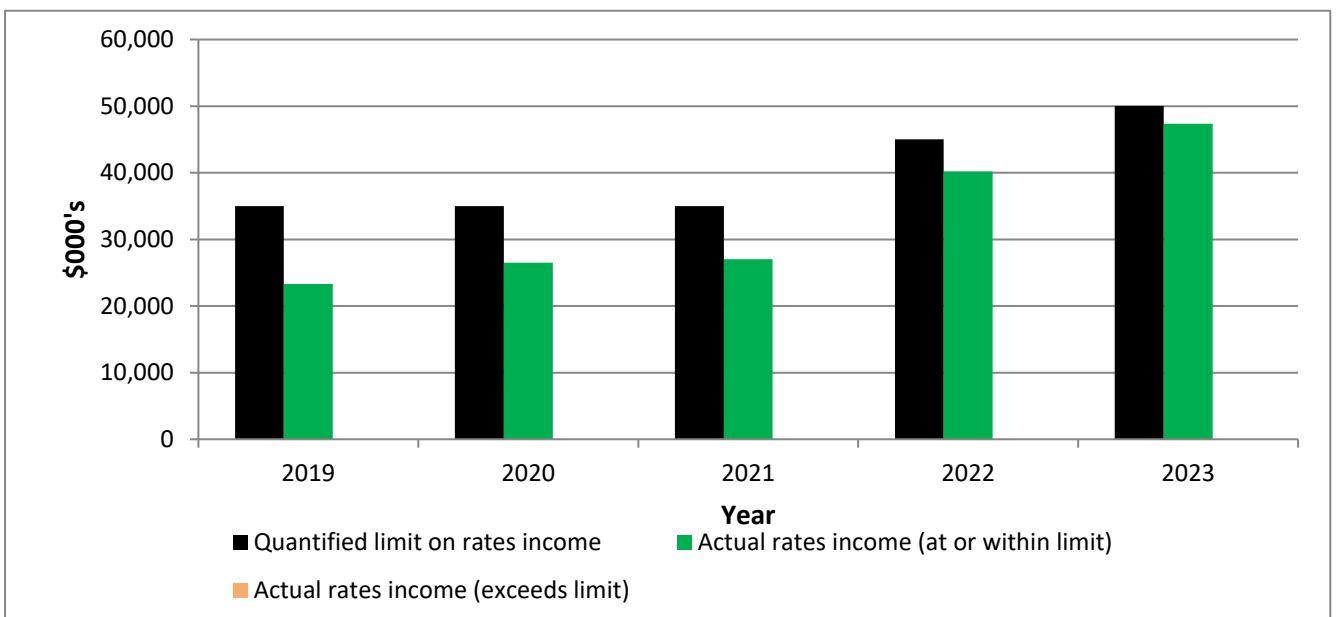
The Council meets the rates affordability benchmark if:

- 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

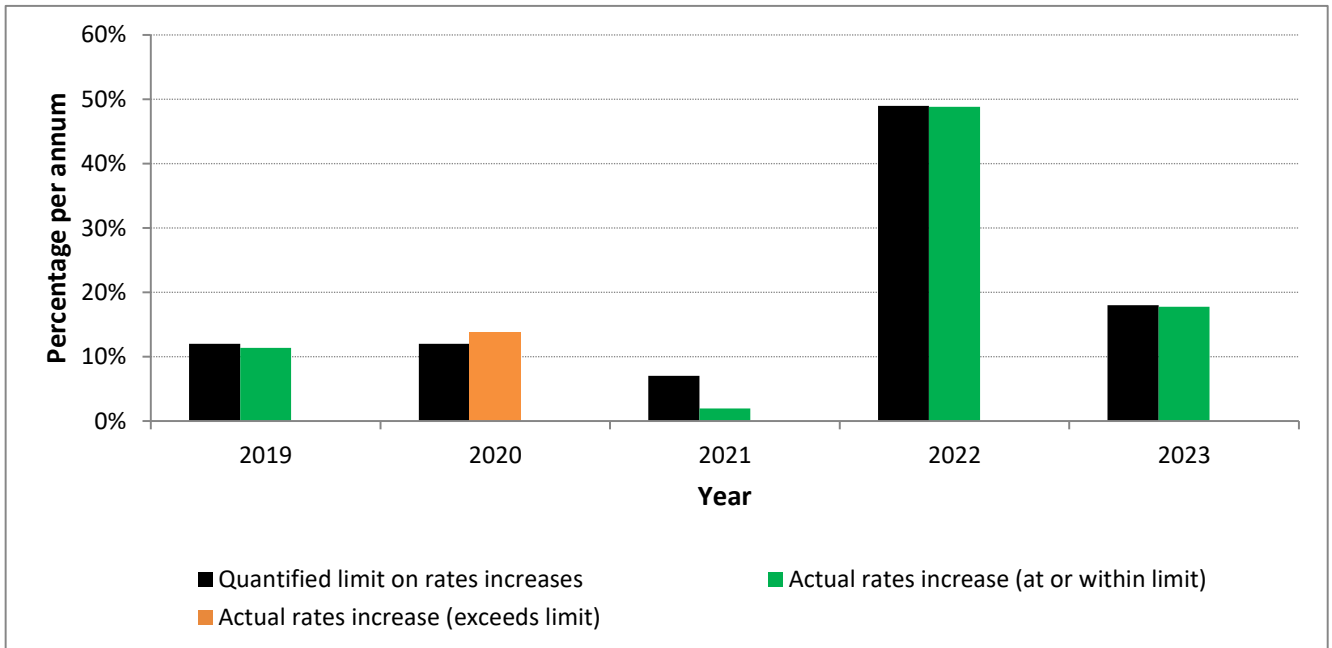
The following graph compares the Council’s actual rate income with a quantified limit on rate contained in the financial strategy included in the Council’s Long-Term Plan.

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 for 30 June 2023 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 18% per annum, (2022: 49%, 2021: 7%, 2019 - 2020: 12%).



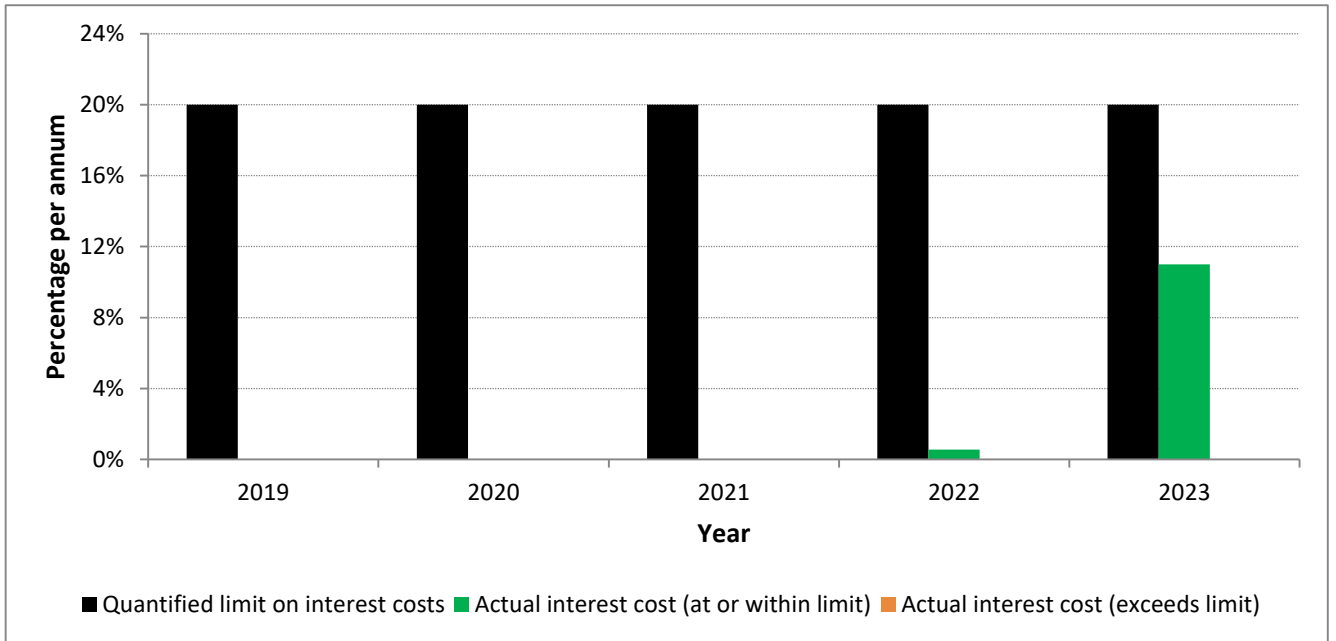
RATES AFFORDABILITY COMMENTARY

The Rates (increases) affordability graph shows the quantified limit was exceeded in 2020. The quantified limit included in the Long-Term Plan was an increase of 12% in 2020, and the actual amount of the increase was 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.

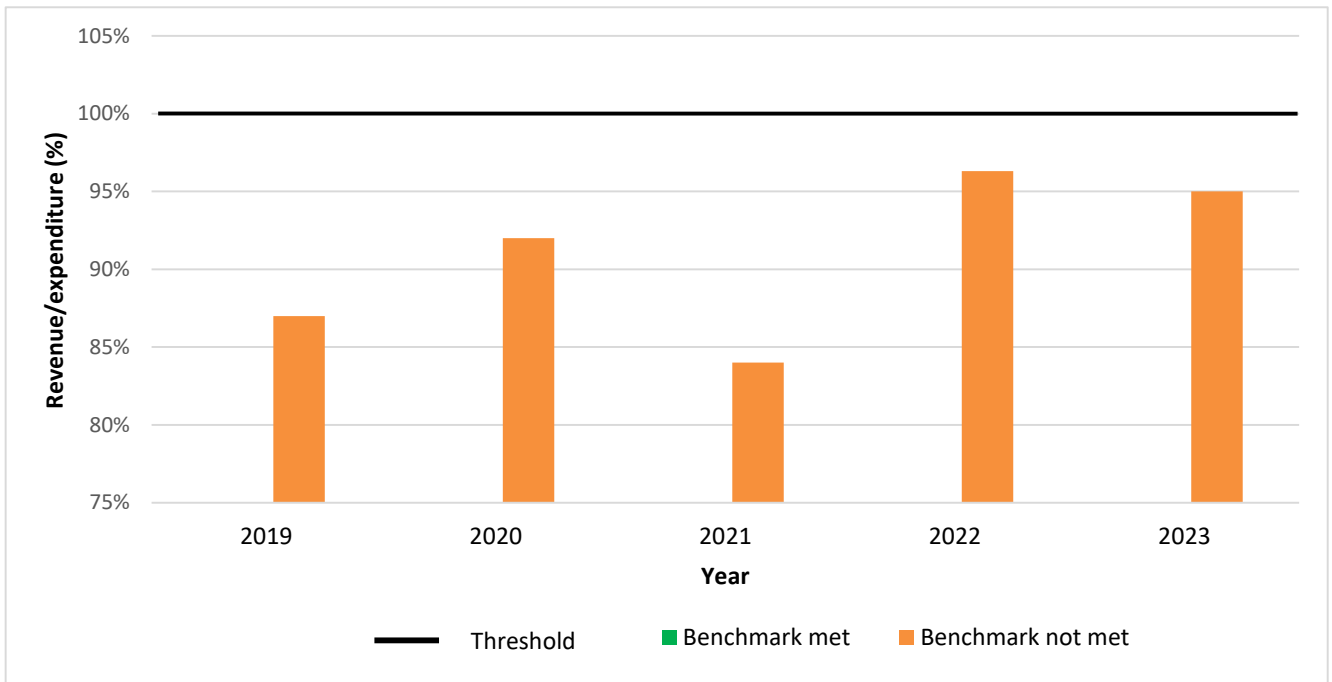
The following graph compares the Council’s actual interest costs as a percentage of borrowing with a quantified limit specified in the financial strategy included in the Council’s Long-Term Plan. The quantified limit is interest costs being a maximum of 20% of rates income, (2019-2022 20%).



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 2019- 2023, 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.

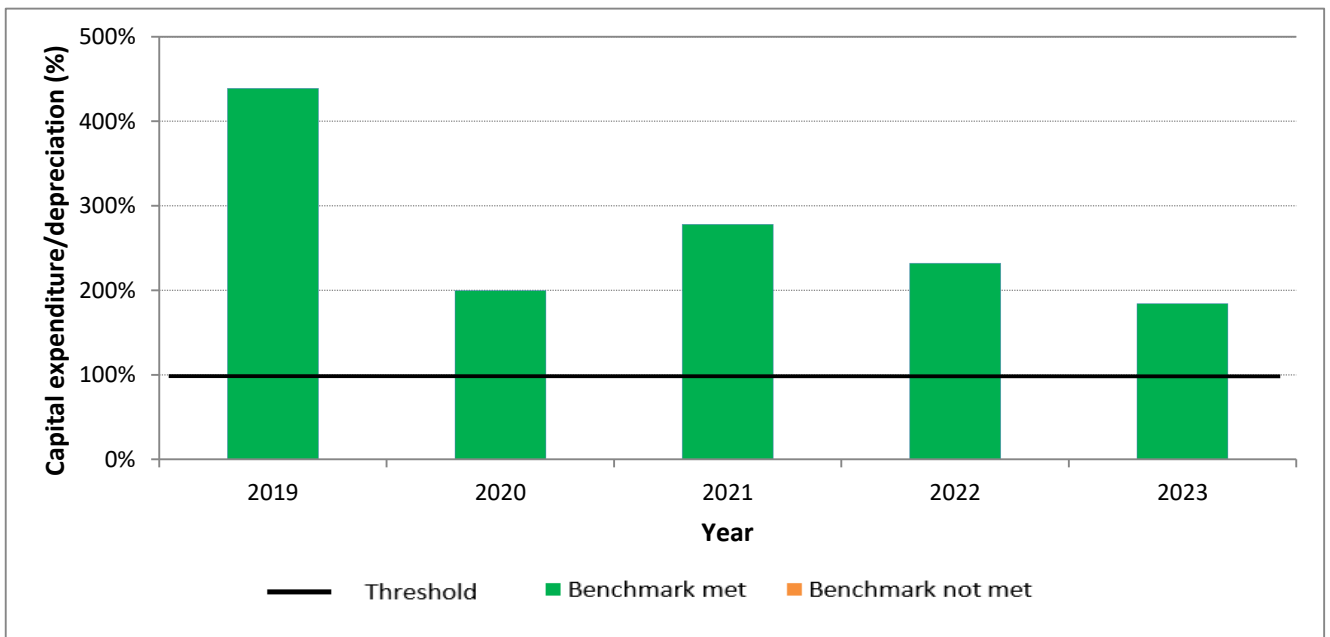
In the 2019-2023 years, Council resolved to fund costs associated with particular activities from reserves, with the activities most affected being the Environmental, Community and Transport activities.

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.

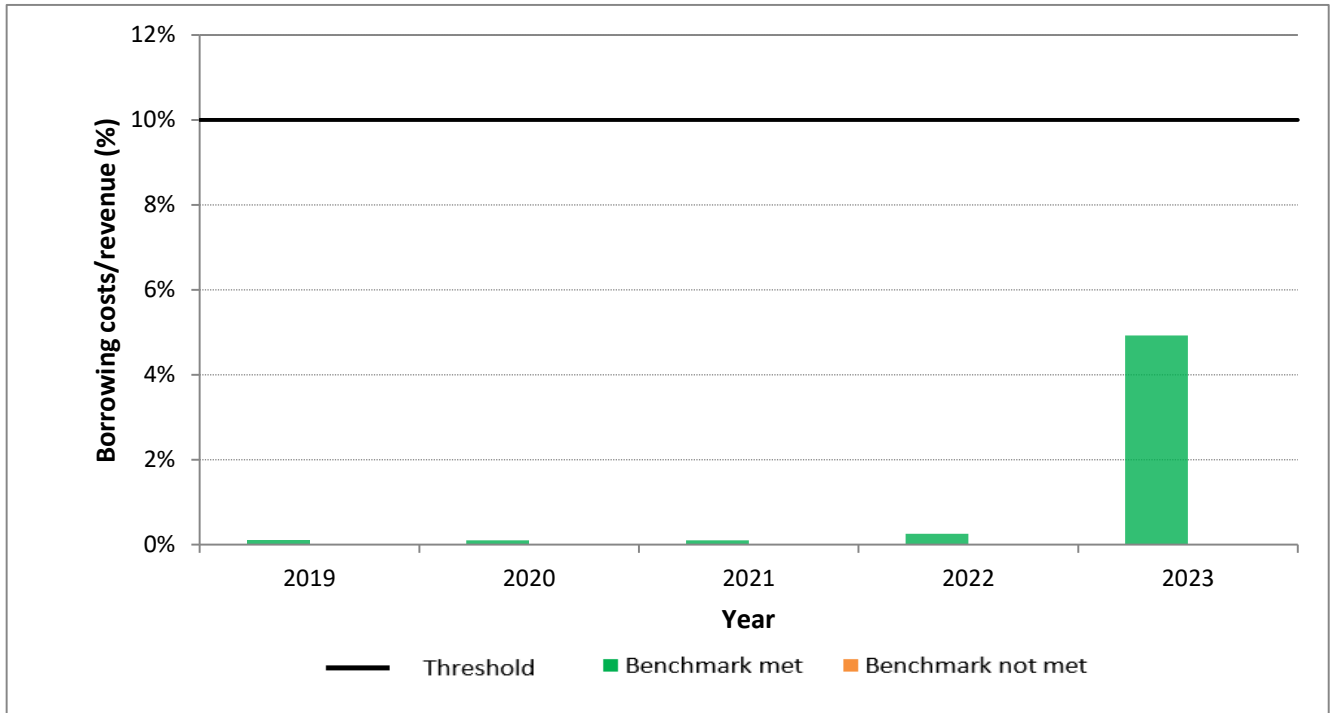
The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services.



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.

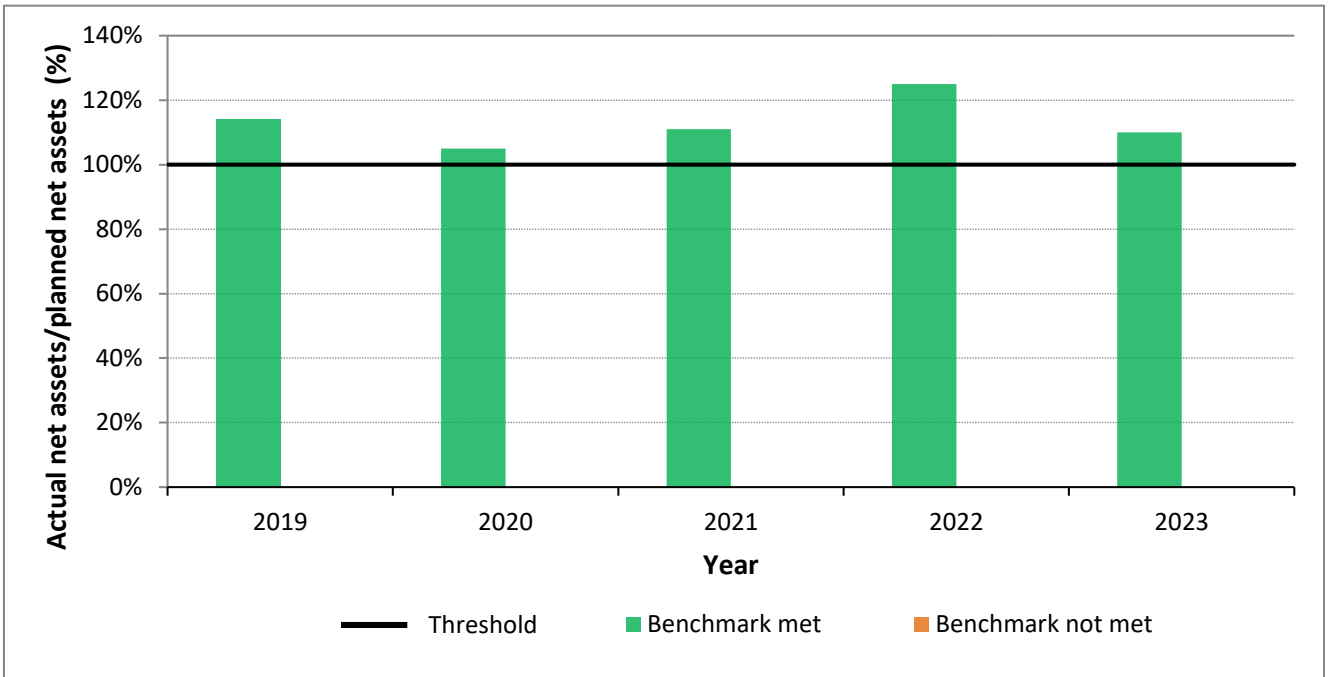


Debt Control Benchmark

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. For the purposes of this graph Port Otago Limited receivable has been netted against total debt to remove borrowing that was on lent to Port Otago Limited and is received as a intercompany receivable.

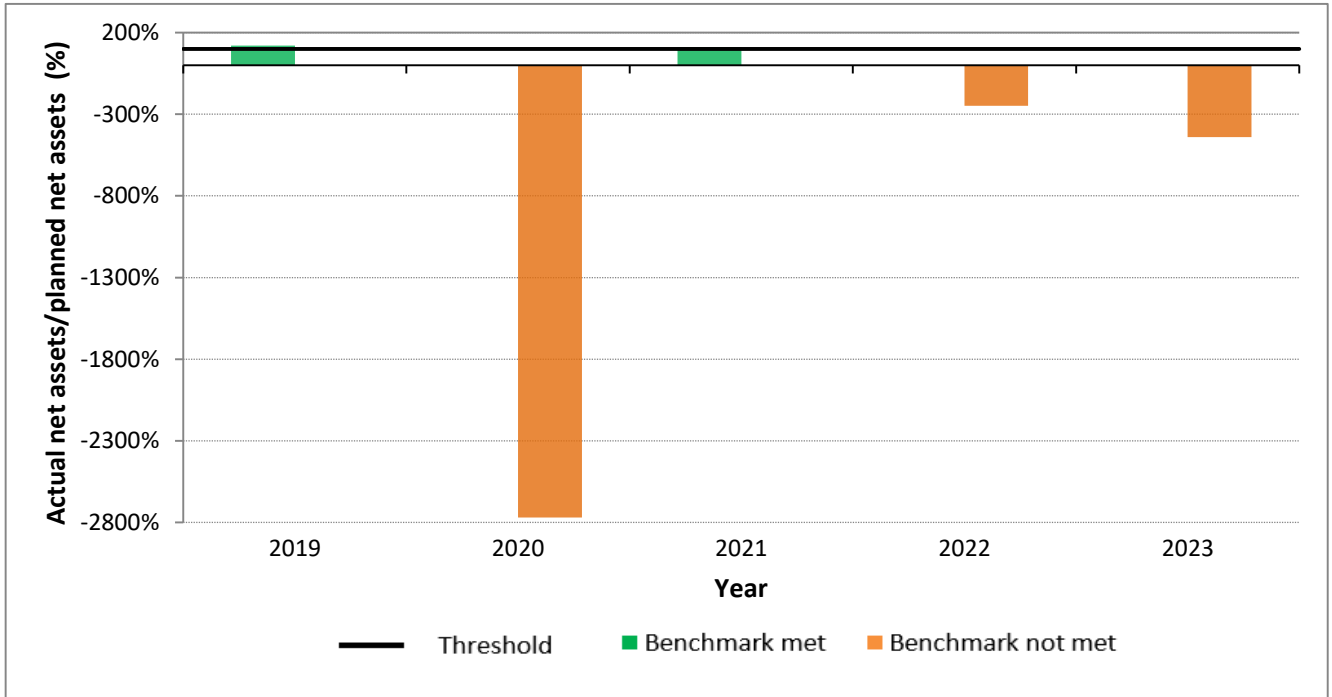
During the period 2018/19 to 2020/21, Council had budgeted net assets rather than net debt. During the 2021/2022 Council borrowed \$15 million which was increased to \$25 million in 2022/23.



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 2023 year, the actual cash flow from operations was a new outflow of \$3,792,000 compared to the planned new inflow of \$1,113,000. The major cause of this variance was caused by additional unbudgeted expenditure on the Regional Policy Statement (RPS) and fees and charges revenue being received than budgeted.

In the 2022 year, the actual cash flow from operations was a new outflow of \$2,198,000 compared to the planned net inflow of \$1,409,000. The major cause of this variance was caused by less fees and charges revenue being received than budgeted.

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.

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 2023	Rating Base Information for the Year Ended 30 June 2022
Total number of rating units	133,195	120,313
Total capital value of rating units	\$148,574,794,340	\$105,375,181,640
Total land value of rating units	\$84,653,814,590	\$54,940,034,640

Insurance of Assets

The total carrying value of all assets of the Council as at 30 June 2023 that are covered by insurance contracts amounts to \$17.553 million (2022: \$17.928 million) and the maximum amount to which they are insured is \$59.835 million (2022: \$49.591 million).

The total value of all assets of the Council as at 30 June 2023 that are self-insured amounts to \$97.106 million (2022:\$97.349 million).

Included in the value of self-insured assets are flood protection and drainage infrastructural assets of \$66.913 million (2022: \$65.167 million), land of \$28.750 million (2022: \$29.344 million), transport infrastructural assets and hardware of \$0.623 million (2022: \$1.388 million) and software of \$0.820 million (2022: \$1.450 million). Flood protection and drainage infrastructural assets include floodbanks, protection works, 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.

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 2023 the Council had not entered into any financial risk sharing arrangement for any assets held (2022:\$Nil).

Directory

Bannockburn, Central Otago

Otago Regional Council Councillors

Chairperson	Gretchen Robertson	Dunedin Constituency
Deputy Chairperson	Lloyd McCall	Molyneux Constituency
Regional Councillors	Tim Mepham	Dunedin Constituency
	Andrew Noone	Dunedin Constituency
	Bryan Scott	Dunedin Constituency
	Alan Somerville	Dunedin Constituency
	Elliott Weir	Dunedin Constituency
	Kate Wilson	Molyneux Constituency
	Alexa Forbes	Dunstan Constituency
	Gary Kelliher	Dunstan Constituency
	Michael Laws	Dunstan Constituency
	Kevin Malcolm	Moeraki Constituency

Otago Regional Council Executive Staff

Chief Executive	Richard Saunders Pim Borren	1 June 2023 to Current 7 June 2022 to 31 May 2023
General Manager Corporate Services and Chief Financial Officer	Nick Donnelly	
General Manager Strategy, Policy and Science	Anita Dawe	
General Manager Operations	Gavin Palmer	
General Manager Regulatory and Communications	Joanna Gilroy (Acting) Richard Saunders	1 June 2023 to Current 3 March 2021 to 31 May 2023
General Manager Governance, Culture and Customer	Amanda 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	Tim Gibson	January 2023 to Current
Deputy Chairperson	Pat Heslin	
Directors	Tom Cambell	
	Bob Fulton	
	Becky Lloyd	
	Chris Hopkins	
	Anne McLeod	July 2023 to Current
	Kate Faulks	
Chief Executive	Kevin Winders	



Office and Depot Locations

Offices

Dunedin Office - Philip Laing House

Monday to Friday
8.00am to 1pm, 2pm to 4.30pm Closed on public
holidays.

Level 2
144 Rattray Street
Dunedin 9016

Queenstown Office

Monday to Friday
8.00am to 1pm, 2pm 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

13 Ngapara Street
Alexandra 9340

Cromwell

14 Rogers Street
Cromwell 9310

Oamaru

32 Ribble Street
Oamaru 9400

Taieri

173 Dukes Road North
North Taieri 9092

Balclutha

Hasborough Place
Balclutha 9230

Dunedin

70 Stafford Street
Dunedin 9054

Palmerston

54 Tiverton Street
Palmerston 9430

Wānaka

185 Riverbank Road
Wānaka 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.



Richard Saunders
CHIEF EXECUTIVE



Gretchen Roberston
CHAIRPERSON



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF OTAGO REGIONAL COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

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 25 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 78 to 157 and 166:
 - present fairly, in all material respects:
 - the Regional Council and Group's financial position as at 30 June 2023;
 - 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 71, 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 10 to 69:
 - presents fairly, in all material respects, the levels of service for each group of activities for the year ended 30 June 2023, 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 73, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the Regional Council's Long-term plan; and
- the funding impact statement for each group of activities on pages 74 to 77, 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 pages 157 to 165, 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.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

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 provision, 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



auditor's 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 audited information of the entities or business activities within the Group to express an opinion on the consolidated audited information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 9 and 167 to 170, 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 and we do not express any form of audit opinion or assurance conclusion thereon.

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, we have carried out an engagement for Debenture Trust Deed Reporting, which is compatible with those independence requirements. Other than this engagement, we have no relationship with, or interests in, the Regional Council or its subsidiaries and controlled entities.

Heidi Rautjoki
for Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand



Lake Hayes, Central Otago