

ANNUAL REPORT

1 JULY 2018 - 30 JUNE 2019

SUMMARY



Summary Annual Report

For the Period

1 July 2018 to 30 June 2019

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Cr Stephen Woodhead
Chairperson

Overview from the Chairman and Chief Executive

It is with pleasure that we bring you the Otago Regional Council (ORC) Annual Report for the year ended 30 June 2019. It highlights the key activities and significant events during that period.

The context for this year is important because we have altered priorities and work programmes in some areas throughout the year. This means we did a few things differently than anticipated at the time of adopting the

Long-term Plan (LTP) for 2018-28. The result was that some work has been accelerated and some put on a slower track.



Sarah Gardner
Chief Executive

Change and transition have been a theme at ORC as a result of Sarah's initial assessment of the organisation and stocktake of ORC's compliance or progress with different work programmes. This work identified that some obligations had not been met and adjustments to the work programme were required. This was most acute in the delivery of Resource Management Act 1991 (RMA) compliant policy, and also in the approach being taken to replace deemed water permits to bring them into the RMA framework.

A significant development was a change in ORC's position on its compliance with the National Policy Statement for Freshwater. Until mid-2018, Council had considered that its Regional Water Plan complied with the National Policy Statement for Freshwater Management. That is why the LTP was focused around plan changes in subject areas, such as urban stormwater, because the work programme was arranged using an all-of-Otago approach by topic.

The true position was that the Water Plan does not comply with the National Policy Statement for Freshwater, as at 2018. This meant a full Water Plan review needed to commence, and ORC needed to drive towards compliance with the National Policy Statement by having an operative Water Plan by 2025.

The key difference this made to the work programme is that the region-wide approach to plan changes by topic was no longer appropriate, as water quality and quantity must be managed through the national framework in Freshwater Management Units (FMUs - similar to catchments). Specific policy, including limits on water quality and quantity, need to be developed through community value and objective setting for each FMU. Importantly with this new understanding, ORC submitted to the Ministry for the Environment, within timeframe expectations, a new progressive implementation programme that sets out the work programme for achieving compliance with the National Policy Statement by 2025.

While making adjustments to the work programme to deliver on the National Policy Statement obligations, ORC was also fast approaching the 2021 expiry of deemed permits across the region. While hundreds of permits have been through consenting processes to bring them into alignment with the RMA, the more challenging catchments, where water is either allocated up to or beyond what present-day science suggests is appropriate, are yet to have deemed permits considered for replacement.

A fast-track approach to achieving replacement by 2021 was proposed to Council for the Manuherekia, Cardrona and Arrow catchments in 2018, which would have met some but not all National Policy Statement obligations, with time to revisit those not met before 2025. While initially there was informal agreement with Council to pursue the development of only a minimum flow in those catchments, Council later resolved to undertake the full suite of considerations required under the National Policy Statement for Freshwater as

plan changes that would form part of the full Water Plan review. This includes the consideration of allocation, objective and limit setting, and water quality management. Subsequently, a substantial repositioning of the work programme and reallocation of resources to have any possibility of meeting the 2021 deadline was required.

These efforts were highlighted and critically important when the Hon. David Parker, the Minister for the Environment, appointed Peter Skelton to investigate if ORC is meeting its obligations under the Resource Management Act, with a particular focus on freshwater and deemed permits. Peter Skelton will report to the Minister on ORC's progress by 1 October 2019.

This new direction meant that ORC needed to programme new and different work to some of that planned in the LTP. For example, over the summer months we carried out a new and previously-unprogrammed project in the Manuherekia. This involved gathering data to help ORC understand the river flow and water quality better, so we can set appropriate water quality and quantity limits that provide for ecological and human health, and other values that the community is working with ORC to determine.

As part of this work, ORC monitored 23 sites for flow and/or temperature from above Falls Dam through to Alexandra, and fish habitat modelling was carried out in the lower reaches of the river. The project also involved concurrent gauging on the Manuherekia mainstem and on the Dunstan, Thomsons, Lauder and Chatto creeks. ORC monitored sites from the upper reaches of the tributaries (the river's branches) to the convergence of the Manuherekia. This will help ORC and stakeholders understand the gains and losses from the river and its tributaries as a result of water taken from the river systems and other influences such as rainfall.

Data like that collected over the summer will be used to populate the hydrological model that ORC has commissioned to assist in testing flow scenarios for the Manuherekia River. Those scenarios will assist decision making on where to set minimum flows and other limits on water abstraction and water quality. This work will inform a plan change to the Water Plan, which is scheduled to be notified by the end of 2019.

Even as ORC's scientists responded to a changed work programme, some work continued as originally intended, such as increasing our water monitoring sites across Otago from 70 to over 100. As part of this work, we have installed one water quality monitoring buoy in Lake Hayes. This enables us to collect continuous data on lake conditions, which will inform our current work investigating remediation options for Lake Hayes. We plan to install two additional buoys in Lakes Wakatipu and Wanaka as soon as we receive them from the manufacturer. Importantly, over half our monitoring sites produced results that show water quality of a "good" or "excellent" standard.

These new monitoring sites mean we will have new data sets and more comprehensive pictures of water quality trends across our region, which will inform policy setting that includes our Water Plan review. We also continued work programmes, including that planned in the urban water quality area, even though how we use the outcomes may now be different based on the Freshwater Management Unit framework. That work involved key stakeholders meeting in workshops to further progress the discussion about this issue and its challenges.

Our climate change work occurs across the business, in particular around understanding its effects on natural hazards and the performance of the ORC flood protection and drainage schemes. This past year we also commenced work to grow our knowledge and understanding of the risks and opportunities associated with climate change in Otago. This work is focused on understanding the physical, economic and social vulnerabilities to climate change so that we can provide information to assist with adapting to it and preparing for it. This work continues in the 2019-20 financial year.

ORC's flood protection and drainage schemes were put to the test in November 2018 with flooding in the Taieri and Clutha as well as other catchments, and involved an immediate response as well as urgent work that followed soon after. This flooding came on the back of a serious event in July 2017 and confirmed the

importance of ORC's investigatory and planning work that informs future service level discussions – particularly with climate change adaptation in mind. When these situations occur we often find our flood recovery work overtakes our planned work programme and some of that did occur after our November flood.

Otago's Regional Pest Management Plan development involved work that was unbudgeted for, but necessary to undertake in order to meet our statutory obligations of updating the out-of-date plan. The Regional Pest Management Plan outlines management options for pest plants and animals throughout Otago to ensure healthy biodiversity so our ecosystems can thrive. The plan process was not completed this year but is anticipated to be complete by October 2019.

Dunedin's new bus hub was officially opened in March 2019, as a key step in our Regional Public Transport Plan to improve public transport in the city with a more connected journey for passengers. Orbus patronage in Dunedin grew by 8% in the 2018-19 financial year, more than double our growth target, and patronage in Queenstown grew 64% compared with the previous year, when the Queenstown Orbus service was launched.

The Otago Civil Defence and Emergency Management Group's programme to develop community response plans preparing people for potential natural and manmade disasters was accelerated, with plans now in place for 28 communities. This work supports individuals and communities to be ready to cope with the impacts of emergencies.

Council approval of the Air Quality Strategy meant we were able to focus efforts in this area. ORC launched a campaign to educate the community on best practice burning to help combat air pollution. The campaign focussed on Arrowtown with a view to extend to other Air Zone 1 areas in the future. During this campaign, a secondary message was targeted to households in Air Zone 1 and Milton that qualify for the Clean Heat Clean Air subsidy, to swap outdated burners for ultra-low emission heating appliances.

At a governance level, we moved into our new council chambers in Dunedin at the start of September and have benefitted from the efficiencies the new technology has provided. Some ORC staff are also housed in this location, as we continue to investigate the option for a new building to cater for all staff after outgrowing our Stafford Street building.

ORC covers a broad range of activity and some key work not mentioned above that stood out during 2018-19 included:

- The Otago Navigational Safety Bylaw 2019-2029 was completed, and the commissioning of the Harbourmaster vessel has enabled the Harbourmaster to give effect to this bylaw.
- Pollution response numbers reached a record number this financial year, with 2,053 incidents recorded; we expect to see this trend continuing as our community is better informed on environmental issues and populations continue to increase.

Acknowledgements

The Councillors and ORC staff thank the territorial authorities, other institutions, urban and rural industries, Ngāi Tahu and the communities of Otago for working constructively to ensure the best possible outcomes for our region and its people. We look forward to achieving great results as we progress through the Long-term Plan 2018-28.



Stephen Woodhead
Chairperson



Sarah Gardner
Chief Executive

Significant Activities

Policy and Planning

Regional plans and policies

Level of service	Measure & Target	Result
Establish and maintain a robust, integrated and consistent environmental planning framework	1. Comply with Resource Management Act legislative planning requirements <i>Target: Achieved</i>	
	2. Complete preparation of plan reviews and changes of resource management policies, plans and strategies in accordance with Council's publicised work programme <i>Target: Achieved</i>	

Comment on targets

- For the most part of the year the Regional Policy Statement (RPS) was progressing through the Environment Court process as planned and several parts of the RPS were approved by the Court and made operative by Council. As the last appeals were being progressed an interim judgement of the Court unexpectedly declared the RPS as a whole was not giving effect to the purpose and principles of the Resource Management Act. This effectively calls the legitimacy of the RPS into account, and as a result the ORC has appealed the judgement on a point of law to the High Court.

To further complicate the RPS process the government released planning standards during the year which now require the RPS to be redone to comply with them by 2023.

- A partially achieved result has been reported and reflects, on one hand the disruption and delay that occurred due to a change in Council's approach to freshwater regional planning, and on the other hand the progress made to agree and begin implementation of the new approach.

Until mid-2018 ORC's position was that only minor changes to the Regional Plan: Water would be required to fully give effect to the National Policy Statement Fresh Water Management (NPSFM). On that basis, the existing work programme of individual (river) plan changes continued from 2017/18. After more detailed consideration, it was determined that more substantial changes would be required to give effect to the NPSFM. The new work plan, called the 'Progressive Implementation Programme' (PIP) was adopted in October 2018. Work achieved under the PIP included the adoption of Freshwater Management Units (FMUs) in April 2019 and work to understand and inform prioritisation of FMU's. In addition, work in the Manuherekia, Arrow and Cardrona catchments while delayed for the fresh water planning programme revision, gained momentum towards the end of this financial year.

In 2018/19 the intention was to start Plan Change 3E: Lowburn; 5B Bengier Burn & Ettrick Aquifer; 5F Clutha Mata-au and continue with Plan Changes 5C (Manuherekia), 5D (Cardrona) and 5E (Arrow). Plan Change's 5C, D and E all continued, but changes 3E, 5B and 5F were not commenced due to the change to an FMU approach. The Lindis Plan Change hearing recommenced in late January and February 2019.

Impact of results on community outcomes	
Regional Plans	This activity has an eye on the longer term and ensuring the community is empowered to be the champions and be custodians of their Otago environment. A strong economy is an important component of determining what is acceptable and sustainable.
Comment	This community outcome has a long-term focus. The results achieved this year do not impact the outcomes being achieved over the long-term but reflect a change in direction is now required and a delay in achieving the outcome will now occur.

Strategies and plans

Level of service	Measure & Target	Result
Establish controls over animal and plant pests in the Otago Region to maintain and enhance biodiversity and to protect productive capacity and community health	1. The Regional Pest Management Plan is appropriately developed and implemented <i>Target: Prepared</i>	
	2. Reducing trend in the pest plant and animal species across the Otago Region <i>Target: Operational Pest Plan implemented from 2019-20</i>	
With Environment Southland, prepare and implement robust integrated strategy, business case and programme for transport investment across the Otago and Southland Regions	3. Comply with the legislative requirements of the Land Transport Management Act and the requirements of the NZ Transport Agency <i>Target: Achieved</i>	
	4. To collaborate with Environment Southland and other South Island local authorities to establish and deliver on pan-regional priorities for transport investment <i>Target: Achieved</i>	

Comment on targets

- The Council's intention was to have a new Regional Pest Management Plan (RPMP) adopted during 2018/19. The planning and decision-making process has taken longer than anticipated with adoption now expected mid 2019/20 financial year.

- This target is planned to be delivered in late 2019/20 following adoption of the RPMP.

As general comment the Council has continued to achieve steady and ongoing progress across most priority areas under the old/existing RPMP. Over the financial year 4401 pest plant inspections were completed of which 73% recorded compliance. Major non-compliance represented 4% of inspections. Reporting on animal pests is provided in the 'Environment' section. A partially achieved result is reported which reflects the quality of the measure and target and the need to improve the basis of measurement.

- 3-4. Core legislative requirements were delivered on target however a partial result is reported for Transport Planning activity which reflects that while core legislative requirements were met and collaboration occurred to an acceptable level, the work programme lacked the robust and additional input of a senior land transport planner. This role was vacant during 2018/19 with an appointment made in the latter stages of the year.

Impact of results on community outcomes	
Strategies and Plans	This activity has an eye on the longer term and ensuring the community is empowered to be the champions and be custodians of their Otago environment. A strong economy is an important component of determining what is acceptable and sustainable.
Comment	This community outcome has a long-term focus. The results achieved this year do not impact the outcomes being achieved over the long-term but reflect a change in direction is now required and a delay in achieving the outcome will now occur.

Financial Results – Policy and Planning

	Actual 2018/19 \$000	Long Term Plan 2019 \$000	Actual 2017/18 \$000
Total revenue	4,029	4,154	-
Total expenditure	(4,235)	(4,154)	-
Net operating surplus/(deficit)	(206)	-	-
Capital expenditure	-	-	-

Environment

Water

Level of service	Measure & Target	Result
Water quality across Otago is maintained and improved	1. Assessments are carried out to determine that water quality meeting the limits set out in the Regional Plan: Water continue to meet those limits, and that water quality previously not meeting the limits is improving. <i>Target: Achieved</i>	
	2. Increase the number of catchments included in catchment monitoring programmes by five catchments every two years. <i>Target: Achieved</i>	

Comment on targets

1. While the planned data collection work for SOE monitoring and reporting water quality was completed to programme, other aspects of science work needed to support regional planning and implementation around the assessment of the data was not carried out. Staff capacity was a contributing issue with the science team operating below budgeted FTE over 2018/19. Importantly the science team started planning work to address capacity issues and align with the science requirements under the new freshwater framework.
2. This target will be reported against at 30 June 2020. As background the direction under the new fresh water planning framework, discussed above under 'Regional Plans and Policies' will provide clarity on developing and implementing catchment monitoring.

Background information

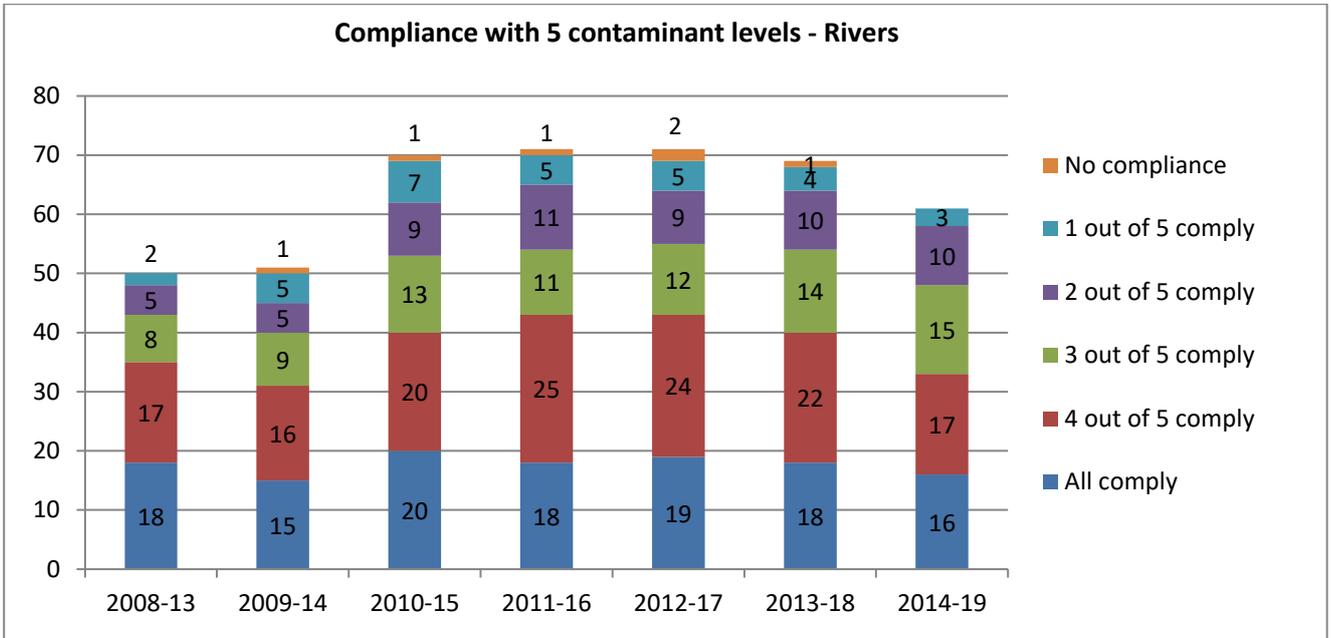
Fresh water implementation relates to Council activity that helps give effect to the regional water plan. For example, this includes work with rural and urban communities to influence practice and actions that impact water quality and availability.

During 2018/19 implementation activity to influence 'on the ground' behaviours and practice associated to maintaining or improving fresh water quality, such as the 'Good Water Project' was ongoing. Importantly the new fresh water planning framework will positively impact on future implementation activity. For example, an immediate component that Council began working on is improving 'Plan Change 6A' relating to the rules regarding freshwater. This work will underpin future implementation activity, providing greater clarity and support to the community about what's required, and clarity to Council's regulatory function.

The graph below supplements the measures above by showing the trend in river quality across monitored river sites. The number of sites varies across the periods reflecting their operational status – for example flood damage in 2018.

Note that for the Lakes, the Council significantly improved its analysis approach in 2016. At this early stage trend analysis cannot be reported as per rivers, but in the near future it will be. As it stands the science strongly suggests that the trend in water quality for the 'Lakes' is static, with some uncertainty on turbidity.

Impact of results on community outcomes	
Water	A place where people can enjoy their environment safely, productively and respectfully. A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone.
Comment	These outcomes are generally achieved over the long-term and the results reflect short-term resourcing and capacity issues that will be addressed without impact on the long-term outcomes.



Air

Level of service	Measure & Target	Result
Ambient air quality (PM ₁₀) in targeted towns.	1. Monitor air quality to assess compliance with the National Environmental Standard requirement of no more than one daily average reading of PM ₁₀ per annum to be higher than 50 micrograms per cubic metre <i>Target: Assessment completed</i>	●
Financial contributions	2. Administer the clean heat, clean air fund for Air Zone 1 and Milton <i>Target: Achieved</i>	●
Investigations and research	3. Implement priority Year 1-3 projects to achieve goals under the Air Strategy <i>Target: Outcomes and issues for outdoor burning around urban areas are identified</i>	●
Local air quality programmes	4. Develop local air quality programmes and implement <i>Target: Completed by 30 June 2021</i>	●

Comment on targets

1. The graph below provides a summary of the assessment of compliance with the National Environment Standards (NES) requirements.
3. A partially achieved result is reported for ‘Investigations and Research’ with, on one hand, piloting work involving the Arrowtown community to explore clean burning practices being achieved, but reprioritisation of staff meaning that that work hasn’t been applied to other areas such as Milton. ORC launched a campaign to educate the community on best practice burning to help combat air pollution. The campaign focussed on Arrowtown with a view to extend to other Air Zone 1 areas in the future. During this campaign, a secondary message was targeted to households (in Air Zone 1 and Milton) that qualify for the Clean Heat Clean Air subsidy, to swap outdated burners for ultra-low emission heating appliances.

Background information

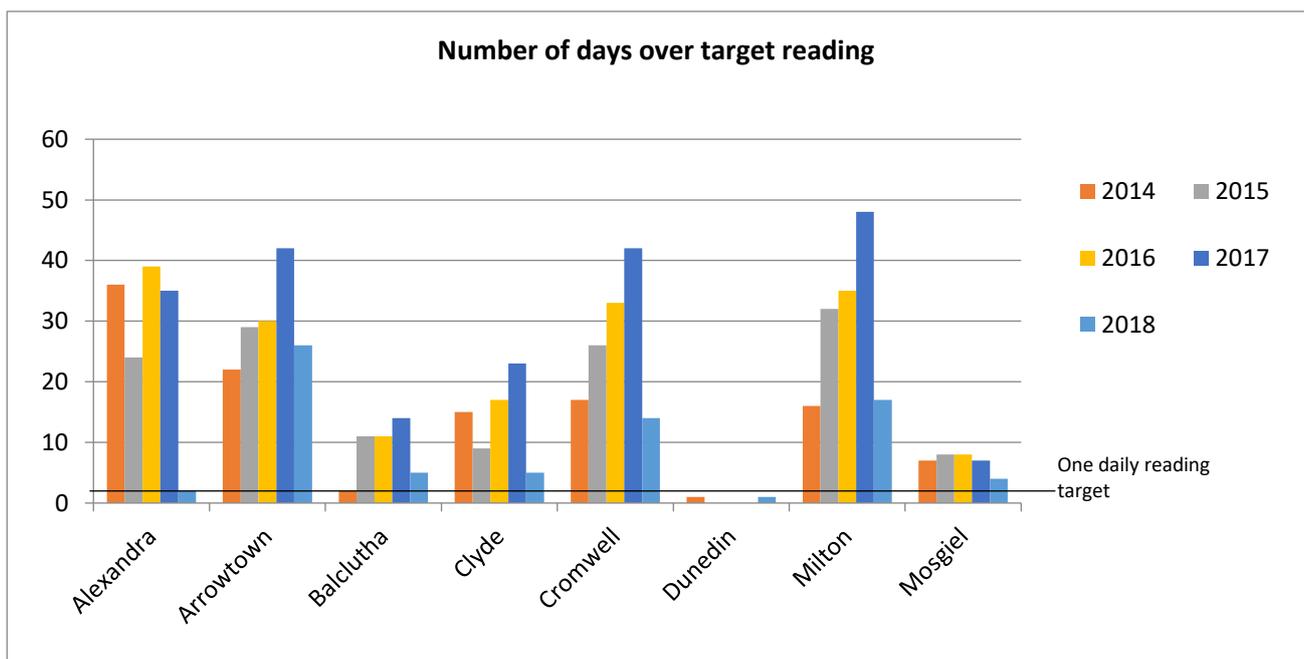
During 2018/19 options for implementing the Air Strategy were presented to Council. Importantly Council prioritised this activity against other funding needs, such as freshwater activity. The agreed options resulted in the continuation of the planned work programme including work with Cosy Homes Trust (eg MoU signed) and the Clean Heat Clean Air programme.

Winter 2018 monitoring programme was completed to programme and the winter 2019 programme commenced.

Additional sites were on-stream from May 2019 including a new PM2.5 monitor in Dunedin.

The graph below shows the results for air quality as measured against the NES requirement of no more than one daily average reading of PM₁₀ per annum to be higher than 50 micrograms per cubic metre. For winter 2018 the results show that Arrowtown, Cromwell and Milton are significantly over the national standard.

Impact of results on community outcomes	
Air	A place where people can enjoy their environment safely, productively and respectfully. A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone.
Comment	Good progress was made towards the outcomes with the Arrowtown pilot completed and the partial result only reflects that the full program roll out to other areas is yet to be implemented.



Coast

Development of the Coastal Strategy was deferred in the LTP to Year 4 being 2022-23. In the meantime, plan change work for discharges of wastewater and stormwater to the coastal marine area, were progressed as part of the parallel work for discharges into the freshwater environment. In addition, a draft stocktake of the Regional Coastal Plan against the NZCPS was completed.

Studies and Reports associated with the health of the Tokomairiro and Kaikorai estuaries were completed.

State of the Environment

Level of service	Measure & Target	Result
Provide high quality and timely information, indicators and advice to key decision makers and the community	1. Changes and trend in natural resource availability and quality are analysed and reported to the Council as per the schedule entitled "Monitoring Schedule for 2018-28 Long Term Plan" <i>Target: Achieved</i>	
	2. External audit* shows good quality control of data collections and analysis as per the schedule entitled "Monitoring Schedule for 2018-28 Long Term Plan" <i>Target: Achieved</i> <i>*Council engages an independent company to audit its approach to managing, collecting and analysis of data</i>	
	3. Lead research into methods to manage the effects of lake snow on water quality. <i>Target: Achieved</i>	

Comment on targets

1. A not achieved result is reported and reflects that while the core elements of the State of the Environment programme (monthly water quality sampling at each SOE site) were delivered, the analysis and reporting was not delivered and not all of the new or development aspects were delivered as planned. The new work related to the installation of lake buoys with one of the planned three buoys made operational by 30 June 2019. The delay was caused by a combination of the manufacturers being unable to provide three buoys in 2018/19 and Council being overly ambitious regarding the timing of this rollout.
2. The annual audit by Telarc NZ on the Environmental Monitoring Teams Quality Management System found it was compliant with its data management systems. While the data collection and analysis occurred, the monitoring schedule was not completed.
3. Work related to 'lake snow' while initiated in 2018/19 is subject to a decision on a co-ordinated approach between Councils' of the region.

Impact of results on community outcomes	
State of the Environment	A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone. Communities empowered to be the champions and custodians of their Otago environment.
Comment	The partial and not achieved results reflect delays to both of those pieces of work and long-term the community outcomes will still be achieved.

Biodiversity

Level of service	Measure & Target	Result
Collaborate with the regional community to potentially invest and fund environmental enhancement projects that deliver good environmental and social outcomes.	At least 75% of annual funding allocated to the fund has been granted to suitable projects and activities <i>Target: Achieved</i>	
	The outcome(s) of all projects and activities have been reported back to Council within the timeframes specified in the funding agreement <i>Target: Achieved</i>	
	Projects and activities funded achieve milestones as per the funding agreement <i>Target: 100%</i>	

Background information

Implement a significant wetlands compliance monitoring programme - A new compliance monitoring programme has not been developed due to the reprioritisation of staff time. The existing programme involved 26 'Regionally Significant Wetland' inspections. Three sites have been graded as non-compliant minor due to gorse control needing to be undertaken. The annual target of 70 inspections was not met due to the reprioritisation of staff time.

Develop and disseminate information on good management practices for indigenous biodiversity - This work was not completed. It needs to follow the completion of strategy and implementation work, which was well advanced, and in some cases complete, at 30 June 2019.

Work that was completed included the promotion of specific elements of the biodiversity programmes (e.g. broom gall mite) and the ECO Fund and associated projects. The importance of pest management to support biodiversity, with emphasis on rabbits, wallabies & Old Man's Beard, has also been promoted.

Develop and publicly consult on options for Lake Tuakitoto and Tomahawk Lagoon - Two workshops and online consultation for potential projects for Lake Tuakitoto was completed. The work programme for 2019/20 was determined. Reporting back to community will occur in the 2019/20 year.

Work was performed to develop and publicly consult on technical and funding proposals for the remediation of Lake Hayes and initiate the first action relating to piped water to Mills Creek in year 1 LTP. GHC Consulting was engaged to manage the project planning to develop technical and funding work to a level requested by Council. Waiting on modelling and other advice regarding options from University of Waikato. Pipe to Mill Creek and discharge structure was installed with the discharge structure requiring a 'insitu' design change. Report on options was presented at the March 2019 Technical Committee and subsequent direction relevant to future planning years.

Pests

Level of service	Measure & Target	Result
Manage the level of compliance with the provisions of the Regional Pest Management Plan	1. All properties with reported non-compliances of rabbit numbers over MAL3 are contacted regarding the requirement to respond in accordance with the Regional Pest Management Plan <i>Target: Achieved</i>	
	2. All reported non-compliances for pest plants will be followed up to ensure works to control pest plants have been carried out <i>Target: Achieved</i>	
	3. All complaints about boundary control of pest plants and pest animals will be responded to within 10 working days, and where necessary control works will be required to be carried out. <i>Target: Achieved</i>	
Support Lagarosiphon management plans and efforts to control Lagarosiphon in southern lakes (Lakes Dunstan, Wanaka and Wakatipu)	4. The Council advocates for the community to government agencies conducting Lagarosiphon control in Lakes Dunstan and Wanaka <i>Target: Key planning information is disclosed in a timely way</i>	
	5. Lagarosiphon has not established in Lake Wakatipu <i>Target: Achieved</i>	
Collaborate with community groups and pest companies to carry out control activities to eradicate Wallaby in Otago	6. Reported Wallaby sightings are investigated and responded to within 3 working days <i>Target: Achieved</i>	

Comment on targets

Inspection work on pest plant and animal species was completed in accordance with the operational plans. Complaint levels were steady throughout the year and were responded to in accordance with Council operational requirements.

1. A total of 105 Rabbit inspections were completed resulting in 77 being compliant and 28 being non-compliant. Work was initiated to set-up winter 2019 community meetings to consider control options.
2. A total of 306 complaints relating to pest plants were all followed up with a request for work to be undertaken to achieve compliance (includes 18 complaints that were not listed in our RPMP).
3. A total of 233 pest plant boundary complaints were followed up on. A total of 6 pest animal complaints were received.
- 4-5. ORC is a member of three lagarosiphon groups, Dunstan, Wanaka, and Wakatipu/Kawarau. The groups meet twice a year and are well represented by government agencies, Councils and the wider community. ORC, LINZ and their contractors have a very good working relationship and are in regular contact. LINZ has agreed to come to ORC at an upcoming workshop to provide an update. LINZ and Boffa Miskell are presenting to Council on 1 August 2019.
6. All Wallaby sightings were followed-up by the Council.

Environmental incident response

Level of service	Measure & Target	Result
Take appropriate action in response to notifications of non-compliance and incidents	1. Maintain 24-hour/7 day a week response for environmental incidents <i>Target: 100%</i>	
	2. Average time taken to respond to oil spills no more than 1.5 hours. <i>Target: Achieved</i>	
Facilitate/carry out appropriate response training for staff and contractors	3. Hold at least one pollution incident response training exercise for each of the following: <ul style="list-style-type: none"> • desktop exercise • a field exercise for pollution incident response • an equipment training day. <i>Target: Achieved</i>	
	4. Hold at least one marine oil spill incident response training for each of the following: <ul style="list-style-type: none"> • desktop exercise; • a field exercise for marine oil incident response. <i>Target: Achieved</i>	

Comment on targets

2. A not achieved result reflects that while Council captures information to record incidents, the ability to verify response time is not consistently available.

Background information

Incident response numbers were the highest recorded number in a financial year with 2,053 incidents. Reprioritisation of staff time was required to achieve service delivery.

MNZ and pollution exercises were carried out on 12 February, 27-28 February and 28 May 2019. A draft report was completed on improving and formalising incident receipt procedures. This work will support future efficiency and effectiveness in service delivery. Work was also initiated to develop a Compliance/Consents Strategy.

Impact of results on community outcomes	
Environment Incident Response	A place where people can enjoy their environment safely, productively and respectfully. A region that prioritises sustainability as an economic measure whilst being attractive to industry.
Comment	The not achieved result reflects that the response time is not consistently verifiable which does not negatively impact on the achievement of the underlying community outcomes.

Financial Results – Environment

	Actual 2018/19 \$000	Long Term Plan 2019 \$000	Actual 2017/18 \$000
Total revenue	10,191	10,776	14,705
Total expenditure	(11,574)	(12,092)	(15,973)
Net operating surplus/(deficit)	(1,383)	(1,316)	(1,268)
Capital expenditure	509	723	342

Community

Governance and leadership

Level of service	Measure & Target	Result
Provide governance processes that are robust and transparent for the community and where the community can participate	1. Percentage of official information requests responded to within statutory timeframes <i>Target: 100%</i>	
	2. Percentage of council agendas that are publicly available two working days or more before a meeting <i>Target: 100%</i>	
	3. All meetings conducted in accordance with <i>Standing Orders</i> and the <i>Local Government Official Information and Meetings Act 1987 (LGOIMA)</i> <i>Target: Achieved</i>	
Produce high quality, fit for purpose and accessible long-term plans and annual plans to encourage participation in decision making by the community	4. Long term plans, annual plans and annual reports receive unmodified audit opinions <i>Target: Achieved</i>	

Comment on targets

- 89% of requests were managed in the required timeframe.

Background information

The 'Public Awareness and Education' work is also an important contributor to this significant activity. It is tasked with clearly articulating council policies, purpose and activities, enabling conversations and providing clear information through the production of:

- Newsletters, pamphlets, information sheets
- Social media, digital media, web
- Public events and engagement

Throughout 2018/19 there was an ongoing multi-channel communication approach to articulating council policies, purpose and activities. This included newsletters, pamphlets, info sheets, social media, media releases, web-based information, public events and advertising across key services.

Impact of results on community outcomes	
Democracy	Service delivery that puts the community first and ensures that operations are customer driven, efficient, and fit for purpose. Communities empowered to be the champions and custodians of their Otago environment.
Comment	The partially achieved result reflects of a small number of LGOIMA requests that were finalised outside of the required time which has not impacted on the community outcomes being achieved.

Financial Results – Community

	Actual 2018/19 \$000	Long Term Plan 2019 \$000	Actual 2017/18 \$000
Total revenue	3,414	3,578	4,155
Total expenditure	(4,994)	(3,860)	(4,695)
Net operating surplus/(deficit)	(1,580)	(282)	(540)
Capital expenditure	0	0	5

Regulatory

Consents and compliance

Level of service	Measure & Target	Result
Deliver consenting processes efficiently and effectively under the Resource Management Act 1991 to enable the lawful use of natural and physical resources	1. Percentage of resource consent applications processed within Resource Management Act 1991 legislative timeframes <i>Target: 100%</i>	
Receive and appropriately assess performance monitoring data provided by consent holders	2. Percentage of performance returns received that will be assessed for compliance with consent conditions <i>Target: 100%</i>	
Take appropriate action when non-compliances have been identified either through consent audit or performance monitoring returns	3. Percentage of non-compliances found that have been followed up with enforcement action <i>Target: 100%</i>	

Comment on targets

1. A partially achieved result was reported for the percentage of resource consent applications processed within Resource Management Act 1991 legislative timeframes. One hundred percent is an aspirational target and Council achieved 98% compliance. All decisions on consents, except four, were given within RMA mandated timeframes. Consenting on water permits, including 'Deemed Permits' progressed.
2. Compliance monitoring and auditing progressed however service delivery for the year was partial with a backlog and subsequent catch-up in performance monitoring data and auditing of consent needed. There were 5,621 performance monitoring returns received in 2018/19 of which 84% were graded.
3. In all, there were 2,633 non compliances recorded through compliance audits and PM return checks. Non-compliance can be recorded for a number of reasons including lateness of data or an incomplete return. Of the 2,633 non compliances identified 2,083 were recorded as Low Risk, 479 were recorded as Moderate, 71 were recorded as Significant. The level of service states that the Council should take "appropriate action" when non-compliances are identified. In all cases consent holders were notified of their breach and the action they needed to take to correct it. A total of 19 cases were flagged for further investigation to determine whether enforcement action was appropriate, of those 10 were referred for enforcement.

Background information

The regulatory activity plays an important role in supporting broader objectives across the environmental domains, particularly freshwater implementation. While its environmental inspection, compliance and enforcement work was ongoing throughout 2018/19, it was delivered at reduced levels. This was largely due to staff capacity with the activity operating below budgeted FTE. The dairy farm inspection programme, while not meeting council internal targets, did inspect the farms identified from the risk assessment exercise. Importantly, work associated with implementing the Council's forestry compliance project was advanced.

Impact of results on community outcomes	
Consents and compliance	A place where people can enjoy their environment safely, productively and respectfully.
Comment	The targets assume a 100% achievement rate which is aspirational. Actual results remain high and the partial non-achieved results do not impact the overall community outcome being achieved.

Harbour management

Level of service	Measure & Target	Result
Enable safe use and navigation for all users of Otago Harbour	Average time taken to respond to notification from harbour control of any incidents in Otago Harbour will be no more than 1 hour. <i>Target: Achieved</i>	
Take appropriate action in response to notifications of non-compliance and incidents	Percentage of enforcement action taken when there are breaches of the Otago Maritime Safety Bylaw. <i>Target: Achieved</i>	

Background information

Harbour and Waterway Management Activity consolidated throughout the year with completion of the Navigational Bylaw, and the commissioning of the Harbourmaster vessel.

Financial Results – Regulatory

	Actual 2018/19 \$000	Long Term Plan 2019 \$000	Actual 2017/18 \$000
Total revenue	2,763	3,631	2,642
Total expenditure	(3,769)	(3,622)	(3,903)
Net operating surplus/(deficit)	(1,006)	9	(1,261)
Capital expenditure	178	120	8

Flood Protection and Control Works, and River Management

Flood and drainage schemes

Level of service	Measure & Target	Result
Manage flood risk to people and property	Flood protection, control works and assets are maintained, repaired and renewed in line with the Infrastructure Strategy and defined standards set out in the operations and maintenance manuals for each asset <i>Target: Achieved</i>	
Manage flood hazard on the Shotover River delta to 1999 flood level	The Shotover River delta is managed to ensure the surface profile of the river is consistent with the target profile for the delta <i>Target: Achieved</i>	
Maintain, repair and renew drainage assets to maintain and improve the productive capacity of land	Drainage assets are maintained and renewed in line with defined standards set out in the operations and maintenance manuals for each asset <i>Target: Achieved</i>	

Background information

Summary comment: A significant quantum of the 2018/19 work programme was delivered and or advanced, including the drainage maintenance program and the planned engineering works. However, important work particularly related to planned projects was delayed or deferred. This occurred on the back of new management reviewing priorities and work allocation during 2018/19. This resulted in the engineering teams work programme being refocused. Part of this refocus was considering the Council's staff capacity to deliver the current programme. Consideration will be required regarding the impact of events like the November 2018 flood on the capacity of flood assets to deliver the core service requirements. These events have occurred with frequency over recent years and have a significant impact on delivering the core work programme.

The following provides a summary against the flood and drainage schemes

Alexandra Flood Protection: Programme largely on target, including routine maintenance, and completion of installation of new outfall screens and asset condition assessment.

Leith Flood Protection Scheme: Channel structures review was initiated and programmed for completion in 2019/20. Design and consenting of Lower Leith Amenity still at a preliminary stage with significant engagement on direction still required with the Polytech.

Lower Clutha Flood & Drainage Scheme: Routine programmes generally on track, however progression of the capital programme and several development works was much more limited. Lower Clutha Scheme had more limited Engineering input and action during 2018/19.

Survey of Clutha River channel substantially complete this financial year and in preparation for performance assessment in the coming year.

A number of key projects were delayed.

Lower Taieri Flood Protection Scheme: Busy and disrupted year on the Taieri Scheme with floods in November, but projects (both budgeted and unbudgeted) being progressed, and performance reviews on the Taieri River and other tributaries.

Routine maintenance programmes largely on track.

Key projects -

- Performance reviews underway on Taieri River, Silver Stream, and Owhiro stream, and initiated on the Contour Canal. They indicate systems are not performing to standard in areas.
- Floodbank integrity repairs at Silver Stream Pump Station completed and Mill Creek Pump Station so the design for final repairs is complete and ready for construction in 2019/20.
- Outram weighting blanket - preliminary design work undertaken.
- Contour Canal stage 5 deferred and Stage 6 completed.
- Riverside Spillway repairs - damage from floods investigated and design for initial repairs complete.

West Taieri Drainage Scheme: Routine maintenance programmes on track, with some delay to key projects due to flood, engineering resourcing, and other priorities. Key actions included:

- Report on Waipori pump station power supply, identifies clear status and recommended actions.
- Programme prepared for investigation and improvement of Waipori pump station and initial actions.
- Refurbishment of Henley Pump Station completed, at a substantially reduced cost.
- Waipori D pump and Henley pump refurbishment completed.
- Progress on bridge removal initiated (removal of bridge 13 undertaken, and preparation for removal of bridge 4 and Alistair Kerr bridge), but behind programme.

East Taieri Drainage Scheme: Silver Stream Pump Station repairs completed, including repair of 18/20 discharge pipeline connection, refurbishment of the 18/20 pump unit, recompaction and sealing of embankment and floodwall.

Ponding zone drainage and emptying of the pond is primarily a function of the gravity outlets (A1 and Silver Stream gates), and associated Taieri R levels. Need to consider in conjunction with the Taieri Scheme review.

Significant Operational response required to the November flood, with re-excavation and clearing of drains throughout the area.

Extensive flooding and affected landowners across the area to the west of Silver Stream - requires a significant review of the network and key issues.

Tokomairiro Drainage Scheme: Maintenance programmes on track. Limited Engineering oversight and asset management focus this year. Limited progress on planning and implementation of bridge refurbishment and removal.

Shotover River Delta: No major flood or gravel extraction occurred this financial year and very little maintenance was required. No issues seen during inspection of training line and revetment line. Currently gravel, and trees providing good buffer zone during high flows. Cross sections and long section survey to confirm the surface profile of the river is consistent with the target profile is planned mid 2019 (early 2019/20 financial year).

Impact of results on community outcomes	
Flood and Drainage Schemes	A region that prioritises sustainability as an economic measure whilst being attractive to industry. A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone.
Comment	Partial achievement of the targets above does not materially impact the overall community outcomes across the flood and drainage schemes.

Rivers and waterway management

Level of service	Measure & Target	Result
Achieve a balance between maintaining channel capacity, channel stability and environmental outcomes in scheduled rivers and waterways	Investigate all reported blockages and obstructions along scheduled rivers and waterways and determine appropriate action within 20 working days <i>Target: Achieved</i>	

The following provides a summary against the river schemes

Dunedin Rivers & Waterway Management: Operations work progressed as planned. Unplanned work in Engineering (Kaikorai Stream stilling basin) was progressed this year. Smaller projects or investigations (Natural hazards) have been delayed due to commitment to other priority work not in 2018/19 budget and response to large flood events

Clutha Rivers & Waterway Management: Operations work ongoing with no major intervention (Operations team) in this period. Natural Hazards work was on-going and delivered to programme.

Central Otago Rivers & Waterway Management: Operations work was on-going with work in Manuherikia (bank protection US Omakau) completed. Natural hazards team work on-going, with Roxburgh creeks and Manuherikia River flooding key focus. The November 2018 flood presented challenges, and post-flood assessments have required unplanned work (in particular on the Manuherikia River). Roxburgh debris-flow assessment underway, but planned survey work to start early 2019/20.

Wakatipu Rivers & Waterway Management: Operations work on-going with the Rees/Dart river being a focus (short-term and long-term). Extremely heavy rain in March 2019 has resulted in additional work (survey and investigation). Natural Hazards work on preparing an adaptation strategy started and will continue in 2019/20.

Wanaka Rivers & Waterway Management: No large intervention required during this period. Cardrona River Management River Morphology Plans (RMRMP) development continues. Cross section surveys delayed and planned for early next financial year. Operational work on-going with no major issue expected. Cross section survey delayed but with limited consequences on the work programme.

Waitaki Rivers & Waterway Management: No large intervention required during this period. Implementation work for Kakanui, Shag and Waianakarua RMRMP in progress. Likely to be underspent mainly due to less Natural Hazards staff time spent than budgeted, delayed survey work, and less maintenance work required.

Lower Waitaki River Control Scheme: Work with Environment Canterbury continues from last year. Meeting to discuss scheme and ORC involvement in December 2018.

Non-Scheme Management:

- Kakanui Flood bank repair completed.
- Kaikorai investigation and design was progressed with direction still to be confirmed following peer review by Damwatch.
- Investigation on stabilisation work near Albert Town was initiated.
- Mapping of non-scheme assets and river management issues completed.

Financial Results – Flood protection and control works

	Actual 2018/19 \$000	Long Term Plan 2019 \$000	Actual 2017/18 \$000
Total revenue	6,553	6,933	4,690
Total expenditure	(6,017)	(5,774)	(4,358)
Net operating surplus/(deficit)	536	1,159	332
Capital expenditure	3,555	4,236	3,595

Safety and Hazards

Emergency management

Level of service	Measure & Target	Result
Provide a region-wide coordinated response in the event of civil defence emergency to reduce the impacts on people	1. Time taken for the Group Emergency Coordination Centre to be activated in response to a civil defence event or emergency <i>Target: 60 minutes</i>	
	2. A Group CDEM controller or alternate controller is available 24 hours, 7 day a week response for 365 days a year <i>Target: Achieved</i>	
Prepare and implement robust integrated suite of issue focused and community-based plans and strategies	3. An operative Group CDEM Plan is reviewed within statutory timeframes and fully implemented <i>Target: Achieved</i>	
	4. Full suite of community plans across the region is in place and remain under continuous review <i>Target: Achieved</i>	
	5. Full suite of region-wide issues plans to in place and reviewed according to each plan. These will include: <ul style="list-style-type: none"> • Regional Dam Failure Plan • Regional Animal Response Plan • South Island Alpine Fault Plan • Coast Tsunami Plan <i>Target: Achieved</i>	

Comment on targets

1. No region-wide group ECC was activated for the reporting period.
2. A partially achieved was reported. As while the CDEM group has the capacity to respond (ie. green) it is currently reliant on contingency arrangements. While this is acceptable for the short term – the Council is working to resolve resourcing issues.

Background information

The Otago Emergency Management team progressed on key projects with some coming to fruition. Training in the first three months of this year was lacking due to non-availability of national funding from Ministry Civil Defence Emergency Management (MCDEM) and absence of a training adviser, however progress was made to ensure training was ongoing.

Projects included:

- Operational systems development & integration (D4H and radio communications).
- Completion of the Group Plan, Group Welfare Plan, and stage 1 of the Group Animal Emergency Management Plan.
- Implementation of some priority activities required by the Project AF8 SAFER Framework.
- Significant progress around community engagement and planning.
- Improved public information and education via upgraded website, revised community public education plan, and more usable collateral for public events.

Impact of results on community outcomes	
Emergency Management	Service delivery that puts the community first and ensures that operations are customer driven, efficient, and fit for purpose.
Comment	The partially achieved result did not have an impact on the community outcome as no group activation occurred during the reporting period.

Natural hazards

Level of service	Measure & Target	Result
Provide timely and high quality information and understanding about natural hazards and work proactively with territorial authorities and the community to improve understanding of the risks natural hazards pose so that informed decision and responses can be made	1. Natural hazard information is available to the public and to communities via an effective web-based Otago Natural Hazards Database 24 hours a day/7 days a week <i>Target: Achieved</i>	
Investigate and response if required to natural hazards events as they occur to reduce the risk where warranted	2. Natural hazards events and consequences are properly and timely reported on so that appropriate measures to reduce risk are taken <i>Target: Achieved</i>	
Provide timely warnings of potential flood events	3. Accurate and reliable rainfall and river flow information is provided to territorial authorities and the community, and is provided in an efficient and timely fashion <i>Target: Achieved</i>	
Assist communities to understand and adapt to the effects of climate change	4. Knowledge and understanding of the likely effects of climate change in Otago are properly and timely disseminated so that informed decisions and responses can be made <i>Target: Achieved</i>	

Comment on targets

- Climate change risk assessment methodology completed in June 2019 and enables the risk assessment to start in July 2019. Report on potential physical effects of climate change in Otago delayed due to staff time and for better coordination with the results of risk assessment (\$100k) work. Drilling programme in South Dunedin and Harbour side completed and data is being processed and analysed in the new financial year. Work with DCC on South Dunedin adaptation was on-going and will continue in 2019/20. Work on Clutha Delta delayed due to staff time (mainly involved in Natural Hazard N1 activities) and was initiated in June 2019.

Background information

A large organisational response to November flooding was initiated. While the response was positive improving our response is on-going with the number of flood managers extended to support the 24/7 roster and large events. Low flow forecasting programme was initiated with a focus on Lower Clutha.

Impact of results on community outcomes	
Climate Change Adaptation	A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone
Comment	Work progressed on climate change which has a long-term focus therefore the community outcome was not impacted this year but will be delivered in the long-term.

Financial Results – Safety and Hazards

	Actual 2018/19 \$000	Long Term Plan 2019 \$000	Actual 2017/18 \$000
Total revenue	3,776	3,802	3,635
Total expenditure	(3,831)	(4,020)	(4,194)
Net operating surplus/(deficit)	(55)	(218)	(559)
Capital expenditure	17	0	9

Transport

Level of service	Measure & Target	Result
To provide efficient and reliable public transport services that meet community needs	1. Reliability of service – percentage of monitored services that leave the terminus on time <i>Target: 95%</i>	
	2. Vehicle quality – percentage of vehicles that comply with Regional Passenger Transport Vehicle quality standard <i>Target: 100%</i>	
	3. Public Satisfaction – percentage of bus users that are satisfied with the overall standard of service <i>Target: 85%</i>	
	4. Patronage in Dunedin – percentage growth on contracted services above 2017/18 levels <i>Target: 3%</i>	
	5. Patronage in Queenstown – percentage growth increase on contracted services <i>Target: 105% above 2017 levels</i>	

Comment on targets

- A 'not achieved' is reported for the measure 'Vehicle quality – percentage of vehicles that comply with Regional Passenger Transport Vehicle quality standard'. The Queenstown bus service compliance check was not completed by 30 June 2019. Subsequent steps have been taken and compliance checking initiated.

Background information

Both networks experienced growth in patronage and revenue. The significant projects included the Dunedin Central Bus Hub (implemented) and the replacement ticketing system (on-going).

Other planned projects were also advanced, including:

- Implementing increased off-peak services in Dunedin and Queenstown;
- Additional services to support major events in Dunedin and Queenstown;
- Consider the feasibility, implementation and operation of a small ferry service on Lake Wakatipu;
- Investigate the feasibility of a Dunedin city to airport service;
- Investigate mass transit options for increased capacity between Queenstown and Frankton.

Impact of results on community outcomes	
Public Passenger Transport	Service delivery that puts the community first and ensures that operations are customer driven, efficient, and fit for purpose. A region that prioritises sustainability as an economic measure whilst being attractive to industry.
Comment	The non-achieved result had a short-term impact on the quality of service delivered to customers but is being remedied with no long-term impact on community outcomes expected.

Financial Results – Transport

	Actual 2018/19 \$000	Long Term Plan 2019 \$000	Actual 2017/18 \$000
Total revenue	28,857	22,098	20,802
Total expenditure	(28,183)	(24,236)	(20,803)
Net operating surplus/(deficit)	674	(2,138)	(1)
Capital expenditure	6,398	0	1,865

Summary Financial Report for the Year Ended 30 June 2019

Summary Statement of Comprehensive Revenue and Expense For the year ended 30 June 2019	Council Actual 2019 \$000	Council Budget 2019 \$000	Council Actual 2018 \$000	Group Actual 2019 \$000	Group Actual 2018 \$000
Revenue from non-exchange transactions					
Rates revenue	23,283	23,173	20,908	23,250	20,883
Subsidies and grant revenue	14,686	9,790	10,893	14,686	10,893
Other revenue	11,297	10,735	7,473	11,297	7,473
Revenue from exchange transactions					
Dividends	8,450	8,450	9,000	-	-
Interest and investment revenue	638	1,512	1,069	835	1,069
Other revenue	2,312	2,561	3,076	106,247	99,189
Other gains/(losses)	3,814	335	1,750	30,550	24,913
Operating expenditure	(69,796)	(59,986)	(57,119)	(142,706)	(124,728)
Share of surplus from equity accounted joint ventures	-	-	-	165	205
Surplus/(deficit) before tax	(5,316)	(3,430)	(2,950)	44,324	39,897
Income tax benefit/(expense)	98	-	101	(8,589)	(8,130)
Surplus/(deficit) for the year	(5,218)	(3,430)	(2,849)	35,735	31,767
Other comprehensive income					
Available for sale financial assets			49,471	(838)	-
Other Comprehensive Income	45,727	7,000	-		(333)
Total Comprehensive Revenue and Expenditure	40,509	3,570	46,622	34,897	31,434

Summary Statement of Changes in Net Assets / Equity For the year ended 30 June 2019	Total Council				Total Group			
	Opening Balance 1 July 2018 \$000's	Other Comprehensive Revenue and Expense \$000	Net transfers In / (out) \$000	Closing Balance 30 June 2019 \$000	Opening Balance 1 July 2018 \$000	Other Comprehensive Revenue and Expense \$000	Net transfers In/(out) \$000	Closing Balance 30 June 2019 \$000
Equity:								
General Rate Equity	69,929	(5,218)	7,771	72,482	306,810	35,735	(15,066)	327,479
Targeted Rate Equity	60,570	-	(8,615)	51,955	60,570	-	(8,615)	51,955
Total Public Equity	130,499	(5,218)	(844)	124,437	367,380	35,735	(23,681)	379,434
Reserves:								
Asset Replacement Reserve	6,070	-	(1,036)	5,034	6,070	-	(1,036)	5,034
Asset Revaluation Reserve	9,076	-	2,425	11,501	220,895	-	25,264	246,159
Available for sale Revaluation Reserve	468,508	45,727	-	514,235	-	-	-	-
Building Reserve	13,248	-	(143)	13,105	13,248	-	(143)	13,105
Emergency Response Reserve	4,182	-	143	4,325	4,182	-	143	4,325
Hedging Reserve	-	-	-	-	(727)	(838)	-	(1,565)
Water Management Reserve	1,039	-	(164)	875	1,039	-	(164)	875
Kuriwao Endowment Reserve	6,432	-	40	6,472	6,432	-	40	6,472
Environmental Enhancement Reserve	495	-	(421)	74	495	-	(423)	74
Total Reserves	509,050	45,727	844	555,621	251,634	(838)	23,681	274,479
Total Equity and Reserves	639,549	40,509	-	680,058	619,014	34,897	-	653,913

Summary Statement of Financial Position As at 30 June 2019	Council Actual 2019 \$000	Council Budget 2019 \$000	Council Actual 2018 \$000	Group Actual 2019 \$000	Group Actual 2018 \$000
Total Equity	680,058	605,104	639,549	653,913	619,014
Current assets	47,980	48,615	57,590	95,476	107,011
Non-current assets	646,220	565,313	592,679	666,731	637,863
Total Assets	694,200	613,928	650,269	762,207	744,874
Current Liabilities	14,142	8,824	10,720	36,470	32,439
Non-current liabilities	-	-	-	71,824	93,421
Total Liabilities	14,142	8,824	10,720	108,294	125,860
Net Assets	680,058	605,104	639,549	653,913	619,014

Summary Cash Flow Statement For the year ended 30 June 2019	Council Actual 2019 \$000	Council Budget 2019 \$000	Council Actual 2018 \$000	Group Actual 2019 \$000	Group Actual 2018 \$000
Net cash flows from Operating activities	129	(1,357)	(5,729)	19,958	10,473
Net cash flows from Investing activities	7,178	(6,391)	9,421	9,194	(16,269)
Net cash flows from Financing activities	-	-	-	(21,955)	9,215
Net cash inflow/(outflow)	7,307	(7,748)	3,692	7,197	3,419

Summary Funding Impact Statement (Whole of Council) For the year ended 30 June 2019	Council Only			
	Actual	Long Term Plan	Actual	Annual Plan
	2019	2019	2018	2018
	\$000	\$000	\$000	\$000
Sources of operating funding	60,666	56,221	52,418	55,914
Applications of operating funding	62,521	57,180	54,100	55,745
Surplus of operating funding	(1,855)	(959)	(1,682)	169
Sources of capital funding	660	500	928	-
Application of capital funding	(1,195)	(459)	(754)	169
Surplus/(Deficit) of capital funding	1,855	959	1,682	(169)

Reconciliation of Summary Funding Impact Statement (Whole of Council) to Summary Statement of Comprehensive Revenue and Expense For the year ended 30 June 2019	Council Only			
	Actual	Long Term Plan	Actual	Annual Plan
	2019	2019	2018	2018
	\$000	\$000	\$000	\$000
Surplus of operating funding	(1,855)	(959)	(1,682)	169
Add net gain in fair value of assets and proceeds from the sale of assets	3,814	-	1,751	333
Deduct expenditure not reflected in the Summary Funding Impact Statement (Whole of Council)	(7,275)	(2,471)	(3,019)	(1,895)
Surplus before taxation in the Summary Statement of Comprehensive Revenue and Expense For the year ended 30 June 2019	(5,316)	(3,430)	(2,950)	(1,393)

Summary Schedule of Capital Expenditure For the year ended 30 June 2019	Actual	Council Only	Actual
	2019	Budget	2018
	\$000	2019	\$000
		\$000	
All Group activities	10,473	4,960	5,794
Corporate	1,820	2,431	1,917
	12,293	7,391	7,711

Summary Schedule of Internal Borrowing For the year ended 30 June 2019	Amount borrowed as at the beginning of the year \$000	Council Only			Amount borrowed as at the end of the year \$000
		Funds borrowed during the year \$000	Funds repaid during the year \$000	Interest charged \$000	
All Group activities					
For the year ended 30 June 2019	10,858	41,065	(32,414)	512	20,021
For the year ended 30 June 2018	10,548	16,734	(14,290)	431	13,423

Notes to the Summary Annual Report

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 Council has designated itself and the Group as public benefit entities for financial reporting purposes.

The Summary Annual Report of Council is for the year ended 30 June 2019, and was authorised for issue by Council on 25 September 2019.

Full Annual Report

This Summary Annual Report has been extracted from the full audited Annual Report dated 25 September 2019, and authorised for issue by Council on that date. The Summary Annual Report does not include all the disclosures provided in the full Annual Report and cannot be expected to provide as complete an understanding as provided by the full Annual Report.

The full Annual Report has been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP). The full Annual Report complies with Public Benefit Entity Public Sector (PBE (PS)) standards and has been prepared in accordance with Tier 1 PBE standards.

The full audited Annual Report, which received an unqualified audit opinion, may be found in our Annual Report for the period 1 July 2018 to 30 June 2019, available by telephoning (03) 474-0827 or on our website www.orc.govt.nz.

This Summary Annual Report has been prepared in compliance with PBE (PS) FRS-43 Summary Financial Statements, and is presented in thousands of New Zealand dollars.

Commitments for Expenditure

At 30 June 2019 the Group had commitments for capital expenditure of \$24.62 million (2018: \$9.61 million). Included in the above amounts are Council commitments of \$2.28 million (2018: \$0.30 million) relating to property, plant and equipment acquisitions, and contracts for capital expenditure.

Contingent Liabilities and Contingent Assets

Council Only

Consistent with the nature of the Council 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. The Council does not expect any material uninsured liability to arise from these potential claims, (2018 : \$Nil).

Group

There are no contingent liabilities at 30 June 2019 (2018 : \$Nil).other than those arising in the normal course of business.

Related Party Transactions

The Council was involved in related party transactions with Port Otago Limited amounting to \$8.450 million (2018: \$9.000 million), received as dividends plus other receipts and payments. The Port Otago Limited Group was involved in related party transactions in respect of joint venture financial arrangements.

Details of these transactions are included in the notes to the financial statements in the full Annual Report.

Subsequent Events

On 3 September 2019, the directors of Port Otago Limited declared a final dividend of \$0.5 million payable to the Council for the year ended 30 June 2019.

Explanation of Major Variances from Budget – Council only

Summary Statement of Comprehensive Revenue and Expenses

The total comprehensive revenue and expense of \$40.509 million comprises a deficit for the year of \$5.218 million and a revaluation gain of \$45.727 million.

Deficit for the year

The deficit of \$5.218 million is \$1.788 million more than the budgeted deficit of \$3.430 million.

The primary cause of the higher than budgeted deficit relates to projects that were deferred in prior years being completed in the current year.

Revaluation Gain

The revaluation gain of \$45.727 million reflects the gain on the revaluation of the Council's shareholding in the Port Otago Limited group at 30 June 2019 and exceeds the gain of \$7.000 million provided for in the budget by \$38.729 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.

Summary Statement of Financial Position

Total Assets

Total assets at \$694.200 million exceeds the budgeted amount of \$613.928 million by \$80.272 million.

The major factor in this variance is the valuation of the Council shareholding in Port Otago Limited at 30 June 2019 of \$534.235 million, exceeding the budgeted amount of \$456.037 million by \$78.198 million.

Cash and cash equivalents and other financial assets with a combined amount of \$37.934 million are \$5.771 million down on the budget of \$43.705 million. This variance is primarily due to a higher level of funding requirements in the year to fund previously deferred projects.

Trade and other receivables at \$9.604 million are up \$6.048 million on the budget of \$3.556 million. This variance is largely due to receivables related to the transport activity, and in particular NZTA subsidy claims and receivables associated with the Electronic Ticketing System consortium.

Property, Plant and Equipment at \$94.441 million is \$0.989 million more than the budgeted amount of \$93.452 million.

Equity

Public equity and reserves at \$680.058 million exceed the budgeted amount of \$605.104 million by \$74.954 million.

The major factor in the variance is the Available for Sale revaluation reserve, which records the accumulated revaluation gains on the annual revaluations of the Council's shareholding in Port Otago Limited. The budgeted balance of the reserve at 30 June 2019 was \$436.037 million, whereas the actual balance is \$514.235 million, a variance of \$78.198 million. This variance comprises a favourable budget variance on the June 2019 revaluation of \$45.727 million.

Local Government (Financial Reporting and Prudence) Regulations 2014

The Local Government (Financial Reporting and Prudence) Regulations 2014 require that the Council disclose its 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 regulations also require the disclosure of rating base information and information regarding the insurance of assets.

The information required by the regulations can be found in the Other Disclosures section of the full Annual Report.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF OTAGO REGIONAL COUNCIL AND GROUP'S SUMMARY OF THE ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2019

The summary of the annual report was derived from the annual report of the Otago Regional Council (the Regional Council) and group for the year ended 30 June 2019.

The summary of the annual report comprises the following summary statements on pages 5 to 30:

- the summary statement of financial position as at 30 June 2019;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2019;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance referred to as Significant Activities of the Regional Council and group.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2019 in our auditor's report dated 25 September 2019.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

In addition to our audit and our report on the disclosure requirements, we have carried out engagements in the areas of tax services, and other services which are compatible with those independence requirements. Other than these engagements we have no relationship with or interests in the Regional Council or its subsidiaries.



Deloitte Limited

Heidi Rautjoki
Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand
30 October 2019