



Otago
Regional
Council

**Summary
Annual Report
2019 - 2020**

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Message from our Chair and Chief Executive



Chief Executive, Sarah Gardner and Chair, Andrew Noone keeping a safe distance when New Zealand was at Alert Level 2 during the COVID-19 pandemic.

As we head into this next phase of council activities, we reflect on what we've achieved over the past 12 months; a time of change and disruption for everyone in Otago. Our councillors understand their work is for all of Otago. Council needs to be agile in these times, to do what is right for our environment and our community.

Our strategic purpose is 'For Our Future: working together for a sustainable Otago'. We want a healthy environment, a connected community, a strong economy, an engaged and proud community, and a future-proof region. The past year, and in particular the COVID-19 pandemic, has highlighted our role in community resilience and our broader remit across the four wellbeings outlined in the Local Government Act: social, cultural, environmental and economic.

Our purpose guides our strategic priorities. We are working towards improved water quality and stopping further degradation in all our waterways. Regarding water quantity, we are working on the remainder of rivers and aquifers in Otago that require minimum flows. We are also working towards helping to build resilient communities in the face of climate change, guiding sustainable urban development practices, protecting Otago's biodiversity and managing biosecurity impacts.

Once again, this past year has challenged us. Our work programme altered part way through the year as we responded to a new governance team, government intervention and COVID-19. This meant we had to refocus and ramp up effort in the second half of the year, particularly on water policy and science, and as we mounted our emergency response to the pandemic.

In October 2019, local body elections resulted in six new councillors joining the governance team. Following nine years of stable leadership, we had a new Chair. This level of change has required significant adjustment to committee and governance arrangements and challenged previous council views and policy on issues and work programmes. Partly as a result, we grew our staffing numbers to meet the growing expectations of what ORC needs to deliver during the year.

It was clear early on that water quality and quantity was a key priority for the new Council, who arrived during the Minister for the Environment's investigation into our handling of water matters and deemed permit replacement by Professor Peter Skelton. The investigation began in May 2019, and the Hon. David Parker, Minister for the Environment, received Professor Skelton's report and responded to it in November 2019. Minister Parker set us recommendations under his powers through the Resource Management Act 1991 and a timeframe of milestones for revising our water management policy framework for Otago. It required immediate action on plan changes for water quality and quantity, with a new Regional Policy Statement and review of the Land and Water Plan consistent with national direction to be operative by 2025. Council wrote to the Minister in December 2019 to confirm that we accepted his recommendations and committed to achieving the milestones set. We immediately acted on the report by adjusting our work programme, and four plan changes were notified soon after to manage issues with the current state of our Regional Plan: Water, which Professor Skelton found was not fit for purpose.

With the support of new internal resources and skilled consultants, three key plan changes for water quality and quantity were prepared quickly. The Water Quantity or "Water Permits Plan Change" was prepared over the summer and notified in March 2020 after consultation with the community, including a public forum on 7 January 2020. The Minister for the Environment directed that the Water Permits Plan Change, which had been notified, and also the Water Quality (Omnibus) Plan Change, which had not yet been notified, were considered matters of national significance. Utilising his power under Section 143 (1) (a) of the RMA, he called them both in on 8 April 2020, to be heard and decided on by the Environment Court.

The Minister for the Environment's recommendations tasked ORC with developing a fit for purpose Regional Policy Statement compliant with National Planning Standards for notification by November 2020. Consultation on this has commenced and early chapter drafts are being progressed. In addition, we continue to resolve appeals on the previous Regional Policy Statement and to participate in extensive mediation on the Dunedin City Council's Second Generation Plan and the Queenstown Lakes District Council District Plan, which has taken a substantial amount of time and resources.

At the same time as we began to navigate the Minister’s recommendations, we were all about to encounter the global pandemic of COVID-19. This situation changed the way we work and interact with each other and our communities. It also introduced new unplanned work across our emergency management function, and also in other areas that saw us responding to the government’s recovery plans like Jobs for Nature and the Crown Infrastructure funding opportunity.

All ORC staff worked from home during Levels 3 and 4, except those responding through our Civil Defence and Emergency Management function, and at least 50% worked from home during Level 2, while the rest social distanced in our offices. The response to COVID-19 under CDEM was substantial and diverted resources from across the organisation, particularly as we became responsible for delivering welfare for the large number of foreign nationals living in our region when the lockdown began. While some costs are reimbursed by the National Emergency Management Agency, others are absorbed by ORC and its ratepayers. In April, we had the added complication of coastal flooding, which required a local response.

During the lockdown period, staff diverted efforts to preparing a funding bid for flood protection infrastructure to the Crown Infrastructure funding available for “shovel ready” projects. This required substantial accelerated effort by our engineering team to prepare the necessary documentation, and resulted in 60% of the funding requested, or \$5.44m, being awarded for this work from the fund. This amounts to a significant saving for ratepayers.

Further, the concept of green jobs or Jobs for Nature was borne in recognition of the displacement of workers and failure of the tourism industry in NZ, particularly in Queenstown. This has diverted resources to assist both in funding a pilot programme with the Department of Conservation, Queenstown Lakes District Council and tourism businesses to re-task tourism workers in green jobs while still employed by their employer, and to provide a gateway for catchment groups and others to make bids to government for projects to support green jobs and outcomes.

COVID-19 has highlighted the need to build resilient communities, and our work this year has focused also on building resilience in the face of climate change. To inform our climate change response, we’ve undertaken a regionwide Climate Change Risk Assessment, looking at localised risks and opportunities within our region to highlight information gaps and help us prioritise the identified risks to better inform adaptation plans. This assessment has had the input of our district councils, local iwi and industry stakeholders. We also embarked on initial work to understand our own carbon footprint and that of our region during the year.

The need for resilience was further highlighted by the two significant rainfall and flood events we experienced in December and February, then the COVID-19 lockdown period with only essential works allowed to be carried out and our engineering team being under-resourced has all impacted on our work programmes, delaying some annual activities that need to be done at specific times of the year. The major flood

events we have experienced over the last five years have been more frequent and also weakened and damaged infrastructure meaning our team must prioritise flood response and recovery to reduce the risk to our communities around the region.

Two years of comprehensive work reached a milestone this year, when our biodiversity and biosecurity teams completed our Regional Pest Management Plan, Biodiversity Strategy and the Otago Biosecurity Operational Plan, and all were adopted by Council. We have also reached the point where our biodiversity mapping of Otago is almost complete - one of the first of its kind in New Zealand. This is significant and will form the basis of our future biodiversity work programme and our monitoring of flora and fauna in Otago over time to identify changes. An inter-agency working group was also developed to achieve collaborative biodiversity outcomes in Otago, and we continued our ECO Fund grant scheme to provide funding for community driven biodiversity projects across the region.

As public transport providers, our transport team continues to partner with territorial authorities and Waka Kotahi NZ Transport Agency in the partnerships known as Connecting Dunedin and Wakatipu Way to Go. The intent of this work is to provide people in Dunedin and Queenstown, where the Orbus services run, with a more holistic approach to transport and roading that supports public transport and a multi-modal approach. Business cases toward improved options are being progressed for Queenstown and critical issues like the impact of the Dunedin Hospital on State Highway One are being consulted on. This year, these arrangements also successfully delivered a new express bus service between Lake Hayes and the Queenstown CBD, and prepared a business case and trial proposal for consultation for a water ferry service on Lake Wakatipu. Late in the year, we installed new technology in our buses to support the implementation of our new Bee Card ticketing system. That system is to be rolled out in September 2020.

COVID-19 impacted our public transport networks and we maintained the service throughout. We worked with government and our Orbus public transport operators in Dunedin and Queenstown to ensure buses were still able to run, fare free, for all our essential workers to get to and from work, and those who relied on public transport could get to the pharmacy and buy groceries. This required comprehensive and consistent communications, a change to timetables and provision for safe physical distancing on buses. The public transport team also worked with local schools to help our children get back to school safely when we moved into Alert Level 2. This experience has allowed us to think about how we deliver these services in the future, starting with a trial of reduced, flat fares during the Bee Card implementation.

While this provides a snapshot of our highlights, challenges and progress, it does not represent all of the fantastic work of our staff and communities working together. Every day we see the difference that we can make when we work in partnerships with others. Examples where we do that are with our iwi partners across a range of resource management issues and in making governance decisions, with those who have particular interest in the issues we manage, and with our communities, rural and urban.

We applaud the efforts of Team ORC and our wider team – the people of Otago. We look forward to progressing our important work and our team remains dedicated to the work they do because they are working together for a sustainable Otago: [For our Future](#).



Sarah Gardner
CEO



Andrew Noone
Chair

Statement of Service Performance summary

ORC's performance is reported against service measures adopted in our Long-term Plan 2018-28 and updated in our subsequent Annual Plans. ORC arranges its 12 significant activities into six groups:

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

Performance is reported under groups of significant activity. Funding Impact Statements that identify the costs and funding associated with each significant activity are in the Summary Financial Statements section. The full audited Annual Report 2019-20 contains further details on measures, targets and our performance against each for the period. Copies are available on our website www.orc.govt.nz or by calling our customer experience team.

The Annual Plan 2019-20 contained 60 non-financial service performance targets that were monitored and reported on.

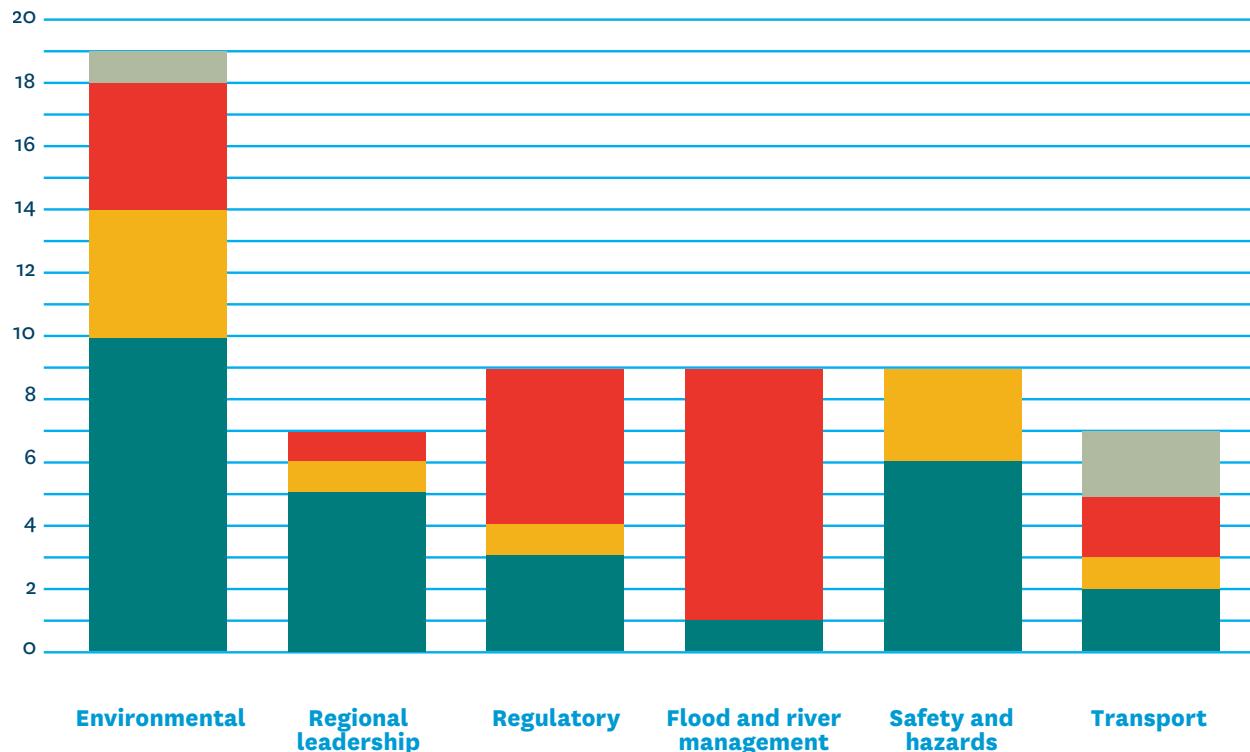


Overall, we:

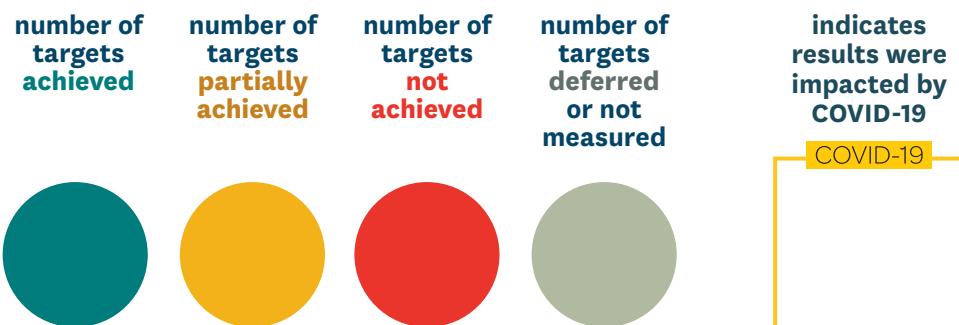
- fully met the target for 27 of our performance measures (green)
- partially met the target for 10 of our performance measures (amber)
- did not meet the target for 20 of our performance measures (red)
- delayed or could not report on 3 of our performance measures (grey)

The COVID-19 pandemic and the resulting alert level restrictions impacted on our service performance against a number of targets; particularly in flood protection and river management, biosecurity and in public transport. Further details are provided in the following section.

Non-financial performance achievements by group of activities:



Key for performance results



Environmental

We have a responsibility to lead and work with our communities regarding our natural environment. This involves facilitating the sustainable use of our water, land, air and coasts. We do this in part by protecting our unique biodiversity, managing pests, state of the environment monitoring and reporting.

Our environmental significant activities are:

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

Community outcomes

A healthy environment

A future-proof region

Freshwater implementation

Looking after Otago's water is our top priority and our biggest challenge.

TARGETS MET



Freshwater management has been aided by the establishment of a formal Good Water programme structure, providing strategic governance and operational oversight. We have taken regulatory and non-regulatory approaches to improve freshwater quality in 2019-20.

Our approach included:

- ✓ Developing and implementing initiatives that support good water quality in our work in rural liaison and engagement
- ✓ Inspections and compliance monitoring

- ✓ Enforcement
- ✓ Plan reviews and changes
- ✓ Actively supporting individuals and community groups to improve water quality

These initiatives are part of our efforts to establish new approaches to managing freshwater that achieve the desired long-term outcomes.

ORC, like local government throughout New Zealand, is grappling to implement new and proposed National Policy Statements on Freshwater Management. Our region has additional challenges, including:

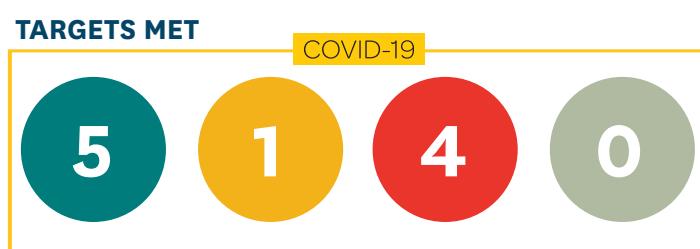
- replacing 400 to 600 deemed water permits and resource consents by 2021
- reviewing our Regional Policy Statement with a fully operative new one by 2022
- notifying a Land and Water Plan by 2023

Achievements:

- ✓ Five catchment monitoring programmes are in place in Matukiki, Glendhu Bay, Luggate Creek, Mill Creek, urban Wanaka)
- ✓ Advanced freshwater programmes with research and studies in priority areas: Manuherekia, Arrow and Cardrona
- ✓ Reported where water quality met limits and where progress is being made in this space
- ✓ Developed our approach for Freshwater Management Unit workstream with NIWA and the Cawthron Institute, with a final report due November 2020.

Biodiversity and biosecurity

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



This year we achieved some but not all targets in biodiversity and biosecurity.

First and foremost, we now have key plans in place. The Regional Pest Management Plan, Biodiversity Strategy and the Otago Biosecurity Operational Plan were all adopted by council in 2019-20 and direct on what we need to achieve.

In 2019-20 our staff completed over 6000 pest plant inspections and followed up all reported wallaby sightings within three days.

However, compliance monitoring levels for rabbit numbers, pest plants and boundary control were all below target. This was in part related to COVID-19 restrictions impacting on our ability to deliver scheduled work in autumn 2020, and the need to improve operational procedures and practice. Following the adoption of the Regional Pest Management operational plan, we have new standard inspection and compliance procedures in place.

Our biodiversity work programme is in a developmental phase. Significant work has been undertaken over the past 12 months to develop effective rules and plans to guide biosecurity work for the next decade. We identified projects to advance as part of the Biodiversity Action Plan. Important work mapping Otago's biodiversity is near completion. From this, there is more work to do in prioritising actions to protect and support Otago's plants and animals to thrive.

Our initiatives to invest and fund projects that will protect, enhance and promote Otago's environment continue to deliver positive environmental benefits in local communities across the region. In 2019-20 ORC supported:

- ✓ 25 projects delivered by community-based organisations through our ECO fund scheme (\$250,000)
- ✓ Predator Free Dunedin (\$300,000)
- ✓ Yellow Eyed Penguin Trust (\$75,000)
- ✓ Wakatipu and Central Otago Wilding Conifer Groups (\$100,000 each)

Air

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

TARGETS MET



Although we continue to make progress implementing our Air Quality Strategy, we also understand we may need to make changes to our approach.

Our goal is to fully comply with new national air quality standards and to generate an improvement in Otago's air quality so that people can enjoy their environment safely, productively, and respectfully.

We are working with other agencies to revise and develop an implementation programme to achieve a greater impact across the region.

Achievements:

- ✓ Undertook a pilot programme in education and compliance in Arrowtown for Air Strategy implementation in winter 2019, supported by the Clean Heat Clean Air (CHCA) subsidy for Arrowtown.
- ✓ Administered the Clean Heat Clean Air (CHCA) fund for Air Zone 1 and Milton, fully allocating funds committed to subsidies for installing clean heat appliances. In total, 58 subsidies were approved for 2019-20.
- ✓ Contributed \$45,000 to the Cosy Homes Trust. The Trust assisted with education and undertook housing-efficiency related community work and enquiries.
- ✓ Completed our programmed air quality monitoring in targeted towns to measure PM10 emissions.
- ✓ Assessed compliance with the national environmental standard requirements of no more than one daily average reading of PM10 per year to be higher than 50 micrograms per cubic metre.

Due to competing priorities, we delayed a trial of options for low emissions technologies until late in 2020.

State of the environment reporting

Monitoring Otago's water quality and quantity, and our air quality, is critical to making progress in the goal to attain a sustainable Otago.

TARGETS MET



The State of the Environment (SOE) programme informs our environment and regulatory activities.

We are achieving a high standard of practice in the field and in office work in our quality control of data collections and analysis. This means that our environmental monitoring of key parameters at locations around Otago provides quality assured data to support SOE reporting. The results of annual monitoring are publicly available via Land Air Water Aotearoa (LAWA) and reported on the ORC website: orc.govt.nz/managing-our-environment/water.

Achievements:

- ✓ 92% of data sites in the SOE network have data quality that are fair or better than previous measures
- ✓ 99% of all data were captured to archive.
- ✓ We collected data measuring river flow and level, rainfall, and groundwater from 130 permanent monitoring stations during 2019-20

The majority of scheduled monitoring was completed however, there is more work to do in monitoring our estuaries and coastal waters. We did not complete annual reporting for the Coastal Estuarine Tropic index. Scoping work is underway to consider creating a monitoring programme for Otago's coastal waters to monitor biodiversity and changes in Otago's marine habitats and ecosystems.

Regional leadership

Our democratic decision-making process and the community-elected councillors ensure everyone's voices around Otago are heard and that leadership is provided for the benefit of the region. Our regional plans set out policies and rules for sustainable use of natural and physical resources of our region, including water, land, air and the coast.

Our regional leadership significant activities are:

- Governance and community engagement
- Regional planning and urban development strategy

Community outcomes

A connected community

An engaged and proud community

A strong economy

A healthy environment

Governance and community engagement

At the broadest level ORC's purpose is to achieve positive results across the four community wellbeings; social, environmental, economic, cultural. Strong regional leadership involves elected representatives, Otago Regional Councillors, working together in an effective way.

TARGETS MET



A focus for this activity has been to ensure councillors have been supported in this role, that the council organisation can communicate appropriately through meetings and reporting, and that the community can connect with the democratic process.

A focus has also been to connect the community with either the ORC's actual or proposed service delivery. Information and opportunity for the community to

engage is important. We are using more digital channels, increasing engagement with our work as a result. We communicate through annual campaigns and one-off projects; creating two-way communication opportunities with communities.

The impact of COVID-19 meant we made a rapid shift to holding council and committee meetings via videoconference in April 2020. This resulted in minimal disruption to the governance work programme and enabled continued community engagement.

Achievements:

- ✓ 98.5% of Official Information Act (OIA) requests responded to within statutory timeframes
- ✓ 100% of council agendas available two working days or more before a meeting
- ✓ all council meetings conducted according to local government standards
- ✓ we met all Local Government Act statutory planning requirements and financial reporting standards for the year
- ✓ ORC hosted a secretariat established by the Otago Mayoral Forum that supports increasing regional collaboration

Externally our work included providing a regional perspective on the district plan reviews of councils in Otago and on national proposals related to urban development, highly productive land, freshwater and change to the Resource Management Act (RMA).

Freshwater has been a key focus of our governance and community engagement in 2019-20. We supported Councillors to engage on freshwater. Through our communications and engagement, we strived to connect with communities, organisations, and businesses on this significant issue.

Regional planning and urban development strategy
Establishing and maintaining a robust, integrated, and consistent environmental planning framework is our overarching goal.

TARGETS MET



Our approach to planning and consenting in relation to freshwater has changed and we accelerated our work programme over the 2019-20 year reflecting this.

We had unplanned changes to work programmes as a result of the Minister for the Environment's recommendations. The review of our Regional Policy Statement – which sets the direction for future management of natural and physical resources – is underway and on track to be notified in November 2020.

We progressed many plan changes and reviews in 2019-20 including:

- ✓ review of the Regional Plan: Waste
- ✓ review of the Regional Plan: Water
- ✓ short-term plan changes
- ✓ water quality plan changes
- ✓ developing a framework for the full Water Plan Review.

Our Progressive Implementation Programme (PIP), that outlines actions to implement the National Policy Statement on Freshwater Management, has been incorporated into and superseded by the work programme agreed with the Minister.

The development of an urban development strategy did not progress because Queenstown Lakes District Council and Dunedin City Council were sufficiently advanced in their own urban development programmes.

Regulatory

To look after the environment, we need to regulate its use. As regulators, we process resource consents, develop and set rules for how a natural resource can be managed and check that these rules are being complied with.

Our regulatory significant activity is:

- Consenting, Monitoring, Investigations and Enforcement

Community outcomes

A healthy environment

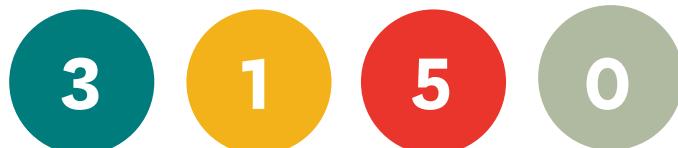
A connected community

An engaged and proud community

Consenting, monitoring, investigations and enforcement

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

TARGETS MET



Our work in this area includes consent processing, compliance monitoring, harbour and waterway management, response, investigation and enforcement, and contaminated sites.

In 2019-20 we made changes to better meet government and community expectations on resource consenting.

During the year we:

- ✓ achieved a 99.7% compliance rate for RMA application timeframes. Of the 317 consent applications we processed, one was not issued within the required timeframe.

- ✓ processed 5012 returns, exceeding the 4805 returns received for the 2019-20 year. However due to a backlog from previous years, we did not meet our target in the administration and assessment of performance monitoring data provided by consent holders.
- ✓ met our target to maintain a 24-hour/7-day a week response to environmental incidents, through our Pollution Hotline and online reporting system. COVID-19 restrictions impacted on our incident response service, which meant that in Alert Levels 3 and 4, we only responded to public safety and significant environmental incidents.
- ✓ added a mapping tool for contaminated sites to our website in February 2020. Subsequently, enquiries about contaminated land have decreased.

In 2019-20 we identified 3017 incidents of non-compliance through our performance monitoring and audits. Of these, 2371 were low risk, 560 moderate risk and 140 were categorised as significant risk. In all instances, we notified consent holders of a breach and the action they needed to take. Enforcement action is not always appropriate when there is non-compliance with consent requirements. Therefore, we have revised the target in the 2020-21 Annual Plan.

While we don't have the systems in place to report on the average time to respond to oil spills or to incidents notified on Otago Harbour, our staff are confident that targets have been met. We held an oil spill exercise in November 2019 to test our Maritime NZ response capability and alsoh trained staff and contractors in pollution response during the year.

We did not enforce any breaches of the Maritime Safety Bylaw in 2019-20. This is because work is underway to align the infringement framework. This is expected to be in place by December 2020.

Flood protection and river management

Many of our urban and rural communities are in low-lying areas close to rivers, and livelihoods rely on use of the land. Our flood protection schemes help to protect people and properties from floods; our drainage schemes help to maintain the productive capability of the land and waterways.

Our flood protection and river management significant activities are:

- Flood and drainage schemes
- Rivers and waterway management

Community outcomes

A healthy environment

A connected community

A strong economy

A future-proof region

Flood and drainage schemes

Protecting people's wellbeing and livelihoods from flooding is a vital aspect of our work, as is maintaining and improving use of productive land through drainage and control of groundwater levels.

TARGETS MET

COVID-19



2019-20 has been a challenging year for our work in flood protection. While we have progressed our work on flood and drainage schemes, rivers, and waterways, we have not achieved our annual targets due to weather events, COVID-19, and resourcing levels.

We manage eight flood and drainage schemes across Otago.

In 2019-20 we completed:

- ✓ our scheduled work programme on the Alexandra and Leith flood protection schemes and the Shotover river delta
- ✓ around 80% of our scheduled work programme on the West Taieri, East Taieri and Tokomairiro drainage schemes
- ✓ around 60% of our scheduled work programme work on the Lower Clutha and Lower Taieri flood protection schemes
- ✓ Our full 2019-20 Annual Report details the work completed in our flood and drainage schemes, rivers and waterways around Otago.

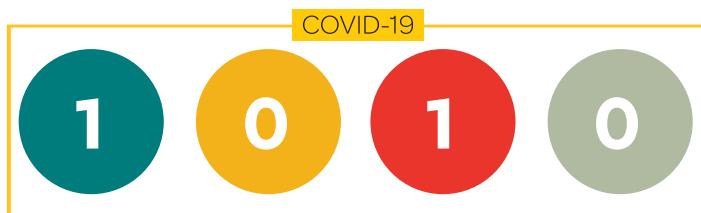
Increased rainfall and flooding in December 2019 and February 2020 damaged infrastructure. Flood response and recovery work became a priority and resources were diverted from programmed work. COVID-19 restrictions prevented the Engineering team completing key programmed work prior to winter 2020. This has been carried over to 2020-21.

Regarding resource levels, the Council engineering team's function and structure is being transformed to meet community needs. Ability to deal with unplanned events without compromising planned infrastructure, asset management and analysis is needed.

Rivers and waterway management

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

TARGETS MET



Our work in rivers and waterway management in 2019-20 has been impacted by flood events and by COVID-19 restrictions. This collectively reduced our work programme by four months. Due to flooding in December 2019 and February 2020, we were unable to complete scheduled maintenance and access to rivers because our

work shifted to flood response and repairs. Primarily, the Clutha rivers, Wakatipu rivers, Wanaka rivers and the Waitaki river were affected. Therefore, we did not meet our target to report on the annual status of scheduled rivers and waterways.

We did however respond to all public enquiries relating to river maintenance and obstructions and coordinated the timely removal of obstructions to river channels.

Achievements:

- ✓ all reported blockages and obstructions in scheduled rivers and waterways were assessed and attended to within 20 days

The structure of our Engineering team is being modified to better align the river engineering function to the level of service in river management responsibilities. This will take effect in 2020-21.

Safety and hazards

To ensure our communities are kept safe, we identify and monitor natural hazards. We also respond to flood events and support Otago Civil Defence and Emergency Management.

Our Safety and Hazards significant activities are:

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

Community outcomes

A connected community
A future-proof region

Civil Defence and Emergency Management

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

TARGETS MET



During the COVID-19 pandemic, Emergency Management Otago helped Otago's communities by supporting the Southern DHB to manage health impacts and coordinate regionwide welfare assistance to people in need, working with national and local agencies. All of Emergency Management Otago's programmed activities were suspended from 15 March 2020, when the Group activated in response to the pandemic, until 1 July 2020.

Beyond the pandemic response, the Group activated in response to high lake levels and flooding in Queenstown Lakes, Central Otago, and Clutha districts in November 2019, and in the Clutha district in February 2020.

We met most of our specific civil defence and emergency management targets for 2019-20.

Achievements:

- ✓ activating the Group Emergency Coordination Centre (EEC) in response to a civil defence event or emergency within 60-minutes
- ✓ our group CDEM controller or alternate controller was available to respond at any time

In relation to civil defence emergency planning, our operative Group CDEM plan is fully implemented. The plan will be reviewed for the first time in 2021. We have community response plans in place for Otago's highest priority communities as identified by territorial authorities: 36 plans are complete and 18 are in draft form.

Status and progress of community plans and regionwide issues plans were reported to the Co-ordinating Executive Group (CEG) and CDEM Joint Committee. Agreed plans for regionwide issues are either complete or in progress:

- ✓ Regional Animal Emergency Plan is complete
- ✓ Coastal Tsunami Plan is underway
- ✓ a formal regionwide Dam Failure Plan is yet to be developed however priority dams have plans in place prepared by the operators

Natural hazards and climate change adaptation

We identify, monitor, and investigate natural hazards to support the safety of our communities. Our work also includes flood and low risk management, and climate change adaptation.

TARGETS MET



We met all of our annual targets in the delivery of information about natural hazards to the community and decision-makers; in investigating and responding to priority natural hazards; and in providing timely warnings of flood events. We have made a significant effort to improve our knowledge and understanding of the likely effects of

climate change, however delivery and presentation of the final climate change risk assessment report for Otago was delayed due to COVID-19.

Achievements:

- ✓ information available to the public via Otago Natural Hazards database 24 hours a day, 7 days a week
- ✓ improved dissemination of natural hazards information to communities by overhauling our natural hazards database, making it more intuitive and visually appealing
- ✓ natural hazard events and consequences were reported to council within six months
- ✓ 24-hour flood management and response system operated during emergency events
- ✓ As an essential service we kept the flood management and response system operative, safe, and efficient at all times during COVID-19 restrictions.

Otago experienced two large flood events in the Clutha river catchment in December 2019 and February 2020. ORC provided timely, accurate and reliable warning information, as well as rainfall, flows and water levels information to potentially affected groups and communities. An improved flood forecasting model for the lower Clutha was valuable in assisting our flood responses.

Our work to improve our understanding of the likely effects of climate change in Otago included:

- ✓ producing a comprehensive publicly-available report that describes changes in climate variables or scenarios: orc.govt.nz/niwaclimatechangereport
- ✓ sharing information and engaging on climate change and adaptation with many organisations and holding public information sessions
- ✓ initiating a climate change risk assessment for Otago—this is now in its final stages. The presentation of the final report has been delayed due to COVID-19 and now aligns with the National Climate Change Risk Assessment due later in 2020.

Transport

We're responsible for public transport in Otago and provide services in Dunedin and Queenstown. We offer the Total Mobility scheme to meet the needs of people unable to use public transport. We also facilitate wider transport projects in Otago.

Our transport significant activity is:

Transport Planning and Public Passenger Transport

Community outcomes

A connected community

A strong economy

Transport Planning and Public Passenger Transport

Our aim is to provide Otago communities with efficient and reliable public transport services that meet community needs.

TARGETS MET



We provide public passenger transport services in Dunedin and Queenstown through contracted operators. Throughout the COVID-19 alert levels we delivered bus services in both places, supporting essential workers and others who needed to access essential services.

COVID -19 restrictions impacted on a number of transport targets:

- we were unable to measure the reliability of our services due to delays in installing real-time tracking
- we could not conduct a planned face-to-face survey on public satisfaction with passenger services

- vehicle quality compliance inspections were delayed for our Queenstown fleet as inspections there are still underway
- lockdown and subsequent alert levels meant that full year patronage declined below targets

Prior to the impacts of COVID-19 we were on track to meet our 3% growth target for patronage in Dunedin and the 5% growth target for patronage in Queenstown on passenger services. Figures from July 2019 to February 2020 show that patronage was up 4.7% in Dunedin and 6.9% in Queenstown on the same period in 2018-19.

Achievements:

- ✓ Our Dunedin fleet is 100% compliant with regional passenger transport vehicle quality standards
- ✓ we introduced our new electronic ticketing system earlier than planned. This system will give us a much higher level of contract performance monitoring and greater confidence in the accuracy of our monitoring
- ✓ we provided a regionwide Total Mobility Scheme to assist eligible people with long-term impairments to access appropriate transport if they are not able to use public transport

Based on community feedback, in January 2020 we launched a passenger service from Lake Hayes direct to Queenstown Town Centre. We also consulted with the Queenstown community on a proposal to introduce a Wakatipu Ferry Service.

We completed an initial strategic review of the Regional Land Transport Plan (RLTP) as per our target for 2019-20. We also continued to work with Environment Southland and other South Island authorities to establish and deliver on pan-regional priorities for transport investment.

Summary Financial Statements

Summary Statement of Comprehensive Revenue and Expense for the year ended 30 June 2020

	Council 2020 \$000	Council Budget \$000	Council 2019 \$000	Group 2020 \$000	Group 2019 \$000
Revenue					
Rates revenue	26,501	26,363	23,283	26,465	23,250
Grant revenue and subsidies	12,235	12,133	14,686	12,235	14,686
Other revenue	13,917	14,063	13,609	114,930	117,544
Dividends, interest and investment revenue	10,393	9,412	9,088	1,329	835
Total revenue	63,046	61,971	60,666	154,959	156,315
Expenditure					
Employee benefits expense	(18,089)	(18,496)	(14,901)	(52,814)	(49,103)
Depreciation and amortisation expense	(2,841)	(2,531)	(2,510)	(13,855)	(12,548)
Finance costs	-	(2)	(1)	(2,716)	(2,848)
Other expenses	(47,780)	(43,561)	(52,384)	(72,230)	(78,207)
Total operating expenditure	(68,710)	(64,590)	(69,796)	(141,615)	(142,706)
Share of surplus from equity accounted joint ventures	-	-	-	203	165
Other gains/(losses)	1,557	344	3,814	30,948	30,550
Surplus/(deficit) before tax	(4,107)	(2,275)	(5,316)	44,495	44,324
Income tax benefit/(expense)	101	-	98	(7,444)	(8,589)
Surplus/(deficit) for the year	(4,006)	(2,275)	(5,218)	37,051	35,735
Other comprehensive revenue and expenses					
Revaluation gain/(loss) - shares in subsidiary	2,129	7,000	45,727	-	-
Unrealised movement in hedging interest rate swaps	-	-	-	(471)	(838)
Total other comprehensive revenue and expense	2,129	7,000	45,727	(471)	(838)
Total comprehensive revenue and expense	(1,877)	4,725	40,509	36,580	34,897

Summary Statement of Financial Position as at 30 June 2020

	Council 2020 \$000	Council Budget \$000	Council 2019 \$000	Group 2020 \$000	Group 2019 \$000
Current assets					
Current assets	41,260	44,385	47,980	85,668	95,476
Non-current assets	649,054	614,179	646,220	721,719	666,731
Total Assets	690,314	658,564	694,200	807,387	762,207
Current liabilities					
Current liabilities	12,133	10,720	14,142	32,893	36,470
Non-current liabilities	-	-	-	84,001	71,824
Total liabilities	12,133	10,720	14,142	116,894	108,294
Net assets	678,181	647,844	680,058	690,493	653,913
Equity					
Reserves	557,650	521,766	555,621	301,851	274,479
Public equity	120,531	126,078	124,437	388,642	379,434
Total equity	678,181	647,844	680,058	690,493	653,913

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

	Opening Balance 1 July 2019 \$000	Other Comprehensive Revenue and Expense \$000	Transfers In \$000	Transfers Out \$000	Closing Balance 30 June 2020 \$000		Opening Balance 1 July 2019 \$000	Other Comprehensive Revenue and Expense \$000	Transfers In \$000	Transfers Out \$000	Closing Balance 30 June 2020 \$000
	COUNCIL 2020						GROUP 2020				
Public Equity	124,437	(4,006)	79,970	(79,870)	120,531		379,434	37,051	79,970	(107,813)	388,642
Reserves	555,621	2,129	3,696	(3,796)	557,650		274,479	(471)	31,639	(3,796)	301,851
Total Equity and Reserves	680,058	(1,877)	83,666	(83,666)	678,181		653,913	36,850	111,609	(111,609)	690,493
	COUNCIL 2019						GROUP 2019				
Public Equity	130,499	(5,218)	90,914	(91,758)	124,437		367,380	35,735	90,914	(114,595)	379,434
Reserves	509,050	45,727	4,919	(4,075)	555,621		251,634	(838)	27,757	(4,076)	274,479
Total Equity and Reserves	639,549	40,509	95,833	(95,833)	680,058		619,014	34,897	118,670	(118,670)	653,913

Summary Cash Flow Statement for the year ended 30 June 2020

	Council 2020 \$000	Council Budget \$000	Council 2019 \$000	Group 2020 \$000	Group 2019 \$000
Cash flows from operating activities	(2,272)	(82)	129	8,834	19,958
Cash flows from investing activities	(5,262)	137	7,178	(32,813)	9,194
Cash flows from financing activities	-	-	-	16,610	(21,955)
Net increase/(decrease) in cash and cash equivalents	(7,534)	55	7,307	(7,369)	7,197
Cash and cash equivalents at the beginning of the financial year	15,432	377	8,125	15,574	8,377
Cash and cash equivalents at the end of the financial year	7,898	432	15,432	8,205	15,574

Summary Funding Impact Statements for the year ended 30 June 2020

Whole of Council

	Actual 2019-20 \$000	Annual Plan 2019-20 \$000	Actual 2018-19 \$000	Long-term Plan 2018-19 \$000
Sources of operating funding	63,047	61,971	60,666	56,221
Applications of operating funding	63,447	61,826	62,521	57,180
Surplus (deficit) of operating funding	(400)	145	(1,855)	(959)
Sources of capital funding	72	410	660	500
Application of capital funding	(328)	555	(1,195)	(459)
Surplus (deficit) of capital funding	400	(145)	1,855	959

Significant Activities

	Actual 2019-20 \$000	Long-term Plan 2019-20 \$000	Actual 2018-19 \$000
Environmental			
Revenue	11,237	11,819	8,996
Expense	10,248	12,626	9,834
Net operating surplus/(deficit)	989	(807)	(838)
Capital expenditure	448	482	506
Regional Leadership			
Revenue	9,573	8,206	7,245
Expense	10,793	8,306	9,095
Net operating surplus/(deficit)	(1,220)	(100)	(1,850)
Capital expenditure	-	21	-
Regulatory			
Revenue	6,586	4,121	3,959
Expense	8,030	4,110	5,508
Net operating surplus/(deficit)	(1,444)	11	(1,549)
Capital expenditure	47	21	181
Flood Protection and River Management			
Revenue	6,712	7,088	6,553
Expense	4,205	5,495	6,017
Net operating surplus/(deficit)	2,507	1,593	536
Capital expenditure	1,682	2,409	3,555
Safety and Hazards			
Revenue	4,398	3,559	3,776
Expense	4,562	3,781	3,831
Net operating surplus/(deficit)	(164)	(222)	(55)
Capital expenditure	26	-	17
Transport			
Revenue	24,845	23,432	29,054
Expense	25,738	25,285	28,318
Net operating surplus/(deficit)	(893)	(1,853)	736
Capital expenditure	658	-	6,398

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 principal activities of the Group entities are described in Note 28. Accordingly, the Council has designated itself and the Group as public benefit entities for financial reporting purposes.

The Summary Annual Report of Council is for the year ended 30 June 2020 and were authorised for issue by Council on 30 September 2020.

Full Annual Report

This Summary Annual Report has been extracted from the full audited Annual Report dated 30 September 2020, 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 unmodified audit opinion, may be found in our Annual Report for the period 1 July 2019 to 30 June 2020, 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 Capital Expenditure

At 30 June 2020 the Group had commitments for capital expenditure of \$4.78 million (2019: \$24.62 million). Included in the above amounts are Council commitments of \$0.77 million (2019: \$2.28 million) relating to property, plant and equipment acquisitions and contracts for capital expenditure.

Related parties

The Council was involved in related party transactions with Port Otago Limited amounting to \$9.50 million (2019: \$8.45 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 8 September 2020 the Directors declared a final dividend of \$1.0 million for the year ended 30 June 2020. 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.

Council has received initial indications from the Provincial Development Unit that we will receive \$5.440 million for “shovel-ready projects”.

Contingent Liabilities and Contingent Assets

Council Only Contingent Liabilities

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

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

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

The Council has been advised of potential claims in relation to the issue of resource consents. The Council does not expect any material uninsured liability to arise from these potential claims, (2019: \$Nil).

Council Only Contingent Assets

Council has assessed the insurance proceeds which are likely to be available in relation to the flood protection asset damaged from the February 2020 flood event. National Emergency Management Agency (NEMA) on preliminary insurance assessments has indicated that they will

fund \$2,400,000 of the cost of repairs. Council's external insurance provider on preliminary assessments have indicated that they will fund the entire cost of repair to pump stations which is estimated to be \$177,000. Certainty on the insurance proceeds is dependent on repairs being performed and actual costs being determined and are likely to be received in 2021 financial period.

Group

There are no contingent liabilities or assets at 30 June 2020 (30 June 2019: \$Nil) other than those arising in the normal course of business.

Impact of COVID-19

Council

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

During the period March to June 2020 the New Zealand Transport Agency (NZTA) required Council it provide free bus fares for all users (this continued into the 2021 financial period). Bus fare revenue was funded during this period directly by NZTA. This was treated in the same manner as bus fare revenue and was recorded as other income.

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

As at the valuation date, the valuer has considered there is significant valuation uncertainty provided by COVID-19 and that a higher degree of caution should be attached to the valuation than would be applied in more normal circumstances. The value assessed may change significantly and unexpectedly over a relatively short period of time and historical transactional data may not be reflective of how markets might move under differing economic, monetary and fiscal conditions. It is recommended by the valuer that the valuation uncertainty is noted.

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

Group

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

OTHER REVENUE

The New Zealand government temporarily banned cruise ships from entering New Zealand waters from 14 March 2020 resulting in 10 cruise ship cancellations in the 2020 financial year. At this stage it is not known if the cruise ship ban will remain in place for the coming 2020-21 cruise ship season (2021 financial year).

Pursuant to contractual terms in existing commercial lease agreements certain tenants sought a fair reduction in rent where the business has suffered a loss of revenue due to COVID-19. Port Otago has made allowances to provide such tenants with rental support as a result of COVID-19, with an expected cost to the Group of \$0.38 million for the year ended 30 June 2020.

INVESTMENT PROPERTY

Due to the uncertainty related to the COVID-19 pandemic leading to a reduction in the number of real estate transactions and impacting the availability of market data relating to conditions as at June 2020, the independent valuations of Port Otago's portfolio as at June 2020 have been reported on the basis of 'material valuation uncertainty', meaning less certainty and a higher degree of caution should be applied. The opinion of value has been determined at the valuation date based on a certain set of assumptions used by the valuers, however these could change in a short period due to subsequent events.

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 in 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 2020

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 2020.

The summary of the annual report comprises the following summary statements on pages 6 to 32:

- the summary statement of financial position as at 30 June 2020;
- the summaries of the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended 30 June 2020;
- the notes to the summary financial statements that include accounting policies and other explanatory information; and
- the summary statement of service performance.

Opinion

In our opinion:

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

Summary of the annual report

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

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

The full annual report and our audit report thereon

We expressed an unmodified audit opinion on the information we audited in the full annual report for the year ended 30 June 2020 in our auditor's report dated 30 September 2020. That report also includes:

- An emphasis of matter paragraph that draws attention to Note 26 in the audited financial statements, which describes the impact of COVID-19 on the Regional Council's audited financial statements. The emphasis of matter paragraph also specifically draws attention to the following matters:
 - The significant market uncertainty highlighted by the valuers related to estimating the fair value of the Council's investment in Port Otago Limited shares (in particular, the port operations component) in Note 2 of the audited financial statements; and

- The material valuation uncertainties highlighted by the valuers related to estimating the fair value of the Council and Group's Investment Property assets in Note 7 of the audited financial statements.

These matters are disclosed in the 'Impact of COVID 19' Note in the summary financial statements.

Council's responsibility for the summary of the annual report

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

Auditor's responsibility

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

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

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.



Heidi Rautjoki
Deloitte Limited
On behalf of the Auditor-General
Dunedin, New Zealand
30 September 2020