Otago Regional Council

Long-Term Plan 2027-37
Reserves

Council Presentation 11 November 2026

Purpose

- Provide information on Reserves and outline amounts available for use as funding in the LTP 2027-2037

Balancing the Budget

- Section 100 of the Local Government Act 2002 (LGA) sets out that:
  1. A local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.
  2. Despite subsection (1), a local authority may set projected operating revenues at a different level from that required by that subsection, if the local authority resolves that it is financially prudent to do so, having regard to:
     a) the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the long-term plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
     b) the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
     c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life, and
     d) the funding and financial policies adopted under section 102.

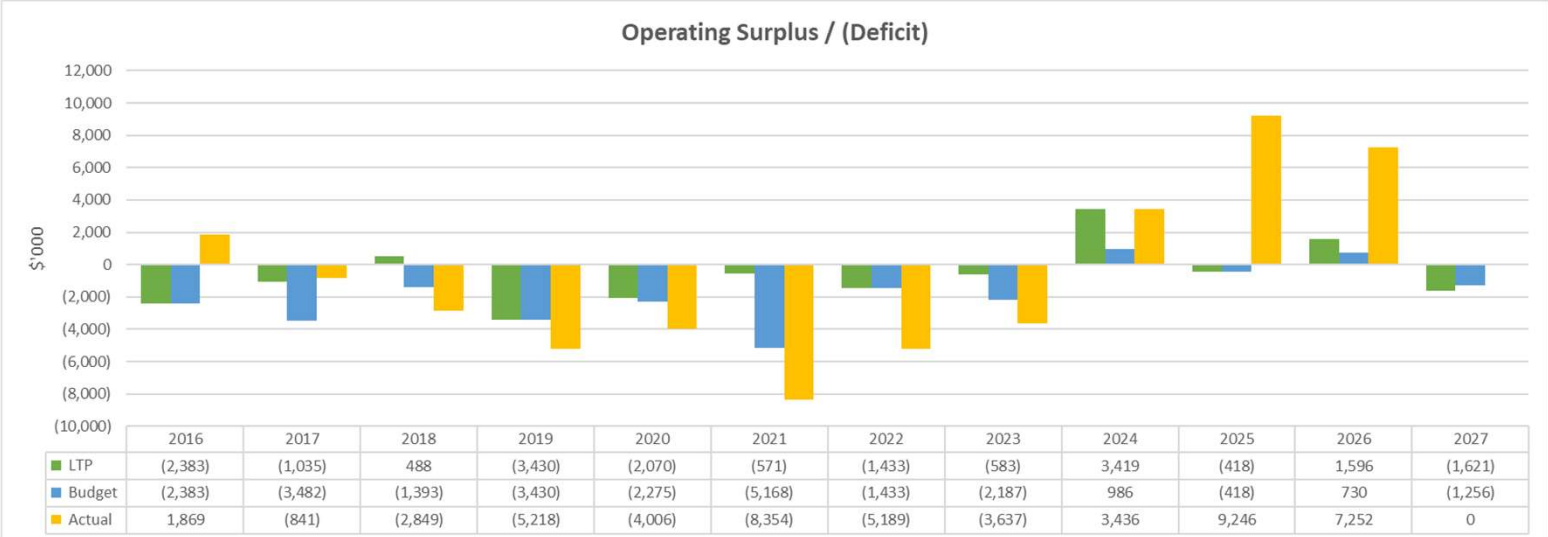
Balancing the Budget (cont'd)

- Use of Reserves will mean the budget is not balanced and a deficit occur
- This is permitted under the LGA:
  - Section 100(2) allows an for an unbalanced budgeted providing Council resolves it's financial prudent and considers the matters in clauses s.100(2) a-d
- Financial Strategy:
  - Strategy is to fully fund operating expenditure from operating revenue (balanced budget)
  - Reserves not used to fund day to day, BAU (not prudent)
  - Reserves can be used in special cases ie specific one-offs and activities where benefits continue over future years
  - Targeted rate activities may use reserves to smooth rates and provide funding certainty

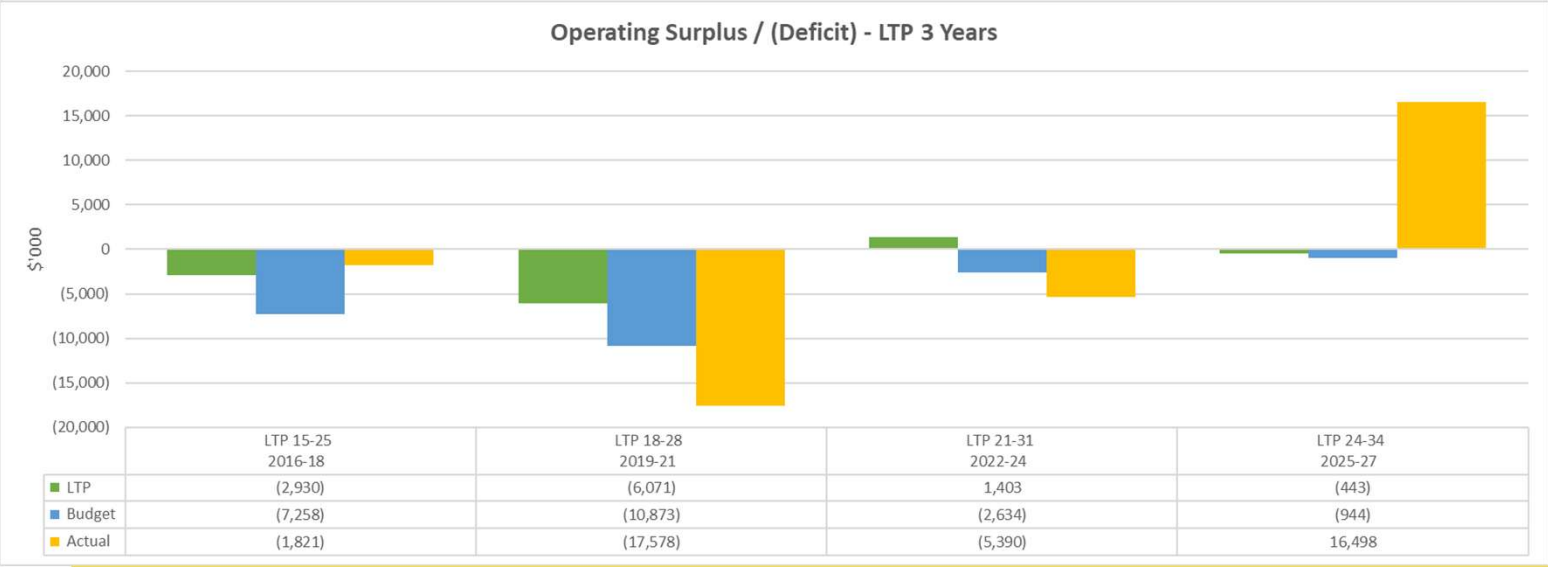
Surplus / Deficit History

- Issue raised by Council's auditors in Annual Report 2020-21 Audit
- Issue – large planned and unplanned deficits over the 2019-2021 years:
  - LTP's had been budgeting for year 1 deficits, reducing over years 2 and 3 to achieve a surplus position, usually in years 4-10
  - AP's for years 2 and 3 increased spend and were then rebudgeted to larger deficits than in the LTP
  - Subsequent LTP's restarted the process with new deficits in year 4 when that became year 1 of the new LTP – the intended return to surplus never occurred
  - Additional actual deficits occurred through unbudgeted decisions or unforeseen events outside the LTP/AP planning cycles
  - LTP 2024/34 focused on balancing the budget and repaying historic deficits

Surplus / Deficit History – Graphs



	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
LTP	(2,383)	(1,035)	488	(3,430)	(2,070)	(571)	(1,433)	(583)	3,419	(418)	1,596	(1,621)
Budget	(2,383)	(3,482)	(1,393)	(3,430)	(2,275)	(5,168)	(1,433)	(2,187)	986	(418)	730	(1,256)
Actual	1,869	(841)	(2,849)	(5,218)	(4,006)	(8,354)	(5,189)	(3,637)	3,436	9,246	7,252	0



	LTP 15-25 2016-18	LTP 18-28 2019-21	LTP 21-31 2022-24	LTP 24-34 2025-27
LTP	(2,930)	(6,071)	1,403	(443)
Budget	(7,258)	(10,873)	(2,634)	(944)
Actual	(1,821)	(17,578)	(5,390)	16,498

Actual surpluses over the 2025 and 2026 financial years +$16.5m

Previous LTP cycles have incurred deficits of the first 3 years
2022-2024 -$5.4m
2019-2023 -$17.5m
2016-2018 -$1.8m

Net surplus/(deficit) over 2016-2026 -$8.3m

Reserves

- Two types – public equity and restricted / Council created
  - Public equity includes the general reserve and targeted rate reserves
  - Some reserves are non-cash
- Restricted and Council created reserves
  - Port share revaluation reserve – Port revaluation (non-cash)
  - Asset revaluation reserve – investment property revaluation (non-cash)
  - Asset replacement reserve – non scheme assets (non-cash)
  - Building reserve – Dunedin head office
  - Emergency response reserve – contingency fund
  - Kuriwao endowment reserve (restricted) – Kuriwao land sales and rental income

Reserves (cont'd)

- Public equity
  - Targeted reserves
    - River and waterway management – 5 (one for each district)
    - Flood and drainage schemes – 7
    - Transport – Dunedin and Queenstown (show the historic deficits from pre 1 July 2024 separately)
    - Other targeted rates – Catchment Management, Biosecurity, Wilding Pines, Emergency Management, Navigational Safety
    - Infrastructure assets – scheme assets (non-cash)
  - General reserve – balance of public equity

Current Reserves as at 30-Sep-2026

Otago Regional Council

SUMMARY OF RESERVES				
AS AT 30 September 2026 $'000	Opening Balance 1-Jul-2026	Transfers In	Transfers Out	Closing Balance 30-Sept-2026
GENERAL RESERVES				
General Reserve	84,292	15,602	(15,296)	84,597
Asset Replacement Reserve	3,615	-	-	3,615
Building Reserve	3,024	-	-	3,024
Emergency Response Reserve	5,052	-	-	5,052
Kuirwao Endowment Reserve	6,372	-	-	6,372
Asset Revaluation Reserve	16,854	-	-	16,854
Port Share Revaluation Reserve	827,874	-	-	827,874
Total General Reserves	**947,083**	**15,602**	**(15,296)**	**947,388**
TARGETED RESERVES				
River Management				
River Management Central	(81)	103	(95)	(73)
River Management Clutha	(1,112)	122	(79)	(1,069)
River Management Dunedin	(396)	67	(200)	(529)
River Management Queenstown Lakes	476	142	(110)	508
River Management Waitaki	1,008	164	(72)	1,100
Flood & Drainage				
Alexandra Flood	246	139	(38)	347
Leith Flood	(9,434)	394	(163)	(9,203)
Lower Clutha Flood & Drainage	(5,127)	(396)	(447)	(5,970)
Lower Taieri Flood	(666)	308	(298)	(656)
West Taieri Drainage	(2,205)	262	(249)	(2,192)
East Taieri Drainage	(746)	191	(220)	(775)
Tokomairiro Drainage	(173)	48	(57)	(182)
Transport				
Dunedin Transport	1,323	7,437	(7,399)	1,361
Dunedin Transport - Historic Balance	(8,867)	452	-	(8,415)
Queenstown Transport	502	3,952	(3,826)	628
Queenstown Transport - Historic Balance	(1,398)	116	-	(1,282)
Other				
Catchment Management	291	1,468	(1,125)	634
Biosecurity	(1,058)	1,565	(1,296)	(789)
Wilding Pines	-	65	(112)	(46)
Emergency Management	172	1,034	(1,016)	191
Navigational Safety	(202)	255	(236)	(183)
Infrastructure Assets Reserve	76,460	-	-	76,460
Total Targeted Reserves	**49,013**	**17,888**	**(17,037)**	**49,864**
TOTAL RESERVES	**996,096**	**33,490**	**(32,333)**	**997,252**

LTP 2027-2037 Reserves

Dedicated Reserves	AR2025/26	AP2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37
Building reserve	3,024	0	0	0	0	0	0	0	0	0	0	0
Emergency response reserve	5,051	5,051	5,051	5,051	5,051	5,051	5,051	5,051	5,051	5,051	5,051	5,051
Kuriwao endowment reserve	6,372	6,210	5,799	5,385	4,968	4,549	4,127	3,703	3,277	2,848	2,417	1,983
Dedicated Reserves	**14,448**	**11,262**	**10,850**	**10,436**	**10,020**	**9,600**	**9,179**	**8,755**	**8,328**	**7,900**	**7,468**	**7,035**
Targeted Rating Reserves												
8810 - River Management Reserve - Central Otago	(81)	(253)	(492)	(672)	(802)	(982)	(1,091)	(3,294)	(5,493)	(5,284)	(4,929)	(4,400)
8813 - River Management Reserve - Clutha	(1,112)	(1,447)	(1,941)	(2,332)	(2,674)	(2,915)	(3,025)	(2,972)	(2,719)	(2,219)	(1,421)	(261)
8816 - River Management Reserve - Dunedin	(395)	(1,782)	(2,685)	(3,791)	(5,588)	(5,973)	(6,224)	(6,296)	(6,132)	(5,661)	(4,792)	(3,413)
8819 - River Management Reserve - Queenstown	476	72	(31)	(173)	(298)	(351)	(1,500)	(1,521)	(1,506)	(1,449)	(1,346)	(1,190)
8828 - River Management Reserve - Waitaki	1,008	791	706	625	694	814	997	1,250	1,582	2,003	2,524	3,157
8831 - River Management Reserve - Wanaka	0	(9)	(243)	(483)	(727)	(977)	(1,233)	(1,493)	(1,758)	(2,028)	(2,304)	(2,584)
8837 - Flood and Drainage Reserve - Alexandra	245	315	193	155	121	79	63	54	52	60	42	47
8840 - Flood and Drainage Reserve - East Taieri	(746)	(2,186)	(3,520)	(4,150)	(4,770)	(5,149)	(5,763)	(8,578)	(11,090)	(10,935)	(10,600)	(10,055)
8843 - Flood and Drainage Reserve - Leith	(9,434)	(8,493)	(7,634)	(7,019)	(7,264)	(7,490)	(6,520)	(5,536)	(4,541)	(3,532)	(2,511)	(1,476)
8846 - Flood and Drainage Reserve - Lower Clutha	(5,127)	(7,719)	(10,933)	(12,912)	(16,751)	(20,747)	(27,651)	(28,490)	(30,050)	(31,111)	(30,338)	(28,751)
8849 - Flood and Drainage Reserve - Lower Taieri	(666)	(4,045)	(4,555)	(4,941)	(5,898)	(12,484)	(21,210)	(27,452)	(28,989)	(30,575)	(32,213)	(33,902)
8855 - Flood and Drainage Reserve - Tokomairiro	(173)	(588)	(1,834)	(2,982)	(3,292)	(3,561)	(3,841)	(4,052)	(4,175)	(4,185)	(4,054)	(3,750)
8858 - Flood and Drainage Reserve - West Taieri	(2,205)	(3,909)	(5,722)	(6,542)	(9,955)	(10,464)	(11,081)	(11,635)	(12,109)	(12,488)	(12,507)	(12,374)
8864 - Biosecurity Reserve	(23)	(15)	(7)	(3)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
8873 - Emergency Management Reserve	171	175	180	184	189	194	199	204	209	214	219	225
8888 - Wilding Pines Reserve	(1,035)	(1,061)	(1,088)	(1,115)	(1,143)	(1,171)	(1,201)	(1,231)	(1,261)	(1,293)	(1,325)	(1,358)
8892 - Navigational Safety - Targeted Rates Reserves	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(202)	(202)
8950 - Water Management Reserve	291	291	291	291	291	291	291	291	291	291	291	291
8870 - Dunedin Transport Reserve	1,323	1,359	1,393	1,428	1,463	1,500	1,537	1,576	1,615	1,655	1,697	1,739
8891 - Dunedin Transport Services Historical Balance	(8,867)	(7,057)	(5,247)	(3,438)	(1,628)	182						
8882 - Queenstown Transport Reserve	502	509	522	535	548	562	576	590	605	620	636	651
8894 - Queenstown Transport Services Historical Bala	(1,397)	(934)	(470)	(7)								
Targeted Rating Reserves	**(27,447)**	**(36,188)**	**(43,322)**	**(47,544)**	**(57,687)**	**(68,847)**	**(86,882)**	**(98,789)**	**(105,672)**	**(106,121)**	**(103,136)**	**(97,609)**
Non-Cash Reserves												
Asset replacement reserve	3,615	2,266	737	(547)	(1,727)	(2,688)	(3,364)	(3,933)	(4,397)	(5,116)	(5,495)	(5,769)
Asset revaluation reserve	16,854	17,032	17,212	17,393	17,576	17,761	17,947	18,135	18,325	18,516	18,709	18,904
Port Otago Limited Revaluation Reserve	827,874	860,989	895,429	931,246	968,495	1,007,235	1,047,525	1,089,426	1,133,003	1,178,323	1,225,456	1,274,474
8876 - Infrastructural Assets Reserve	76,460	76,460	76,460	76,460	76,460	76,460	76,460	76,460	76,460	76,460	76,460	76,460
Non-Cash Reserves	**924,804**	**956,748**	**989,838**	**1,024,553**	**1,060,805**	**1,098,769**	**1,138,568**	**1,180,088**	**1,223,390**	**1,268,183**	**1,315,131**	**1,364,069**

LTP 2027-2037 Reserves

SUMMARY	AR2025/26	AP2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37
Dedicated Reserves	14,448	11,262	10,850	10,436	10,020	9,600	9,179	8,755	8,328	7,900	7,468	7,035
Targeted Rating Reserves	(27,447)	(36,188)	(43,322)	(47,544)	(57,687)	(68,847)	(86,882)	(98,789)	(105,672)	(106,121)	(103,136)	(97,609)
Non-Cash Reserves	924,804	956,748	989,838	1,024,553	1,060,805	1,098,769	1,138,568	1,180,088	1,223,390	1,268,183	1,315,131	1,364,069
Public Equity - General	84,291	96,559	105,282	109,618	121,113	134,160	153,574	168,029	178,474	183,742	187,725	191,617
TOTAL RESERVES	**996,096**	**1,028,380**	**1,062,649**	**1,097,063**	**1,134,251**	**1,173,682**	**1,214,439**	**1,258,083**	**1,304,521**	**1,353,703**	**1,407,188**	**1,465,112**

Financial Assets	AR2025/26	AP2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37
Cash & cash equivalents	13,512	1,786	772	2,647	2,021	787	1,425	3,450	2,924	2,599	3,870	7,594
7610 - Investments - Managed Fund	33,606	35,505	37,404	39,406	41,514	43,735	46,075	48,540	51,136	53,872	56,754	59,791
Total Financial Assets	**47,119**	**37,291**	**38,177**	**42,053**	**43,535**	**44,522**	**47,499**	**51,989**	**54,060**	**56,471**	**60,625**	**67,385**
Allocated to:												
Dedicated Reserves	14,448	11,262	10,850	10,436	10,020	9,600	9,179	8,755	8,328	7,900	7,468	7,035
Targeted Rating Reserves (in surplus)	4,016	3,512	3,284	3,218	3,306	3,621	3,663	3,964	4,354	4,844	5,409	6,111
Remainder = General Reserve (Cash)	**28,655**	**22,517**	**24,043**	**28,399**	**30,209**	**31,300**	**34,658**	**39,270**	**41,378**	**43,728**	**47,748**	**54,240**
Targeted Rating Reserves (in deficit)	(31,463)	(39,700)	(46,605)	(50,761)	(60,993)	(72,468)	(90,545)	(102,753)	(110,026)	(110,965)	(108,545)	(103,720)
Borrowings	25,000	30,000	40,000	50,000	62,500	75,000	95,000	110,000	117,500	120,000	120,000	120,000
Net Amount = (Lent to) / Owing to Targeted Reserve	**(6,463)**	**(9,700)**	**(6,605)**	**(761)**	**1,507**	**2,532**	**4,455**	**7,247**	**7,474**	**9,035**	**11,455**	**16,280**
Balance = Underlying General Reserve	**35,118**	**32,218**	**30,648**	**29,160**	**28,703**	**28,768**	**30,202**	**32,023**	**33,904**	**34,693**	**36,292**	**37,959**

- Above reconciles reserves to financial assets to calculate “underlying general reserve”
- Reflects cash available to general reserve to use as LTP funding (note: managed fund is included in cash available)
- Balance available averages $32m over life of the LTP
- Note: Use of managed fund as cash may impact LGFA liquidity covenant
  Building reserve balance is transferred to general reserve in AP2026/27
  Stafford Street sale not included – gain on sale will go to general reserve (was budgeted at $3.2m in LTP25/26 / AP25/26)

End

Otago Regional Council