

OTAGO REGIONAL COUNCIL

# LONG TERM PLAN

2018 – 2028



Otago  
Regional  
Council

**OTAGO REGIONAL COUNCIL**

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# **LONG TERM PLAN 2018 – 2028**

Adopted 27 June 2018

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## Foreword



Cr Stephen Woodhead  
Chairperson

Welcome to our Long Term Plan 2018 – 2028, which builds on our previous plans and advances the Otago region across important issues relating to Council’s role.

Our thanks to everyone who took the time to consider the Consultation Document outlining our proposed plans for 2018 – 2028, and who conveyed their thoughts in an informed and intelligent manner during the formal submission period.

We were very pleased to receive a total of 569 submissions from the public on most aspects of the plan – with a mixture of support, a desire for Council to do more, and in some cases do better.



Sarah Gardner  
Chief Executive

Public hearings were held in Queenstown, Alexandra and Dunedin in late May 2018, giving people the opportunity to speak to their submissions. All the submissions were compiled as a report to Otago Regional Council (Council), and they were carefully considered before Councillors made their final decisions.

Importantly, this final version now includes changes based on community feedback that Councillors felt aligned with our role, was of value to the region (or communities within it) and was affordable.

An overarching message clearly supported Council’s direction in the consultation document ‘to do more’, with many requesting we go even further.

We are extremely mindful of rating levels and the impact it can have on individuals and the economy. Care has been taken in considering the balance between the cost of doing more and the impact of our rating. Our use of existing financial reserves, Port Otago dividend and increased rates has enabled the additional work outlined below.

The general rate amount that applies to all properties across Otago has increased by 21.1%. While this percentage increase is large, the actual dollar amount is very modest, with an average general rate increase across the region of \$13.22.

Targeted rates that focus on individual activities and those that benefit from those activities have increased by an average of 5.4%.

Council is responsible for a range of management activities that affect different communities in different ways. The desire of communities to work collaboratively to influence the work of Council is evident and growing. Examples include the various water catchment groups, and biodiversity interests such as Predator Free Dunedin and the Yellow-eyed Penguin Trust. This plan has funding to help support these community groups where the results being achieved align with our goals.

Water quality and quantity remains a priority for Council over the term of this plan. Our emphasis over the early stages of this plan will be on consenting process for deemed permits. We are also committed to extending our water monitoring to an aggressive timeframe. Our investigations into remediation of Lake Hayes were also reconfirmed and initial ‘on the ground’ work has been added in 2018/19.

Public transport in Dunedin and Queenstown is an example where we have improved services, but the pressure to keep up this momentum remains. We have committed to work very closely with the Dunedin City and Queenstown Lakes District Councils.

A clear signal has been received by communities associated with drainage and flood protection on the Taieri, and river management in the Rees and Dart Rivers. Both raised concerns about service levels and protecting private and public interests. We have included additional resource to complete urgent river works in the Rees/Dart area and, importantly, made a commitment to increase engagement with property owners on the Taieri with a view to clarifying direction.

Climate change is an area building in importance and priority with many of our activities, particularly in river control and flood protection. Council was heartened by the strong support to get on with it – and we will.

Otago Regional Council service priorities, programmes, levels of service and targets are outlined in Part 3 of this plan. These comprise our ‘blueprint’ of work and the results sought. This plan is effective from 1 July 2018. As a Long Term Plan it covers the next 10 years, with more focus on the first three years. We intend that it provides a framework to



allow progress in sustainable resource management over this period. We also understand the need to remain flexible to change, from our community, partners and our own learning. We can adapt this plan in the future if required.

The Councillors and Council staff look forward to working constructively with the territorial authorities, other institutions, with urban and rural industries, with Ngāi Tahu and the communities of Otago, to ensure the best possible outcomes for our region and its people.

Thank you once again to everyone who took the time to make a submission, providing your views and supporting our activities.

A handwritten signature in black ink that reads "S Woodhead". The signature is written in a cursive, flowing style.

Stephen Woodhead  
**Chairperson**

A handwritten signature in black ink that reads "Sarah Gardner". The signature is written in a cursive, flowing style.

Sarah Gardner  
**Chief Executive**



## INDEPENDENT AUDITOR'S REPORT ON OTAGO REGIONAL COUNCIL'S 2018/28 LONG-TERM PLAN

I am the Auditor-General's appointed auditor for Otago Regional Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long-term plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Deloitte Limited. We completed our report on 27 June 2018.

### *Opinion*

In my opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and co-ordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 139 to 142 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

### *Basis of opinion*

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;

- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

### *Responsibilities of the Council and auditor*

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

### *Independence*

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to carrying out all legally required external audits, we carry out engagements in the area of tax services and cyber review. Other than these engagements, we have no relationship with or interests in the Council or any of its subsidiaries.



B E Tomkins  
**Partner**  
**for Deloitte Limited**  
**On behalf of the Auditor-General**

## ***Introduction to the Long Term Plan***

This Long Term Plan covers a period of 10 years. It details the activities of Council, sets out performance targets for each of those activities for the first three years of the plan and then gives some comment on what may be done in the following seven-year period. It also provides financial estimates for the 10-year period, and details how those costs will be funded.

This plan is set out in four parts:

### ***Part 1 – The Otago Region and its Council***

This part provides some information on Otago, who your councillors are and what this Council does.

### ***Part 2 – Policies and Strategies***

Several policies and strategies are detailed in this section, including a summary of Council's Significance and Engagement Policy and its Revenue and Finance Policy.

### ***Part 3 – What We Will Do Over the Next 10 Years***

Activities that represent projects with similar outcomes have been grouped together. Key information around what Council does, what Council wants to achieve and how Council will do it are discussed in this section. Financial information relating to each activity is also provided for the 10-year period.

Many assumptions have been made in developing the proposed programme of what Council wants to achieve. The key assumptions Council has made are documented here.

### ***Part 4 – Financial Information***

This part provides details of the overall financial impact of Council's proposed activities, and it explains the various funding sources and how they are calculated.

The key financial assumptions (e.g., interest rates and inflation) are detailed in this section.

This plan also contains prospective financial statements that have been prepared as part of and for the special consultative procedure required under the Local Government Act 2002. The information contained in the prospective financial statements may not be appropriate for purposes other than this.

Actual financial results and financial position achieved over the period covered by this plan are likely to vary from the information contained in the prospective financial statements incorporated into this plan, and those variations may be material.

Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

# Working Together to Achieve Community Outcomes

## Purpose of Council

The Local Government Act 2002 specifies the purpose of local government as:

- enabling democratic local decision-making and action by, and on behalf of, communities; and
- meeting the current and future needs of communities for good-quality infrastructure, local public services and performance of regulatory functions in a way that is most cost-effective for households and businesses.

The role of the Otago Regional Council is to give effect to the purpose of local government as it relates to the Otago region and to perform the duties and responsibilities of a regional council specified in the Local Government Act 2002 and any other Act.

## Community Outcomes

The Long Term Plan provides a long-term focus for Council's activities and describes how those activities will contribute to achieving community outcomes. Outcomes are a desired result. Community outcomes describe what is valued as important for a good quality life in Otago. It is important to identify the community outcomes that Council aims to achieve to provide the necessary focus for planning our activities and performance over the long term.

The Local Government Act 2002 requires a long-term plan to describe the community outcomes for the region. Community outcomes are defined in the Local Government Act 2002 as the *"outcomes that a local authority aims to achieve in meeting the current and future needs of communities for good quality infrastructure, local public services and performance of regulatory functions"*.

Council has sought to update and redefine the community outcomes from previous long-term plans to better reflect the expectations of the Otago community of its regional council and its current and future activities. The outcomes are as follows:

- ***A healthy environment***  
A place where people can enjoy their environment safely, productively and respectfully
- ***A connected community***  
Service delivery that puts the community first and ensures that operations are customer driven, efficient and fit for purpose
- ***An engaged and proud community***  
Communities empowered to be the champions and custodians of their Otago environment
- ***A strong economy***  
A region that prioritises sustainability as an economic measure whilst being attractive to industry
- ***A future-proof region***  
A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone.

The detailed measures and targets associated with each of these outcomes is set out in Part 3 of this plan – "What We Will Do Over the Next 10 Years".

## How Will Council Achieve the Outcomes

At a broad level, when Council thinks about how it achieves community outcomes, the following sense of purpose and vision, strategic priorities and roles are applied.

<p><b>Our purpose</b> What we do and who we do it for</p>	<p><b>Caring for Otago’s environment: enabling communities to thrive</b></p>
<p><b>Our vision</b> What we aspire to achieve</p>	<p><b>For our future: a sustainable and prosperous future for Otago</b></p>

### Strategic priorities

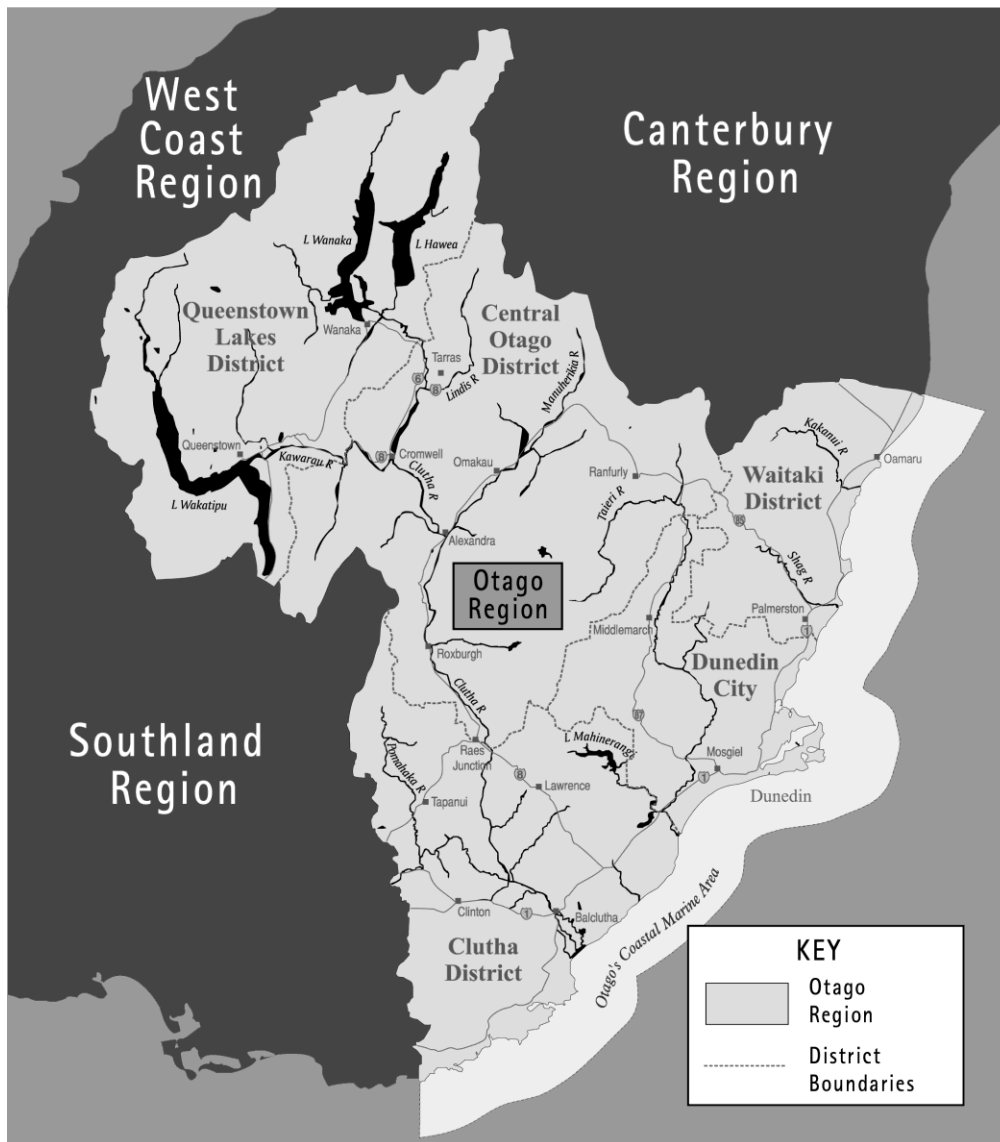
Environment	Community	Future Focus	Operational Efficiency
<p>Maintain and enhance the natural environment</p>	<p>Resilient communities; engaged and connected to the Otago Regional Council</p> <p>Otago Regional Council is accountable and responsible to the communities it serves</p>	<p>Readiness for change; anticipate change, don’t just react to the detrimental effects</p> <p>Proactive approach; future focused with Otago Regional Council being seen as a thought leader</p> <p>Risk focused; offer solutions through our education process, not just information</p>	<p>Internal systems and processes; efficient and fit for purpose</p> <p>Capable people; able to deliver the changing nature of the work of Otago Regional Council</p>

### Roles

<b>Funder</b>	Making a financial investment in programmes and activities
<b>Service Provider</b>	Carrying out programmes and activities using its own resources
<b>Regulator</b>	Developing and enforcing rules and regulations
<b>Monitor</b>	Gathering information
<b>Advocator</b>	Trying to persuade others to act
<b>Facilitator</b>	Bringing various parties together to carry out a programme or activity
<b>Educator</b>	Providing information and advice

## **Part 1 – The Otago Region and its Council**

## The Otago Region



Otago is the second largest region in New Zealand in terms of land area; it covers approximately 32,000 square kilometres or 12% of New Zealand's land area. The coastline stretches approximately 470 kilometres from the Waitaki River in the north to Wallace Beach in the south. The coastal marine area extends out to sea 22.2 kilometres (12 nautical miles).

There are four districts and one city in the Otago region. While the Waitaki District falls partly within the Otago region and partly within the Canterbury region, 90% of its population live in the Otago region. Dunedin City, at approximately 3,300 square kilometres, is the largest city in New Zealand in terms of land area.

Otago's resident population is 224,200, which is approximately 5% of New Zealand's total population of 4.8 million (June 2017 estimate, Statistics NZ). Approximately 57% of the region's population live in the Dunedin main urban area.



# Otago Regional Constituencies

**Dunstan**

**Moeraki**

**Dunedin**

**Molyneux**



## Molyneux Constituency



**Cr Stephen Woodhead**  
**Chairperson, Otago Regional Council**  
**Chairperson, Otago Civil Defence Emergency Management Group**

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Taieri-born and bred, Stephen Woodhead has been a regional councillor for 12 years, including the past six years as Chairperson and three years as Deputy Chairperson before that. His family owns a sheep and beef farm at Milton. Stephen has been a Kellogg Rural Scholar and a member of the Otago TBfree committee. His current community service includes involvement with the Otago Youth Adventure Trust, Milton Rotary Club and the Tokomairiro A&P Society.

Mobile: (027) 280 1635

Email: [stephen.woodhead@orc.govt.nz](mailto:stephen.woodhead@orc.govt.nz)



**Cr Carmen Hope**

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Carmen Hope represents the Molyneux constituency for Council, farming in the hinterlands of Middlemarch. Her expertise in water and drainage matters has stemmed from an extensive career in local government. She has an understanding of rural matters complemented by a set of urban skills. As a Winston Churchill Fellow recipient, Carmen gained further insights into drainage best practices within local authorities in the United Kingdom.

Home: (03) 464 3450

Mobile: (027) 864 7360

Email: [carmen.hope@orc.govt.nz](mailto:carmen.hope@orc.govt.nz)

## Dunedin Constituency



**Cr Michael Deaker**

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Michael Deaker is an education consultant. He has been a secondary school principal and inspector of schools, a manager in the Ministry of Education, an Invercargill City Councillor and Deputy Mayor, and a journalist and broadcaster.

Home: (03) 473 9922

Mobile: (021) 323 009

Email: [michael.deaker@orc.govt.nz](mailto:michael.deaker@orc.govt.nz)



**Cr Trevor Kempton**

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Trevor Kempton is semi-retired after a 40 year career in engineering and construction. He was first elected to Council in 2010. His Council responsibilities include chairing the Otago Regional Transport Committee. Trevor currently has governance roles in the construction and energy sectors and is Chair of Arts Festival Dunedin and Engineering Heritage (Otago). He is a Chartered Engineer and a Fellow of the New Zealand Institute of Management.

Mobile: (027) 221 5208

Email: [trevor.kempton@orc.govt.nz](mailto:trevor.kempton@orc.govt.nz)



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**Cr Sam Neill**

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Sam Neill has been self-employed for most of his life, in farming, transport and tourism. He has been involved in numerous local organisations over the years and was a member of the Otago Education Board for six years. Sam played a major role in the setting up of the Otago Peninsula Community Board in 2002 and was Deputy Chairperson for five years.

Home: (03) 478 0878

Email: [sam.neill@orc.govt.nz](mailto:sam.neill@orc.govt.nz)



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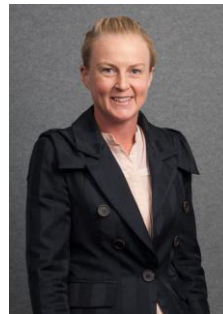
**Cr Andrew Noone**

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Andrew Noone is a first term Councillor, having previously served on the Dunedin City Council for six terms. His roots are deeply embedded in the Otago region, growing up in East Otago and farming there for the past 30 years. He has extensive experience as a Resource Management Act Commissioner, having been involved in excess of 500 hearings.

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Email: [andrew.noone@orc.govt.nz](mailto:andrew.noone@orc.govt.nz)



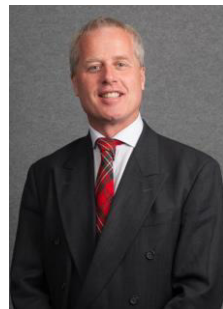
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**Cr Gretchen Robertson (Deputy Chairperson)**

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Gretchen Robertson is a seventh generation Dunedinite. She graduated from the University of Otago with an honours degree in Ecology, specialising in aquatic ecosystems. Gretchen has a professional background as a water quality scientist and has also project-led integrated, community-led approaches to waterway management. Gretchen is the mother of two boys and is passionate about Otago's environment. She enjoys sea fishing, native plants and painting.

Email: [gretchen.robertson@orc.govt.nz](mailto:gretchen.robertson@orc.govt.nz)



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**Cr Bryan Scott**

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Bryan Scott is a project manager, engineer and company director. Born and raised in South Otago, he has a B.Eng. from Canterbury University and an MBA from University of Otago. He is Chair of Council's Regulatory Committee, was previously Chair of the Council Technical Committee and is an accredited chair for resource consents. His number one aim is to retain good water quality throughout Otago. He is chair of Scott Afforestation Limited and is past chair of the George Street Normal School Board of Trustees. He is a member of the NZ Alpine Club.

Mobile: (027) 204 8872

Email: [bryan.scott@orc.govt.nz](mailto:bryan.scott@orc.govt.nz)

## Dunstan Constituency



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### Cr Graeme Bell

Graeme Bell comes from a strong involvement in local and regional community organisations and has served 21 years as an elected member on the Central Otago District Council. Graeme is in his second term on Council and is the current Deputy Chairperson of the Otago Regional Transport Committee.

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Mobile: (027) 650 2900

Email: [graeme.bell@orc.govt.nz](mailto:graeme.bell@orc.govt.nz)



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### Cr Michael Laws

Michael Laws is a public relations and advocacy director residing in Cromwell. A former MP, Mayor and DHB Board member, he has also hosted national TV and radio shows and is a prize-winning writer and columnist. Michael is married to Cheryl, has five children and is an active junior sports coach, cyclist and golfer.

Mobile: (027) 453 5575

Email: [michael.laws@orc.govt.nz](mailto:michael.laws@orc.govt.nz)



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### Cr Ella Lawton

Ella Lawton has a strong background in community leadership. She is a first term councillor for Council, lectures with the University of Otago MBA programme and was previously on the Queenstown Lakes District Council. Ella is a qualified Resource Management Act commissioner, has a PhD in Resource Accounting, a Masters in Science and a Law degree. Ella is an active skier and spear fisher, and she can often be spotted rock climbing and mountain biking through Otago's magnificent wilderness.

Mobile: (021) 735 981

Email: [ella.lawton@orc.govt.nz](mailto:ella.lawton@orc.govt.nz)

## Moeraki Constituency



### **Cr Doug Brown**

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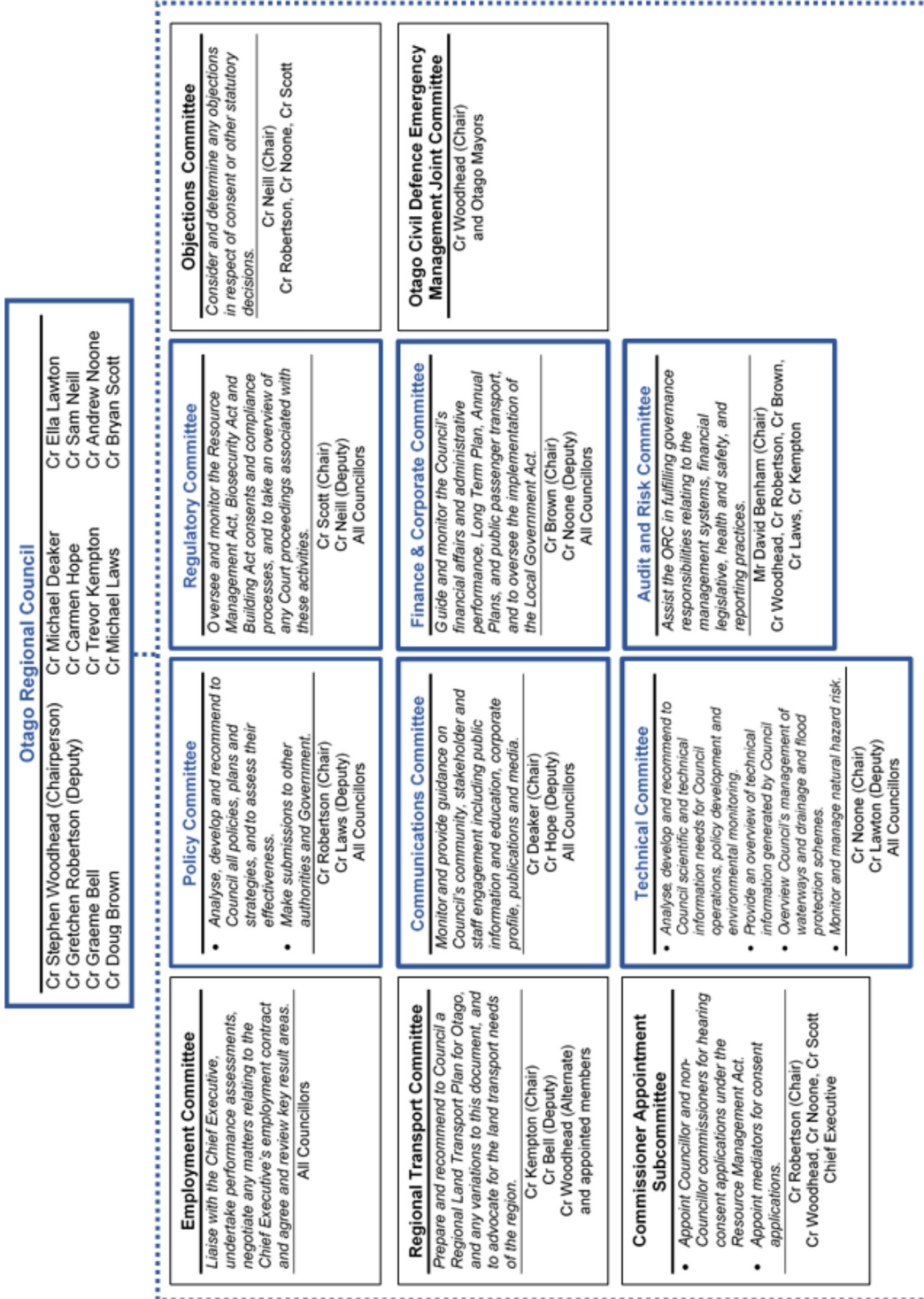
Doug Brown is a sheep farmer from Maheno in North Otago. He is a B.Ag.Sc. graduate from Lincoln University and a past National President of the Young Farmers' Clubs organisation. Doug has been a Nuffield and Kellogg Rural Scholar and a Director of the Alliance Group Limited.

Home: (03) 439 5693

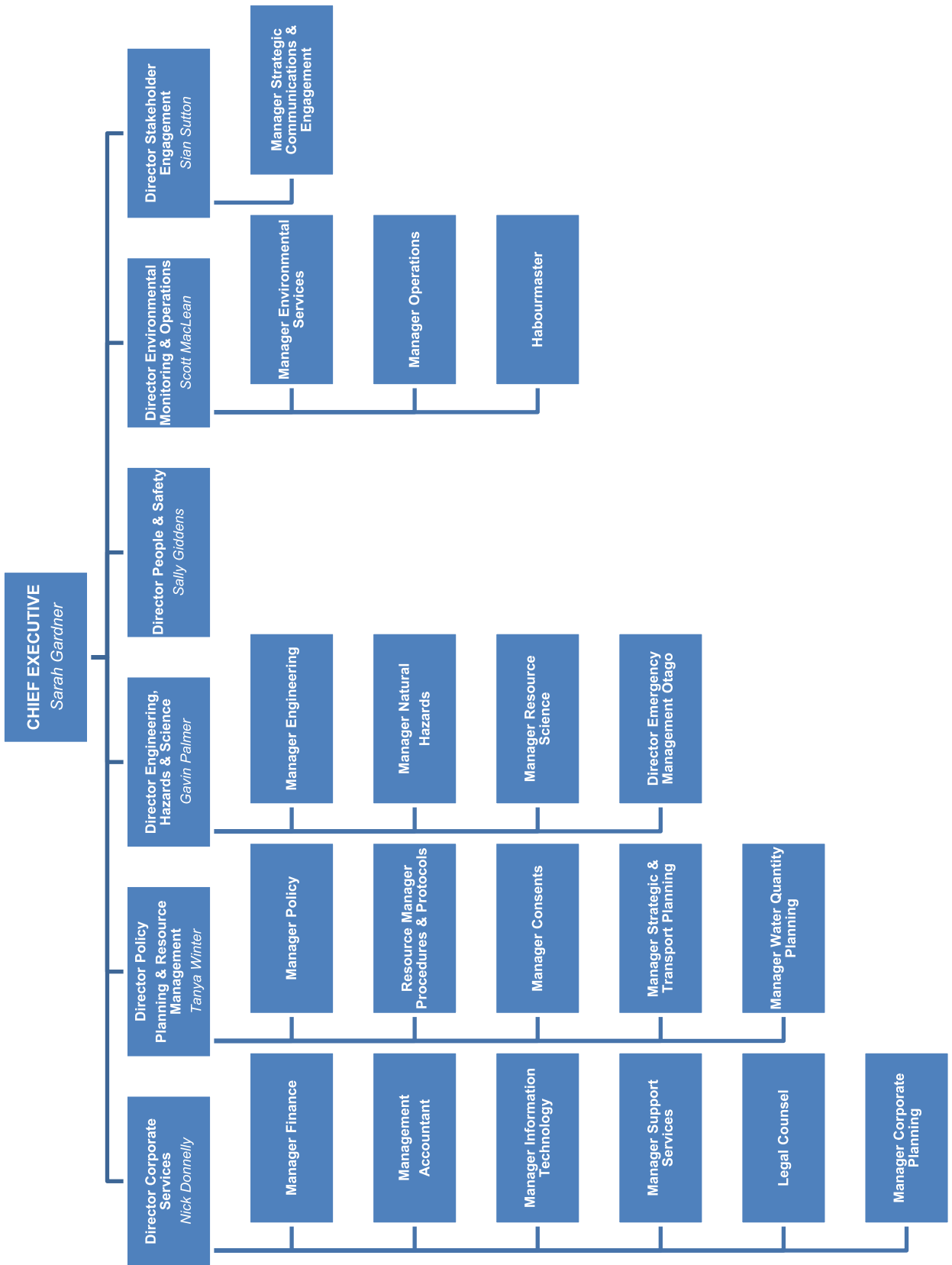
Mobile: (027) 222 3809

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# Committee Structure



# Directorate and Management Structure



## ***Development of Māori Capacity to Contribute to Decision-making***

Council has in place a “Memorandum of Understanding and Protocol between Otago Regional Council, Te Rūnanga o Ngāi Tahu and Kāi Tahu ki Otago Limited<sup>1</sup> for Effective Consultation and Liaison”. The memorandum and protocol were first established in 2001 and are reviewed and updated as appropriate.

Te Rūnanga o Ngāi Tahu is the tribal representative body of Ngāi Tahu Whānui, a body corporate established 24 April 1996. The takiwā (area) of Ngāi Tahu Whānui includes the entire area of the Otago region.

The acknowledged practice of Te Rūnanga o Ngāi Tahu is that consultation in the first instance is with the Papatipu Rūnanga. In the Otago region there are four Papatipu Rūnanga being:

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

Council has statutory responsibilities to consult with Iwi and Māori on relevant management issues in the region and to take into account the principles of the Treaty of Waitangi. These obligations are primarily under the Resource Management Act 1991, the Ngāi Tahu Claims Settlement Act 1998, the Ngāi Tahu Claims Settlement (Resource Management Consent Notification) Regulations 1999, the Biosecurity Act 1993 and the Local Government Act 2002.

Consultation is required when developing, reviewing and implementing Council’s regulatory plans, policies and strategies under the Local Government Act, Resource Management Act and Biosecurity Act. For such plans, policies and strategies, consultation and building of knowledge is mutually supported and facilitated through specific consultancy agreements between Council and Aukaha.

Meetings are held each year with representatives from the four Papatipu Rūnanga, Te Rūnanga o Ngāi Tahu and Te Ao Marama, and discussions include Council’s work programmes and plans.

Consent approvals and other regulatory permissions, wherever required by statute or plans, when impacting Iwi/Māori interests and understandings, will involve consultation with Iwi/Māori.

### ***Port Otago Limited***

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

Council’s view is that continued ownership is positively supported by:

- the key strategic nature of the port to the economy of Otago; and
- the ability to share the advantages of the port ownership with the Otago community.

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

The Directors of Port Otago are Dave Faulkner (Chairperson), Paul Rea (Deputy Chair), Ed Johnson, Pat Heslin, Tom Campbell and Tim Gibson.

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<sup>1</sup> Now known as Aukaha



## Contact Information

### Principal Office

Otago Regional Council  
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54 Tiverton Street  
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## **Part 2 – Policies and Strategies**

## **Financial Strategy**

This strategy sets out how the Otago Regional Council will manage its finances over the next 10 years. Key areas of focus for Council are maintaining and improving Otago's environment, maintaining and improving the resilience of our infrastructural assets, meeting public passenger transport needs in Dunedin and the Wakatipu Basin, and managing the affordability of what we do for our ratepayers.

Council's vision is "For our future – a prosperous and sustainable future for Otago". For the 10-year period of this plan, work programmes and initiatives have been developed that will contribute to achieving Council's overall vision, ensuring the sustainable use of its natural resources, water, air and land, and to protect them now and for future generations.

The process we used to develop our work programme was to firstly consider and review our core business programme of work and provide for the continuation of those activities. This work is all about maintaining our existing services and continuing funding on programmes already underway and committed to. To prioritise new expenditure, we undertook a review to identify any gaps in our work programme for activities that we must undertake as they are required under legislation, and then we considered those activities that would be desirable to meet our community's expectations.

These programmes and initiatives come at a cost. Council is mindful of the affordability of what it wants to achieve and the potential burden on ratepayers to fund the programme. Council's Revenue Policy details how each of its activities should be funded, whether through rating, fees and charges, or some other funding tool and, in doing so, has given consideration to who will benefit from each activity and how much they will benefit.

With the Revenue Policy as the basis for how our activities are to be funded, this strategy sets out the financial direction Council wishes to take on matters such as levels of future rating, borrowings and investments, and discusses factors that influence those. Supporting this strategy is a Treasury Management Policy that covers borrowing and investment terms, including a Statement of Investment Policy and Objectives for our managed funds.

Affordability for ratepayers is a key aspect of this strategy. Council holds a number of investments and most of the income derived from those investments is used to contribute to the cost of our work. All ratepayers benefit from this income, as the contribution is used to reduce the general rate requirement each year.

Council has a strong balance sheet. Its aim is to use its balance sheet strategically to preserve the financial stability it currently enjoys.

### **Key Issues That Have a Significant Financial Impact**

Council faces a number of key issues that have significant financial impacts. Those key issues include:

- the requirement for Otago to have high quality water without limiting land use activities that may impact on water quality, in both the rural and urban areas of Otago;
- the community's need for certainty around the availability of our water resources;
- meeting the need for effective public passenger transport services in Dunedin and the Wakatipu Basin; and
- the significant investment needed in developing the Leith Flood Protection Scheme and the need to invest in new assets to maintain the levels of service provided on existing schemes.

Council is addressing these issues in the following ways:

- New rural water quality standards are to be met by 2020. Council continues to invest in research and development, education, new science and monitoring to assist landholders in achieving the compliance date. Work on urban water quality has commenced. An investment into the development of new policy for stormwater discharges, human waste and industrial and trade waste is also being made.

- Investment is being made in establishing minimum flows and allocation limits on Otago’s key rivers and aquifers, which will provide certainty around how much water is available for use. This involves science studies, monitoring of the water resource and policy setting.
- Significant investment is being made to grow patronage and provide quality public passenger transport services, to assist meeting the needs of the Queenstown community with its forecast population growth and traffic issues and to the Dunedin community. New services and alternative modes are being investigated.
- Council is planning to complete construction of the Leith Flood Protection Scheme by 2019/20. It will use its balance sheet to provide internal borrowings for funding construction. Targeted rates will be used to repay those internal borrowings over a period of 20 years through to 2029/30.

## **Other Assumptions That Have a Financial Impact**

### *Population growth*

There are approximately 115,000 ratepayers in Otago. The population of Otago is forecast to increase over the 10-year period, particularly in the Queenstown Lakes District, where the resident population is forecast to grow by 2.6% each year over the next 10 years and visitor numbers to grow by 2.4% per annum. This forecasted growth will impact on the level of activity undertaken by Council over the 10-year period, including in the areas of public passenger transport, demand on resource use, civil defence and emergency management, environmental incidents and representation, and local democracy.

A representation review is to be completed prior to the next local government elections in 2019, and population change since 2012 will be taken into account in that review.

### *Climate change*

A new activity to look at the effects of climate change on our environment and identify priority areas within Otago is planned. We are taking account of the impacts of climate change on our flood and drainage schemes, and we are extending our flow forecasting activity to not only monitor and provide warnings about high flows, but to also deal with low flow drought situations.

### *Land use change*

How land use may change in Otago is unknown. With population growth, there will be a need for more urban development, farming may change because of climate change effects, and there may a switch from intensive farming to more cropping. Whatever those changes may be, there will likely be impacts on the demand for water and the need for greater efficiency in water use. We as a community will still require high water quality without limiting land use activities. There may be future demand for new or more flood and drainage protection.

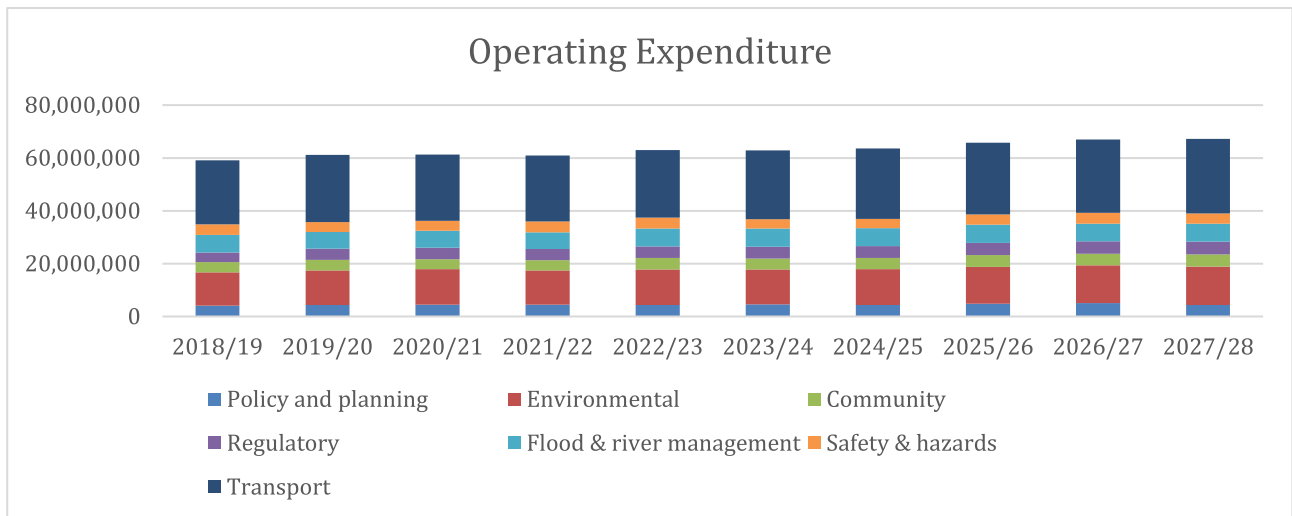
## **Expenditure**

### *Operating expenditure*

Council’s strategy is that operating expenditure is to be funded from operating revenue, being rates, fees and charges, grants, investment and other income. Council’s strategy is also that it will not use reserves to fund day-to-day, business as usual type operating costs, as this is not considered a prudent use of reserves. There are, however, special cases where Council’s revenue policy does allow for operating expenditure to be funded from general reserves, for example, research and development costs or special one-off activities.

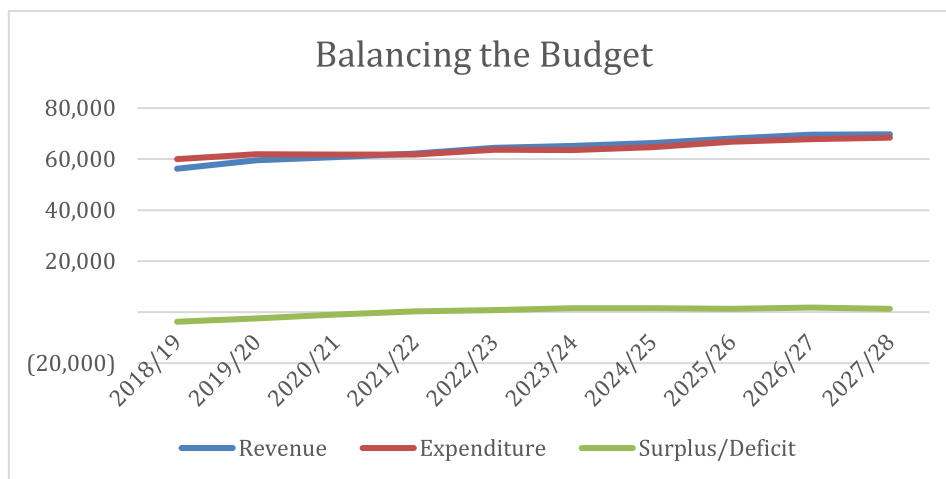
Council has a number of schemes which are funded by targeted rates, such as public passenger transport and our flood and drainage schemes. There are times when scheme reserves may be used to fund scheme operating costs, to allow certainty around the level of rates that are required from year to year. Scheme expenditure can be volatile in nature, with the spend in some years being very high, and other years very low. Scheme reserves are used to help smooth the impacts of these variations in expenditure.

The graph below shows estimated operating expenditure over the 10-year period of the Long Term Plan, by significant activity.



### Operating expenditure and balancing the budget

Council is required to ensure that, for each year, estimated revenue is sufficient to cover its estimated operating costs. Council is, however, allowed to set its revenue at a different level if it resolves that it is financially prudent to do so. It is estimated that, in the first three years of this plan, the estimated revenue will not cover estimated operating costs.



The primary reason for the shortfall in revenue is that Council plans to use reserves to fund “one-off” operating expenditure. This has been planned for several activities of Council. These are:

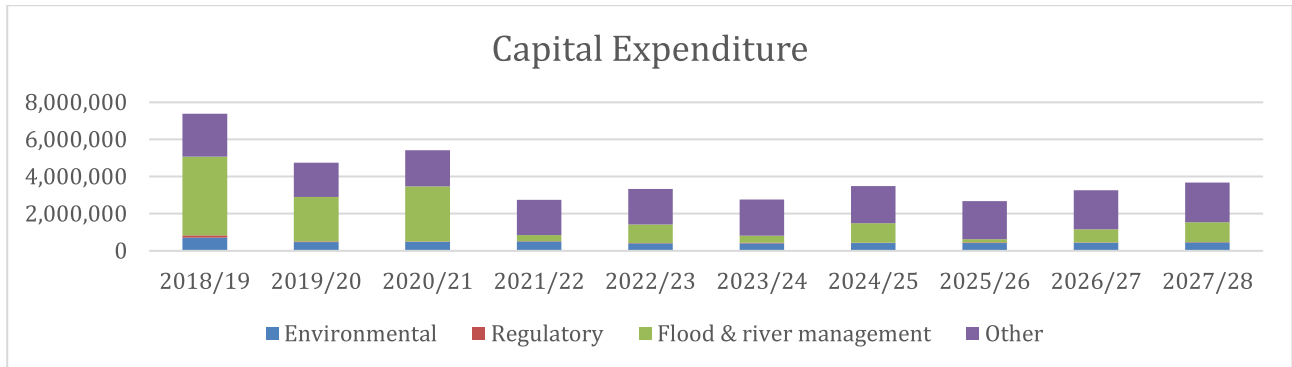
- environmental enhancement fund;
- designations;
- climate change adaptation; and
- water quality research.

### Capital expenditure

Most infrastructural assets, such as floodbanks, pumping stations and drains, belong to schemes. Ratepayers within these schemes fund the depreciation on these assets through targeted rates. Each scheme has its own reserves made up of funded depreciation, unspent targeted rates and interest earned on reserve balances. These reserves are used to fund capital expenditure. If there are insufficient reserves available to fund the capital expenditure, either internal

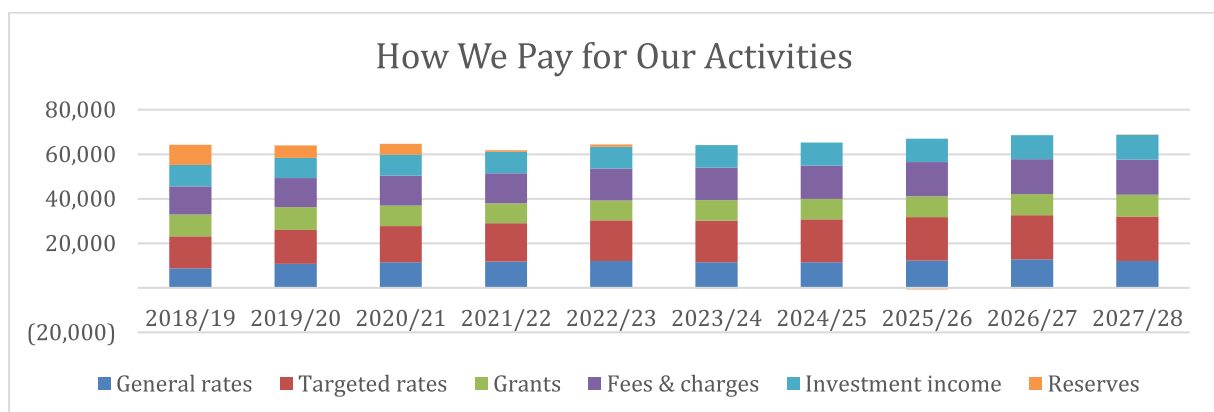
or external borrowing will be used. Strategically, Council prefers to use internal borrowing, that is, to lend from its general reserves to the schemes, as the cost of internal borrowing will be lower to the ratepayers than if Council were to borrow externally.

The graph below shows estimated capital expenditure over the 10-year period of the Long Term Plan, by significant activity.



## Revenue

Council pays for its services through a variety of revenue sources. The graph below shows the mix of sources for each year of this 10-year plan.



## Rates and rate increases

Council uses general rates and targeted rates to assist funding its various activities. Targeted rates are used where there is a defined area of benefit or a defined group benefiting from an activity. General rates are charged where there is a wider community benefit.

### General rates

Each year, general rates are subsidised by dividends received from Port Otago Limited, and by income earned on Council's managed fund, cash balances and investment properties. Generally, subsidies reduce the general rate requirement by more than half.

The graph above shows that the amount of general rates we collect is low, contributing around 14% towards Council's total expenditure. This low general rate means that any general rate increases, whilst small in monetary terms, are generally high in percentage terms. A 1% increase in general rates equates to approximately \$88,000. Spread across 115,000 ratepayers, this averages out to around \$0.77 per annum, per ratepayer.

Over the past few years, general rates increases have been higher than we have historically experienced. Council has recognised that, with additional demands from central government and a growing work programme to meet community expectations, we need to increase our general rates to a sustainable level, and this is being done over a few years.

To help us do this, our subsidiary company, Port Otago Limited, made a special payment of \$1.5 million towards our work programme in 2017/18. Council will receive another special payment of \$750,000 in 2018/19. Our general rates increase will, however, still need to be 21.1% in 2018/19 to cover our estimated expenditure. In monetary terms, this is around \$1,532,000. A further 22.8% (\$2,008,000) is planned for the 2019/20 year.

Of the total general rates to be collected each year, 25% is to be charged as a uniform annual general charge (UAGC).

The movement in rates from year to year ranges from increases in 2018/19 of 21.1% and in 2019/20 of 22.8%, to less than 7% in later years. This plan provides for inflation each year of between 2.5% and 2.8% over the 10-year period on its expenses.

If a specific project shows major fluctuations in the level of rate from year to year, Council may smooth the impacts of those charges over a period of time, ensuring that the full contribution is achieved.

### Targeted rates

Council has around 21 targeted rates established for emergency management, air quality, wilding tree control, rural water quality, dairy inspections, river management works, flood and drainage schemes, and public transport services provided in Dunedin and the Wakatipu Basin.

Each targeted rate has its own reserve. So, any unspent rating is allocated to the appropriate reserve.

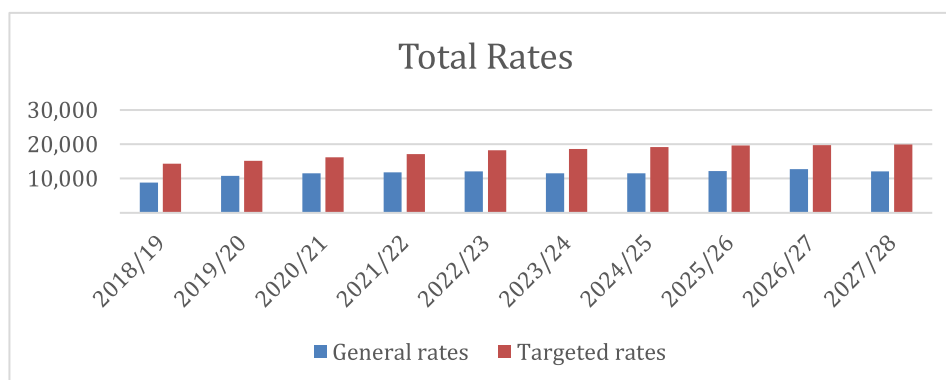
For river management, Council aims to have reserves in funds equating to approximately one year's worth of operating costs. This provides some financial security, should a flood event occur, so that additional work can be undertaken as necessary without the need for a significant rate increase in any one year.

Where significant capital expenditure is required on our flood and drainage schemes, Council will not support the repayment of scheme works over a period longer than 20 years. The interest expense associated with longer repayment terms is not considered justifiable in terms of future rate payments. The 20-year term, however, recognises the spread in benefits to future generations.

The movement in targeted rates from year to year ranges from 0.9% to 7%.

### Total rates

Total rates to be charged over the 10-year period are as follows.



## Rate Limits

Rate increases will be limited to 12% per annum in the first two years of the plan, and subsequently transitioning from 7% to 3.5% for the remaining eight years, reducing 0.5% per annum as follows:

2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
12%	12%	7%	6.5%	6%	5.5%	5%	4.5%	4%	3.5%

Growth in rating base that occurs during the life of the plan will also be added.

Rates will be no more than \$35 million per annum or rates will not exceed 50% of total revenue in any given year.

## Borrowing

Council currently has no borrowing.

Council may borrow for the following primary purposes:

- to fund special one-off type projects;
- to fund expenditure for items of an intergenerational nature; and
- short-term borrowing to manage timing differences between cash inflows and outflows.

Borrowing limits are set as follows:

- Interest expense cannot exceed 20% of the total rates per annum.
- Interest expense shall not exceed 25% of total revenue.
- Debt shall not exceed 175% of total revenue.

Note is made that there is no plan for Council to borrow during the next 10 years.

It is Council policy to offer security for any borrowing by way of a charge over its rates. In the normal course of business, Council policy is not to offer security over any of the other assets of Council. However, in special circumstances, and if it is considered appropriate, Council may resolve to offer such security on a case-by-case basis.

## Internal Borrowing

When considered appropriate, Council uses accumulated reserves as a borrowing mechanism, primarily for the flood and drainage schemes, thereby reducing the level of external borrowings required. The following operational guidelines apply to the use of reserves for funding rather than external borrowings:

- Interest is charged on the month end loan balances.
- The interest rate charged is equivalent to Council's investment rate of return.
- Reserves available for internal borrowing are limited to 50% of total reserves.

The interest earned from internal borrowing is used in the same way as interest earned on investments, that is, to fund interest on reserve balances in funds and to subsidise general rates.

## Scheme Infrastructure Asset Investment

Significant expenditure is required during the life of this plan on flood and drainage scheme infrastructure. Generally, capital works in established schemes are funded by the depreciation reserve built up for each of the schemes, and maintenance work is funded by targeted scheme rates. However, depreciation reserves are not always sufficient to cover capital investment, so increases in targeted rating have been planned, where appropriate, along with the utilisation of internal borrowings.



The planned capital expenditure for each scheme is as follows:

<b>Capital Expenditure 2018 – 2028</b>			
	<b>Increase in Levels of Service \$000s</b>	<b>Renew/Replace \$000s</b>	<b>Total \$000s</b>
<b>Alexandra flood</b>	0	291	291
<b>Leith flood</b>	4,450	972	5,422
<b>West Taieri drainage</b>	0	1,748	1,748
<b>East Taieri drainage</b>	0	821	821
<b>Lower Taieri flood</b>		3,758	3,758
<b>Lower Clutha flood and drainage</b>	0	1,508	1,508
<b>Tokomairiro drainage</b>	0	649	649
<b>Shotover Delta</b>	0	0	0
<b>Total</b>	<b>4,450</b>	<b>9,747</b>	<b>14,197</b>

Each scheme has its designed level of service (or protection), with the Leith Flood Scheme receiving works that will increase current service levels.

Other scheme works involve renewing and replacing existing scheme assets to maintain the levels of service being provided. Such works include the replacement of drainage pumps and the replacement of culverts and bridges.

On the Lower Taieri, there are areas where agreed service levels are not being achieved and works are programmed to rectify this situation. In addition, Council is mindful of issues that are putting pressure on these existing services and will keep engaging with the community about the way forward.

## **Investments**

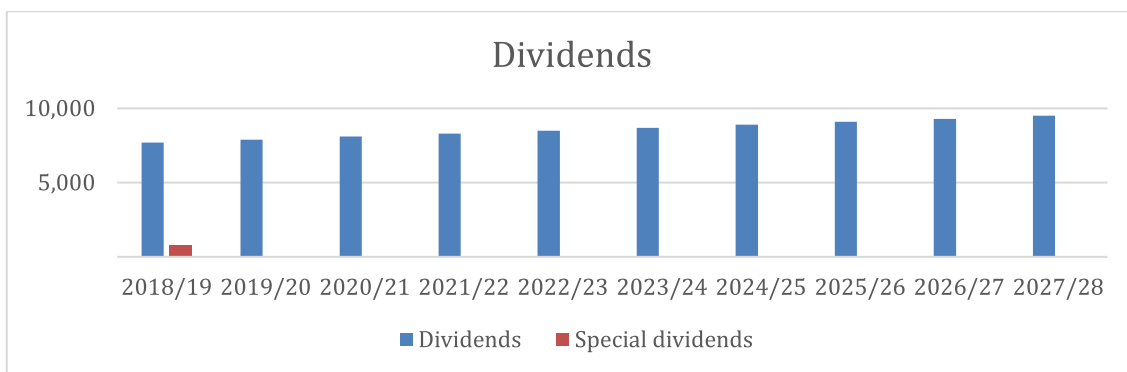
Council's primary objective when investing is to earn a return whilst protecting its initial investment. Accordingly, the risk profile of all investment portfolios must be conservative. Within approved credit limits, Council seeks to maximise investment returns and manage potential capital losses due to interest rate movements, currency movements and price movements. Council's investments are discussed below.

### ***Port Otago Limited***

Council holds 100% ownership of Port Otago Limited. Each year, a significant dividend is received from Port Otago Limited that is used to reduce the general rate requirement. Council is of the view that this is a strategic asset held on behalf of the Otago community and, through subsidising general rates, every ratepayer enjoys the benefit of that ownership. Council has decided that it would be prudent to review its ownership of this asset within the first three years of this Long Term Plan. Any proposed changes to ownership would be fully consulted on with the Otago community.

From time to time, special dividends are received from Port Otago Limited for specific purposes. Before requesting special dividends, Council will discuss with Port Otago its ability to pay such dividends, taking account of factors such as the company's own programme of capital expenditure. A special dividend for the first year of the Long Term Plan has been identified to assist transitioning to a sustainable general rate position, as discussed above.

Over the next 10 years, dividends are estimated to be as follows:



### Investment property

Council owns investment property within Dunedin City.

Some of the land is leased by the University of Otago and Otago Polytechnic.

Council also owns land on the Otago Harbour basin, namely the Custom House building and the Monarch building.

The return by way of rentals on all these properties is at commercial rates and is used to subsidise general rates funding each year.

### Managed funds

The objectives of the investment portfolio are the preservation of capital and the generation of moderate capital gains and are to be provided through a balanced investment portfolio incorporating classes of New Zealand cash and bonds, Australasian equities and international equities. The asset allocation ranges for investments, as set out in our Statement of Investment Policy and Objectives (part of the Treasury Management Policy), are:

Asset Class	Target Allocation	Acceptable Range	
		Minimum	Maximum
NZ cash	5%	3%	7%
NZ fixed interest	40%	35%	45%
International fixed interest	5%	3%	7%
<b>Defensive total</b>	<b>50%</b>	<b>41%</b>	<b>59%</b>
NZ property	5%	3%	7%
NZ equities	15%	11%	19%
Australasian equities	15%	11%	19%
International equities	15%	11%	19%
<b>Growth total</b>	<b>50%</b>	<b>36%</b>	<b>64%</b>
<b>Total</b>	<b>100%</b>	<b>77%</b>	<b>123%</b>

Investment income comprises dividends and interest. Our assumption on interest income over the 10-year period is that we will achieve between 3.1% and 4.1% per annum. This income is used to pay interest on reserve balances that are in funds, such as scheme reserves, Emergency Response Reserve, etc., and the remaining balance is used to subsidise general rates.

## **Infrastructure Strategy**

Council owns a wide range of assets, including land and buildings, motor vehicles and plant. Infrastructure assets held by Council include flood and drainage scheme assets. Their book value is around \$81 million. This strategy focuses on our infrastructure assets, which are made up primarily of over 200 kilometres of floodbanks, over 250 kilometres of open channel drains, 14 pump stations and culverts.

Flood protection and drainage assets are grouped into “schemes”. All our schemes have agreed levels of service that they provide to the community. The infrastructure to achieve this level of service is in place, and this strategy ensures that the infrastructure will continue to provide the agreed levels of service to the community.

Construction of the last two stages of the Leith Flood Protection Scheme has not yet been completed. We plan to complete the flood protection stages of this scheme by 2019/20.

The purpose of this strategy is to identify how we will manage our infrastructure assets, identify significant issues around our flood protection and drainage schemes over the next 30 years, and investigate how to mitigate any issues and optimise the performance of the existing assets. We have made assumptions in determining our strategic direction for the 30-year period, and these are also discussed in this strategy.

### **Geographical Context**

Large developed areas of Otago are in low-lying river flats, often close to sea level. Many people live in those areas, and farming is a key use of the land. The continued safe occupation and use of these areas is important to the well-being of our communities, and so protection from flooding is important. Our flood protection schemes aim to protect people and property from flooding. Our drainage schemes assist maintaining the productive capability of the land.

We manage eight flood and drainage schemes, protecting both the urban and rural sectors within Otago. Those schemes are as follows:

- Alexandra flood protection scheme;
- Leith flood protection scheme (under construction);
- Lower Clutha flood and drainage scheme;
- Lower Taieri flood protection scheme;
- East Taieri drainage scheme;
- West Taieri drainage scheme;
- Tokomairiro drainage scheme;
- Shotover Delta flood protection;
- Lower Waitaki scheme; and
- Non-scheme flood assets.

### **Capital Expenditure**

There are four drivers for making capital investment in our flood and drainage schemes and they are:

- the need to renew/replace existing assets;
- the need to adapt to changing environment to maintain the level of service that the schemes currently provide;
- the need for an increase in the level of service that the schemes currently provide; and
- the requirement to meet a new need or demand for flood or drainage scheme protection.

## ***Renew/replace***

All assets are appropriately maintained. However, some assets will still need to be renewed/replaced at the end of their useful lives. The types of assets that have a programme of renewal/replacement include:

- assets associated with pump stations; and
- bridges, culverts, pipes and other structures.

Floodbanks are maintained in as-new condition to meet service needs (they are not depreciated). Some older floodbanks are reconstructed to improve their resilience by use of modern design and construction methods.

The renewals/replacement programme for each of the schemes is based on the assumptions that:

- there will be no deferred maintenance during the 30-year period; and
- there will be no events (flood, earthquake, etc.) of a magnitude that will damage the assets.

The majority of the capital work expected to be undertaken by Council over the next 30 years will be the renewal/replacement of assets as the schemes are well established.

## ***Increase levels of service***

We define levels of service as the level of protection our flood and drainage schemes provide. These may be expressed in terms of the return period of a flood (e.g., the 1 in 100 year flood), in terms of a water level or in terms of the ability of our pumps to remove water from the catchment. Council may decide to increase the level of service because:

- the community may demand a greater level of flood protection or drainage than is currently being provided; and
- there is a need for a greater level of environmental protection.

Except for the new Leith Flood Protection Scheme, the current levels of service for all flood and drainage schemes relating to flood protection and drainage standards have not been revisited by Council or the relevant communities of interest for a number of years. Council will consult these communities over the next three years to discuss current levels of service, whether there is a desire to increase those levels of service and, if so, the possible options for doing so.

Studies have shown that there will be a possible sea level rise of between 0.3 and 0.5 metres over the next 30 years. Sea level rise may generate additional flooding and drainage risks, particularly for the Taieri and Lower Clutha flood and drainage schemes, which are close to sea level. Council will investigate the effects of sea level rise on agreed levels of service. We believe capital works may be required to mitigate that risk, so that we continue to maintain and provide the agreed levels of service. Investigation works have been budgeted for; capital budgets have been estimated in the latter years of this plan. These budgets will be refined after investigations and community consultation.

As we cannot predict if or when flood or earthquake events may occur, or that they might result in damage to scheme assets, the capital level of service programmes for each of the schemes in this strategy do not include such events taking place. However, the likelihood of such an event occurring during the 30 year period is high.

While our schemes are designed to deal with flood events, we are not prepared for events that will be greater than the levels of service provided. For example, the Leith scheme is being designed to provide protection for a 1 in 100 year flood; we will not be prepared for a flood event of a greater magnitude than this.

## ***New need or demand***

There is a possibility that new schemes may need to be developed in areas where currently no flood protection or drainage services are provided. This demand may be triggered by a flood event or an increase in activity in a flood

prone area. Council may undertake investigations to determine the feasibility during the 30-year period, if there is a demand.

Demand is managed through working collaboratively with territorial authorities to manage land use activities in flood prone areas.

Capital estimates assume, however, that there will be no new schemes developed over the next 30 years.

## **Operational Expenditure**

Operational expenditure covers the maintenance and operation works associated with each scheme and includes depreciation and the day-to-day running costs.

In the first three years of this plan, Council will be reviewing its asset management and operational and maintenance plans for each type of asset.

## **Our Priorities**

Council's priorities for our future flood and drainage scheme activities include the following:

- Provide agreed level of service (LoS).
- Review scheme performance and consult with the communities on acceptable levels of risk.
- Align schemes with land use changes and population growth.
- Develop/refine asset management plans and Planned Preventative Maintenance (PPM) for each scheme, including determine assets remaining useful life and plan for disposal or renewal at end of life.
- The strategy includes targets to understand the effects of climate change, how we adapt as a community and what will be required of flood and drainage schemes to meet new demand. It considers changes to precipitation intensity, sea level rise and coastal erosion.

These priorities will assist our future planning and decision-making processes.

## **Assumptions**

### ***Future population***

We do not expect that there will be any significant increase in the demand on our flood protection and drainage scheme assets because of population growth. These assets are not directly impacted by the population levels within the scheme areas. Further, we assume that our population growth in the whole of the region will not be significant over the next 30 years, based on previous years.

### ***Inflation***

The financial forecasts for the first 10 years of this strategy are adjusted for projected inflation based on the BERL local government cost index. The forecasts for year 11 to 30 have been inflated to year 10 costs, that is, no further inflation allowance has been added.

### ***Useful lives***

The renewal/replacement programme is based on the useful life of each asset. Useful lives are assumed to be in accordance with Council's accounting policies and equipment manufacturers' guidelines.

### ***Levels of service***

We are assuming that there will be no changes to the levels of service for each of our flood and drainage schemes, except for the completion of the Leith scheme.

## **Other assumptions**

Other assumptions made in preparing this strategy are as follows:

- There will be no new schemes developed over the 30 year period.
- There will be no deferred maintenance during the 30 year period.
- Floodbanks are maintained in as-new condition to meet service needs.
- It is expected the works programmed in years one to three of the Long Term Plan will progress. These works are focused on understanding, quantifying and optimising performance.
- No allowance has been made for repairs to scheme assets resulting from flood events or other natural disasters.

## **Most Likely Scenarios and Their Cost**

The following sections outline the most likely scenarios for Council infrastructure investment in our scheme areas. The scenarios are based around the expected useful lives of the assets and when they will require replacement.

The significant investment is driven by our priority to provide agreed levels of service throughout the 30-year period of this strategy.

The total projected operating expenditure over the next 30 years is \$153,365,000.

The total projected capital expenditure over the next 30 years is \$61,805,000.

Details of operational and capital expenditure are as follows.

## Capital and operating expenditure by scheme

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>F1 – Alexandra Flood Protection Scheme</b>														
Scheme Maintenance Operations	142	145	148	152	155	159	163	166	170	174	1,021	1,021	1,021	1,021
Scheme Maintenance Engineering	60	52	17	18	28	29	29	20	21	21	154	154	154	154
Asset Management and Condition Monitoring	5	5	5	5	5	5	5	5	5	5	25	25	25	25
Structural Assessment	20													
Depreciation	41	42	42	41	43	44	45	46	45	46	277	277	277	277
<b>Total OPEX</b>	<b>268</b>	<b>244</b>	<b>212</b>	<b>216</b>	<b>231</b>	<b>237</b>	<b>242</b>	<b>237</b>	<b>241</b>	<b>246</b>	<b>1,477</b>	<b>1,477</b>	<b>1,477</b>	<b>1,477</b>
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Pump Rebuild					66	95	75				264	264	264	264
New Outlet Screens	50				5									
Pump Station Electrical Upgrade/Replacement MCB														2,579
Total CAPEX	50				71	95	75				264	264	264	2,843
<b>Total Expenditure</b>	<b>318</b>	<b>244</b>	<b>212</b>	<b>216</b>	<b>302</b>	<b>332</b>	<b>317</b>	<b>237</b>	<b>241</b>	<b>246</b>	<b>1,741</b>	<b>1,741</b>	<b>1,741</b>	<b>4,320</b>

- No change to LoS targets planned for over next 30 years.
- Frequency of flood events associated with LoS target may change due to climate change effects.

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>F2 – Leith Flood Protection Scheme</b>														
Scheme Maintenance Operations	64	66	68	69	70	73	74	76	76	79	463	463	463	463
Scheme Maintenance Engineering	112	142	73	162	160	354	129	430	135	138	1,474	1,474	1,474	1,474
Structural Assessment	45					75					75	75	75	75
Depreciation	329	347	355	355	360	358	362	362	368	368	2,234	2,234	2,234	2,234
<b>Total OPEX</b>	<b>550</b>	<b>555</b>	<b>496</b>	<b>586</b>	<b>590</b>	<b>860</b>	<b>565</b>	<b>868</b>	<b>579</b>	<b>585</b>	<b>4,246</b>	<b>4,246</b>	<b>4,246</b>	<b>4,246</b>
CAPEX – Increase LoS														
Complete Flood Protection Scheme including Amenity	2,671	1,195	583											
CAPEX – Renew and Replace														
Upgrade Historic Channel Walls					309		324		339		614	614	614	614
Total CAPEX	2,671	1,195	583		309		324		339		614	614	614	614
<b>Total Expenditure</b>	<b>3,221</b>	<b>1,750</b>	<b>1,079</b>	<b>586</b>	<b>899</b>	<b>860</b>	<b>889</b>	<b>868</b>	<b>918</b>	<b>585</b>	<b>4,860</b>	<b>4,860</b>	<b>4,860</b>	<b>4,860</b>

- No change to LoS targets planned for over next 30 years.
- Frequency of flood events associated with LoS target may change due to climate change effects.
- Strategy focuses on: completion of flood protection scheme (Dundas Street Bridge), asset management, PPM, scheme operation and renewal/replacement of existing historic assets.

<b>F3 – Lower Clutha Flood and Drainage Scheme</b>	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Scheme Maintenance Operations	723	691	706	723	741	758	776	793	812	831	4,874	4,874	4,874	4,874
Scheme Maintenance Engineering	72	193	221	125	125	62	491	113	104	99	968	1,132	968	968
Asset Management and Condition Monitoring	55	55	55	55	57	35	36	37	38	41	441	243	441	441
Pump Station Safety and Resilience Improvements	75	12	12	12	15	34	35	36	37	37	200	233	200	200
Scheme Performance Assessment incl. Community Risk		126				75					-	-	-	-
Depreciation	192	193	194	196	177	177	157	158	156	82	898	898	898	898
<b>Total OPEX</b>	<b>1,117</b>	<b>1,270</b>	<b>1,188</b>	<b>1,111</b>	<b>1,115</b>	<b>1,141</b>	<b>1,495</b>	<b>1,137</b>	<b>1,147</b>	<b>1,090</b>	<b>7,380</b>	<b>7,380</b>	<b>7,380</b>	<b>7,380</b>
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Complete Works Factory Road, Protect Against Erosion	130													
Refurbish Pumps	71				45				542		190	190	190	190
Paretai Estuary Outfall Culverts		50	34	166										
Culvert and Bridge Upgrades	16	15	16	16	20	67	78	70	72	100	153	153	153	153
Adaptation for Coastal Retreat														5,219
Renew Relief Wells													393	-
Refurbish – Kaitangata Locks/Lake Tuakitoto Weir											583			
Pump Station Electrical Upgrade and Refurbishment											798	331	1,473	2,026
Total CAPEX	217	65	50	182	65	67	78	70	72	642	1,725	675	2,210	7,589
<b>Total Expenditure</b>	<b>1,335</b>	<b>1,335</b>	<b>1,238</b>	<b>1,293</b>	<b>1,180</b>	<b>1,208</b>	<b>1,573</b>	<b>1,207</b>	<b>1,219</b>	<b>1,732</b>	<b>9,105</b>	<b>8,055</b>	<b>9,590</b>	<b>14,969</b>

- No change to LoS targets planned for over next 30 years.
- Frequency of flows associated with LoS target may change with time due to climate change effects.
- Investigations are planned in first 10 years to better understand the effect of climate change on scheme performance and understand associated coastal erosion along the Paretai Estuary shoreline.
- Strategy focuses on: asset management, PPM, scheme operation and renewal of existing assets, including addressing H&S and resilience matters.



#### F4 – Lower Taieri Flood Protection Scheme

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Scheme Maintenance Operations	346	346	353	361	371	380	388	397	406	416	2,441	2,441	2,441	2,441
Scheme Maintenance Engineering	140	89	210	141	390	237	61	84	67	72	804	638	804	638
Undertake Asset Management and Condition Monitoring	34	35	36	37	39	65	66	67	68	71	249	415	249	415
Scheme Performance Assessment Including Community Risks	100	120	86											
Depreciation	26	37	61	61	66	66	71	71	71	70	428	428	428	428
<b>Total OPEX</b>	<b>646</b>	<b>627</b>	<b>746</b>	<b>600</b>	<b>866</b>	<b>748</b>	<b>586</b>	<b>619</b>	<b>612</b>	<b>629</b>	<b>3,922</b>	<b>3,922</b>	<b>3,922</b>	<b>3,922</b>
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Floodbank Integrity – Mill Creek/Silver Stream	409										307			
Riverside Road Spillway – Upgrade/Invert/Manual Gates			1259											
Upper/Lower Pond Spillway														
Localised Crest Levelling at Floodbanks	219	499	338	22	301	23	315	24	24	26	2,210			
Construct Weighting Blanket at Outram	100	200									1,842			
Adaptation for Sea Level Rise – Lake Waipori and Lower Taieri													6,140	6,140
<b>Total CAPEX</b>	<b>728</b>	<b>699</b>	<b>1,597</b>	<b>22</b>	<b>301</b>	<b>23</b>	<b>315</b>	<b>24</b>	<b>24</b>	<b>26</b>	<b>4,359</b>	<b>3,922</b>	<b>6,140</b>	<b>6,140</b>
<b>Total Expenditure</b>	<b>1,374</b>	<b>1,326</b>	<b>2,343</b>	<b>622</b>	<b>1,167</b>	<b>771</b>	<b>901</b>	<b>643</b>	<b>636</b>	<b>655</b>	<b>8,281</b>	<b>3,922</b>	<b>10,062</b>	<b>10,062</b>

- No change to LoS targets planned for over next 30 years.

- Disconnect between LoS target and aspects of scheme performance; projects are planned to define and optimise these aspects of the scheme operation.

- Frequency of flow associated with LoS target may change with time due to climate change effects. Investigations are planned in first 10 years to better understand the effect of climate change on scheme performance, including sea level rise impact on Lake Waipori and lower Taieri river.

- Strategy focuses on: asset management, PPM, scheme operation and renewal of existing assets, addressing resilience matters and scheme performance.

- Floodbank integrity investigation and learnings from July 2017 flood will be a key consideration in risk-based performance and consequence assessments planned for years one and two.

<b>F5 – West Taieri Drainage Scheme</b>														
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Scheme Maintenance Operations	365	351	359	368	377	386	395	404	413	423	2,480	2,480	2,480	2,480
Scheme Maintenance Engineering	103	104	71	91	91	49	94	94	88	96	519	519	519	519
Undertake Asset Management and Condition Monitoring	15	16	17	18	21	20	21	22	23	24	134	134	134	134
Pump Station Safety and Resilience Improvements	77					50	10	11	12	14	119	119	119	119
Depreciation	176	176	183	183	178	179	126	123	126	103	807	807	807	807
<b>Total OPEX</b>	<b>736</b>	<b>647</b>	<b>630</b>	<b>660</b>	<b>667</b>	<b>684</b>	<b>646</b>	<b>654</b>	<b>662</b>	<b>660</b>	<b>4,059</b>	<b>4,059</b>	<b>4,059</b>	<b>4,059</b>
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Refurbish Pumps	50		74			40				130	147	147	147	147
Bridge and Culvert Upgrades	119	18	123	19	185	21	123	22	202	59	737	737	553	553
Reliability Improvements to Waipori Power Supply			191											
Capacity Improvements at Waipori												1,351		
Pump Station Upgrade and Refurbishment	125		75				30			140	307	460	553	553
<b>Total CAPEX</b>	<b>294</b>	<b>18</b>	<b>463</b>	<b>19</b>	<b>185</b>	<b>21</b>	<b>193</b>	<b>22</b>	<b>202</b>	<b>329</b>	<b>1,191</b>	<b>2,695</b>	<b>1,253</b>	<b>1,253</b>
<b>Total Expenditure</b>	<b>1,030</b>	<b>665</b>	<b>1,093</b>	<b>679</b>	<b>852</b>	<b>705</b>	<b>839</b>	<b>676</b>	<b>864</b>	<b>989</b>	<b>5,251</b>	<b>6,755</b>	<b>5,312</b>	<b>5,312</b>

- No change to LoS targets planned for over next 20 years. Allowance made to increase pumped capacity in last 10 years, which may increase drainage modulus achieved in West Taieri.
- Frequency of rain events exceeding the LoS target may change due to climate change. Sea level rise may also result in additional seepage into drainage scheme from Lake Waipori.
- Strategy focuses on: asset management, PPM, scheme operation and renewal of existing assets, addressing resilience matters.

<b>F6 – East Taieri Drainage Scheme</b>														
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Scheme Maintenance Operations	326	291	297	304	312	319	327	334	342	350	2,054	2,054	2,054	2,054
Scheme Maintenance Engineering	264	97	102	139	130	129	119	133	135	131	786	786	786	786
Undertake Asset Management and Condition Monitoring	17	18	19	20	22	20	21	22	23	24	134	134	134	134
Pump Station Safety and Resilience Improvements	91					19	20	20	21	17	127	127	127	127
Depreciation	36	42	45	45	45	45	45	45	45	14	239	239	239	239
<b>Total OPEX</b>	<b>734</b>	<b>448</b>	<b>463</b>	<b>508</b>	<b>509</b>	<b>532</b>	<b>532</b>	<b>554</b>	<b>566</b>	<b>536</b>	<b>3,340</b>	<b>3,340</b>	<b>3,340</b>	<b>3,340</b>
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Refurbish Pumps	204	161	188	3	3	3	3	4	4	4	147	209	209	148
Design and Undertake Upper Pond Drainage Improvements		147												
Culvert and Bridge Upgrades	21	28	30	2	4	2	3	2	2	2	104	104	104	104
Pump Station Upgrade and Refurbishment											258	1,351	866	-
<b>Total CAPEX</b>	<b>225</b>	<b>336</b>	<b>218</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>510</b>	<b>1,664</b>	<b>1,179</b>	<b>252</b>
<b>Total Expenditure</b>	<b>959</b>	<b>784</b>	<b>681</b>	<b>513</b>	<b>516</b>	<b>537</b>	<b>538</b>	<b>560</b>	<b>572</b>	<b>542</b>	<b>3,850</b>	<b>5,004</b>	<b>4,519</b>	<b>3,592</b>

- No change to LoS targets planned for over next 30 years.
- Frequency of rain events exceeding the LoS target may change with time due to climate change effects.
- Strategy focuses on: asset management, PPM, scheme operation, renewal of existing assets and upper pond drainage improvements.

#### F7 – Tokomairo Drainage Scheme

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Scheme Maintenance Operations	81	81	83	85	87	89	91	94	96	98	575	575	575	575
Scheme Maintenance Engineering	22	20	21	25	26	62	16	15	14	15	150	150	150	150
Undertake Asset Management and Condition Monitoring	4	4	4	5	6	10	11	12	14	15	76	76	76	76
Structural Assessment														
Depreciation	3	5	6	7	8	9	10	11	12	10	63	63	63	63
Total OPEX	110	110	114	122	127	170	128	132	136	138	864	864	864	864
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Bridge/Culvert Replacement	51	95	53	99	55	56	58	59	60	62	264	264	264	264
Total CAPEX	51	95	53	99	55	56	58	59	60	62	264	264	264	264
<b>Total Expenditure</b>	<b>161</b>	<b>205</b>	<b>167</b>	<b>221</b>	<b>182</b>	<b>226</b>	<b>186</b>	<b>191</b>	<b>196</b>	<b>200</b>	<b>1,128</b>	<b>1,128</b>	<b>1,128</b>	<b>1,128</b>

- No change to LoS targets planned for over next 30 years.
- Aligned with Milton 2060 strategy.
- Hydraulic capacity is not explicitly defined in LoS.
- Climate change effects could affect frequency and intensity of weather events over the period covered by this strategy.
- Strategy focuses on: asset management, PPM, scheme operation and renewal of existing assets, including bridges and culverts.

#### F8 – Shotover

	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Scheme Maintenance Operations	14	15	15	15	16	16	16	17	17	18	103	103	103	103
Monitoring and Management of the Shotover River Delta	48	77	47	48	49	50	52	52	54	55	323	323	323	323
Depreciation														
Total OPEX	64	92	62	63	65	66	68	69	71	73	426	426	426	426
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Total CAPEX														
<b>Total Expenditure</b>	<b>64</b>	<b>92</b>	<b>62</b>	<b>63</b>	<b>65</b>	<b>66</b>	<b>68</b>	<b>69</b>	<b>71</b>	<b>73</b>	<b>426</b>	<b>426</b>	<b>426</b>	<b>426</b>

- No change to LoS targets planned for over next 30 years.
- Climate change effects could affect frequency and intensity of flood events over the period covered by this strategy.
- Strategy focuses on: asset management, monitoring river delta profile and maintenance of training line.

<b>Lower Waitaki Scheme</b>														
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Scheme Operation Environment Canterbury	147	151	155	157	162	167	172	176	180	185	1,133	1,133	1,133	1,133
Scheme Operation Engineering	10	10	10	11	11	10	10	10	11	11	68	68	68	68
Asset Management and Condition Monitoring														
Total OPEX	157	161	165	168	173	177	182	186	191	196	1,201	1,201	1,201	1,201
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Total CAPEX														
<b>Total Expenditure</b>	<b>157</b>	<b>161</b>	<b>165</b>	<b>168</b>	<b>173</b>	<b>177</b>	<b>182</b>	<b>186</b>	<b>191</b>	<b>196</b>	<b>1,201</b>	<b>1,201</b>	<b>1,201</b>	<b>1,201</b>
• Operation of Scheme undertaken by Environment Canterbury.														
• Allowance to liaise with Environment Canterbury.														

<b>Non-scheme Flood Assets</b>														
	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Lindsay Creek	14	15	16	16	17	13	14	14	15	18	106	113	133	113
Kaikorai	5	5	5	5	6	5	5	5	5	5	36	38	44	38
Albert Town	23	24	22	28	28	21	22	23	24	28	172	180	214	180
Other Rivers – Rees, Shotover, Dart, Clutha – Groyne/Rockwork	9			107	14	33	22	28	22	17	179	188	222	188
Total OPEX	51	44	43	156	65	72	63	70	66	68	493	518	614	518
Lindsay Creek												526		526
Albert Town											858			
Total CAPEX											858	526	-	526
<b>Total Expenditure</b>	<b>51</b>	<b>44</b>	<b>43</b>	<b>156</b>	<b>65</b>	<b>72</b>	<b>63</b>	<b>70</b>	<b>66</b>	<b>68</b>	<b>1,351</b>	<b>1,044</b>	<b>614</b>	<b>1,044</b>
• Focus on agreeing LoS requirements and establishment of a structured asset management process														

## Revenue and Financing Policy

### Revenue Policy

GROUP ACTIVITY – POLICY AND PLANNING			
Significant Activities – Regional Plans and Policies, Strategies and Plans			
Group Activity	Description	Distribution of Benefits and Exacerbator Considerations	Current Funding Sources
<b>Plans, policies, strategies:</b> <ul style="list-style-type: none"> <li>- Regional Policy Statement</li> <li>- Regional Plan: Water</li> <li>- Minimum Flows and Allocation Limits</li> <li>- Regional Plan: Air</li> <li>- Regional Plan: Coast</li> <li>- Regional Plan: Waste</li> <li>- Biodiversity Strategy</li> <li>- Pest Management Plan</li> <li>- Long Term/Annual Plans</li> <li>- Regional Economic Development Strategy</li> <li>- Regional Land Transport Plan</li> <li>- Bylaws</li> </ul>	<p>Development, adoption, appeals, review and audit of Council's policies, plans, and strategies.</p>	<p>The wider community benefits as these plans and strategies are developed to provide for the needs of the region as a whole.</p> <p>No individual or group benefits directly from this activity.</p>	<p><b>Regional Land Transport Plan:</b> Receipt of NZ Transport Agency grants</p> <p>Remaining costs:</p> <ul style="list-style-type: none"> <li>• 100% general rates regional</li> </ul> <p><b>All other policies, plans and strategies:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional</li> </ul>
<b>Private plan changes</b>	<p>Request of third parties to make changes to Council plans, policy, etc.</p>	<p>Individuals and groups requesting plan changes benefit from this work.</p>	<p><b>Private plan changes:</b></p> <ul style="list-style-type: none"> <li>• 100% fees and charges</li> </ul>

GROUP ACTIVITY – ENVIRONMENT			
Significant Activity – Water			
Group Activity	Description	Distribution of Benefits and Exacerbator Considerations	Current Funding Sources
<b>Rural water quality implementation</b>	<p>Monitoring and science work to assist measuring water quality and discharges from land and achieving compliance with water quality standards by 2020.</p>	<p>The activities/practices of farmers, forestry and other rural landholders are the main contributors to degraded rural water quality.</p>	<p><b>Monitoring, science:</b></p> <ul style="list-style-type: none"> <li>• 75% targeted rate on all rural land use properties (all sizes), and lifestyle blocks 2 ha or greater</li> <li>• 25% general rates regional</li> </ul>
	<p>Investment in research and development, e.g., for in-situ water quality testing tools.</p>		<p>The wider community benefits from having good water quality.</p>
	<p>Awareness of provisions and understanding of responsibilities through education and promotion.</p>	<p></p>	<p><b>Awareness, education:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional</li> </ul>
	<p>Dairy inspections regarding permitted activity rules.</p>	<p></p>	<p>Council work arises from activities carried out by identifiable landholders.</p>

<p><b>Urban water quality implementation</b></p>	<p>Science work to understand causes and effects on urban water quality, including urban aquifers.</p> <p>Engagement and liaison, provision of information and education.</p>	<p>The discharge practices of our urban communities directly impact on the quality of our urban waterways.</p> <p>The wider community benefits from having good water quality.</p>	<p><b>Liaison, governance, regional issues:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional for liaison, regional review of issues, governance</li> </ul> <p><b>Targeted work:</b></p> <ul style="list-style-type: none"> <li>• 100% targeted rates on Otago’s city and towns, within defined boundaries for targeted work in defined urban areas</li> </ul>
<p><b>Water and deemed permit renewal</b></p>	<p>Assist transitioning mining privileges to resource consents to take water through the formation of groups. Group management will help achieve efficient and sustainable water use.</p>	<p>The whole community benefits from effective water management.</p> <p>Those holding mining privileges directly benefit from the facilitation work carried out.</p>	<p><b>Encouraging group formation:</b></p> <ul style="list-style-type: none"> <li>• 100% reserves (Water Management Reserve)</li> </ul>

Group Activity	Description	Distribution of Benefits and Exacerbator Considerations	Current Funding Sources
<b>Significant Activity – Air</b>			
<b>Air strategy implementation</b>	Promote and assist addressing air quality issues, and improving air quality around the Otago region.	The whole community benefits from clean air.	<b>Localised air programmes:</b> <ul style="list-style-type: none"> <li>• 100% targeted rate on local area</li> </ul> <b>Regional air initiatives:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional</li> </ul>
	Advance the use of cleaner heating technologies through the provision of subsidies for the replacement of non-compliant burners in Air Zone 1 and Milton.	There is benefit to those living in areas where clean heating appliances are being installed.	<b>Clean heat, clean air:</b> <ul style="list-style-type: none"> <li>• 100% reserves</li> </ul>
<b>Significant Activity – Coast</b>			
<b>Coastal initiatives</b>	Promote and assist the management of the coastal environment. (Does not include remediation work but does include research and liaison.)	<p>The coastal city and districts benefits directly from good management of the coastal environment.</p> <p>The whole community benefits from the effective management of our coastal resource.</p>	<b>Coastal Initiatives:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional</li> </ul>
<b>Significant Activity – State of the Environment</b>			
<b>State of the environment:</b> <ul style="list-style-type: none"> <li>- State of the environment monitoring</li> <li>- Air quality monitoring and reporting</li> <li>- Environmental monitoring and reporting/LAWA</li> <li>- Environment state and trends forecasting</li> <li>- Impacts of low flows</li> </ul>	<b>Monitor:</b> <ul style="list-style-type: none"> <li>• quality/quantity of surface and groundwater;</li> <li>• quality of coastal and estuarine water;</li> <li>• air quality in Otago;</li> <li>• trend forecasting for future changes to our environment; and</li> <li>• social, economic and environmental effects of low flows.</li> </ul>	<p>The wider community benefits from understanding the state of the Otago environment.</p>	<b>Environmental monitoring and reporting/LAWA</b> Receipt of fees and grants from national office  Remaining costs: <ul style="list-style-type: none"> <li>• 100% general rates regional</li> </ul> <b>All other work:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional</li> </ul>

Group Activity	Description	Distribution of Benefits and Exacerbator Considerations	Current Funding Sources
<b>Significant Activity – Biodiversity</b>			
<b>Biodiversity strategy implementation</b>	Promote and support the protection of areas of biodiversity in Otago.	All of Otago benefits from protecting areas of biodiversity and enhancing the region.	<b>Biodiversity strategy implementation:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
<b>Environmental Enhancement Fund</b>	Administer a regional sustainability and enhancement fund on agreed projects.	All of Otago benefits from protecting areas of biodiversity and environmentally enhancing the region.	<ul style="list-style-type: none"> <li>100% Environmental Enhancement Fund reserve</li> </ul>
<b>Wilding trees</b>	Actively support wilding conifer groups in Otago to control and reduce the spread of wilding conifers.	All of Otago benefits from the control of wilding trees in Otago.	<b>Supporting groups:</b> <ul style="list-style-type: none"> <li>100% targeted rates across the region</li> </ul>
	Administer the funding from Ministry for Primary Industries for the control of wilding trees.		<b>Administering Ministry for Primary Industries funding:</b> <ul style="list-style-type: none"> <li>100% grant funding from Ministry for Primary Industries</li> </ul>
<b>Significant Activity – Pests</b>			
<b>Pest management plan compliance</b>	Manage pest plants and animals through inspections and education. Undertake control works for rooks and wallabies. Provide funding for lagarosiphon.	The wider community benefits from the control of pest plants and animals.  Local communities and those using the lakes for recreational purposes benefit from lagarosiphon work.	<b>Inspections, education, control works for rooks, wallabies, funding lagarosiphon:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
	Undertake enforcement action as required.	Landowner's inaction has resulted in the need to undertake the activity.	<b>Enforcement:</b> <ul style="list-style-type: none"> <li>Where possible, 100% fees and charges, remaining costs from general rates</li> </ul>
<b>Biocontrol of pests</b>	Research and development for new biocontrol agents for pest control, monitoring and applying.	All of Otago will benefit from new pest control tools.	<b>Biocontrol of pests:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
<b>Pest contracting</b>	Undertake rabbit contract work for third parties.	Landowners benefit directly from contract work carried out on their private properties.	<b>Pest contracting:</b> <ul style="list-style-type: none"> <li>100% fees and charges</li> </ul>



Group Activity	Description	Distribution of Benefits and Exacerbator Considerations	Current Funding Sources
<b>Significant Activity – Environmental Incident Response</b>			
<b>Incident response</b>	Respond to pollution incidents and resource management complaints.	The wider community benefits from clean up and protection.	<b>Responding to incidents:</b> <ul style="list-style-type: none"> <li>Grants from MNZ</li> <li>100% general rates regional for remaining costs</li> </ul>
	Undertake enforcement action as appropriate.  Be ready for, and respond to, oil spills.	Those creating pollution incidents cause the need for this activity, by way of breaching resource consent conditions, etc.  Those creating the oil spill cause the need for this activity.	<b>Enforcement action:</b> <ul style="list-style-type: none"> <li>100% fees and charges where possible, from those causing the incidents</li> <li>100% general rates regional for remaining costs</li> </ul>
<b>Contaminated sites</b>	Develop and maintain a centralised database of sites for regional use, and assist with applications for funding remedial works.	The wider community benefits from improvement to the environment.  Landowners will benefit from remedial and clean-up work.	<b>Remedial works:</b> <ul style="list-style-type: none"> <li>100% fees and charges where possible for clean-up and remedial works</li> </ul> <b>All other work:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>

<b>GROUP ACTIVITY – COMMUNITY</b>			
<b>Significant Activity – Governance and Leadership</b>			
Group Activity	Description	Distribution of Benefits and Exacerbator Considerations	Current Funding Sources
<b>Public awareness, democracy, iwi relationships, EnviroSchools</b>	Council meetings, elections, consult with Māori, provide information and advice via media, website, public events, brochures, etc.  Provide regional co-ordinator role for EnviroSchools in Otago.	The whole community benefits from these activities.  Those requesting specific information from Council benefit from receiving that information.	<b>Information requests that require more than ½ hour response time:</b> <ul style="list-style-type: none"> <li>100% fees and charges</li> </ul> <b>For all other activities:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
<b>Financial contributions</b>	Contribute funding to activities for the benefit of the Otago community.	For contributions made, the community as a whole will benefit.	<b>Financial contributions:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
	Provide funding assistance for studies forecasting future water demands, technical investigations and infrastructure requirements.	The whole community benefits from effective water management.	<b>Water management:</b> <ul style="list-style-type: none"> <li>100% water management reserve</li> </ul>
<b>Response to external proposals</b>	Respond to issues such as national policy and legislative proposals, and city and district plans.	The whole community benefits from work aimed to help protect the region's resources.	<b>Respond to issues:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>

GROUP ACTIVITY – REGULATORY			
Significant Activity – Consents and Compliance			
Group Activity	Description	Distribution of Benefits and Exacerbator Considerations	Current Funding Sources
<b>Consent processing, reviews and appeals</b>	Process consent applications (Resource Management Act and Building Act) hold hearings. Issue certificates, permits and transfers.	The applicant is the primary beneficiary.	<b>Processing consent applications:</b> <ul style="list-style-type: none"> <li>100% fees and charges</li> </ul>
	Appeals	This is determined by the courts.	<b>Appeals:</b> <ul style="list-style-type: none"> <li>Recoveries will be awarded by the courts</li> </ul> <b>Other costs:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
	Administration	The community benefits from the database of information.	<b>Administration:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
	Review of consents, e.g., variation to consent – consent holder initiated, or Council may initiate, e.g., on introduction of a minimum flow.	Consent holder benefits from processing requested review of consent.  Wider community benefits from Council-initiated review of consent.	<b>Consent holder initiated review of consent:</b> <ul style="list-style-type: none"> <li>100% fees and charges</li> </ul> <b>Council-initiated review:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
<b>Compliance monitoring</b>	Process performance monitoring returns from consent holders.	Consent holders benefit from their ability to exercise consents.  Work arises from activities carried out by identifiable consent holders.	<b>Performance Monitoring:</b> <ul style="list-style-type: none"> <li>75% fees and charges from consent holders</li> <li>25% general rates regional</li> </ul>
	Undertake audits and compliance reviews to ensure compliance with consent conditions.	Public benefits arise from environmental protection gained through compliance.	<b>Audits and compliance reviews:</b> <ul style="list-style-type: none"> <li>100% fees and charges from consent holders</li> </ul>
	Administration	The community benefits from environmental protection gained through compliance.	<b>Administration:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
<b>Regulatory effectiveness</b>	Determine the effectiveness of Council's plans and strategies through analysis and interpretation of data.	The wider community benefits as the plans and strategies are developed to provide for the needs of the region as a whole.	<b>Analysis, interpretation:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
<b>Harbour management</b>	Promote navigation and safety in harbours and waterways.	Those using the harbour and waterways benefit directly, but it is not possible to identify them. Note that Queenstown Lakes District Council and Central Otago District Council administer their own bylaws under transfer of responsibility agreements.	<b>Safety:</b> <ul style="list-style-type: none"> <li>100% general rate sub-regional from Dunedin City, Clutha District and Waitaki District</li> </ul>
	Administer bylaws, the primary focus being safety on our waterways.	The actions of individuals on our waterways may cause the need for enforcement of our bylaws.	<b>Enforcement:</b> <ul style="list-style-type: none"> <li>100% fees and charges from those causing the incident</li> <li>100% general rate from Dunedin City, Clutha District and Waitaki District for remaining costs</li> </ul>

<b>GROUP ACTIVITY – FLOOD AND RIVER MANAGEMENT</b>			
<b>Significant Activity – Flood Protection and Drainage Schemes</b>			
<b>Group Activity</b>	<b>Description</b>	<b>Distribution of Benefits and Exacerbator Considerations</b>	<b>Current Funding Sources</b>
<b>Alexandra flood protection</b>	Maintain the flood protection scheme.	Those in the flood protection area receive a direct benefit.  Power generation has contributed to the need for a flood protection scheme.	<ul style="list-style-type: none"> <li>• 2% general rates from the Central Otago District</li> <li>• 98% fees and charges from dam owners</li> </ul>
<b>Leith flood protection</b>	Construct the flood protection scheme.	Those in the flood protection area receive a direct benefit.  The local community benefits from ongoing access to the area.  There is a regional benefit of continued access to regional services, e.g., hospital and Central Business District.	<ul style="list-style-type: none"> <li>• 5% general rates regional</li> <li>• 2% general rates Dunedin City</li> <li>• 46.5% targeted rates indirect benefit zone</li> <li>• 46.5% targeted rates direct benefit zone</li> </ul>
<b>Lower Clutha flood and drainage</b>	Maintain the flood protection scheme.	Those in the flood protection area receive a direct benefit.  The local community benefits from ongoing access to the area.  The wider community benefits from ongoing access to regional services.	After receipt of rental income and contribution from Kuriwao reserve: <ul style="list-style-type: none"> <li>• 4% general rates Clutha District</li> <li>• 12% general rates regional</li> <li>• 84% targeted rates on the scheme area</li> </ul>
	Maintain the productive capability of land within each scheme area.	Those in the drainage scheme area receive a private benefit.  The local community benefits from ongoing access to the area.	After rental income and Kuriwao reserve: <ul style="list-style-type: none"> <li>• 6% general rate Clutha District</li> <li>• 94% targeted rates</li> </ul>
<b>West and East Taieri drainage</b>	Maintain the productive capability of land within each scheme area.	Landowners within the drainage scheme area receive a private benefit.  The local community benefits from continued access to the area.	After receipt of rental income: <ul style="list-style-type: none"> <li>• 8% general rate Dunedin</li> <li>• 92% targeted rates</li> </ul>
<b>Tokomairiro drainage</b>	Maintain the productive capability of land within each scheme area.	Landowners within the scheme area receive a private benefit.	<ul style="list-style-type: none"> <li>• 100% targeted rates</li> </ul>
<b>Lower Taieri flood</b>	Maintain the flood protection scheme.	Landowners within the scheme area receive a direct benefit.  The local community benefits from continued access to the area.  The wider community benefits from continued access to regional services, e.g., airport.	After receipt of rental income: <ul style="list-style-type: none"> <li>• 4% general rates regional</li> <li>• 13% general rates Dunedin City</li> <li>• 83% targeted rates on scheme area</li> </ul>
<b>Shotover Delta</b>	Maintain the flood protection scheme.	Landowners within the scheme area receive a direct benefit.  The wider community benefits from continued access to regional services, e.g., airport.	<ul style="list-style-type: none"> <li>• 2% general rates regional</li> <li>• 98% targeted rate on scheme area</li> </ul>

<b>Designations and bylaws</b>	Ensure designations for flood protection works are incorporated into each territorial authority district plan.	Benefits arise to the city and districts in Otago, as protection works are identified in each territorial authority's district plan.	<b>Designations:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
	Process applications for works under bylaws.	Those applying to do works are the primary beneficiary.	<b>Bylaw processing:</b> <ul style="list-style-type: none"> <li>100% fees and charges</li> </ul>
<b>Significant Activity – Rivers and Waterway Management</b>			
<b>River management and monitoring:</b> <ul style="list-style-type: none"> <li>- Central Otago</li> <li>- Clutha</li> <li>- Dunedin</li> <li>- Waitaki</li> <li>- Wakatipu</li> <li>- Wanaka</li> </ul>	Routine maintenance to ensure adequate fairway width, enhancement work to improve access, etc.  Monitor stability and alignment of rivers through river cross section surveys, gravel surveys, etc.	Communities within each district benefit from work completed in their areas.	<ul style="list-style-type: none"> <li>100% targeted rates district (river management rate), noting Queenstown Lakes District Council has two rating areas – Wanaka and Wakatipu</li> </ul>
	Contribute to cost of work on private properties; e.g., river erosion, where wider benefit generated.	Landholders benefit from work done on properties. Some benefit to wider community.	<ul style="list-style-type: none"> <li>100% general rates regional – maximum contribution in place of \$25,000 per landowner within a 5-year period</li> </ul>
	Monitor and inspect effects of Contact Energy consent.	Contact Energy consented activities cause the need for monitoring effects of the consent.	<ul style="list-style-type: none"> <li>Fees and charges from Contact Energy in accordance with consent conditions</li> <li>Balance – general rates regional</li> </ul>
<b>Lower Waitaki River scheme</b>	Contribute funding to river management works carried out by Environment Canterbury.	Local community benefits from work carried out by Environment Canterbury on the Lower Waitaki River.  The wider community benefits from continued access to regional services, e.g., roads.	<ul style="list-style-type: none"> <li>10% general rates regional</li> <li>90% targeted rates on the scheme</li> </ul>
<b>Non-scheme waterways</b>	Investigate/maintain, where appropriate, assets not belonging to flood and drainage schemes around the region – minor works.	Communities within each district benefit from work completed in their areas.	<ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>

<b>GROUP ACTIVITY – SAFETY AND HAZARDS</b>			
<b>Significant Activity – Emergency Management</b>			
<b>Group Activity</b>	<b>Description</b>	<b>Distribution of Benefits and Exacerbator Considerations</b>	<b>Current Funding Sources</b>
<b>Emergency management</b>	Administer the Otago Civil Defence Emergency Management Group.	The whole community benefits from Council's readiness to deal with an emergency situation.  If an event occurs, those affected will benefit directly from any assistance provided.	<b>Readiness</b> <ul style="list-style-type: none"> <li>100% targeted general rate</li> </ul> <b>Response:</b> <ul style="list-style-type: none"> <li>Recovery costs incurred in dealing with an event will be considered on a case by case basis</li> </ul>
<b>Significant Activity – Natural Hazards</b>			
<b>Natural hazards</b>	Investigate and provide information on the potential impacts of natural hazards and their mitigation.	Investigations identifying and understanding hazards benefit the wider community.  Investigation works for specific districts such as flood risk strategies will directly benefit those districts.	<b>Studies for districts:</b> <ul style="list-style-type: none"> <li>100% general rates sub regional</li> </ul> <b>All other work:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
	Purchase of LiDAR information to assist assessment of hazards.	The whole community benefits from investigations of natural hazards.	<b>LiDAR:</b> <ul style="list-style-type: none"> <li>100% reserves</li> </ul>
<b>Flow forecasting</b>	Respond to flood events, issue flood warnings and act to reduce effects of flooding.	The whole community benefits from Council's readiness to respond to high and low flow situations.	<b>Flood risk management:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>
	Provide information on actual and expected rainfall, river flows and lake levels for low flow situations.		<b>Low flow management:</b> 100% general regional
<b>Climate change adaptation</b>	Provide understanding of the effects of climate change to enable communities to make informed decisions about being prepared and adapting to those effects.	The whole community benefits from being informed about the effects of climate change.  Investigation works for specific districts will directly benefit those districts.	<b>South Dunedin future:</b> <ul style="list-style-type: none"> <li>100% general rate Dunedin City</li> </ul> <b>Shoreline retreat Clutha Delta:</b> <ul style="list-style-type: none"> <li>100% Kuriwao Reserve</li> </ul> <b>Climate change other:</b> <ul style="list-style-type: none"> <li>100% general rates regional</li> </ul>

GROUP ACTIVITY – TRANSPORT			
Significant Activity – Public Transport			
Group Activity	Description	Distribution of Benefits and Exacerbator Considerations	Current Funding Sources
<b>Public passenger transport</b>	Provide bus services in Dunedin and Queenstown, including bus stops, shelters, etc.	Those living in the areas where transport services are provided receive a direct benefit.	<b>Bus services:</b> <ul style="list-style-type: none"> <li>• 100% targeted rates in areas where bus services are provided</li> </ul>
	Public transport planning.	Those living in the areas where transport services are provided receive a direct benefit.	<b>Planning:</b> <ul style="list-style-type: none"> <li>• 100% targeted rates in areas where bus services are provided</li> </ul>
	Administer the Total Mobility Scheme.	Total mobility users benefit from this; however, the scheme is to provide more affordable transport for those who cannot use public transport because of a disability.	<b>Total mobility:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional</li> </ul>
	Register services under the Transport Licensing Act.	Service providers benefit from being able to legally operate. The wider community benefits from information held.	<b>Registering services:</b> <ul style="list-style-type: none"> <li>• 50% fees and charges from service providers</li> <li>• 50% general rates regional</li> </ul>
<b>Stock truck effluent disposal</b>	Maintain stock truck effluent disposal sites in Central Otago.	The Central Otago District benefits from this work.	<b>Maintenance:</b> <ul style="list-style-type: none"> <li>• 100% general rates on Central Otago District</li> </ul>

General rates are charged on a capital value basis.

General rates regional are charged on a differential basis based on where a property is located, i.e., which district or city it is located in.

## **Finance Policy**

### ***Financing the purchase of fixed assets (excluding infrastructural assets)***

Council finances its purchases of fixed assets from its Asset Replacement Reserve. Such assets include motor vehicles, plant and equipment, and computers.

Depreciation on Council fixed assets is funded, and this income is placed in the Asset Replacement Reserve along with any proceeds from the sale of assets. This reserve also attracts interest income on the balance of the reserve.

### ***Financing capital expenditure on infrastructural assets***

Most infrastructural assets (such as floodbanks, pumping stations and drains) are assigned to specific special rating districts. Ratepayers within these districts fund the depreciation on these assets. Each special rating district has a "Funded Depreciation Reserve" set up that represents the balance of the amount of depreciation revenue rates for, and any interest earned on, reserve balances. The purpose of this reserve is to fund capital expenditure and the cost of renewals on the infrastructural assets being depreciated.

Council's policy is that infrastructural assets be financed by the "Funded Depreciation Reserve", and if there are insufficient funds available in these reserves, borrowing (either internal or external) will be used.

### ***Financing major projects***

Tools to fund major capital projects will be considered on a case-by-case basis. Where necessary or appropriate, Council may borrow either internally or externally to fund a major project. Such projects (including repaying any associated borrowing) may be funded by any of the funding tools available to Council such as rating, dividend income, reserves, fees and charges, and cash balances held by Council. In determining the appropriate funding tools, Council will consider matters such as the benefits arising from the project, the project costs and the impacts and consequences of the project.

## ***Summary Significance and Engagement Policy***

This policy provides guidelines for determining the significance of proposals and decisions in relation to issues, assets or other matters affecting the Otago region, people likely to be affected and Council's capability to perform.

It sets out how Council may engage the Otago community in its decision-making processes and what types of decisions may be involved.

The policy also sets out those assets considered by Council to be strategic assets.

### **Significance**

Assessing significance is essentially a matter of judgement. Council will consider each issue, proposal, decision or matter, to determine the degree of significance attached to it. The degree of significance will influence our approach to decision-making. As the level of significance increases, the degree of community engagement carried out will also increase.

### ***Degree of significance***

When determining the degree of significance, Council will consider:

- the extent of any consequences or impacts on Otago residents and ratepayers, or stakeholders, including the consequences for, or impacts on, future generations. A moderate impact on a large number of residents or ratepayers, and a major impact on a small number of residents or ratepayers, will have higher degrees of significance than when there is a minor impact on any number of residents or ratepayers;
- the level of public interest likely to be generated within the region or New Zealand generally;
- any likely effect on the ability of Council to perform its role, carry out its existing activities and meet statutory timeframes;
- any financial and other costs or implications;
- the impacts on people's ability to use property or essential services; and/or
- if the issue, proposal, decision or other matter involves a strategic asset.

The level of community engagement and whether any impacts and consequences are of such a degree of importance as to require consultation on the issue, proposal, decision or other matter is a matter of judgement. The assessment will be documented, with reasons for conclusions reached.

To determine whether an issue, proposal, decision or other matter is significant based on its monetary value, its cost should be compared against an appropriate base amount.

The proportion of the community likely to be financially affected by the issue, proposal, decision or other matter will also be considered.

Issues, proposals, decisions or other matters that are part of the normal day-to-day Council operations will not require formal consideration for significance.

Matters that are in Council's Long Term Plan and/or Annual Plan, and other policies and plans that have been consulted on as a requirement of legislation, will not usually need further consideration under this policy.

Consultation will be required for any issue, proposal, decision or matter that is determined to be significant.



## Engagement

Engagement through this policy is about how Council will interact with the Otago community, interest groups and its ratepayers, as part of its decision-making processes, and how Council will respond to the community's preferences on issues.

Not all decisions will necessarily require specific engagement. As the level of significance of a decision increases, the degree of community engagement carried out will also increase.

Some engagement is carried out to provide information to the community, including about what Council is doing, and some to get feedback from the community on its preferences in relation to issues. This policy is in respect of the engagement carried out to seek community preferences.

The sorts of tools Council may use to engage with its community include:

- undertaking surveys;
- using social media;
- meeting with individuals, focus groups and key stakeholders;
- holding public meetings; and/or
- undertaking consultation.

Consultation is just one tool of engagement. Both the Local Government Act and the Resource Management Act have provisions around consultation.

When choosing which engagement tool to use, the circumstances of the matter will be considered, including:

- who is being affected by the matter, i.e., is it a small focused group or region-wide, and how are they being impacted;
- what information does Council already hold on community preferences in relation to the matter; and
- what is the level of significance of the matter and the level of urgency in making a decision on it.

In all cases where engagement has been carried out as part of Council's decision-making processes, community preferences will be considered prior to any decision being made. Reports to Council and Committees prepared by staff will provide details of any engagement carried out, including the preferences of the community on the matter being decided.

### *Consultation with Māori*

Council has in place a "Memorandum of Understanding and Protocol between Otago Regional Council, Te Rūnanga o Ngāi Tahu and Kāi Tahu ki Otago<sup>2</sup> for Effective Consultation and Liaison". The memorandum and protocol were first established in 2001 and are reviewed and updated as appropriate.

Council has statutory responsibilities to consult with Iwi and Māori on relevant management issues in the region and to consider the principles of the Treaty of Waitangi. These obligations are primarily under the Resource Management Act 1991, the Ngāi Tahu Claims Settlement Act 1998, the Ngāi Tahu Claims Settlement (Resource Management Consent Notification) Regulations 1999, the Biosecurity Act 1993 and the Local Government Act 2002.

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<sup>2</sup> Now known as Aukaha

## Strategic Assets

The assets that Council holds and considers to be strategic are:

- Council shares held in Port Otago Limited; and
- flood protection and drainage schemes.

The flood protection and drainage schemes, managed as a whole, are strategic. However, not all trading decisions made about these assets are regarded as significant, nor do they affect the asset's strategic nature. For example, the Lower Taieri Flood Protection Scheme is strategic, but some bridges within the scheme area may not be, and the purchase or sale of such bridges may not amount to a significant decision.

Acquiring or disposing of a component of a strategic asset will not trigger this provision, unless it is considered that the component is an integral part of the strategic asset and that acquiring or disposing of it would substantially affect the operation of the asset.

## **Part 3 – What We Will Do Over the Next 10 Years**

## ***Significant Activities***

The activities that Council undertake have been grouped into seven significant groups as follows:

1. Policy and Planning
  - Regional plans and policies
  - Strategies and plans
2. Environment
  - Water
  - Air
  - Coast
  - State of the environment
  - Biodiversity
  - Pests
  - Environmental incident response
3. Community
  - Governance and leadership
4. Regulatory
  - Consents and compliance
  - Harbour management
5. Flood Protection and Control Works, and River Management
  - Flood and drainage schemes
  - Rivers and waterway management
6. Safety and Hazards
  - Emergency management
  - Natural hazards
7. Transport
  - Public passenger transport

## Policy and Planning

### What we do and why

Legislation such as the Resource Management Act, the Local Government Act and the Biosecurity Act require us to prepare various regional plans and strategies.

Council's regional plans set out policies and rules that aim to protect our natural resources, i.e., water, air and coast, and their use.

The Resource Management Act requires Council to have a Regional Policy Statement that enables sustainable management of the natural and physical resources of the Otago region. It also has provisions for adopting and reviewing regional plans.

Council's regional plans are all operative; however, work continues on amending them as necessary, for example, to take account of new National Policy Statements, National Environmental Standards and other central government directives, dealing with new issues as they arise and making improvements to current provisions. Regional plans are required to be reviewed every 10 years.

Council prepares Annual and Long Term Plans that detail Council's significant activities, how much they will cost and how they will be paid for.

For certain significant activities, strategies are prepared that provide direction on those activities. They identify what roles Council, the community, other agencies and stakeholders may play in implementing the strategy.

The Biosecurity Act requires Council to have a Pest Management Plan for Otago.

Under the Land Transport Management Act, Council is responsible for developing and implementing a Regional Land Transport Plan. Council must report on progress with implementing the plan and carry out reviews to ensure it remains appropriate for the region.

The following tables show the two activities for this group, how they link to the community outcomes and the estimated expenditure.

Community outcomes	
<b>Regional plans</b>	This activity has an eye on the longer term and ensuring the community is empowered to be the champions and custodians of their Otago environment. A strong economy is an important component of determining what is acceptable and sustainable.
<b>Strategies and plans</b>	As above

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
<b>3,547</b>	Regional plans and policies	3,390	3,646	3,543
<b>858</b>	Strategies and plans	764	670	962
<b>4,404</b>	<b>Total expenditure</b>	<b>4,154</b>	<b>4,316</b>	<b>4,505</b>

### What we will deliver

#### Regional plans (water, air, coast, waste)

Council's Regional Plan: Water sets out policies and rules that aim to protect both the quality and availability of water in our aquifers, rivers, lakes and wetlands. Council is aware that there are other contaminant discharges affecting water quality from human sewage (septic tanks), including onsite treatment systems, stormwater discharges,

industrial and trade waste, and hazardous substances. The Long Term Plan addresses these issues through a series of proposed plan changes to the Regional Plan: Water. The plan changes will provide new rules for dealing with these types of urban discharges.

In parallel with changes to the Regional Plan: Water, Council will also make changes to the Regional Plan: Coast (storm water and waste water), Regional Plan: Air and Regional Plan: Waste (discharge of hazardous substances).

The availability of water and its allocation for irrigation is a major issue, especially in times of drought. In the Regional Plan: Water, Council has set limits on how low the flow of certain rivers may get (minimum flows), whilst still protecting the aquatic habitat and natural character of the rivers. Economic, cultural and social values are taken into consideration when setting minimum flows. These flows determine the amount of water that may be available for use.

There are still several rivers and aquifers in Otago that require minimum flows. Minimum flows provide the basis of how much water is available and assist with issuing resource consent and establishing water allocation limits. The Long Term Plan has a programme in place for completing minimum flow work on our remaining rivers and aquifers from which water is taken and incorporating them into the Regional Plan: Water.

#### *Strategies and plans*

The development of a new Regional Pest Management Plan for Otago is in progress. The new Regional Pest Management Plan will be consulted on and adopted by December 2018.

A new Regional Land Transport Plan will be prepared in collaboration with Environment Southland, to produce a single document for both regions. This will be completed in Year Three of the Long Term Plan.

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Regional Polices and Plans	Establish and maintain a robust, integrated and consistent environmental planning framework	Comply with Resource Management Act legislative planning requirements	Achieved	Achieved	Achieved	Achieved
		Complete preparation of plan reviews and changes of resource management policies, plans and strategies in accordance with Council's publicised work programme	Achieved	Achieved	Achieved	Achieved
Regional Pest Management Plan	Establish controls over animal and plant pests in the Otago region to maintain and enhance biodiversity and to protect productive capacity and community health	The Regional Pest Management Plan is appropriately developed and implemented	Prepared	Implement	Implement	Implement
		Reducing trend in the pest plant and animal species across the Otago region	N/A	Achieved	Achieved	Achieved

Regional Land Transport Plan	With Environment Southland, prepare and implement robust integrated strategy, business case and programme for transport investment across the Otago and Southland regions	Comply with the legislative requirements of the Land Transport Management Act and the requirements of the NZ Transport Agency	Achieved	Achieved	Achieved	Achieved
		To collaborate with Environment Southland and other South Island local authorities to establish and deliver on pan-regional priorities for transport investment	Achieved	Achieved	Achieved	Achieved

***Assumptions we have made***

- There are likely to be appeals on plan changes.
- National planning standards will require amendments to be made to our plans during the 10-year period.
- Collaborative planning with Environment Southland will continue and potentially grow.

Funding Impact Statement – Policy and Planning												
2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s		
	<b>Sources of operating funding:</b>											
1,773	1,902	2,249	2,369	2,417	2,357	2,321	2,193	2,478	2,654	2,203		
-	-	-	-	-	-	-	-	-	-	-		
153	175	157	202	147	147	194	158	157	207	169		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
2,478	2,077	1,889	1,913	1,945	1,898	2,017	1,953	2,137	2,225	2,006		
4,404	4,154	4,295	4,484	4,509	4,402	4,532	4,304	4,772	5,086	4,378		
	<b>Application of operating funding:</b>											
2,730	826	924	921	2,738	2,652	2,433	2,305	2,577	2,653	2,034		
-	-	-	-	-	-	-	-	-	-	-		
1,674	3,328	3,370	3,560	1,767	1,746	2,094	1,995	2,191	2,429	2,340		
-	-	-	-	-	-	-	-	-	-	-		
4,404	4,154	4,294	4,481	4,505	4,398	4,527	4,300	4,768	5,082	4,374		
-	-	2	3	4	4	4	4	4	4	4		
	<b>Sources of capital funding:</b>											
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
	<b>Application of capital funding:</b>											
	<i>Capital expenditure</i>											
-	-	-	-	-	-	-	-	-	-	-		
-	-	21	21	16	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	(19)	(18)	(12)	4	4	4	4	4	4		
-	-	-	-	-	-	-	-	-	-	-		
-	-	2	3	4	4	4	4	4	4	4		
-	-	(2)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(4)		
	<b>Funding balance</b>											



## *Environment*

Council has a responsibility for looking after the natural resources of the Otago region. Key components of Council's work on the environment are focused on water, air, the coast, biodiversity, pests and environmental incident response. Council also monitors and reports on the state of the environment in Otago.

The following tables shows the seven activities that make up this group, the primary community outcomes they contribute to and the estimated expenditure.

Community outcomes	
<b>Water</b>	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.
<b>Air</b>	As above
<b>Coast</b>	As above
<b>Biodiversity</b>	A place where people can enjoy their environment safely, productively and respectfully .  Communities empowered to be the champions and custodians of their Otago environment.
<b>State of the environment</b>	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.
<b>Pests</b>	As for Water, Air and Coasts
<b>Environmental incident response</b>	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.

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
<b>3,575</b>	Water	3,351	3,527	3,956
<b>118</b>	Air	300	309	347
<b>386</b>	Coast	80	84	252
<b>3,019</b>	State of the environment	4,190	4,172	4,332
<b>2,020</b>	Biodiversity	1,935	2,048	1,318
<b>1,840</b>	Pests	1,740	1,666	1,876
<b>1,491</b>	Environmental incident response	1,671	1,807	1,828
<b>12,449</b>	<b>Total expenditure</b>	<b>13,267</b>	<b>13,613</b>	<b>13,909</b>

### **Water**

#### *What we do and why*

Water is a precious resource in Otago. The quality of our water and its availability are critical to our way of life. Council's Regional Plan: Water sets out policies and rules that aim to protect both the quality and availability of water in our aquifers, rivers, lakes and wetlands.

For rural water quality, Council does not set out rules on how land use activities should be carried out, but has rules around what level of contaminants may be discharged into our waterways. In other words, Council is not interested in

controlling land use activities by issuing resource consents, but is concerned about how the discharges from land will impact water quality. Council has maximum discharge thresholds that must be met by 2020.

Council is now starting to focus on urban water quality, to maintain and, where necessary, potentially improve water quality in urban areas.

The availability of water is a major issue; therefore, Council aims to ensure the effective management of this resource, with available water being used in an optimal way.

Estimated expenditure on Council's water activity (including capital expenditure and depreciation) is as follows:

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
<b>3,020</b>	Rural water quality implementation	2,681	2,713	3,134
<b>555</b>	Water and deemed permit renewals	498	492	474
-	Urban water quality implementation	172	321	348
<b>3,575</b>	<b>Total expenditure</b>	<b>3,351</b>	<b>3,527</b>	<b>3,956</b>

## What we will deliver

### Water quality

Council is currently in a transition phase for meeting the rural water quality standards set out in Schedules 15 and 16 of the Regional Plan: Water, which came into effect on 1 May 2014.

Landholders need to ensure that their discharges from land to water do not exceed the maximum discharge thresholds by 2020. This requires changes in behaviour and land use practices, primarily by our rural community.

Work continues on Council's project to assist with this transition. It includes a programme of education and liaison with the community and key stakeholders, and undertaking science and monitoring work.

Council uses a risk-based approach to its monitoring work. It focuses on prohibited and permitted activities (e.g., dairy farming and forestry activities), catchment monitoring to better understand the impact of land activities on water quality and individual property environmental risk assessments.

Council plans to continue with its Good Water Project, which commenced in 2017/18. Environmental risk assessments have been carried out through a pilot project, involving independent reviews of individual properties within a catchment. These assessments help property owners understand how their land use activities may impact on water quality and help them achieve compliance with water quality standards. Council plans to roll this project out across all other catchments in Otago, focusing on properties that are classified as rural land use or lifestyle blocks two hectares or greater. Not all properties need a visit, but a risk assessment will determine this.

The Regional Plan: Water includes permitted activity rules and defines prohibited activities. Permitted activities do not require a resource consent for the activity to be carried out, but rules are in place to mitigate any possible negative effects of the activity on our environment. Council needs to undertake work to ensure that the rules are being complied with, and that prohibited activities are not being carried out. Dairying is a permitted activity, and since 2004, Council has visited every dairy farm on an annual basis to check the activity complies with the rules. Every year, Council has found non-compliances, and prosecutions have been made. Council uses a risk-based model for dairy inspections that prioritises the farms most at risk of impacting water quality. Some farms may get two or three visits a year, while others may only get a visit every second year.

Council is commencing a new activity around urban water quality, noting the plan changes around storm water, waste water and hazardous substances. The development of an urban water quality strategy is in progress and, once completed, will give direction for future activities in this area. The Long Term Plan provides for preliminary activities such as establishing stakeholder and technical groups, undertaking research on high risk urban areas and sharing

information on good urban practices for urban contaminants. Council expects that following the completion of the strategy, future Annual Plans will propose new work.

#### Water quantity

Resource consents allow landholders to take water within agreed limits. Mining privileges will expire in 2021. This means that those landholders with mining privileges will need to obtain resource consent if they wish to continue taking water.

There are approximately 390 mining privileges still current in Otago. The Regional Plan: Water has provisions to assist transitioning these from mining privileges to resource consents, through the formation of groups. Group management of our water resource will help achieve efficient and sustainable water use. Council is actively working with mining privilege holders and communities, facilitating meetings, sharing information about forming and managing groups, and providing ecological and flow information. This activity will stop in 2021.

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Maintain and improve water quality	Water quality across Otago is maintained and improved	Assessments are carried out to determine that water quality meeting the limits set out in the Regional Plan: Water continues to meet those limits, and that water quality previously not meeting the limits is improving	Achieved	Achieved	Achieved	Achieved
		Increase the number of catchments included in catchment monitoring programmes by five catchments every two years	On target	Achieved	Achieved	Achieved

#### Assumptions we have made

- Technology solutions will be available that provide landholders and Council with real-time data on water quality.
- The market (i.e., consultants) will assist water management groups with replacing water permit applications.
- Demand for water will continue to increase.

## Air

#### What we do and why

Within Otago, there are certain areas where winter air emissions from home heating cause air quality to breach the standards set for healthy living.

The Government has set a National Environmental Standard for Air Quality, which sets a maximum allowable daily concentration for PM<sub>10</sub> of 50 micrograms per cubic metre of air. PM<sub>10</sub> refers to particulate matter less than 10 microns in diameter and is measured in micrograms per cubic metre of air. The National Environmental Standard allowed up to three exceedances per year of the PM<sub>10</sub> standard to 2016, and full compliance (i.e., no more than one exceedance per year) is required by 2020.

Council is responsible for ensuring compliance with the National Environmental Standard. Under the Resource Management Act, Council is also responsible for controlling the discharge of contaminants to air. The Regional Plan: Air sets out the rules for this.

Monitors have been installed in selected Otago towns so that Council can measure air quality. Monitoring has shown many high readings in excess of the PM<sub>10</sub> standard in Arrowtown, Alexandra, Cromwell, Clyde (Air Zone 1) and Milton, and fewer high readings in Mosgiel and Balclutha. The Central Dunedin air zone currently complies with the National Environmental Standard after several years of steady improvement.

Estimated expenditure on Council's air activity (including capital expenditure and depreciation) is as follows:

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
<b>118</b>	Air strategy implementation	300	309	347
<b>118</b>	<b>Total expenditure</b>	<b>300</b>	<b>309</b>	<b>347</b>

### What we will deliver

In 2016, Council commissioned an emissions inventory to understand the sources and magnitude of emissions in four Otago towns – Alexandra, Arrowtown, Milton and Mosgiel – and compared the results with 2005 emissions estimates to identify any changes. The results suggested that the amount of mass emissions in each of these towns has reduced by around 50% over the 11-year period, which is a massive improvement. Reasons for the improvement include the reduction in coal use and the replacement of older, inefficient wood burners with newer, compliant burners.

These improvements are positive, but Council and the Air Zone 1 towns (including Milton) are still not complying with the National Environmental Standard for air quality. Research has shown that in some parts of Otago, even with the use of low-emission wood burners, the challenge of extremely cold winter weather and strong temperature inversions means the air quality standards will likely not be met. Council therefore needs to find new solutions that will ensure people have warm homes while achieving clean air.

Council developed an Air Strategy for Otago and this Long Term Plan provides for implementing that strategy. Council will also continue its clean heat, clean air programme of providing financial contributions towards the cost of installing clean heating appliances in Air Zone 1 towns and Milton. A Cosy Homes Co-ordinator will work with the Cosy Homes Trust in Central Otago to encourage uptake of clean heat solutions, and this is provided in years one to three of the Long Term Plan.

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Air strategy and implementation	Ambient air quality (PM <sub>10</sub> ) in targeted towns	Monitor air quality to assess compliance with the National Environmental Standard requirement of no more than one daily average reading of PM <sub>10</sub> per annum to be higher than 50 micrograms per cubic metre	Assessment completed	Assessment completed	Assessment completed	Assessment completed
	Financial contributions	Administer the clean heat, clean	Achieved	Achieved	Achieved	Achieved

		air fund for Air Zone 1 and Milton				
	Investigations and research	Priority elements to give effect to achieving goals in the Air Strategy are implemented	Outcomes and issues for outdoor burning around urban areas are identified	Trial options for low emission technologies	Affordable technologies identified with government and other partners	Environmental issues regarding chemical discharges are assessed and reported
	Local air quality programmes	Develop local air quality programmes and implement			Achieved	

### Assumptions we have made

- The continued use of solid fuel burners will not meet the National Environmental Standard for air quality in Air Zone 1 and Milton.
- There is likely to be a change in the National Environmental Standard for air quality in the next ten years.

## Coast

### What we do and why

Our coastal environment is highly valued; therefore, Council wants to ensure it is managed efficiently. This activity provides for research and information gathering to assist developing a Coastal Strategy in 2021/22. Following the completion of monitoring programmes, Council also plans to report on the health of the Tokomairiro and Kaikorai estuaries.

Estimated expenditure on Council's coastal activity is as follows:

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
386	Coastal initiatives	80	84	252
386	<b>Total expenditure</b>	<b>80</b>	<b>84</b>	<b>252</b>

### What we will deliver

Key projects and programmes	2018/19	2019/20	2020/21
Support university research projects	✓		
Complete studies and report on the health of the Tokomairiro and Kaikorai estuaries	✓		
Hold a coastal forum			✓
Undertake research to inform management in the coastal environment		✓	

## State of the Environment

### What we do and why

Council's State of the Environment monitoring programme covers water quality and quantity, and air quality. Council is required to undertake this monitoring under the Resource Management Act, and the National Policy Statement for Freshwater Management.

Monitoring data collected is used across many activities of Council, assisting with developing policy and planning, compliance with plans and evaluating how Council is doing in maintaining or improving our environment.

The Environmental Monitoring and Reporting project is a joint project with regional councils across New Zealand, Ministry for the Environment and the Cawthron Institute. It involves developing and operating regional and national environmental data collection and providing information for all New Zealanders. Council administers the project on behalf of the other partners.

Estimated expenditure on Council's state of the environment activity (including capital expenditure and depreciation) is as follows:

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
291	Ambient air quality monitoring	351	358	322
2,301	Water quality and quantity monitoring	3,293	3,326	3,511
427	Environmental monitoring and reporting	546	487	498
3,019	<b>Total expenditure</b>	4,190	4,171	4,331

### What we will deliver

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Environmental information	Provide high quality and timely information, indicators and advice to key decision makers and the community	Changes and trend in natural resource availability and quality are analysed and reported to Council as per the schedule entitled <i>"Monitoring Schedule for 2018–28 Long Term Plan"</i>	Achieved	Achieved	Achieved	Achieved
		External audit shows good quality control of data collection and analysis as per the schedule entitled <i>"Monitoring Schedule for 2018–28 Long Term Plan"</i>	Achieved	Achieved	Achieved	Achieved
		Lead research into methods to manage the effects of lake snow on water quality	Achieved	Achieved	Achieved	Achieved

## Assumptions we have made

- A revised National Environment Standard for Air Quality that includes PM<sub>2.5</sub> as a compulsory attribute will be released by December 2019.
- Council will continue to administer the Environmental Monitoring and Reporting project during the 10-year life of this plan

## Biodiversity

### What we do and why

A Biodiversity Strategy for Otago has been developed in the 2017/18 year. How Council implements that strategy now needs to be considered. The Long Term Plan provides for preliminary activities such as developing stakeholder and technical groups, hosting a biodiversity forum and sharing information on good management practices for indigenous biodiversity. Council expects that future Annual Plans will propose new work, following the establishment of stakeholder groups and holding forums.

Council has established an environmental enhancement fund to promote good environmental outcomes in Otago. The fund is geared to encourage and empower communities to take action at the local level on environmental issues that matter to them. Available for community applications, it provides funding support that either retains the existing value and characteristics of natural resources or improves degraded environments.

Estimated expenditure on Council's biodiversity activity (including capital and depreciation) is as follows:

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
176	Biodiversity strategy implementation	236	400	467
411	Environmental enhancements	808	634	641
1,433	Wilding trees	891	1,014	210
2,020	<b>Total expenditure</b>	<b>1,935</b>	<b>2,048</b>	<b>1,318</b>

### What we will deliver

While implementation of the Biodiversity Strategy will occur over future Annual Plans, allocation of the environmental enhancement fund to community-based projects will occur immediately. Public submissions highlighted the importance of this fund and the need to develop guidelines to get the best results from it. The initial emphasis of the funding will be:

- citizen science initiatives;
- Tomahawk Lagoon restoration group; and
- catchment groups.

The environmental enhancement fund will be drawn from a reserve that is replenished at \$250,000 per annum with unallocated funds applied to subsequent years.

Council will be continuing work that started in 2017/18 to identify options for the enhancement of Lake Tuakitoto and Tomahawk Lagoon. The Long Term Plan provides for developing implementation plans, funding proposals and consulting on them. Future Annual Plans will provide for the outcome of those consultations.

The condition of Lakes Hayes is not acceptable to local communities and Council. A programme started in 2017/18 to improve the water quality is underway and will involve a series of steps over time. Funding has been provided to explore an initial step of piping fresh water from the Arrow River to Mills Creek. The detail of this step is to be agreed in year one of the Long Term Plan.

Assisting the Yellow-eyed Penguin Trust to continue its work on protecting this endangered species is considered important, and additional funding is included across years one to three of the Long Term Plan.

Wilding pines are a significant issue for many in the Otago community. During 2016/17, the Government decided to contribute \$16 million over four years towards the control of wilding conifer in New Zealand. The Ministry for Primary Industries determined how that funding was allocated and sites within Otago were identified. Council entered into an agreement with the Ministry for Primary Industries to administer the funding allocation for Otago sites.

Council received \$1.2 million of funding from the Ministry for Primary Industries for control works in 2017/18. Council expects to receive further funding from the Ministry for Primary Industries in 2018/19 and 2019/20.

In addition to the Ministry for Primary Industries funding, Council will continue to rate \$200,000 per annum for wilding trees so contributions can be made to groups working on the wilding tree problem in Queenstown and Central Otago.

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Environmental enhancement	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	Achieved	Achieved	Achieved	Achieved
		The outcome(s) of all projects and activities have been reported back to Council within the timeframes specified in the funding agreement	Achieved	Achieved	Achieved	Achieved
		Projects and activities funded achieve milestones as per the funding agreement	100%	100%	100%	100%

Key projects and programmes	2018/19	2019/20	2020/21
Implement a significant wetlands compliance monitoring programme.	✓	✓	✓
Develop and disseminate information on good management practices for indigenous biodiversity	✓	✓	✓
Host a biodiversity forum		✓	
Establish stakeholder and technical groups and hold 6-monthly meetings		✓	✓
Develop and publicly consult on options for Lake Tuakitoto and Tomahawk Lagoon	✓	✓	
Develop and publicly consult on technical and funding proposals for the remediation of Lake Hayes. Initiate first action relating to piped water to Mills Creek in year one of the Long Term Plan	✓		



## Pests

### *What we do and why*

Pests cause considerable damage to our environment, and Council's Pest Management Strategy (PMS) for Otago promotes a regionally coordinated approach to address the impacts of both pest animals and pest plants. An important component of the PMS is that landholders are responsible for managing animal and plant pests on their land.

Estimated expenditure on Council's pest activity (including capital and depreciation) is as follows:

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
<b>1,360</b>	Pest management plan compliance	1,394	1,378	1,521
<b>85</b>	Biocontrol of pests	136	79	141
<b>395</b>	Pest contracting	210	209	214
<b>1,840</b>	<b>Total expenditure</b>	<b>1,740</b>	<b>1,666</b>	<b>1,876</b>

### *What we will deliver*

The pest animals identified in the PMS are rabbits, hares and rooks. With respect to rabbits, the strategy requires landowners to meet the MAL3 level of compliance. MAL refers to the Modified MacLean's Scale, which is a nationally recognised 1 to 8 scale, measuring rabbit density. Council has assisted landowners with the controlled release of the K5 RHD virus strain in Otago in April 2018. Council will closely monitor the effectiveness of the virus on rabbit populations.

Predator Free 2050 is a national programme with a centralised body that allocates central government funding to groups that meet their criteria. Predator Free Dunedin is such a group, who with local funding support can secure significant funding from central government over a five-year period. Dunedin City and the Otago Regional Councils (ORC) have agreed to provide the local funding component. The ORC is funding \$300,000 per annum for years one to five, with funding for year one sourced equally from the environmental enhancement fund reserve and the general reserve. For years two to five funding will be sourced from the Dunedin general rate.

Wallabies are a growing problem in Otago. Council is working with Environment Canterbury, community groups and pest companies to assist in preventing a wallaby population from establishing in the region and to carry out necessary control works to eradicate any wallaby in Otago.

Plant pests include 19 listed species in the PMS with key ones including gorse, broom, lagarosiphon and ragwort. The strategy requires landowners to destroy pest plants found on their land.

Council carries out monitoring inspections of known sites and will carry out control work (removal of plants) where necessary. The costs of control work will be recovered from the landowner. Where appropriate, enforcement action will be carried out.

Council also offers support for controlling pests by giving advice and assisting community groups to establish control programmes. Funding has been maintained in this Long Term Plan for a level of lagarosiphon control work in Lake Dunstan.

The work programme may change once a new Regional Pest Management Plan is adopted. Council will develop an implementation plan later in 2018/19, and future Annual Plans will address any changes to this activity if necessary.

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Control of pest plants and animals	Manage the level of compliance with the provisions of the Regional Pest Management Plan	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	Achieved	Achieved	Achieved	Achieved
		All reported non-compliances for pest plants will be followed up to ensure works to control pest plants have been carried out	Achieved	Achieved	Achieved	Achieved
		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	Achieved	Achieved	Achieved	Achieved
	Support lagarosiphon management plans and efforts to control lagarosiphon in southern lakes (Lakes Dunstan, Wanaka and Wakatipu)	Council advocates for the community to government agencies conducting lagarosiphon control in Lakes Dunstan and Wanaka	Key planning information is disclosed in a timely way	Key planning information is disclosed in a timely way	Key planning information is disclosed in a timely way	Key planning information is disclosed in a timely way
		Lagarosiphon has not established in Lake Wakatipu	Achieved	Achieved	Achieved	Achieved
	Collaborate with community groups and pest companies to carry out control activities to eradicate wallaby in Otago	Reported wallaby sightings are investigated and responded to within three working days	Achieved	Achieved	Achieved	Achieved

## Assumptions we have made

- A new Regional Management Plan will be adopted by December 2018. This will result in a change to the current work programme, which will be taken into account in future Annual Plans.
- The KS RHD virus strain was released April 2018.

## Environmental Incident Response

### What we do and why

Council operates a 24-hour Pollution Hotline. Pollution incidents and other resource management complaints are investigated, and action is taken to ensure appropriate remedial measures are used. Enforcement action will be carried out where adverse effects on the environment have occurred that support such action.

Managing contaminated sites involves investigating and managing historic and active industrial and trade use sites that manufacture, use, or store hazardous substances and may be contaminated. Where necessary, enforcement and clean-up or remedial work is also carried out.

Estimated expenditure on this activity is as follows:

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
820	Incident response	972	997	1,000
108	Contaminated sites	103	197	201
563	Investigations and enforcement action	596	613	626
<b>1,491</b>	<b>Total expenditure</b>	<b>1,671</b>	<b>1,807</b>	<b>1,827</b>

### What we will deliver

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Investigations and incident response	Take appropriate action in response to notifications of non-compliance and incidents	Maintain 24-hour/7 days a week response* for environmental incidents	100%	100%	100%	100%
		Average time taken to respond to oil spills no more than 1.5 hours	Achieved	Achieved	Achieved	Achieved
Readiness to respond to incidents	Facilitate/carry out appropriate response training for staff and contractors	Hold at least one pollution incident response training exercise for each of the following: <ul style="list-style-type: none"> <li>• desktop exercise</li> <li>• a field exercise for pollution incident response</li> <li>• an equipment training day</li> </ul>	Achieved	Achieved	Achieved	Achieved
		Hold at least one marine oil spill incident response training for each of the following: <ul style="list-style-type: none"> <li>• desktop exercise</li> <li>• a field exercise for marine oil incident response</li> </ul>	Achieved	Achieved	Achieved	Achieved

\* Options for responses:

- Desktop response
- Immediate site inspection
- Planning site inspection
- Phone call only
- Referred to external contractor
- Referred to investigations
- Referred to other

### ***Assumptions we have made***

- The quantity of complaints received will increase as public awareness of environmental matters increases.

### ***What significant negative effects could our environment activity have on the community?***

- The switch to cleaner heating appliances may not be the cheapest form of heating, and affordability is an issue for some.
- The use of non-biological pest control tools may be of concern to some of our community; however, the benefit in terms of pest control outweighs the negative impacts caused by pest animals and plants.

Funding Impact Statement – Environment												
2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28		
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s		
	<b>Sources of operating funding:</b>											
2,684	3,447	4,394	4,902	4,976	5,168	4,885	4,953	5,165	5,378	5,252		
	General rates, UAGC and rate penalties											
1,581	1,501	1,543	1,840	1,918	1,974	2,013	2,053	2,094	2,140	2,184		
	Targeted rates											
1,255	705	824	55	55	55	55	55	55	55	55		
	Subsidies and grants											
570	370	376	381	387	394	400	408	414	421	430		
	Fees and charges											
-	-	-	-	-	-	-	-	-	-	-		
	Internal charges and overheads recovered											
4,714	4,753	4,682	4,948	4,998	5,154	5,238	5,400	5,446	5,499	5,774		
	Fines, infringement fees and other receipts											
10,804	10,776	11,819	12,126	12,334	12,745	12,591	12,869	13,174	13,493	13,695		
	<b>Total operating funding</b>											
	<b>Application of operating funding:</b>											
8,194	4,729	4,895	4,674	7,872	8,106	7,975	7,939	8,112	8,229	8,206		
	Payments to staff and suppliers											
-	Finance costs											
3,683	7,363	7,731	8,227	4,540	4,735	4,732	5,058	5,200	5,394	5,621		
	Internal charges and overheads											
-	Other operating funding applications											
11,876	12,092	12,626	12,901	12,412	12,841	12,707	12,997	13,312	13,623	13,827		
(1,072)	(1,316)	(807)	(775)	(78)	(96)	(116)	(128)	(138)	(130)	(132)		
	<b>Total applications of operating funding</b>											
	<b>Surplus (deficit) of operating funding</b>											
	<b>Sources of capital funding:</b>											
-	Subsidies and grants for capital expenditure											
-	Financial contributions											
-	Increase (decrease) in debt											
-	Gross proceeds from sale of assets											
-	Lump sum contributions											
-	Other dedicated capital funding											
-	<b>Total sources of capital funding</b>											
	<b>Application of capital funding:</b>											
	<i>Capital expenditure</i>											
-	to meet additional demand											
35	385	136	176	293	179	183	187	191	196	200		
	to improve levels of service											
201	338	346	311	216	221	226	232	237	242	248		
	to replace existing assets											
(1,308)	(2,039)	(1,289)	(1,262)	(587)	(496)	(525)	(547)	(566)	(568)	(580)		
	Increase (decrease) in reserves											
-	Increase (decrease) in investments											
(1,072)	(1,316)	(807)	(775)	(78)	(96)	(116)	(128)	(138)	(130)	(132)		
	<b>Total application of capital funding</b>											
1,072	1,316	807	775	78	96	116	128	138	130	132		
	<b>Surplus (deficit) of capital funding</b>											
	<b>Funding balance</b>											

Monitoring Schedule for Long Term Plan 2018 – 28

Subject	Theme	Indicator	Frequency of reporting	Next Update																	
				2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28								
Air	Air quality	Contaminant levels in air	Every 5 years			✓															
		Fine particle levels in air (year-round)	Annually	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Coasts		Estuarine trophic index (ETI)	Annually	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
		Coastal water quality for contact recreation	Annually	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Groundwater	Groundwater quality	Every 5 years	✓						✓											
		Pesticides in groundwater	Every 5 years	✓						✓											
	Lakes	Lake water quality for contact recreation	Annually	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
		Water quality – large lakes	Every 5 years			✓															
		Water quality – other lakes					✓														
		Lake weeds	Every 5 years		✓							✓									
Inland water		River water quality	Every 5 years							✓											
		River water quality for contact recreation	Annually	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
	Rivers and streams	Periphyton	Every 5 years							✓											
		Macroinvertebrates	Every 5 years							✓											
		Fish	Every 5 years							✓											
		Extent of wetlands	Every 5 years													✓					
	Wetlands	Wetland hydrology	Every 5 years												✓						
		Wetland vegetation	Every 5 years												✓						

## *Community*

### *What we do and why*

Under the Local Government Act, Council is responsible for enabling democratic local decision-making and action on behalf of our community.

Council's democratic process involves providing effective representation on behalf of the Otago community. Council holds meetings of Council and Council committees, and these meetings are open to the public. Many opportunities are given to the public to provide input into Council's decision-making, including Council inviting submissions on specific proposals and participation in public forums at Council meetings.

Council carries out several activities to educate, consult and encourage community participation in decision-making, and to promote awareness of its plans, policies and activities. To help promote community participation, Council provides regular information to the media about its activities and makes information publicly available through newsletters, web-based information, social media, public events and so on. Council also has the role of regional coordinator for providing Enviroschools in Otago.

If there are any matters raised by government or other agencies that require a regional response, Council will submit as appropriate. For example, government policies and legislation, district plans, conservation plans, etc. may affect Council's responsibilities and functions and so require a Council response.

Council actively works with Aukaha and encourages Māori participation in natural resource management. Council seeks to consult and liaise on its activities and provide assistance on initiatives of mutual specific interest.

Council contributes funding towards initiatives carried out by community and other groups, and to the Otago Emergency Rescue Helicopter.

Work on proposals for a new Head Office continues, as the office space in Stafford Street continues to be a challenge. The public will be formally consulted, once Council has sufficient detail on options, such as constructing or leasing a building, location, associated costs and funding. This consultation will likely take place during the 2018/19 year.

The following tables shows the activities discussed above, the primary community outcomes they contribute to, and the estimated expenditure.

Community outcomes	
<b>Democracy</b>	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.
<b>Public information and awareness</b>	As above
<b>Financial contributions</b>	Communities empowered to be the champions and custodians of their Otago environment.
<b>Response to external proposals</b>	A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone.
<b>Head Office replacement</b>	A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone.

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
1,692	Democracy	1,772	1,975	1,810
1,284	Public information and awareness	1,240	1,369	1,303
595	Financial contributions	450	359	367
320	Response to external proposals	316	311	318
665	Dunedin Head Office replacement	82		
<b>4,555</b>	<b>Total expenditure</b>	<b>3,860</b>	<b>4,013</b>	<b>3,797</b>

### What we will deliver

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Governance or effective, open and transparent democratic Council processes	Provide governance processes that are robust and transparent for the community and where the community can participate	Percentage of official information requests responded to within statutory timeframes	100%	100%	100%	100%
		Percentage of Council agendas that are publicly available two working days or more before a meeting	100%	100%	100%	100%
		All meetings conducted in accordance with <i>Standing Orders</i> and the <i>Local Government Official Information and Meetings Act 1987</i>	Achieved	Achieved	Achieved	Achieved



Planning and reporting	Produce high quality, fit for purpose and accessible long-term plans and annual plans to encourage participation in decision-making by the community	Long-term plans, annual plans and annual reports receive unmodified audit opinions	Achieved	Achieved	Achieved	Achieved
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Key projects and programmes	Targets		
	2018/19	2019/20	2020/21
<p><b>Clearly articulate Council policies, purpose and activities, enabling conversations and providing clear information through the production of:</b></p> <ul style="list-style-type: none"> <li>• media</li> <li>• newsletters, pamphlets, information sheets</li> <li>• social media and digital media</li> <li>• public events and engagement</li> <li>• web</li> </ul>	✓	✓	✓
<b>Respond to issues, activities and queries on matters that require a regional perspective or impact on regional resource management functions</b>	✓	✓	✓

Funding Impact Statement – Community												
2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s		
	<b>Sources of operating funding:</b>											
1,466	1,643	2,047	2,059	2,104	2,232	2,150	2,199	2,274	2,345	2,325		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
131	131	133	136	139	142	144	147	150	154	157		
-	-	-	-	-	-	-	-	-	-	-		
2,049	1,804	1,731	1,672	1,704	1,808	1,880	1,968	1,972	1,976	2,126		
3,645	3,578	3,911	3,867	3,947	4,182	4,174	4,314	4,396	4,475	4,608		
	<b>Application of operating funding:</b>											
3,365	1,935	2,107	1,840	2,668	2,983	2,722	2,797	3,110	2,908	2,975		
	Payments to staff and suppliers											
	Finance costs											
1,184	1,918	1,900	1,951	1,202	1,332	1,375	1,440	1,418	1,490	1,556		
7	6	6	6	6	7	7	7	7	7	7		
4,555	3,860	4,013	3,797	3,877	4,321	4,104	4,244	4,536	4,405	4,538		
(910)	(282)	(102)	70	70	(140)	70	70	(140)	70	70		
	<b>Sources of capital funding:</b>											
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
	<b>Total sources of capital funding</b>											
	<b>Application of capital funding:</b>											
	Capital expenditure											
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
-	-	-	-	-	-	-	-	-	-	-		
(910)	(282)	(102)	70	70	(140)	70	70	(140)	70	70		
	Increase (decrease) in reserves											
	Increase (decrease) in investments											
(910)	(282)	(102)	70	70	(140)	70	70	(140)	70	70		
910	282	102	(70)	(70)	140	(70)	(70)	140	(70)	(70)		
	<b>Funding balance</b>											

## Regulatory

Council has several activities it is required to carry out under different legislation, including the Resource Management Act and the Building Act. These include processing resource consents, developing plans that set rules for how natural and physical resources may be used and monitoring compliance of those rules.

The following tables show the four activities that make up this group, the primary community outcomes they contribute to and the estimated expenditure.

Community outcomes	
<b>Consents</b>	A place where people can enjoy their environment safely, productively and respectfully.
<b>Compliance</b>	As above
<b>Regulatory effectiveness</b>	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.
<b>Harbour management</b>	A place where people can enjoy their environment safely, productively and respectfully.

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
<b>1,798</b>	Consents	1,696	1,870	1,915
<b>1,289</b>	Compliance	1,312	1,244	1,325
-	Regulatory effectiveness	219	380	381
<b>327</b>	Harbour management	559	682	699
<b>3,414</b>	<b>Total expenditure</b>	<b>3,786</b>	<b>4,177</b>	<b>4,321</b>

### Consents, Compliance and Regulatory Effectiveness

#### *What we do and why*

Resource consents are issued by Council allowing the use of our natural resources or discharging into water, air, coast and land resources. Council strives to meet the timeframes for processing consents as set out in the Resource Management Act.

After resource consents are issued, Council audits and monitors resource use to ensure that consent conditions are being complied with. Consent conditions often include the need for monitoring to be carried out by the consent holder and for the monitoring information to be sent in to Council for review. In addition, certain consents will require an audit of consent conditions by Council.

Where Council finds that consent conditions are not being complied with, enforcement action will be carried out.

Council's activities in respect of dam safety are carried out under the Building Act and include having an adopted policy on dangerous dams, earthquake prone and flood prone dams, maintaining a register of dams in Otago and processing building consent applications for building associated with dams. Council is accredited and registered as a Building Consent Authority. In addition to Otago, Council carries out certain dam safety and building control functions for dams in the Southland and West Coast regions under transfer agreements.

Council regularly assesses the effectiveness and efficiency of its regulatory plans, strategies, consent conditions and other regulatory activities to determine if Council is achieving its goals and objectives. Changes may be recommended to strategies, plans, consent conditions, etc., where improvements are necessary or beneficial.

## What we will deliver

As the planning rules for minimum river and aquifer flows become operational, it will be necessary for Council to review existing resource consents issued for taking of water from those catchments. It will be a priority for this activity to review the total amount of water taken under consents and determine the impact on water flows. If there is an over allocation of the total available water, Council has the ability under the Resource Management Act to vary consent conditions. In some situations, Council may need to reduce the amount of water that consent holders are authorised to take.

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Consent processing	Deliver consenting processes efficiently and effectively under the Resource Management Act 1991 to enable the lawful use of natural and physical resources	Percentage of resource consents applications processed within Resource Management Act 1991 legislative timeframes	100%	100%	100%	100%
Compliance monitoring	Receive and appropriately assess performance monitoring data provided by consent holders	Percentage of performance returns received that will be assessed for compliance with consent conditions	100%	100%	100%	100%
	Take appropriate action when non-compliances have been identified either through consent audit or performance monitoring returns	Percentage of non-compliances found that have been followed up with enforcement action	100%	100%	100%	100%

## Assumptions we have made

- The level of consent processing will increase up until 2021 when mining privileges expire.

## Harbour Management

### What we do and why

Council is responsible for harbour safety and navigation in the Otago and Karitane Harbours, which includes ensuring a prompt response to harbour incidents and notifying relevant authorities if required.

## What we will deliver

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Harbour management or maritime services	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	Achieved	Achieved	Achieved	Achieved
	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	100%	100%	100%	100%

Funding Impact Statement – Regulatory												
2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s		
<b>Sources of operating funding:</b>												
400	650	916	960	980	1,018	1,001	1,016	1,059	1,095	1,078		
General rates, UAGC and rate penalties												
Targeted rates												
Subsidies and grants												
2,356	2,262	2,425	2,543	2,390	2,462	2,517	2,575	2,632	2,691	2,753		
Fees and charges												
-	-	-	-	-	-	-	-	-	-	-		
Internal charges and overheads recovered												
560	719	780	787	801	831	882	915	924	931	993		
Fines, infringement fees and other receipts												
3,316	3,631	4,121	4,290	4,171	4,311	4,400	4,506	4,615	4,717	4,826		
<b>Total operating funding</b>												
<b>Application of operating funding:</b>												
1,782	443	369	377	1,950	2,194	2,226	2,133	2,163	2,167	2,178		
Payments to staff and suppliers												
Finance costs												
1,415	3,179	3,741	3,901	2,207	2,101	2,157	2,354	2,432	2,527	2,624		
Internal charges and overheads												
Other operating funding applications												
3,196	3,622	4,110	4,277	4,157	4,295	4,383	4,487	4,595	4,695	4,802		
119	9	11	12	14	15	17	19	21	22	24		
<b>Total applications of operating funding</b>												
119	9	11	12	14	15	17	19	21	22	24		
<b>Surplus (deficit) of operating funding</b>												
<b>Sources of capital funding:</b>												
-	-	-	-	-	-	-	-	-	-	-		
Subsidies and grants for capital expenditure												
-	-	-	-	-	-	-	-	-	-	-		
Financial contributions												
-	-	-	-	-	-	-	-	-	-	-		
Increase (decrease) in debt												
-	-	-	-	-	-	-	-	-	-	-		
Gross proceeds from sale of assets												
-	-	-	-	-	-	-	-	-	-	-		
Lump sum contributions												
-	-	-	-	-	-	-	-	-	-	-		
Other dedicated capital funding												
-	-	-	-	-	-	-	-	-	-	-		
<b>Total sources of capital funding</b>												
<b>Application of capital funding:</b>												
<i>Capital expenditure</i>												
-	-	-	-	-	-	-	-	-	-	-		
to meet additional demand												
-	-	-	-	-	-	-	-	-	-	-		
to improve levels of service												
-	120	21	21	21	22	22	23	23	24	25		
to replace existing assets												
119	(111)	(10)	(9)	(8)	(7)	(5)	(4)	(3)	(2)	(-)		
Increase (decrease) in reserves												
-	-	-	-	-	-	-	-	-	-	-		
Increase (decrease) in investments												
119	9	11	12	14	15	17	19	21	22	24		
<b>Total application of capital funding</b>												
(119)	(9)	(11)	(12)	(14)	(15)	(17)	(19)	(21)	(22)	(24)		
<b>Surplus (deficit) of capital funding</b>												
Funding balance												

## ***Flood Protection and Control Works, and River Management***

Council operates and maintains many flood protection and drainage schemes throughout Otago. Flood schemes are intended to protect people and property from flooding. Drainage schemes are intended to maintain productive capability of land. Council’s infrastructure strategy provides details about these schemes for the next 30 years and can be found in part one of this Long Term Plan.

This activity also includes rivers and waterway management across the city and districts within Otago.

The following tables show the two activities that make up this group, the primary community outcomes they contribute to and the estimated expenditure.

Community outcomes	
<b>Flood and drainage schemes</b>	<p>A region that prioritises sustainability as an economic measure whilst being attractive to industry.</p> <p>A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone.</p>
<b>Rivers and waterway management</b>	<p>A place where people can enjoy their environment safely, productively and respectfully.</p> <p>A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone.</p> <p>A region that prioritises sustainability as an economic measure whilst being attractive to industry</p> <p>Service delivery that puts the community first and ensures that operations are customer driven, efficient, and fit for purpose.</p> <p>Communities empowered to be the champions and custodians of their Otago environment.</p>

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
<b>278</b>	Alexandra flood protection	318	244	212
<b>2,993</b>	Leith flood protection	3,221	1,750	1,079
<b>1,833</b>	Lower Clutha flood and drainage	1,335	1,335	1,238
<b>499</b>	Lower Taieri flood	1,374	1,326	2,343
<b>855</b>	West Taieri drainage	1,030	665	1,093
<b>660</b>	East Taieri drainage	959	784	681
<b>144</b>	Tokomairiro drainage	161	205	167
<b>72</b>	Shotover Delta	64	92	62
	Designations and bylaws	147	124	138
<b>1,937</b>	Rivers and waterway management	2,228	2,244	2,387
<b>9,271</b>	<b>Total expenditure</b>	<b>10,837</b>	<b>8,769</b>	<b>9,400</b>

### **Flood Protection and Drainage Schemes**

#### ***What we do and why***

Large developed areas of Otago are low-lying river flats, often close to sea level. Continued safe occupation and use of these areas is important to the well-being of its communities and so protection from flooding is important. In some locations, the productive use of land relies on drainage and control of groundwater levels.

Flood protection works carried out by Council include constructing and maintaining floodbanks, swales, bunds and spillways. Some works are necessary to ensure the safety and integrity of the scheme.

Council is also well advanced with construction of the Leith Flood Protection Scheme located in the Dunedin City area. Construction works are programmed to be completed in the 2019/20 year, with repayment of the scheme taking place over a 20-year period through to 2030/31.

Drainage scheme works carried out by Council include reviewing and maintaining drainage pumps and outfall structures.

### *What we will deliver*

Studies have shown that there will be a possible sea level rise of between 0.3 and 0.5 metres over the next 30 years. Sea level rise may generate additional flooding and drainage risks, particularly for the Taieri and Lower Clutha flood and drainage schemes, which are close to sea level. Council will investigate the effects of sea level rise on agreed levels of service. Council believes capital works may be required to mitigate that risk to continue maintaining and providing the agreed levels of service. Investigation works have been budgeted for and, once known, capital budgets will be prepared for any works needed. There is a degree of complexity in terms of the nature of future impacts, solutions to issues, the cost of service options, who pays and how. Community feedback has clearly signalled to Council that improved communication and engagement is required on these matters.

Across Council's flood and drainage schemes, there are many bridges that were built around 85 years ago. Some are reaching the end of their useful lives. Council is undertaking a programme of bridge inspections that look at safety standards, load capacity, railings and signage. A maintenance replacement programme for these bridges is provided for in this Long Term Plan.

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Flood protection	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	Achieved	Achieved	Achieved	Achieved
	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	Achieved	Achieved	Achieved	Achieved



Drainage	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	Achieved	Achieved	Achieved	Achieved
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## Rivers and Waterway Management

### *What we do and why*

River and waterway management works are carried out to maintain river and stream channel capacity. Such works include willow maintenance, vegetation control and removing obstructions and blockages. The primary purpose of this work is to prevent the loss of any channel capacity, so that should a flood event occur, waters can flow without undue obstruction.

Council also carries out a programme of river monitoring that involves surveying the stability and alignment of specific rivers and investigates river changes and erosion.

### *What we will deliver*

A greater level of intervention in river management issues such as maintaining river form and riparian margins is needed to meet community expectations, demand for community safety and public enjoyment of rivers and streams.

In response to this, a number of River Morphology and Riparian Management Plans have been developed for many of the major rivers in Otago, which set out river values, management objectives and the roles of Council, landholders and other stakeholders. Implementation of those plans is underway.

The maintenance of flood protection and river control assets owned by Council that are not part of our flood and drainage schemes (Flood Protection and Control Works) is also carried out under this activity. Examples include the Albert Town rock work bank protection and Lindsay Creek flood protection assets.

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
River management	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	Achieved	Achieved	Achieved	Achieved

Key projects and programmes	2018/19	2019/20	2020/21
<b>Develop/implement the strategies for erosion hazard for the following:</b> <ul style="list-style-type: none"> <li>• Kaikorai Stream</li> <li>• Lindsay Creek</li> <li>• Waitati River</li> <li>• Dart River (Kinloch Road)</li> </ul>	✓	✓	✓
Investigate and confirm the work programme to complete flood migration work on the Stoney Creek catchment			✓
Undertake stabilisation work near Albert Town	✓		✓
Monitor and maintain the position of the Dart River channels downstream of the Dart River bridge to reduce erosion on the right bank (road)	✓	✓	✓

Funding Impact Statement – Flood Protection and Control Works, and River Management													
2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28			
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s			
<b>Sources of operating funding:</b>													
251	315	332	352	389	345	332	343	335	346	355			
5,410	5,717	5,992	6,213	6,413	6,654	6,760	6,886	6,972	7,058	7,145			
-	-	-	-	-	-	-	-	-	-	-			
273	312	239	208	212	296	325	310	232	236	241			
-	-	-	-	-	-	-	-	-	-	-			
626	589	525	529	558	522	533	552	533	536	570			
6,559	6,933	7,088	7,302	7,572	7,817	7,950	8,091	8,072	8,176	8,311			
<b>Application of operating funding:</b>													
3,611	3,555	3,268	3,261	3,981	4,333	4,468	4,380	4,413	4,131	4,273			
-	-	-	-	-	-	-	-	-	-	-			
1,169	2,219	2,227	2,268	1,467	1,647	1,562	1,505	1,636	1,661	1,820			
-	-	-	-	-	-	-	-	-	-	-			
4,780	5,774	5,495	5,529	5,449	5,980	6,030	5,885	6,048	5,792	6,094			
1,778	1,159	1,593	1,773	2,123	1,837	1,921	2,206	2,024	2,384	2,217			
<b>Sources of capital funding:</b>													
-	-	-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-	-	-			
-	-	-	-	-	-	-	-	-	-	-			
<b>Application of capital funding:</b>													
<i>Capital expenditure</i>													
-	-	-	-	-	-	-	-	-	-	-			
2,703	2,671	1,195	584	-	-	112	-	-	-	-			
1,047	1,565	1,214	2,381	327	992	268	1,048	181	704	1,065			
(1,971)	(3,078)	(816)	(1,191)	1,796	845	1,540	1,158	1,843	1,680	1,152			
-	-	-	-	-	-	-	-	-	-	-			
1,778	1,159	1,593	1,773	2,123	1,837	1,921	2,206	2,024	2,384	2,217			
(1,778)	(1,159)	(1,593)	(1,773)	(2,123)	(1,837)	(1,921)	(2,206)	(2,024)	(2,384)	(2,217)			
Funding balance													

## Safety and Hazards

Council, along with territorial authorities, has responsibilities under the Civil Defence Emergency Management Act 2002 to maintain an effective Civil Defence Emergency Management (CDEM) group plan and provide CDEM services in Otago.

The Resource Management Act requires Council to investigate and provide information on natural hazards in our region.

The following tables show the four activities that make up this group, the primary community outcomes they contribute to, and the estimated expenditure.

Community outcomes	
<b>Emergency management</b>	Service delivery that puts the community first and ensures that operations are customer driven, efficient and fit for purpose.
<b>Natural hazards</b>	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.
<b>Flow forecasting</b>	A place where people can enjoy their environment safely, productively and respectfully.
<b>Climate change adaptation</b>	A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone.

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
<b>2,412</b>	Emergency management	2,454	2,416	2,460
<b>815</b>	Natural hazards	769	602	584
<b>150</b>	Flow forecasting	134	159	199
<b>364</b>	Climate change adaptation	683	625	510
<b>3,741</b>	<b>Total expenditure</b>	<b>4,040</b>	<b>3,801</b>	<b>3,754</b>

### Emergency Management

#### *What we do and why*

Council, together with the Otago territorial authorities and emergency services, plans for and provides civil defence emergency management programmes across the region to ensure continued public safety of our communities. This is achieved through a wide range of activities focused on the national priorities of Reduction, Readiness, Response and Recovery. Programmes include identifying and reducing risks, broad based community planning, maintaining effective communication links across all sectors of CDEM, conducting training exercises and contributing towards the welfare of our community in a meaningful way.

All emergency management staff are employed by Council, which enables Council to be better prepared to respond, both locally and regionally, to emergency situations with greater efficiency and effectiveness.

## What we will deliver

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Otago Civil Defence Emergency Management Group (CDEM)	Provide a region-wide coordinated response in the event of civil defence emergency to reduce the impacts on people	Time taken for the Group Emergency Coordination Centre to be activated in response to a civil defence event or emergency	60 minutes	60 minutes	60 minutes	60 minutes
		A Group CDEM controller or alternate controller is available to respond 24 hours, 7 days a week, 365 days a year	Achieved	Achieved	Achieved	Achieved
	Prepare and implement robust integrated suite of issue focused and community-based plans and strategies	An operative Group CDEM Plan is reviewed within statutory timeframes and fully implemented	Achieved	Achieved	Achieved	Achieved
		Full suite of community plans across the region is in place and remains under continuous review	Achieved	Achieved	Achieved	Achieved
		Full suite of region-wide plans is in place and reviewed according to each plan. These will include: <ul style="list-style-type: none"> <li>regional dam failure plan;</li> <li>regional animal response plan;</li> <li>South Island Alpine Fault plan; and</li> <li>coast tsunami plan.</li> </ul>	Achieved	Achieved	Achieved	Achieved

## Natural Hazards, Flow Forecasting and Climate Change Adaptation

### What we do and why

Work to identify natural hazards involves assessing the scale and significance of natural hazards in Otago, including seismic, tsunami and flooding. The information obtained is published in the Otago Natural Hazards database, which is maintained by Council.

Council assists territorial authorities with managing natural hazards in their areas through collaborative initiatives such as the Wakatipu/Wanaka Flood Study, the Milton 2060 Strategy and working with the Dunedin City Council on the South Dunedin Future programme.

Flood events are a key focus for Council. It has systems in place to continually monitor and provide warnings and information on rainfall and river levels. In the case of an event, interested and potentially affected parties are provided directly with information in a timely manner.

## What we will deliver

As low flows and drought situations are becoming more frequent, this Long Term Plan provides for a new initiative to monitor and provide forecast information on low flow situations. This activity is planned to commence in the 2021/22 year with a pilot study in a test catchment.

Another new initiative included in this Long Term Plan is to look at the effects of climate change, including physical, economic and social impacts. This information will enable local authorities, communities and others to make informed decisions about being prepared and adapting to the likely effects of climate change. This activity will commence in 2018/19.

Community feedback to this Long Term Plan process highlighted perceived natural hazard issues associated with the Dart and Rees Rivers. Council agrees, and in response will commission a strategic review over years one to three and communicate matters with communities as that review progresses.

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Natural hazards	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	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	Achieved	Achieved	Achieved	Achieved
	Investigate and respond if required to natural hazard events as they occur to reduce the risk where warranted	Natural hazard events and consequences are properly and timely reported on so that appropriate measures to reduce risk are taken	Achieved	Achieved	Achieved	Achieved
Flood warnings	Provide timely warnings of potential flood events	Accurate and reliable rainfall and river flow information is provided to territorial authorities and the community in an efficient and timely fashion	Achieved	Achieved	Achieved	Achieved
Effects of climate change	Assist communities to understand and adapt to the effects of climate change	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	Achieved	Achieved	Achieved	Achieved

Funding Impact Statement – Safety and Hazards												
2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28		
\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s		
	<b>Sources of operating funding:</b>											
505	621	613	629	696	712	597	554	573	669	533		
	General rates, UAGC and rate penalties											
2,412	2,454	2,416	2,460	2,514	2,584	2,641	2,702	2,763	2,827	2,892		
	Targeted rates											
-	-	-	-	-	-	-	-	-	-	-		
	Subsidies and grants											
-	-	-	-	-	-	-	-	-	-	-		
	Fees and charges											
-	-	-	-	-	-	-	-	-	-	-		
	Internal charges and overheads recovered											
755	727	530	522	560	574	519	494	495	561	486		
	Fines, infringement fees and other receipts											
3,672	3,802	3,559	3,611	3,770	3,870	3,757	3,750	3,831	4,057	3,911		
	<b>Total operating funding</b>											
	<b>Application of operating funding:</b>											
2,296	1,290	1,153	1,102	2,584	2,504	2,020	2,010	2,225	2,221	2,077		
	Payments to staff and suppliers											
-	-	-	-	-	-	-	-	-	-	-		
	Finance costs											
1,437	2,730	2,628	2,641	1,429	1,616	1,535	1,539	1,604	1,834	1,833		
	Internal charges and overheads											
-	-	-	-	-	-	-	-	-	-	-		
	Other operating funding applications											
3,733	4,020	3,781	3,743	4,013	4,120	3,555	3,548	3,829	4,055	3,910		
	<b>Total applications of operating funding</b>											
(61)	(218)	(222)	(132)	(243)	(250)	202	202	1	1	1		
	<b>Surplus (deficit) of operating funding</b>											
	<b>Sources of capital funding:</b>											
-	-	-	-	-	-	-	-	-	-	-		
	Subsidies and grants for capital expenditure											
-	-	-	-	-	-	-	-	-	-	-		
	Financial contributions											
-	-	-	-	-	-	-	-	-	-	-		
	Increase (decrease) in debt											
-	-	-	-	-	-	-	-	-	-	-		
	Gross proceeds from sale of assets											
-	-	-	-	-	-	-	-	-	-	-		
	Lump sum contributions											
-	-	-	-	-	-	-	-	-	-	-		
	Other dedicated capital funding											
-	-	-	-	-	-	-	-	-	-	-		
	<b>Total sources of capital funding</b>											
	<b>Application of capital funding:</b>											
	<i>Capital expenditure</i>											
-	-	-	-	-	-	-	-	-	-	-		
	to meet additional demand											
-	-	-	-	-	-	-	-	-	-	-		
	to improve levels of service											
-	-	-	-	-	-	-	-	-	-	-		
	to replace existing assets											
(61)	(218)	(222)	(132)	(243)	(250)	202	202	1	1	1		
	Increase (decrease) in reserves											
-	-	-	-	-	-	-	-	-	-	-		
	Increase (decrease) in investments											
(61)	(218)	(222)	(132)	(243)	(250)	202	202	1	1	1		
	<b>Total application of capital funding</b>											
61	218	222	132	243	250	(202)	(202)	(1)	(1)	(1)		
	<b>Surplus (deficit) of capital funding</b>											
	<b>Funding balance</b>											

## *Transport*

Council is responsible for implementing the public transport provisions of the Land Transport Management Act 2003, and its amendments.

The following tables show the two activities that make up this group, the primary community outcomes they contribute to and the estimated expenditure.

Community outcomes	
<b>Public passenger transport</b>	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.
<b>Stock effluent disposal</b>	A place where people can enjoy their environment safely, productively and respectfully.

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
<b>14,307</b>	Public passenger transport – Dunedin	16,138	17,049	16,800
<b>4,741</b>	Public passenger transport – Wakatipu	6,623	6,766	6,673
<b>5,309</b>	Public passenger transport – Regional	1,391	1,388	1,446
<b>509</b>	Stock truck effluent disposal sites	125	121	123
<b>24,866</b>	<b>Total expenditure</b>	<b>24,276</b>	<b>25,325</b>	<b>25,042</b>

### *What we do and why*

Public passenger transport services are provided in Dunedin and Queenstown, and Council contracts the provision of those services. It aims to ensure a viable, affordable, quality service that will attract patronage growth.

Council also administers the Total Mobility scheme in Otago to meet the transport needs of those with disabilities that are unable to access public transport.

Providing public transport services including total mobility is undertaken with the financial assistance of the NZ Transport Agency.

This plan provides for a review of the network of stock truck effluent disposal sites throughout Otago. Constructing additional sites (if required) will be provided for in future Annual Plans.



## What we will deliver

Activity	Level of Service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021–2028
Public passenger transport services	To provide efficient and reliable public transport services that meet community needs	Reliability of service – percentage of monitored services that leave the terminus on time	95%	95%	95%	95%
		Vehicle quality – percentage of vehicles that comply with Regional Passenger Transport Vehicle quality standard	100%	100%	100%	100%
		Public satisfaction – percentage of bus users that are satisfied with the overall standard of service	85%	85%	85%	85%
		Patronage in Dunedin – percentage growth on contracted services above 2017/18 levels	3%	3%	3%	3%
		Patronage in Queenstown – percentage growth on contracted services	105% above 2017 levels	5%	5%	5%

Council is also planning work that will consider increasing the level and frequency of services, particularly in the first three years of this Long Term Plan. Initiatives being considered are:

- implementing increased off-peak services in Dunedin and Queenstown;
- providing for additional services to support major events in Dunedin and Queenstown;
- considering the feasibility, implementation and operation of a small ferry service on Lake Wakatipu;
- investigating the feasibility of a Dunedin city to airport service;
- investigating introducing a Malaghans Road loop service into the Queenstown network between Arrowtown and Queenstown; and
- investigating mass transit options for increased passenger transport capacity between Queenstown and Frankton.

Retendering of expiring contracts starts from 2021/22 onwards. Council will seek to extend services where viable and appropriate as part of any tendering process.

Community feedback to this Long Term Plan process has also resulted in Council:

- considering the Regional Public Transport Plan and current policy on school bus services under that plan; and
- formally exploring with Dunedin City Council the establishment of a joint governance group for the public transport bus service.

## Assumptions we have made

- Council will retain responsibility for the provision of bus services in Dunedin and Queenstown.

**Funding Impact Statement – Transport**

2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
	<b>Sources of operating funding:</b>									
198	230	264	275	284	288	287	287	301	309	306
	General rates, UAGC and rate penalties									
4,232	4,694	5,229	5,722	6,310	7,022	7,243	7,517	7,787	7,760	7,728
	Targeted rates									
10,517	8,910	9,206	8,888	8,739	8,710	8,884	9,081	9,144	9,346	9,533
	Subsidies and grants									
97	236	241	139	105	107	110	112	115	118	120
	Fees and charges									
-	-	-	-	-	-	-	-	-	-	-
	Internal charges and overheads recovered									
7,220	8,028	8,492	8,853	9,138	9,759	9,967	10,167	10,599	10,803	11,034
	Fines, infringement fees and other receipts									
22,264	22,098	23,432	23,877	24,576	25,886	26,491	27,164	27,946	28,336	28,721
	<b>Total operating funding</b>									
	<b>Application of operating funding:</b>									
23,988	23,161	24,275	23,965	24,435	24,889	25,379	25,899	26,413	26,954	27,486
	Payments to staff and suppliers									
1	2	2	2	2	2	2	2	2	2	2
	Finance costs									
444	1,073	1,009	1,039	532	617	633	667	680	715	735
	Internal charges and overheads									
-	-	-	-	-	-	-	-	-	-	-
	Other operating funding applications									
24,432	24,236	25,285	25,006	24,968	25,507	26,014	26,568	27,095	27,671	28,223
	<b>Total applications of operating funding</b>									
(2,169)	(2,138)	(1,853)	(1,129)	(392)	379	477	596	851	665	497
	<b>Surplus (deficit) of operating funding</b>									
	<b>Sources of capital funding:</b>									
-	-	-	-	-	-	-	-	-	-	-
	Subsidies and grants for capital expenditure									
-	-	-	-	-	-	-	-	-	-	-
	Financial contributions									
-	-	-	-	-	-	-	-	-	-	-
	Increase (decrease) in debt									
-	-	-	-	-	-	-	-	-	-	-
	Gross proceeds from sale of assets									
-	-	-	-	-	-	-	-	-	-	-
	Lump sum contributions									
-	-	-	-	-	-	-	-	-	-	-
	Other dedicated capital funding									
-	-	-	-	-	-	-	-	-	-	-
	<b>Total sources of capital funding</b>									
	<b>Application of capital funding:</b>									
	<i>Capital expenditure</i>									
-	-	-	-	-	-	-	-	-	-	-
	to meet additional demand									
426	-	-	-	-	-	-	-	-	-	-
	to improve levels of service									
-	-	-	-	-	-	-	-	-	-	-
	to replace existing assets									
(2,595)	(2,138)	(1,853)	(1,129)	(392)	379	477	596	851	665	497
	Increase (decrease) in reserves									
-	-	-	-	-	-	-	-	-	-	-
	Increase (decrease) in investments									
(2,169)	(2,138)	(1,853)	(1,129)	(392)	379	477	596	851	665	497
	<b>Total application of capital funding</b>									
2,169	2,138	1,853	1,129	392	(379)	(477)	(596)	(851)	(665)	(497)
	<b>Surplus (deficit) of capital funding</b>									
	<b>Funding balance</b>									

## **Part 4 – Financial Information**

## Significant Forecasting Assumptions

The significant forecasting assumptions made in preparing this Long Term Plan are set out below. Actual results achieved are likely to vary from the information presented, and these variations may be material.

### Sources of Funds for Future Replacement of Significant Assets

Sources of funds for the future replacement of significant assets are in accordance with Council's financing policy. For scheme related assets, these are funded through scheme depreciation, reserves, targeted rates from defined scheme areas and, where necessary, borrowings. Council assets are funded from the asset replacement reserve and, where necessary, general reserves and borrowings. A building reserve has been established for addressing the accommodation needs for Council's Head Office. This assumption is assessed as having a low level of risk.

### Growth change factors

Economic growth in Otago is dominated by tourism, primary production and education. Economic growth is not expected to impact directly on the level of work carried out by Council, given the nature of its activities.

Primary production growth is dependent on the availability of water. Council has included in this plan the continuation of work on water allocation issues in this regard.

Population within certain areas of Otago is forecast to grow over the next 10 years, the most significant being in the Queenstown Lakes district. Resident population in Queenstown is forecast to grow by 2.6% each year over the next 10 years, and visitor numbers to grow by 2.4% per annum.

Changes in population will impact on the level of certain activities carried out by Council, such as transport, demand on resource use, environmental incidents, civil defence and emergency management and natural hazards.

Council's work programmes have considered the projected growth in the region, with new initiatives and resources being provided to address the impacts of population growth. This assumption is assessed as having a medium level of risk.

### Inflation

The financial information is based on the following adjustments for inflation, the BERL forecasts being used as the basis for price level changes.

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
<b>Staff rates</b>	-	2.5%	2.3%	2.4%	2.4%	2.5%	2.6%	2.6%	2.7%	2.8%
<b>Other</b>	-	2.5%	2.3%	2.4%	2.4%	2.5%	2.6%	2.6%	2.7%	2.8%

The risk of this assumption is assessed as having a medium level of uncertainty. Reliance is placed on the Reserve Bank's use of monetary controls to keep inflation within 3%.

### NZ Transport Agency subsidy rates

The following rates of subsidy used are based on rates currently advised by the NZ Transport Agency:

- transport planning and public passenger transport to receive 51% subsidy;
- new bus ticketing system to receive 65% subsidy;
- Total Mobility to receive 60% subsidy; and
- Total Mobility flat rate payments to receive 100% subsidy.

The risks of these assumptions are assessed as having a low to medium level of uncertainty. The NZ Transport Agency has given no indication that the rates may change during the period. If the subsidy for Total Mobility was to decrease, the impact would be directly on general rates. Any changes in subsidy for public passenger transport would impact directly on targeted rates.

### ***Useful lives of significant assets***

The useful lives of significant assets are as recorded in asset management plans or based upon current financial standards. Depreciation has been calculated in accordance with current accounting policy. This assumption is assessed as having a low level of risk.

### ***Revaluation of non-current assets***

The non-current assets that are revalued annually are Council's investment properties and its shareholding in Port Otago Limited. With respect to the Port Otago Limited investment, the actual results are dependent on factors outside the control of Council and the management of Port Otago Limited. For the purposes of this plan, an assumption has been made that the value of Council's investment in Port Otago will grow in value by around 2% every year of the plan.

Investment properties are assumed to increase in value by 3%.

The risk of these assumptions is assessed as having a high level of uncertainty. However, the revaluation of non-current assets does not directly impact rates.

## **Forecast Return on Investments**

Forecast returns used in the estimates are as follows:

- Rate of return and internal borrowing rate of between 3.1 and 4.1% per annum on cash balances and the managed fund.
- All Port Otago Limited dividends will be received fully imputed and accordingly no taxation liability will arise in respect of them.

The risk of this assumption is assessed as having a low to medium level of uncertainty because Port Otago Limited has a stable trade base. Shipping trends over past years have been consistent, as are predictions for future trade, allowing for stable dividend payments. With respect to earning rates, the Statement of Investment Policy and Objectives for Council's managed fund estimates Council's rate of return at between 1.5% and 2.3% plus inflation. As investment income is used to reduce general rates, any change in return on investments will impact directly on the level of general rates.

## **Capital Expenditure**

Various projects require spending of a capital nature. The estimates are prepared using actual costs, adjusted for inflation, where known, or "Rough Order of Costs". These have been determined using methods such as current known costs and the Rawlinson's Guide, where appropriate.

The risk of the assumptions made on capital expenditure are assessed as having a medium level of uncertainty due to risks outside of Council control, such as the cost of construction materials, freight, etc. over long timeframes.

Capital purchases in respect of flood and drainage schemes are funded by those schemes, so any variation in costs will impact on their depreciation and reserves. Variations in other capital expenditure will impact on Council's Asset Replacement Reserve.

## **Investment Properties**

This plan assumes that Council will not sell any of its investment properties over the next 10 years.

## Legislation

This plan assumes that there will be some changes in the legislation under which Council operates that will impact on its work programmes over the next 10 years. Council is aware of new requirements from central government, such as new national policy statements for Biodiversity and Natural Hazards. Council's work programme has taken account of the known changes coming. The risk of this assumption is low. Changes in Government policy may directly impact the responsibilities of Council.

## Climate Change

The assumption is made that climate change will have impacts on parts of Otago over the next 10 years. The infrastructure strategy notes that there will be a possible sea level rise of between 0.3 and 0.5 metres over the next 30 years. To help address this assumption, Council has incorporated some work programmes in the Flood Protection and Control works activity and in the Safety and Hazards activity to address the risk of potential additional flooding. A new Climate Change Adaption activity is also included in the work programme, which looks at understanding the effects of climate change on Otago. The risk of this assumption being incorrect is low.

## Natural Disasters

The assumption is made that there could be major natural disasters over the next 10 years that could cause widespread and significant damage to Council's infrastructural assets, i.e., our flood and drainage schemes. What, when, where and how big are impossible to predict, but this Long Term Plan provides for us to be ready to respond. Such initiatives include Council's civil defence and emergency management work programme, the retention of Council's Emergency Response Fund and a proactive approach to managing asset resilience through renewals.

This assumption has a high level of uncertainty.

## Funding Impact Statement

2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
<b>Sources of operating funding:</b>										
7,275	8,808	10,816	11,545	11,845	12,118	11,574	11,545	12,185	12,795	12,053
13,635	14,366	15,180	16,234	17,155	18,233	18,657	19,158	19,615	19,785	19,949
11,926	9,790	10,187	9,145	8,941	8,912	9,133	9,294	9,356	9,609	9,757
3,426	3,310	3,415	3,407	3,233	3,401	3,497	3,552	3,544	3,621	3,701
10,512	9,962	9,412	9,612	9,812	10,012	10,212	10,412	10,612	10,812	11,012
9,140	9,985	10,465	10,863	11,142	11,787	12,072	12,286	12,744	12,968	13,228
55,913	56,221	59,475	60,806	62,128	64,463	65,145	66,247	68,056	69,590	69,700
<b>Applications of operating funding:</b>										
55,562	56,998	59,023	59,311	59,122	61,233	61,064	61,787	63,920	65,030	65,484
138	124	127	129	132	135	138	142	145	148	152
52	58	59	60	62	63	64	66	67	69	71
55,752	57,180	59,209	59,500	59,316	61,431	61,266	61,995	64,132	65,247	65,707
161	(959)	266	1,306	2,812	3,032	3,879	4,252	3,924	4,343	3,993
<b>Sources of capital funding:</b>										
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	500	410	419	429	439	448	459	469	480	491
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
-	500	410	420	429	438	448	459	469	480	491
<b>Application of capital funding</b>										
<i>Capital expenditure</i>										
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
3,474	4,147	1,925	1,367	801	682	810	714	730	747	764
3,347	3,244	2,822	4,061	1,945	2,648	1,961	2,780	1,953	2,516	2,920
(6,660)	(7,850)	(4,071)	(3,702)	495	141	1,556	1,217	1,710	1,560	800
-	-	-	-	-	-	-	-	-	-	-
161	(459)	676	1,726	3,241	3,471	4,327	4,711	4,393	4,823	4,484
(161)	(959)	266	1,306	2,812	3,032	3,879	4,252	3,924	4,343	3,993
-	-	-	-	-	-	-	-	-	-	-
<b>Funding balance</b>										

## Funding Impact Statement – Calculation of Rates for the 2018/19 Year

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. revenue sought for 2018/19 including GST	Estimated rates payable including GST		
				Capital value	Capital value	Capital value
				\$250,000	\$600,000	\$4,000,000
<b>General rates</b>						
<b>General rates</b>						
- Contributes to all activities of Council	Capital value	Where the property is situated	\$7,597,000 allocated as: Central Otago \$867,000 Clutha \$765,000 Dunedin \$2,948,000 Queenstown \$2,433,000 Waitaki \$584,000	\$23.37 \$23.93 \$32.20 \$18.98 \$24.20	\$56.09 \$57.42 \$77.28 \$45.55 \$58.08	\$373.92 \$382.80 \$515.20 \$303.64 \$387.20
<b>Uniform Annual General Charge</b>						
- Contributes to all activities of Council	Fixed charge per rating unit		\$2,532,000 calculated as \$23.23 per rating unit.	\$23.23	\$23.23	\$23.23
<b>Targeted rates – refer to maps of targeted rating areas</b>						
<b>Dairy monitoring</b>						
- Fixed charge per dairy shed	Fixed charge per dairy shed	The activity of being a dairy farm	\$216,000 allocated as \$506.32 per dairy shed.	\$499.31	\$499.31	\$499.31
<b>Flood protection and control works</b>						
- Leith flood protection scheme	Capital value	Where the property is situated within the defined scheme area	\$1,680,000 allocated as: Direct benefit zone: - Forsyth Barr Stadium \$34,000 - Excluding stadium \$806,000 Indirect benefit zone \$840,000	\$45.22 \$240.44 \$14.00	\$108.52 \$577.06 \$33.59	\$723.44 \$3,847.08 \$223.92



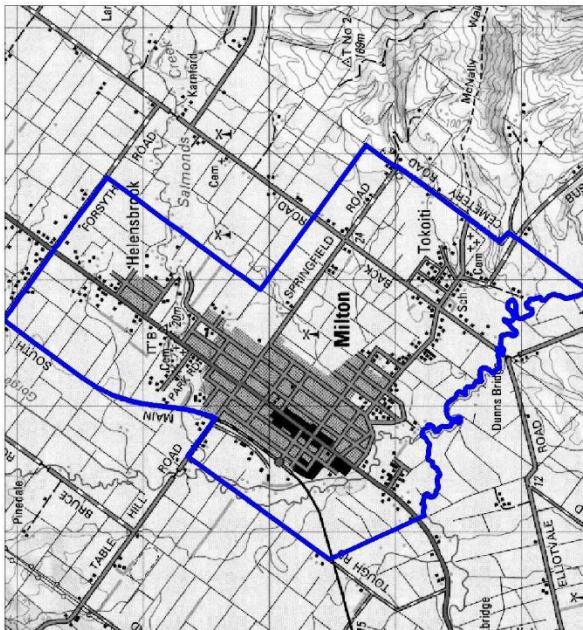
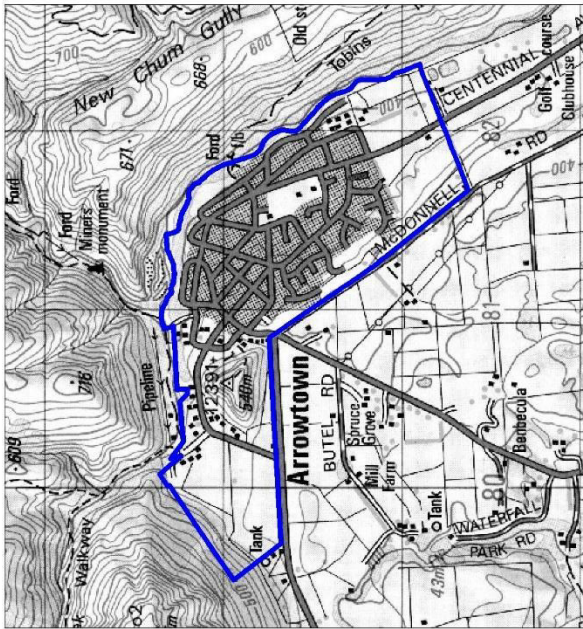
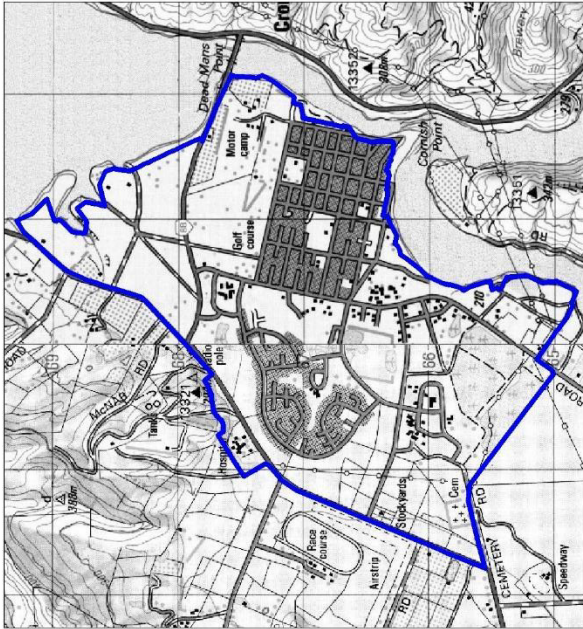
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. revenue sought for 2018/19 including GST	Estimated rates payable including GST						
				Capital value \$250,000	Capital value \$600,000	Capital value \$4,000,000				
- Lower Clutha flood and drainage scheme	Capital value	Where the property is situated using approved classifications	\$748,000 allocated as: A \$54,000 B \$133,000 C \$272,000 D \$46,000 E \$41,000 F \$23,000 U1 \$2,000 U2 \$134,000 U3 \$8,000 U4 \$35,000	\$1,339.94	\$3,215.86	\$21,439.04				
				\$532.03	\$1,276.88	\$8,512.52				
				\$502.48	\$1,205.94	\$8,039.60				
				\$315.28	\$756.67	\$5,044.48				
				\$167.49	\$401.98	\$2,679.88				
				\$19.71	\$47.29	\$315.28				
				\$532.10	\$1,277.03	\$8,513.56				
				\$177.35	\$425.63	\$2,837.52				
				\$39.41	\$94.58	\$630.52				
				\$29.56	\$70.94	\$472.92				
				- Lower Taieri flood protection scheme	Capital value	Where the property is situated using approved classifications	\$862,000 allocated as: WF1 \$428,000 WF2 \$337,000 WF3 \$200 WF4 \$190 WF5 \$1 WF6 \$5 WF7 \$2 WF8 \$900 WF9 \$2 EF1 \$22,000 EF2 \$32,000 EF3 \$1,000 EF4 \$8,500 EF5 \$1,400 EF6 \$1,100 EF7 \$500 EF8 \$23,000 EF9 \$2,000 EF10 \$1,200 EF12 \$1,600 EF13 \$2,400	\$519.87	\$1,247.68	\$8,317.84
								\$307.61	\$738.26	\$4,921.72
								\$4.89	\$11.73	\$78.20
								\$7.60	\$18.24	\$121.60
\$0.60	\$1.44	\$9.60								
\$0.89	\$2.14	\$14.24								
\$0.86	\$2.07	\$13.80								
\$36.55	\$87.73	\$584.84								
\$0.50	\$1.19	\$7.92								
\$280.19	\$672.44	\$4,482.96								
\$293.09	\$703.40	\$4,689.36								
\$291.52	\$699.64	\$4,664.28								
\$236.70	\$568.08	\$3,787.20								
\$6.58	\$15.79	\$105.24								
\$290.97	\$698.32	\$4,655.44								
\$4.00	\$9.60	\$64.40								
\$3.78	\$9.07	\$60.44								
\$1.75	\$4.21	\$28.04								
\$2.18	\$5.23	\$34.88								
\$344.04	\$825.70	\$5,504.64								
\$343.96	\$825.50	\$5,503.32								

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. revenue sought for 2018/19 including GST	Estimated rates payable including GST		
				Capital value \$250,000	Capital value \$600,000	Capital value \$4,000,000
- East Taieri drainage scheme	Differential rate per hectare	Where the property is situated within the defined scheme area	\$388,000 allocated as follows: ED1 \$141,000 ED2 \$92,000 ED4 \$15,000 ED5 \$56,000 ED7 \$17,000 ED8 \$34,000 ED9 \$23,000 ED10 \$9,000	\$155.64 \$118.71 \$131.22 \$59.19 \$201.95 \$39.27 \$34.06 \$30.26	\$155.64 \$118.71 \$131.22 \$59.19 \$201.95 \$39.27 \$34.06 \$30.26	\$155.64 \$118.71 \$131.22 \$59.19 \$201.95 \$39.27 \$34.06 \$30.26
	Uniform rate per hectare	Where the property is situated within the defined scheme area	\$129,000 allocated to ED1, ED2, ED4, ED5, ED8, ED9 and ED10	\$28.10	\$28.10	\$28.10
- West Taieri drainage scheme	Differential rate per hectare	Where the property is situated within the defined scheme area	\$443,000 allocated as: WD1 \$355,300 WD2 \$59,300 WD3 \$19,100 WD4 \$9000 WD5 \$300	\$83.80 \$23.03 \$62.53 \$83.81 \$0.34	\$83.80 \$23.03 \$62.53 \$83.81 \$0.34	\$83.80 \$23.03 \$62.53 \$83.81 \$0.34
	Uniform rate per hectare	Where the property is situated within the defined scheme area	\$190,000 allocated to WD1, WD2, WD3 and WD4.	\$26.26	\$26.26	\$26.26
- Tokomairiro drainage scheme	Capital value	Where the property is situated within the defined scheme area	\$121,000 allocated as: A \$7,000 B \$14,000 C \$16,000 D \$24,000 E \$12,000 F \$19,000 U1 \$29,000	\$162.75 \$122.06 \$97.65 \$73.24 \$40.69 \$16.28 \$24.41	\$390.59 \$292.94 \$234.36 \$175.77 \$97.65 \$39.06 \$58.59	\$2,603.96 \$1,952.96 \$1,562.40 \$1,171.80 \$651.00 \$260.40 \$390.60
- Shotover Delta	Capital value	Where the property is situated within the defined scheme area	\$92,000	\$1.22	\$2.92	\$19.48

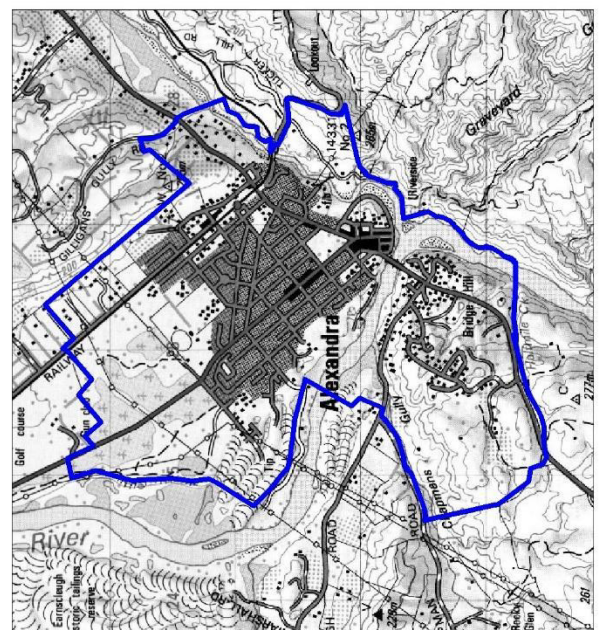
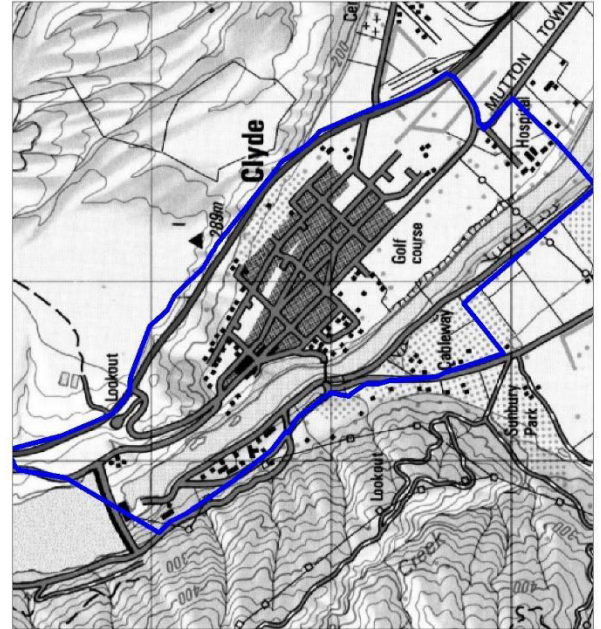
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. revenue sought for 2018/19 including GST	Estimated rates payable including GST		
				Capital value \$250,000	Capital value \$600,000	Capital value \$4,000,000
<b>River management</b> - City and district river management	Capital value	Where the property is situated	\$1,760,000 allocated as: Central Otago \$345,000 Clutha \$345,000 Dunedin \$230,000 Waitaki \$460,000 Wakatipu \$172,000 Wanaka \$207,000	\$9.30 \$10.79 \$2.51 \$19.08 \$1.97 \$5.13	\$22.31 \$25.89 \$6.03 \$45.80 \$4.72 \$12.32	\$148.72 \$172.60 \$40.20 \$305.32 \$31.44 \$82.12
- Lower Waitaki	Capital value	Where the property is situated within the defined scheme area	\$163,000 allocated as: A \$101,000 B \$62,000	\$300.80 \$150.40	\$721.91 \$360.97	\$4,812.72 \$2,406.44
<b>Water quality</b>	Capital value	Land use type being: - Rural arable farming - Rural dairy - Rural forestry - Rural market gardens and orchards - Rural mineral extraction - Rural multi use within rural industry - Rural specialist livestock - Rural stock finishing - Rural store livestock - Rural vacant - Lifestyle 2 hectares and above	\$1,270,000 Central Otago \$266,000 Clutha \$366,000 Dunedin \$188,000 Queenstown \$251,000 Waitaki \$199,000	\$17.10 \$15.20 \$16.91 \$15.20 \$15.20	\$41.03 \$36.48 \$40.57 \$36.48 \$36.48	\$273.52 \$243.20 \$270.48 \$243.20 \$243.20
<b>Wilding trees</b>	Fixed charge per rating unit		\$240,000 allocated as \$2.22 per rating unit	\$2.22	\$2.22	\$2.22

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. revenue sought for 2018/19 including GST	Estimated rates payable including GST		
				Capital value \$250,000	Capital value \$600,000	Capital value \$4,000,000
<b>Emergency management</b>	Fixed charge per rating unit		\$2,822,000	\$25.88	\$25.88	\$25.88
<b>Transport</b>	Capital value	Where the property is situated within the defined scheme area, and differentiated on basis of land use: Class A – non-residential Class B – others	\$4,573,000 allocated as: Class A \$1,380,000 Class B \$3,173,000 - Dunedin \$20,000 - Waitaki	\$177.43	\$425.83	\$2,838.84
- Wakatipu passenger transport	Capital value	Where the property is situated within the defined scheme area, and differentiated on basis of land use: Class A – non-residential Class B – others	\$826,000 allocated as: Class A \$212,000 Class B \$613,000	\$47.32 \$42.55	\$113.56 \$102.11	\$757.04 \$680.72
				\$18.46 \$9.23	\$44.30 \$22.15	\$295.32 \$147.64

Council does not require a lump sum contribution for any of its targeted rates.

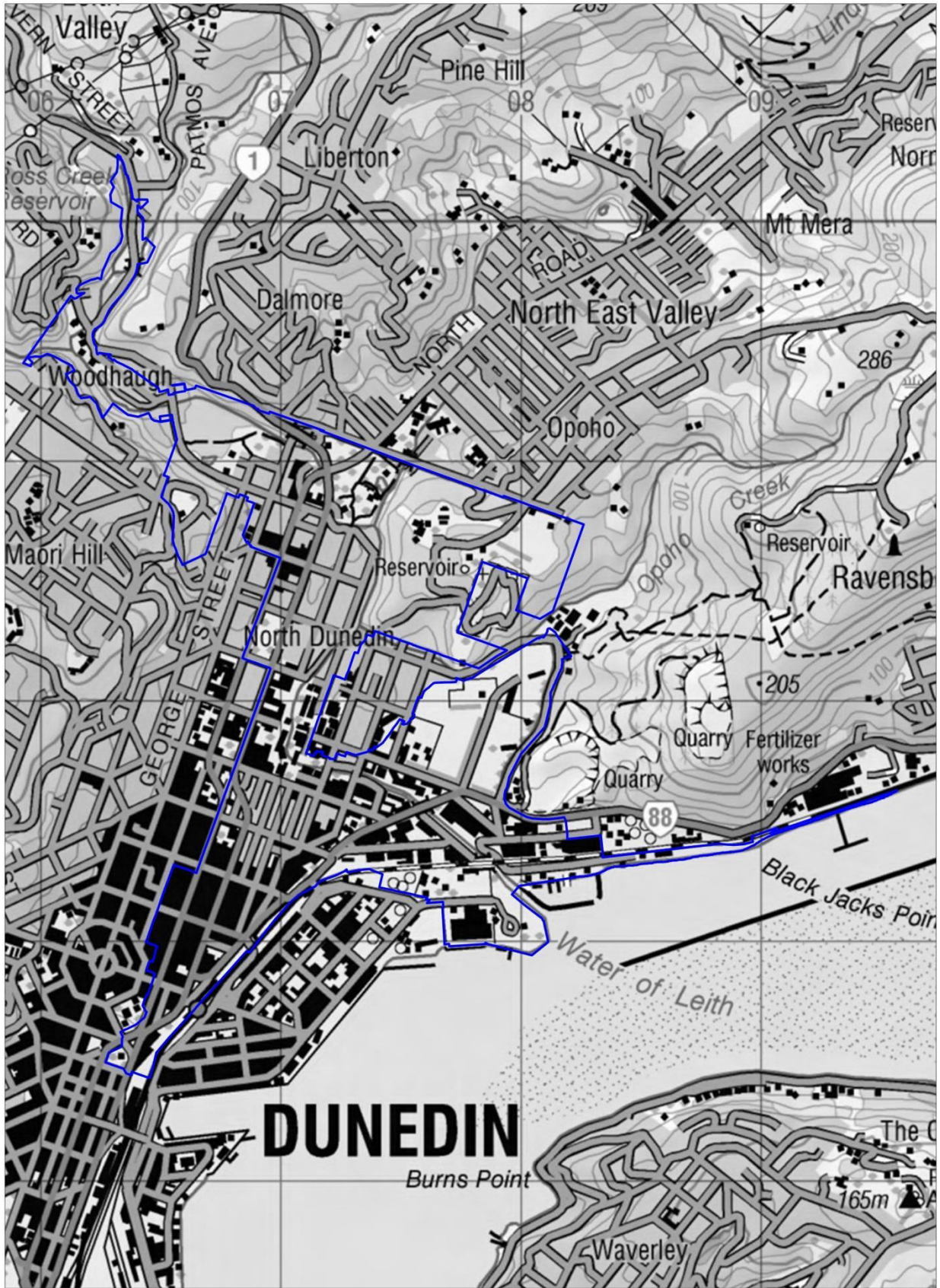


**CLEAN HEAT CLEAN AIR TARGETED RATING AREAS**



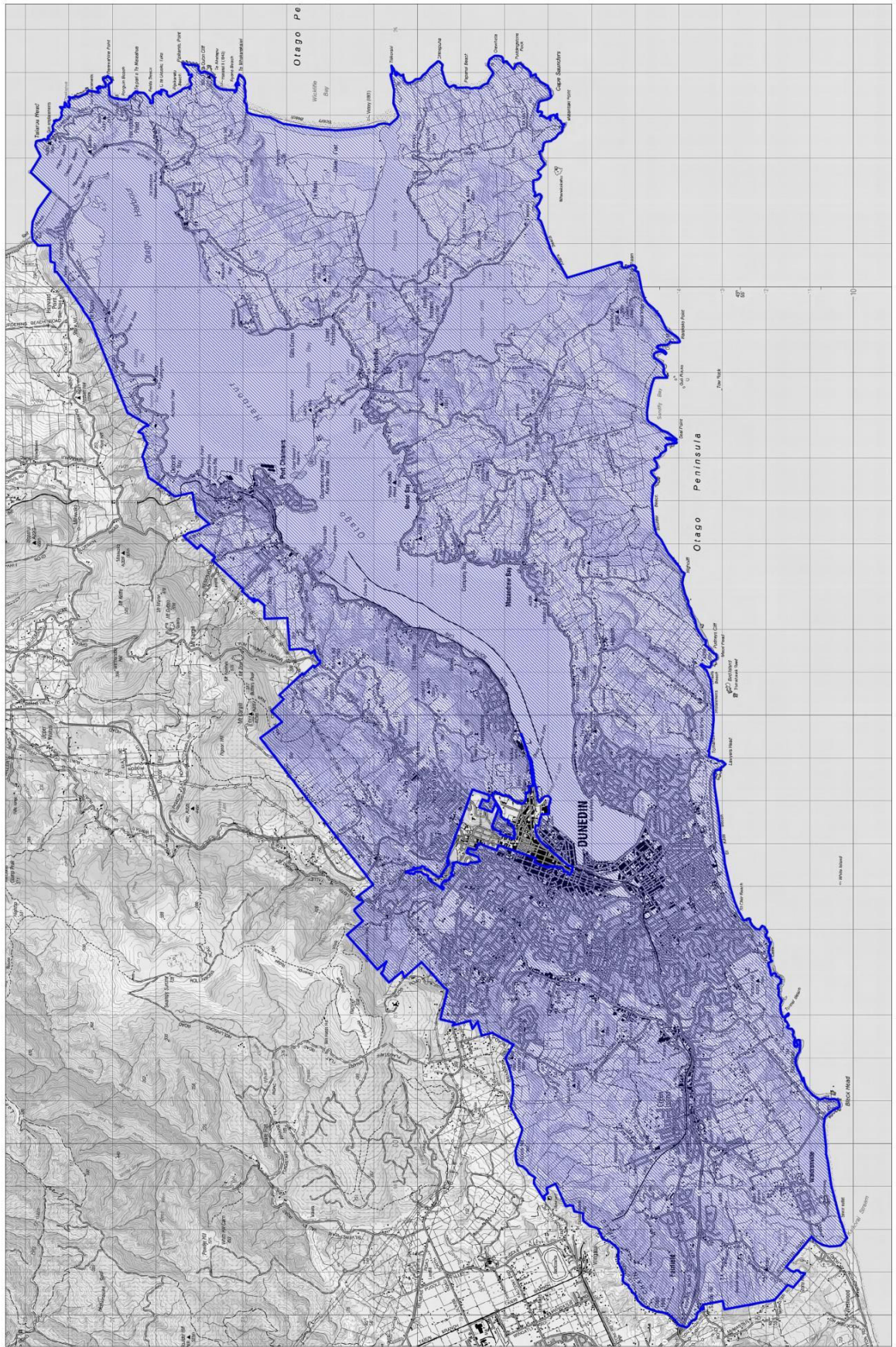
**LEGEND**

Rating Area Boundary



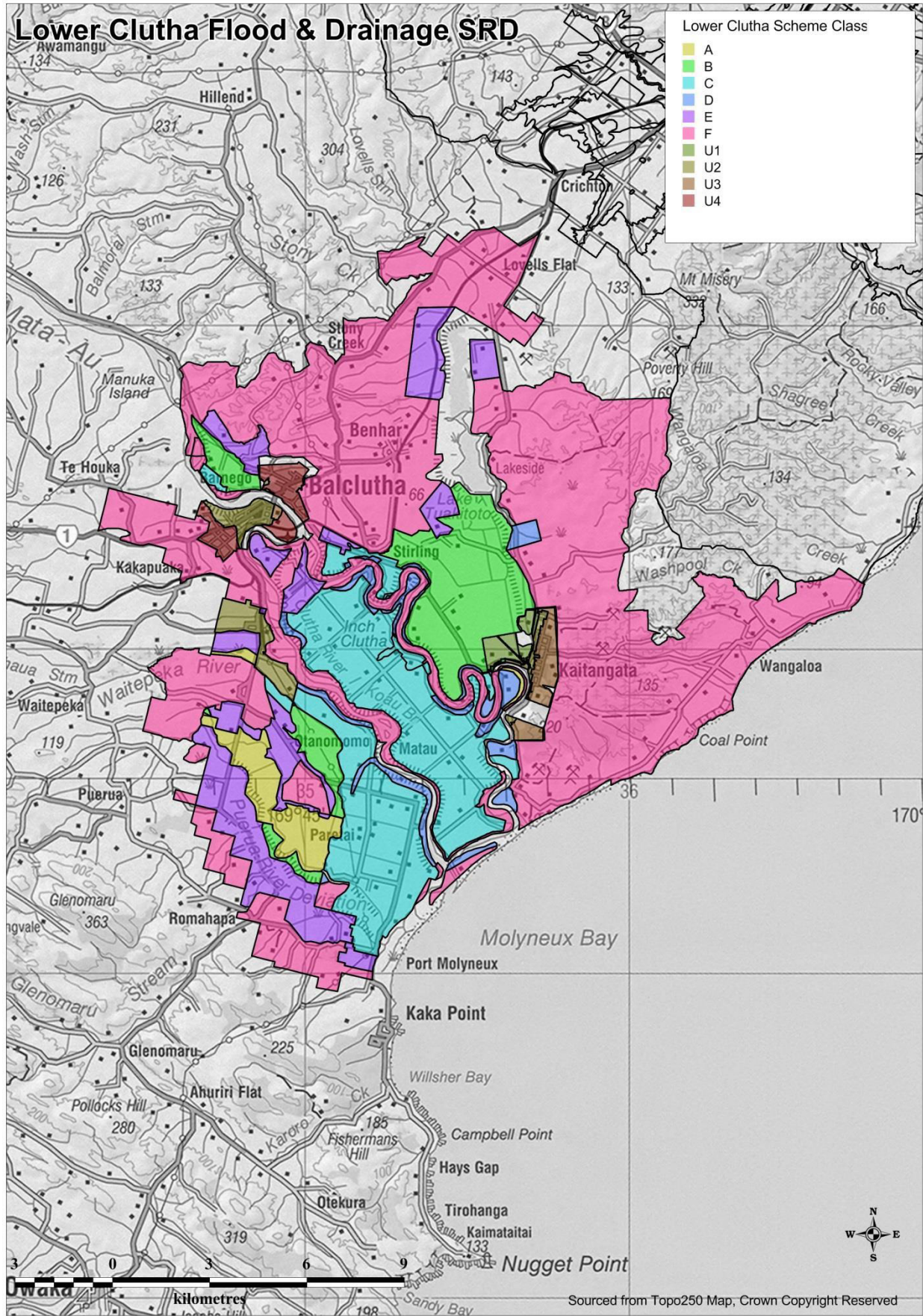
**Leith Flood Protection Scheme -  
Direct Benefit Zone**

0.25 0 0.25 0.5  
kilometres



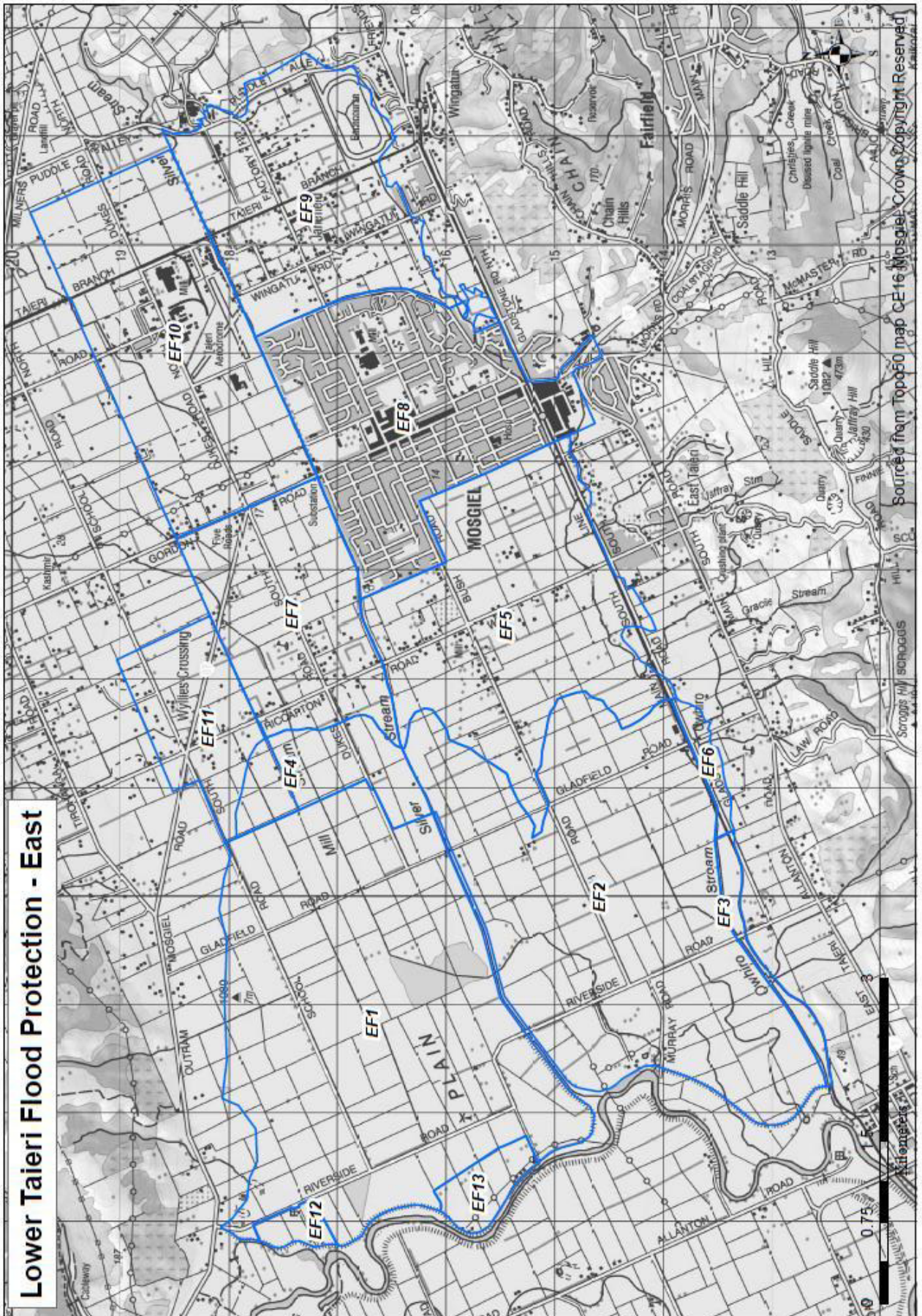
**Leith Flood Protection Scheme -  
Indirect Benefit Zone**

# Lower Clutha Flood & Drainage SRD

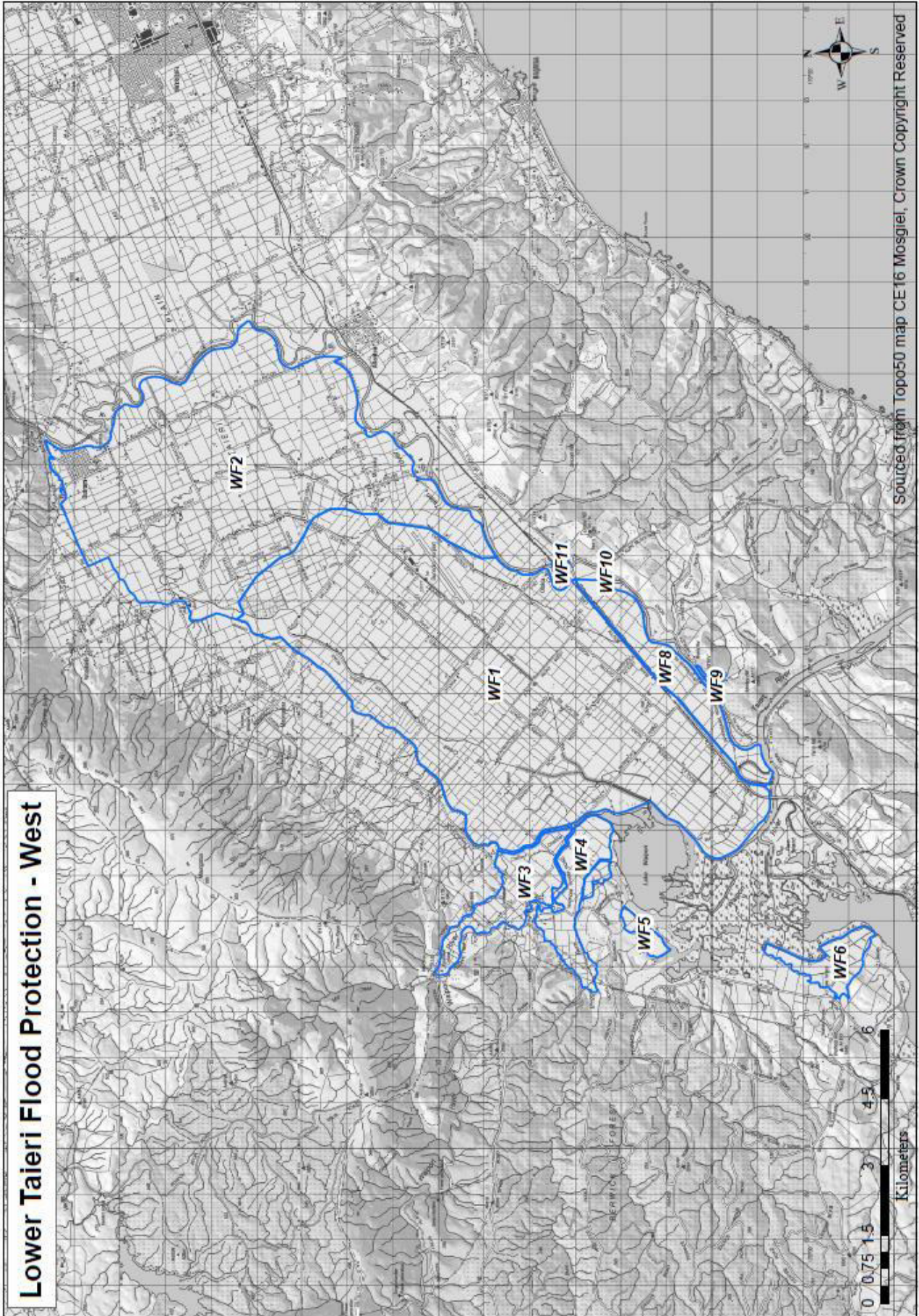


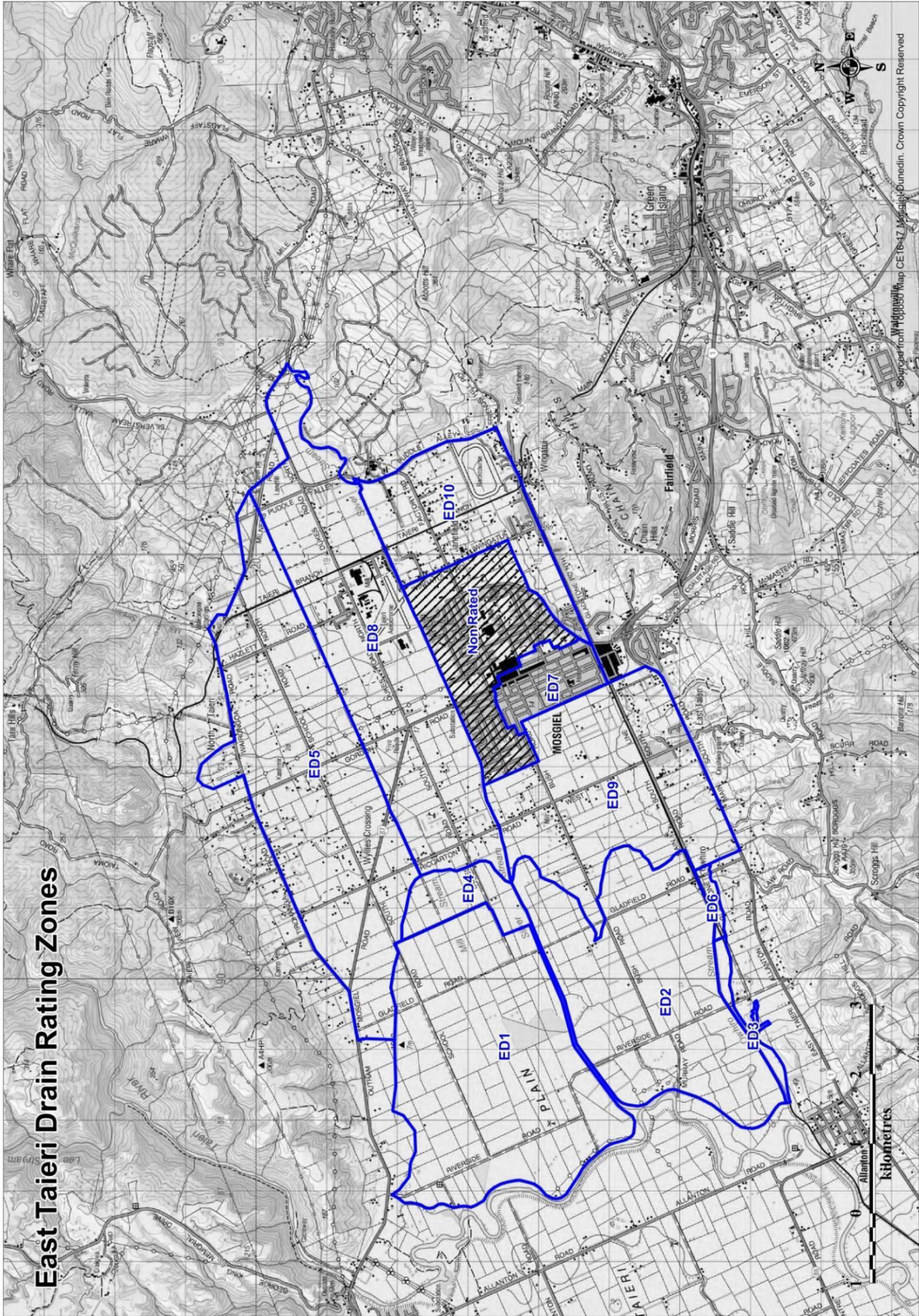
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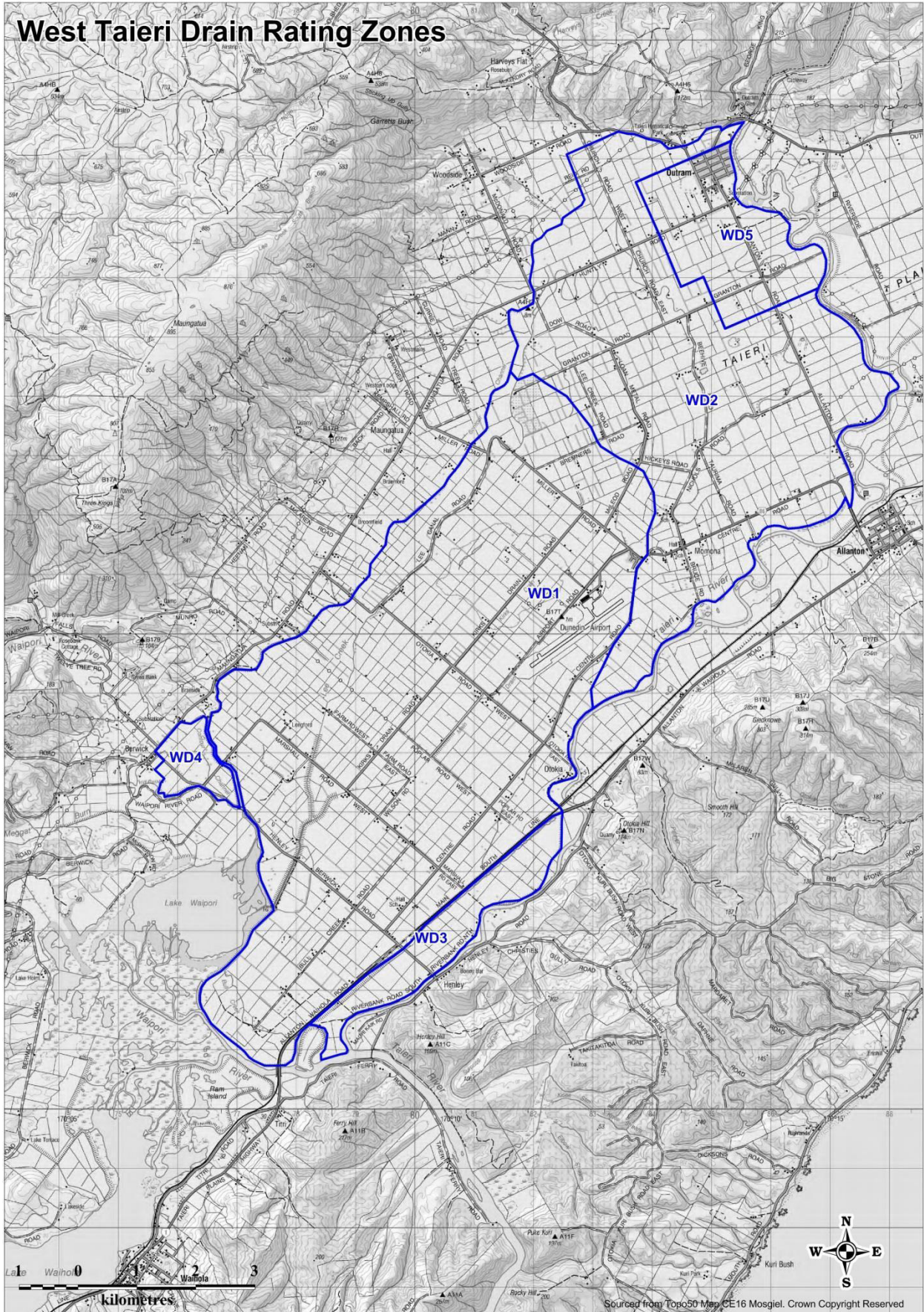


Lower Taieri Flood Protection - East

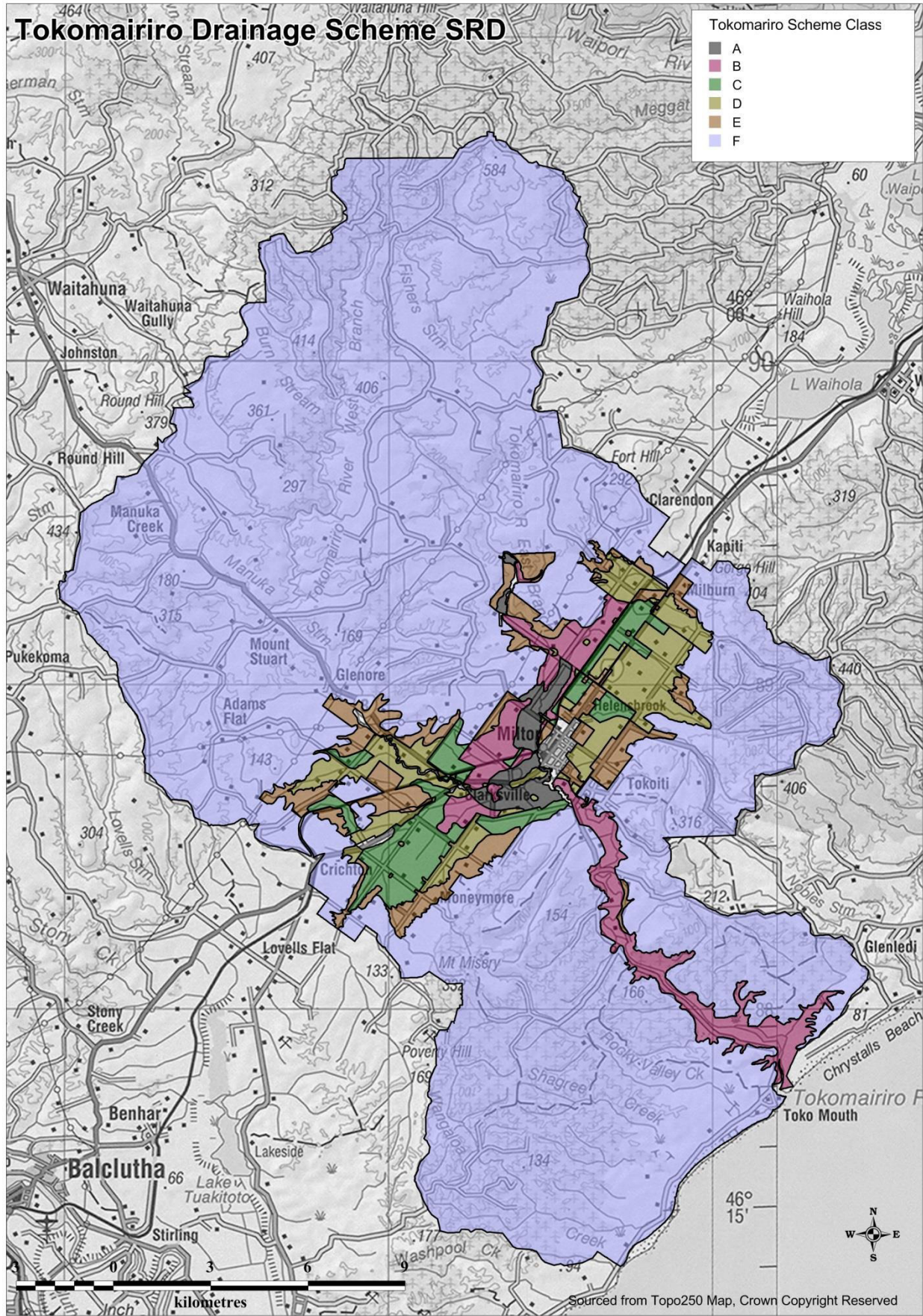


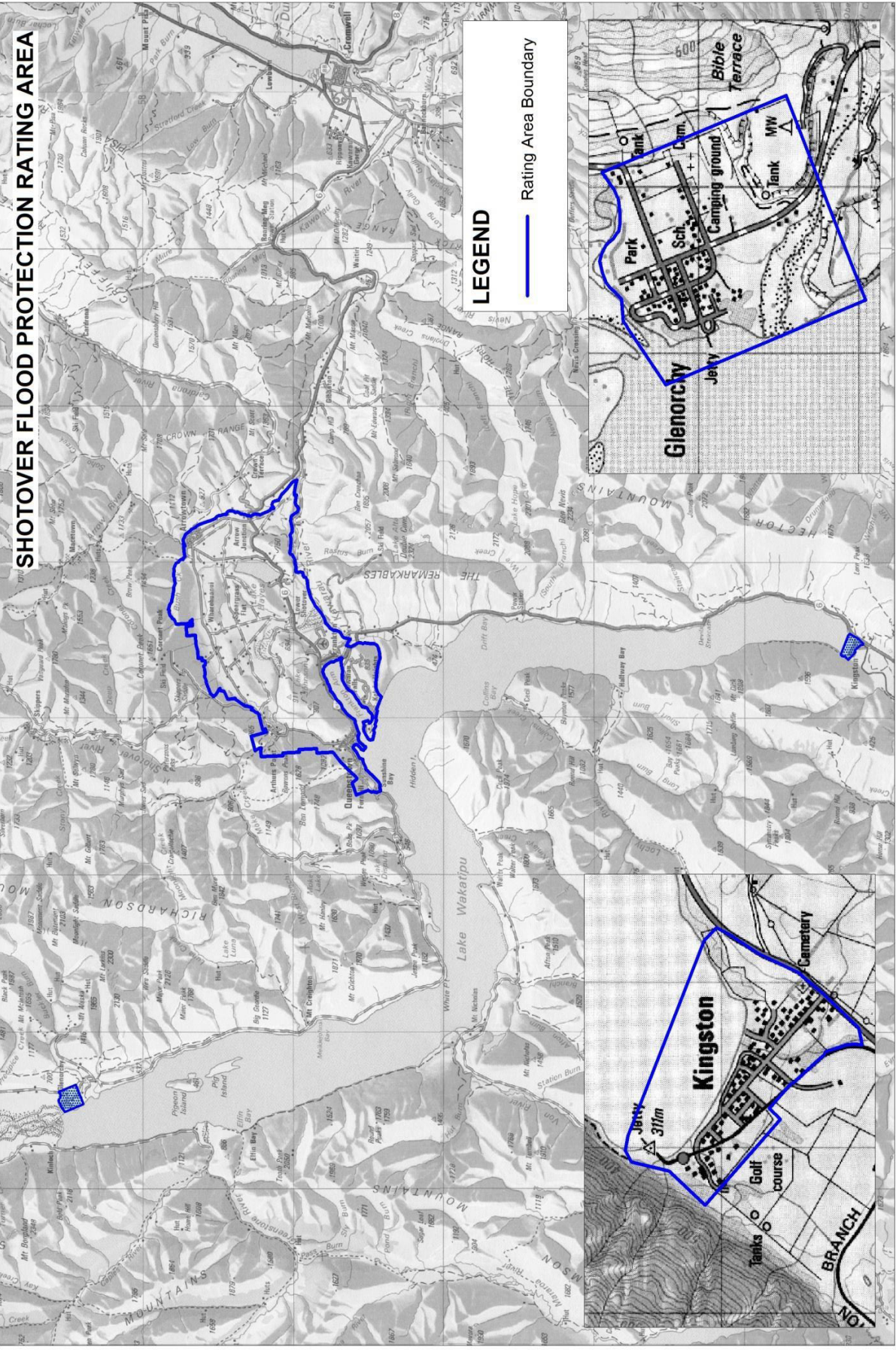


# West Taieri Drain Rating Zones

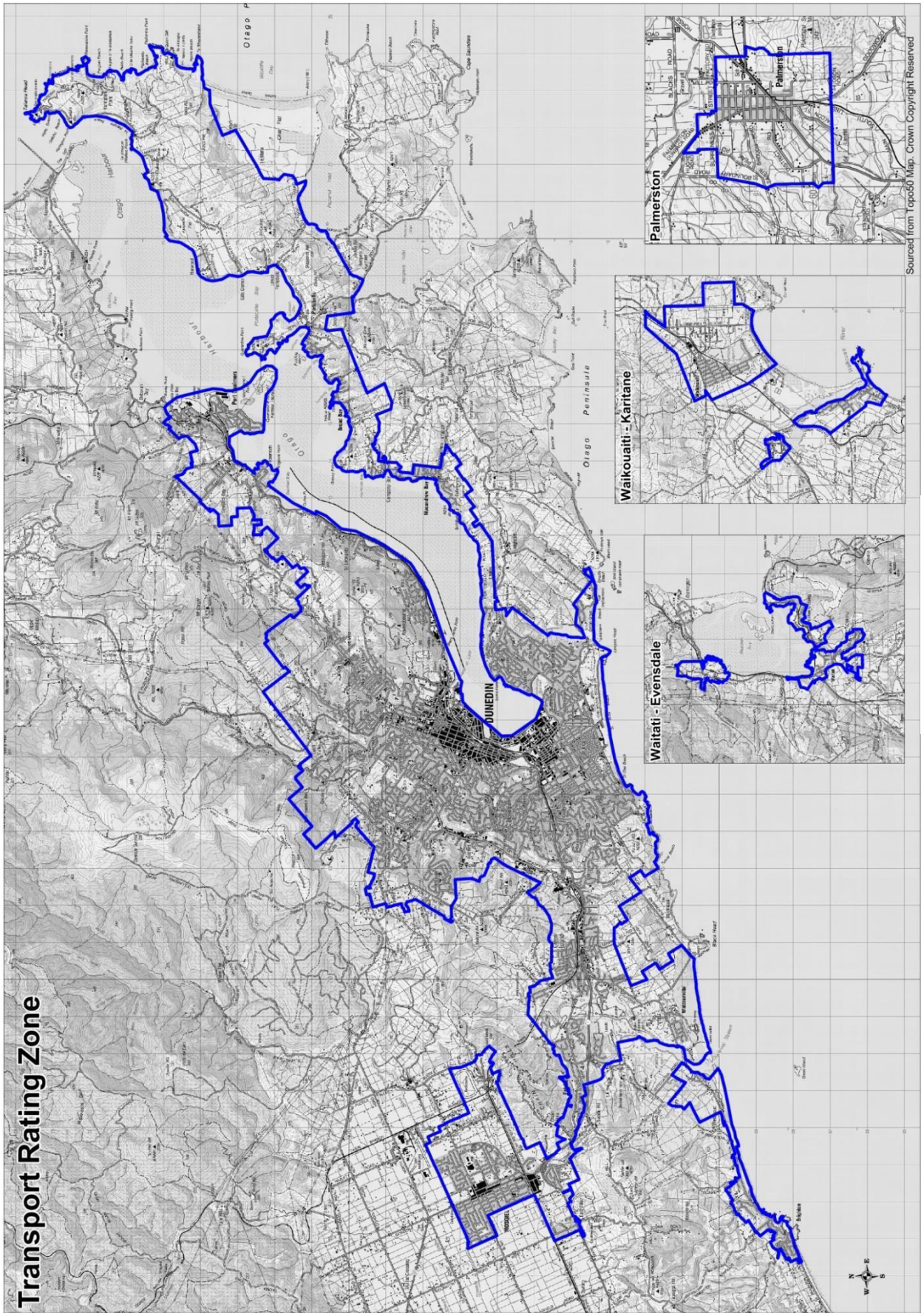


# Tokomairiro Drainage Scheme SRD

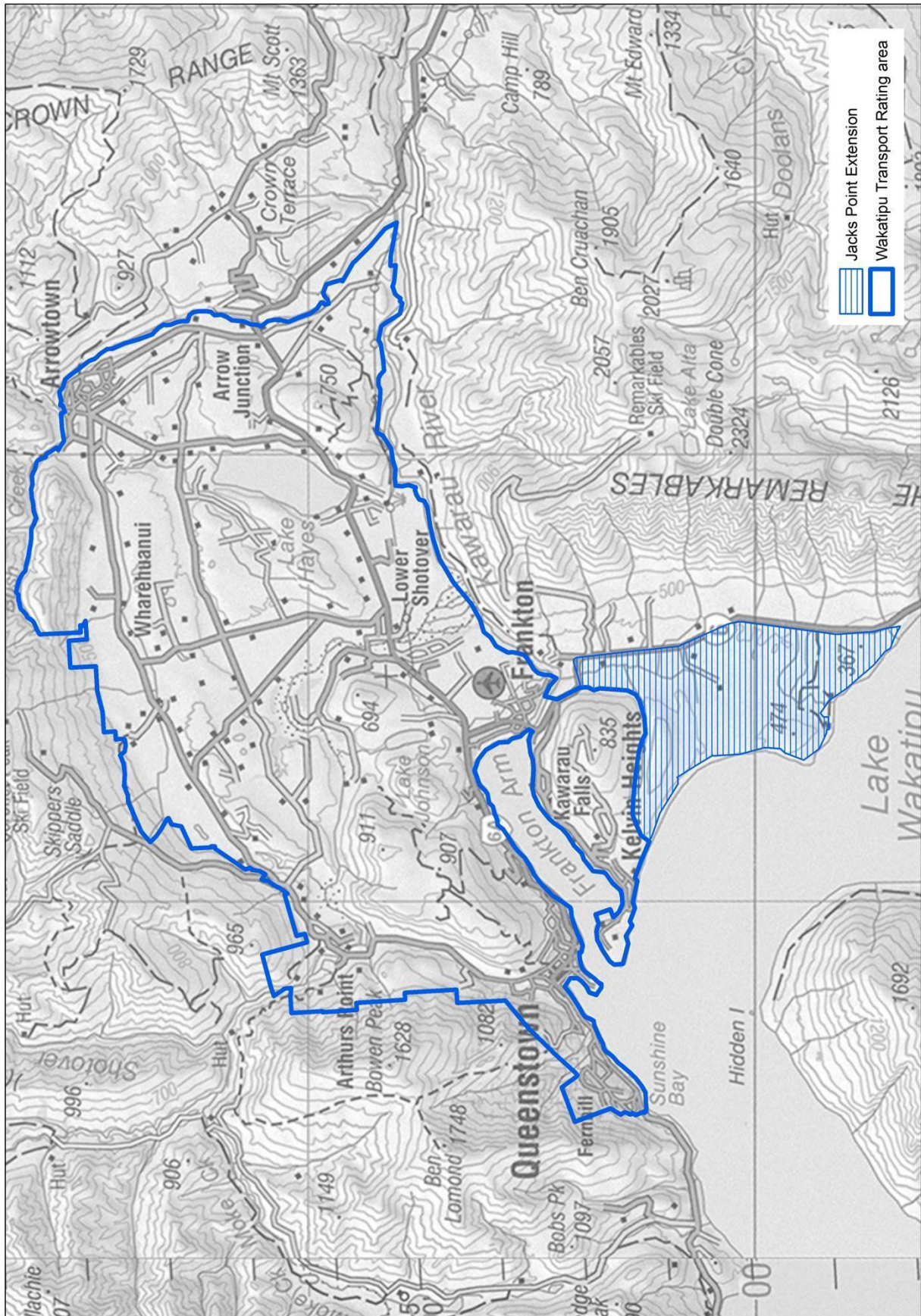




# Transport Rating Zone



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## Effect of Rating

The rating implications (GST exclusive) of the activities included in this plan are estimated as follows:

Annual Plan 2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
7,275	8,808	10,816	11,546	11,846	12,119	11,574	11,546	12,186	12,795	12,053
-	-	-	-	-	-	-	-	-	-	-
1,190	1,104	1,141	1,442	1,516	1,567	1,601	1,636	1,671	1,712	1,750
187	188	188	188	188	188	188	188	188	188	188
<b>Targeted river management rates:</b>										
300	300	300	300	300	300	300	300	330	360	390
265	300	330	360	390	420	450	480	510	540	570
150	200	250	300	350	400	450	500	500	500	500
126	142	144	148	152	156	160	163	167	172	176
150	150	150	150	150	150	150	150	150	150	150
167	180	180	180	200	200	200	220	240	260	280
400	400	400	400	400	450	450	450	450	450	450
<b>Targeted passenger transport services rate:</b>										
3,632	3,977	4,384	4,774	5,219	5,730	5,852	5,926	5,996	5,969	5,937
600	718	845	948	1,091	1,291	1,391	1,591	1,791	1,791	1,790
<b>Targeted catchment rates:</b>										
425	450	475	500	525	550	550	550	550	550	550
1,365	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461
600	650	700	750	750	750	750	750	750	750	750
700	750	800	800	800	800	800	800	800	800	800
150	80	80	80	80	80	80	80	80	80	80
95	105	122	134	156	188	210	232	234	236	238
517	550	600	650	700	750	750	750	750	750	750
<b>Targeted wilding tree rates:</b>										
24	25	26	25	26	26	27	28	28	29	29
17	18	18	18	18	19	19	19	20	20	21
96	100	102	101	103	105	108	110	113	115	118
44	46	47	46	47	48	49	50	52	53	54
19	20	20	20	20	21	21	22	22	23	23
<b>Emergency management rates</b>										
286	291	287	292	298	307	313	321	328	335	343
210	214	211	214	219	225	230	235	241	246	252
1,152	1,173	1,155	1,176	1,202	1,235	1,262	1,292	1,321	1,351	1,383
527	537	528	538	550	565	577	591	604	618	633
235	239	236	240	245	252	257	263	269	276	282

## Statement of Comprehensive Revenue and Expense

Annual Plan 2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
<b>Revenue from non-exchange transactions:</b>										
20,910	23,173	25,997	27,780	29,000	30,352	30,230	30,704	31,802	32,579	32,002
11,926	9,790	10,187	9,145	8,941	8,912	9,133	9,294	9,356	9,609	9,757
9,611	10,735	13,879	14,270	14,375	15,188	15,570	15,838	16,287	16,590	16,929
<b>Revenue from exchange transactions:</b>										
9,000	8,450	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300	9,500
1,511	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512
2,955	2,561	0	0	0	0	0	0	0	0	0
55,913	56,221	59,475	60,807	62,128	64,464	65,145	66,248	68,057	69,590	69,700
<b>Expenditure:</b>										
16,011	17,561	18,000	18,404	18,825	19,247	19,686	20,142	20,599	21,073	21,565
2,014	2,402	2,516	2,534	2,458	2,471	2,396	2,411	2,508	2,622	2,532
2	2	2	2	2	2	2	2	2	2	2
39,612	40,021	41,371	40,793	40,551	41,986	41,495	42,087	43,667	44,097	44,296
57,639	59,986	61,889	61,733	61,836	63,706	63,579	64,642	66,776	67,794	68,395
333	335	344	355	366	376	388	399	411	423	436
(1,393)	(3,430)	(2,070)	(571)	658	1,134	1,954	2,005	1,692	2,219	1,741
<b>Other comprehensive revenue and expenses</b>										
<i>Item that may be reclassified to surplus/(deficit)</i>										
10,000	7,000	7,000	9,000	10,000	10,000	10,000	10,000	10,000	10,000	11,000
8,607	3,570	4,930	8,429	10,658	11,134	11,954	12,005	11,692	12,219	12,741

## Reconciliation of Funding Impact Statement to Statement of Comprehensive Revenue and Expense

Annual Plan 2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
	(959)	266	1,306	2,812	3,032	3,879	4,252	3,924	4,343	3,993
	<i>Add/(deduct):</i>									
<b>(2,014)</b>	(2,402)	(2,516)	(2,533)	(2,458)	(2,471)	(2,395)	(2,410)	(2,507)	(2,621)	(2,531)
<b>333</b>	335	345	355	366	377	388	400	412	424	437
<b>119</b>	(404)	(165)	301	(62)	196	82	(237)	(137)	73	(158)
<b>(1,393)</b>	<b>(3,430)</b>	<b>(2,070)</b>	<b>(571)</b>	<b>658</b>	<b>1,134</b>	<b>1,954</b>	<b>2,005</b>	<b>1,692</b>	<b>2,219</b>	<b>1,741</b>
	<b>Surplus/(deficit) from activities per Statement of Comprehensive Revenue and Expense</b>									

## *Depreciation by Activity*

Annual Plan 2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
	<b>Depreciation</b>									
<b>160</b>	229	275	284	301	311	317	329	343	376	391
<b>719</b>	805	843	885	890	874	878	817	816	824	694
<b>8</b>	20	20	10	8	3	2	2	1	1	1
<b>119</b>	9	12	15	18	20	21	23	25	27	28
<b>7</b>	40	40	36	36	35	35	35	35	35	32
<b>1,000</b>	1,300	1,326	1,303	1,206	1,228	1,143	1,205	1,287	1,359	1,385
<b>2,014</b>	<b>2,402</b>	<b>2,516</b>	<b>2,534</b>	<b>2,459</b>	<b>2,471</b>	<b>2,396</b>	<b>2,411</b>	<b>2,507</b>	<b>2,622</b>	<b>2,531</b>

## Statement of Financial Position

Annual Plan 2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
	<b>Current assets:</b>									
3,765	148	918	523	963	1,306	2,949	3,935	5,514	7,154	7,802
41,198	43,557	38,557	35,557	35,557	35,557	35,557	35,557	35,557	35,557	35,557
3,286	3,556	3,550	3,544	3,538	3,532	3,526	3,520	3,514	3,508	3,502
-	-	-	-	-	-	-	-	-	-	-
1,284	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093
207	261	261	261	261	261	261	261	261	261	261
49,740	48,615	44,379	40,978	41,412	41,749	43,386	44,366	45,939	47,573	48,215
	<b>Non-current assets:</b>									
93,922	93,452	94,921	96,910	96,243	96,194	95,692	95,948	95,347	95,265	95,670
11,431	11,493	11,838	12,193	12,558	12,935	13,323	13,723	14,135	14,559	14,995
438,239	456,037	463,037	472,037	482,037	492,038	502,037	512,037	522,036	532,036	543,037
3,357	4,233	4,585	5,071	5,598	6,067	6,497	6,866	7,174	7,418	7,675
98	98	98	98	98	98	98	98	98	98	98
547,047	565,313	574,479	586,309	596,534	607,331	617,647	628,672	638,790	649,377	661,475
596,787	613,928	618,858	627,287	637,945	649,080	661,033	673,038	684,730	696,949	709,690
	<b>Current liabilities:</b>									
4,134	7,159	7,159	7,159	7,159	7,159	7,159	7,159	7,159	7,159	7,159
1,483	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665
5,617	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824
	<b>Non-current liabilities:</b>									
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
5,617	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824
591,170	605,104	610,034	618,463	629,121	640,256	652,209	664,214	675,906	688,125	700,866
	<b>Equity:</b>									
133,746	129,712	127,844	127,491	128,215	128,804	129,606	130,428	130,867	131,738	132,078
418,239	436,037	443,036	452,038	462,037	472,038	482,037	492,037	502,036	512,036	523,037
4,560	3,979	3,170	2,089	911	308	223	129	60	44	35
13,770	14,499	15,006	15,531	16,075	16,637	17,220	17,822	18,446	19,092	19,760
242	331	267	200	207	214	222	229	237	246	254
4,168	4,320	4,471	4,628	4,790	4,958	5,131	5,311	5,497	5,689	5,888
736	403	127	77	78	79	79	80	81	82	83
6,339	6,391	6,336	6,279	6,311	6,344	6,429	6,516	6,607	6,700	6,797
9,370	9,432	9,777	10,132	10,497	10,874	11,262	11,662	12,074	12,498	12,934
591,170	605,104	610,034	618,463	629,121	640,256	652,209	664,214	675,906	688,125	700,866

## Statement of Changes in Net Assets/Equity

Annual Plan 2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
<b>582,563</b>	<b>601,534</b>	<b>605,104</b>	<b>610,034</b>	<b>618,463</b>	<b>629,121</b>	<b>640,246</b>	<b>652,209</b>	<b>664,214</b>	<b>675,906</b>	<b>688,125</b>
<b>8,607</b>	3,570	4,930	8,429	10,658	11,135	11,953	12,005	11,692	12,219	12,741
<b>591,170</b>	<b>605,104</b>	<b>610,034</b>	<b>618,463</b>	<b>629,121</b>	<b>640,256</b>	<b>652,209</b>	<b>664,214</b>	<b>675,906</b>	<b>688,125</b>	<b>700,866</b>
	<b>Net movements</b>									
<b>(1,726)</b>	(3,765)	(2,415)	(926)	292	758	1,566	1,605	1,280	1,795	1,304
<b>1,514</b>	1,423	546	573	432	(169)	(763)	(784)	(840)	(924)	(964)
<b>10,000</b>	7,000	7,000	9,000	10,000	10,000	10,000	10,000	10,000	10,000	11,000
<b>(728)</b>	(1,131)	(810)	(1,081)	(1,178)	(602)	(85)	(94)	(68)	(16)	(9)
<b>(200)</b>	408	507	525	544	563	582	603	624	646	668
<b>8</b>	(207)	(64)	(67)	7	7	7	8	8	8	9
<b>141</b>	146	151	157	162	168	174	180	186	192	199
<b>(747)</b>	(584)	(276)	(50)	1	1	1	1	1	1	1
<b>12</b>	(55)	(55)	(57)	32	33	84	87	90	94	97
<b>333</b>	335	345	355	366	377	388	400	412	424	437
<b>8,607</b>	<b>3,570</b>	<b>4,930</b>	<b>8,429</b>	<b>10,658</b>	<b>11,135</b>	<b>11,953</b>	<b>12,005</b>	<b>11,692</b>	<b>12,219</b>	<b>12,741</b>
<b>591,170</b>	<b>605,104</b>	<b>610,034</b>	<b>618,463</b>	<b>629,121</b>	<b>640,256</b>	<b>652,209</b>	<b>664,214</b>	<b>675,906</b>	<b>688,125</b>	<b>700,866</b>

## Reserves

Reserve	Opening Balance 1 July 2018 \$000s	Transfers In \$000s	Transfers Out \$000s	Closing Balance 30 June 2028 \$000s
<b>Public equity</b>	131,580	106,228	(99,308)	138,500
Asset replacement	5,110	22,171	(27,247)	35
Asset revaluation	9,097	3,837		12,934
Available for sale revaluation	429,037	94,000		523,037
Building	14,090	5,752	(82)	19,760
Emergency response	4,174	1,714		5,888
Kuriwao endowment	6,446	3,358	(3,007)	6,797
Water management reserve	987	640	(1,544)	83
Environmental enhancement reserve	538	2,594	(2,878)	254
Central Otago river management	398	3,299	(3,385)	312
Clutha river management	157	4,354	(4,438)	73
Dunedin river management	1,955	4,337	(5,695)	597
Lower Waitaki flood protection	(19)	1,756	(1,764)	(27)
Waitaki river management	6	4,334	(4,272)	69
Wakatipu river management	707	1,650	(2,146)	210
Wanaka river management	423	2,214	(2,618)	19
Alexandra flood protection	438	2,845	(2,665)	618
East Taieri drainage	582	5,779	(6,222)	138
Leith flood protection	(9,423)	16,406	(15,236)	(8,254)
Lower Clutha drainage and flood protection	142	12,434	(13,395)	(818)
Lower Taieri flood protection	1,008	9,761	(10,600)	169
Shotover flood protection	(67)	818	(701)	49
Tokomairiro drainage	155	1,862	(1,946)	71
West Taieri drainage	(1,016)	8,276	(8,923)	(1,664)
Dunedin transport	4,779	170,669	(172,651)	2,797
Wakatipu transport	(35)	72,779	(72,006)	738
Clean heat	413	21	(1,355)	(920)
Dairy monitoring	(75)	1,902	(1,691)	136
Wilding pines		2,239	(2,239)	
Rural water quality	(54)	20,187	(20,868)	(735)
Emergency management				
<b>Total</b>	<b>601,534</b>	<b>588,215</b>	<b>(488,883)</b>	<b>700,866</b>

### ***Asset Replacement Reserve***

This reserve represents funds held for the replacement of Council operational assets and is funded by depreciation and proceeds from asset sales.

### ***Asset Revaluation Reserve***

This reserve arises on the revaluation of investment property.

### ***Available for Sale Revaluation Reserve***

This reserve arises on the revaluation of Council's shares in its wholly owned subsidiary company Port Otago Limited.

### ***Building Reserve***

This reserve was established to start setting aside funding that would be available for a new Head Office for Council in the future.

### ***Emergency Response Reserve***

This reserve was established to enable Council to respond appropriately to emergency situations. If a call is made on the reserve, rate funding will be used to reimburse the reserve. Interest is earned each year on reserve balances.

### ***Kuriwao Endowment Reserve***

This reserve represents the accumulation of net income from Kuriwao endowment land less any distribution of that income. Proceeds from the freeholding of leased land are also included in this reserve, along with interest earned.

### ***Water Management Reserve***

This reserve allows for the provision of funding assistance to be given towards feasibility and preliminary design ideas for meeting future community water demand in Otago, and for co-operation with the provision of data and information held by Council for community water management purposes, aligned with Council's objectives.

### ***Environmental Enhancement Reserve***

This reserve is available to provide funding assistance to community and other groups with projects aimed to enhance our environment.

### ***River Management Reserves***

Targeted rating is used to fund river management works across the city and districts within Otago. Each area has its own reserve, which earns interest. Any unspent rating is allocated to the appropriate reserve. The reserves may be drawn upon to assist funding the work programmes.

### ***Flood and Drainage Scheme Reserves***

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

Funded depreciation and unspent rates are allocated to each scheme's reserve, which is then used to fund scheme capital expenditure. The reserves may go into deficit if there are insufficient funds to cover the capital spend. Interest is charged on deficit funds and earned on available funds.



### ***Transport Reserves***

Targeted rating is used in Dunedin and Wakatipu where Council provides subsidised bus services. Any unspent money is allocated to these reserves and used to assist targeted rate smoothing and making improvements to bus services as appropriate.

### ***Clean Heat Reserve***

Targeted rating has previously been used in Airzone 1 and Milton, areas of poorest air quality in Otago, where Council provides subsidies on clean heating appliances, but this ceased in 2016/17. Unspent money has been allocated to this reserve, which are now the principle source of funding for the subsidy.

## Statement of Cashflows

Annual Plan 2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
	<b>Cashflows from operating activities</b>									
	<i>Cash provided from:</i>									
20,910	23,174	25,996	27,780	29,001	30,352	30,230	30,704	31,802	32,579	32,002
9,611	13,301	13,885	14,276	14,381	15,194	15,576	15,844	16,293	16,596	16,935
11,926	9,790	10,187	9,145	8,941	8,912	9,133	9,294	9,356	9,609	9,757
2,961	Other receipts – exchange transactions									
9,000	8,450	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300	9,500
1,511	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512
55,919	56,227	59,481	60,813	62,134	64,470	65,151	66,254	68,063	69,596	69,706
	<i>Cash applied to:</i>									
55,624	57,582	59,372	59,197	59,276	61,233	61,182	62,230	64,267	65,171	65,862
2	2	2	2	2	2	2	2	2	2	2
55,626	57,584	59,374	59,199	59,378	61,235	61,184	62,232	64,269	65,173	65,864
293	(1,357)	107	1,614	2,757	3,234	3,966	4,021	3,793	4,422	3,841
	<b>Cashflows from investing activities</b>									
	<i>Cash provided from:</i>									
-	500	410	419	429	438	448	459	469	480	491
-	Property, plant and equipment sales									
-	Deferred tax asset realised									
15,000	500	5,000	3,000	-	-	-	-	-	-	-
15,000	1,000	5,410	3,419	429	438	448	459	469	480	491
	<i>Cash applied to:</i>									
5,210	6,075	3,798	4,379	1,673	2,231	1,647	2,344	1,507	2,060	2,453
1,620	1,316	949	1,049	1,073	1,099	1,124	1,150	1,176	1,203	1,231
6,830	7,391	4,747	5,428	2,746	3,330	2,771	3,494	2,683	3,263	3,684
8,170	(6,391)	663	(2,009)	(2,317)	(2,891)	(2,323)	(3,035)	(2,213)	(2,783)	(3,193)
	<b>Cashflows from financing activities</b>									
	<i>Cash provided from:</i>									
-	Borrowings									
	<i>Cash applied to:</i>									
-	Repayment of borrowings									
8,463	(7,748)	770	(395)	440	343	1,643	986	1,579	1,639	648
(4,698)	7,896	148	918	523	963	1,306	2,949	3,935	5,514	7,154
3,765	148	918	523	963	1,306	2,949	3,935	5,514	7,154	7,802
	<b>Cash at 30 June</b>									

## Reconciliation of Net Surplus to Net Cash from Operating Activities

Annual Plan 2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
<b>(1,393)</b>	(3,430)	(2,070)	(571)	658	1,134	1,954	2,005	1,692	2,219	1,741
	Net surplus/(deficit) from activities									
	<i>Add/(deduct) non-cash items:</i>									
<b>2,014</b>	2,402	2,516	2,534	2,459	2,472	2,396	2,411	2,508	2,622	2,532
<b>(333)</b>	(335)	(345)	(355)	(366)	(377)	(388)	(400)	(412)	(424)	(437)
<b>5</b>	6	6	6	6	6	6	6	6	6	6
<b>293</b>	<b>(1,357)</b>	<b>107</b>	<b>1,614</b>	<b>2,757</b>	<b>3,234</b>	<b>3,966</b>	<b>4,021</b>	<b>3,793</b>	<b>4,422</b>	<b>3,841</b>
	<b>Net cash from operating Activities</b>									

## Schedule of Capital Expenditure

Annual Plan 2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
	<b>Environmental</b>									
<b>35</b>	80	51	10	11	11	11	11	12	12	12
	- Air monitoring									
<b>15</b>	5	5	5	5	5	6	6	6	6	6
	- Pest management									
<b>186</b>	638	446	493	509	384	392	401	411	420	430
	- Water monitoring sites									
	<b>Transport</b>									
<b>426</b>										
	- Stock truck effluent disposal sites									
	<b>Flood protection and control works</b>									
<b>-</b>	50				71	95	75			
	- Alexandra flood									
<b>755</b>	217	65	50	182	65	67	78	70	72	642
	- Lower Clutha flood and drainage									
<b>20</b>	727	699	1,597	22	301	23	315	24	25	25
	- Lower Taieri flood protection									
<b>268</b>	294	19	463	20	185	21	193	22	202	330
	- West Taieri drainage									
<b>117</b>	225	337	218	5	6	6	6	6	6	6
	- East Taieri drainage									
<b>45</b>	51	95	53	99	55	57	58	59	61	62
	- Tokomairiro									
<b>2,544</b>	2,671	1,195	584	309			324		339	
	- Leith flood protection									
	<b>Council</b>									
<b>300</b>	60	62	63	64	66	67	69	70	72	74
	- Property									
<b>360</b>	810	677	692	600	614	628	642	657	672	688
	- Cars and station wagons									
<b>1,675</b>	1,371	1,006	1,107	1,132	1,159	1,186	1,213	1,241	1,269	1,299
	- Computers and software									
<b>25</b>	140	42	42	42	44	44	46	46	48	50
	- Plant									
<b>50</b>	50	51	52	54	55	56	57	59	60	61
	- Sundry									
<b>6,830</b>	<b>7,391</b>	<b>4,747</b>	<b>5,428</b>	<b>2,746</b>	<b>3,330</b>	<b>2,771</b>	<b>3,494</b>	<b>2,683</b>	<b>3,263</b>	<b>3,684</b>
	<b>Total capital expenditure</b>									

## ***Summary of Accounting Policies***

### ***Reporting entity***

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

The Council Group (Group) consists of 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 Council is to provide goods or services for the community or social benefit, rather than making a financial return. Accordingly, Council has designated itself and the Group as public benefit entities for financial reporting purposes.

The prospective financial information contained in this Long Term Plan relates to Council only as the Group parent. Council has not presented Group prospective financial statements because Council believes that the parent prospective financial statements are more relevant to users. The main purpose of prospective financial statements in the Long Term Plan is to provide users with information about the core services that Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much Council requires by way of rates to fund the intended levels of service. The level of rate funding required is not affected by subsidiaries except to the extent that Council obtains distributions from those subsidiaries. Distributions from Council's subsidiary Port Otago Limited are included in the prospective financial statements of Council.

The Prospective Financial Statements of Council were adopted by Council on 27 June 2018.

### ***Statement of compliance***

The prospective financial statements have been prepared in accordance with PBE FRS 42, Prospective Financial Statements, and in accordance with Tier 1 PBE Standards appropriate for public benefit entities, as it relates to prospective financial statements.

The actual financial results are likely to vary from the information presented in these prospective financial statements, and the variations may be material.

No actual results have been incorporated in these prospective financial statements.

Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

### ***Basis of accounting***

The prospective financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets. They are presented in New Zealand dollars, rounded to the nearest thousand.

## Significant Accounting Policies

### Revenue Recognition

#### *Revenue from exchange transactions*

Fees received for the following activities are recognised as revenue from exchange transactions:

- resource consent processing;
- audits of resource consent conditions;
- pest animal contract work;
- grazing leases and licenses;
- enforcement work; and
- dividends, interest and rental income.

All other revenue is recognised as revenue from non-exchange transactions.

#### *Rates revenue*

Rates are recognised as income when levied.

#### *Other revenue*

##### *(a) Rendering of services*

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Fees and charges are recognised as income when supplies and services have been rendered.

Revenue relating to contracts and consent applications that are in progress at balance date is recognised by reference to the stage of completion at balance date.

##### *(b) Interest revenue*

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

##### *(c) Dividend revenue*

Dividend revenue is recognised when the right to receive payments is established on a receivable basis.

#### *Other gains and losses*

##### *(a) Sale of investment property, property, plant and equipment, property intended for sale and financial assets*

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

##### *(b) Assets acquired for nil or nominal consideration*

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

### Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

## Leasing

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

### (a) Council as lessor

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

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

### (b) Council as lessee

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

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

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

### (c) Lease incentives

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

## Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

## Statement of Cash Flows

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

The following terms are used in the statement of cash flows:

- Operating activities are the principal revenue producing activities of Council and other activities that are not investing or financing activities.
- Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents.
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

## Financial Instruments

Financial assets and financial liabilities are recognised on Council's Statement of Financial Position when Council becomes a party to contractual provisions of the instrument.

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs, except for those financial assets classified as fair value through profit or loss which are initially valued at fair value.

### *Financial assets*

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

#### *(a) Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or, where appropriate, a shorter period.

#### *(b) Financial assets at fair value through surplus or deficit*

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

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

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

Council has classified its managed funds as financial assets held for trading. This fund includes cash, fixed interest deposits, bonds and equities. Financial assets held for trading purposes are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the surplus/(deficit).

#### *(c) Available-for-sale financial assets*

Shares in subsidiary (Port Otago Limited) and certain equity investments held by Council are classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described later in this note. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, except for impairment losses which are recognised directly in the surplus/(deficit). Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in the surplus/(deficit) for the period.

#### *(d) Loans and receivables*

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

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value

of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is expensed in the surplus/(deficit).

Deposits are included within this classification.

*(e) Impairment of financial assets*

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that, because of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets, except for trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus/(deficit).

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the surplus/(deficit) to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## **Financial liabilities**

*(a) Trade and other payables*

Trade payables and other accounts payable are recognised when Council becomes obliged to make future payments resulting from the purchase of goods and services.

Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

*(b) Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs. Borrowing costs attributable to qualifying assets are capitalised as part of the cost of those assets.

Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the surplus/(deficit) over the period of the borrowing using the effective interest method.

## **Fair value estimation**

The fair value of financial instruments traded in active markets (such as available-for-sale equities) is based on quoted market prices at the balance date. The quoted market price used for financial assets held by Council is the current bid price; the appropriate quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. The fair value of shares in Port Otago Limited is determined by a valuation performed at each balance date by an independent professional firm with the relevant expertise and experience in performing such valuations. Quoted market prices or dealer quotes for similar instruments are used for long-term investment and debt instruments held. The fair value of interest rate swaps is the estimated amount that Council would receive or



pay to terminate the swap at the reporting date, taking into account current interest rates. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date.

## Property Held for Sale

Property classified as held for sale is measured at:

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

Property is classified as held for sale if the carrying amount will be recovered through a sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, and the property is available for immediate sale in its present state. There must also be an expectation of completing the sale within one year from the date of classification. Property is not depreciated or amortised while it is classified as held for sale.

## Property, Plant and Equipment

Property, plant and equipment consist of the following.

### *Operational assets*

Operational assets include Council-owned land, endowment land, buildings, plant and vehicles.

### *Infrastructural assets*

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

### *Restricted assets*

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

#### *(a) Cost*

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

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

#### *(b) Depreciation*

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

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

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

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

Asset	Life
<b>Operational assets</b>	
<b>Buildings – Council</b>	<b>10–50 years</b>
<b>Plant and vehicles – Council</b>	<b>3–20 years</b>
<b>Infrastructural assets</b>	
<b>Floodbanks</b>	<b>Unlimited</b>
<b>Protection works</b>	<b>Unlimited</b>
<b>Drains</b>	<b>Unlimited</b>
<b>Culverts</b>	<b>Unlimited</b>
<b>Structures</b>	<b>33–100 years</b>
<b>Bridges</b>	<b>33–100 years</b>

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

*(c) Disposal*

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

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

### **Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation, is measured initially at cost and subsequently at fair value. Fair value is determined annually by independent valuers. Revaluation gains or losses arising from changes in the fair value of investment property are reported in the surplus/(deficit) in the period in which they arise.

### **Intangible Assets**

#### **Computer software**

Computer software assets are stated at cost, less accumulated amortisation and impairment. The amortisation periods range from 1 to 10 years.

#### **Other intangible assets**

Other intangible assets represent the excess of the cost of acquisition of the cost of Council’s interest in the fair value of assets of any jointly-controlled entity. Other intangibles are reassessed and reclassified to the cost of investment property and investment property inventories.

### **Impairment of Non-financial Assets**

At each reporting date, Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset

does not generate cash flows that are independent from other assets, Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in the surplus/(deficit) immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in the surplus/(deficit) immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

## **Employee Benefits**

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

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

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

## **Superannuation Schemes**

### ***Defined contribution schemes***

Contributions to defined contribution superannuation schemes are expensed when incurred.

### ***Defined benefit schemes***

Council belongs to the Defined Benefit Plan Contributors Scheme (the Scheme), which is managed by the Board of Trustees of the National Provident Fund. The Scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the Scheme the extent to which the surplus/(deficit) will affect future contributions by individual employers, as there is no prescribed basis for allocation. The Scheme is therefore accounted for as a defined contribution scheme.

## **Equity**

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

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

## Restricted and Council-created Reserves

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

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

## Allocation of Overheads

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on the cost drivers and related activity/usage information.

Direct costs are those costs that are directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

## Other Disclosures

### *Balancing of budget*

Council has resolved, under section 100(2) of the Local Government Act 2002, that it is financially prudent to not balance its operating budget in the first three years. The primary reason is to allow Council to use reserves to fund certain one-off operating expenditure.

Reserves are to be used to fund environmental enhancement initiatives, research and development for improving Otago's water quality, water management initiatives, climate change adaptation, flood protection designations and lakes monitoring equipment.

Dunedin transport reserves are also used to implement bus service improvements and to complete the bus hub for Dunedin City.

The impact of this decision is that both general rates and the Dunedin transport rate will be kept at appropriate levels, as reserves are available to fund these works.

### *Rating base information*

The projected rating base information for the Otago region is as follows:

	Projected rating units
2018/19	115,871
2019/20	116,746
2020/21	117,630
2021/22	118,523
2022/23	119,426
2023/24	120,338
2024/25	121,260
2025/26	122,193
2026/27	123,135
2027/28	124,088

## **Local Government (Financial Reporting and Prudence) Regulations 2014**

The purpose of this statement is to disclose Council’s planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

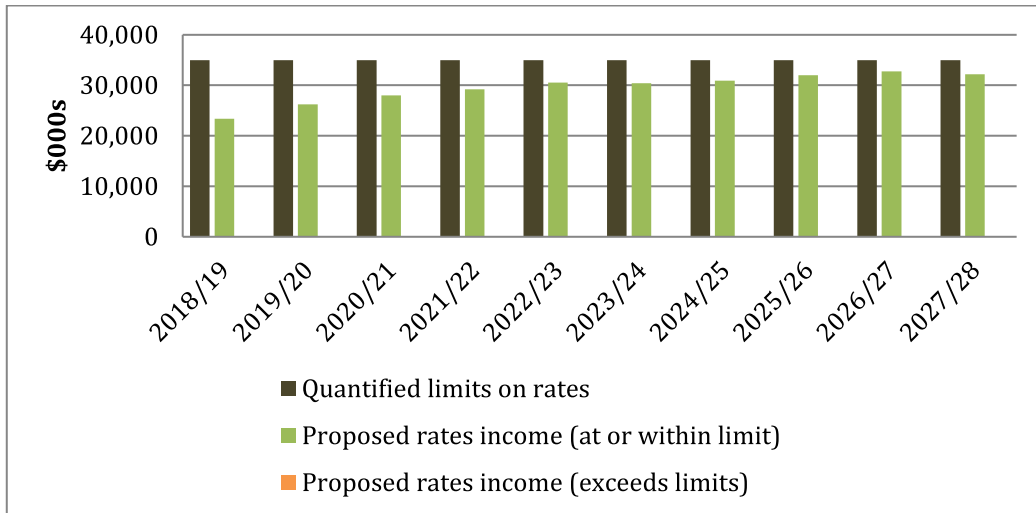
Council is required to include this statement in its Long Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

### **Rates Affordability Benchmark**

Council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

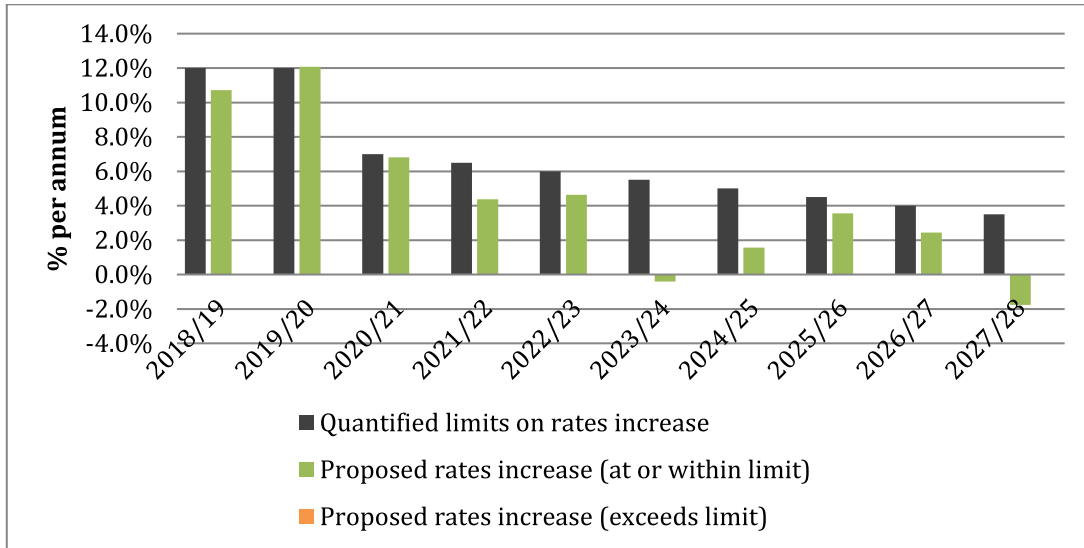
The following graph compares Council’s planned rates with a quantified limit on rates contained in the financial strategy included in this Long Term Plan. The quantified limit is \$35 million or 50% of total revenue.



### **Rates (Increases) Affordability**

The following graph compares Council’s planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this Long Term Plan.

The quantified limit is 12% for 2018/19 and 2019/20, subsequently transitioning from 7% in 2020/21 to 3.5% in 2027/28, reducing by 0.5% per annum for the remaining life of the plan.

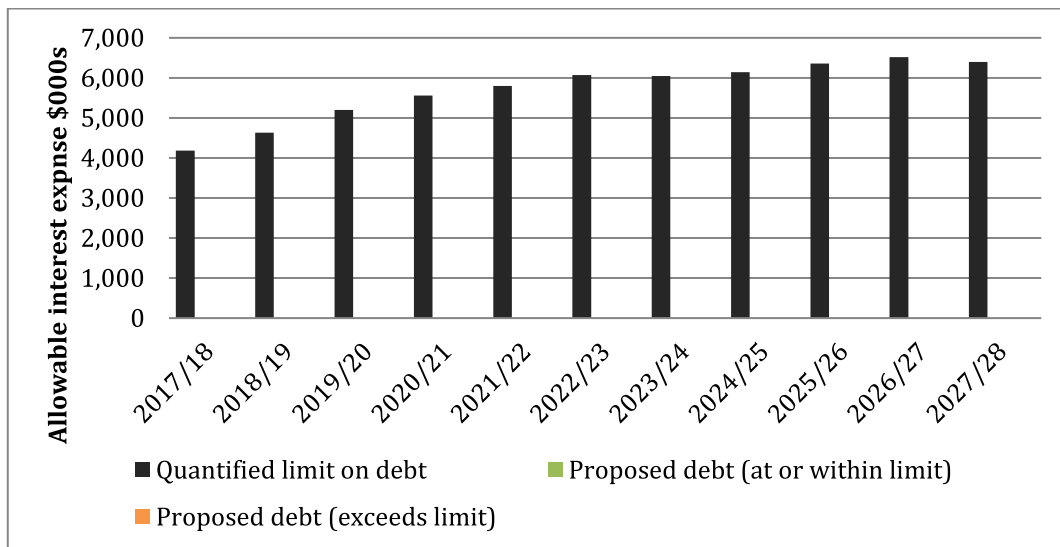


### Debt Affordability

Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares Council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this Long Term Plan. The quantified limit is that interest expense cannot exceed 20% of the total rates per annum.

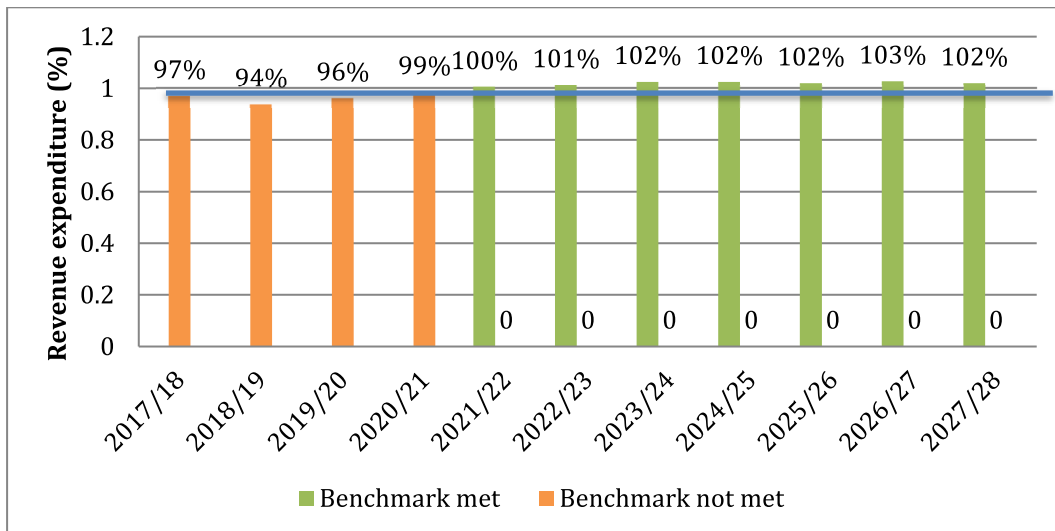
Council does not have any planned debt over the 10-year period of the Long Term Plan.



### Balanced Budget Benchmark

The following graph displays Council’s planned revenue (excluding financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluation of property, plant or equipment).

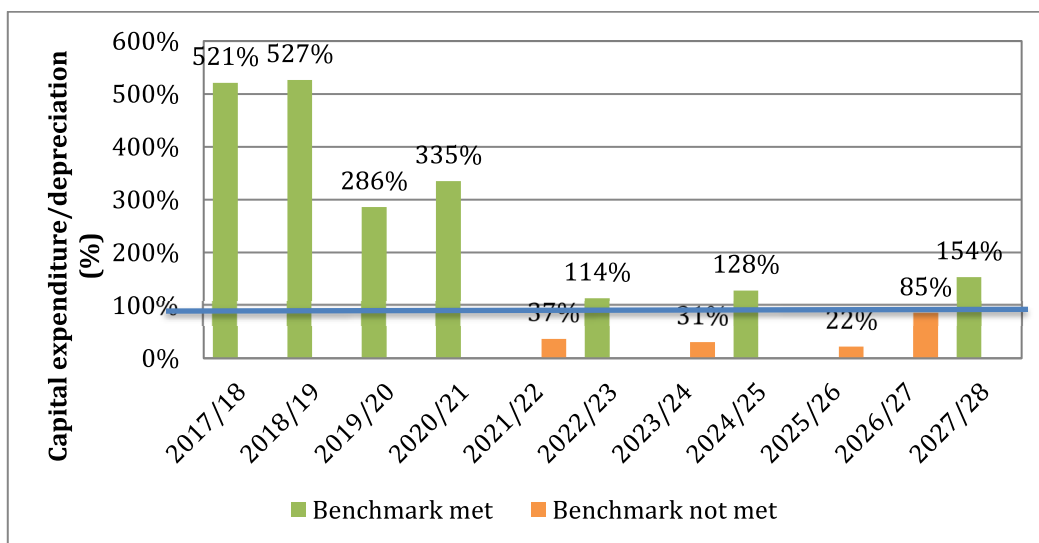
Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses. Refer to page 138 for comment on balancing the budget.



### Essential Services Benchmark

The following graph displays Council’s planned capital expenditure on network services as a proportion of expected depreciation on network services. Council’s network services comprise flood protection and control works.

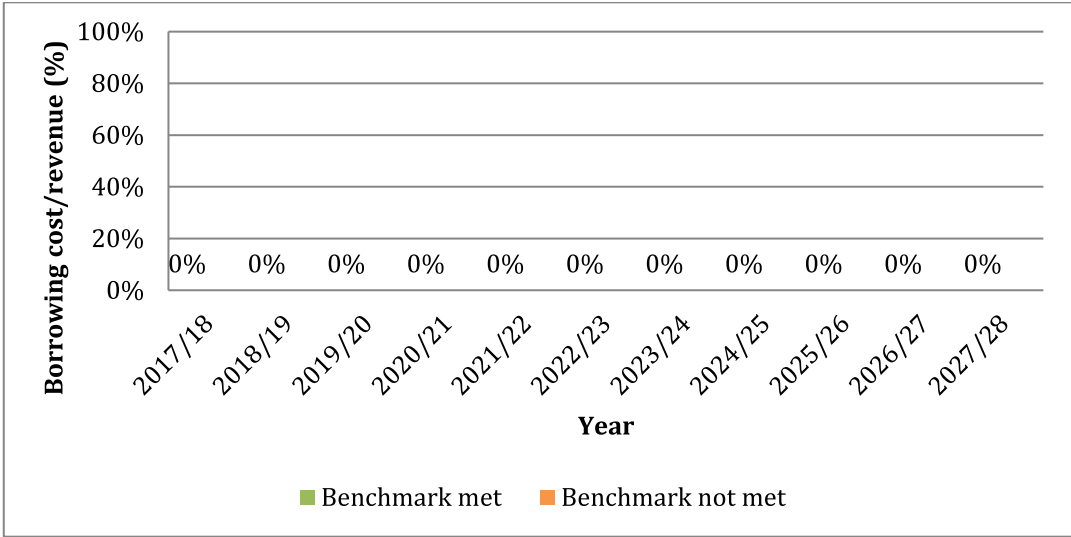
Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



### Debt Servicing Benchmark

The following graph displays Council’s planned borrowing costs as a proportion of planned revenue (excluding financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment).

As Statistics New Zealand projects Council’s population will grow more slowly that the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs are equal to or less than 10% of its planned revenue. Council has no planned borrowing over the 10-year life of the plan.





## ***Schedule of Fees and Charges***

The following scale of charges is to be applied where indicated to activities includes in this schedule of fees and charges:

<b>Scale of charges</b>	<b>\$</b>
Staff time per hour:	
- Executive	235
- Senior technical	170
- Technical	125
- Field staff	100
- Administration	85
Disbursements	Actual
Additional site notice	Actual
Advertisements	Actual
Vehicle use per kilometre	0.70
Travel and accommodation	Actual
Testing charges	Actual
Consultants	Actual
Commissioners	Actual
Photocopying and printing	Actual
Councillor hearing fees per hour:	
- Chairperson	\$100
- Member	\$80
- Expenses	Actual

### **Resource Management Act – Section 36 Charges**

Set out below are details of the amounts payable for those activities to be funded by fees and charges, as authorised by Section 36(1) of the Resource Management Act 1991.

#### ***Resource consent application fees***

Note that the fees shown below are a deposit to be paid on lodgement of a consent application and applications for exemptions in respect of water measuring devices. The deposit will not usually cover the full cost of processing the application, and further costs are incurred at the rate shown in the scale of charges. GST is included in all fees and charges.

##### *Pre-application work*

Fees payable for pre-application work carried out before a consent application is lodged with Council will be incurred at the rates shown in the scale of charges.

<b>Publicly-notified applications deposits:</b> <sup>3</sup>	<b>\$</b>
First application	5,000
Concurrent applications	225
<b>Non-notified applications and limited notification applications deposits:</b> <sup>3</sup>	<b>\$</b>
First application (except those below)	1,000
Concurrent applications <sup>1</sup>	50
Variation to conditions – s127	1000
Administrative variation – s127	500
Exemptions from water metering regulations	200
Bores	500
Variation to bore permit	500

<b>Hearings</b>	Per note 2 below
Payment for Commissioner request – s100A	Per note 4 below

<b>Objections</b>	
Payment for Commissioner request – s357AB	Per note 4 below

<b>Transfer of consent holder and certificates deposits:</b>	<b>\$</b>
Transfer of permits and consents	100
Priority table	100
Section 417 certificate	200
Certificate of compliance	200
Section 125 – extension of term	100
All other costs	As per scale of charges

**Notes:**

1. For additional permits in respect of the same site, activity, applicant, time of application and closely related effect as the first application.
2. The deposit payable shall be 90% of the cost of a hearing as calculated by Council in accordance with information contained in the application file and using the scale of charges. The amount payable will be due at least 10 working days before the commencement of the hearing. If the amount is not paid by the due date, then Council reserves the right under S36(7) of the Resource Management Act to stop processing the application. This may include cancellation of the hearing.

Should a hearing be cancelled or postponed due to the non-payment of the charge, the applicant will be invoiced for any costs that arise from that cancellation or postponement.

Following completion of the hearing process, any shortfall in the recovery of hearing costs will be invoiced, or any over recovery will be refunded to the applicant.

3. Where actual and reasonable costs are less than the deposit paid, a refund will be given.
4. Where an applicant requests under s100A (for a consent hearing) or under s357AB (for the hearing of an objection) for an independent commissioner(s); the applicant will be required to pay any increase in cost of having the commissioner(s).

Where a submitter(s) requests under s100A an independent commissioner(s), any increase in cost that is in addition to what the applicant would have paid shall be paid by the submitter. If there is more than one submitter who has made such a request, the costs shall be evenly shared.

*Administrative charges*

The following one-off administration charges shall apply to all resource consent applications received:

<b>Publicly-notified and limited notification applications:</b>	<b>\$</b>
First application	100
Concurrent applications	50
<b>Non-notified applications:</b>	<b>\$</b>
First application	50
Concurrent applications	25
<b>Other:</b>	<b>\$</b>
Certificate of compliance	25
Section 417 certificate	25
Exemptions from water metering regulations	25

### *Review of consent conditions*

Following the granting of a consent, a subsequent review of consent conditions may be carried out at either the request of the consent holder, or as authorised under Section 128, as a requirement of Council. Costs incurred in undertaking reviews requested by the consent holder will be payable by the consent holder at the rates shown in the scale of charges above.

Reviews initiated by Council will not be charged to consent holders.

## **Compliance monitoring**

### *Performance monitoring*

The following charges will apply to the review of performance monitoring reports for all consent holders, except those listed in section 1.6 below. The charges shown are annual fixed fees per performance monitoring report or plan and are inclusive of GST.

<b>1.1 Discharge to air consent</b>	<b>\$</b>
Measurement of contaminants from a Stack report	95
Ambient air quality measurement of contaminants report	110
Management plans and maintenance records	38
Annual assessment report	75
<b>1.2 Discharge to water, land and coast</b>	<b>\$</b>
Effluent systems	
- Environmental quality report	50
- Installation producer statements	66
- Return of flow/discharge records	66
Active landfills	<b>\$</b>
- Environmental quality report	63
- Management plans	140
Industrial discharges	<b>\$</b>
- Environmental quality report	46
- Environmental report	101
- Return of flow/discharge records	66
Annual assessment report	55
Management plans – minor environmental effects	140
Management plans – major environmental effects	280
Maintenance records	33
<b>1.3 Water takes</b>	<b>\$</b>
Verification reports	66
Annual assessment report	56
Manual return of data per take	87
Data logger return of data per take sent to Council	55
Telemetry data per take	38
Administration fee – water regulations	100
Low flow monitoring charge*	
- Kakanui at McCones*	350
- Unnamed Stream at Gemmels*	1,550

\* Charge for monitoring sites established by Council specifically to monitor consented activities in relation to river flows.

<b>1.4 Structures</b>	<b>\$</b>
Inspection reports for small dams	135
Inspection reports for large dams	270
Structural integrity reports	85

<b>1.5 Photographs</b>	<b>\$</b>
Provision of photographs	65

**1.6 Fees for specific consent holders**

Performance monitoring fees will be charged as 75% of actual costs for the following consent holders:

- Dunedin City Council
- Central Otago District Council
- Clutha District Council
- Queenstown Lakes District Council
- Waitaki District Council
- Ravensdown
- Contact Energy
- Trustpower
- Pioneer Generation
- Oceana Gold
- Port Otago

Additional charges may be incurred for new consents granted during the year.

*Audit of consents*

Audit of consents will be charged at the actual cost incurred, with the actual costs being calculated using the scale of charges.

*Other compliance activities*

The following activities will be charged at the actual cost incurred, using the scale of charges:

- performance monitoring of permitted activities under a National Environmental Standard, and
- monitoring compliance certificates.

*Non-compliance, incidents and complaints*

Enforcement work on consent conditions and remedying negative effects – scale of charges.

**Gravel inspection and management**

Gravel extraction fee – \$0.66 per cubic metre (incl. GST). Where more than 10,000 cubic metres of gravel is extracted within a prior notified continuous two-month period, the actual inspection and management costs will be charged, as approved by the Director Corporate Services.

**Resource monitoring**

Water or air monitoring work carried out for external parties – scale of charges.

**Private plan changes**

Work carried out on privately initiated plan changes – scale of charges.

**Contaminated sites management**

Clean up and remediation works – scale of charges.

### ***Incident and complaint, non-compliance with permitted activity rules***

Dealing with pollution incidents and enforcement work including investigating, monitoring, reporting, remediation and clean-up – scale of charges.

### **Biosecurity Act – Section 135 Charges**

#### ***Pest management strategy implementation***

Work carried out resulting from inaction of landowners not complying with Council's Pest Management Strategy for Otago – scale of charges.

Review of rabbit control programmes from non-compliant farms, and work associated with ensuring implementation of those programmes – scale of charges.

### **Local Government Act – Section 150 Charges**

#### ***Transport licensing exempt services***

Apply to register or vary an existing registration – scale of charges; deposit payable of \$575.

#### ***Bylaw application processing***

Processing bylaw applications – scale of charges; deposit payable of \$300.

### **Local Government Official Information and Meetings Act – Section 13 and Resource Management Act Section 36(1)**

#### ***Information requests***

Information requests that require more than half an hour to respond to, and multiple copies of Council reports – scale of charges.

## Building Act – Section 243 Charges

### *Dam safety and building control*

The following table of charges and deposits will apply to the dam safety and building control activity. Amounts stated include GST.

Activity	Deposit	Processing fee	DBH and BRANZ levies (at rates as advised to Council)*
<b>Review of potential impact classifications submitted by dam owners</b>	Nil	Time and disbursements – scale of charges	Nil
<b>Review of dam safety assurance programmes</b>	Nil	Time and disbursements – scale of charges	Nil
<b>Reviewing building warrants of fitness</b>	Nil	Time and disbursements – scale of charges	Nil
<b>Property information memorandums</b>	Nil	Time and disbursements – scale of charges	Nil
<b>Building consent applications – estimated value of building work is \$20,000 or less</b>	\$2,000	Time and disbursements – scale of charges	Nil
<b>Building consent applications – estimated value of building work is greater than \$20,000</b>	\$2,000	Time and disbursements – scale of charges	DBH levy: \$2.01 for every \$1,000 (or part of \$1,000) of the estimated value of the building work  BRANZ levy: \$1.00 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required.
<b>Issuing certificates of acceptance – estimated value of building work is \$20,000 or less</b>	\$2,000	Time and disbursements – scale of charges	
<b>Issuing certificates of acceptance – estimated value of building work is greater than \$20,000</b>	\$2,000	Time and disbursements – scale of charges	DBH levy: \$2.01 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required  BRANZ levy: \$1.00 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required
<b>Issuing of code compliance certificates for building consent applications</b>	Nil	Time and disbursements – scale of charges	Nil
<b>Maintaining register of dams</b>	Nil	Nil	Nil
<b>Any other activity under the Building Act</b>	Nil	Time and disbursements – scale of charges	Nil

\* Figures for the DBH and BRANZ levies are as required by regulation on 1 March 2008. These levies may change in accordance with amendments made to regulations. Council is required to collect and pay DBH and BRANZ levies as regulated.

## **Bus Services**

### ***Dunedin bus services***

Bus fares for Dunedin bus services for 2018/19 are:

Zones Travelled	GoCard			Cash	
	Adult	Child	Super Gold Card Off Peak and GoCard Extra	Adult	Child
1	\$1.92	\$1.15	\$1.73	\$2.60	\$1.60
2	\$2.53	\$1.52	\$2.28	\$3.40	\$2.10
3	\$4.44	\$2.66	\$4.00	\$6.00	\$3.60
4	\$7.58	\$4.55	\$6.82	\$10.20	\$6.10
5	\$11.41	\$6.85	\$10.27	\$15.30	\$9.20

Map 1 on page 150 shows the fare zone, defined in the Regional Public Transport Plan.

### ***Wakatipu Basin bus services***

Bus fares for Wakatipu Basin bus services are:

Zone	Cash		Go Card	
	Child	Adult	Child	Adult
Zone 1 and 2	\$4.00	\$5.00	\$1.50	\$2.00
Zone 3 (Airport)	\$8.00	\$10.00	\$1.50	\$2.00

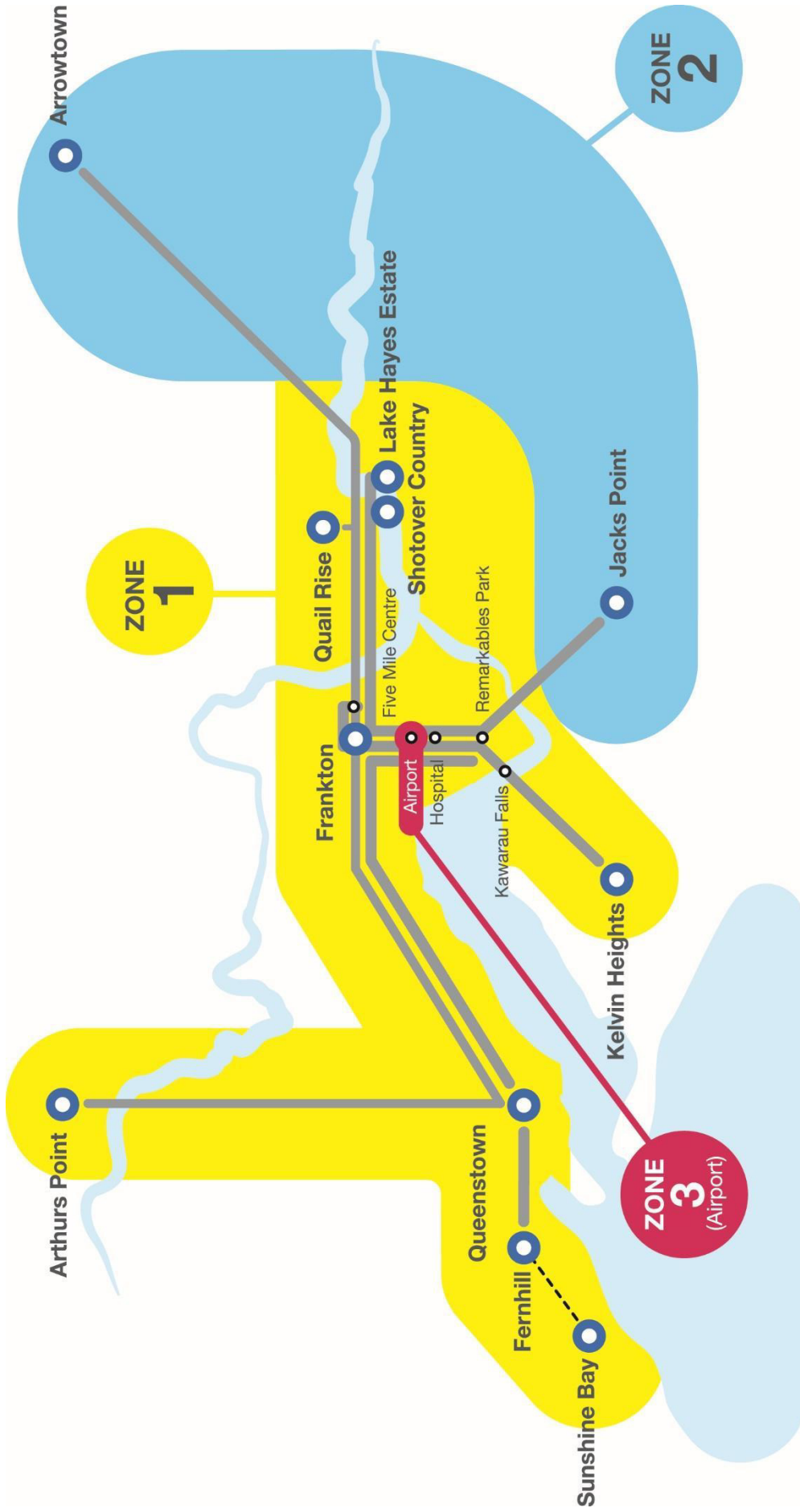
Map 2 on page 151 shows the fare zones, as defined in the Regional Public Transport Plan.

Disclaimer: Council may change fares during the year as a result of operational or other needs. Significant fare changes will be consulted on.





Map 2: Wakatipu Transport



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