

# Council Agenda - 21 February 2024



Meeting will be held in the Waitaki District Council Chamber, 20 Thames Street, Oamaru and live streamed to the [ORC YouTube Channel](#)

## Members:

Cr Gretchen Robertson, Chairperson  
Cr Lloyd McCall, Deputy Chairperson  
Cr Alexa Forbes  
Cr Gary Kelliher  
Cr Michael Laws  
Cr Tim Mepham  
Cr Kevin Malcolm  
Cr Andrew Noone  
Cr Bryan Scott  
Cr Alan Somerville  
Cr Elliot Weir  
Cr Kate Wilson

Senior Officer: Richard Saunders, Chief Executive  
Meeting Support: Trudi McLaren, Governance Support Officer

21 February 2024 01:00 PM

Agenda Topic	Page
<a href="#">Agenda</a>	1
1. WELCOME	
2. APOLOGIES No apologies were received at the time of agenda publication	
3. PUBLIC FORUM Pierre Marasti has requested to speak regarding Extinction Rebellion.	
4. CONFIRMATION OF AGENDA Note: Any additions to the agenda must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.	
5. DECLARATIONS OF INTEREST Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have. The <a href="#">Register of Pecuniary Interests</a> can be found on the ORC Website	
6. <a href="#">CONFIRMATION OF MINUTES</a> Confirming the Minutes of the Council Meetings of 6 December 2023 and 13 December 2023 as a true and accurate record.	4

7.	<a href="#">ACTIONS (Status of Council Resolutions)</a>	24
8.	<b>MATTERS FOR CONSIDERATION</b>	28
8.1	<a href="#">Enviroschools Presentation - Students and Coordinator</a>	28
	The purpose of this report is to update the Council on the activities of Enviroschools in Otago for 2021 to the present.	
8.2	Timing of notification of the proposed Land and Water Regional Plan To be submitted as a late paper.	
8.3	<a href="#">Chairperson's Report</a>	32
8.4	<a href="#">Chief Executive's Report</a>	34
8.4.1	<a href="#">LWRP GG February meeting - Milestone Status Update - 2024 Milestones</a>	37
8.4.2	<a href="#">ORC LTP Project Progress Report 090224 RS edits</a>	39
8.4.3	<a href="#">Report Statement of Comprehensive Revenue and Expense January 2024</a>	46
8.4.4	<a href="#">Statement of Financial Position</a>	47
8.4.5	<a href="#">Summary LOSM Report - Jan 24 Exceptions</a>	48
8.4.6	<a href="#">Summary LOSM Report - January All</a>	49
8.5	<a href="#">Long Term Plan 2024-34</a>	52
	This report enables Council to direct Council staff on the key matters and positions to consult with the Otago community in the Long-Term Plan 2024-34 (LTP) process. In doing so, this report enables Council staff to complete a draft LTP Proposal and a consultation document for approval at the 20 March 2024 Council meeting.	
8.5.1	<a href="#">ORC draft Strategic Directions 2024-2034</a>	65
8.5.2	<a href="#">Draft Statements of Service Performance, measures and targets</a>	79
8.5.3	<a href="#">Future Task: Improve our Performance Framework</a>	86
8.6	<a href="#">Draft Financial Strategy and Revenue and Financing Policy</a>	87
	The purpose of this report is to adopt Council's Draft Financial Strategy, Draft Revenue and Financing Policy and Draft Development Contributions and Financial Contributions Policy for consultation as part of the Long-term Plan 2024-34.	
8.6.1	<a href="#">2024-34 LTP ORC Financial Strategy Draft v 1 Council 21- Feb-2024</a>	101
8.6.2	<a href="#">2024-34 LTP ORC Revenue and Financing Policy Draft v 1 Council 21- Feb-2024</a>	119
8.6.3	<a href="#">2024-34 LTP ORC Development Contributions and Financial Contributions Policy Draft v 1 Council 21- F</a>	134
8.7	<a href="#">Dunedin PT Investment Proposal</a> To be submitted as a late paper.	

8.8	<a href="#">Adding further operative provisions to the Partially Operative Otago Regional Policy Statement 2019</a>	138
	This paper seeks Council approval to include provisions relating to port activities in the Partially Operative Otago Regional Policy Statement 2019 (RPS 2019) and make the RPS 2019 fully operative.	
8.8.1	<a href="#">Excerpts from Otago RPS 2019 - Port Provisions Update - changes tracked March 2024</a>	144
8.9	<a href="#">Adding Housing Bottom Lines to the Partially Operative Regional Policy Statement 2019</a>	151
	The purpose of this report is to seek approval to insert into the partially operative Regional Policy Statement 2019 the 'Housing Bottom Lines' for the Dunedin and Queenstown urban environments, in accordance with the National Policy Statement for Urban Development 2020 (NPSUD), and to give public notice of the insertion on 24 February 2024.	
8.10	<a href="#">Kuriwao Lease S224 Land Sale</a>	155
	The lessee of Kuriwao Endowment Lease S224; The Limberlost Limited (the Lessee), has requested Council sell to it the land it leases under the Otago Regional Council (Kuriwao Endowment Lands) Act 1994 (the Act).	
8.10.1	<a href="#">Attachment 1 O T 18 B 865 Title Search Copy</a>	160
8.10.2	<a href="#">Attachment 2 Conservation Covenant</a>	162
8.10.3	<a href="#">Attachment 3 Limberlost Ltd Company Extract</a>	171
8.10.4	<a href="#">Attachment 4 Request to Freehold</a>	172
8.10.5	<a href="#">Attachment 5 Conservation Values - Freeholding Kuriwao Leasehold Estate - Limberlost</a>	173
8.10.6	<a href="#">Attachment 6 Valuation Report</a>	185
8.10.7	<a href="#">Attachment 7 Letter</a>	201
9.	RECOMMENDATIONS ADOPTED AT COMMITTEE MEETINGS	204
9.1	<a href="#">Recommendations from the Public and Active Transport Committee 7 February 2024</a>	204
9.2	<a href="#">Recommendations from the Environmental Impact Committee 8 February 2024</a>	206
9.3	<a href="#">Recommendations of the Safety and Resilience Committee 8 February 2024</a>	207
10.	CLOSURE	



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## Council MINUTES

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**Minutes of an ordinary meeting of the Otago Regional Council held in the Council Chamber, Level 2 Philip Laing House, 144 Rattray Street, Dunedin on Wednesday 6 December 2023, commencing at 1:00 PM.**

**PRESENT**

Cr Gretchen Robertson *(Chairperson)*  
Cr Lloyd McCall *(Deputy Chairperson)*  
Cr Alexa Forbes  
Cr Gary Kelliher  
Cr Michael Laws  
Cr Kevin Malcolm  
Cr Tim Mepham  
Cr Andrew Noone  
Cr Bryan Scott  
Cr Alan Somerville  
Cr Kate Wilson



## 1. WELCOME

Chairperson Robertson welcomed Councillors, members of the public and staff to the meeting at 1:00 pm and opened with a karakia. Staff present included Richard Saunders (Chief Executive), Pim Borren (GM Transport), Nick Donnelly (GM Corporate Services), Anita Dawe (GM Policy and Science), Gavin Palmer (GM Operations), Joanna Gilroy (Acting GM Regulatory), Amanda Vercoe (GM Governance, Culture and Customer), Fleur Matthews (Manager, Policy and Planning), Jonathan Rowe (Dunedin City Council Programme Manager) and Trudi McLaren (Governance Support).

## 2. APOLOGIES

**Resolution: Cr Forbes Moved, Cr Robertson Seconded:**

*That the apologies for Elliot Weir be accepted.*

**MOTION CARRIED**

## 3. PUBLIC FORUM

Pierre Marasti from Rebellion Extinction spoke and after an opportunity for questions Chair Robertson thanked Pierre for attending.

## 4. CONFIRMATION OF AGENDA

The agenda was confirmed as published.

## 5. DECLARATIONS OF INTERESTS

No changes to Councillor Declarations of Interests were noted, Councillors were reminded to stand aside if any arise.

## 6. CONFIRMATION OF MINUTES

With the note of one amendment, it was moved:

**Resolution: Cr Somerville Moved, Cr Wilson Seconded**

*That the minutes of the (public portion of the) Council meeting held on 22 November 2023 be received and confirmed as a true and accurate record.*

**MOTION CARRIED**

## 7. ACTIONS (STATUS OF COUNCIL RESOLUTIONS)

Open actions from resolutions of the Committee were reviewed. A change to update the action due date to 2024 for 'CEO2301 Internal Audit Options for Otago Regional Council' was noted.

## 8. MATTERS FOR CONSIDERATION

### 8.1. South Dunedin Future Risk and Adaptation Approaches

This paper sought to update Council on the South Dunedin Future programme, including findings from the risk identification stage, to seek endorsement of a longlist of generic adaptation approaches, and seek approval to engage the community on these topics.

Anita Dawe, General Manager Policy and Science, Gavin Palmer, General Manager Operations and Jonathan Rowe, Dunedin City Council Programme Manager presented the report with an opportunity to ask questions.

#### Resolution CM23-243: Cr Wilson Moved, Cr Malcolm Seconded

*That the Council:*

- 1) **Notes** the background of the South Dunedin Future programme and work undertaken since the previous update report to the Safety and Resilience Committee on 10 August 2023.

#### **Risk Assessment**

- 2) **Notes** the risk assessment workstream of the South Dunedin Future programme will be undertaken in three stages: (i) risk identification; (ii) risk exposure and vulnerability assessment; and (iii) detailed risk assessment.
- 3) **Notes** the attached Risk Identification Report for South Dunedin, which constitutes the first stage of risk assessment workstream, and has been prepared by the 'Kia Rōpine' consultant team (WSP, BECA and Tonkin & Taylor).
- 4) **Notes** the Risk Identification Report has undergone technical peer review by Jacobs New Zealand Ltd and Royal HaskoningDHV, and that there remain peer review feedback items to resolve in the next stage of the risk assessment workstream.
- 5) **Notes** work has commenced on the second stage of the risk assessment workstream, confirming the risk assessment methodology, which will be completed by mid-2024 and reported back to Councils.

#### **Adaptation Approaches**

- 6) **Notes** the adaptation approaches workstream of the South Dunedin Future programme will be undertaken in five stages: (i) domestic and international good practice report; (ii) longlist of generic adaptation approaches; (iii) spatial longlist of adaptation approaches; (iv) spatial shortlist of adaptation approaches; and (v) preferred approaches.
- 7) **Notes** the attached Domestic and international good practice report, which constitutes the first stage of the adaptation approaches workstream, and has been prepared by the 'Kia Rōpine' consultant team (WSP, BECA and Tonkin & Taylor).

- 8) **Notes** the attached Longlist of generic adaptation approaches – Context summary report and Factsheets, which constitute the second stage of the adaptation approaches workstream, and have been prepared by the ‘Kia Rōpine’ consultant team (WSP, BECA and Tonkin & Taylor).
- 9) **Notes** that the Domestic and international good practice report, and the Longlist of generic adaptation approaches – Context summary report and Factsheets, have undergone technical peer review by Jacobs New Zealand Ltd, supported by Royal HaskoningDHV and Bell Adapt Ltd.
- 10) **Endorses** the attached Longlist of generic adaptation approaches – Context summary report and Factsheets for the purposes of community engagement.

#### **Community Engagement**

- 11) **Notes** the next stage of the risk assessment workstream includes seeking community input into identification and confirmation of relevant risks for South Dunedin.
- 12) **Notes** the next stage in the adaptation approaches workstream is to engage with partners, stakeholders and affected communities on the longlist of generic adaptation approaches.
- 13) **Approves** the SDF programme team undertaking engagement with partners, stakeholders and affected communities on the basis of the approaches identified in the Longlist of generic adaptation approaches – Context Summary Report and Factsheets, which will inform development of subsequent adaptation approaches work.

#### **MOTION CARRIED**

#### **8.2. Overview of feedback received during community engagement on the draft Land and Water Regional Plan**

The purpose of this paper was to present an overview of feedback received during the most recent stage of community and stakeholder engagement on the draft Land and Water Regional Plan (LWRP) for Otago.

Anita Dawe, General Manager Policy and Science, Fleur Matthews, Manager Policy and Planning, Amber Smith, Policy Analyst, and Tom de Pelsemaeker, Team Leader Water and Land were present to speak to the paper and answer questions.

#### **Resolution CM23-244: Cr McCall Moved, Cr Noone Seconded**

*That the Council:*

- 1) **Notes** this report.

#### **MOTION CARRIED**

### **8.3. Efficiency Review report back**

This paper provided Council with the outcome of the efficiency review undertaken by Morrison Low and R B Robertson in July/August 2023.

Richard Saunders, Chief Executive, spoke to the paper and was available to answer questions.

#### **Resolution CM23-245: Cr Laws Moved, Cr Somerville Seconded**

*That the Council:*

- 1) **Notes** this report.
- 2) **Notes** that a progress update on the implementation of the review recommendations will be presented back to Council at the beginning of the next financial year (2024/2025).

#### **MOTION CARRIED**

#### **Resolution: Cr Robertson Moved, Cr Kelliher Seconded**

*That the Council:*

- 1) **Adjourn** the meeting for 10 minutes.

#### **MOTION CARRIED**

The meeting resumed at 3:25PM

### **8.4. Infrastructure Strategy 2024 - 2054**

The purpose of this paper was to seek Council approval of the draft 2024-2054 Flood Protection, Land Drainage and River Management Infrastructure Strategy which will form part of the Draft 2024-2034 Long Term Plan (LTP).

Gavin Palmer, General Manager Operations, Michelle Mifflin, Manager Engineering and Pam Wilson, Engineering Infrastructure Lead were present to speak to this report.

Cr Noone left the meeting at 3:48PM and returned at 3:50PM

Cr Laws left the meeting at 4.15PM and returned at 4.16PM

#### **Resolution CM23-246: Cr Wilson Moved, Cr Somerville Seconded**

*That the Council:*

- 1) **Receives** this report.
- 2) **Approves** the draft 2024-2054 Infrastructure Strategy to be included in the information available for community consultation in the Long-Term Plan 2024-34 process, subject to any minor editorial changes made by staff.
- 3) **Notes** that the Infrastructure Strategy is to provide the framework (direction) for managing flood protection, land drainage and river management infrastructure and for informing future decisions that are identified by the significant issues.

- 4) **Notes** that the scheme maps attached as Appendix A to the draft 2024-2054 Infrastructure Strategy will be updated prior to commencement of the Long-Term Plan 2024-34 public consultation.

**MOTION CARRIED**

**8.5. ORC's strategic and community engagement**

The purpose of this paper was to seek Council direction on the scope of ORC’s strategic and community engagement opportunities and to outline the current and future opportunities that can elevate engagement best practices, meeting the needs of ORC staff, stakeholders and Otago’s communities.

Amanda Vercoe GM Governance Culture and Customer, Andrea Howard Manager Executive Advice and Kate Pettit Senior Advisor Strategic Engagement were present to speak to the paper and answer questions.

Cr Kelliher left the meeting at 4:18PM and returned at 4:21PM  
 Cr Kelliher left the meeting at 4:28PM and returned at 4:31PM

**Resolution CM23-247: Cr Forbes Moved, Cr McCall Seconded**

*That the Council:*

- 1) **Notes** the report.
- 2) **Notes** the enhanced engagement approach piloted with strategic stakeholders for the 2024-24 Long-Term Plan.
- 3) **Notes** that increased levels of service will be proposed through the draft Long Term Plan 2024-34 process, with the aim of delivering better engagement practices.

For:	Cr Forbes, Cr Malcolm, Cr McCall, Cr Mepham, Cr Noone, Cr Scott, Cr Somerville, Cr Wilson and Cr Robertson
Against:	Cr Kelliher and Cr Laws
Abstained:	Nil

**MOTION CARRIED**

Cr Noone left meeting at 4.43PM

### **8.6. Membership Representation Review 2024 - Introduction**

The purpose of this paper was to note that Otago Regional Council is required to undertake a membership representation review under the Local Electoral Act in 2024, and to seek guidance on:

- a. How Council wishes to oversee the process of developing options, and
- b. Issues of interest that could be included in any potential early engagement with the community.

Amanda Vercoe, General Manager Governance, Culture and Customer was present to speak to the paper and answer questions.

#### **Resolution CM23-248: Cr Wilson Moved, Cr Scott Seconded**

*That the Council:*

- 1) Notes** this report.
- 2) Agrees** that oversight of the membership representation review will remain with all of Council, and be done through a series of Council workshops.

**MOTION CARRIED**

## **9. RECOMMENDATIONS ADOPTED AT COMMITTEE MEETINGS**

### **9.1. Recommendations of Environmental Implementation Committee**

#### **Resolution CM23-249: Cr Somerville Moved, Cr Forbes Seconded**

*That the Council adopts the resolutions of the 8 November 2023 Environmental Implementation Committee.*

**MOTION CARRIED**

### **9.2. Recommendations of the Public and Active Transport Committee**

#### **Resolution CM23-250: Cr Forbes Moved, Cr Somerville Seconded**

*That the Council adopts the recommendations of the 9 November Public and Active Transport Committee.*

**MOTION CARRIED**

## 10. RESOLUTION TO EXCLUDE THE PUBLIC

### Resolution: Cr Robertson Moved, Cr McCall Seconded:

*I move that the public be excluded from the following parts of this meeting, namely:*

- Confidential Minutes of 22 November 2023
- Port Otago Resolution in Lieu of Annual Shareholders Meeting
- Property Resolutions
- Approval to Notify the Draft Dunedin City Future Development Strategy

*It was also moved that Emma Christmas and Rodney Yeoman be permitted to remain at this meeting for the Dunedin City Future Development Strategy paper, after the public has been excluded, because of their knowledge of the topic. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to that matter because of their subject matter expertise.*

### MOTION CARRIED

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under [section 48\(1\)](#) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
1.1 Confidential Minutes of 22 November 2023	To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a)	Section 48(1)(a); Subject to subsection (3), a local authority may by resolution exclude the public from the whole or any part of the proceedings of any meeting only on 1 or more of the following grounds: (a) that the public conduct of the whole or the relevant part of the proceedings of the meeting would be likely to result in the disclosure of information for which good reason for withholding would exist.
2.1 Port Otago Resolution in Lieu of Annual Shareholders Meeting	To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a) To enable any local authority holding the information to carry out, without prejudice	

	or disadvantage, commercial activities – Section 7(2)(h)	
2.2 Property Resolutions	<p>To protect information where the making available of the information—would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p> <p>To enable any local authority holding the information to carry on without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)</p>	
2.3 Approval to Notify the Draft Dunedin City Future Development Strategy	<p>To protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied – Section 7(2)(c)(i)</p> <p>To prevent the disclosure or use of official information for improper gain or improper advantage – Section 7(2)(j)</p>	

This resolution is made in reliance on [section 48\(1\)\(a\)](#) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by [section 6](#) or [section 7](#) of that Act or [section 6](#) or [section 7](#) or [section 9](#) of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public.



**11. CLOSURE**

There was no further business and Chairperson Robertson declared the meeting closed at 5:04pm.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date

DRAFT MINUTES



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## Council MINUTES

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**Minutes of an ordinary meeting of the Otago Regional Council held in the Council Chamber, Level 2 Philip Laing House, 144 Rattray Street, Dunedin on Wednesday 13 December 2023, commencing at 1:00 PM.**

**PRESENT**

Cr Gretchen Robertson *(Chairperson)*  
Cr Lloyd McCall *(Deputy Chairperson)*  
Cr Alexa Forbes (online)  
Cr Gary Kelliher  
Cr Michael Laws (online)  
Cr Kevin Malcolm  
Cr Tim Mepham  
Cr Andrew Noone  
Cr Bryan Scott  
Cr Alan Somerville (online)  
Cr Elliot Weir  
Cr Kate Wilson

## 1. WELCOME

Chairperson Robertson welcomed Councillors, members of the public and staff to the meeting at 1:00 pm and opened with a karakia. Staff present included Richard Saunders (Chief Executive), Pim Borren (GM Transport), Nick Donnelly (GM Corporate Services), Anita Dawe (GM Policy and Science), Gavin Palmer (GM Operations), Joanna Gilroy (Acting GM Regulatory), Amanda Vercoe (GM Governance, Culture and Customer), Lorraine Cheyne (Manager Transport), Hilary Lennox (Manager Strategy) and Trudi McLaren (Governance Support)

## 2. APOLOGIES

No apologies were received prior to the meeting.

## 3. PUBLIC FORUM

There were no requests to speak at public forum at the time of agenda publication.

## 4. CONFIRMATION OF AGENDA

The agenda was confirmed as published.

## 5. DECLARATIONS OF INTERESTS

No changes to Councillor Declarations of Interests were noted, Councillors were reminded to stand aside if any arise.

## 6. MATTERS FOR CONSIDERATION

### 6.1. LTP: Financial Strategy and Revenue and Financing Policy Considerations

The purpose of this paper was to consider options for changes to Council's Financial Strategy and Revenue and Financing Policy for inclusion in the Long-term Plan 2024-34.

Nick Donnelly GM Corporate Services and CFO was present to speak to the paper and answer questions.

The paper was moved and seconded as one motion, however the Council addressed the resolution by individual item number. Resolutions 1-14 were considered at the scheduled meeting on Wednesday 13 December, and the remaining resolutions were considered at the reconvened meeting on Thursday 14 December.

### Resolution CM23-255: Cr Malcolm Moved, Cr Wilson Seconded

*That the Council:*

- 1) **Notes this report.**

### **MOTION CARRIED**

- 2) **Notes that the following resolutions will inform the development of the draft Financial Strategy for the purposes of Long-Term Plan consultation:**

### **MOTION CARRIED**

- 3) **Approves** for inclusion in the draft Financial Strategy that new Infrastructure capital repayment will occur over 20 years.

**MOTION CARRIED**

- 4) **Approves** for inclusion in the draft Financial Strategy that Transport operating expenditure will be fully funded in the year it occurs (balanced budget for that activity).

**MOTION CARRIED**

- 5) **Approves** for inclusion in the draft Financial Strategy that Existing transport deficits will be ringfenced – with funding for those to be considered separately in the Financial Strategy.

**MOTION CARRIED**

- 6) **Notes** that the following resolutions will inform the development of the draft Revenue and Financing Policy for the purposes of Long-Term Plan consultation:

**MOTION CARRIED**

- 7) **Approves the establishment a new Catchment Management Rate** to fund biodiversity implementation, Ecofund, land and water implementation and environmental management activities. The new rate will be regional based on capital value.

**MOTION CARRIED** (Against: Cr Kelliher)

- 8) **Approves discontinuing of the Rural Water Quality Rate** (assumes establishment of Catchment Management Rate above).

**MOTION CARRIED**

- 9) **Approves discontinuing the Wilding Tree Rate and fund this activity through the Biosecurity Rate.**

For:	Cr Malcolm, Cr Laws, Cr McCall, Cr Noone, Cr Wilson, Cr Robertson
Against:	Cr Kelliher, Cr Forbes, Cr Mephram, Cr Scott, Cr Somerville
Abstained:	Cr Weir

**MOTION CARRIED**

- 10) **Approves establishing a new Navigational Safety Management Rate to replace rating for this activity on a general rate – sub regional basis on a district basis (excluding QLDC) and a uniform basis.**

**MOTION CARRIED** (Against: Cr Somerville, Cr Weir)

- 11) **Approves establishing a new Farm Plan Rate** to fund Council's requirement to administer the freshwater farm plan process. Rate will be uniform and based on land use and size (in line with farm plan requirements). Note – it is envisaged this rate will be introduced in year 2 of the LTP.

**MOTION CARRIED**

- 12) **Approves discontinuing the Dairy Rate** (assumes establishment of Farm Plan Rate above and will occur at the same time that rate is introduced).

**MOTION CARRIED**

Cr Weir left the meeting at 2:33pm and returned at 2:37pm

- 13) **Approves establishing a new River and Waterway Management – Queenstown Lakes Rate** which amalgamates River and Waterway Management – Whakatipu and River and Waterway Management – Wanaka into a single district wide rate.

**MOTION CARRIED** (Against: Cr Kelliher, Cr Wilson)

- 14) **Approves establishing a new Alexandra Flood Targeted Rate** based on a defined area (to be determined) and capital value.

**MOTION CARRIED** (Against: Cr Kelliher)

**Resolution: Cr Robertson Moved, Cr Noone Seconded**

*That the meeting be adjourned at 2:55pm for 5 minutes, to return at 3:00pm*

**MOTION CARRIED**

**Resolution: Cr Robertson Moved, Cr Kelliher Seconded**

*That the item being discussed should be adjourned to 8.30am on Thursday 14 December 2023 and not be further discussed at this meeting.*

**MOTION CARRIED**

**NOTE: The remainder of this item was taken after Item 6.8 on the agenda, when the meeting was reconvened at 8.30am the following day. Councillor Somerville left the meeting.**

- 15) **Approves amending all flood schemes and Tokomairiro Drainage** to a 20% general rate allocation.

**MOTION CARRIED** (Against: Cr Kelliher, Cr Malcolm)

- 16) **Approves amending all drainage schemes** to a 10% general rate allocation (Lower Clutha, East Taieri, West Taieri).

**MOTION CARRIED**

- 17) **Approves** amending all flood and drainage general rate allocations to General Rate – Regional.

**MOTION CARRIED**

- 18) **Approves** reducing the number of flood and drainage benefit zones to one or two zones per scheme (Lower Clutha, Lower Taieri, East Taieri, West Taieri, Tokomairiro).

**MOTION CARRIED**

- 19) **Approves** that two zone apportionment will be based on current allocation % and remove WF3, WF4, WF6, WF7, WF8 and WF9 from the calculation for Lower Taieri Flood.

**MOTION CARRIED**

- 20) **Approves** amending the Leith Flood Indirect zone to be all of Dunedin district.

**MOTION CARRIED**

- 21) **Approves** amending Lower Waitaki River Control to be 100% funded by River and Waterway Management – Waitaki.

**MOTION CARRIED**

- 22) **Approves** amending Transport Targeted Rate areas to be all of Dunedin and Queenstown districts (with Dunedin including the existing mapped Palmerston area).

**MOTION CARRIED** (Against: Cr Kelliher, Cr Laws)

- 23) **Approves** introducing a new General Rate – Regional allocation of 40% of the total Transport Rate requirement (Dunedin and Queenstown).

*Options (if above not approved):*

- a. Status quo – remain with current rate allocation (100% targeted).
- b. Include a General Rate – Regional allocation at a different %.
- c. Include a General Rate – District allocation at a different %.

For:	Cr Forbes, Cr Noone, Cr Weir, Cr Wilson, Cr Robertson
Against:	Cr Kelliher, Cr Laws, Cr Malcolm, Cr McCall, Cr Mephram, Cr Scott
Abstained:	None

**MOTION FAILED**

*The motion was put with option 'b.' at a Regional allocation of 20%*

- 23) **Approves** introducing a new General Rate – Regional allocation of 20% of the total Transport Rate requirement (Dunedin and Queenstown).

For:	Cr Forbes, Cr Noone, Cr Scott, Cr Weir, Cr Wilson, Cr Robertson
Against:	Cr Kelliher, Cr Laws, Cr Malcolm, Cr McCall, Cr Mephram

Abstained:	None
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**MOTION CARRIED**

24) **Approves** amending Transport Targeted Rates to be charged on a uniform basis.

**MOTION CARRIED** (Against: Cr Forbes, Cr Scott, Cr Weir)

25) **Approves** removing the current Transport Targeted Rate differentials.

For:	Cr Forbes, Cr McCall, Cr Noone, Cr Wilson, Cr Robertson
Against:	Cr Kelliher, Cr Scott
Abstained:	Cr Malcolm, Cr Mepham, Cr Weir

**MOTION CARRIED**

26) **Notes** there are still further Financial Strategy and Revenue and Financing Policy matters that will be considered once the overall funding requirement is determined via the Long-term Plan budget / estimate process.

**MOTION CARRIED**

**Resolution: Cr Wilson Moved, Cr Noone Seconded**

*That the meeting be adjourned for discussion prior to closure at 10:35am on Thursday 14 December 2023.*

**MOTION CARRIED**

**6.2. Final draft of the Strategic Directions document**

The purpose of this paper was to present the draft 2024 – 2034 Strategic Directions document (attached) for endorsement so that its details may be included in the draft 2024 – 2034 Long Term Plan (LTP) and made available for public feedback as part of the 2024 – 2034 LTP consultation process.

Amanda Vercoe (GM Governance Culture and Customer) and Hilary Lennox (Manager Strategy) were present to speak to the item and respond to questions.

**Resolution CM23-256: Cr Weir Moved, Cr Scott Seconded**

*That the Council:*

- 1) **Notes** this report.
- 2) **Notes** that the final version will be brought to Council for formal adoption alongside the Long-term Plan in mid-2024.

**MOTION CARRIED**

**6.3. Long-Term Plan 2024-34 Communications and Marketing Plan**

The purpose of this paper was to inform Council on the proposed communications approach to be implemented for consultation of the Council's Long-Term Plan 2024-34.

Jo Galer (Manager Communications and Marketing) and Sarah Bedford (Team Leader Media and Communications) were present to speak to the paper and respond to questions.

**Resolution CM23-257: Cr Wilson Moved, Cr Weir Seconded**

*That the Council:*

- 1) **Approves** the draft Communications and Marketing Plan Long-term Plan 2024-34 provided as attachment 1 to this report.
- 2) **Notes** that the Communications and Marketing Plan Long-term Plan 2024-34 will be updated to reflect Council's preferred options for consultation.

**MOTION CARRIED**

**6.4. Proposed Large Scale Environmental Funding LTP Consultation Topic**

The purpose of this paper was to provide options for large scale environmental funding, which was proposed to be included as a consultation topic in Otago Regional Council's Long-Term Plan (LTP) 2024-34. A draft of the consultation topic was attached in Annex 1.

Gavin Palmer, General Manager Operations and Libby Caldwell, Manager Environmental Implementation were present to speak to the paper and respond to questions.

Cr Forbes left the meeting at 3.50pm

**Resolution CM23-258: Cr McCall Moved, Cr Scott Seconded**

*That the Council:*

- 1) **Note** there is a need for funding to deliver positive environmental outcomes in the Otago region;
- 2) **Note** further work is required to develop and implement large scale environmental funding, which will be informed by feedback received through consultation.
- 3) **Agree** to consult with the community on creating a new stand alone external fund for large scale environmental projects, which would start in Year 2 (2025/26) of the LTP;
- 4) **Agree** to consult with the community on providing a minimum of \$500,000 funding in Year 1 (2024/25) of the LTP ahead of the creation of any new fund.

**MOTION CARRIED** (Against: Cr Kelliher, Cr Malcolm)

**Resolution: Cr Robertson Moved, Cr Kelliher Seconded**

*To adjourn the meeting at 4.00pm, to reconvene at 4.10pm*

**MOTION CARRIED**



### 6.5. Dunedin Public Transport Consultation Topic

The purpose of this paper was to provide information about Dunedin Public Transport, which was proposed to be included as a consultation topic in Otago Regional Council's Long-Term Plan (LTP) 2024-31.

Pim Borren (GM Transport) and Lorraine Cheyne (Manager Transport) were present to speak to the paper and respond to questions.

#### Resolution CM23-259: Cr Noone Moved, Cr Wilson Seconded

*That the Council:*

- 1) **Notes** this report.
- 2) **Approves** for the purposes of consultation in the Draft Long Term Plan the following option:

*Option D (staff recommendation) – the Fares & Frequencies Business Case – Preferred Option of increased service frequencies and operating hours, and \$2.00 Adult Bee Card fare (other fare products retaining present relativities) and being a \$461.74M Dunedin PT investment programme over 10 years; with a total impact on Targeted Rate of \$214.677M;*

- 3) **Notes** that the decision on the preferred funding model was made as part of a separate paper and that the preferred model will be applied to Public Transport costs for the purpose of consultation.

**MOTION CARRIED** (Against: Cr Weir)

### 6.6. Queenstown Public Transport Consultation Topic

The purpose of this paper was to provide information about Queenstown Public Transport, which was proposed to be included as a consultation topic in Otago Regional Council's Long Term Plan (LTP) 2024-34.

Pim Borren (GM Transport) and Lorraine Cheyne (Manager Transport) were present to speak to the paper and respond to feedback.

#### Resolution CM23-260: Cr Noone Moved, Cr Weir Seconded

*That the Council:*

- 1) **Notes** this report.
- 2) **Approves** for the purposes of consultation in the draft Long Term Plan Option B – The Queenstown Public Transport Services Business Case Emerging Preferred “Composite” Option future network services option at a total cost of \$28.511M in years 2024 to 27, and a total 10-year investment package of \$172.859M (cf \$114.063).
- 3) **Notes** the inclusion of \$2m of funding in years 1-3 of the draft Long Term Plan for targeted network improvements ahead of the implementation of the preferred option.

- 4) **Notes** that the decision on the preferred funding model was made as part of a separate paper and that the preferred model will be applied to Public Transport costs for the purpose of consultation.

**MOTION CARRIED** (Against: Cr Kelliher, Cr Laws)

#### **6.7. Local & Intra-regional Transport Consultation Topic**

The purpose of this paper was to provide information about Public Transport Local and Intra-regional Services which are proposed to be included as a consultation topic in Otago Regional Council's Long Term Plan (LTP) 2024-31.

Pim Borren (GM Transport) and Lorraine Cheyne (Manager Transport) were present to speak to the paper and respond to questions.

Cr Forbes returned to the meeting at 5:00pm

#### **Resolution CM23-261: Cr Wilson Moved, Cr Noone Seconded**

*That the Council:*

- 1) **Notes** this report.
- 2) **Approves** for the purposes of consultation \$3.7M for inclusion in the LTP 2024 – 2034 for public or shared transport feasibility investigations and/or trials of the following local and intra-regional services:
  - An Oamaru on-demand service
  - An Alexandra, Clyde, Cromwell to Queenstown bus service
  - A Balclutha to Dunedin, including Airport, bus service, and
  - A Wānaka Public Transport trial
- 3) **Approves** for the purposes of consultation, funding the initial feasibility studies and trial services as follows:
  - a. Oamaru on-demand (Targeted Rate)
  - b. Alexandra, Clyde, Cromwell to Queenstown (General Rate)
  - c. Balclutha to Dunedin including Airport (General Rate)
  - d. Wanaka (Targeted Rate)
- 4) **Notes** that the final impact on rates will be calculated following Council's endorsement of a preferred rating model for consultation.

**MOTION CARRIED**

#### **6.8. ORC Transport Activities Procurement Strategy**

The purpose of this report was to receive early input into the 2024-27 Procurement Strategy for transport activities.

Pim Borren (GM Transport) and Lorraine Cheyne (Manager Transport) were present to speak to the paper and respond to questions.

**Resolution CM23-262: Cr Weir Moved, Cr Noone Seconded**

*That the Council:*

- 1) **Notes** this report, and
- 2) **Supports** capital investment in depot/vehicle assets as a possible strategy for ensuring best value for money and competitive markets for public transport contracts.

For:	Cr Forbes, Cr McCall, Cr Noone, Cr Somerville, Cr Weir, Cr Wilson
Against:	Cr Kelliher, Cr Laws, Cr Malcolm, Cr Mephram, Cr Scott
Abstained:	None

**MOTION CARRIED**

**7. CLOSURE**

Cr Robertson formally thanked Pim Borren (GM Transport) for his service and his experience as this was his final council meeting and wished him all the very best for the future.

Pim responded by thanking the Councillors, Richard Saunders (Chief Executive) for allowing him the involvement in transport and to Lorraine Cheyne (Manager Transport) for her support and hard work.

The meeting was adjourned for completion of item 6.1 to Thursday 14 December 2023, at 5.40pm on Wednesday 13 December 2023 with a karakia.

Cr Robertson thanked Richard Saunders and his staff.

Cr McCall and Cr Noone thanked Cr Robertson for her leadership as Chairperson.

The meeting closed at 10:35am on Thursday 14 December 2023 with a karakia.

\_\_\_\_\_  
Chairperson

\_\_\_\_\_  
Date

# Action Register

## Search Criteria

**Showing Completed Items:** No

## Applied Filters

**Start Meeting Date:** 1st Aug 2022

**Action Statuses:** Resolution Release Review, Reassigned to Council, Assigned, In Progress

**Generated By:** Trudi McLaren

**Generated On:** 14/02/2024 at 11:16am

Council Agenda - 21 February 2024 - ACTIONS (Status of Council Resolutions)

Meeting Date	Item	Status	Action Required	Assignee/s	Action Taken	Due Date
22/02/2023	CS2304 Annual Plan 2023/24	Assigned	Have an independent efficiency review performed in FY 2023/24 to inform the Long-Term Plan process. <b>CM23-111</b>	Chief Executive, General Manager Transport	<b>13/09/2023 Governance Support Officer</b> Underway. Workshop to be scheduled for October 2023.  <b>30/11/2023 Governance Support Officer</b> A paper is on the agenda for 6 December  Complete	31/12/2023
22/03/2023	GOV2306 Proposal to participate in CouncilMARK programme	Assigned	The Chief Executive will execute an agreement with CouncilMARK to undertake an independent assessment in 2024. <b>Res CM23-130</b>	Chief Executive	<b>13/09/2023 Governance Support Officer</b> Underway. Assessment likely to take place February 2024	06/12/2023
22/03/2023	Recommendations of the Finance Committee	Assigned	Chief Executive directs staff to undertake further work towards development of an annual awards programme including detailed costs AND provide a report to Council for consideration during the upcoming LTP process (Res FIN23-103). <b>Res CM23-136</b>	Chief Executive	<b>13/09/2023 Governance Support Officer</b> Underway.	31/12/2023
26/04/2023	GOV2313 Notice of Motion - Request for report on feasibility of free off-peak travel	Assigned	Provide a report to the PATC on feasibility of free off-peak public transport and the potential costs (e.g. lost revenue) and benefits (e.g. reduced pressure at peak times, reduced delays at peak times, equity impacts, reputation impacts) to help inform relevant LTP decisions.  <b>Res. CM23-147</b>	General Manager Transport, Manager Transport	<b>25/09/2023 Governance Support Officer</b> Still in progress	06/12/2023
22/06/2023	CEO2301 Internal Audit Options for Otago Regional Council	Assigned	Co-Chairs of the Committee to work with the Chief Executive Officer to commence an internal audit programme in the 23/24 year and report results back to the Committee. <b>AR23-116</b>	Chief Executive, Councillor, Andrew Douglas	<b>28/11/2023 Governance Support Officer</b> The Internal Audit will commence early 2024	30/06/2024
23/08/2023	GOV2329 Climate Change	Assigned	Requests staff create a Terms of Reference for a Working Group to provide advice during the development of the Strategy.	General Manager Governance, Culture and	Complete and adopted by Council.	30/09/2023

Council Agenda - 21 February 2024 - ACTIONS (Status of Council Resolutions)

Meeting Date	Item	Status	Action Required	Assignee/s	Action Taken	Due Date
	Strategy Scoping			Customer, Manager Executive Advice		
25/10/2023	REG2308 Dangerous dam policy	Assigned	Consultation of the proposed Dangerous Dams Policy 2023 using special consultative procedures under s83 of the Local Government Act 2002 subject to any minor editorial changes. <b>Res CM23-226</b>	Manager Consents	Underway.	28/06/2024
25/10/2023	REG2308 Dangerous dam policy	Assigned	Delegate to the Chair the appointment of the two suitable hearings panel members to consider the public submissions on the dam policy. <b>Res CM23-226</b>	Chairperson	Complete.	29/12/2023
25/10/2023	GOV2330 LTP Community Engagement	Assigned	Staff to implement the preferred community engagement approach included in Table 3 for the Long-Term Plan 2024-2034 based on the proposed scope presented in this report. <b>Res CM23-228</b>	General Manager Corporate Services and CFO, General Manager Governance, Culture and Customer	Underway.	28/06/2024
08/11/2023	OPS2226 Regional Wilding Conifer Cost Benefit Analysis and business case	In Progress	Option 1 - ORC directly engaging with central government for an increase in funding required for the Otago region as part of the National Wilding Conifer Control programme.  Chair, Deputy and CE met with Hon Andrew Hoggard (Minister of Biosecurity) 8/2/24. The conversation covered the wilding conifer programme, Otago's high vulnerability to invasion, effects of wildings, Otago's recent business case, the importance and clear benefits of continuing the programme.	Chairperson, Chief Executive, General Manager Operations	Underway.	30/04/2024
09/11/2023	OPS2326 Otago Rain Radar – Rainfall Analysis and Nowcasting Service	Resolution Release Review	<b>Requests</b> that the Chair of the Otago Civil Defence and Emergency Management Group writes to the relevant Minister requesting weather radar coverage for Queenstown-Lakes and Central Otago.	Chairperson	Underway.	01/05/2024

Meeting Date	Item	Status	Action Required	Assignee/s	Action Taken	Due Date
08/02/2024	HAZ2303 Wildfire Hazard in Otago	Assigned	Requests that the Safety and Resilience Committee is updated on the Otago CDEM Group's discussion at its next meeting.	General Manager Operations	Underway.	08/02/2024
08/02/2024	GOV2345 Site Led Programme Update	Resolution Release Review	<b>Resolution EIC24-104: Cr Noone Moved, Cr Malcolm Seconded</b> That the Environmental Implementation Committee: d. <b>Requests that staff</b> provide an update on progress of the Igarosiphon Site Led Project	General Manager Operations		30/04/2024

### 8.1. Enviroschools Presentation - Students and Coordinator

**Prepared for:** Council  
**Report No.** COMS2402  
**Activity:** Community: Governance & Community  
**Author:** Robyn Zink, Regional Enviroschools Coordinator  
**Endorsed by:** Jo Galer, Manager, Communications and Marketing  
**Date:** 21 February 2024

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#### PURPOSE

- [1] To update the Council on the activities of Enviroschools in Otago for 2021 to the present.

#### EXECUTIVE SUMMARY

- [2] Otago Regional Council (ORC) supports the delivery of the Enviroschools programme through funding the Enviroschools Regional Coordinator. Enviroschools foster a generation who instinctively think and act sustainably. The Coordinator maintains the integrity of the programme and supports facilitators to deliver the programme with schools and Early Childhood Centres (ECE). The programme has seen significant growth in school numbers and levels of engagement from schools since ORC started funding the Enviroschools coordination.
- [3] All five Territorial Local Authorities (TLAs) in the Otago Region have increased the support they provide to Enviroschools through a combination of increasing facilitator hours or increasing the pay rate of facilitators.
- [4] Enviroschools contributes to bringing to life ORC's vision for Otago by supporting schools to learn about and take action in their schools and communities to create healthy communities and environments.

#### RECOMMENDATION

*That the Council:*

- 1) **Notes this report.**

#### BACKGROUND

- [5] Enviroschools started in 2002 in Otago, with Waitati School and Glenorchy School becoming pilot Enviroschools. There are now 88 Enviroschools (including primary, intermediate, secondary and area schools) and 12 ECE in the region, connecting with 24,800 Tamariki and students.
- [6] Otago Regional Council started funding the Enviroschools Regional Coordinator position in 2016. There has been an increase in connection and cohesion across the Otago Enviroschools team enabling more effective support to schools and greater collaboration with other organisations supporting education for sustainability.



- [7] [Enviroschools](#) is a nationwide programme with a holistic approach to the development of resilient and sustainable communities through schools. Sustainability for Enviroschools means living in a country where people work with positive energy to connect with each other, their cultural identity and whenua/the land. It is about the regeneration of ecosystems and places we love and care for. It means developing livelihoods and an economy that supports and restores the environment and creates resilient, caring communities. This can be achieved by learning together in empowering, creative, and action-oriented ways.
- [8] Enviroschool's Kaupapa is delivered through facilitators that work with schools to identify sustainability issues relevant to the school and wider community. Facilitators support schools to integrate sustainability into the school vision / charter, policies, and practices and into the curriculum, along with supporting projects and students taking action to make a difference in their schools and communities. A key role of the Enviroschools coordinator and facilitators is to connect schools with relevant experts and to work with community organisations, industry, and government agencies to enable schools to achieve their sustainability aspirations.
- [9] ORC has also recently increased funding for Enviroschools through the employment of a part-time Regional Coordinator for Central Otago. This is due to the growth in numbers of schools and increased engagement of schools with their communities. Just a few months in, having a coordinator on the ground in Central Otago and Lakes area has already facilitated connections that will enable more engagement with schools.

## **DISCUSSION**

- [10] Enviroschools brings to life ORC's vision for healthy and connected environment and communities.
- [11] Work is continuing to engage schools in a wide range of learning and activities that enhance the health of the environment, with many being involved in on-going community projects. Examples includes Queenstown Primary School students helping to improve the health of Horn Creek, which flows by the school. Omakau, Poolburn, Waiwera South and Waitaki Valley Schools are just four of the schools across the region propagating native plants for large scale planting projects.
- Tamariki at Goldfields Kindergarten have been planting native trees to create a forest space for play and learning. Waitaki Boys High School have set up a composting hub at the school and are working with Oamaru schools and ECE to take their food waste. Many schools track and trap pests and test water quality, providing numerous learning opportunities.
- [12] Enviroschool's holistic approach emphasises the interconnections and relationships of interdependence between people and the environment. A teacher hui focused on teaching and action for a changing climate was held in 2023. Feedback from teachers is that the hui gave them the skills and confidence to talk to students about the changing climate. This year, Enviroschools facilitators are connecting some University of Otago Master's students with schools to do Carbon Emissions Inventories for schools and the facilitators are supporting students with learning and action related to this.
- [13] One of the ways schools are building resilience is through growing and cooking food as well as sharing produce with the community. Wānaka and Weston Primary schools are

two examples where growing and cooking food involves the whole school. Dunstan High School are developing their mara kai / vegetable garden, a project largely driven by students. The Queenstown Enviroschools facilitator is working with ORC staff and Glenorchy school as another way to engage with the community on the natural hazard issues in the area.

- [14] Wakari primary school is studying energy and as part of this, Enviroschools is helping the students to research how staff and students travel to school, and exploring alternatives such as carpooling, buses, walking and cycling. Wakatipu High School envirogroup regularly promote biking, public transport and carpooling as ways to come to school amongst the students and staff.
- [15] Enviroschools supports schools to connect with their communities and facilitate partnerships with groups and organisations that enable a school to work toward its sustainability and environmental enhancement aspirations. A recent example of this is the relationship between Maniototo Area School and Ranfurly Hospital. Students will propagate plants for riparian planting to improve the health of the waterway by the hospital and create an area where the community can enjoy the environment. The Enviroschools facilitator has supported and enabled this process.
- [16] Teachers regularly comment that Enviroschools has been the catalyst for the community connections they have. Enviroschools works to connect with mana whenua to create better outcomes for schools.

**The difference Enviroschools makes to the Otago community.**

- [17] Students take a lot of pride in the things they are doing to look after the environment and seeing that they can be change makers in their schools and communities.
- [18] Teachers value the holistic approach of Enviroschools and the focus on empowering students to take action on issues that matter to them. Enviroschools integrates well into the curriculum and provides an authentic learning context. They value the support of the facilitator and say it would be much more difficult for them to focus on sustainability without the on-going support of their facilitator. Enviroschools provides a mandate for sustainability in the school and helps them to keep a focus on learning for sustainability and empowering students.
- [19] Enviroschools regularly receives feedback from parents about the changes they make at home because of the things their children are learning at school about sustainability.
- [20] Adults often comment on the pivotal role Enviroschools had in the career and life choices they now make.
- [21] Having Enviroschools Regional Coordinators employed by ORC gives greater visibility to the mahi ORC undertakes in the region. An example of this is ORC staff, such as catchment and biodiversity advisors, run activities at hui with students and teachers.

**OPTIONS**

- [22] Note this report

## **CONSIDERATIONS**

### **Strategic Framework and Policy Considerations**

[24] There are no Strategic Framework and Policy Considerations for this report.

### **Financial Considerations**

[25] There are no Financial Considerations for this report.

### **Significance and Engagement Considerations**

[26] EnviroSchools is a key programme for ORC that fosters our engagement and connection with our community, in particular our youth.

### **Legislative and Risk Considerations**

[27] There are no Legislative and Risk Considerations for this report.

### **Climate Change Considerations**

[27] EnviroSchools aims to foster a generation to instinctively think and act sustainably. Working with schools and their communities contributes to creating the social licence for the Otago Regional Council to fulfil its mandate to protect the environment.

### **Communications Considerations**

[28] There are no Communications Considerations for this report.

## **NEXT STEPS**

[29] No further steps to note.

## **ATTACHMENTS**

Nil

### **8.3. Chairperson's Report**

**Prepared for:** Council  
**Activity:** Governance Report  
**Author:** Cr Gretchen Robertson, Chairperson  
**Endorsed by:** Cr Robertson, Chairperson  
**Date:** 14 February 2024

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#### **Attendance at events and meetings**

**21 November 2023, Mana to Mana Meeting**

**5 December 2023, Christmas All Staff Day**

**7 December 2023, CDEM Joint Committee**

**7 December 2023, Otago Mayoral Forum – MP Event and Dinner**

**12 December 2023, Te Ropu Taiao – Balclutha**

**23 January 2024, Met with Cultural Audit representatives**

**29 January, Dunedin Future Development Strategy Media Briefing**

**1 February, Public and Active Transport ORC/QLDC Joint Advisory Group meeting in Queenstown**

**6 Feb Waitangi Day Commemoration, Te Rau Aroha Marae, Bluff**

**6 Feb Dinner with Otago Mayors and Chair Environment Southland**

**7 Feb Otago Southland Te Ropu Taiao, Murihiku Marae**

**7 Feb Hon Penny Simmonds and Hon Mark Patterson addressed Te Ropu Taiao grouping**

**7 Feb Otago Southland Combined Mayoral Forum**

**8 Feb Informal meeting with Hon Andrew Hoggard and Hon Mark Patterson**

**12 Feb Otago Deep Water Lakes management Working Group Meeting**

**12 February, Meeting with Ministers Bishop, Simmonds and McClay**

**13 February, Meeting with Environmental Defence Society**

**14 February, New Starter Induction**

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**14 February, Meeting with Jo Hendy, CEO of Climate Change Commission**

**Letters Sent/Received**

Upper Clutha Wilding Tree Group

Minister Chris Bishop - Development of fast-track consenting legislation and changes to the National Policy Statement for Freshwater Management

Environmental Defence Society

**RECOMMENDATION**

*That the Council:*

- 1) *Notes this report.*

**ATTACHMENTS**

Nil

#### **8.4. Chief Executive's Report**

**Prepared for:** Council Meeting  
**Activity:** Governance  
**Author:** Richard Saunders, Chief Executive  
**Date:** 14 February 2024

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#### **PURPOSE**

- [1] This report provides Council with an overview of Otago Regional Council's key projects, financial performance and progress against our levels of service.

#### **EXECUTIVE SUMMARY**

- [2] Progress of the Long Term Plan remains on track with the project on track to meet key milestones.
- [3] The Land and Water Plan is on track for the planned 30 June 2024 notification date. A recommendation from the new Government for all Regional Councils to delay notification to 31 December 2027 will need to be considered by Council.
- [4] Financial performance at the end of January 2024 shows that Otago Regional Council (ORC) has a surplus of \$1.913m. This surplus is forecast to reduce to \$1.123m by year end.
- [5] At the end of January 2024, service levels remain largely on track with two measures reporting red (off-track) and two measures reporting as amber (at risk). The off-track measures relate to a delay in the delivery of a regional climate strategy and a delay to the completion of the Queenstown Future Development Strategy.

#### **RECOMMENDATION**

*That the Council:*

- 1) Notes this report.**

#### **DISCUSSION**

Land and Water Plan

- [6] The Land and Water Plan remains on track for notification on 30 June 2024. Clause three consultation is currently underway with good engagement from the parties involved.
- [7] Central Government have made a strong recommendation that Regional Councils, including ORC, should delay the notification of any new water plan until 31 December 2027. Staff will provide further advice to Council on this matter in the coming weeks, including a paper on today's agenda.

- [8] Key milestones remain largely on track. The project plan is included as Attachment 1. Where delays have been experienced, these are being managed by the project team and will not impact the final delivery date, subject to any future decisions of Council.

#### Long Term Plan

- [9] The Long Term Plan project has progressed well and is on track to meet milestones ahead of public consultation.
- [10] Papers in today's Council agenda include the draft financial forecasts and draft financial strategy and revenue and financing policy which will inform the consultation document.
- [11] Due to a recent notification of funding constraints from New Zealand Transport Agency staff, Councillors are being asked to consider an alternative preferred option for the Dunedin Public Transport network. Forecasts will be updated following consideration of this paper.
- [12] The project remains on track to achieve all key milestones. The project plan is included as Attachment 2. Additional time has been scheduled for Councillors to be briefed and provide input into the draft consultation document before receiving it for endorsement at the March Council meeting.

#### Financial Performance

- [13] The Statement of Comprehensive Revenue and Expenditure at the end of January 2024 shows a surplus of \$1.193m. The year end forecast shows a surplus of \$1,123m. The Statement of Comprehensive Revenue and Expenditure is included as Attachment 3.
- [14] The forecast surplus includes an additional \$1m revenue from Port Otago due to the timing of a dividend payment. Remaining budgets will need to be closely managed to ensure the forecast surplus is delivered.
- [15] The current statement of financial position is included as Attachment 4.

#### Level of Service Measures

- [16] Level of Service Measures at the end of January show two measures as off track and two as at risk. An additional two measures that were at risk at the end of December are now reporting as on-track.
- [17] The off-track measures include the completion of a regional climate strategy by 30 June 2024 and the completion of the Queenstown Future Development Strategy. Councillors will be briefed on the Regional Climate Strategy at an upcoming workshop.
- [18] The Issues and Options paper for the Regional Plan Coast is at risk due to staff resource. An assessment will be undertaken to identify resourcing options to enable the report to be completed. Data from the biodiversity monitoring network may not be delivered due to a delay in the development of the biodiversity monitoring programme.

[19] Exception reporting is included as Attachment 5 and an overall list of measures is included as Attachment 6.

#### **OPTIONS**

[20] As this is a report for noting there are no options to consider.

#### **ATTACHMENTS**

1. LWRP GG February meeting - Milestone Status Update - 2024 Milestones [**8.4.1** - 2 pages]
2. ORC LTP Project Progress Report 090224 RS edits [**8.4.2** - 7 pages]
3. Report Statement of Comprehensive Revenue and Expense January 2024 [**8.4.3** - 1 page]
4. Statement of Financial Position [**8.4.4** - 1 page]
5. Summary LOSM Report - Jan 24 Exceptions [**8.4.5** - 1 page]
6. Summary LOSM Report - January All [**8.4.6** - 3 pages]



**ORC REPORT ON PROGRESS AGAINST CRITICAL MILESTONES AND TASKS**

Project Name	Project Start Date	Project Sponsors	Project Owners	Report date
Land and Water Regional Plan for Otago	1-Jul-21	Anita Dawe	Fleur Matthews - Plan Development Natasha Pritchard - Implementation	1/02/24

Progress Summary and Focus for Next Month
<p><b>This past month the team focused on:</b></p> <ol style="list-style-type: none"> <li>Continuing Section 32 Initial Drafting</li> <li>Clause 3 Consultation</li> <li>Clause 3 Stakholder Briefings and Engagement</li> <li>Implementation Workstream Began Planning and Assembling Team</li> </ol> <p><b>Next month the team will focus on:</b></p> <ol style="list-style-type: none"> <li>Evaluating and Incorporating Clause 3 Feedback</li> <li>Complete First Draft of Section 32 Report</li> <li>Implementation Workstream Underway</li> </ol>

RESOURCE MANAGEMENT ACT PROCESS AND CRITICAL TASKS	KEYS
CP1. Environmental Outcomes, Objectives, Provisions, Rules developed (July 2023)	RMA CRITICAL PATH
CP2. Community consultation prior to formal Schedule 1 process (August - October 2023)	Milestone is on the critical path
CP3. Pre-notification consultation (February - April 2024)	HEALTH
CP4. Public Notification (June 2024)	STATUS
	Work not yet due to start
	Meets or exceeds project expectations
	Issues are being managed within the team and not expected to impact final deadline
	Issues impacting project and overall timeline and need escalation and action
	Milestone / task finished
	1. Not due to start
	2. Not started
	3. Ready to start
	4. Start delayed
	5. On hold
	6. In progress
	7. Complete
	8. Withdrawn

Milestone	Critical Path	Baseline Start date	Baseline End date	Forecast Revised End date	End date variance	Actual End Date	Previous Status	Current Health & Status	Commentary
<b>Preparatory and Plan Writing</b>									
Māori economy report completed by ORC and Iwi			31-Jul-23	31-Dec-23	+5 Months		In progress	In progress	Further delayed and update will be given at next GG meeting
Draft mana whenua chapter complete			30-Sep-23	15-Nov-23	+2.5 Months	20-Dec-24	In progress	Complete	Completed in December
<b>Post-Engagement until Pre-Notification Consultation</b>									
Full draft plan reviews by Planning Lead, affected ORC teams, Iwi, Legal complete		6-Nov-23	30-Nov-23	14-Dec-23	+ 2 Weeks		In progress	Complete	
Section by section drafting of Section 32 Report		1-Oct-23	20-Dec-23	23-Feb-24	+ 2 Months		In progress	In progress	Time constraints/workload in December have slowed drafting, but first draft of most chapters delivered by 1 February, some chapters to follow and be completed 23 February.
First Draft of Section 32 completed	CP3		20-Dec-23	23-Feb-24	+ 2 Months		In progress	In progress	Plan authors are collating supporting evidence as they develop plan chapters throughout. The Section 32 Report involves a significant amount of work which is being worked on iteratively as the plan is developed. The project is monitoring any additional resources required here.

Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

Milestone	Critical Path	Baseline		Forecast	End date variance	Actual End Date	Previous Status	Current Health & Status	Commentary
		Start date	End date	Revised End date					
Draft Proposed Land and Water Regional Plan complete. This is required in order for Clause 3 & 4A pre-notification and notification to begin	CP3		30-Nov-23	20-Dec-23	+ 1 Month		In progress	Complete	Completed in December and draft circulated as part of Clause 3 Consultation.
<b>Pre-Notification Consultation</b>									
Clause 3 Consultation Period		11-Jan-24	23-Feb-24	23-Feb-24			Not due to start	In progress	Underway and progressing to plan.
Collate and analyse Clause 3 feedback		26-Feb-24	15-Mar-24				Not due to start	Not due to start	
LWRP Clause 4A Consultation Period		25-Mar-24	19-Apr-24				Not due to start	Not due to start	
Draft Proposed Land and Water Regional Plan pre-notification consultation with Iwi and statutory parties (under RMA Sch 1, Clause 3 and 4A) completed	CP4		19-Apr-24	19-Apr-24			Not due to start	Not due to start	
LWRP Reviews by Legal and ELT		26-Apr-24	23-May-24				Not due to start	Not due to start	
Final Updates to LWRP		23-May-24	27-May-24				Not due to start	Not due to start	
Final Updates to Section 32 Report		23-May-24	27-May-24	16-May-24			Not due to start	Not due to start	
Draft Proposed Land and Water Regional Plan and Draft s32 Report complete	CP4		31-May-24				Not due to start	Not due to start	
<b>Notification</b>									
Council Paper, LWRP and s32 due for Council Meeting	CP5		31-May-24				Not due to start	Not due to start	
Council Meeting to Notify	CP5		12-Jun-24				Not due to start	Not due to start	
Otago Regional Council Resolution to Notify Proposed Land and Water Regional Plan for Otago	CP5		12-Jun-24				Not due to start	Not due to start	
Proposed Land and Water Regional Plan for Otago Publicly Notified	CP5		29-Jun-24				Not due to start	Not due to start	

**ORC Long Term Plan project progress report**

Project Name	Project Lead	Current Reporting Period	Previous Reporting Period
Long Term Plan	Mike Roesler, supported by AJ Millward	19 January – 09 February	25 November – 20 December

Progress summary and focus for next reporting period	
<p><b>Achievements this reporting period</b></p> <ul style="list-style-type: none"> <li>Existing LTP material collated (19 Jan)</li> <li>Progressed writing LTP consultation document, including introduction section, challenges and opportunities section, strategic directions section, key proposal introduction section (24 Jan)</li> <li>Progressed writing the draft LTP, including the level of service (LOS) measures (24 Jan)</li> <li>Responsible GM signed off environmental funding key proposal topic (25 Jan)</li> <li>Established plan for ELT and Council involvement in reviewing the consultation document and LTP ahead of final Council approval (26 Jan)</li> <li>Responsible GM signed off challenges and opportunities, strategic direction (30 Jan)</li> <li>Outline of the Financial Strategy and Policy drafted for Consultation Document (1 Feb).</li> <li>Confirmed infrastructure strategy key messages for LTP and CD due (2 Feb)</li> <li>Editing of challenges and opportunities section, strategic directions section, key consultation proposals and introduction section of Consultation Document (7 Feb)</li> <li>ELT meeting to review LOS measures (LTP) and review draft consultation topics (CD) (7 Feb)</li> <li>Council meeting to discuss workshop rates model (8 Feb)</li> <li>Incorporate ELT updates and changes in LTP document (in particular, level of service and funding and finances) (9 Feb)</li> </ul>	<p><b>Current Project Focus has been on:</b></p> <ul style="list-style-type: none"> <li>Working with managers to finalise LTP content and Level of Service Changes.</li> <li>Drafting consultation topics, introduction section and strategic content for the LTP Consultation document.</li> <li>Confirming the plan for ELT and Council involvement in reviewing and signing out the consultation document and LTP ahead of final Council approval.</li> </ul>
<p><b>Next reporting period (09 Feb -&gt; 16 Feb)</b></p> <ul style="list-style-type: none"> <li>Circulate material of LTP outline document to LTP Governance Committee (9 Feb)</li> <li>Growth models, uncertainties and assumptions to be collated into LTP material (9 Feb)</li> <li>ELT meeting to review Our Work section (CD), review Funding the work and rates/rating changes section (CD), and to discuss Community Engagement Process (12 Feb)</li> <li>Audit review of rates model (12 Feb)</li> <li>Growth models, uncertainties and assumptions to be collated into LTP material (12 Feb)</li> <li>Edit Financials strategy and rating changes consultation topic (15 Feb)</li> <li>Edit Our work section of consultation document (15 Feb)</li> <li>Edit Funding the work and rates/rating changes section(s) of consultation document (16 Feb)</li> <li>Tactical Engagement plan drafted (16 Feb)</li> <li>Finalise remaining graphics and tables needed for consultation document (16 Feb)</li> </ul>	<p><b>On the horizon (February/March)</b></p> <ul style="list-style-type: none"> <li>Council meeting to endorse draft budget (21 Feb)</li> <li>Audit scheduled (internally) to review draft consultation document (26 Feb)</li> <li>Update consultation document and draft LTP based on Council feedback (6 March)</li> <li>Chief Executive to sign off material (updated consultation document and draft LTP based on council feedback (7 March)</li> <li>Chief Executive sign off updated consultation document and draft LTP updated by council (14 March)</li> <li>Council meeting to approve draft consultation document and draft LTP, and to delegate editorial changes to draft documents to the Chief Executive (20 March)</li> <li>Consultation document printed and uploaded on website (28 March)</li> <li>Printed copies available (28 March)</li> <li>LTP Consultation starts (28 March)</li> </ul>

**Risks and Issues**

Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

RISKS	MITIGATIONS
Project management and governance needs to be tightly managed to avoid quality and timeframe issues.	Project management cycle is working well. Governance group meetings are regular and clear signalling to staff of time requirements is working well.
Timeframes are tight for SLT and Council to review and approve the LTP.	Additional meetings have been scheduled for ELT so they can consider parts of the draft LTP and consultation document as they are finalised. Have worked through a schedule of feedback and approvals up to 20 March 2024.
Amount of time and commitment management are spending on the LTP process needs to be managed for workload and well-being.	Baseline of all manager contributions to the LTP and consultation document is all the material presented to (and signed off by) council already. Workshops are being run to support managers. Managers and staff who have significant time commitments in drafting are part of the “drafting team” and have GM support to make this a priority.

Key		
STATUS	HEALTH	Colour
Not due to start	Work not yet due to start	
Start delayed	Issues are being managed within the team and not expected to impact final deadline	
On hold	Issues impacting project and overall timeline and need escalation and action	
In progress	Meets or exceeds project expectations	
Complete	Milestone / task finished	

Milestone	Start date	End date	Health and Status	Commentary
<b>COUNCILLOR WORKSHOPS AND DECISION MAKING</b>				
Growth Models, uncertainties and assumptions available for LTP Proposal	01/08/23	01/02/24	Start delayed	Slight delay due to version control issues of document. Now resolved and on track.
Council meeting		08/02/24	Not due to start	Workshop rates model
LTP Governance Committee meeting		13/02/24	Not due to start	Consider WIP Consultation Document (including consultation topics) and WIP Draft LTP
Council meeting		21/02/24	Not due to start	Meeting to agree budget, and consider the work in progress Consultation Document (including consultation topics) and work in progress Draft LTP
LTP Governance Committee meeting / Council [round robin] TBC		05/03/24	Not due to start	Consider Draft Consultation Document and Draft LTP
Council meeting to approve LTP and Consultation document		20/03/24	Not due to start	Approve Draft Consultation Document and Draft LTP and delegate changes to the draft documents to the Chief Executive
<b>FINANCIAL AND RATES</b>				
Audit Review Rates Model		12/02/24	Not due to start	Have engaged with Audit on dates and expectations
Audit Review draft consultation document		26/02/24	Not due to start	Date to be confirmed
Audit Review		08/03/24	Not due to start	Date to be confirmed
<b>ENGAGEMENT AND COMMUNICATIONS</b>				
LTP consultation period starts		28/03/24	Not due to start	Engagement planning underway, draft plan due 9 February

Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

LTP consultation complete		26/04/24	Not due to start	Communications team have visibility of current draft engagement plan
LTP adopted		26/06/24	Not due to start	Detailed planning for post-consultation process starts 26 February

Manager input schedule	Manager time commitment	Comment
<b>CURRENT</b>		
Manager involvement – some managers are more involved than others	Light (>2 hours/week)	Current involvement is on finalising contributions to the consultation document and draft LTP post ELT meeting to discuss LOS. Note that most of this work has happened now.
<b>UPCOMING</b>		
Focus on finalising content and making amendments based on Council feedback	Light	Future involvement is on incorporating feedback from ELT and Council into these 2 documents.

LTP Project Workstreams GANTT Chart overview				
LTP WORKSTREAMS	Jan-24	Feb-24	Mar-24	Apr-24
Long Term Plan and CD				
Engagement and Communications		Marketing & communications	Prepare for Consultation	Consultation
Partnering with Mana Whenua			Implementation of plan	

Annex 1: Completed Milestones

Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

Completed Milestones	Start date	End date	Health and Status	Commentary
Council presentation - Financial/funding: Introduction	11/05/2023	11/05/2023	Complete	Completed on 11/05/2023.
Council Briefing held: Current State presentation	14/06/2023	15/06/2023	Complete	Completed on 15/06/2023.
Council presentation - Financial/funding: Financial strategy	14/06/2023	29/06/2023	Complete	Completed on 29/06/2023.
Current State updated following Council feedback	16/06/2023	07/07/2023	Complete	Completed on 08/08/2023.
Lessons from OAG report documented and discussed with workstream lead and project sponsor	21/06/2023	20/07/2023	Completed	Have now been discussed with LTP governance sub-committee and incorporated into project plan. Completed on 02/08/2023.
Detailed planning of Infrastructure Strategy milestones and set up of regular meeting	17/07/2023	25/07/2023	Complete	Project lead has now met with IS team to confirm detailed planning and has invited IS team to regular project team meetings. Completed on 14/08/2023.
Clarity on process for Growth models, uncertainties, and assumptions document	04/07/2023	28/07/2023	Complete	Completed on 28/07/2023.
Council and Mana Whenua workshop. <i>Confirming our Strategic Directions</i>	03/07/2023	02/08/2023	Complete	Completed on 02/08/2023.
Council presentation - Financial/funding: Rating specifics	17/07/2023	02/08/2023	Complete	Completed on 02/08/2023.
First LTP governance sub-committee meeting	18/07/2023	02/08/2023	Complete	Completed on 02/08/2023.
Council and Mana Whenua workshop. <i>Future work programme possibilities</i>	03/07/2023	08/08/2023	Complete	Completed on 08/08/2023.
Regional Leadership Committee Paper. <i>Engagement Approach to LTP</i>	03/07/2023	10/08/2023	Complete	Completed on 10/08/2023.
Engagement approach for LTP consultation drafted	03/07/2023	10/08/2023	Complete	LTP content drafted into paper, next step is to confirm strategic stakeholders with ELT. Draft completed 10/08/2023.
Council Presentation – Framework, assessment of funding needs and analysis [Morrison & Low]	7/07/2023	24/08/2023	Complete	Completed on 24/08/2023.
Support 4 September ELT moderation session as required for 13 September Council Workshop	21/06/2023	04/09/2023	Complete	Completed on 04/09/2023.
Support managers ahead of 13 September Council Workshop	04/09/2023	13/09/2023	Complete	Completed on 13/05/2023.
Council and Mana Whenua workshop. <i>Implications of future work programme possibilities</i>	07/08/2023	13/09/2023	Complete	Completed on 13/05/2023.
Council workshop. <i>Identification of key issues in Infrastructure Strategy (paper)</i>	14/08/2023	13/09/2023	Complete	Completed on 13/05/2023.
Council Presentation – Financial/funding: high level options modelling	04/09/2023	21/09/2023	Complete	Completed on 21/09/2023.
Supporting managers through LTP Activity Build	18/09/2023	05/10/2023	Complete	Completed on 05/10/2023.
ELT Meeting: First review of LTP Activity Build	29/09/2023	09/10/2023	Complete	Completed on 09/10/2023

Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

ELT Meeting: Second review of LTP Activity Build	09/10/2023	16/10/2023	Complete	Completed on 16/10/2023
Council Workshop – Further detail on Focus Area Initiatives	18/09/2023	24/10/2023	Complete	Completed on 24/10/2023
Draft Financial Strategy and Revenue & Financing Policy submitted to Council for approval	02/10/2023	25/10/2023	Complete	Completed on 25/10/2023
Council meeting, Draft Engagement Plan for LTP	03/08/2023	26/10/2023	Complete	Completed on 26/10/2023
ELT Meeting: Session on Council feedback for LTP Activity Build	16/10/2023	01/11/2023	Complete	Completed on 01/11/2023
Council Presentation – Financial/funding: Financial Models	24/10/2023	07/11/2023	Complete	Completed on 07/11/2023
Council update on LTP detailed planning, budgeting and other supporting information	16/10/2023	09/11/2023	Complete	Completed on 09/11/2023
Draft Infrastructure Strategy submitted to Safety & Resilience Committee for approval	24/10/2023	09/11/2023	Complete	Completed on time
ELT Meeting: Review remaining activity build areas	07/11/2023	20/11/2023	Complete	Completed on time
ELT Meeting: Review financial estimates after changes	13/11/2023	20/11/2023	Complete	Completed on time
Council Workshop – Activity Build (part 2)	23/11/23	23/11/2023	Complete	Completed on time
Approach to communicating key topics to the community (for Special Consultative Procedure) agreed internally	04/09/2023	25/11/2023	Complete	Completed on time
ELT Meeting: Review final changes to estimates	23/11/2023	27/11/2023	Complete	Completed on time
ELT Meeting: Provide direction on remaining activity build session workshop format	27/11/2023	27/11/2023	Complete	Completed on time
Council Workshop (pm) – activity build (part 3)	30/11/23	30/11/2023	Complete	Completed on time
Council Workshop - Feedback on key changes from Activity build discussions and key consultation topics	30/11/23	30/11/2023	Complete	Completed on time
Council Workshop (am) – Focus on 'what' Policy changes and options	30/11/23	30/11/2023	Complete	Completed on time
Council Workshop	30/11/2023	30/11/2023	Complete	Completed on time
Tactical Engagement Plan, actions and roles ready for implementation for the SCP [28March)	10/11/2023	30/11/2023	Complete	Completed on time
ELT Meeting: Review updates to activity builds in advance of 7 December council workshop	04/12/2023	04/12/2023	Complete	Completed on time
Council endorsement for LTP Communications Plan	23/10/2023	06/12/2023	Complete	Completed on time

Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

Council endorsement for Consultation Topics	23/10/2023	06/12/2023	Complete	Completed on time
Council Meeting: Formal Direction on Funding Policy Proposal and options	06/12/2023	06/12/2023	Complete	Completed on time
Ongoing updates to Growth models, uncertainties, and assumptions document.	28/07/2023	06/12/2023	Complete	Completed on time
Draft IS to Council	06/12/23	06/12/2023	Complete	Completed on time
Council endorsement for key LTP content and Supporting Information for consultation	06/10/2023	07/12/2023	Complete	Completed on time
LTP Workshop: Review consolidated position, priority adjustments, proposal outlines	07/12/2023	07/12/2023	Complete	Completed on time
Final LTP workshop with councillors		07/12/2023	Complete	Completed on time
WIP Socialised/provided to [with Council] WIP against prioritised sections		07/12/2023	Complete	Completed on time
Council Workshop: LTP Consolidation of Activity build and direction on work priorities and funding (7 December)		07/12/2023	Complete	Completed on time
Consultation topics provided to governance		08/12/2023	Complete	Completed on time
Environmental Funding consultation proposal distributed to Council		11/12/2023	Complete	Completed on time
Transport consultation proposal distributed to Council		11/12/2023	Complete	Completed on time
Council meeting: Communications plan and consultation topics approved, and formal direction on funding policy proposals and options		13/12/2023	Complete	Completed on time
Milestone* Draft strategic Directions (updated) to council	16/11/2023	13/12/2023	Complete	Completed on time
Milestone*Draft Environmental Funding consultation proposal to Council	06/11/2023	13/12/2023	Complete	Completed on time
Milestone*Draft Transport consultation proposal to Council	06/11/2023	13/12/2023	Complete	Completed on time
Milestone* High level communications plan to Council		13/12/2023	Complete	Completed on time
Milestone*Council decisions on Funding Policy change and engagement options]		13/12/2023	Complete	Completed on time



Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

Council decisions on Funding Policy change	08/12/2023	13/12/2023	Complete	Completed on time
High level communications plan to council	09/09/2023	13/12/2023	Complete	Completed on time
Engagement with strategic stakeholders on Focus Areas	13/11/2023	15/12/2023	Complete	Completed on time
Environmental consultation proposal finalised		21/12/2023	Complete	Completed on time
Transport consultation proposal finalised		21/12/2023	Complete	Completed on time
Draft public transport consultation topic		17/01/2024	Complete	Completed on time
Agree CD template between Comms and team and roles and responsibilities document		17/01/2024	Complete	Completed on time

## Statement of Comprehensive Revenue and Expense For the 7-months ended 31 January 2024

	Notes	YTD Actual Jan-2024 7 months	YTD Budget Jan-2024 7 months	Variance 7 months	Forecast Full Year 2023/24 12 months	Budget Full Year AP 23/24 12 months	Variance 12 months
<b>REVENUE</b>							
Rates revenue		32,592	32,420	172	55,778	55,778	-
Subsidies and grant revenue		13,566	11,581	1,984	23,517	20,497	3,020
Other income		8,865	8,386	479	21,522	19,519	2,003
Dividends		9,016	8,750	266	16,000	15,000	1,000
Interest and investment income	a.	5,043	5,979	(937)	10,250	10,250	-
<b>TOTAL REVENUE</b>		<b>69,081</b>	<b>67,117</b>	<b>1,964</b>	<b>127,067</b>	<b>121,043</b>	<b>6,023</b>
<b>EXPENDITURE</b>							
Employee benefits expense		(19,793)	(21,110)	1,318	(33,666)	(35,823)	2,157
Depreciation and amortisation		(2,371)	(2,457)	85	(4,236)	(4,211)	(25)
Finance costs	a.	(5,534)	(5,545)	11	(9,500)	(9,500)	-
Other expenses		(40,223)	(38,630)	(1,593)	(78,822)	(71,789)	(7,033)
<b>TOTAL OPERATING EXPENDITURE</b>		<b>(67,921)</b>	<b>(67,742)</b>	<b>(179)</b>	<b>(126,224)</b>	<b>(121,323)</b>	<b>(4,901)</b>
<b>OPERATING SURPLUS/(DEFICIT)</b>		<b>1,160</b>	<b>(625)</b>	<b>1,785</b>	<b>843</b>	<b>(280)</b>	<b>1,123</b>
Other gains/(losses)	b.	753	639	114	1,265	1,265	-
<b>SURPLUS/(DEFICIT) BEFORE TAX</b>		<b>1,913</b>	<b>14</b>	<b>1,900</b>	<b>2,108</b>	<b>985</b>	<b>1,123</b>
Income tax benefit/(expense)		-	-	-	-	-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>1,913</b>	<b>14</b>	<b>1,900</b>	<b>2,108</b>	<b>985</b>	<b>1,123</b>
Revaluation gain/(loss) – shares in subsidiary	c.	-	-	-	28,193	28,193	-
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>		<b>1,913</b>	<b>14</b>	<b>1,900</b>	<b>30,301</b>	<b>29,178</b>	<b>1,123</b>

### Notes

- Interest income and expense includes interest on LGFA lending on-lent to Port Otago Limited.
- Includes gains on long term managed fund (updated monthly) and revaluation of investment property (updated at year-end only).
- Revaluation shareholding in Port Otago Limited (updated at year-end only).

### Comments

- Year to date surplus is \$1.900m above budget for the 7-month period (last month +\$2.022m).
- Revenue is \$1.964m up on budget and expenditure \$179K under budget creating an operating surplus variance of +\$1.785m.

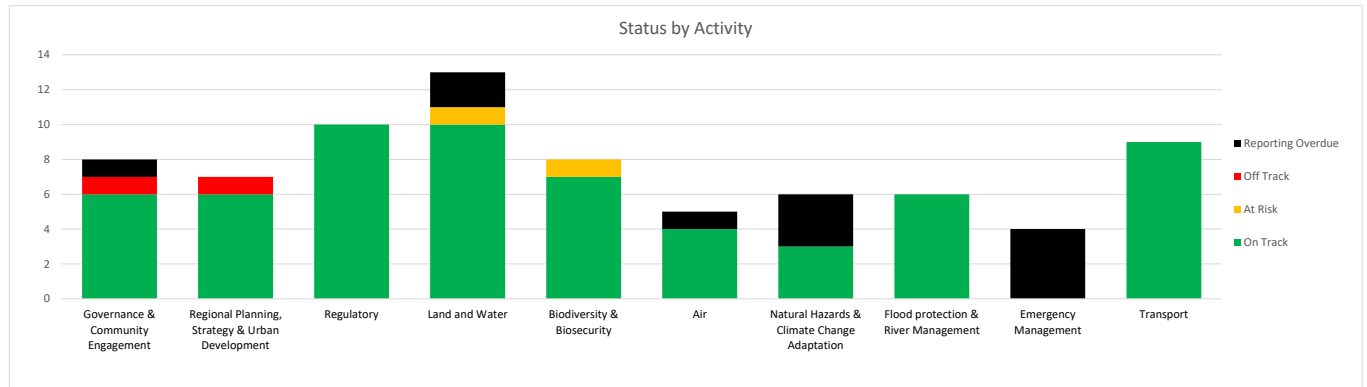
## Statement of Financial Position as at 31 January 2024

	Notes	YTD Actual Jan-2024 7 months	Prior Year Actual Jun-2023	Variance 7 months	Budget Year End Jun-2024
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	1	27,324	14,830	12,494	6,040
Trade receivables	2	20,463	14,802	5,661	12,126
Property held for sale		3,350	3,350	-	-
Other financial assets		26,415	25,262	1,153	25,426
Other current assets		1,316	1,433	(117)	883
<b>TOTAL CURRENT ASSETS</b>		<b>78,868</b>	<b>59,677</b>	<b>19,191</b>	<b>44,475</b>
<b>NON-CURRENT ASSETS</b>					
Property, plant and equipment		94,345	93,994	351	110,287
Investment property		16,802	16,795	7	17,131
Shares in subsidiary		723,890	723,890	-	753,013
Borrower notes		-	500	-	-
Deferred tax asset		500	-	-	98
Related party loan – Port Otago	4	133,784	125,088	8,696	99,960
Intangible asset		549	820	(271)	1,881
<b>TOTAL NON-CURRENT ASSETS</b>		<b>969,870</b>	<b>961,087</b>	<b>8,783</b>	<b>982,370</b>
<b>TOTAL ASSETS</b>		<b>1,048,738</b>	<b>1,020,764</b>	<b>27,974</b>	<b>1,026,845</b>
<b>CURRENT LIABILITIES</b>					
Trade and other payables	3	(36,056)	(19,204)	(16,852)	(18,996)
Borrowings	5	(26,325)	(58,878)	32,553	-
Employee entitlement		(3,106)	(2,716)	(390)	(2,608)
<b>TOTAL CURRENT LIABILITIES</b>		<b>(65,487)</b>	<b>(80,798)</b>	<b>15,311</b>	<b>(21,604)</b>
<b>NON-CURRENT LIABILITIES</b>					
Borrowings	5	(132,809)	(91,438)	(41,371)	(37,200)
Other financial instruments		-	-	-	(87,956)
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>(132,809)</b>	<b>(91,438)</b>	<b>(41,371)</b>	<b>(125,156)</b>
<b>NET ASSETS</b>		<b>850,442</b>	<b>848,528</b>	<b>1,914</b>	<b>880,085</b>
<b>EQUITY</b>					
Reserves		747,969	747,994	(25)	771,427
Public Equity		102,473	100,534	1,939	108,658
<b>TOTAL EQUITY AND RESERVES</b>		<b>850,442</b>	<b>848,528</b>	<b>1,914</b>	<b>880,085</b>

## Notes

- Cash reflects 2023/24 rates received on or prior to the 31 October due date.
- Trade receivables has increased to reflect the remainder of rates that are yet to be received.
- Trade payables has increased from 30 June 2023 due to rates revenue received in advance and the timing of payables. Rates struck on 1 September are accrued as revenue in advance and released monthly during the year as revenue.
- Related Party Loan – Port Otago receivable has increased by \$8.294m from the 30 June position of due to increased borrowing of \$7m and interest accruals. Interest payments are made by Port Otago on LGFA loans Council holds on behalf of Port Otago.
- Borrowings current liability has decreased by \$32,553m and non-current liability has increased by \$41.371m due to movement in the loan term with LGFA which resulted in loans moving from current (due within 12 months of year-end) and non-current (due greater than 12 months from year-end) and an increase in borrowings of \$7,000,000 drawn down by Port Otago Limited.

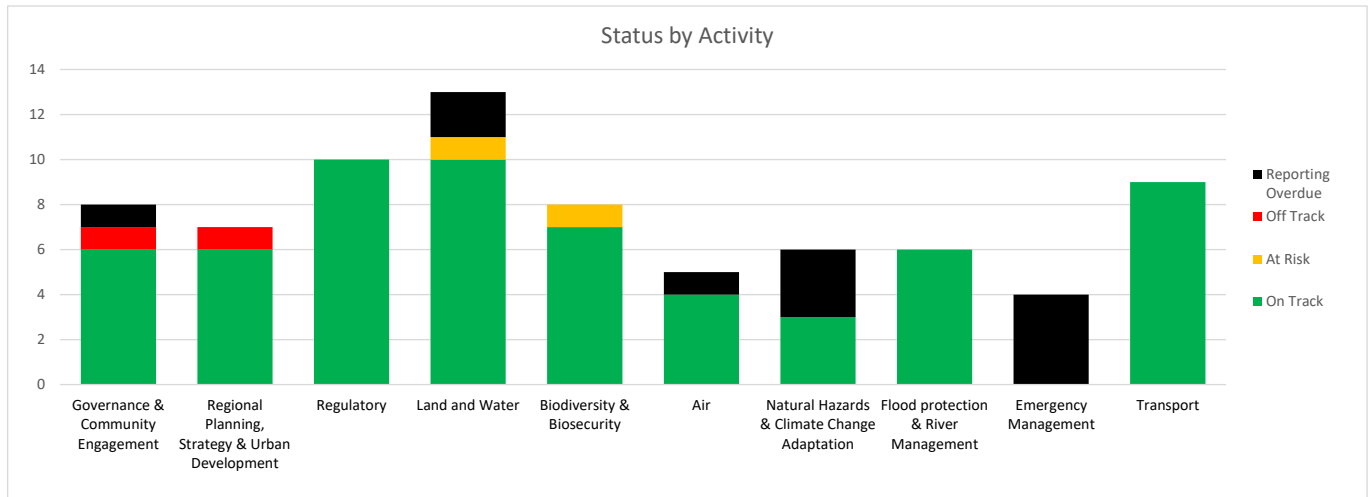
JANUARY PERFORMANCE REPORTING - EXCEPTIONS TO DECEMBER



Service Measure and Target								
REGIONAL LEADERSHIP								
Governance & Community Engagement	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	COMMENT
Develop a Regional Climate Strategy - Target: Strategy finalised and reported to Council by 30 June	On Track	On Track	On Track	On Track	On Track	On Track	Off Track	A draft strategy will be submitted to Council in June for endorsement, but then there will need to be public consultation and further targeted engagement before it is finalised. Aiming to have the final adopted in October instead of June as a result.
Regional Planning, Strategy & Urban Development	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	COMMENT
Develop an integrated planning framework that enables well managed urban growth across Otago - Target: Joint ORC and DCC/QLDC HBA updated and joint FDS completed by 30 June	On Track	On Track	Off Track	Off Track	Off Track	Off Track	Off Track	The Dunedin FDS will be notified to the public on 31 January 2024 and as such is meeting the timeframe. Issues regarding the HBCA will result in a delay of the QLDC FDS being notified, thus not meeting the timeframe.
Information on climate change in Otago is shared with the community and stakeholders. Target: Coordinate the development and delivery of a regional sequestration study by December 2023	On Track	On Track	On Track	On Track	On Track	At Risk	On Track	A consultant has been engaged to develop and deliver the regional sequestration study, with a due date of 30 May 2024. This date may be pushed out if required to allow for meaningful review by mana whenua.
ENVIRONMENT								
Land and Water	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	COMMENT
Complete a review of the Regional Plan Coast - Target: Issues and options papers developed and reported to Council by 30 June	On Track	On Track	On Track	On Track	On Track	On Track	At Risk	At this stage we are unsure whether we will be able to produce the Issues and Options paper for Council by the end of the financial year due to a lack of staff resources.
Biodiversity & Biosecurity	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	COMMENT
Percentage of data from the biodiversity monitoring network that is captured quarterly - Target: ≥95% data capture achieved	On Track	At Risk	At Risk	At Risk	On Track	At Risk	At Risk	The development of a biodiversity monitoring programme has been delayed which adversely impacts the measurement and delivery of this target.
Air	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	COMMENT
Air implementation strategy is scoped - Target: Reported to Council by 30 June	On Track	At Risk	At Risk	At Risk	At Risk	At Risk	On Track	A consultant will be engaged soon to provide innovative ideas for, and scope, the air quality strategy.
SAFETY AND RESILIENCE								
TRANSPORT								
Transport	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	COMMENT
Percentage of scheduled services on-time (punctuality) - Target: 95%	On Track	At Risk	At Risk	At Risk	At Risk	At Risk	On Track	Services are heavily affected in Dunedin by extensive roadworks and road closures, whilst Queenstown continues to be affected by heavy congestion on the approaches in and out of central Queenstown/Stanley Street at peak times. It is anticipated that Dunedin punctuality will improve significantly with the completion of the central city works.



**JANUARY PERFORMANCE REPORTING -SUMMARY**



Service Measure and Target							
REGIONAL LEADERSHIP							
Governance & Community Engagement	JULY	AUG	SEPT	OCT	NOV	DEC	JAN
Percentage of official information requests responded to within statutory timeframes - Target: 100%	On Track						
Deliver our statutory requirements with acceptable process and deliverables to decision-makers and the community - Target: Unmodified audit reports received	On Track						
Percentage of council agendas are publicly available two working days or more before a meeting - Target: 100%	On Track						
Work done in partnership with iwi - Target: Maintain or increase the number of outputs and/or projects (from 2021-22 baseline result: 19)	On Track						
Build the bicultural competency of ORC staff and councillors - Target: ≥50 participants in programme	On Track						
Annual survey is conducted to understand and improve community awareness, perceptions and expectations of ORC - Target: Improved satisfaction levels with how ORC services the region	On Track				Reporting Overdue	Reporting Overdue	Reporting Overdue
Customers express high levels of satisfaction with customer service provision - Target: Conduct benchmarking of customer satisfaction	On Track						
Develop a Regional Climate Strategy - Target: Strategy finalised and reported to Council by 30 June	On Track						Off Track
Regional Planning, Strategy & Urban Development	JULY	AUG	SEPT	OCT	NOV	DEC	JAN
Develop an integrated planning framework that enables well managed urban growth across Otago - Target: Joint ORC and DCC/QLDC HBA updated and joint FDS completed by 30 June	On Track		Off Track				
Complete review of existing Regional Policy Statement (RPS) - Target: Make RPS operative	On Track						
Catchment Action Plans (CAP) are developed in collaboration with iwi and community. Target: Drafting of pilot CAP completed and drafting of second CAP commenced by 30 June	On Track						
Report on community wellbeing indicators - Target: Complete baseline report on wellbeing indicators and issues	On Track						
Information on climate change in Otago is shared with the community and stakeholders. Target: Coordinate the development and delivery of a regional sequestration study by December 2023	On Track				At Risk	On Track	On Track
Report on regional stakeholder engagement and collaboration on climate change. Target: Complete an annual report on regional climate change collaboration and report to Council	On Track						
Develop an integrated planning framework that enables well managed urban growth across Otago - Target: Mapping of highly productive land completed by 30 June	On Track						
Regulatory	JULY	AUG	SEPT	OCT	NOV	DEC	JAN
Maintain 24-hour/7 day a week response for environmental incidents - Target: Pollution hotline staff available/on call 24/7	On Track						
Maintain 20 appropriately trained responders for maritime oil pollution incidents - Target: 20 responders attend 3 exercises per year	On Track						
Percentage of resource consent applications processed in accordance with Resource Management Act 1991 legislative timeframes - Target: ≥98%	On Track						
Percentage of performance monitoring returns completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets - Target: ≥90%	On Track						
Percentage of significant non-compliance identified where action is taken in accordance with Compliance Policy - Target: 100%	On Track						
Major incidents on Otago's Harbours and waterways will be responded to. Target: Major incidents and ORC's response are reported to Council quarterly	On Track						
Percentage of programmed inspections/audits completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets - Target: ≥90%	On Track						
Maintain compliance with Port and Harbour Marine Safety Code - Target: External review is completed and deemed to be code consistent.	On Track						
On-water engagement, education of recreational users and safety campaigns are documented and reported annually - Target: Report to council by 30 June	On Track						
Percentage of public enquiries for consent information completed within 7 working days - Target: Maintain or increase (from 2021-22 baseline of 99%)	On Track						

ENVIRONMENT							
Land and Water	JULY	AUG	SEPT	OCT	NOV	DEC	JAN
Complete the Land and Water Regional Plan(LWRP) - Target: Notify LWRP by 30 June 2024							
Otago Catchment Communities is supported to meet deliverables and targets of funding agreement - Target: Report to Council on deliverables and targets achieved by 30 June							
Implement freshwater monitoring programme - Target: Annual report on monitoring programme completed and reported to Council							
Implement a regional coastal monitoring programme. Target: Annual report on monitoring programme completed and reported to Council							
Percentage of data from the water monitoring network that is captured quarterly - Target: ≥95% data capture achieved							
Develop and implement a regional land use monitoring programme. Target: Annual report on monitoring programme completed and reported to Council							
Otago Catchment Communities funding is administered as per agreement. Target: 100%							
Land owner/community led projects promoting best practice land management for soil conservation, water quality and the efficient use of water are identified and supported - Target: Three or more projects supported per year							
Identify: At least three site specific management plans for selected degraded waterbodies are developed, prioritised, and implemented - Target: Projects confirmed and actions identified by 30 September							
Undertake: At least three site specific management plans for selected degraded waterbodies are developed, prioritised, and implemented - Target: 90% of actions undertaken within specified timeframes							
Percentage of data from the land-use monitoring network that is captured quarterly. Target: 95% data capture achieved							
Implement estuarine monitoring programme - Target: Annual report on monitoring programme completed and reported to Council							
Complete a review of the Regional Plan Coast - Target: Issues and options papers developed and reported to Council by 30 June							
Biodiversity & Biosecurity	JULY	AUG	SEPT	OCT	NOV	DEC	JAN
Actions listed in the Biodiversity Action Plan (BAP) are prioritised and progressed - Target: 90% of current year actions achieved within timeframes specified							
Actions within the Biosecurity Operational Plan (BOP) are identified and progressed - Target: 90% of actions achieved within timeframes specified.							
(Funding of selected initiatives- includes EcoFund) Percentage of funding administered as per agreements - Target: 100%							
Complete a report on the initiatives and organisations supported and the key deliverables achieved (Funding of selected initiatives- includes EcoFund) - Target: Report to Council by 30 June.							
Engagement Activities: Biodiversity partnerships established and joint projects developed and progressed - Target: Maintain or increase number of partnership engagement activities and events and report to Council.							
Projects: Biodiversity partnerships established and joint projects developed and progressed - Target: Projects and progress against milestones reported to Council							
Develop and implement a regional indigenous biodiversity ecosystems monitoring programme. Target: Annual report on monitoring programme completed and reported to Council							
Percentage of data from the biodiversity monitoring network that is captured quarterly - Target: ≥95% data capture achieved							
Air	JULY	AUG	SEPT	OCT	NOV	DEC	JAN
Implement a regional air monitoring programme - Target: Annual report on monitoring programme completed and reported to Council							
Percentage of data from the air monitoring network that is captured quarterly - Target: ≥95% data capture achieved							
Complete review of the Regional Plan Air - Target: Issues and options papers developed by 31 December 2023							
Complete review of the Regional Plan Air - Target: Community engagement for development of Regional Plan Air completed by 30 June							
Air implementation strategy is scoped - Target: Reported to Council by 30 June							
SAFETY AND RESILIENCE							
Natural Hazards & Climate Change Adaptation	JULY	AUG	SEPT	OCT	NOV	DEC	JAN
Relevant and up to date natural hazards information is available via the web-based Otago Natural Hazards Database - Target: Database information is checked and updated monthly							
Percentage of flood warnings that are issued in accordance with the flood warning manual - Target: 100%							
Develop a regional natural hazards risk assessment and a regional approach for prioritising adaptation - Target: Complete natural hazard risk assessment and prioritization approach.							
Priority Works: Develop and implement prioritised natural hazard risks adaptation works - Target: Work in priority areas is delivered as per plan by 30 June							
Lake Wakatipu: Develop and implement prioritised natural hazard risks adaptation works - Target: The Head of Lake Wakatipu natural hazards adaptation strategy progresses as per annual work plan							
South Dunedin and Harbourside: Develop and implement prioritised natural hazard risks adaptation works - Target: ORC contribution to the South Dunedin Future programme progresses as per annual work plan.							
Flood protection & River Management	JULY	AUG	SEPT	OCT	NOV	DEC	JAN
Scheme Performance: Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents - Target: Schemes function to their constructed design standards							
Scheme renewals programme: Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents - Target: ≥90% of renewals programme completed							
Scheme maintenance programme: Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents - Target: ≥90% of planned maintenance programme completed							
Rivers: Percentage of identified and reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days - Target: 100%							
Rivers: Percentage of planned maintenance actions achieved each year - Target: ≥90%							
Flood repair programme: Damage identified, prioritised and a repair programme communicated with affected communities in a timely manner - Target: Programme developed and communicated within 3 months of the event.							

Emergency Management	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	
Staffing: An adequate Emergency Coordination Centre (ECC) facility and staffing are available - Target: Adequate staff who are trained and available for any activation of the ECC.								
Facility: An adequate Emergency Coordination Centre (ECC) facility and staffing are available - Target: An appropriate facility is available for activation at all times.								
Support is provided to the Otago CDEM Group as per the CDEM Act and Otago CDEM Partnership Agreement - Target: Fulfil all requirements as the administering authority.								
Maintain response functionality to enable operational situational awareness when ECC activated - Target: Response solutions are checked as scheduled and any issues remedied.								
TRANSPORT								
Transport	JULY	AUG	SEPT	OCT	NOV	DEC	JAN	
Percentage of scheduled services on-time (punctuality) - Target: 95%								
Overall passenger satisfaction with Dunedin Public Transport system at annual survey - Target 97%								
The Regional Land Transport Plan (RLTP) is prepared and submitted in line with the Land Transport Management Act 2003 and any guidance issued by the New Zealand Transport Agency (NZTA) - Target: RLTP review completed and adopted by Council by 30 June Transport Committee.								
Annual public transport boardings in Queenstown per capita - Target: increase								
Annual public transport boardings in Dunedin per capita - Target: increase								
Percentage of scheduled services delivered (reliability) - Target: 95%								
Overall passenger satisfaction with Wakatipu Public Transport system at annual survey - Target 97%								
Percentage of users who are satisfied with the provision of timetable and services information - Target: Maintain or increase (from 2022 baselines - DN: 70%, QWTN: 88%)								
Percentage of users who are satisfied with the overall service of the Total Mobility scheme- Target: maintain or increase (from 2022 baseline:87%)								

On Track	At Risk	Off Track	Not Measured	Reporting Overdue
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### **8.5. Long Term Plan 2024-34**

<b>Prepared for:</b>	Council
<b>Report No.</b>	CS2402
<b>Activity:</b>	Governance Report
<b>Authors:</b>	Mike Roesler, Manager Corporate Planning; Sean Geary, Management Accountant; Hilary Lennox, Manager Strategy
<b>Endorsed by:</b>	Nick Donnelly, General Manager Corporate Services and CFO
<b>Date:</b>	21 February 2024

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#### **PURPOSE**

- [1] This report enables Council to direct Council staff on the key matters and positions to consult with the Otago community in the Long-Term Plan 2024-34 (LTP) process.
- [2] In doing so, this report enables Council staff to complete a draft LTP Proposal and a consultation document for approval at the 20 March 2024 Council meeting.
- [3] The 20 March 2024 reporting date is a critical process milestone. It enables Council to fulfil the statutory requirements and importantly, provide sufficient time to consider feedback from the communities, groups, and businesses of the Otago Region.

#### **EXECUTIVE SUMMARY**

- [4] Council has progressed to a stage in the LTP process where it needs to decide a draft position on the financial forecasts and associated activity. This will enable Council to 'stay on track' with its communicated programme that included public consultation.
- [5] Deciding a draft position provides all those associated with the process, including our partners, stakeholders and the community, certainty about the direction and scope of proposed council service and associated financial considerations and impacts. The timing of the recommendations in this report also ensures Council can engage effectively with the above groups. There are planned aspects of the LTP process that are in train to ensure this.
- [6] The discussion section shows a consolidation of the financial estimates including funding (rates), debt and reserve impacts. Key points to note are included with each table in this section.
- [7] While this report is based on the agreed decision-making program, the Council can decide for its own reasons, to change tack on its LTP decision-making steps and timing. The 'Options' section of this report explores this and the associated risk.



## RECOMMENDATION

*That the Council:*

- 1) **Notes** that Councils draft Strategic Directions 2024-2034 is included in the report.
- 2) **Endorses** the inclusion of content from Council's draft Strategic Directions 2024-2034 in the LTP 2024-2034 consultation information.
- 3) **Notes** the proposed consolidated 10 Year expenditure and funding forecasts associated with the Council Activity presented in the 'Discussion' section of this report.
- 4) **Notes** that approving the proposed consolidated expenditure and funding enables the work program detailed in the activity build step of the LTP 2024-2034 process.
- 5) **Approves** the consolidated 10-year expenditure forecast as the basis for completing the LTP 2024-2034 proposal.
- 6) **Approves** the consolidated 10-year funding forecasts as the basis for completing the LTP 2024-2034 proposal.
- 7) **Notes** the changes that council staff are proposing to the Council Fees' and Charges and that the detailed schedule will be reported to the 20 March 2024 Council meeting to approve for consultation.
- 8) **Approves** the draft Statement of Service Performance, measures and targets for inclusion in the LTP 2024-2034 proposal.
- 9) **Notes** that council staff have progressed the Consultation Document based on direction to date and will provide an online presentation and feedback of a 'publish ready' version on 5 March 2024 prior to approval at the 20 March 2024 Council meeting.
- 10) **Directs** staff to complete the Consultation Document based on the direction from this meeting and for presentation to Councillors at a 5 March 2024 online session.

## BACKGROUND

- [8] The requirement for a Long-Term Plan and the associated process was initiated with Council in mid-2023. It is prioritised as a key process enabling Council to exercise its statutory powers, duties, functions via an appropriately resourced work program.
- [9] Achieving an acceptable result from the process requires Council consideration and direction on a range of strategy, policy and business planning inputs.
- [10] To date the process has involved consideration of the following inputs:
- a. 25 May 2023 Finance Committee – ‘Overview of Approach and Timeline’
  - b. Mid-June Council briefings - ‘Current State Presentations’
  - c. 2 August Council and Mana Whenua workshop - *Confirming our Strategic Directions*
  - d. 8 August Council and Mana Whenua workshop - *Future work programme possibilities*
  - e. 10 August Regional Leadership Committee Paper - *Engagement Approach to LTP*
  - f. 13 September
    - i. Council and Mana Whenua workshop - *Implications of future work programme possibilities*
    - ii. Council workshop - *Identification of key issues in Infrastructure Strategy (paper)*
  - g. 26 October
    - i. Council Workshop – Further detail on 12 focus area councillor initiatives
    - ii. Council meeting - Draft Engagement Plan for LTP
  - h. 7 November Council Workshop – Activity Build and Service proposals
  - i. 9 November Safety & Resilience Committee - Draft Infrastructure Strategy
  - j. 23 November Council Workshop – Activity Build and Service proposals
  - k. 30 November Council Workshop – Activity Build and Service proposals
  - l. 6 December Council
    - i. Infrastructure Strategy approval.
    - ii. Strategic and Community Engagement
  - m. 7 December Council Workshop - Review consolidated position and priority adjustments
  - n. 13 2023 December Council
    - i. Dunedin, Queenstown and Inter-regional Public Transport Proposals
    - ii. Large scale environmental funding proposal
    - iii. Communications and Marketing Plan
    - iv. Final draft ‘Strategic Directions’
- [11] In addition to the inputs above, there has been a comprehensive review process of the Financial Strategy, and Revenue and Financing Policy.
- [12] The agreed process timelines [or milestones] reflect the constraint of completing the LTP by 30 June 2024. Council has worked to achieve sufficient consensus on the key matters described above by December 2023. This timing reduced risk of not being ready to consult by 28 March 2024 and not having sufficient time to engage with, and consider, feedback from the broader community.

- [13] There was some timeline slippage leading into December 2023. This has pushed decision-making about the proposed Financial Strategy and Revenue and Funding Policy into the February committee cycle.

## DISCUSSION

### *Financial Consolidation – of the detailed activity build*

- [14] The financial information that follows consolidates the financial forecasts, or budgets, that were contained in the multiple 'Activity Build' sheets presented to Council in December 2023. The result of the 'Activity Build' reflected an incremental process of identifying and prioritising what is of importance to Council when thinking about the next 10 years.
- [15] Consolidating the detailed 'Activity Build' has occurred through a financial model that applies a range of global financial inputs [eg inflation; rating policy] and specific assumptions [eg investment returns; fee revenue]. Council's external auditors, Deloitte, are currently reviewing this model as part of the LTP process. The overall result of the audit is reported in the Consultation Document.
- [16] Note the financial information contained in the tables that follow is in \$'000's unless otherwise stated.
- [17] **Financial summary** – the table below shows a high-level financial summary of the 10 years of the LTP. It shows two perspectives:
- a. **All Activities** – being operating revenue and expenditure required to fund and deliver the planned work over 10 years. It also shows the portion of total revenue that is funded by rates [general and targeted].

For all activities the total rates increase is 21.3% for year 1, 15.7% for year 2, and 14.8% for year 3. Beyond year 3 the % increases are less.

- b. **Separating Public Transport** – PT forms a significant part of the proposed expenditure and rates increase in this LTP and is a key consultation item for the region, particularly Dunedin and Queenstown Lakes District.

The current estimates include the full cost of the Dunedin PT business case. This is subject to consideration separately in this meeting and these estimates may be amended accordingly. Estimates also include repayment of existing PT deficits over the first 3 years of the LTP. This item is being discussed separately in the Draft Financial Strategy and Revenue and Financing Policy paper.

To give a sense of the scale of this proposal and its impact on rates – when removed the above rate increases reduce to 10.3% for year 1, 11.6% for year 2, and 7.3% for year 3.

FINANCIAL SUMMARY	AP	LTP1	LTP2	LTP3	LTP4	LTP5	LTP6	LTP7	LTP8	LTP9	LTP10
OPERATING	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
<b>ALL ACTIVITIES</b>											
Revenue	122,137	136,582	150,022	171,032	169,362	181,432	185,957	191,112	199,253	207,321	216,034
Expenditure	121,323	134,685	152,062	172,879	173,675	185,082	187,652	190,703	197,356	201,682	206,527
<b>Operating Surplus / (Deficit)</b>	<b>815</b>	<b>1,897</b>	<b>(2,040)</b>	<b>(1,847)</b>	<b>(4,313)</b>	<b>(3,651)</b>	<b>(1,695)</b>	<b>409</b>	<b>1,896</b>	<b>5,639</b>	<b>9,508</b>
<b>Rates Impact</b>											
General Rates	28,263	29,949	33,388	37,004	38,366	40,749	42,040	42,758	45,011	46,380	47,600
Targeted Rates	27,515	37,716	44,924	52,876	51,006	56,476	57,530	60,611	64,447	68,912	74,317
<b>Total Rates</b>	<b>55,778</b>	<b>67,665</b>	<b>78,312</b>	<b>89,881</b>	<b>89,372</b>	<b>97,226</b>	<b>99,570</b>	<b>103,369</b>	<b>109,459</b>	<b>115,292</b>	<b>121,918</b>
General Rates		6.0%	11.5%	10.8%	3.7%	6.2%	3.2%	1.7%	5.3%	3.0%	2.6%
Targeted Rates		37.1%	19.1%	17.7%	-3.5%	10.7%	1.9%	5.4%	6.3%	6.9%	7.8%
<b>Total Rates Increase</b>		<b>21.3%</b>	<b>15.7%</b>	<b>14.8%</b>	<b>-0.6%</b>	<b>8.8%</b>	<b>2.4%</b>	<b>3.8%</b>	<b>5.9%</b>	<b>5.3%</b>	<b>5.7%</b>
<b>EXCLUDING PUBLIC TRANSPORT</b>											
Revenue	87,513	91,414	93,954	96,944	100,185	105,554	107,242	110,038	115,679	120,928	127,065
Expenditure	85,204	92,652	99,332	102,233	104,152	108,863	108,616	109,308	113,461	114,967	117,250
<b>Operating Surplus / (Deficit)</b>	<b>2,309</b>	<b>(1,238)</b>	<b>(5,378)</b>	<b>(5,289)</b>	<b>(3,966)</b>	<b>(3,309)</b>	<b>(1,373)</b>	<b>730</b>	<b>2,218</b>	<b>5,961</b>	<b>9,815</b>
<b>Rates Impact</b>											
General Rates	28,214	27,132	29,426	31,541	33,187	34,966	36,092	36,620	38,680	39,859	40,868
Targeted Rates	17,107	22,855	26,339	28,308	30,292	33,344	33,738	36,058	39,120	42,830	47,388
<b>TOTAL RATES excluding PT</b>	<b>45,320</b>	<b>49,988</b>	<b>55,765</b>	<b>59,849</b>	<b>63,479</b>	<b>68,310</b>	<b>69,829</b>	<b>72,677</b>	<b>77,800</b>	<b>82,689</b>	<b>88,256</b>
General Rates		-3.8%	8.5%	7.2%	5.2%	5.4%	3.2%	1.5%	5.6%	3.0%	2.5%
Targeted Rates		33.6%	15.2%	7.5%	7.0%	10.1%	1.2%	6.9%	8.5%	9.5%	10.6%
<b>TOTAL RATES excluding PT</b>		<b>10.3%</b>	<b>11.6%</b>	<b>7.3%</b>	<b>6.1%</b>	<b>7.6%</b>	<b>2.2%</b>	<b>4.1%</b>	<b>7.0%</b>	<b>6.3%</b>	<b>6.7%</b>

[18] **Operating expenditure** – the table below shows the proposed consolidated expenditure forecast across the 10 year LTP period. It includes all the proposed operational and capital expenditure based on detailed ‘Activity Build’ work for years 1 to 3. The forecast information is based on less detail for years 4 to 10. The key movements from the current year [23/24] to LTP yr1 include:

- Governance & community – the increase is largely due to moving the costs of some internal organisational support functions that were previously dispersed across all Council activity. These functions and cost include ORC’s senior leadership and support functions (\$2.6m), corporate planning (\$1.2m), and legal support (\$1.1m) and are more aligned with the ‘Governance and Community’ activity.
- Biodiversity and Biosecurity – decrease in grant funding for wallabies and ‘Jobs for Nature’ funded projects.
- Safety and Resilience – operational and capital expenditure relating to flood & rivers activity has increased. This is driven by the Infrastructure Strategy that is signalling increase work over the long-term to strengthen the existing flood protection network.
- Transport – the increase is based on the business cases for Dunedin and Queenstown. They are being reviewed and are subject to the direction of central government and Waka Kotahi.

OPERATING EXPENDITURE	AP	LTP1	LTP2	LTP3	LTP4	LTP5	LTP6	LTP7	LTP8	LTP9	LTP10
	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
Governance & Community	8,649	13,453	15,158	15,180	15,314	16,229	16,186	16,052	17,202	17,213	17,079
Regional Planning	3,071	2,938	3,089	2,325	2,482	2,533	2,589	2,638	2,689	2,742	2,795
Regulatory	14,214	12,693	14,061	14,746	15,739	16,106	16,574	16,938	17,321	17,727	18,135
<b>Regional Leadership</b>	<b>25,934</b>	<b>29,084</b>	<b>32,308</b>	<b>32,251</b>	<b>33,534</b>	<b>34,868</b>	<b>35,349</b>	<b>35,628</b>	<b>37,212</b>	<b>37,681</b>	<b>38,008</b>
Land & Water	19,713	20,421	22,232	23,196	23,763	24,337	24,496	24,691	25,083	25,539	26,140
Biodiversity & Biosecurity	10,436	9,178	10,886	11,853	12,345	13,999	12,803	13,081	13,362	13,651	13,942
Air	894	1,395	1,814	1,837	1,891	1,948	2,013	2,074	2,137	2,218	2,270
<b>Environment</b>	<b>31,042</b>	<b>30,994</b>	<b>34,932</b>	<b>36,886</b>	<b>37,999</b>	<b>40,284</b>	<b>39,312</b>	<b>39,846</b>	<b>40,582</b>	<b>41,409</b>	<b>42,352</b>
Climate Change & Hazards	3,555	3,740	3,630	4,722	4,645	4,590	4,555	3,820	4,012	4,079	4,168
Emergency Mgt	3,497	3,774	4,081	4,140	4,193	4,157	4,243	4,322	4,404	4,462	4,576
Flood & Rivers	10,438	13,638	15,094	15,074	14,797	15,432	15,238	15,450	16,675	16,547	17,193
<b>Safety &amp; Resilience</b>	<b>17,489</b>	<b>21,152</b>	<b>22,805</b>	<b>23,937</b>	<b>23,635</b>	<b>24,179</b>	<b>24,036</b>	<b>23,591</b>	<b>25,091</b>	<b>25,088</b>	<b>25,937</b>
Transport	36,118	42,033	52,730	70,646	69,523	76,219	79,037	81,395	83,895	86,715	89,276
Internal	10,738	11,422	9,286	9,159	8,985	9,533	9,919	10,244	10,575	10,789	10,953
<b>TOTAL EXPENDITURE</b>	<b>121,323</b>	<b>134,685</b>	<b>152,062</b>	<b>172,879</b>	<b>173,675</b>	<b>185,082</b>	<b>187,652</b>	<b>190,703</b>	<b>197,356</b>	<b>201,682</b>	<b>206,527</b>
<b>Movement \$</b>		<b>13,363</b>	<b>17,377</b>	<b>20,817</b>	<b>796</b>	<b>11,407</b>	<b>2,570</b>	<b>3,051</b>	<b>6,653</b>	<b>4,326</b>	<b>4,845</b>
<b>Movement %</b>		<b>11.0%</b>	<b>12.9%</b>	<b>13.7%</b>	<b>0.5%</b>	<b>6.6%</b>	<b>1.4%</b>	<b>1.6%</b>	<b>3.5%</b>	<b>2.2%</b>	<b>2.4%</b>

[19] **Operating revenue** – the tables below show the operating revenue required to fund the above operating expenditure over the 10 year LTP period. Key points to note include:

- a. This is based on the financial estimates including the full Dunedin PT business case proposal so the rates increase reflects that. This is subject to consideration separately in this meeting and these estimates may be amended accordingly.
- b. Significant non-rates income is included including Port Otago dividends of \$20 million per annum from year 2.

OPERATING FUNDING - \$	AP 23/24	LTP1 24/25	LTP2 25/26	LTP3 26/27	LTP4 27/28	LTP5 28/29	LTP6 29/30	LTP7 30/31	LTP8 31/32	LTP9 32/33	LTP10 33/34
General Rates	28,263	29,949	33,388	37,004	38,366	40,749	42,040	42,758	45,011	46,380	47,600
Targeted Rates	27,515	37,716	44,924	52,876	51,006	56,476	57,530	60,611	64,447	68,912	74,317
<b>Total Rates</b>	<b>55,778</b>	<b>67,665</b>	<b>78,312</b>	<b>89,881</b>	<b>89,372</b>	<b>97,226</b>	<b>99,570</b>	<b>103,369</b>	<b>109,459</b>	<b>115,292</b>	<b>121,918</b>
Grants	20,497	22,037	27,136	35,388	34,827	38,036	39,223	39,764	40,818	42,036	43,180
Fees & Charges	5,951	4,390	4,778	4,925	5,003	5,158	5,328	5,482	5,643	5,811	5,984
Bus Fares	6,100	6,969	7,571	9,640	9,993	10,551	11,208	11,666	12,224	12,782	13,240
Other Income	7,468	6,387	3,432	3,630	3,145	3,280	3,328	3,395	3,508	3,629	3,755
Dividends	15,000	18,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Interest & Other Gains	11,345	11,134	8,792	7,569	7,022	7,182	7,300	7,437	7,601	7,771	7,957
Reserves	(815)	(1,897)	2,040	1,847	4,313	3,651	1,695	(409)	(1,896)	(5,639)	(9,508)
<b>Total Non Rates</b>	<b>65,545</b>	<b>67,020</b>	<b>73,750</b>	<b>82,998</b>	<b>84,303</b>	<b>87,857</b>	<b>88,082</b>	<b>87,334</b>	<b>87,898</b>	<b>86,390</b>	<b>84,609</b>
<b>TOTAL REVENUE</b>	<b>121,323</b>	<b>134,685</b>	<b>152,062</b>	<b>172,879</b>	<b>173,675</b>	<b>185,082</b>	<b>187,652</b>	<b>190,703</b>	<b>197,356</b>	<b>201,682</b>	<b>206,527</b>

OPERATING FUNDING - %	AP 23/24	LTP1 24/25	LTP2 25/26	LTP3 26/27	LTP4 27/28	LTP5 28/29	LTP6 29/30	LTP7 30/31	LTP8 31/32	LTP9 32/33	LTP10 33/34
General Rates	6.0%	11.5%	10.8%	10.8%	3.7%	6.2%	3.2%	1.7%	5.3%	3.0%	2.6%
Targeted Rates	37.1%	19.1%	17.7%	17.7%	-3.5%	10.7%	1.9%	5.4%	6.3%	6.9%	7.8%
<b>Total Rates</b>	<b>21.3%</b>	<b>15.7%</b>	<b>14.8%</b>	<b>-0.6%</b>	<b>8.8%</b>	<b>2.4%</b>	<b>3.8%</b>	<b>5.9%</b>	<b>5.3%</b>	<b>5.3%</b>	<b>5.7%</b>
Grants	7.5%	23.1%	30.4%	-1.6%	9.2%	3.1%	1.4%	2.7%	3.0%	3.0%	2.7%
Fees & Charges	-26.2%	8.8%	3.1%	1.6%	3.1%	3.3%	2.9%	2.9%	3.0%	3.0%	3.0%
Bus Fares	14.2%	8.6%	27.3%	3.7%	5.6%	6.2%	4.1%	4.8%	4.6%	3.6%	3.6%
Other Income	-14.5%	-46.3%	5.8%	-13.3%	4.3%	1.4%	2.0%	3.4%	3.4%	3.5%	3.5%
Dividends	20.0%	11.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest & Other Gains	-1.9%	-21.0%	-13.9%	-7.2%	2.3%	1.6%	1.9%	2.2%	2.2%	2.2%	2.4%
Reserves	132.8%	-207.5%	-9.4%	133.5%	-15.4%	-53.6%	-124.1%	364.2%	197.4%	68.6%	68.6%
<b>Total Non Rates</b>	<b>2.3%</b>	<b>10.0%</b>	<b>12.5%</b>	<b>1.6%</b>	<b>4.2%</b>	<b>0.3%</b>	<b>-0.8%</b>	<b>0.6%</b>	<b>-1.7%</b>	<b>-2.1%</b>	<b>-2.1%</b>
<b>TOTAL REVENUE</b>	<b>11.0%</b>	<b>12.9%</b>	<b>13.7%</b>	<b>0.5%</b>	<b>6.6%</b>	<b>1.4%</b>	<b>1.6%</b>	<b>3.5%</b>	<b>2.2%</b>	<b>2.4%</b>	<b>2.4%</b>

[20] **Capital expenditure** – the table below provides a summary of the proposed capital expenditure over the LTP. Key points to note:

- a. Increased infrastructure capital expenditure – flood and drainage, and river management (Dunedin).
- b. Property includes Whare Rūnaka in 23/24 and 24/25 and provision for other site development in years 2 and 4.

CAPEX SUMMARY	AP 23/24	LTP1 24/25	LTP2 25/26	LTP3 26/27	LTP4 27/28	LTP5 28/29	LTP6 29/30	LTP7 30/31	LTP8 31/32	LTP9 32/33	LTP10 33/34
A 1 Ambient Air	74	150	154	157	161	164	168	171	175	178	181
F 1 Alex Fld	20										
F 2 Leith	100	350	359	262	642	1,368	1,117	570			
F 3 L Clutha Fld	325	825	1,720	2,121	1,686	1,477	2,067	1,939	1,629	1,721	1,451
F 4 L Taieri	850	1,850	2,978	2,933	3,372	3,228	2,402	2,167	2,152	1,246	1,270
F 5 W Taieri	283	1,600	2,208	367	696	164	168	171	175	178	181
F 6 E Taieri	125	550	1,232	1,152	161	164	168	171	1,338	178	181
F 7 Toko	20	300	308	314	268	219	112	114	116	119	121
G 1 Public Awareness		35									
I 1 Incidents		8	8	8	8	8	8	9	9	9	9
L 8 Biodiversity Monitoring	95	100	257	262	268	274	279	285	291	297	302
M 1 River Mgt - Dunedin		1,495	755	1,446	535	766	391	399	291	1,187	1,209
M 2 River Mgt - Clutha		20	21								
M 5 River Mgt - Wanaka	100			52	54			57			60
N 1 Natural Hazards	52										
R 2 Compliance Monitoring		322	54	32	26	26	27	27	28	28	29
R 4 Harbours Mgt	21	21	22	22	22	23	23	24	24	25	25
T 4 PT Dunedin		2,000									
W 2 Land & Water Science & M	530	530	544	555	567	580	592	605	617	629	641
W 3 Freshwater Implementation	50										
Z 1 Vehicles	750	800	822	838	856	875	894	912	931	949	967
Z 2 Plant	20	250	257	262	268	274	279	285	291	297	302
X 3 Finance		50	51	52	54	55	56	57	58	59	60
Z 4 Computers	500	2,625	1,196	917	883	903	922	941	960	979	998
Z 6 Property	6,100	9,650	2,182	2,200	535	547	559	570	582	593	605
X G General OH	50										
<b>TOTAL CAPEX</b>	<b>10,066</b>	<b>23,531</b>	<b>15,129</b>	<b>13,952</b>	<b>11,062</b>	<b>11,114</b>	<b>10,230</b>	<b>9,475</b>	<b>9,665</b>	<b>8,671</b>	<b>8,594</b>

[21] **Reserves** – the table below provides a summary of the resulting reserve balances over the LTP. Key points to note:

- a. Overall increased reserve deficits of \$80 million.
- b. Increased infrastructure reserve deficits (in line with increased capital expenditure above) – flood and drainage, and river management (Dunedin).

RESERVE BALANCES	AP 23/24	LTP1 24/25	LTP2 25/26	LTP3 26/27	LTP4 27/28	LTP5 28/29	LTP6 29/30	LTP7 30/31	LTP8 31/32	LTP9 32/33
Surplus / (Deficit)										
Asset Replacement	4,170	(1,859)	(4,284)	(6,409)	(6,907)	(7,400)	(7,928)	(8,563)	(9,142)	(9,700)
Building	8,609									
Emergency Response	4,750	4,869	4,991	5,115	5,243	5,374	5,509	5,646	5,788	5,932
Kuriwao	6,820	6,396	5,970	5,574	5,167	4,736	4,282	3,803	3,299	2,770
Water Mgt	479									
Environmental Enhancement	13									
<b>Total Dedicated</b>	<b>24,841</b>	<b>9,405</b>	<b>6,676</b>	<b>4,281</b>	<b>3,503</b>	<b>2,711</b>	<b>1,862</b>	<b>886</b>	<b>(55)</b>	<b>(998)</b>
M 1 River Mgt - Dunedin	639	(1,769)	(3,497)	(5,858)	(7,330)	(8,780)	(9,786)	(10,127)	(9,923)	(9,764)
M 2 River Mgt - Clutha	(451)	(1,086)	(1,635)	(2,222)	(2,591)	(3,043)	(3,098)	(3,069)	(2,629)	(1,930)
M 3 River Mgt - Central	269	(108)	(557)	(974)	(1,305)	(1,537)	(1,699)	(1,682)	(1,462)	(1,045)
M 4/5 River Mgt - Queenstown	560	(1,400)	(2,334)	(3,222)	(3,889)	(4,376)	(4,701)	(4,478)	(3,944)	(2,824)
M 6 River Mgt - Waitaki	964	565	134	(223)	(518)	(745)	(890)	(910)	(806)	(552)
<b>Total River Management</b>	<b>1,981</b>	<b>(3,797)</b>	<b>(7,889)</b>	<b>(12,499)</b>	<b>(15,633)</b>	<b>(18,481)</b>	<b>(20,173)</b>	<b>(20,266)</b>	<b>(18,764)</b>	<b>(16,116)</b>
F 1 Alex Fld	61	62	64	66	67	69	71	72	74	76
F 2 Leith	(12,635)	(12,217)	(11,695)	(11,018)	(10,820)	(11,361)	(11,673)	(11,471)	(10,697)	(9,914)
F 3 L Clutha Fld	(682)	(2,014)	(4,291)	(7,175)	(9,154)	(10,663)	(12,612)	(14,210)	(15,204)	(15,949)
F 4 L Taieri	2,934	537	(3,218)	(6,986)	(11,078)	(14,615)	(17,022)	(19,041)	(20,914)	(21,531)
F 5 W Taieri	(2,634)	(4,277)	(6,650)	(7,169)	(7,828)	(7,854)	(7,758)	(7,568)	(7,214)	(6,670)
F 6 E Taieri	(451)	(1,293)	(2,949)	(4,419)	(4,723)	(4,919)	(4,999)	(4,990)	(5,995)	(5,660)
F 7 Toko	43	(424)	(893)	(1,360)	(1,704)	(1,960)	(2,059)	(2,147)	(2,159)	(2,077)
<b>Total Flood &amp; Drainage</b>	<b>(13,365)</b>	<b>(19,625)</b>	<b>(29,631)</b>	<b>(38,060)</b>	<b>(45,239)</b>	<b>(51,304)</b>	<b>(56,052)</b>	<b>(59,355)</b>	<b>(62,109)</b>	<b>(61,724)</b>
T 4 PT Dunedin	(11,747)	(8,246)	(5,398)	(2,479)	(2,541)	(2,605)	(2,670)	(2,737)	(2,805)	(2,875)
T 5 PT Wakatipu	(3,008)	(1,593)	(850)	(89)	(92)	(94)	(96)	(99)	(101)	(104)
<b>Total Transport</b>	<b>(14,756)</b>	<b>(9,839)</b>	<b>(6,249)</b>	<b>(2,569)</b>	<b>(2,633)</b>	<b>(2,699)</b>	<b>(2,766)</b>	<b>(2,835)</b>	<b>(2,906)</b>	<b>(2,979)</b>
E 1 Emergency Mgt	(51)	(33)	(15)	3	14	25	36	47	59	41
R 2 Compliance Dairy	(79)	(125)	(129)	(132)	(135)	(138)	(142)	(146)	(149)	(153)
W 3 Lake Hayes	(1,146)	1	2	3	4	5	6	8	9	10
L 2 Biosecurity	(1,494)	(1,530)	(1,567)	(1,605)	(1,644)	(1,685)	(1,727)	(1,771)	(1,815)	(1,860)
L 7 Wilding Pines	(514)	(526)	(540)	(553)	(567)	(581)	(596)	(610)	(626)	(641)
W 3 Catchment Liaison	219	293	369	446	527	611	699	790	885	984
<b>Total Other</b>	<b>(3,065)</b>	<b>(1,921)</b>	<b>(1,879)</b>	<b>(1,837)</b>	<b>(1,801)</b>	<b>(1,764)</b>	<b>(1,724)</b>	<b>(1,682)</b>	<b>(1,637)</b>	<b>(1,619)</b>
<b>TOTAL RESERVES</b>	<b>(4,363)</b>	<b>(25,777)</b>	<b>(38,971)</b>	<b>(50,684)</b>	<b>(61,802)</b>	<b>(71,536)</b>	<b>(78,853)</b>	<b>(83,253)</b>	<b>(85,471)</b>	<b>(83,436)</b>

[22] **Rates** – the table below provide a summary of dollar amounts of rates estimated over the 10 years of the LTP (note this is by activity not rate type).

<b>RATES - \$</b>	<b>AP 23/24</b>	<b>LTP1 24/25</b>	<b>LTP2 25/26</b>	<b>LTP3 26/27</b>	<b>LTP4 27/28</b>	<b>LTP5 28/29</b>	<b>LTP6 29/30</b>	<b>LTP7 30/31</b>	<b>LTP8 31/32</b>	<b>LTP9 32/33</b>	<b>LTP10 33/34</b>
1.0 General Rates	25,681	29,949	33,388	37,004	38,366	40,749	42,040	42,758	45,011	46,380	47,600
1.1 General Rate Central	187										
1.2 General Rate Clutha	278										
1.3 General Rate Dunedin	1,929										
1.5 General Rate Waitaki	187										
<b>General Rates</b>	<b>28,263</b>	<b>29,949</b>	<b>33,388</b>	<b>37,004</b>	<b>38,366</b>	<b>40,749</b>	<b>42,040</b>	<b>42,758</b>	<b>45,011</b>	<b>46,380</b>	<b>47,600</b>
2.1 Target Rate RM Central	360	505	535	607	715	841	994	1,187	1,409	1,677	2,003
2.2 Targeted Rate RM Clutha	420	444	496	583	719	886	1,092	1,346	1,660	2,046	2,523
2.3 Target Rate RM Dunedin	350	231	278	363	511	718	1,010	1,420	1,997	2,809	3,950
2.4/5 TargetRate RM Queenstow	730	511	577	688	865	1,088	1,368	1,722	2,167	2,727	3,433
2.5 TargetRate RM Waitaki	580	630	675	738	827	929	1,045	1,178	1,300	1,474	1,673
<b>River Management</b>	<b>2,440</b>	<b>2,321</b>	<b>2,561</b>	<b>2,979</b>	<b>3,637</b>	<b>4,462</b>	<b>5,509</b>	<b>6,853</b>	<b>8,533</b>	<b>10,734</b>	<b>13,582</b>
F 2 Leith	1,461	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256
F 3 L Clutha fld	1,050	1,040	1,117	1,241	1,425	1,637	1,880	2,158	2,478	2,846	3,268
F 4 L Taieri	1,050	1,050	1,117	1,225	1,383	1,561	1,762	1,989	2,246	2,535	2,862
F 5 W Taieri	820	832	879	954	1,062	1,182	1,315	1,464	1,630	1,814	2,020
F 6 E Taieri	640	649	693	762	864	979	1,109	1,257	1,425	1,615	1,830
F 7 Toko	170	141	155	177	211	252	301	359	429	512	611
<b>Flood &amp; Drainage</b>	<b>5,191</b>	<b>4,968</b>	<b>5,217</b>	<b>5,615</b>	<b>6,201</b>	<b>6,867</b>	<b>7,624</b>	<b>8,485</b>	<b>9,464</b>	<b>10,579</b>	<b>11,847</b>
L 1 Biodiversity Implementation		1,408	2,254	2,556	2,612	2,668	2,726	2,781	2,836	2,892	2,948
L 2 Biosecurity	4,178	4,765	5,493	5,813	6,094	7,591	6,233	6,354	6,477	6,605	6,735
W 3 Freshwater Implementation	1,752	2,444	2,959	3,210	3,386	3,347	3,531	3,487	3,555	3,625	3,695
W 4 Environmental Management		2,100	2,575	2,760	2,734	2,791	2,327	2,200	2,242	2,286	2,331
<b>Environment</b>	<b>5,930</b>	<b>10,717</b>	<b>13,281</b>	<b>14,338</b>	<b>14,827</b>	<b>16,397</b>	<b>14,816</b>	<b>14,822</b>	<b>15,110</b>	<b>15,409</b>	<b>15,708</b>
E 1 Emergency Mgt	3,336	3,774	4,081	4,140	4,193	4,157	4,243	4,322	4,404	4,462	4,576
R 2 Compliance Monitoring	210	229	296	307	488	497	507	516	526	537	547
R 4 Harbours Mgt		846	902	928	947	964	1,038	1,060	1,082	1,111	1,127
<b>Other</b>	<b>3,546</b>	<b>4,849</b>	<b>5,280</b>	<b>5,376</b>	<b>5,627</b>	<b>5,618</b>	<b>5,788</b>	<b>5,898</b>	<b>6,013</b>	<b>6,109</b>	<b>6,250</b>
2.7 Target Rates Dn Trans	8,350	10,772	14,524	18,420	15,646	17,848	18,372	18,948	19,531	20,131	20,735
2.7 Target Rates Qn Trans	2,058	4,039	3,956	5,953	5,069	5,284	5,421	5,605	5,796	5,951	6,194
T 6 PT Other		49	105	195							
<b>Transport</b>	<b>10,408</b>	<b>14,860</b>	<b>18,585</b>	<b>24,568</b>	<b>20,714</b>	<b>23,133</b>	<b>23,793</b>	<b>24,553</b>	<b>25,327</b>	<b>26,082</b>	<b>26,929</b>
<b>TOTAL RATES</b>	<b>55,778</b>	<b>67,665</b>	<b>78,312</b>	<b>89,881</b>	<b>89,372</b>	<b>97,226</b>	<b>99,570</b>	<b>103,369</b>	<b>109,459</b>	<b>115,292</b>	<b>121,918</b>

[23] **Rate Increases** – the table below provide a summary of rate percentage increases over the 10 years of the LTP (note this is by activity not rate type).

RATES - % INCREASE	AP 23/24	LTP1 24/25	LTP2 25/26	LTP3 26/27	LTP4 27/28	LTP5 28/29	LTP6 29/30	LTP7 30/31	LTP8 31/32	LTP9 32/33	LTP10 33/34
1.0 General Rates		16.6%	11.5%	10.8%	3.7%	6.2%	3.2%	1.7%	5.3%	3.0%	2.6%
1.1 General Rate Central		-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.2 General Rate Clutha		-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.3 General Rate Dunedin		-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
1.5 General Rate Waitaki		-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>General Rates</b>		<b>6.0%</b>	<b>11.5%</b>	<b>10.8%</b>	<b>3.7%</b>	<b>6.2%</b>	<b>3.2%</b>	<b>1.7%</b>	<b>5.3%</b>	<b>3.0%</b>	<b>2.6%</b>
2.1 Target Rate RM Central		40.2%	6.1%	13.4%	17.8%	17.6%	18.1%	19.5%	18.7%	19.0%	19.4%
2.2 Targeted Rate RM Clutha		5.8%	11.6%	17.5%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%	23.3%
2.3 Target Rate RM Dunedin		-33.9%	20.3%	30.5%	40.6%	40.6%	40.6%	40.6%	40.6%	40.6%	40.6%
2.4 TargetRate RM Wakatipu		-30.0%	12.9%	19.3%	25.8%	25.8%	25.8%	25.8%	25.8%	25.9%	25.9%
2.5 TargetRate RM Waitaki		8.6%	7.1%	9.3%	12.2%	12.3%	12.5%	12.7%	10.4%	13.4%	13.5%
<b>River Management</b>		<b>-4.9%</b>	<b>10.3%</b>	<b>16.3%</b>	<b>22.1%</b>	<b>22.7%</b>	<b>23.5%</b>	<b>24.4%</b>	<b>24.5%</b>	<b>25.8%</b>	<b>26.5%</b>
F 2 Leith		-14.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
F 3 L Clutha Fld		-1.0%	7.4%	11.1%	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%	14.8%
F 4 L Taieri		0.0%	6.4%	9.7%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%	12.9%
F 5 W Taieri		1.5%	5.7%	8.5%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%	11.3%
F 6 E Taieri		1.5%	6.7%	10.0%	13.3%	13.3%	13.3%	13.3%	13.3%	13.3%	13.3%
F 7 Toko		-17.0%	9.7%	14.5%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%	19.3%
<b>Flood &amp; Drainage</b>		<b>-4.3%</b>	<b>5.0%</b>	<b>7.6%</b>	<b>10.4%</b>	<b>10.7%</b>	<b>11.0%</b>	<b>11.3%</b>	<b>11.5%</b>	<b>11.8%</b>	<b>12.0%</b>
L 1 Biodiversity Implementation		0.0%	60.1%	13.4%	2.2%	2.2%	2.1%	2.0%	2.0%	2.0%	1.9%
L 2 Biosecurity		14.0%	15.3%	5.8%	4.8%	24.6%	-17.9%	1.9%	1.9%	2.0%	2.0%
W 3 Freshwater Implementation		39.5%	21.1%	8.5%	5.5%	-1.2%	5.5%	-1.2%	2.0%	2.0%	1.9%
W 4 Environmental Management		0.0%	22.6%	7.2%	-0.9%	2.1%	-16.6%	-5.4%	1.9%	2.0%	2.0%
<b>Environment</b>		<b>80.7%</b>	<b>23.9%</b>	<b>8.0%</b>	<b>3.4%</b>	<b>10.6%</b>	<b>-9.6%</b>	<b>0.0%</b>	<b>1.9%</b>	<b>2.0%</b>	<b>1.9%</b>
E 1 Emergency Mgt		13.1%	8.1%	1.4%	1.3%	-0.9%	2.1%	1.8%	1.9%	1.3%	2.5%
R 2 Compliance Monitoring		9.1%	29.3%	3.6%	58.8%	1.8%	2.1%	1.8%	1.9%	2.0%	2.0%
R 4 Harbours Mgt		0.0%	6.6%	2.9%	2.0%	1.8%	7.6%	2.1%	2.1%	2.6%	1.5%
<b>Other</b>		<b>36.8%</b>	<b>8.9%</b>	<b>1.8%</b>	<b>4.7%</b>	<b>-0.2%</b>	<b>3.0%</b>	<b>1.9%</b>	<b>1.9%</b>	<b>1.6%</b>	<b>2.3%</b>
2.7 Target Rates Dn Trans		29.0%	34.8%	26.8%	-15.1%	14.1%	2.9%	3.1%	3.1%	3.1%	3.0%
2.7 Target Rates Qn Trans		96.3%	-2.1%	50.5%	-14.9%	4.3%	2.6%	3.4%	3.4%	2.7%	4.1%
T 6 PT Other		0.0%	114.4%	85.7%	-100.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Transport</b>		<b>42.8%</b>	<b>25.1%</b>	<b>32.2%</b>	<b>-15.7%</b>	<b>11.7%</b>	<b>2.9%</b>	<b>3.2%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>3.2%</b>
<b>TOTAL RATES</b>		<b>21.3%</b>	<b>15.7%</b>	<b>14.8%</b>	<b>-0.6%</b>	<b>8.8%</b>	<b>2.4%</b>	<b>3.8%</b>	<b>5.9%</b>	<b>5.3%</b>	<b>5.7%</b>

[24] **Other** – the table below shows other key financial items. Points to note:

- a. Cash is maintained in a \$0-\$5 million range (excluding year 10).
- b. Council debt is forecast to increase by \$80 million over the 10 years to \$105 million due to increased capital expenditure and reserve deficits as shown above.
- c. Port Otago dividends are estimated at \$20 million per annum from year 2.

OTHER FINANCIAL ITEMS	AP 23/24	LTP1 24/25	LTP2 25/26	LTP3 26/27	LTP4 27/28	LTP5 28/29	LTP6 29/30	LTP7 30/31	LTP8 31/32	LTP9 32/33	LTP10 33/34
Cash and Cash Equivalents	15,303	2,402	2,539	4,263	3,982	4,447	2,813	4,029	4,245	4,277	8,578
Managed Fund	27,107	29,181	31,034	32,787	34,541	36,389	38,336	40,387	42,547	44,824	47,222
<b>Financial Assets</b>	<b>42,409</b>	<b>31,582</b>	<b>33,572</b>	<b>37,050</b>	<b>38,523</b>	<b>40,836</b>	<b>41,149</b>	<b>44,416</b>	<b>46,792</b>	<b>49,101</b>	<b>55,800</b>
Total Borrowings	175,316	180,316	195,316	210,316	222,816	235,316	242,816	250,316	255,316	255,316	255,316
Port On-lending	150,088	150,088	150,088	150,088	150,088	150,088	150,088	150,088	150,088	150,088	150,088
<b>ORC Net Debt</b>	<b>25,228</b>	<b>30,228</b>	<b>45,228</b>	<b>60,228</b>	<b>72,728</b>	<b>85,228</b>	<b>92,728</b>	<b>100,228</b>	<b>105,228</b>	<b>105,228</b>	<b>105,228</b>
<b>Port Dividends</b>	<b>15,000</b>	<b>18,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>

### Council Fees and Charges

- [25] Council staff are completing the review of the Fees and Charges Schedule and will report the result to the 20 March 2024 Council meeting. The proposed changes to the current schedule will include:
- a. The hourly charge rates (Scale of Charges) to remain unchanged for Yr1 LTP.
  - b. Consent fixed charges, including Single Bore and Intensive Winter Grazing Consents to remain unchanged for year 1 LTP.
  - c. Compliance monitoring fees to include more fixed fees to provide certainty for consent holders, based on the actual monitoring costs.



- d. Performance monitoring fees to include more fixed fees to provide certainty for consent holders, based on the actual monitoring costs.
- e. Increasing existing compliance performance monitoring fees to reflect the actual costs, including inflationary pressures since being last updated.

**Statements of Service Performance**

- [26] Attachment 2 provides the proposed Statements of Service Performance (SSPs) including the measures and targets for public reporting over the future LTP planning cycle.
- [27] Council's management team have reviewed the measures and targets with the objective of:
  - a. Reframing measures to better reflect the essence of the service.
  - b. Simplify or de-jargon measures and targets to improve understanding.
  - c. Replacing 'softer targets' where better options are now available.
  - d. Introduce new measures where activity or underlying performance process has matured.
- [28] Recommendation 8 of this report seeks Council's approval to include the attached SSPs in the draft LTP for public consultation.
- [29] Council staff will also continue to fine tune the draft SSP content reflecting feedback from consultation, direction from Council, and improvements from managers. Importantly any changes post this 21 February 2024 Council meeting will be reported prior to approval of the final LTP in June 2024.
- [30] As part of the review, the Executive Team recognised the need to improve the broader performance framework – in brief to recognise that Council now has 'Strategic Directions 2024-2034' that umbrellas and guides the Long-Term Plan.
- [31] Improving the performance framework will be completed during this coming LTP cycle. Council staff will define the relationship between the strategic goals and LTP measures and targets. As part of that, processes to produce more meaningful reporting of Council progress will be implemented. Attachment 3 provides a simple diagram of these two components and the planned business improvement tasks.

**OPTIONS**

- [32] The LTP process has incrementally built an understanding with both the organisation and elected regional councillors about the draft LTP.
- [33] This report presents the results of detailed financial modelling based on the work programme [or activity build] reached in December 2023.
- [34] The 'approving' recommendations 2, 5, 6, 8 and 10 of this report make up the preferred decision-making option and includes:
  - a. The attached 'Strategic Directions 2024-2034' are included in the Consultation Document and supporting information for 20 March 2024 Council approval.
  - b. The attached 10-year expenditure forecast is the basis for completing the Consultation Document and supporting information for 20 March 2024 Council approval.

- c. The attached consolidated 10-year funding forecasts is the basis for completing the Consultation Document and supporting information for 20 March 2024 Council approval.
- d. The proposed changes to the Council Fees' and Charges discussed in this report are finalised and included in the LTP consultation supporting information for 20 March 2024 Council approval.
- e. The attached 'Statement of Service Performance, measures and targets' are included in the LTP consultation supporting information for 20 March 2024 Council approval.
- f. An assumption that the proposed Financial Strategy, and Revenue and Financing Policy will be approved at this 21 February 2023 Council and that any changes can be accommodated into the Consultation Document and supporting information.

[35] Council has the alternative decision-making option of substantively reviewing and revising the position reached in December 2023. A Council might choose to do this where, for example, there has been a significant change in the assumptions or external factors on which planning position is based.

[36] Council staff are not recommending this alternative option because there does not appear to be any significant reason to do this.

## **CONSIDERATIONS**

### **Strategic Framework and Policy Considerations**

[37] In 2023, Councillors and Mana Whenua participated in a series of facilitated workshops to revise the organisation's strategic directions. The resulting draft Strategic Directions 2024–2034 document was developed using the content generated and direction from those workshops. The result provided a clear indication of Council's Goals for the next 10 years.

[38] The draft Strategic Directions 2024–2034 was presented to Council on 13 December 2023 and staff were asked to revisit the Goals to make them clearer and more concise. Some other minor amendments were also suggested, but overall Councillors agreed that the Strategic Directions 2024–2034 document accurately reflected the direction they gave through the workshops in 2023.

[39] The Goals have been revised and the other minor amendments addressed. Staff were asked to revisit the Goals to make them clearer and more concise – this has been addressed. Paragraphs X and Y above apply to the Goals in that they are part of a broader framework of defining, measuring and reporting the ORCs performance. As discussed, this framework is to be developed.

[40] The draft Strategic Directions 2024–2034 is provided as attachment X to this report with a recommendation to endorse inclusion of its content within material being completed for the LTP 2024-2023 consultation.

[41] Following consultation, a final version will be brought back to Council for adoption alongside the Long-term Plan 2024-2034.

### **Financial Considerations**

[42] The discussion section of this report covers the financial considerations.

### **Significance and Engagement**

[43] The recommendations of this report provide a critical step towards the Council being able to consult on the proposed LTP following its' 20 March 2024 Council meeting.

[44] Previous reports to both the Regional Leadership Committee and Council have detailed the consultation requirements and approach. This report focuses purely on ensuring Council has the supporting information that underpins the Consultation Document.

### **Legislative and Risk Considerations**

[45] The LTP process includes an external compliance component under the Local Government Act 2002. ORC's Consultation Document, supporting information, some key processes and systems are subject to external audit. Deloitte have been engaged and work on behalf of the Auditor General. The Deloitte audit report provides their opinion on, and will be included in, the Consultation Document.

### **Climate Change Considerations**

[46] This report does not directly deal with Climate Change considerations. This report positions Council to approve an LTP proposal for consultation at its 20 March 2024 meeting. The associated Consultation Document will reference Climate Change and Council's planned work.

### **Communications Considerations**

[47] The LTP communication plan as previously reported, aligns with the preferred decision-making option as discussed above.

### **NEXT STEPS**

[48] Assuming the recommendations are agreed, Council staff will finalise the LTP Consultation Document and supporting information for Council approval at the 20 March 2024 meeting.

[49] A recommendation to that meeting will seek Councils approval to begin consultation on the LTP on 28 March 2024.

[50] To enable that recommendation the Council will receive the LTP audit report from Deloitte.

[51] Council staff will finalise preparations for managing the consultation event, including 'face to face' engagement during April.

### **ATTACHMENTS**

1. ORC draft Strategic Directions 2024-2034 [8.5.1 - 14 pages]
2. Draft Statements of Service Performance, measures and targets [8.5.2 - 1 page]

3. Future Task: Improve our Performance Framework [**8.5.3** - 7 pages]



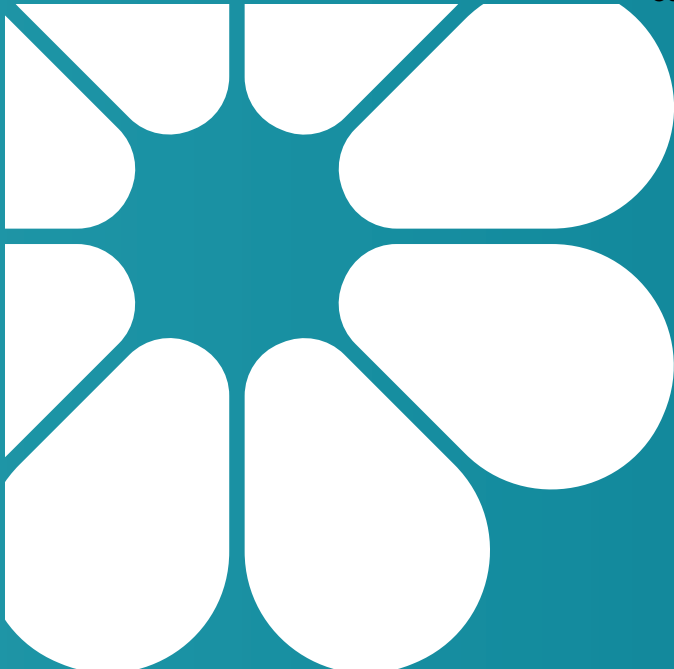
Otago  
Regional  
Council

# Strategic Directions

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## 2024-2034





# Contents

- Strategic Directions 2024–2034 ..... 5**
- ORC focus areas..... 9**
- Partnership ..... 10
- Communities ..... 12
- Environment..... 14
- Resilience ..... 16
- Climate ..... 18
- Transport ..... 20
- Wellbeing Outcomes ..... 22**
- What next? ..... 25**



Otago Regional Council  
Strategic Directions 2024–2034  
October 2023



# Strategic Directions 2024–2034

Our **Strategic Directions 2024–2034** has been developed taking into consideration both global and local trends, including (but not limited to):

- Effects of the changing climate on our region’s indigenous biodiversity, our ability to grow food, and the intensity and frequency of storm and flood events;
- Environmental degradation, decreasing access to freshwater and other pressures on natural resources, which is set to increase;
- Inflation driven by geopolitical instability, overseas conflicts, rising energy prices, a tight labour market and the ongoing effects of Covid-19;
- Effects on our region’s businesses through changing consumer preferences;
- Opportunities provided through technological innovation, increased digital connectivity, and changes to the way we work;
- Benefits from strengthening our partnership with mana whenua;
- A change in government, RMA reform, water services reform, and other changes from central government.

With all this in mind, Council has redefined our vision for Otago:

**Our environment and communities are healthy and connected ki uta ki tai (from the mountains to the sea).**

Our ambition is to make significant progress towards realising our vision over the next 10 years by aligning our work programmes with six focus areas. We have set goals for each focus area, which allows us to arrange and prioritise our work to ensure our aspirations are fulfilled.



The schematic below shows how our partnership with mana whenua and our communities sit across and underpin all the work that we do in the Resilience, Climate, Transport and Environment focus areas.

# Our vision for Otago



We are already making good progress towards achieving some of these goals, but for others further resources may need to be allocated. We can't do this on our own, and so we will be drawing on support from within and beyond our organisation and the Otago region to ensure we have the right teams assembled to address specific challenges and opportunities. Effective collaboration and relationship management will, therefore, be key to making this possible.

Over the next 10 years, we will be monitoring progress towards achieving our Goals and adjusting our work programmes accordingly. Being agile in our approach will be important to ensure we can respond to changing circumstances and/or new challenges and opportunities.

Our Strategic Directions will be updated in three years' time in preparation for the 2027-2037 Long-term Plan.







# ORC focus areas





# Partnership

## Aspiration

Otago Regional Council has effective and meaningful partnerships with mana whenua, creating better outcomes for our region.

**Toitū te marae a Tane-Mahuta**  
**Toitū te marae a Takaroa**  
**Toitū te takata**

**‘If the land is well, if the sea is well, the people will thrive’.**

## Why this is important

Strengthening and deepening the partnership with mana whenua is a key priority for ORC. This means incorporating more mātauraka Māori and customary knowledge into our decision making and processes and building greater connectivity between policy, planning and environmental outcomes. We are committed to continuing our journey to work more closely and effectively with mana whenua in both our strategic and operational work. This will help embed our shared aspiration of using multigenerational, holistic-systems-thinking to create positive outcomes for Otago’s environment and communities. The partnership sits across all we do; it provides the ability to address complex challenges, share responsibilities, access expertise and resources, foster community engagement and implement coordinated approaches to governance and decision making.

## Our role

Our role as a regional council includes:

- Partnering with mana whenua and ensuring mātauraka Kāi Tahu is an integral part of decision making.
- Working in partnership with mana whenua by engaging in consultation, co-management agreements, and participation in council processes while considering cultural impacts and fulfilling Treaty settlement obligations.
- Supporting the intention of the Crown to uphold the principles of the Treaty of Waitangi as prescribed in local government and treaty settlement legislation.
- Work with mana whenua and other parties to align aspirations in our work programmes through Mana to Mana and work through priorities and trade-offs.
- Work with and through Aukaha and Te Ao Mārama Inc (the Papatipu Rūnaka consultancy services, Aukaha, representing Kāi Tahu ki Otago, and Te Ao Mārama Inc, representing Ngāi Tahu ki Murihiku), to provide a first point of contact and to facilitate engagement in resource management processes.
- Ensure mana whenua are resourced to actively participate in development, design and decision making.

## Goals

- 1** Te Ao Māori concepts of intergenerationally and deeply connected systems are incorporated throughout Council’s work programmes.
- 2** Mātauraka Māori and the principle of te mana o te wai are incorporated into our environmental planning, management, and decision making.
- 3** We always go above and beyond our statutory responsibilities (as prescribed in local government and treaty settlement legislation) to support the intention of the Crown to uphold the principles of Te Tiriti o Waitangi / The Treaty of Waitangi.

# Communities

## Aspiration

Otago has cohesive and engaged communities that are connected to the environment and each other.

## Why this is important

We are facing a range of significant trends that present challenges for our communities. These include challenges around inequality, social division and a lack of trust in public institutions. Our communities are at the heart of our decision making and our work. There is opportunity to reconnect and improve how we engage with our communities, to ensure they feel listened to, and to support them to better interact and engage with one another.

## Our role

Our role as a regional council includes:

- Promoting the social, economic, environmental and cultural wellbeing of communities in the present and for the future. To do this we manage the natural environment, carry out regional land transport planning, regional emergency management and civil defence preparedness, and manage harbour navigation and safety.
- Providing leadership in communication, coordination and collaboration throughout the region in relation to the work that we do.
- Leading projects and work programmes, facilitating collaborative initiatives, providing education and regularly connecting with groups across the region.
- Seeking input, feedback, and guidance from the community through formal and informal processes to inform Council decision-making and other activities.
- Being satisfied, when making decisions, that we know sufficient information and have considered the views and preferences of the affected and interested parties in our communities.
- Reporting on our activities and achievements.

## Goals

**1** Our communities trust us, and they are satisfied with us and the outcomes that we are delivering.

**2** Our communities are supported and empowered to achieve better environmental outcomes.

**3** The social, cultural, economic, and environmental wellbeing of Otago is consistently improving.





# Environment

## Aspiration

Otago has a healthy environment ki uta ki tai (from mountains to the sea), including thriving ecosystems and communities, as well as flourishing biodiversity.

## Why this is important

Otago's environment is facing challenges around water quality and availability, soil and air quality, soil erosion and run-off, biodiversity loss, biosecurity threats and impacts on the coastal environment. We recognise the need to protect our diverse environments and that the wellbeing of our communities — including mana whenua — is dependent on strong connections with the natural environment. A healthy environment is also important for our economy. We need to protect, manage and use our natural resources in a planned and considered way with future generations always in mind.

## Our role

Our role as a regional council includes:

- Playing a lead role in environmental management across the region to ensure we are passing on a healthy environment to future generations.
- Developing and implementing policies and legislation that focus on managing the effects of using freshwater, land, air and coastal water.
- Undertaking regulatory activities that protect Otago's environment and communities.
- Collecting, analysing and reporting on a range of environmental data, and making that data publicly accessible.
- Enabling healthy biodiversity through collaboration with landowners, communities and industry.
- Helping create well-functioning urban environments alongside our region's district councils.
- Providing advocacy, education and collaboration to support improved environmental management.
- Predicting and addressing emerging environmental issues before they arise through (amongst other things) investment in emerging technology.

## Goals

- 1 Ecosystems are healthy, our water and air are clean, and biodiversity loss is arrested across the region.
- 2 We predict and address emerging environmental issues before they arise.
- 3 Our regional plans are effective at ensuring our resources are managed in a planned and considered way.



# Resilience

## Aspiration

Otago builds resilience in a way that contributes to community and environmental wellbeing through planned and well-managed responses to shocks and stresses, including natural hazards.

## Why this is important

Otago continues to be at risk from a broad range of natural hazards. These include geological, hydrological, meteorological and biological hazards. Of these, Otago is most likely to be affected by storms, floods, drought, wildfires, landslides, river erosion, coastal erosion (including effects of sea level rise), pandemic, earthquakes and tsunamis. Resilience is defined as the capacity and ability to withstand or recover quickly from difficult conditions. In our context, resilience also includes planning for unexpected events and supporting the wellbeing of our communities in adverse times.

We need to work on the principle that 'prevention is better (and often less expensive) than cure' because the range of available options is usually more limited following a natural hazard event.

## Our role

Our role as a regional council includes:

- Providing co-ordinated civil defence emergency management (CDEM) and planning for reduction, readiness, response and recovery as part of the region's CDEM group.
- Continuously expanding our knowledge and understanding about natural hazards and their impacts, and acting as a central repository and conduit for the development and sharing of both current and future-focussed information relating to natural hazards.
- Ensuring that regional policies and plans are forward looking and include mechanisms to manage the effects of activities that could adversely affect Otago's resilience.
- Fostering system-level relationships that enable us to connect with the right people in the right places to represent our environment and communities in any responses.

- Managing our flood protection and drainage schemes, including maintaining flood banks and managing pump stations and flood warning systems across the region.
- Ensuring that our citizens are educated, knowledgeable and empowered to mitigate for, respond to, and recover from unexpected events.
- Ensuring that our internal plans and systems are fit for purpose to support employee health, safety and wellbeing during and following natural hazard events.
- Budgeting for increased costs associated with planning for and responding to natural hazards and repairing damage.

## Goals

**1** Plans are in place to ensure that the region's most vulnerable communities (geographic and demographic) and ecosystems are resilient in the face of natural hazards.

**2** Our infrastructure is designed and built to accommodate variability and uncertainty associated with changing weather patterns and sea level rise.

**3** Our Regional Policy Statement and regional plans control development in areas that are vulnerable to natural hazards.

# Climate

## Aspiration

Otago is a climate-resilient region that plans for and invests in initiatives that reduce emissions and help us adapt to our changing climate.

## Why this is important

Otago will continue to be impacted by the effects of climate change. Our region is particularly vulnerable to flooding, coastal erosion, water quality issues, wildfire and droughts. Resulting issues are wide ranging: changes to the climate are impacting how land can be used and what crops can be grown; hydrological system changes are putting pressure on our communities; biodiversity is at risk; natural hazard events are increasing in frequency and intensity; and consumer choices are changing, affecting our businesses. Climate change is a worldwide issue requiring action at regional and local levels. We know that we can't fix climate change, but we can reduce its impacts and we have a responsibility to do so for future generations. We need to lead and coordinate in this space.

## Our role

Our role as a regional council includes:

- Taking a leadership role to help our communities and economy to decrease emissions and to help ensure our region is contributing to the achievement of national targets for mitigation.
- Looking ahead and obtaining the best information so that we understand and work with new realities.
- Playing a critical role in climate adaptation by incorporating climate change considerations into everything we do.
- Ensuring that we have climate strategies, policies and plans in place so that we are well placed to anticipate and adapt to climate change.

## Goals

**1** The carbon footprint of our organisation is reduced in line with our climate change strategy, and we are supporting and collaborating with others to do the same.

**2** Climate change mitigation and adaption are key considerations in all our decisions.

**3** Our agriculture and horticulture systems are more climate resilient in the face of changing weather patterns, water availability and consumer choice.



# Transport

## Aspiration

Otago has an integrated transport system that contributes to the accessibility and connectivity of our community, reduces congestion and supports community wellbeing aspirations.

## Why this is important

We anticipate that modes of transport need to change (e.g. shift to public transport, cycling and walking) for environmental and wellbeing reasons. Most of the region, however, does not have public transport services and uptake of active modes of transport is variable. Disparities between our rural and urban environments, coupled with our geographical spread, present challenges; regional connectivity remains a priority for our community and our economy. There is an opportunity to lead a shift in across our transport system to deliver a service our community is proud of and that supports our transition to low-emissions transport.

## Our role

Our role as the regional council includes:

- Coordinating the preparation of a regional land transport plan.
- Planning for (and implementing) the extension of our Public Transport service.
- Funding and delivering public transport services (including marketing and communications, ticketing and fare setting).
- Designing and delivering initiatives that contribute to accessibility and connectivity within communities.

\*We also own Port Otago Limited, which is considered to be regionally significant infrastructure.

## Goals

**1** Congestion is reduced and connection is increased throughout the region.

**2** Carbon emissions are reduced and air quality is improved across the region, supported by our public transport services.

**3** Active transport is the preferred mode for short journeys in urban areas.





# Wellbeing Outcomes

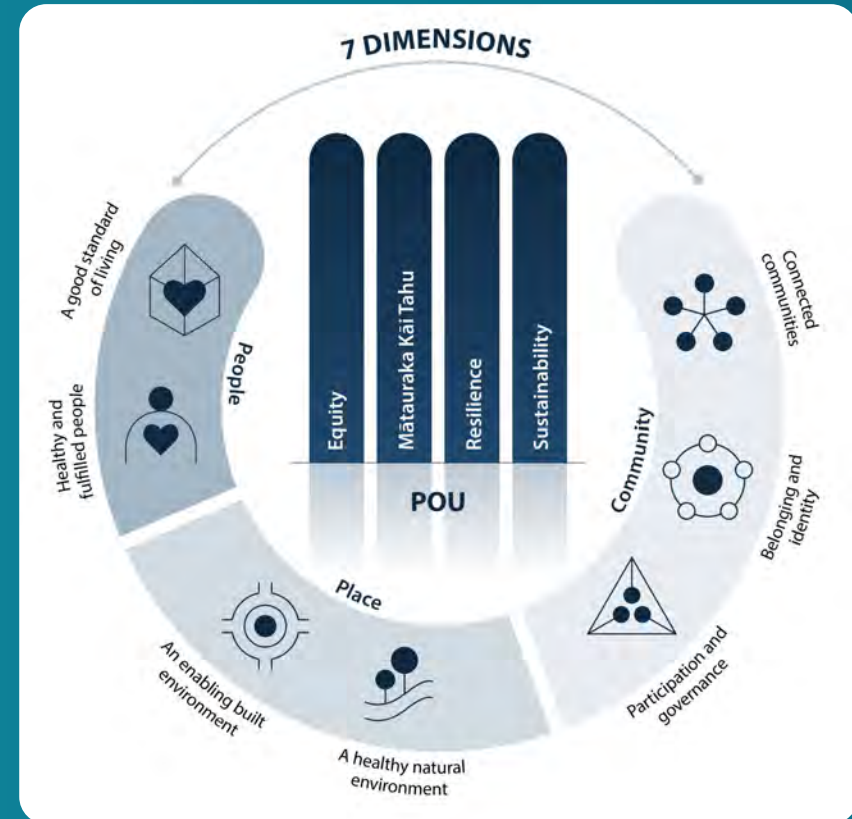
Promoting the social, economic, environmental, and cultural wellbeing of our communities in the present and for the future is central to everything that we do.

So that we could better understand regional wellbeing issues, consider our role, and take any appropriate actions, we initiated a programme of work in 2022 to develop a Regional Wellbeing Framework for Otago. This was a collaborative process with input from mana whenua, the region's five district councils, Southern District Health Board, Ministry for Social Development, and many others. Seven integral dimensions for wellbeing were identified through this process, along with four pou (principles) that sit across these. This is illustrated in the diagram on the opposite page.

Public sector agencies, mana whenua, businesses, NGOs and civil society all have pivotal roles to play in improving collective wellbeing. The Regional Wellbeing Framework identifies a clear set of overarching wellbeing priorities that transcend individual agencies and departments. Although many important aspects of wellbeing are outside the scope of ORC's core activities, these can still be affected indirectly by what we do or can have implications for decisions made by Council.

The Regional Wellbeing Framework will enable us to systematically scan potential impacts across all relevant wellbeing outcomes. Doing so will help us to identify opportunities whereby actions in one wellbeing area can create positive feedback loops that support the objectives in other wellbeing areas, and mitigate risks where well-intended actions in one domain may trigger problems in other domains.

More information about our Wellbeing Framework and annual wellbeing reports can be found on our website. We will continue to undertake reporting on the region's wellbeing and work with key parties to identify options for responding to issues arising, either as individuals or through collaborative action.







# What next?

Our ambition is to make significant meaningful progress towards realising our vision over the next 10 years by aligning our work programmes with the six focus areas and goals described in this document.

We will deliver this through existing strategies, new initiatives and activity work plans as a regional provider of:

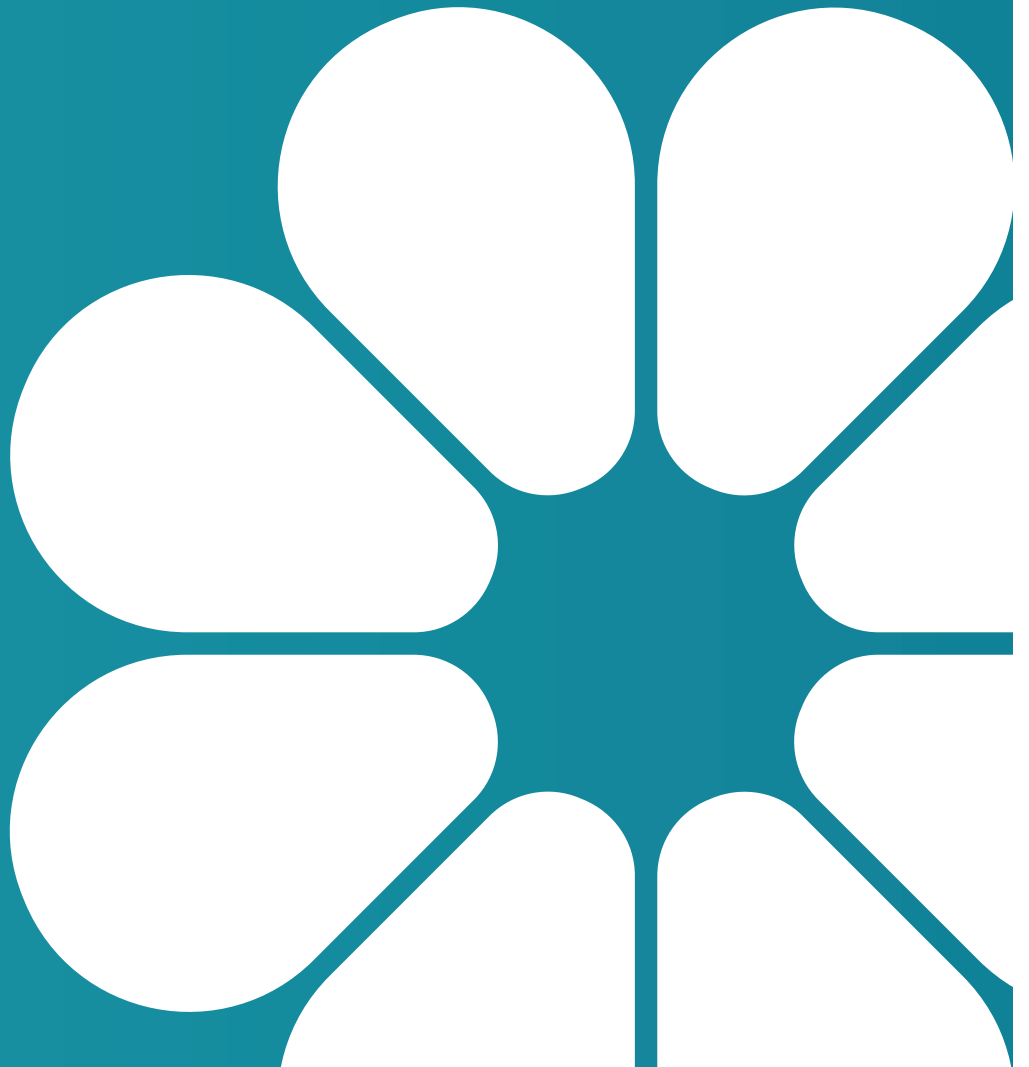
- Engagement;
- Regulatory functions;
- Information and advice;
- Service delivery; and
- Direct support.

Achieving all of this will be an ambitious undertaking. We will need to address challenges, including (but by no means limited to):

- Limited capacity of our natural environment;
- Finite natural resources;
- The implications of climate change;
- Different issues across our diverse region;
- Increased inequality in certain areas;
- Balancing expectations of both national and local stakeholders.

We will be monitoring progress towards achieving our goals and adjusting our work programmes accordingly. Being agile in our approach will be important to ensure we and those working alongside us can respond to changing circumstances and/or new challenges and opportunities.

Our Strategic Directions will be updated in three years' time in preparation for the 2027-2037 Long-term Plan.



Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

Reporting Structure		Proposed LTP [7 Feb ELT Revised ]					
Group Activity	Activity	LOS Statement	Measures	Yr1	Yr2	Yr3	Yr4-10
Environment	Land and Water	Implement environmental monitoring programmes, across the region which provide accurate, relevant and timely information to decision makers and the Otago public.	Report the results of environmental monitoring for freshwater water, landuse, estuarine, and regional coastal environments	Annual report for each of the 4 environments to Council prior to 30 June 2025 [4 reports = fully achieved] [3 reports -partially achieved] [< 3 = not achieved]	Annual report for each of the 4 environments to Council prior to 30 June 2026 [4 reports = fully achieved] [3 reports -partially achieved] [< 3 = not achieved]	Annual report for each of the 4 environments to Council prior to 30 June 2027 [4 reports = fully achieved] [3 reports -partially achieved] [< 3 = not achieved]	Annual report for each of the 4 environments to Council prior to 30 June .... [4 reports = fully achieved] [3 reports -partially achieved] [< 3 = not achieved]
Environment	Land and Water	Provide a robust and integrated environmental planning framework for Otago's land, water and coast resources.	Complete the Land and Water Regional Plan (LWRP)	Yr1: Freshwater Hearing Panel nominations and required documents submitted to Chief Freshwater Commissioner by 31 December 2024.	No target	Proposed LWRP ready for council decisions by 30 June 2026	No target
Environment	Land and Water	Provide a robust and integrated environmental planning framework for Otago's land, water and coast resources.	Complete a review of the Regional Plan Coast	No target	Issues and options papers developed and reported to Council by 30 June 2026	No target	Council approves Coast Plan for notification by 30 June 2028
Environment	Land and Water	Provide a robust and integrated environmental planning framework for Otago's land, water and coast resources.	Initiate Plan Changes to the Land and Water Regional Plan	No target	No target	New measures from Yr3. New targets TBC <i>Assumption: notification 2024 FY</i>	New target TBC
Environment	Land and Water	Promote and enable best practice land management for soil conservation, water quality preservation and the efficient use of water.	ORC led and community/landowner supported workshops and events are delivered which promote best practice land management for soil conservation, water quality and/or the efficient use of water.	At least 12 ORC led workshops or events are delivered annually	At least 12 ORC led workshops or events are delivered annually	At least 12 ORC led workshops or events are delivered annually	At least 12 ORC led workshops or events are delivered annually
Environment	Land and Water	Partner with iwi and collaborate with communities and landowners to develop and implement projects which enhance water quality and indigenous biodiversity in selected degraded waterbodies.	<i>Site specific projects are developed for selected degraded waterbodies.</i>	<i>New projects and associated milestones are developed and reported to Council</i>	<i>New projects and associated milestones are developed and reported to Council</i>	<i>New projects and associated milestones are developed and reported to Council</i>	<i>New projects and associated milestones are developed and reported to Council</i>
Environment	Land and Water	Partner with iwi and collaborate with communities and landowners to develop and implement plans which enhance water quality and indigenous biodiversity in selected degraded waterbodies.	Site specific projects are developed and implemented.	Project actions have been progressed as scheduled  <i>Note: [80-100% = achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	Project actions have been progressed as scheduled  <i>Note: [80-100% = achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	Project actions have been progressed as scheduled  <i>Note: [80-100% = achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	Project actions have been progressed as scheduled  <i>Note: [80-100% = achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>
Environment	Land and Water	Develop and maintain an integrated catchment management programme that aligns with national directions and enables sustainable environmental management.	Catchment Action Plans (CAPs) give effect to the ICM programme and are developed in partnership with iwi and in collaboration with the community.	One Catchment Action Plan (CAP) to be presented to Council for approval by 30 June 2025	One Catchment Action Plan (CAP) to be presented to Council for approval by 30 June 2026	One Catchment Action Plan (CAP) to be presented to Council for approval by 30 June 2027	One Catchment Action Plan (CAP) to be presented to Council for approval by 30 June 2028

Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

Environment	Biodiversity & Biosecurity	Implement an indigenous biodiversity monitoring programme across the region which provides accurate, relevant and timely information to decision makers and the Otago public.	<i>Report the results of environmental monitoring for regional indigenous biodiversity ecosystems</i>	<i>Annual report completed prior to 30 June 2025</i>  <i>Note: at the time of Council reporting underlying data capture; 95-100% = fully achieved; 85 - 95% =partial ; &lt;85 = not achieved]</i>	Annual report on monitoring programme completed and reported to Council	Annual report on monitoring programme completed and reported to Council	Annual report on monitoring programme completed and reported to Council
Environment	Biodiversity & Biosecurity	Collaborate with iwi, DOC and other key organisations through leading the Otago Biodiversity Forum and develop, coordinate and deliver a programme of actions to enhance indigenous biodiversity	<i>Biodiversity Forum based joint projects to enhance indigenous biodiversity are developed.</i>	<i>New projects and associated milestones are developed and reported to Council and forum partners</i>	<i>New projects and associated milestones are developed and reported to Council and forum partners</i>	<i>New projects and associated milestones are developed and reported to Council and forum partners</i>	<i>New projects and associated milestones are developed and reported to Council and forum partners</i>
Environment	Biodiversity & Biosecurity	Collaborate with iwi, DOC and other key organisations through leading the Otago Biodiversity Forum and develop, coordinate and deliver a programme of actions to enhance indigenous biodiversity	<i>Joint projects are implemented against milestones</i>	Project actions have been progressed as scheduled  <i>[80-100% = achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	Project actions have been progressed as scheduled  <i>[80-100% = achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	Project actions have been progressed as scheduled  <i>[80-100% = achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	Project actions have been progressed as scheduled  <i>[80-100% = achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>
Environment	Biodiversity & Biosecurity	Provide support and funding to selected initiatives and organisations across the region which deliver environmental outcomes that align with our strategic objectives.	<i>A report to Council shows the alignment between the organisations, initiatives and their deliverables, and, Councils strategic biodiversity strategic objectives.</i>	<i>Where endorsed by Council funding is provided to initiatives and organisations [80-100% = fully achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	<i>Where endorsed by Council funding is provided to initiatives and organisations [80-100% = fully achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	<i>Where endorsed by Council funding is provided to initiatives and organisations [80-100% = fully achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	<i>Where endorsed by Council funding is provided to initiatives and organisations [80-100% = fully achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>
Environment	Biodiversity & Biosecurity	Develop and deliver practices and programmes that give effect to the Regional Pest Management Plan.	Actions within the Biosecurity Operational Plan (BOP) are progressed.	T1: 90% of actions progressed within time frames specified  T2: 100% of targets for priority pests are delivered	T1: 90% of actions progressed within time frames specified  T2: 100% of targets for priority pests are delivered	T1: 90% of actions progressed within time frames specified  T2: 100% of targets for priority pests are delivered	T1: 90% of actions progressed within time frames specified  T2: 100% of targets for priority pests are delivered
Environment	Biodiversity & Biosecurity	Ensure that where ORC receives external funding for Biosecurity programmes (such as Wilding Conifers, Wallabies and Check, Clean Dry) are delivered as per the agreement.	Externally funded biosecurity projects/programmes are implemented as per their agreements.	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.
Environment	Biodiversity & Biosecurity	Ensure that where ORC receives external funding for Freshwater programmes (such as Essential Freshwater Hill Country Erosion Funding) are delivered as per the agreement.	Externally funded freshwater projects/programmes are delivered as per their agreements	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.
Environment	Air	Monitor Otago's air quality and make accurate, relevant and timely information publicly available.	Implement regional air monitoring programme.	Annual report on monitoring programme completed and reported to Council	Annual report on monitoring programme completed and reported to Council	Annual report on monitoring programme completed and reported to Council	Annual report on monitoring programme completed and reported to Council
Environment	Air	Monitor Otago's air quality and make accurate, relevant and timely information publicly available.	<i>Report the results of environmental monitoring for Air</i>	<i>Annual report for Air monitoring for previous financial year reported to Council by 30 Sept 2024</i>  <i>Note: at the time of Council reporting underlying data capture; 95-100% = fully achieved; 85 - 95% =partial ; &lt;85 = not achieved]</i>			

Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

Environment	Air	Provide a robust and integrated environmental planning framework for Otago's Air resource.	Complete review of the Regional Plan- Air.	Council approves Regional Plan Air for notification by 30 June 2025.	Hearing Panel for Regional Plan Air appointed by 31 December 2026.	Proposed Regional Plan Air ready for Council decisions by 30 June 2027.	No target
Regional Leadership	Regulatory	Provide effective, efficient and customer centric consenting processes under the Resource Management Act (RMA) 1991 to enable the lawful use of natural and physical resources.	Percentage of resource consents application processed within Resource Management Act 1991 legislative timeframes	≥98%	≥98%	≥98%	≥98%
Regional Leadership	Regulatory	Provide effective, efficient and customer centric consenting processes under the Resource Management Act (RMA) 1991 to enable the lawful use of natural and physical resources.	Percentage of public inquiries for consent information responded to within 10 working days.	Maintain or increase Note:Year 1 establishes a measurement baseline	Target to be determined	Target to be determined	Target to be determined
Regional Leadership	Regulatory	Provide effective and efficient compliance monitoring, investigations and enforcement services and take appropriate actions to ensure the lawful use of natural and physical resources.	Percentage of performance monitoring returns completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets.	≥90%	≥90%	≥90%	≥90%
Regional Leadership	Regulatory	Provide effective and efficient compliance monitoring, investigations and enforcement services and take appropriate actions to ensure the lawful use of natural and physical resources	Percentage of programmed inspection/audits completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets.	≥90%	≥90%	≥90%	≥90%
Regional Leadership	Regulatory	Provide effective and efficient compliance monitoring, investigations and enforcement services and take appropriate actions to ensure the lawful use of natural and physical resources	Percentage of significant non-compliance incidents identified where action is taken in accordance with Compliance policy	100%	100%	100%	100%
Regional Leadership	Regulatory	Provide effective and efficient environmental response services to pollution incidents or notifications of non-compliant activities	Maintain 24-hour/7 day a week response for environmental incidents.	Pollution hotline staff available/ on call 24/7	Pollution hotline staff available/ on call 24/7	Pollution hotline staff available/ on call 24/7	Pollution hotline staff available/ on call 24/7
Regional Leadership	Regulatory	Provide effective and efficient environmental response services to pollution incidents or notifications of non-compliant activities.	Maintain 20 appropriately trained responders for maritime oil pollution incidents.	20 responders attend 3 exercises per year	20 responders attend 3 exercises per year	20 responders attend 3 exercises per year	20 responders attend 3 exercises per year
Regional Leadership	Regulatory	Develop and maintain robust regulations and procedures to enable safe use and navigation of our region's ports, harbours, coastal areas and inland waterways.	Maintain compliance with Port and Harbour Marine Safety Code.	External review is completed and deemed to be code consistent	Annual self review is completed by ORC and POL and signed off by the Chief Executives	Annual self review is completed by ORC and POL and signed off by the Chief Executives	Annual self review is completed by ORC and POL and signed off by the Chief Executives
Regional Leadership	Regulatory	Promote and encourage safe use of ports, harbours, coastal areas and inland waterways and take appropriate action in response to non-compliance and incidents.	<i>The safety campaign for recreational 'boaters' is delivered</i>	<i>80% achieved Note: [80-100% = fully achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	<i>80% achieved Note: [80-100% = fully achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	<i>80% achieved Note: [80-100% = fully achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>	<i>80% achieved Note: [80-100% = fully achieved] [70-79% - partially achieved] [&lt; 70% = not achieved]</i>
Transport	Transport Planning and Public Passenger Transport	Advocate for Otago's regional transport planning priorities and aspirations at a national level	The Regional Land Transport Plan (RLTP) is reviewed and submitted in line with the Land Transport Management Act 2003 and any guidance issued by the New Zealand Transport Agency (NZTA)			RLTP review completed and adopted by Council by 30 June 2027	

Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

Transport	Transport Planning and Public Passenger Transport	Provide efficient, reliable and accessible public transport services that meet community needs.	Annual public transport boardings in Queenstown	increase	increase	increase	increase
Transport	Transport Planning and Public Passenger Transport	Provide efficient, reliable and accessible public transport services that meet community needs.	Annual public transport boardings in Dunedin	increase	increase	increase	increase
Transport	Transport Planning and Public Passenger Transport	Provide efficient, reliable and accessible public transport services that meet community needs.	Overall passenger satisfaction with Wakatipu Public Transport system at annual survey.	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%
Transport	Transport Planning and Public Passenger Transport	Provide efficient, reliable and accessible public transport services that meet community needs.	Overall passenger satisfaction with Dunedin Public Transport system at annual survey.	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%
Transport	Transport Planning and Public Passenger Transport	Provide efficient, reliable and accessible public transport services that meet community needs.	Percentage of scheduled services delivered (reliability)	95%	95%	95%	95%
Transport	Transport Planning and Public Passenger Transport	Provide efficient, reliable and accessible public transport services that meet community needs.	Percentage of scheduled services on-time (punctuality – to five minutes*)	95%	95%	95%	95%
Transport	Transport Planning and Public Passenger Transport	Provide efficient, reliable and accessible public transport services that meet community needs.	Percentage of users who are satisfied with the provision of timetable and services information	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%
Transport	Transport Planning and Public Passenger Transport	Provide efficient, reliable and accessible public transport services that meet community needs.	Percentage of users who are satisfied with the overall service of the Total Mobility scheme	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%
Regional Leadership	Regional Planning	Support Otago's councils and communities to manage environmentally sustainable urban growth	Support integrated and well managed urban growth across Otago	Joint Queenstown Future Development Strategy completed by 30 June 2025	No target	Review of joint Dunedin Future Development Strategy completed by 30 June 2027.  Review of joint Queenstown Future Development Strategy completed	No target
Regional Leadership	Regional Planning	Support Otago's councils and communities to manage environmentally sustainable urban growth	Support integrated and well managed urban growth across Otago	Consultation on maps of highly productive land completed by 31 December 2024.	T1. RPS Change to insert maps of highly productive land ready for notification by 12 September 2025. T2. Hearing Panel for RPS Change appointed by 30 June 2026.	No target	No target
Regional Leadership	Regional Planning	Lead a regional approach to biodiversity management in collaboration with mana whenua, local councils, and other stakeholders	Develop a Regional Biodiversity Strategy and implement ORC actions	Draft Regional Biodiversity Strategy is made available for public consultation by 30 June 2025	Regional Biodiversity Strategy is adopted by 30 June 2026	ORC actions from the Regional Biodiversity Strategy are implemented, and the effectiveness of the strategy is monitored and reported to Council annually	ORC actions from the Regional Biodiversity Strategy are implemented, the effectiveness of the strategy is monitored and reported to Council annually, and
Regional Leadership	Regional Planning	Lead a regional approach to climate change in collaboration with mana whenua, local councils, and other stakeholders	Develop a Regional Climate Change Strategy and implement ORC actions	ORC actions from the Regional Climate Change Strategy are implemented, and the effectiveness of the strategy is monitored and reported to Council annually	ORC actions from the Regional Climate Change Strategy are implemented, and the effectiveness of the strategy is monitored and reported to	ORC actions from the Regional Climate Change Strategy are implemented, and the effectiveness of the strategy is monitored and reported to Council annually	ORC actions from the Regional Climate Change Strategy are implemented, the effectiveness of the strategy is monitored and reported to Council annually, and



Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

Regional Leadership	Regional Planning	Lead a regional approach to air quality improvement in collaboration with mana whenua, local councils, and other stakeholders	Develop a Regional Air Quality Strategy and implement ORC actions	Draft Regional Air Quality Strategy is made available for public consultation along with the revised Air Plan by 30 June 2025	Regional Air Quality Strategy is adopted by 30 June 2026	ORC actions from the Regional Air Quality Strategy are implemented, and the effectiveness of the strategy is monitored and reported to Council annually	ORC actions from the Regional Air Quality Strategy are implemented, the effectiveness of the strategy is monitored and reported to Council annually, and the strategy is reviewed over 2 years
Safety and Resilience	Natural Hazards & Climate Change	Provide information on natural hazards and risks, including the effects of climate change, so that communities and stakeholders can make informed decisions.	Natural hazards information is available via the web-based Otago Natural Hazards Database	Database is checked and updated monthly	Database is checked and updated monthly	Database is checked and updated monthly	Database is checked and updated monthly
Safety and Resilience	Natural Hazards & Climate Change	Provide information on natural hazards and risks, including the effects of climate change, so that communities and stakeholders can make informed decisions.	Percentage of flood warning that are issued in accordance with the flood warning manual.	100%	100%	100%	100%
Safety and Resilience	Natural Hazards & Climate Change	Collaborate with communities and stakeholders to develop and deliver natural hazards adaptation strategies	Implement the findings of the regional natural hazards risk assessment and inform adaptation planning and implementation.	Implementation and additional assessments of natural hazards and risks based on the findings of the Otago Natural Hazards Risk Assessment. Phased delivery Yr 1 to 10	Implementation and additional assessments of natural hazards and risks based on the findings of the Otago Natural Hazards Risk Assessment.	Implementation and additional assessments of natural hazards and risks based on the findings of the Otago Natural Hazards Risk Assessment.	Implementation and additional assessments of natural hazards and risks based on the findings of the Otago Natural Hazards Risk Assessment.
Safety and Resilience	Natural Hazards & Climate Change	Collaborate with communities and stakeholders to develop and deliver natural hazards adaptation strategies	Implement prioritised* natural hazard risks adaptation works	The first Head of Lake Wakatipu natural hazards adaptation strategy completed by 31 December 2024; Actions developed, implemented and reviewed, as per Head of Lake Wakatipu natural hazard adaptation strategy	Actions developed, implemented and reviewed, as per Head of Lake Wakatipu natural hazard adaptation strategy	Actions developed, implemented and reviewed, as per Head of Lake Wakatipu natural hazard adaptation strategy	Actions developed, implemented and reviewed, as per Head of Lake Wakatipu natural hazard adaptation strategy
Safety and Resilience	Natural Hazards & Climate Change	Collaborate with communities and stakeholders to develop and deliver natural hazards adaptation strategies	Implement prioritised* natural hazard risks adaptation works	Support the South Dunedin Future Programme - South Dunedin Future natural hazards adaptation plan progresses as per annual work plan	Support the South Dunedin Future Programme - South Dunedin Future natural hazards adaptation plan progresses as per annual work plan	Support the South Dunedin Future Programme - South Dunedin Future natural hazards adaptation plan progresses as per annual work plan	Support the South Dunedin Future Programme - South Dunedin Future natural hazards adaptation plan progresses as per annual work plan
Safety and Resilience	Natural Hazards & Climate Change	Collaborate with communities and stakeholders to develop and deliver natural hazards adaptation strategies	Implement prioritised* natural hazard risks adaptation works	No target	The first Clutha Delta natural hazards adaptation strategy completed by 30 June 2026; Actions developed, implemented and reviewed, as per Head of Lake Wakatipu natural hazard adaptation strategy	Actions developed, implemented and reviewed, as per Head of Clutha Delta natural hazards adaptation strategy	Actions developed, implemented and reviewed, as per Head of Clutha Delta natural hazards adaptation strategy
Safety and Resilience	Flood Protection and River Management	Protect communities, their livelihoods and infrastructure from the impacts of flood events Provide the standard land drainage and control agreed with communities.	Percentage of scheme maintenance programme: Major flood protection drainage and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents	≥ 85% of planned maintenance programme completed  <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved	≥ 85% of planned maintenance programme completed  <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved	≥ 85% of planned maintenance programme completed  <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved	≥ 85% of planned maintenance programme completed  <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved

Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

Safety and Resilience	Flood Protection and River Management	Protect communities, their livelihoods and infrastructure from the impacts of flood events	Percentage of scheme renewals programme: Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents.	≥ 85% of renewal programmes completed <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved	≥ 85% of renewal programmes completed <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved	≥ 85% of renewal programmes completed <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved	≥ 85% of renewal programmes completed <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved
Safety and Resilience	Flood Protection and River Management	Respond efficiently and effectively to community issues relating to rivers, schemes and flood events	Respond within defined timelines for reported issues and to flood events in a timely manner	T1. Flood repair programme: Damage identified, prioritised and a repair programme is made available to affected communities within 3 months of the event/100%  T2. Reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days	T1. Flood repair programme: Damage identified, prioritised and a repair programme is made available to affected communities within 3 months of the event/100%  T2. Reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days	T1. Flood repair programme: Damage identified, prioritised and a repair programme is made available to affected communities within 3 months of the event/100%  T2. Reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days	T1. Flood repair programme: Damage identified, prioritised and a repair programme is made available to affected communities within 3 months of the event/100%  T2. Reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days
Safety and Resilience	Flood Protection and River Management	Maintain channel capacity and stability, while balancing environmental outcomes and recognising mana whenua values in rivers.	Percentage of planned maintenance programme: Channel works are maintained, repaired, and renewed to the key standards defined in relevant planning documents	≥ 85% of planned maintenance programme completed <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved	≥ 85% of planned maintenance programme completed <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved	≥ 85% of planned maintenance programme completed <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved	≥ 85% of planned maintenance programme completed <i>Note:</i> < 80% not achieved 80% - 85% partially achieved ≥ 85% achieved
Safety and Resilience	Emergency Management	Support the Otago CDEM Group in improving the resilience of Otago to Civil Defence emergencies	Support is provided to Emergency Management Otago to fulfil Otago CDEM Group requirements as defined in the CDEM Act and CDEM	Fulfil all requirements as the administering authority and the Otago CDEM Partnership Agreement	Fulfil all requirements as the administering authority and the Otago CDEM Partnership Agreement	Fulfil all requirements as the administering authority and the Otago CDEM Partnership Agreement	Fulfil all requirements as the administering authority and the Otago CDEM Partnership Agreement
Safety and Resilience	Emergency Management	Provide resources to coordinate a region-wide response to a Civil Defence emergency	Provide a Regional Coordination Facility (ECC) capable of coordinating a region wide emergency.	T1: An appropriate facility as defined in the CDEM Partnership Agreement is available for immediate activation.  T2: Adequate staff (as defined in the Group Training and Capability Strategy) are trained and capable to coordinate a region wide response.	T1: An appropriate facility as defined in the CDEM Partnership Agreement is available for immediate activation.  T2: Adequate staff (as defined in the Group Training and Capability Strategy) are trained and capable to coordinate a region wide response.	T1: An appropriate facility as defined in the CDEM Partnership Agreement is available for immediate activation.  T2: Adequate staff (as defined in the Group Training and Capability Strategy) are trained and capable to coordinate a region wide response.	T1: An appropriate facility as defined in the CDEM Partnership Agreement is available for immediate activation.  T2: Adequate staff (as defined in the Group Training and Capability Strategy) are trained and capable to coordinate a region wide response.
Safety and Resilience	Emergency Management	Provide resources to coordinate a region-wide response to a Civil Defence emergency	Emergency Management Otago staff are available to respond 24/7 to a Civil Defence emergency.	Maintain a duty roster for 24/7 – 365 coverage for initial responses to Civil Defence emergencies.	Maintain a duty roster for 24/7 – 365 coverage for initial responses to Civil Defence emergencies.	Maintain a duty roster for 24/7 – 365 coverage for initial responses to Civil Defence emergencies.	Maintain a duty roster for 24/7 – 365 coverage for initial responses to Civil Defence emergencies.
Regional Leadership	Governance and Community Engagement	Provide and promote governance processes and democratic decision making that is robust and transparent for the community.	Percentage of council agendas that are publicly available two working days or more before a meeting	100%	100%	100%	100%
Regional Leadership	Governance and Community Engagement	Provide and promote governance processes and democratic decision making that is robust and transparent for the community.	Percentage of official information requests responded to within 20 working days of being logged.	100%	100%	100%	100%



Council Agenda - 21 February 2024 - MATTERS FOR CONSIDERATION

Regional Leadership	Governance and Community Engagement	Develop and deliver robust and effective corporate planning and reporting.	Deliver our Long Term Plan, Annual reviews of the LTP, and reporting of performance against plan as per the statutory requirements	T1. Annual Plan [Yr2 LTP] adopted by Council prior to 30 June 2025 T2. Council financial and activity performance against the Year 3 LTP 2021-31 reported to Council by October 2024	T1. Annual Plan [Yr3 LTP] adopted by Council prior to 30 June 2026 T2. Council financial and activity performance against the Year 3 LTP 2021-31 reported to Council by October 2024	T1. LTP 2027-37 adopted by Council prior to 30 June 2027 T2. Council financial and activity performance against the Year 3 LTP 2021-31 reported to Council by October 2024	T1. Annual Plan adopted by Council prior to 30 June ..... T2. Council financial and activity performance reported to Council by October ....
Regional Leadership	Governance and Community Engagement	Build mana whenua participation in Council decision making through a treaty based partnership approach in our engagement.	Mana whenua are satisfied with participation in Council projects and processes	Baseline target to be established - based off annual feedback from the Mana to Mana forum	Target to be determined	Target to be determined	Target to be determined
Regional Leadership	Governance and Community Engagement	Build mana whenua participation in Council decision making through a treaty based partnership approach in our engagement.	Participate in governance and management forums (Mana to Mana, Te Rōpū Taiao, Aukaha and Te Ao Mārama)	Participate in at least 10 hui/meetings with all Papatipu Rūnaka/ Rūnanga (or their representatives) during the year	Participate in at least 10 hui/meetings with all Papatipu Rūnaka/ Rūnanga (or their representatives) during the year	Participate in at least 10 hui/meetings with all Papatipu Rūnaka/ Rūnanga (or their representatives) during the year	Participate in at least 10 hui/meetings with all Papatipu Rūnaka/ Rūnanga (or their representatives) during the year
Regional Leadership	Governance and Community Engagement	Represent the diverse views and interests of the region in a fair and equitable way through engagement, communication and partnership.	Increase opportunities for engagement with diverse groups across Otago to lift awareness and understanding of the work of the regional council and seek feedback on performance	create and implement engagement plan and establish engagement data	maintain or increase numbers	maintain or increase numbers	Maintain or increase numbers
Regional Leadership	Governance and Community Engagement	Provide relevant, timely and accessible communication activities which enable the community to understand and participate in ORC's programmes and decision making.	Biannual survey is conducted to understand and improve community awareness, perceptions and expectations of ORC	Report against the action plan to Council by March 2025	Survey and action plan completed March 2026	Report against the action plan to Council March by 2027	Survey and action plan completed March 2028
Regional Leadership	Governance and Community Engagement	Provide relevant, timely and accessible communications and engagement activities which enable the community to understand and participate in ORC's programmes and decision making.	Customers express high levels of satisfaction with customer service provision.	Develop Customer Policy to determine satisfaction levels	Meet or exceed satisfaction targets	Meet or exceed satisfaction targets	Meet or exceed satisfaction targets

**Attachment: Task to Improve Performance Measurement and Reporting**

**'NEW' STRATEGIC DIRECTIONS GOALS 2024 – 2034**  
**OUTCOME focused – trends over time**

**TASK: Develop suite of indicators to monitor progress towards each goal**

**TASK: Develop an approach/framework for performance monitoring, measuring and reporting**  
**TASK: Seek improved understanding of performance and enable more informed decision-making**

**LTP MEASURES & TARGETS**  
**OUPUT focused - completing the work programme**

LOS Statement	Measures	Yr1	Yr2	Yr3	Yr4-10
Implement environmental monitoring programmes, across the region which provide accurate, relevant and timely information to decision makers and the Otago public.	Report the results of environmental monitoring for freshwater, water, landuse, estuarine, and regional coastal environments.	Annual report for each of the 4 environments to Council prior to 30 June 2025: [4 reports = fully achieved] [3 reports -partially achieved] [ $< 3$ = not achieved]	Annual report for each of the 4 environments to Council prior to 30 June 2026: [4 reports = fully achieved] [3 reports -partially achieved] [ $< 3$ = not achieved]	Annual report for each of the 4 environments to Council prior to 30 June 2027: [4 reports = fully achieved] [3 reports -partially achieved] [ $< 3$ = not achieved]	Annual report for each of the 4 environments to Council prior to 30 June 2028: [4 reports = fully achieved] [3 reports -partially achieved] [ $< 3$ = not achieved]
Provide a robust and integrated environmental planning framework for Otago's land, water and coast resources.	Complete the Land and Water Regional Plan (LWRP)	No target	No target	Proposed LWRP ready for council decisions by 30 June 2026	No target
Promote and enable best practice land management for soil conservation, water quality preservation and the efficient use of water.	ORC led and community/landowner supported workshops and events are delivered which promote best practice land management for soil conservation, water quality and/or the efficient use of water.	At least 12 ORC led workshops or events are delivered annually	At least 12 ORC led workshops or events are delivered annually	At least 12 ORC led workshops or events are delivered annually	At least 12 ORC led workshops or events are delivered annually
Develop and maintain an integrated catchment management programme which aligns with national directions and sustainable environmental management.	Catchment Action Plans (CAPs) are effect to with the community.	One Catchment Action Plan (CAP) to be	One Catchment Action Plan (CAP) to be	One Catchment Action Plan (CAP) to be	One Catchment Action Plan (CAP) to be presented to Council for approval by 30 June 2028

**TASK: Ongoing refinement and alignment with strategic goals**

## **8.6. Draft Financial Strategy and Revenue and Financing Policy**

**Prepared for:** Council  
**Report No.** CS2410  
**Activity:** Governance Report  
**Author:** Nick Donnelly, General Manager Corporate Services and CFO  
**Endorsed by:** Nick Donnelly, General Manager Corporate Services and CFO  
**Date:** 21 February 2024

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### **PURPOSE**

- [1] To adopt Council's Draft Financial Strategy, Draft Revenue and Financing Policy and Draft Development Contributions and Financial Contributions Policy for consultation as part of the Long-term Plan 2024-34.

### **EXECUTIVE SUMMARY**

- [2] As part of the Long-term Plan 2024-34 (LTP) Council has reviewed its Financial Strategy and Revenue and Financing Policy (RFP). That process indicated a number of changes that could be made to both documents. A paper was presented to Council on 13 December 2023 and Council agreed on preferred options where changes were proposed.
- [3] These changes have now been included as the preferred funding method for budget estimates that will be included in the draft LTP and consulted on in April 2024. Note, the financial information included in the Draft Financial Strategy is based on activity estimates that include the full Dunedin public transport business case proposal. That item is being considered separately at this meeting and the Draft Financial Strategy will be amended to reflect any changes that result from decisions on that matter.
- [4] A further workshop was held on 8 February to provide Council with further analysis of the impact of changes proposed in the FS and RFP. This included distribution analysis across the rates database and sample property examples. An update of that analysis will be provided as a supplementary information to this paper.
- [5] There were a small number of outstanding funding items that still needed to be considered post 13 December. This included consideration of applying a UAGC. Additionally, as the changes have been further analysed in the financial model an amendment is proposed to the repayment term on capital expenditure. This change and proposed funding for the outstanding items has been included in the LTP estimates and included in the recommendations below.
- [6] A draft Development Contributions and Financial Contributions Policy is also presented for Council's consideration and adoption. This is a new policy and simply reflects that Council is unable to charge development contributions and although financial contributions are permitted under some of Council's regional plans they are not used as a source of funding in the LTP.

- [7] The draft documents are for the purpose of consultation only at this stage. Subject to community feedback from that consultation Council will then consider and adopt a final Financial Strategy, Revenue and Financing Policy and Development Contributions and Financial Contributions Policy prior to adoption of the Long-Term Plan 2024-34 in June 2024.

## RECOMMENDATION

- 1) **Notes this report.**

### ***Financial Strategy:***

- 2) **Approves that infrastructure capital repayment will occur over 30 years.**

*Options (if above not approved):*

- a. *Status quo – funding remains over 20 years as approved on 13 December 2023.*

- 3) **Approves existing transport deficits being repaid over the first 3 years of the LTP – using the existing targeted rate areas, differentials, and based on capital value.**

*Options (if above not approved):*

- a. *Repayment over a different time period (on the same basis as above).*  
b. *Repayment over a period of 1, 3 or 5 years on the new targeted rate basis (80/20 split with targeted rate to whole district on a uniform basis).*

- 4) **Approves the attached Draft Financial Strategy subject to:**

***amendments required for resolutions 2 and 3 above, and***

***outcomes of the Dunedin PT Investment Proposal paper being presented separately at this Council meeting.***

### ***Revenue and Financing Policy:***

- 5) **Approves a Uniform Annual General Charge (UAGC) of 25% of general rates ie retaining the status quo.**

*Options (if above not approved):*

- a. *UAGC 50% of general rates.*  
b. *UAGC 0% ie no UAGC.*  
c. *UAGC 34% of general rates (based on 25% of 'regional rates' – general rates, catchment management rates and biosecurity rates).*

- 6) **Approves the 80% Alexandra Flood Targeted Rate requirement being funded from River and Waterway Management – Central.**

*Options (if above not approved):*

- a. *Status quo – continue to rate remainder of cost (after Contact Energy agreed amount) from General Rates – Sub Regional (Central Otago).*
- b. *Create a new targeted rate area for the Alexandra Targeted Rate.*

**7) Approves Stock Truck Effluent Disposal Sites being funded from general rates.**

*Options (if above not approved):*

- a. *Status quo – continue to rate from General Rates – Sub Regional (Central Otago).*
- b. *Create a new targeted rate for Stock Truck Effluent Disposal Sites (all Central Otago District on either a CV or uniform basis).*

**8) Approves the rate requirement for Oamaru Transport being funded 20% general rates and 80% targeted rate (all Waitaki District on a uniform basis).**

*Options (if above not approved):*

- a. *Create a new targeted rate for Oamaru only.*

**9) Approves the rate requirement for Wanaka Transport being funded 20% general rates and 80% targeted Queenstown Transport Rate (all Queenstown Lakes District on a uniform basis).**

*Options (if above not approved):*

- a. *Create a new targeted rate for Wanaka only.*

**10) Approves the attached Draft Revenue and Financing Policy subject to amendments required for resolutions 5 to 9 above.**

**11) Approves the Draft Funding Needs Analysis (circulated as a separate attachment).**

**12) Approves the attached Draft Development Contributions and Financial Contributions Policy.**

**13) Notes the Draft Financial Strategy, Draft Revenue and Financing Policy and Draft Development Contributions and Financial Contributions Policy are approved for the purposed consulting on the Long-term Plan 2024-34.**

**BACKGROUND**

[8] Council has undertaken a series of financial and funding workshops:

**2023**

- 23 May Financial Management – overview of legislative requirements.
- 28 June Finance and Funding Overview – overview of ORC’s current financial and funding (including current rates analysis).

- 2 August (Morrison Low) Revenue and Financing Policy Overview – key considerations, review of regional sector RFP's and guiding principles.
- 24 August (Morrison Low) Revenue and Financing Policy Approach – guiding principles and Funding Needs Analysis approach including initial FNA examples.
- 21 September Funding Needs Analysis and Initial Options Modelling – assessed rate allocations using high / medium / low criteria and looked at differential benefit zone impact.
- 26 October (Morrison Low) Affordability – implications and application of Local Government Act 2002 section 101(3)b.
- 26 October / 1 November Financial Strategy Considerations – how the work is paid for (use of debt and balancing the budget).
- 30 November Financial Strategy and Revenue and Financing Policy Considerations – completed Funding Needs Analysis for all activities and proposed Financial Strategy and Revenue and Financing Policy changes.

#### **2024**

- 8 February – Revenue and Financing Policy rate change analysis and rates examples.
- [9] Council engaged Morrison Low, in collaboration with Bay of Plenty and Waikato Regional Councils to assist in the review and provide an overview of other regional councils Revenue and Financing Policy's as a starting point.
- [10] The above review work program identified a number of potential changes to Council's Financial Strategy and Revenue and Financing Policy. Council considered proposed changes at its 13 December 2023 Council meeting. Changes approved at that meeting are incorporated in the Draft Financial Strategy and Revenue and Financing Policy. Additional outstanding items have been considered and proposals for those matters are also included in the draft documents and this paper.

#### **DISCUSSION**

- [11] Changes to be included in development of the Draft Financial Strategy agreed at the 13 December 2023 Council meeting were:
- [12] ***New infrastructure capital expenditure repayment will occur over 20-years.***  
Note this is now proposed to be 30-years (see options section).
- [13] ***Transport operating expenditure will be fully funded in the year it occurs (balanced budget for that activity).***
- [14] ***Existing transport deficits will be ringfenced – with funding for those to be considered separately in the Financial Strategy.***  
Note repayment of the forecast deficits assumed over the first 3 years of the LTP (see options section).
- [15] Changes to be included in development of the Draft Revenue and Financing Policy agreed at the 13 December 2023 Council meeting were:

- [16] **Establish a new Catchment Management Rate** to fund biodiversity implementation, Ecofund, land and water implementation and environmental management activities. The new rate will be regional based on capital value.
- [17] **Discontinue the Rural Water Quality Rate** (assumes establishment of Catchment Management Rate above).
- [18] **Discontinue the Wilding Tree Rate** and fund this activity through the Biosecurity Rate.
- [19] **Establish a new Navigational Safety Management Rate** (to replace rating for this on a general rate – sub regional basis) on a district basis (excluding QLDC) and a uniform basis.
- [20] **Establish a new Farm Plan Rate** to fund Council's requirement to administer the freshwater farm plan process. Rate will uniform and based on land use and size (in line with farm plan requirements). Note – it is envisaged this rate will be introduced in year 2 of the LTP.
- [21] **Discontinue the Dairy Rate** (assumes establishment of Farm Plan Rate above and will occur at the same time that rate is introduced).
- [22] **Establish a new River and Waterway Management – Queenstown Lakes Rate** which amalgamates River and Waterway Management – Whakatipu and River and Waterway Management – Wanaka into a single district wide rate.
- [23] **Establish a new Alexandra Flood Targeted Rate** based on a defined area (to be determined) and capital value.
- [24] **Amend all flood schemes and Tokomairiro Drainage to a 20% general rate allocation.**
- [25] **Amend all drainage schemes to a 10% general rate allocation** (Lower Clutha, East Taieri, West Taieri).
- [26] **Amend all flood and drainage general rate allocations to General Rate – Regional.**
- [27] **Reduce the number of flood and drainage benefit zones to one or two zones per scheme** (Lower Clutha, Lower Taieri, East Taieri, West Taieri, Tokomairiro).
- [28] **Base two zone apportionment on current allocation % and remove WF3, WF4, WF6, WF7, WF8 and WF9 from the calculation for Lower Taieri Flood.**
- [29] **Amend the Leith Flood Indirect zone to be all of Dunedin district.**
- [30] **Amend Lower Waitaki River Control to be 100% funded by River and Waterway Management – Waitaki.**
- [31] **Amend Transport Targeted Rate areas to be all of Dunedin and Queenstown districts** (with Dunedin including the existing mapped Palmerston area).
- [32] **Introduce a new General Rate – Regional allocation of 20% of the total Transport Rate requirement** (Dunedin and Queenstown).

[33] **Amend Transport Targeted Rates to be charged on a uniform basis.**

[34] **Remove the current Transport Targeted Rate differentials.**

**OPTIONS**

**Capital Repayment**

[35] The 13 December 2023 Council meeting agreed capital repayment over 20-years. After inclusion in the LTP financial model a repayment term of 30-years is now proposed.

[36] The table below shows the areas where significant capital expenditure is proposed and the resulting reserve deficit balances and year on year smoothed rate increases under the 20- and 30-year repayment options. It shows rates increases are on average 1.4% higher under the 20-year option.

Table 1: Comparison of 30 vs 20 year capital repayment

	30 Years			20 Years		
	Capex	Reserve Balance	Annual Rates Increase	Reserve Balance	Annual Rates Increase	Rates Change
Leith	4,669	(9,184)	0.0%	(9,184)	0.0%	0.0%
Clutha	16,636	(16,131)	14.8%	(14,547)	16.2%	1.4%
Taieri	23,598	(21,844)	12.9%	(19,311)	15.2%	2.3%
West Taieri	5,907	(6,031)	11.3%	(5,189)	12.5%	1.2%
East Taieri	5,295	(5,221)	13.3%	(4,617)	14.3%	1.0%
Tokomairiro	1,991	(1,938)	19.3%	(1,705)	20.5%	1.2%
River Mgt - Dunedin	8,474	(8,554)	40.6%	(7,686)	41.9%	1.3%
<b>Total</b>	<b>66,569</b>	<b>(68,902)</b>		<b>(62,239)</b>		<b>1.4%</b>

[37] Reserve deficits are higher under the 30-year option but these assets have an expected useful life of at least 50 years. Large amounts of the capital expenditure included in the LTP is subject to future decisions and there remains a high level of uncertainty that the planned level of infrastructure spend will occur. Increase the assume capital repayment term helps decrease rates increases until that expenditure actually occurs.

**Reserve Deficits**

[38] The 13 December 2023 Council meeting agreed existing transport reserve deficits should be ringfenced and repayment options would be considered separately at this meeting.

[39] The LTP model assumes the forecast deficits at 30 June 2024 will be repaid over the first 3 years of the LTP on the existing targeted rate basis ie existing defined targeted rate areas and on a capital value basis.

[40] The table below shows the impact of repaying over between 1 and 5 years.

Table 2: Transport deficit repayment options

	2023/24	2024/25 (Year 1) Rates ----- >				
<b>Repayment Years</b>	No repay	1	2	3	4	5

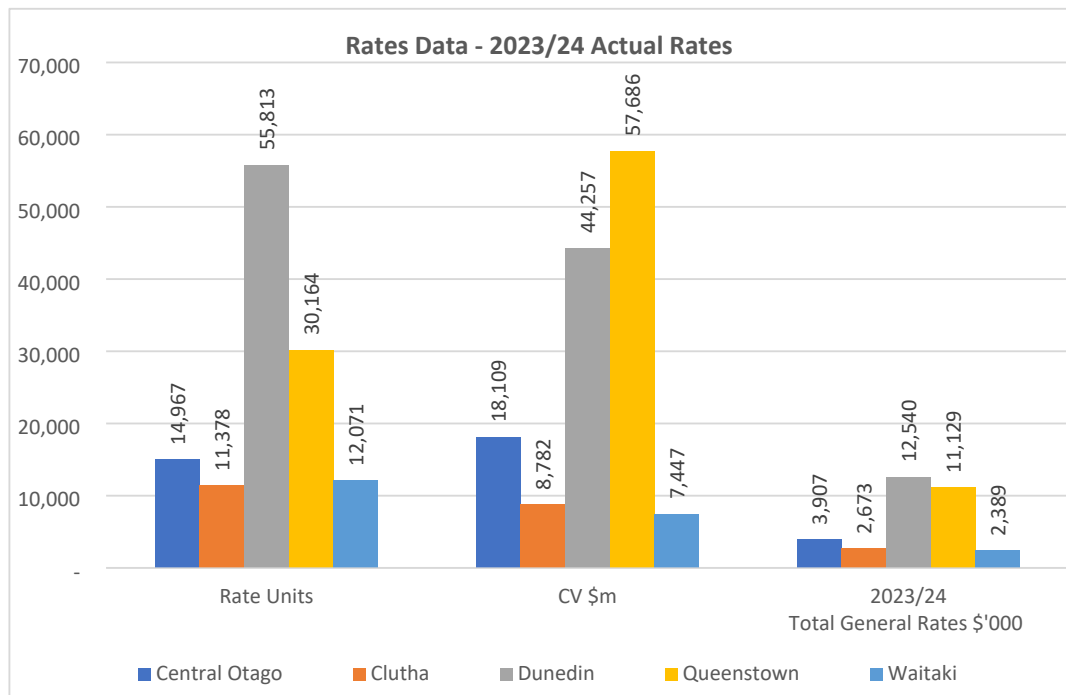


<b>Total Rates</b>	55,778	63,876	75,243	69,559	<b>67,665</b>	66,718	66,149
<b>Increase</b>		14.5%	34.9%	24.7%	<b>21.3%</b>	19.6%	18.6%

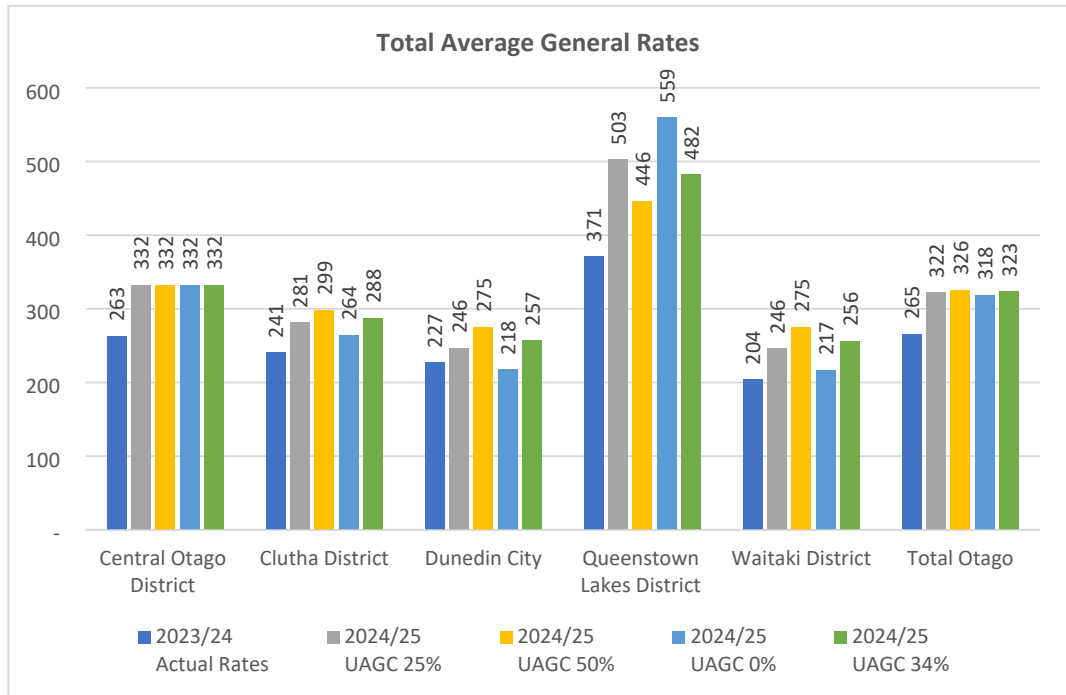
- [41] Current LTP model shows a 21.3% total rates increase with forecast transport deficits of \$11.4 million repaid over 3 years. If no deficit repayment was included the total rates increase would be 14.5%.
- [42] Repayment options range from 1 year which would mean a 34.9% total rates increase through to 5 years, 18.6%.

**Uniform Annual General Charge (UAGC)**

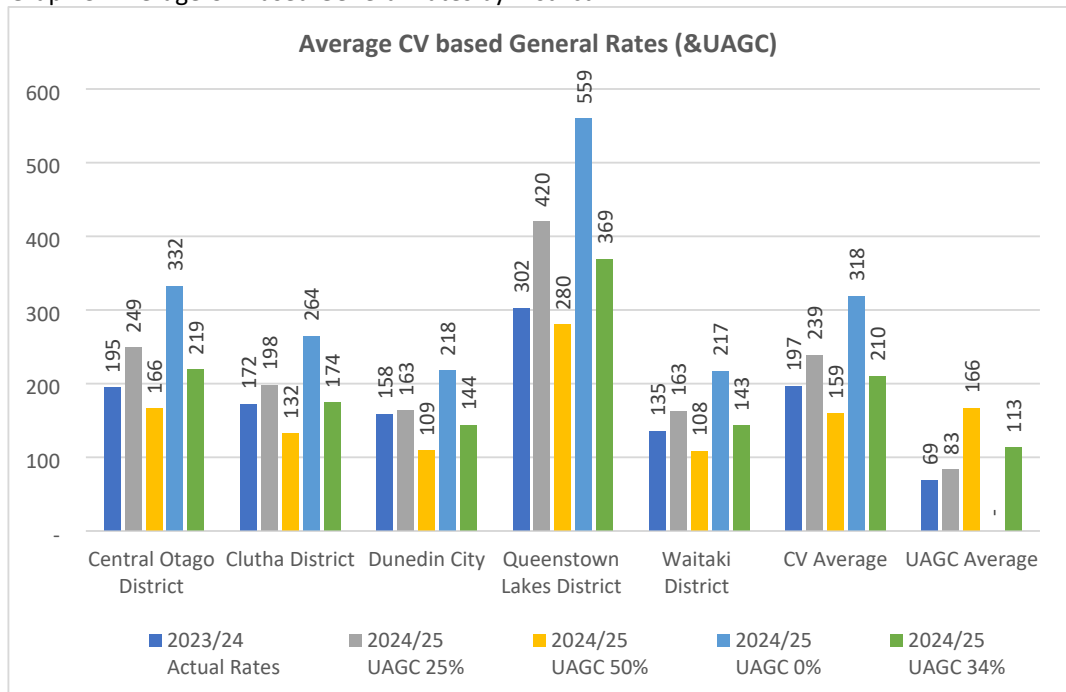
- [43] Council’s current policy is to charge 25% of general rates as a UAGC. This is what is reflected in the Draft Financial Strategy, Draft Revenue and Financing Policy and draft LTP financial estimates.
- [44] At the 13 December 2023 meeting it was noted that consideration of the UAGC would be presented to this meeting.
- [45] The UAGC sets a fixed minimum amount of general rates that all properties are charged with the remainder of general rates charged on capital value (CV). A lower UAGC shifts more of the rates allocation to high CV properties.
- [46] In Otago, the CV by district varies significantly with Queenstown Lakes and Central Otago having average CV’s higher than other districts. CV’s also differ across the region based on land use with rural properties having high CV’s due to their larger land area.
- [47] The graph below shows the distribution across districts of rate units, capital values and total general rates paid.
- [48] Graph 1: Rates data – 2023/24 Rates



- [49] The following options have been modelled to assist Council in deciding on the amount of UAGC.
  - a. UAGC 25% of general rates ie status quo.
  - b. UAGC 50% of general rates – the LGA 2002 permits a maximum uniform rates of 30% of total rates.
  - c. UAGC 0% ie no UAGC and all general rates are charged on a CV basis.
  - d. UAGC 34% of general rates – this is based on the UAGC being equal to 25% of ‘regional rates’ ie general rates, biosecurity and catchment management rates which are all charged to all ratepayers in the region.
- [50] The graphs below show how average general rates are distributed across each of the four options and includes the actual 2023/24 data.
- [51] Graph 2: Total Average General Rates

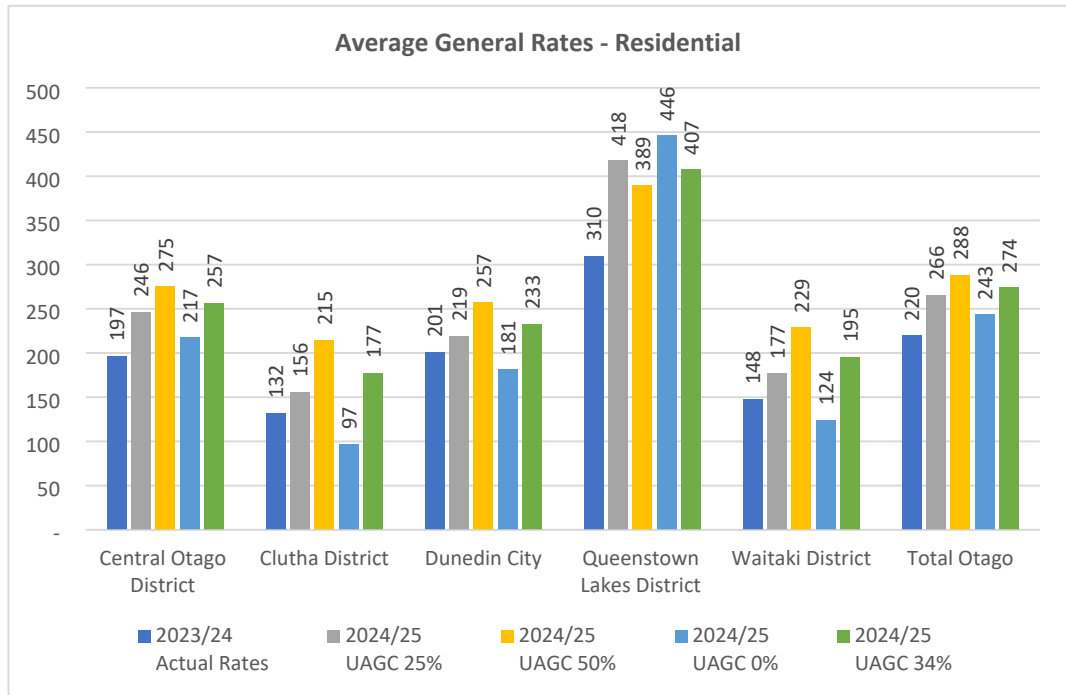


[52] Graph 3: Average CV Based General Rates by District

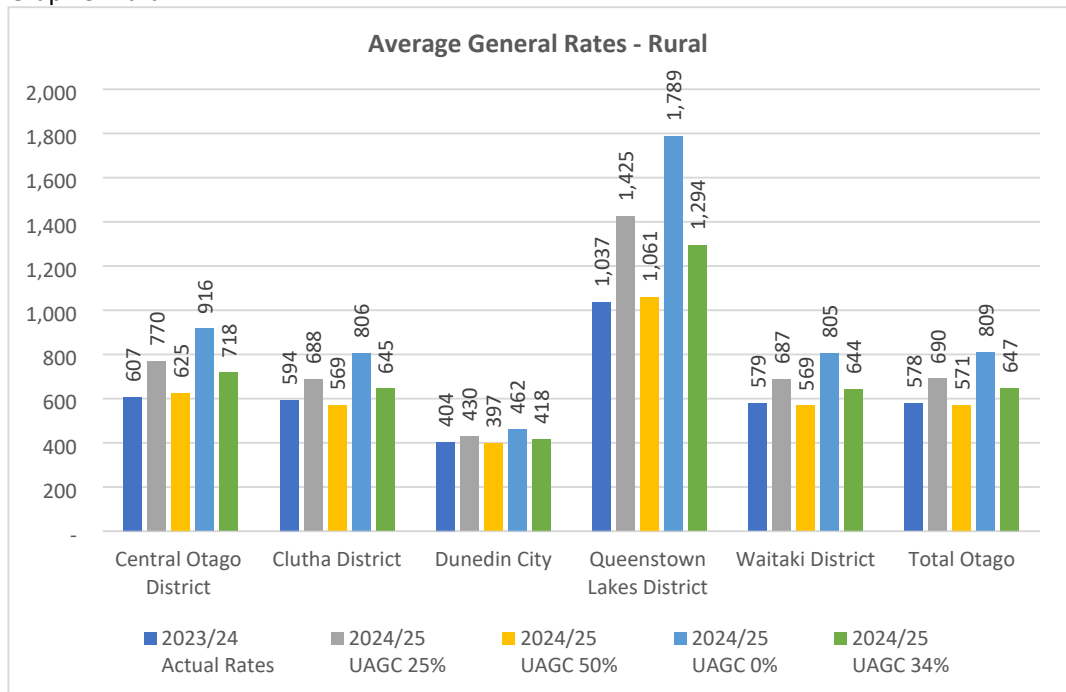


[53] The graphs below show how average general rates are distributed by land use for each of the four options and includes the actual 2023/24 data.

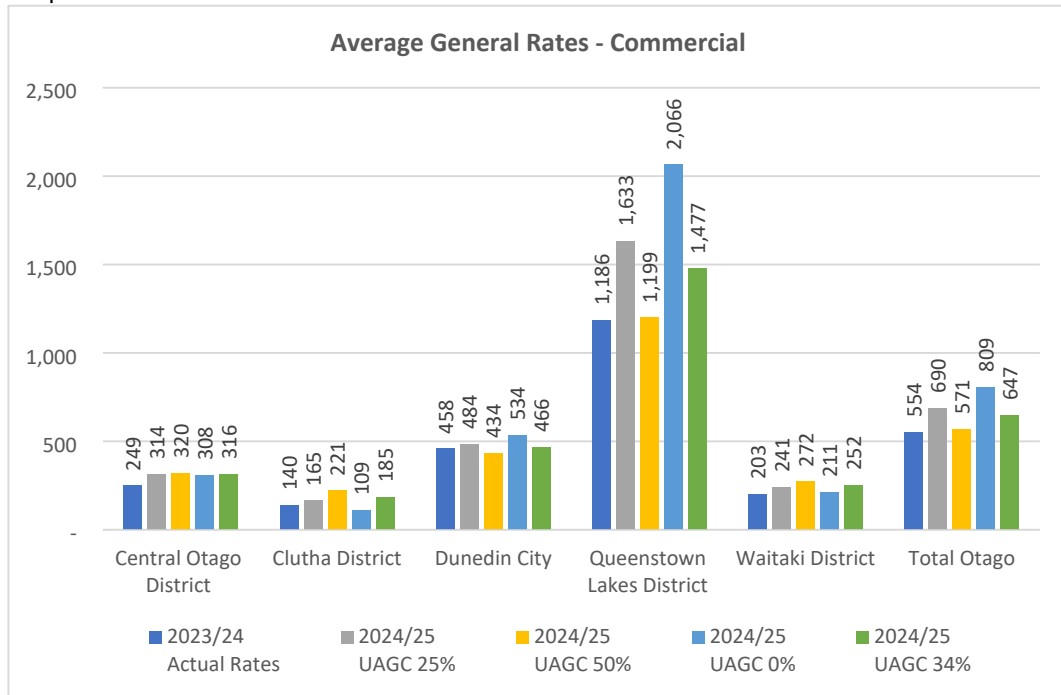
[54] Graph 4: Residential



[55] Graph 5: Rural



[56] Graph 6: Commercial



**Alexandra Flood Targeted Rate**

[57] The 13 December 2023 Council meeting agreed a new targeted rate area would be defined to fund the targeted rate 80% allocation of that activity.

[58] Further analysis has shown setting up a new rate isn't cost effective, and it's now proposed to use River and Waterway Management – Central to fund the targeted rate allocation.

[59] The table below shows the number of ratepayers who would pay this and the average amount of rates.

<b>Targeted rate requirement (including GST)</b>	<b>\$106,556</b>
<b>No of ratepayers – Central Otago district</b>	<b>14,967</b>
<b>Average rate amount</b>	<b>\$7.12</b>

[60] Options (if above not approved):

- a. Status quo – continue to rate remainder of cost (after Contact Energy agreed amount) from General Rates – Sub Regional (Central Otago). Not recommended as sub regional rates have been disestablished so this is inconsistent with other rating. Note the average rate amount would be that same as a sub-regional general rate and river and waterway management rate would be paid by the same ratepayers.
- b. Create a new targeted rate area for the Alexandra Targeted Rate. Not recommended as the level of rates being collected doesn't justify the cost of establishing a new rate and the River and Waterway Management is an effective alternative.

**Stock Truck Effluent Disposal Sites**

[61] Funding for this activity wasn't considered at the 13 December 2023 Council meeting. This activity covers operating costs for the 3 STEDS in the Central Otago district. All other STEDS in Otago were vested to the Territorial Authorities once construction was completed and ratepayers in those districts pay those operating costs via their district and city council rates.

[62] Currently Council's costs are funded by a sub-regional general rate allocated to Central Otago only. The use of sub-regional general rates is being discontinued and funding from general rates regional is proposed. The table below shows the number of ratepayers who would pay this and the average amount of rates.

<b>General rate requirement (including GST)</b>	<b>\$94,787</b>
<b>No of ratepayers – Central Otago district</b>	<b>124,393</b>
<b>Average rate amount</b>	<b>\$0.76</b>

[63] Options (if above not approved):

- a. Status quo – continue to rate from General Rates – Sub Regional (Central Otago). Not recommended as sub regional rates have been disestablished so this is inconsistent with other rating.
- b. Create a new targeted rate for Stock Truck Effluent Disposal Sites (all Central Otago District on either a CV or uniform basis). Not recommended as the level of rates being collected doesn't justify the cost of establishing a new rate. No appropriate alternative targeted rate exists so general rates is recommended. The table below shows the number of ratepayers who would pay this and the average amount of rates.

<b>Targeted rate requirement (including GST)</b>	<b>\$94,787</b>
<b>No of ratepayers – Central Otago district</b>	<b>14,967</b>
<b>Average rate amount</b>	<b>\$6.33</b>

**Oamaru Transport Rate**

[64] The 13 December Local and Intra-Regional Transport Consultation Topic paper approved an Oamaru on demand trial to be targeted rate funded. Further detail on this rate wasn't defined.

[65] To remain consistent with other transport funding the total rate requirement should include a 20% general rates allocation and the 80% targeted rate portion should be district wide on a uniform basis.

[66] Options (if above not approved):

- a. Create a new targeted rate for Oamaru only. Not recommended as not consistent with other transport rates.

**Wanaka Transport Rate**

[67] The 13 December Local and Intra-Regional Transport Consultation Topic paper approved a Wanaka trial to be targeted rate funded. Further detail on this rate wasn't defined.

[68] To remain consistent with other transport funding the total rate requirement should include a 20% general rates allocation and the 80% targeted rate portion should be district wide on a uniform basis.

- [69] It was also agreed separately in the 13 December Financial Strategy and RFP Considerations paper that Wanaka would be included in funding Queenstown Lakes transport rates. It is proposed the Wanaka trial will be funded 20% general rates and 80% targeted Queenstown Transport Rate (all Queenstown Lakes District on a uniform basis).
- [70] Options (if above not approved):
- a. Create a new targeted rate for Wanaka only. Not recommended as not consistent with other transport rates.

## **CONSIDERATIONS**

### **Strategic Framework and Policy Considerations**

- [71] Council has a current Financial Strategy and Revenue and Financing Policy. The changes proposed in this paper will be incorporated into updated versions of these documents to be adopted as part of the LTP process by 30 June 2024.

### **Financial Considerations**

- [72] Financial considerations have been outlined in this paper and the attachments.

### **Significance and Engagement Considerations**

- [73] The LTP will be consulted on in April 2024. Due to the significance of the changes being proposed, funding will be a consultation item.

### **Legislative and Risk Considerations**

- [74] The Financial Strategy and Revenue and Financing Policy are required under the Local Government Act 2002. The process being followed in the amendment of these documents is following the requirements of this Act.
- [75] The RFP is a key document in the setting of Council's rates under the Local Government (Ratings) Act 2002 and therefore must be legally compliant. Once the draft Revenue and Financing Policy is completed an external legal review will be undertaken prior to finalisation of a draft LTP position for consultation in April 2024.

### **Climate Change Considerations**

- [76] Climate change has been considered in the development of the proposed changes and is noted in the attached Funding Needs Analysis.

### **Communications Considerations**

- [77] A communications plan for consultation on the LTP has been prepared.

## **NEXT STEPS**

- [78] Legal review – February / March 2024.
- [79] Audit of Consultation Document – February / March 2024.
- [80] Consultation – April 2024.
- [81] Hearings / deliberations – May 2024.
- [82] Financial Strategy and RFP adoption – June 2024 (immediately prior to adoption of LTP).

**ATTACHMENTS**

1. 2024-34 LTP ORC Financial Strategy Draft v 1 Council 21- Feb-2024 [**8.6.1** - 18 pages]
2. 2024-34 LTP ORC Revenue and Financing Policy Draft v 1 Council 21- Feb-2024 [**8.6.2** - 15 pages]
3. 2024-34 LTP ORC Development Contributions and Financial Contributions Policy Draft v 1 Council 21- F [**8.6.3** - 4 pages]



# Financial Strategy

## Purpose

This strategy sets out how the Otago Regional Council will manage its finances over the next 10 years. It outlines the financial direction Council wishes to take on matters such as levels of future rating, borrowings and investments and discusses factors that influence those areas. These matters have a significant influence on Council's ability to deliver against the six focus areas defined in our 'Strategic Direction 2024-2034' including: the community outcome aspirational statements and associated goals. The 10-year work program that delivers progress against our strategic intent must be implemented in consideration of what is affordable to the community. This financial strategy sets out a path for the prudent and sustainable funding of this Long-Term Plan.

## Executive Summary

Over the previous Long-Term Plan period (2021-2024) Council increased its work program to reflect increased Central Government requirements and community expectations. This resulted in significant rates increases over the last three years. This Long-Term Plan (2024-34) reflects that increased work program and also has identified areas that still require further investment especially in public transport and infrastructure activities.

Council has undertaken a review of its funding and rates to ensure funding of the future work program is sustainable and affordable over the long term while also meeting immediate funding requirements. This has resulted in a change to the period over which capital expenditure is funded and a corresponding increase in external borrowing. Changes to rates are outlined in this strategy and in the Revenue and Financing Policy which has been reviewed resulting in a number of rates changes that are proposed in this Long-Term Plan.

Additionally, over previous years Council has relied on reserves to fund increases in operating expenditure especially in public transport. Going forward Council aims to 'balance the budget' and have operating expenditure funded as it occurs. The changes proposed for public transport rates achieves this going forward but there are also existing deficits in transport reserves that need to be addressed. This financial strategy and the Revenue and Financing Policy address this issue and assumes those deficits will be paid off under the existing rating policy over the first 3 years of this 10-year plan.

Over the next 10 years the key financial challenges and how Council is proposing to address them in this financial strategy are:

- There is a significant increase in planned expenditure occurring in the Infrastructure Strategy 2024-2054 and in public transport. That requires a corresponding increase in expenditure and funding in the Long-Term Plan.
- There will be an increased use of debt and reserves over the life of this plan. This reflects a change to extend repayment of capital expenditure to better reflect the life of those assets. Capital repayment is now assumed to occur over a 30-year period. External debt is forecast to increase from \$25M to \$105M to fund the resulting reserve deficits.
- Existing public transport deficits are proposed to be repaid over the first 3 years of the plan. This will be done on the existing rating basis and a new rating basis is proposed going forward and ensures public transport operating costs are fully funded in the year they occur.
- An extensive review of Council's Revenue and Financing Policy (RFP) has been undertaken. This included establishing a set of funding principles and completing funding needs analysis for all of Council's activities. As a result, a number of new and amended rates are proposed. This reflects changes in those activities over time and the need to ensure funding is sustainable, consistent and transparent. The key rates changes (outlined in the Revenue and Financing Policy) are:
  - A new catchment management rate has been introduced. This will fund biosecurity and catchment activity including integrated catchment management and liaison group activity across the region. These activities were previously funded by a mix of general rates, general reserves, river and waterway management targeted rates and the rural water quality rate (which has been disestablished).

- Flood and drainage general rate allocations have been amended to apply a consistent targeted / general allocation across all schemes. Flood schemes now assume an 80% targeted / 20% general split and drainage schemes assume 90% targeted / 10% general.
- Differentials within the flood and drainage targeted rate allocation have been simplified and reduced to one or two differentials.
- Lower Waitaki River Control has been amended and is now funded by the River and Waterway Management Rate – Waitaki moving funding to be district wide as opposed to a smaller defined area.
- A 20% general rate allocation has been introduced for public transport. The targeted rate has also been amended to be funded over the entire district (Dunedin or Queenstown Lakes) and is now charged on a uniform basis.
- The existing transport rate zones for Dunedin and Whakatipu are retained, and historic deficits will be repaid by those ratepayers on a CV basis over the first 3 years of the Long-Term Plan.
- A new rate is proposed for Oamaru transport to fund the on-demand trial requested by that district. Consistent with other public transport rates, this rate will fund 80% of the rate requirement with 20% being general rate funded. The targeted rate will be funded over the entire Waitaki district on a uniform basis.
- A new navigational safety rate has been introduced. This is charged on a uniform basis in the districts where Council provides Harbourmaster services (Central Otago, Clutha, Dunedin and Waitaki). Previously this was funded through sub-regional general rates.
- A new farm plan rate is proposed for year 2 at which time the existing dairy monitoring rate will cease.
- General rates are now only allocated on a region wide basis. The use of sub-regional (district based) general rates has been removed and those activities are now funded by new targeted rates i.e. catchment management, navigational safety. If the activity doesn't justify establishing a new targeted rate other targeted rates have been used where possible i.e. river and waterway management or general rates if no alternative exists or the amount being rated doesn't justify establishing a separate rate.
- To reduce the rates increases, Port Otago dividends are forecast to increase from current levels (\$15 million in 2023-24 and provide \$18 million in year 1 (2024-25) rising to \$20 million in year 2 (2025-26) and remain at that level for the remainder of the Long-Term Plan.

## Background

For the 10-year period of this plan, work programs and initiatives have been developed that will contribute to achieving Council's 'Strategic Directions 2024-2034'.

Our process to develop our work program was comprised of the following steps:

- Understanding of the 'status quo' regarding service delivery. As a group the elected regional Councillors received presentations from managers across all Council activity. Output from these presentations remained accessible and served as a benchmark for Long-Term Plan decision-making.
- Future work programme possibilities. Both Councillors and executive leadership identified and prioritised where current Council activity could change. The preceding consideration of Council 'Strategic Directions 2024-2034' provided critical context for where and why this change might occur. Importantly council staff also provided feedback, via the executive, on their perspective about service direction.
- Councillors directed staff to focus on 12 priority initiatives – reporting back on the delivery, financial and any other relevant considerations.
- Infrastructure Strategy – council staff reported the key issues that would underpin the draft strategy. This provided Councillors an opportunity to 'cross check' against the 12 priorities and direct staff on the scope of the strategy.
- Activity build and service proposals – council staff drafted business plans and detailed financial budgets based on the preceding direction. Three key proposals for community consultation were identified and drafted for Council consideration along with the draft Infrastructure Strategy.
- Consolidation of Councils draft activity build – Councillors were presented with the draft work programs, budget estimates and the funding impact.

- Final direction and decisions to the Long-Term Plan proposal for community consultation.
- Importantly, the reviews of both this Financial Strategy and the Revenue and Financial Policy occurred in parallel to the steps above. The content of the Financial Strategy had a direct relationship with the financial implications of proposed service delivery. The Revenue and Financing Policy review was focused on the political and community acceptance of how rating would be used to fund future services.

The programs and initiatives that resulted from the above process come at a cost. Affordability and sustainability for ratepayers is a key aspect of this strategy and Council is mindful of the potential burden on ratepayers to fund the proposed work program. Council's Revenue and Financing Policy details how each of its activities are funded, whether through rating, fees and charges, or some other form of funding. In doing so, Council has given consideration to community outcomes, benefits, what causes the need for the activity, whether separate funding is justified and the overall impact on community wellbeing.

Council holds a number of investments and 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's Treasury Management Policy (TMP) provides a framework for how Council manages its borrowing and investments. A Statement of Investment Policy and Objectives (SIPO) has been adopted to provide further parameters around the management of Council's long-term investment portfolio.

Council has a strong balance sheet and uses its financial position strategically to preserve the financial stability it currently enjoys. Historically, Council had preferred to use internal borrowing, that is, to lend from its surplus reserves to fund certain activities, as the cost of internal borrowing had been lower to the ratepayers than if Council were to borrow externally. In the last Long-Term Plan Council introduced external borrowing as continued internal borrowing was no longer sustainable. Further increases in levels of expenditure, especially capital expenditure, means external debt will increase further over the 10 years of this Long-Term Plan.

## Principles

This financial strategy is based on the following financial principles:

- **Prudence**  
Council will not take undue financial risks and aims to ensure spending and funding requirements are affordable and sustainable.
- **Fairness**  
Council will ensure spending reflects the needs of the community and that those who enjoy the benefit of that spending or are responsible for that spending occurring pay a fair share to fund that spending. That includes providing for intergenerational and community equity in both expenditure and funding decisions.
- **Value for money**  
Council will ensure that all expenditure provides the best possible value for money in terms of impact and effectiveness. That includes considering the lifetime cost and most efficient form of funding for that expenditure.
- **Transparency**  
Council aims to provide clear information to the community on its financial direction and decision-making framework Council is undertaking around that financial direction.

## Key issues that have a significant financial impact

There are key issues associated with the Long-Term Plan 2024-34 that have significant financial impacts. They include:

- Effects of the changing climate on our region's indigenous biodiversity, our ability to grow food, and the impacts of storm and flood events on ORC flood protection and drainage infrastructure.
- Political aspirations and policy direction for the provision of future public transport services.
- Political aspirations and policy direction for the provision of future flood protection and drainage services.
- Increasing environmental degradation, decreasing access to freshwater and other pressures on natural resources.
- The tension between land use intensification, both rural and urban, and national direction to maintain and improve our freshwater resource.

- Inflation driven by geopolitical instability, overseas conflicts, rising energy prices, a tight labour market and the ongoing effects of Covid-19.

Council is addressing these issues in the following ways:

- Taking a collaborative and inclusive approach for achieving acceptable environmental, economic and social outcomes in particular for land and water, and climate adaptation issues.
- Council has the expectation that national direction on climate change will continue to strengthen, and that community resilience and transport will remain a significant part of achieving desired outcomes. Over this LTP cycle the Council will begin acting on its Climate Change Strategy in partnership with others. This LTP is also investing to grow patronage over time via improving public passenger transport services.
- Our Infrastructure Strategy is an important component of deciding how Otago communities adapt to change and it signals a commitment to ensure our existing flood protection infrastructure can perform to the agreed and communicated standards.
- This LTP continues to ensure our operational response to maintaining and improving Otago's natural environment is appropriate.
- The Councils regional planning framework and programme remains a critical component for managing the regions approach to natural resources, particularly land and freshwater.
- In conjunction with regional planning the Council is continuing to support integrated catchment planning – working with communities to achieve desired environmental results.
- The LTP currently does not include provision for any substantive Air implementation programme. There is an expectation that a 'Regional Plan: Air' will be completed in this LTP plan cycle.

## **Other assumptions that have a financial impact**

### **Population growth**

In the 10 years from 2023, the region's population is projected to increase by 6% (16,100 people) each year to reach 264,700 (Source: Statistics New Zealand subnational population estimates). Population within the Queenstown Lakes and Central Otago districts is forecast to grow significantly over the next 10 years, with much smaller increases in Clutha, Waitaki and Dunedin. Otago's median age is forecast to increase, with fewer in the under 15 age group and more in the over 65 age group than the New Zealand average.

Currently there are approximately 124,000 ratepayers in Otago. The forecasted growth outlined above will translate into an increase in the ratepayer base. Over the 10-year period the population growth could translate to growth of the ratepayer base of approximately 20,000 (i.e. approx. 16%). This level of growth will impact on the level of activity undertaken by Council over the 10-year period, including in the areas of public passenger transport and urban development, and management of natural resources such as fresh water and land. This Long-Term Plan makes provision for a program of work that builds into the requirements of growth alongside other non-growth related issues.

### **Economic growth, employment, and technology**

In 2022, Otago's regional Gross Domestic Product (GDP) was valued at \$15,901 million. This reflects an annual increase of 6.3%, which was higher than the national average of 5.3%. The top three industries in terms of GDP were construction; professional, scientific and technical services; and agriculture, forestry and fishing. Available economic modelling suggests that Otago's GDP growth in the 10 years from 2020-2030 will be around 14% in total, which is lower than in the prior 10 years (30%). This may constrain resources and funding.

Otago districts have different economic structures. Clutha and Waitaki's economies are focused heavily on the primary sector and have a bigger manufacturing sector than other districts. Dunedin's economy is relatively concentrated on tertiary sectors i.e. food and accommodation, retail and health and social services. Central Otago's economy relies more on both the primary and the tertiary sector. Queenstown Lake's economy has the highest tourist concentration in the region.

The region's employment growth in the 10 years to 2030 is estimated to be 13% (or 1,700 people per year on average), which is lower than the previous 10 years (22%). The construction, health care and social assistance, and accommodation

and food services sectors are estimated to be the top three sectors in the region by employment by 2030. The prominence of these sectors varies significantly across the region.

Technology advances will have a profound impact on environmental management (for both Council and primary producers), consumer expectations, and transport systems. Technological innovation will continue to transform the economy and the way people live and work in Otago.

### ***Role of Council***

Changes in Government policy will directly impact the roles and responsibilities of Council. This plan assumes that there will be changes in the legislation that will impact on Council's work programs over the next 10 years. Implementing new legislative requirements has been considered in the development of our work program. It is assumed that any further legislative changes will include a transition period to understand and implement these changes.

Council is anticipating reform and policy change in the areas of: resource management (at system level), water services, freshwater and land management (including the National Planning Framework), climate change and public transport.

### ***Natural hazards and climate change***

Otago is exposed to a large range of natural hazards including floods, landslides, debris flows, droughts, earthquakes and tsunamis. These pose a risk to the wellbeing of people in Otago through impacts on public safety, housing, infrastructure and the economy. Most of the region's population lives within five kilometres of this coastline and several communities along the coast have a level of exposure to hazards from elevated sea level and coastal erosion.

Climate change projections for the Otago region include warmer temperatures, with more hot days and fewer frosts. Winter and spring are expected to be wetter, but with significant decreases in seasonal snow likely. More severe extreme rainfall events are anticipated, as is the severity and frequency of windy days. Even with intervention, sea level rise is expected for the next 100 years and more. Hazards associated with these changes in climate are likely to include increased flooding and landslides, drought, coastal inundation and erosion, and increased instances of wildfire.

Climate change will increase the severity and frequency of the natural hazards that we experience in New Zealand, including flooding, heatwaves, drought and wildfire.

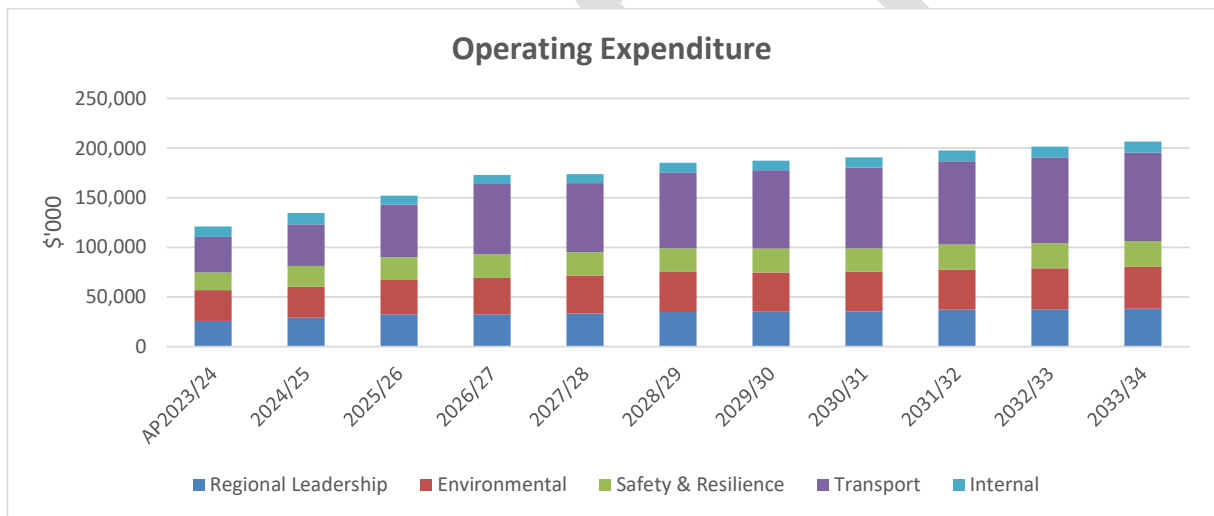
## Expenditure

### Operating expenditure

Council’s strategy is that operating expenditure is fully 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, specific one-off activities or projects and activities have benefits that continue over the following years.

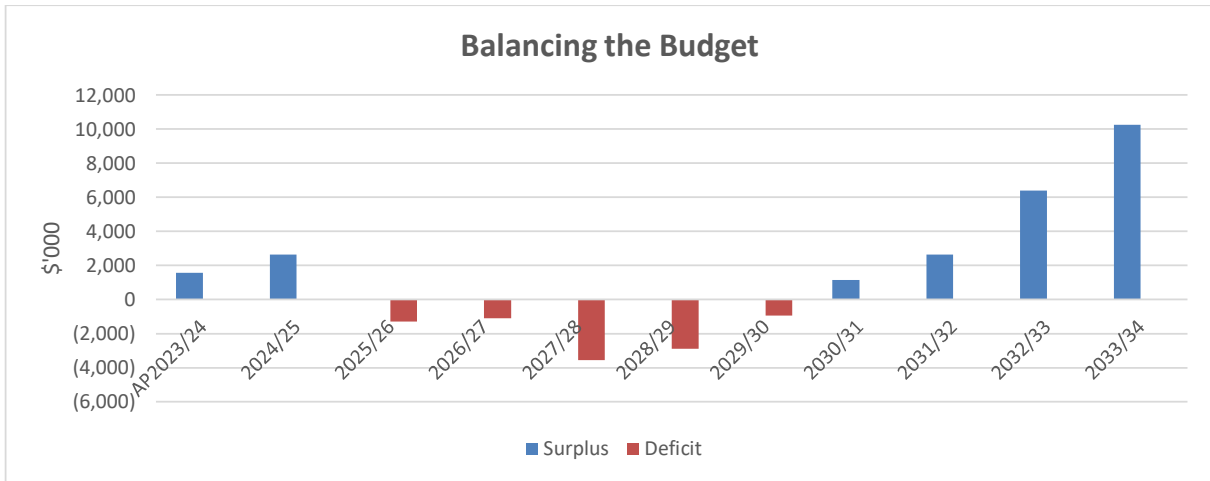
Council has a number of activities which are funded by targeted rates, such as public passenger transport, flood and drainage schemes, and river and water management. Reserves are maintained for activities funded by targeted rates. There are times when these reserves may be used to fund scheme operating costs, to allow certainty around the level of rates that are required from year to year. Expenditure in these activities can be volatile in nature, with some years spend being very high, and other years very low. Targeted rate reserves are used to help smooth the impacts of these variations in expenditure. Targeted rate reserve deficits may be internally or externally debt funded.

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



### Operating surplus 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 years 2 to 6 of this plan, the estimated revenue will not cover estimated operating costs.



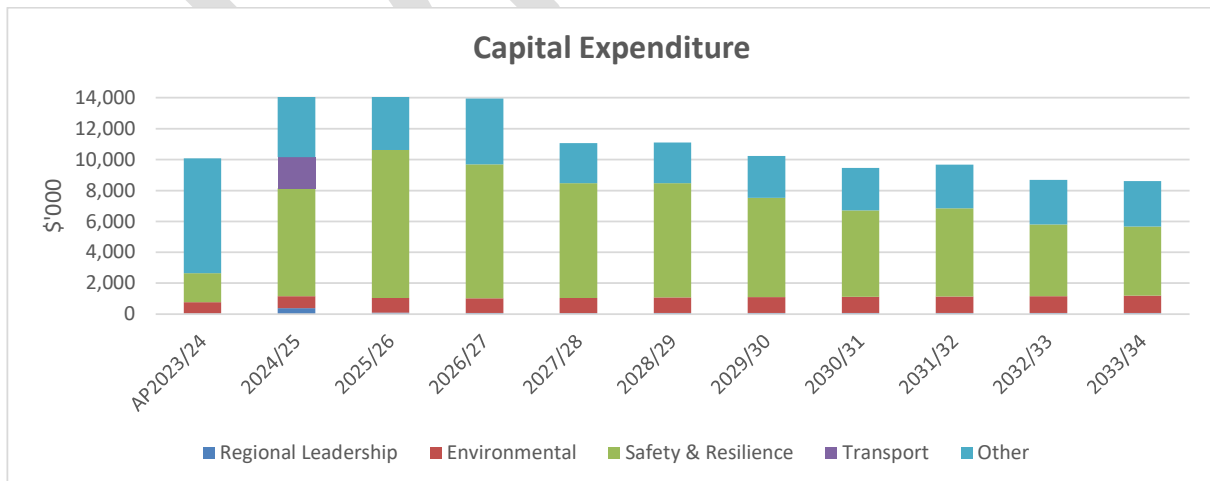
The primary reason for the shortfall in revenue is that Council plans to use reserves to smooth rates increases required to fund infrastructure operating expenditure. Infrastructure expenditure in flood, drainage and river management activities is estimated to exceed revenue by \$4.5 to \$5 million per year over the first 3 years of the Long-Term Plan. This deficit reduces to \$3 million in year 4 and \$1.5 million in year 5 as rates revenues increase.

In years 1 to 3 the infrastructure deficit is offset by \$3 to \$3.5 million per year of surplus generated from the repayment of public transport reserve deficits. A one-off property sale disposal in year 1 results in an overall surplus in that year.

**Capital expenditure**

Most infrastructural assets, such as floodbanks, pump stations and drains, belong to flood and drainage 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, then either internal or external borrowing will be used.

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



### **Scheme Infrastructure Asset Investment**

A significant increase in expenditure is required during the life of this plan on flood, drainage and river management 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 and external borrowings.

The planned capital expenditure for each scheme over the 10-years is as follows:

	LTP 2021-31			LTP 2024-34			Change
	Inc in Level of Service \$'000s	Renew / Replace \$'000s	Total 10-Years \$'000s	Inc in Level of Service \$'000s	Renew / Replace \$'000s	Total 10-Years \$'000s	Total 10-Years \$'000s
Alexandra Flood	-	41	41	-	-	-	(41)
Leith Flood Protection	-	1,823	1,823	-	4,669	4,669	2,846
Lower Clutha Flood & Drainage	307	2,251	2,558	788	15,848	16,636	14,078
Lower Taieri Flood Protection	-	7,915	7,915	-	23,598	23,598	15,684
West Taieri Drainage	3,405	4,581	7,986	-	5,907	5,907	(2,079)
East Taieri Drainage	1,729	2,327	4,056	-	5,295	5,295	1,239
Tokomairiro Drainage	-	233	233	-	1,991	1,991	1,758
<b>Total</b>	<b>5,441</b>	<b>19,170</b>	<b>24,611</b>	<b>788</b>	<b>57,308</b>	<b>58,096</b>	<b>33,485</b>

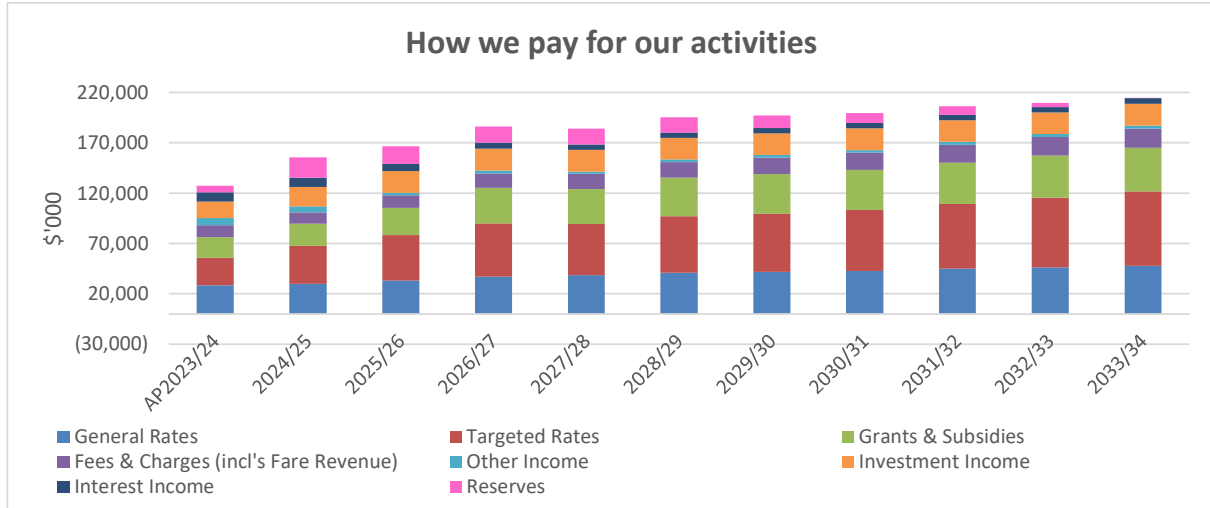
Each scheme has its designed level of service (or protection). Climate change risk assessment work for the Taieri Plain, Clutha Delta and South Dunedin continues within this Long-Term Plan. This work will influence future decisions on infrastructure and associated levels of service for existing flood and drainage schemes and non-scheme areas.

Scheme works involves implementing an on-going and planned renewal and asset replacement to maintain the current levels of services. This work is outlined in the Infrastructure Strategy 2024-2054.



## Revenue

Council pays for its services through a variety of revenue sources. The graph below shows the mix of funding sources used to fund operating and capital expenditure for each year of this 10-year plan.



### General Rates

General rates are charged where there is a wider community benefit or where a defined benefit area or group cannot be determined, or it is uneconomic to separately rate or charge that area or group.

Each year general rates are subsidised by dividends received from Port Otago Limited, and by investment income earned on council's managed fund and investment properties. Historically, investment income has reduced the general rate requirement by around half of the gross rate requirement. In the previous Long-Term Plan (2021-31) this reduced to an average of 41% and in this Long-Term Plan (2024-34) it reduces further to an average of 33%.

Dividends are estimated to increase from \$15 million in the current year (Annual Plan 2023-24) to \$18 million in year 1 of the LTP and \$20 million in year 2 and remain at that level for the remaining 8 years. The previous Long-Term Plan assumed dividends reached \$20 million in year-10 (2030-31). This Long-Term Plan assumes dividends of \$20 million will occur five years earlier in the 2025-26 year.

The amount of general rates Council collects remains low, currently funding around 22% of Council's total expenditure. This level remains consistent over this 10-year plan at an average of 21% of 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 \$325,000 (including GST). This, spread across 124,000 ratepayers, averages out to an increase of \$2.61 per annum, per ratepayer.

The average amount of general rates payable across the region is also low at \$261. The proposed increase in general rates will increase this by \$277 to \$538 on average.

Over the previous two Long-Term Plan periods, general rate increases have been higher than were historically experienced in previous years. Those increases recognised additional demands from central government and a growing work program to meet community expectations resulting in a need to increase our general rates to a sustainable level. Over this Long-Term Plan general rate increases are lower than previous years as activity expenditure increases are more focused in targeted rate funded areas i.e. flood and drainage, and public transport. Additionally new targeted rates have been created to fund some activities that were previously general rate funded i.e. catchment management and navigational safety. Offsetting this, general rate allocations from flood and drainage have increased and a new general rate allocation has been established for public transport.

Over years 1 to 3, general rates will increase 6.0%, 11.5% and 10.8% respectively and result in general rates being \$37 million (excluding GST) at the end of year three. Increases from year 4 (2027-28) in general rates decreases to an average increase of 3.7% for the remaining seven years of the plan.

This Long-Term Plan provides for inflation each year of between 1.9% and 2.7% over the 10-year life of the plan.

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

### **Targeted Rates**

Targeted rates are used where there is a defined area of benefit, or a defined group benefiting from an activity.

Council has targeted rates established for flood and drainage schemes, river and waterway management, emergency management, public transport and biosecurity. In this Long-Term Plan new targeted rates are being established for catchment management, navigational safety and farm plans (from year 2). Some existing targeted rates will be disestablished i.e. wilding pines, rural water quality and dairy monitoring (from year 2 which is aligned with the introduction of the farm plan rate).

Each targeted rate has its own reserve. Any unspent rates are allocated to the appropriate reserve and used to fund expenditure applicable to that targeted rate in future years.

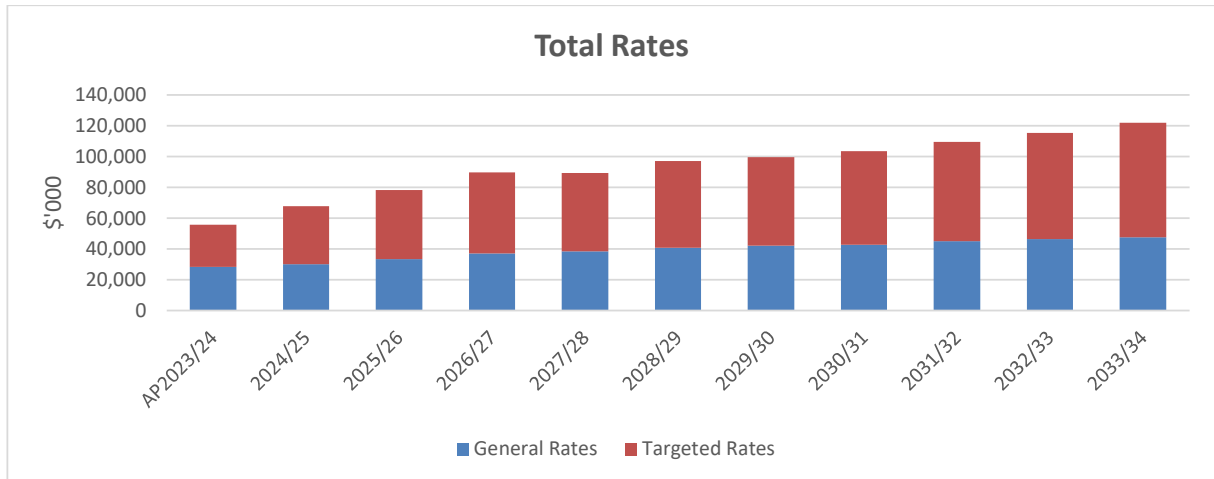
Where significant capital expenditure is required on flood, drainage and river management schemes, Council debt funds the initial investment through the applicable reserve and assumes repayment over a period of 30 years. The 30-year term recognises the spread in benefits to future generations. This is a change from previous Long-Term Plan's and financial strategies where capital expenditure was significantly lower and repayment was assumed to be achieved over each 10-year plan period. With capital expenditure increasing in this plan period it is more appropriate to align repayment of that expenditure to the life of the underlying asset.

For river and waterway management, Council has historically aimed to have reserves in funds equating to approximately one year's worth of average operating costs. While this approach has been feasible in the past, the level of river management expenditure (both operating and capital) is increasing significantly in this Long-Term Plan meaning river management reserves will remain in deficit until the later years of this Long-Term Plan period.

Increases in targeted rates vary depending on the individual rate and level of expenditure in the underlying activity or activities the rate is used to fund. Rate increases in flood, drainage and river management are all smoothed over the 10-years of the plan. Due to the significant increase in planned expenditure in these activities the smoothed rate increase has been phased in over the first 3 years and then remains the same for years 4 to 10. From year 4 river management rates are increasing an average of 24% year on year and flood and drainage rates an average of 11%.

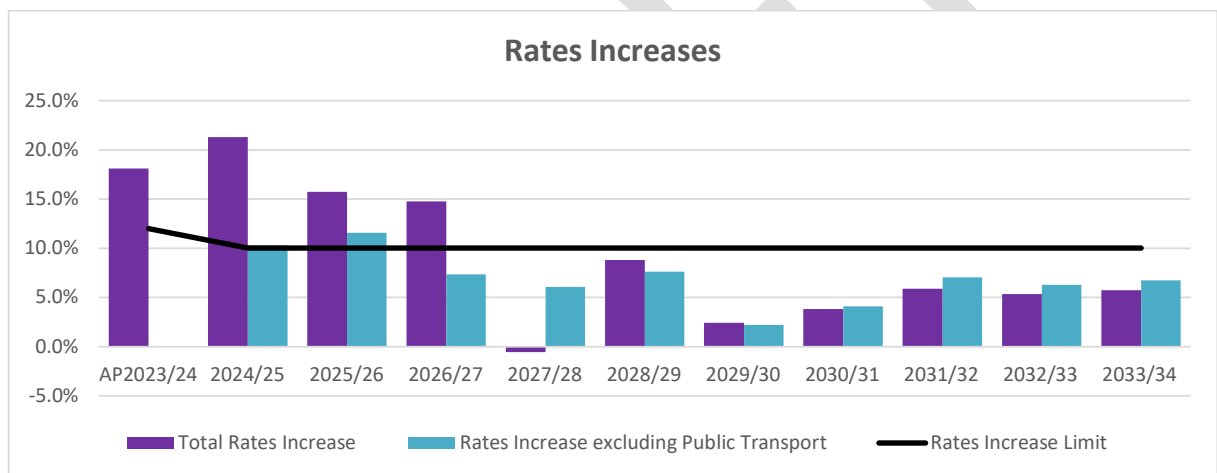
### **Total Rates**

Total rates over the 10-year period are as follows:



### Rate Limits

Rates increases over the 10-year period are as follows:



Council is aiming to limit total rates increases to 10% in any year of the Long-Term Plan. This target is not being achieved in years 1 to 3 due to the public transport rates. This includes increase rates to fully fund operating expenditure every year and the repayment of historical deficits. Total rate increases will be 21.3% in year 1, 15.7% in year 2, and 14.8% in year 3.

Excluding public transport, rate increases over years 1 to 3 will be 10.3%, 11.6% and 7.3% respectively.

## **Borrowing**

### **External Borrowing**

Council currently has external borrowing through the Local Government Funding Agency. This borrowing includes on-lending to Port Otago Limited.

Council may borrow for the following primary purposes:

- To fund special one-off type projects.
- To fund expenditure for items of an intergenerational nature.
- Short-term borrowing to manage timing differences between cash inflows and outflows.
- On-lending to Port Otago Limited.

Borrowing limits are set as follows:

- Net debt will not exceed 175% of total revenue.
- Net interest will not exceed 20% of total revenue.
- Net interest will not exceed 25% of annual rates revenue.
- Liquidity will not be less than 110%.  
(On-lending to Port Otago Limited may be offset in the above calculations if permitted under LFGA covenant calculation rules).

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 the Council. However, in special circumstances and if it is considered appropriate, Council may resolve to offer such security on a case-by-case basis.

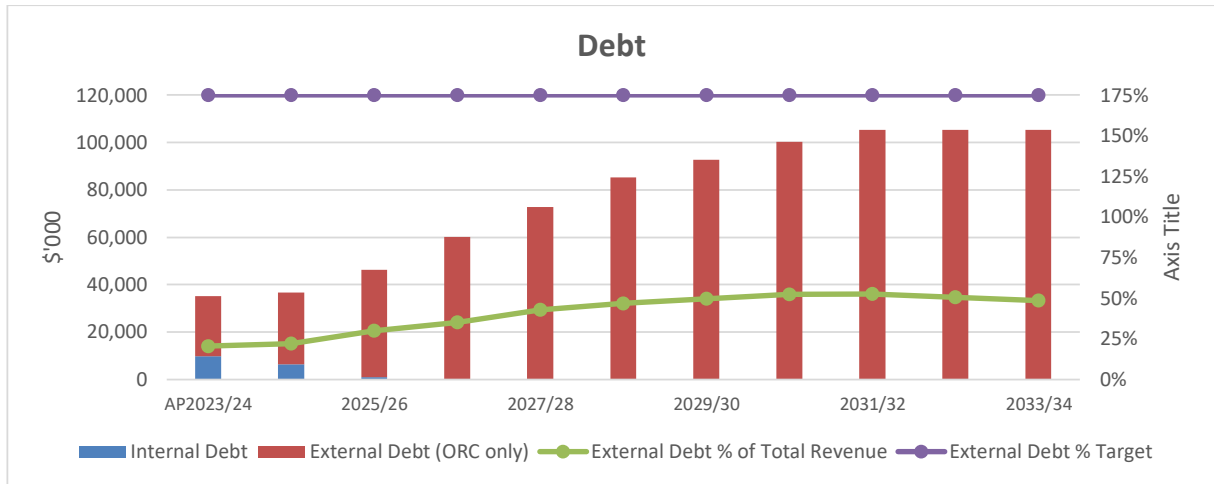
### **Internal Borrowing**

When considered appropriate, Council uses accumulated reserves as a borrowing mechanism, 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 will be set in advance in Council's Long-Term Plan and Annual Plan's.
- Reserves available for internal borrowing are limited to 50% of total reserves (total equity) excluding revaluation reserves.

### **Total Borrowing**

The graph below shows proposed debt over the 10-year period of the Long-term Plan:



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## 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 is 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.

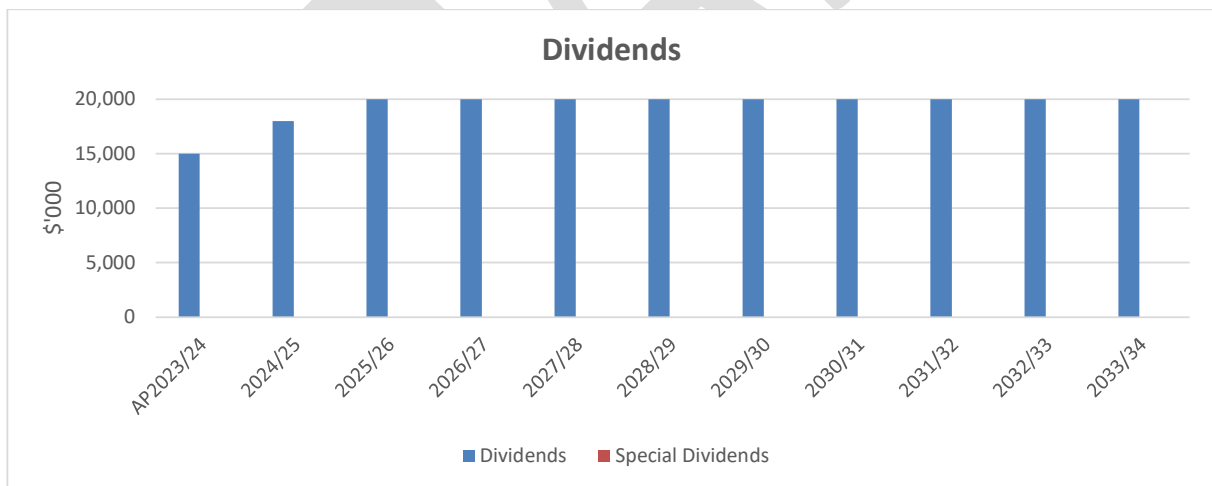
### Port Otago Limited

Council holds 100% ownership of Port Otago Limited. Each year, dividends are received from Port Otago Limited that significantly 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. Port Otago’s dividend policy aims to provide a dividend of between 50-70% of normalised operating profit after tax. This allows Council to receive an acceptable and sustainable return while still allowing the Port to retain capital for reinvestment in the long-term future of the business.

Dividends are forecast to increase over the next 10 years. This increases Council’s funding reliance on the Port which comes with additional risk should the Port be unable to maintain this level of dividend. Over the 10-years of this plan Council aims to mitigate this risk by holding sufficient financial reserves to cover an unexpected dividend shortfall. While this may reduce the rates impact of reduced dividends in the short term, it will impact other investment income and significant rates increases are likely to be required if dividend levels reduce.

From time to time, special dividends may be 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. No special dividends are proposed in the 10 years of this Long-term Plan.

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



### Investment Property

Council doesn’t generally invest in property but does own investment property within Dunedin City that was vested to it when Council was established. Some of this is land leased by the University of Otago and the Otago Polytechnic. Council also owns property on the Dunedin harbour basin, being 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 rate funding each year.

**Managed Funds**

Council holds a long-term managed investment fund incorporating classes of cash, fixed interest bonds and equities (New Zealand and international). Council’s primary investment objectives when investing in the managed fund are:

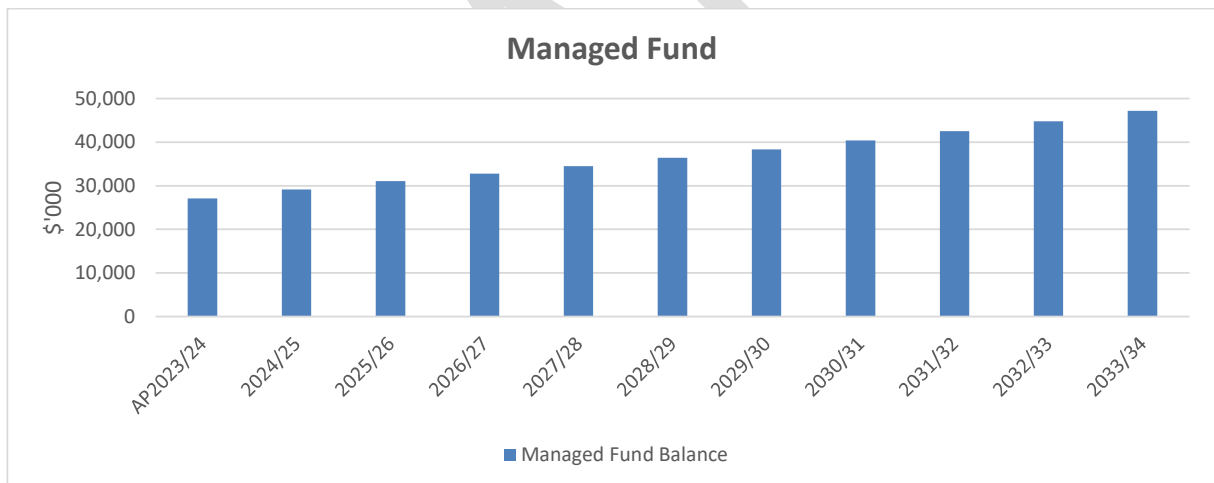
- To protect and maintain the purchasing power of the current investment assets and all future additions to the investment assets.
- To maximise investment returns within reasonable and prudent levels of risk.
- To maintain an appropriate asset allocation in order to make distributions as required while preserving the real value of the Council’s capital from the effects of inflation.

Investment in the managed fund is based on an investment horizon of greater than seven years. Council is risk adverse in its investments and has a low willingness to accept risk but seeks to achieve return equivalent to inflation plus 2.3% to 3.1% (net of fees).

Based on Council’s required return and risk appetite the managed fund incorporates an asset allocation that allows for 40% to 60% of the portfolio to be invested in growth assets. Accordingly, the aim is to achieve a 50% income assets, 50% growth assets split.

Our assumption in this plan is that the managed fund will achieve an overall return between 5.35% and 7.65% per annum. This return includes capital movements, dividends and interest income and is partially retained in the fund and partially used to subsidise general rates.

Over the next 10-years, managed fund balances are estimated to be as follows:



## Reserves

### *Restricted and Council Created Reserves*

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

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

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

The majority of Council's reserves relate to the revaluation of assets and therefore do not represent cash reserves available for Council's use. Reserves included in this Long-Term Plan are:

- **Available-for-Sale Revaluation Reserve**  
The available-for-sale revaluation reserve arises on the revaluation of the shares in Council's subsidiary company, Port Otago Limited. This is an unrealised non-cash reserve.
- **Asset Revaluation Reserve**  
This reserve arises on the revaluation of investment property. This is an unrealised non-cash reserve.
- **Kuriwao Endowment Reserve – Restricted**  
This reserve represents the accumulation of sale proceeds and net income from Kuriwao Endowment land less any distribution of that income. The reserve is available to fund works for the benefit of the Lower Clutha District.
- **Asset Replacement Reserve**  
This reserve represents funds held for the replacement of Council operational assets (excludes targeted rate scheme assets). It is funded by rating for depreciation on those operational assets.
- **Emergency Response Reserve**  
This is a contingency reserve to enable Council to respond appropriately to emergency situations. It was initially established to provide funds for assets that Council is self-insuring its terms of use have been expanded to cover any emergency event.

The reserve was created from transfers from general reserves and accumulated interest income. If the reserve is used for any non-general rate activity it is expected that scheme will repay this reserve. If it is used for general rate funded activity, then it may be replenished through general rates or a transfer from general reserves.

- **Building Reserve**  
The purpose of this reserve is to set aside funding for the development of a new head office for the Council.

Council is planning to move to a new Head Office premise in the 2025-26 year. This reserve will be used to fund Council's contribution to the construction of this project. Any remaining funds in the reserve will be transferred back to general reserves.

- **General Reserve**  
The balance of Council public equity after accounting for restricted reserves is the general reserve. This reserve can be used for the planned funding one-off activities. It also provides contingency funding for emergency events and a source of funding for essential unbudgeted expenditure.



### Targeted Rate Reserves

Reserves are maintained for each targeted rate. This allows any unspent rating expenditure to be allocated to the appropriate reserve and used to fund expenditure applicable to that targeted rate in future years. Expenditure in these activities can be volatile in nature, with some years spend being very high, and other years very low. Targeted rate reserves are used to help smooth the impacts of these variations in expenditure.

Targeted rate reserves may go into deficit to allow significant expenditure to occur immediately and rate funding to repay that expenditure over time. Where significant capital expenditure is required on flood and drainage schemes, Council will not support the repayment of scheme works over a period longer than 20 years.

- **River and Waterway Management Reserves**

Targeted rating has been used to fund river management works across the city and districts within Otago.

Council aims to maintain these reserves in surplus 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.

- **Flood and Drainage Scheme Reserves**

Targeted rating is used to fund the costs associated with maintaining the level of flood protection and drainage provided by these schemes. This includes funding both operating and capital expenditure.

- **Transport Reserves**

Targeted rating is used in Dunedin and Queenstown to fund the Council's costs associated with the provision of public transport services including buses, ferries and the associated infrastructure.

- **Biosecurity Reserve**

This reserve is primarily used to smooth rates increases and reallocate any under or over spent funding to future years. It covers biosecurity activity including wilding pines.

- **Catchment Management Reserve**

This reserve is primarily used to smooth rates increases and reallocate any under or over spent funding to future years. It covers a range of environmental activity including biodiversity, integrated catchments, liaison groups, remediation projects and Ecofund.

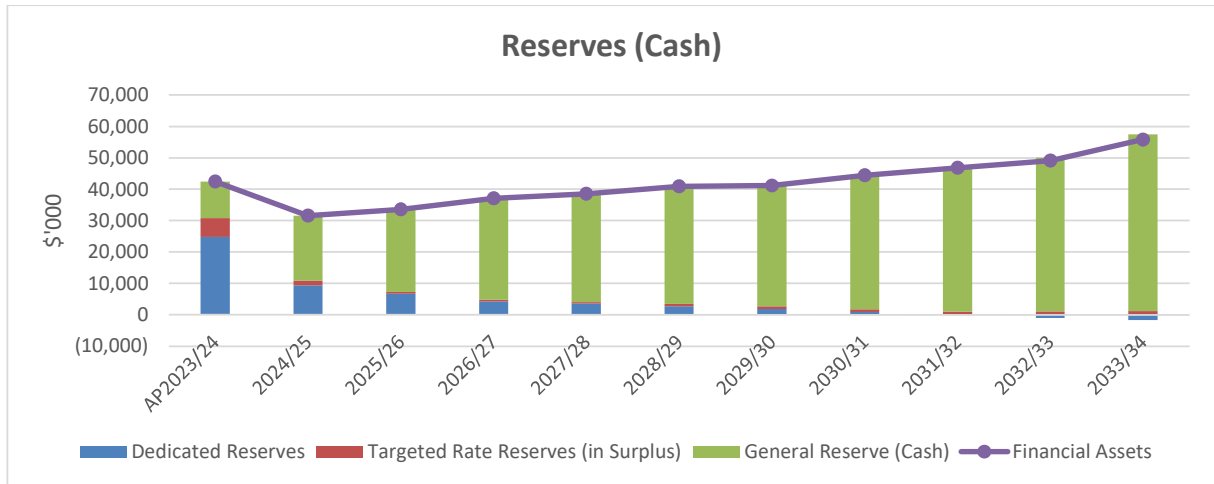
- **Dairy Monitoring Reserve / Farm Plan Reserve**

This reserve is primarily used to smooth rates increases and reallocate any under or over spent funding to future years. Dairy monitoring is proposed to be discontinued in year 2 and a new farm plan activity / rate established.

- **Emergency Management Reserve**

This reserve is primarily used to smooth rates increases and reallocate any under or over spent funding to future years.

The graph below shows Council's reserves of the 10-years of the Long-term Plan. The General Reserve has been balanced to reflect the underlying reserve amount available in cash on hand and in the managed fund.



### Insurance

Council holds comprehensive insurance through a range of policies to manage the financial risk of loss due to unforeseen events. Operational assets such as buildings, vehicles and plant are fully insured.

Infrastructure assets are not fully insured due to the nature of the assets and the low probability that all assets would be affected by a single event. These assets are either fully or partially self-insured. Included in self-insured assets are flood protection and drainage infrastructural assets including floodbanks, protection works and drains and culverts. Assets of this nature are constructions or excavations of natural materials on the land and have substantially the same characteristics as land.

Council does not maintain separate self-insurance funds and considers that the level of reserve funds held is sufficient for the purpose of self-insuring assets that are not covered by insurance contracts. Operational budgets also provide for repairs of a smaller scale and amount.




# Otago Regional Council

## Draft Financial Strategy and Revenue and Financing Policy

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February 2024

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**Contents**

<b>1. PURPOSE</b> .....	<b>1</b>
<b>2. INTRODUCTION</b> .....	<b>1</b>
<b>3. TE TURE WHENUA MAORI ACT</b> .....	<b>3</b>
<b>4. FUNDING SOURCES FOR OPERATING EXPENDITURE</b> .....	<b>4</b>
4.1. General Rates .....	4
4.2. Targeted Rates.....	4
4.3. Lump Sum Contributions.....	5
4.4. Fees and Charges.....	5
4.5. Interest and Dividends from Investments.....	5
4.6. Borrowing .....	5
4.7. Proceeds from the Sale of Assets .....	5
4.8. Development Contributions .....	5
4.9. Financial Contributions .....	5
4.10. Grants and Subsidies .....	6
4.11. Regional Fuel Taxes .....	6
4.12. Any Other Sources.....	6
<b>5. FUNDING SOURCES FOR CAPITAL EXPENDITURE</b> .....	<b>7</b>
5.1. Proceeds from the Sale of Assets .....	7
5.2. Grants and Subsidies .....	7
5.3. Reserves / Borrowing.....	7
5.4. Funding Sources Not Used .....	8
<b>6. FUNDING NEEDS ANALYSIS</b> .....	<b>9</b>
<b>7. SUMMARY OF FUNDING SOURCES</b> .....	<b>10</b>

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## 1. PURPOSE

Under sections 102(2) and 103 of the Local Government Act 2002 (the Act), Otago Regional Council (Council) must adopt a Revenue and Financing Policy. This policy outlines how Council funds its operating and capital expenditure from the sources available in the Act and how Council has complied with section 101(3) in setting this Policy.

## 2. INTRODUCTION

Section 101(1) of the Local Government Act requires Council to manage our revenue, expenses, assets, liabilities, investments, and general financial dealings prudently, and in a manner that promotes the current and future interests of the community.

This Policy describes how Council will use funding sources outlined in section 103(2) of the Act to fund its activities for both operating and capital expenditure.

It includes a summary of funding sources that sets out how these policies are applied to Council's activities. Supporting this, comprehensive section 101(3) analysis is separately documented in the Funding Needs Analysis.

### Guiding Principles

In preparing this policy Council has developed and used the following guiding funding principles.

Principle	What does this mean?	How is it applied?
<b>Workable</b>		
<b>Simple</b>	The rates process and calculation should be kept as simple as possible	Less targeted rates / benefit zones and differentials Simple general rate – region wide Common rating base Simple application of investment income offset
<b>Efficient</b>	The cost of administering and collecting individual rates will not outweigh the amount of that rate or the benefit of maintaining an individual rate	Separate rates are only used material funding needs Less rate types and differentials
<b>Transparent and accountable</b>	People should be able to understand their rates, how activities are funded and what their rates are funding	Separate targeted rates to highlight those activities Reserves used to ringfence unspent funds Communication on where funding is spent
<b>Fair</b>		
<b>Equitable</b>	Balance of: Vertical equity – those with a greater means to pay will pay a greater share Horizontal equity – those with similar circumstances will contribute a similar amount	CV is general rate basis – aligns to ability to pay Uniform rates used for activities where services / benefits are the same for every property or are more based on people rather than property

		UAGC used to spread rates more evenly across districts
<b>Benefit based</b>	Those that benefit should pay for that benefit either directly or proportionally	Use charges where possible ie bus fares and consent fees Targeted rates for identifiable beneficiaries / exacerbators
<b>Consistent</b>	Application and calculation methodologies for rates will be applied consistently	Similar types of rates will have a similar rates and application of categories / differentials
<b>Incentivised</b>	Funding should be consistent with other non-financial outcomes Council is aiming to achieve	Rates consistent with land use policies and objectives
<b>Sustainable</b>		
<b>Meets the needs of today while maintaining future affordability</b>	Current costs will be funded from current funding The future costs of maintaining current levels of service will also be considered	Balanced budget – at all of Council level and at some activity level
<b>Intergenerational equity</b>	Future generations that reap the benefit should pay for that benefit	Long term expenditure, especially capital expenditure, will be funded over the life of those assets Investment capital will be maintained to ensure income generated is available for distribution to current and future ratepayers
<b>Certainty</b>	Ratepayers will know how much they will be expected to pay	Rates smoothing for activities that has fluctuating year on year expenditure

In some cases, these principles conflict with one another and judgement is required to balance and apply them.

### Sources of Funding

Section 103(2) of the Act allows Council to fund its activities from the following sources:

- General rates
  - Including choice of valuation system
  - Differential rating
  - Uniform Annual General Charges (UAGC)
- Targeted rates
- Lump sum contributions
- Fees and charges
- Interest and dividends from investments
- Borrowings
- Proceeds from asset sales
- Development contributions
- Financial contributions under the Resource Management Act 1991
- Grants and subsidies
- Regional fuel taxes under the Land Transport Management Act 2003
- Any other source

### 3. TE TURE WHENUA MAORI ACT

Council's Revenue and Financing Policy must support the principles set in the preamble to the Te Ture Whenua Maori Act, which are:

*Nā te mea i riro nā te Tiriti o Waitangi i motuhake ai te noho a te iwi me te Karauna: ā, nā te mea e tika ana kia whakaūtia anō te wairua o te wā i riro atu ai te kāwanatanga kia riro mai ai te mau tonu o te rangatiratanga e takoto nei i roto i te Tiriti o Waitangi: ā, nā te mea e tika ana kia mārama ko te whenua he taonga tuku iho e tino whakaaro nuitia ana e te iwi Māori, ā, nā tērā he whakahau kia mau tonu taua whenua ki te iwi nōna, ki ō rātou whānau, hapū hoki, a, a ki te whakangungu i ngā wāhi tapu hei whakamāmā i te nohotanga, i te whakahaeretanga, i te whakamahitanga o taua whenua hei painga mō te hunga nōna, mō ō rātou whānau, hapū hoki: ā, nā te mea e tika ana kia tū tonu he Te Kooti, ā, kia whakatakototia he tikanga hei āwhina i te iwi Māori kia taea ai ēnei kaupapa te whakatinana.*

*Whereas the Treaty of Waitangi established the special relationship between the Maori people and the Crown: And whereas it is desirable that the spirit of the exchange of kawatanga for the protection of rangatiratanga embodied in the Treaty of Waitangi be reaffirmed: And whereas it is desirable to recognise that land is a taonga tuku iho of special significance to Maori people and, for that reason, to promote the retention of that land in the hands of its owners, their whanau, and their hapu, and to protect wahi tapu: and to facilitate the occupation, development, and utilisation of that land for the benefit of its owners, their whanau, and their hapu: And whereas it is desirable to maintain a court and to establish mechanisms to assist the Maori people to achieve the implementation of these principles.*

Council supports these principles through considering how the status of Maori freehold land affects the Act's section 101(3) funding principles. In particular, the distribution of benefits can be substantially different for Maori Freehold land compared to land in general ownership e.g. increase land values can be realised through the sale of general land but not Maori Freehold Land. As every block of Maori Freehold Land is different and requires specific consideration, Council's approach is to support the principles of the Te Ture Whenua Maori Act through its policies on Rates Remission and Postponement on Maori Freehold Land to provide for the most appropriate support for the particular circumstances of the block of land, its ownership structure and the aspirations of the owners.

## 4. FUNDING SOURCES FOR OPERATING EXPENDITURE

This section outlines the funding sources for operating expenditure that are available under section 103(2) of the Act and how Council utilises them.

Operating expenditure is the day-to-day spending that maintains the services delivered by Council. This includes staff costs, supplies and services from third parties, contributions to the wear and tear on assets used (depreciation), interest charged on borrowing (both internal and external) and corporate overheads.

### 4.1. General Rates

General rates are used where there is a wider community benefit or where a defined benefit area or group cannot be determined, or it is uneconomic to separately rate or charge that area or group. General rates are applied to all rateable land in the region and are set as a uniform rate in the dollar on the capital value of each rating unit.

#### **Valuation Basis**

The benefits of most of our general rate funded activities are evenly distributed across the region. Council has adopted a capital value system for the general rate as capital value is better aligned to the ability to pay ie higher capital value properties will generally be better able to bear the cost of a proportionately higher general rate.

#### **Uniform Annual General Charge**

General rates may be collected by a Uniform Annual General Charge (UAGC). This is a fixed amount that is the same for all rating units. The Local Government (Rating) Act 2002 limits rates set on a uniform basis, including the UAGC, to 30% of total rates.

Council uses a UAGC to ensure a minimum amount of rates is charged to all rating units and to assist in managing the distribution of rates across the districts.

#### **Equalisation**

Properties are revalued every three years in a cyclical manner across the region based on the local territorial authority area. Because these rating revaluations occur across the region in different years, all value-based rates (that are charged across more than one territorial authority) are set on an equalised land-value basis.

#### **Differential Rating**

General rates are not charged on a differential basis, other than for the purpose of equalisation as noted above.

### 4.2. Targeted Rates

Targeted rates are used to fund discrete activities where there is a defined area of benefit, or a defined group benefiting from an activity.

Council has set one or more targeted rates to fund a single activity, or a single targeted rate to fund activities. The valuation basis for targeted rates is set individually for each targeted



rate and may be based on capital value, land value or land area. Targeted rates may also be set on a uniform basis for all rateable land on which the rate is set, or differentially for different categories of rateable land identified in the funding impact statement.

#### 4.3. Lump Sum Contributions

Council does not use lump sum contributions as a source of revenue.

#### 4.4. Fees and Charges

Fees and charges are charged directly to users of a service or activity for the direct benefit they receive. Council uses fees and charges where the users of a service can be identified, it's possible and cost effective to collect that revenue and appropriate that the user should pay all or some of the cost.

Council main use of fees and charges is bus fare revenue and regulatory fees and charges under section 36 of the Resource Management Act 1991.

#### 4.5. Interest and Dividends from Investments

Council has investments which provide returns in the form of interest and dividends. Council's main investments are its 100% shareholding in Port Otago Limited and a long-term managed fund.

These investments do not directly relate to a specific activity. To ensure investment income benefits are shared by all ratepayers, Council uses this investment income to reduce general rates. Without the investment income off-set, revenue required from general rates would have to increase significantly to fund current levels of service.

#### 4.6. Borrowing

Council aims to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines it prudent to do so, fund some operating costs from borrowing. Borrowing may be internal or external.

#### 4.7. Proceeds from the Sale of Assets

Proceeds from asset sales are not generally used to fund operating costs as they usually relate to and are used to offset capital expenditure. Council may in specific circumstances, where it determines it prudent to do so, fund some operating costs from borrowing.

#### 4.8. Development Contributions

Council does not use development contributions as a source of revenue.

*For more details see Council's Development Contributions and Financial Contributions Policy.*

#### 4.9. Financial Contributions

Council does not currently use financial contributions as a source of revenue but is permitted to under section 108(2)(a) of the Resource Management Act 1991. This allows Council to include, as a resource consent condition, a financial contribution for purposes as stated in a regional plan.

*For more details see Council's Development Contributions and Financial Contributions Policy.*

#### 4.10. Grants and Subsidies

Council receives grants and subsidies from other organisations, including Central Government agencies and local territorial authorities, to help fund some of its activities. Grants and contributions are used to fund specific activities and projects for national or local benefit.

The main Government subsidies Council receives are from the Waka Kotahi (New Zealand Transport Agency) for passenger transport services, the Ministry for Primary Industries and the Ministry for the Environment.

#### 4.11. Regional Fuel Taxes

Council does not use regional fuel taxes as a source of revenue.

#### 4.12. Any Other Sources

##### **Other Income**

Other operating revenue may be used as a source of funding and includes (but is not limited to):

- Charges to landowners for contributing to land management activities on their property
- Rent from Council owned properties leased to third parties
- Gravel-extraction revenue
- Management / shared service cost charging to other Councils

##### **Reserves**

Council has a number of reserves and some of these reserves are available to meet operating costs. Surplus funds from previous years are allocated to reserves and may be used to fund expenditure in future years. Council generally uses these funds for the purpose that the reserve was created.

Council may also choose to use reserves for planned or unplanned expenditure. Repayment of reserve deficits comes from the same source of funding used to fund the underlying activity that the reserve relates to. Establishing and using reserves is agreed through the Long-Term Plan and Annual Plan processes.

##### **Funding Alternatives**

Council will consider other funding alternatives as they become available during the Long-Term Plan period. These alternatives may be considered significant at the time, and if so, Council will engage with the community as required following an assessment of the issue against Council's Significance and Engagement policy.

## 5. FUNDING SOURCES FOR CAPITAL EXPENDITURE

This section outlines the funding sources for capital expenditure that are available under section 103(2) of the Act and how Council utilises them.

Capital expenditure is costs associated with the purchase, improvement, and replacement of assets. Capital expenditure on new assets is generally not directly funded by rates, as this places the entire cost on current ratepayers. Instead, Council uses reserves and/or borrowing (internal or external) to fund the initial capital expenditure which allows the cost to be spread over time so that all beneficiaries of the asset contribute towards the cost.

### 5.1. Proceeds from the Sale of Assets

Proceeds from asset sales are generally used to repay debt or off-set the borrowing or funding requirements for the asset and its activity.

### 5.2. Grants and Subsidies

Council receives grants and subsidies from other organisations, including Central Government agencies and city and district councils, to help fund some of its capital expenditure. Grants and subsidies are used whenever they are available.

### 5.3. Reserves / Borrowing

Council maintains reserves which may be used to fund capital expenditure. Capital expenditure is funded from the most efficient source, which may include borrowing (internally or externally). Establishing and using reserves is agreed through the Long-Term Plan and Annual Plan processes.

Council generally doesn't borrow externally to fund individual activities or projects. Internal borrowing is utilised through reserves and Council manages its total debt requirements at an all of Council level which is more efficient and cost effective.

Repayment of reserve deficits due to capital expenditure comes from the same source of funding used to fund the underlying activity that the reserve relates to. Ultimately that means, general rates, targeted rates and investment income are used to repay capital expenditure over time.

#### **Infrastructure Assets**

Most infrastructure assets ie. floodbanks, pump stations culverts and bridges are assigned to specific special rating districts and have an associated reserve. Ratepayers within these districts fund the depreciation on these assets. This income along with disposal proceeds is accumulated in the reserve and used for the purpose of funding replacement or new assets. If there are insufficient funds available in the reserve, borrowing (either internal or external) will be used.

#### **Non-infrastructure Assets**

Council funds capital expenditure non-infrastructure assets through an asset replacement reserve. Depreciation on these funded is funded by the assets that use them and this income

along with disposal proceeds is accumulated in the reserve and used for the purpose of funding replacement or new assets. If there are insufficient funds available in the reserve, borrowing (either internal or external) will be used.

### **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 will generally be funded via establishing a reserve. If borrowing (either internal or external) is used repayment funded be by any of the operating funding tools available to Council including rates, investment income and transfers from other reserves.

In determining the appropriate funding tools for major projects, consideration will be given to matters such as the benefits arising from the project, overall project costs, and the impacts and consequences of the project.

### **5.4. Funding Sources Not Used**

The following funding sources are not used by Council to fund capital expenditure:

- Lump sum contributions
- Fees and charges
- Development contributions
- Financial contributions under the Resource Management Act 1991
- Regional fuel taxes under the Land Transport Management Act 2003

## 6. FUNDING NEEDS ANALYSIS

In undertaking its funding needs analysis Council has assessed the appropriate sources of funding for each activity using the criteria set out in section 101(3) of the Act. This followed a two-step process.

First, for each activity Council considered:

- The community outcomes the activity primarily contributes to; and
- The distribution of benefits between the community as a whole, any identifiable part of the community and individuals; and
- The period in or over which those benefits are expected to occur; and
- The extent to which the actions or inactions of particular individuals or a group contribute to the need to undertake the activity; and
- The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

Secondly, Council considered the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental and cultural well-being of the community.

Examples of matters considered in this step include:

- Level of local Territorial Authority rates
- Economic factors ie levels of disposable income, unemployment, population growth
- Level of total and general rates including comparison to other Regional Councils
- Distribution of rates across districts and land use
- Distribution of rate amounts and rate increases
- Impact of the uniform vs value/area based rates

Examples of how Council addresses issues identified in this step include:

- Use of reserves and debt
- Adjusting the level of uniform annual general charge
- Through Council's Rates Remission and Postponement Policy and policy on Remission and Postponement of Rates on Māori Freehold Land – this ensures ratepayers have access to affordability tools, such as considering financial hardship

The output from the Funding Needs Analysis is summarised in the summary of funding sources table that follows in this Policy. This is then applied in Council's rates funding impact statement included in Council's Long-Term Plan and Annual Plans.

## 7. SUMMARY OF FUNDING SOURCES

The following tables show the indicative funding allocations from each funding source used to fund operating and capital expenditure following the section 101(3) funding needs analysis.

**Table 1: Summary of Operating Expenditure Funding Sources**

The rates allocations shown below total 100% of total rates for that activity and are applied after the other sources of funding

Activity	Sub Activity	Fees & Charges	Other Income	Grants & Subsidies	General Rates	Targeted Rates	Internal	Reserves
<b>Governance and Democracy</b>	Governance and Leadership	Actual			100%			
	Donations				100%			
	Elections				100%			General
<b>Public Awareness</b>	Communications	Actual			100%			
	Customer services				100%			
	Enviroschools				100%			
<b>Regional Planning and Strategy</b>	Regional plans, policies and strategies				100%			
	Private plan changes	100%						
<b>Consents</b>	Consents processing	100%						
	Consents appeals		Actual		100%			
	Consents administration				100%			
	Consents public enquiry	Actual			100%			
	Consents reviews – consent holder initiated	100%						
	– Council initiated				100%			
<b>Compliance</b>	Performance monitoring processing	100%						
	Performance monitoring administration				100%			
	Audits and compliance reviews	100%						
	Compliance administration	Actual			100%			
	Dairy inspections					100%		
	Fresh water farm plans					100%		
	Contaminated sites administration				100%			
<b>Incidents</b>	Incident response			Actual	100%			
	Enforcement	Actual			100%			
	Oil spills	Actual		Actual	100%			
<b>Harbour Management</b>	Navigational safety					100%		
	Bylaws response and enforcement	Actual				100%		

Activity	Sub Activity	Fees & Charges	Other Income	Grants & Subsidies	General Rates	Targeted Rates	Internal	Reserves
<b>Air</b>	Air science and monitoring				100%			
	Air strategy implementation				100%			
	Air incentive programmes			Actual		100%		
<b>Biosecurity and Biodiversity</b>	Biodiversity science and monitoring				100%			
	Biodiversity implementation			Actual		100%		
	Community grant funding					100%		
	Biosecurity implementation					100%		
	Wilding pines – administer grant funding – support for control groups			100%		100%		
<b>Land and Water</b>	Land and water science and monitoring				100%			
	Land and water implementation			Actual		100%		
	Water quality remediation			Actual		100%		
	Integrated catchment management			Actual		100%		

Activity	Sub Activity	Fees & Charges	Other Income	Grants & Subsidies	General Rates	Targeted Rates	Internal	Reserves
<b>Emergency Management</b>	Emergency management					100%		
<b>Flood Protection and Drainage</b>	Alexandra Flood Protection	Actual			20%	80%		
	Leith Flood Protection				20%	80%		
	Lower Clutha Flood & Drainage – Flood – Drainage	Actual		Actual	20% 10%	80% 90%		Kuriwao
	Lower Taieri Flood Protection	Actual		Actual	20%	80%		
	East Taieri Drainage	Actual		Actual	10%	90%		
	West Taieri Drainage	Actual		Actual	10%	90%		
	Tokomairiro Drainage				20%	80%		
	Scheme Oversight Bylaws	100%					100%	
<b>River Management</b>	River management – Dunedin					100%		
	River management – Clutha					100%		
	River management – Central Otago					100%		
	River management – Queenstown Lakes					100%		
	River management – Waitaki					100%		
	Lower Waitaki River Control					100%		

Activity	Sub Activity	Fees & Charges	Other Income	Grants & Subsidies	General Rates	Targeted Rates	Internal	Reserves
	River management – non-scheme management						100%	
Climate Change and Hazards	Natural hazards				100%			
	Flood risk management				100%			
	Climate change adaptation				100%			

Activity	Sub Activity	Fees & Charges	Other Income	Grants & Subsidies	General Rates	Targeted Rates	Internal	Reserves
Transport	Public transport – Dunedin	Actual	Actual	51%	20%	80%		
	Public transport – Whakatipu	Actual	Actual	51%	20%	80%		
	Public transport – Regional Trials (Oamaru / Wanaka)	Actual	Actual	51%	20%	80%		
	Public transport – Regional Trials (Balclutha / Central Otago-Wanaka-Queenstown)	Actual		51%	49%			
	Total mobility			51%	49%			
	Transport planning			51%	49%			
	Land Transport Management Act (LTMA) administration	50%			50%			
	Stock truck effluent disposal sites (STEDS)				100%			

Activity	Sub Activity	Fees & Charges	Other Income	Grants & Subsidies	General Rates	Targeted Rates	Internal	Reserves
Internal / Overheads	HR / H&S						100%	
	Finance and Rates						100%	
	Corporate Support						100%	
	Property		Actual				100%	
	IT						100%	
	Vehicles and Plant						100%	
Treasury	– Port Otago on-lending		100%					
	– Port Otago dividends				100%			
	– Managed fund income				100%			
	– Other interest							100%
	Regional Integrated Ticketing (RITS)		75%				25%	



**Table 2: Summary of Capital Expenditure Funding Sources**

Group	Activity	General / Asset Reserves	Scheme Reserves	Borrowing	Other
<b>Regional Leadership</b>	Governance and Community	✓			
	Regional Planning	✓			
	Regulatory	✓			
<b>Environment</b>	Air	✓			
	Biosecurity and Biodiversity	✓			
	Land & Water	✓			
<b>Safety &amp; Resilience</b>	Emergency Management	✓			
	Flood Protection and Drainage	✓	✓	✓	✓
	River Management	✓	✓	✓	✓
	Climate Change and Hazards	✓			
<b>Transport</b>	Public Transport	✓	✓	✓	✓
	Transport - Other	✓			
<b>Internal</b>	Internal	✓		✓	✓




# Otago Regional Council

## Development Contributions and Financial Contributions Policy

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February 2024

	<b>Document Name:</b> ORC Development Contributions and Financial Contributions Policy
	<b>Document Owner:</b> Finance
	<b>Authorised By:</b> Chief Executive
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**Contents**

**1. PURPOSE ..... 1**

**2. DEVELOPMENT CONTRIBUTIONS ..... 1**

**3. FINANCIAL CONTRIBUTIONS ..... 1**

**4. REGIONAL PLANS..... 1**

**5. USE OF FINANCIAL CONTRIBUTIONS ..... 2**

DRAFT

## 1. PURPOSE

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Under section 102(2)(d) of the Local Government Act 2002 Otago Regional Council (Council) is required to have a policy on development contributions and financial contributions. This Policy is reviewed and, where necessary, amended at least every three years.

## 2. DEVELOPMENT CONTRIBUTIONS

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Regional councils are not able to request development contributions. Under the Local Government Act 2002, the power to levy such contributions is restricted to territorial authorities.

## 3. FINANCIAL CONTRIBUTIONS

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Financial contributions are defined in section 108(9) of the Resource Management Act 1991 (RMA) as a contribution of:

- Money.
- Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Maori land within the meaning of the Te Ture Whenua Maori Act 1993 unless that Act provides otherwise.
- Or a combination of money and land.

Under section 108(10) of the RMA, a consent authority must not include a condition in a resource consent requiring a financial contribution unless:

- The condition is imposed in accordance with the purposes specified in the plan or proposed plan (including the purpose of ensuring positive effects on the environment to offset any adverse effect).
- And the level of contribution is determined in the manner described in the plan or proposed plan.

No financial contributions can be levied unless they are included within a regional plan.

## 4. REGIONAL PLANS

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Otago Regional Council currently has provisions for financial contributions in the following regional plans:

- Regional Plan: Coast for Otago
- Regional Plan: Water for Otago

When the Council grants a resource consent under the rules of these plans, it may impose a condition requiring a financial contribution for the purposes specified in the plan.

## 5. USE OF FINANCIAL CONTRIBUTIONS

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Otago Regional Council does not have any operational or capital expenditure identified in its Annual Plan or Long-Term Plan that will be funded by financial contributions.

DRAFT

### 8.8. Adding further operative provisions to the Partially Operative Otago Regional Policy Statement 2019

**Prepared for:** Council  
**Report No.** POL2401  
**Activity:** Community: Governance & Community  
**Author:** James Adams, Senior Strategic Analyst  
**Endorsed by:** Anita Dawe, General Manager Policy and Science  
**Date:** 21 February 2024

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#### PURPOSE

- [1] This paper seeks Council approval to:
- a. include provisions relating to port activities in the Partially Operative Otago Regional Policy Statement 2019 (RPS 2019) and
  - b. make the RPS 2019 fully operative.
- [2] For completeness, this paper does not relate to the Proposed Otago Regional Policy Statement 2021, for which hearings took place across 2023 and is currently nearing the end of the Hearings Panel's deliberations process.

#### EXECUTIVE SUMMARY

- [3] In January 2019, Council made the RPS 2019 partially operative, with several provisions not yet operative due to being still under appeal or not having been granted approval by the Environment Court. Despite outstanding provisions, Council considered it worthwhile to make those provisions that were beyond appeal operative to provide clarity for district plan and consent processes that were underway at that time.
- [4] The Supreme Court delivered its decision regarding the appeal on ports activities in August 2023, including a partial rewording of the policy as originally set out by the Environment Court. Following consultation and agreement on the wording between the parties involved in the case (as instructed by the Supreme Court), it now remains for Council to make the wording operative as specified in clause 20 of Schedule 1 of the Resource Management Act 1991 (RMA). The associated methods can be made operative also.
- [5] With all appeals finalised, the RPS 2019 can be made fully operative. Upon the Council's approval, a public notice will be issued on 24 February to make the provisions relating to ports operative on 4 March 2024.

#### RECOMMENDATION

*That the Council:*

- 1) **Approves**, under clause 20 of Schedule 1 of the Resource Management Act 1991, adding policy 4.3.7 and associated provisions, as shown in Attachment 1 to the Partially Operative Regional Policy Statement 2019.

- 2) **Approves**, under clause 20 of Schedule 1 of the Resource Management Act 1991, making the Regional Policy Statement 2019 fully operative as of 4 March 2024.
- 3) **Approves** under clause 20 of schedule 1 of the Resource Management Act 1991, public notice being given on 24 February 2024 of the RPS 2019 being made fully operative.
- 4) **Notes** that the Council seal needs to be reapplied and witnessed to accommodate changes to the seal page.
- 5) **Notes** that there are no outstanding matters under appeal relating to the Partially Operative Regional Policy Statement 2019.

## BACKGROUND

- [6] The proposed Otago Regional Policy Statement was publicly notified on 23 May 2015. The submissions, hearings, and deliberations ran until September 2016 and Council released the decisions version of the RPS 2019 on 1 October 2016.
- [7] Appeals and mediation ran throughout 2017, and a significant number of issues that were resolved through mediation were lodged with the Environment Court in the first half of 2018.
- [8] Two appeal points were not resolved. The unresolved appeal points, concerning port activities and indigenous biodiversity offsetting (largely in the context of mining), were heard by the Environment Court in February 2018.
- [9] In late 2018, the appeals concerning ports and indigenous biodiversity offsetting remained unresolved and the Environment Court had not yet provided approval for several matters resolved through mediation.
- [10] Given the extended time being taken to finalise appeals, Council resolved to make previously agreed provisions operative in January 2019, forming the Partially Operative Otago Regional Policy Statement 2019.
- [11] In August 2020, a final court decision was reached regarding indigenous biodiversity offsetting following a High Court hearing and further review by the Environment Court. The Environment Court also issued approval for remaining matters resolved through mediation throughout 2020.
- [12] With all proposed provisions except those relating to port activities now finalised, the ORC approved the finalised provisions to be made operative and added to the Partially Operative Regional Policy Statement 2019 on 15 March 2021.
- [13] Provisions relating to port activities were appealed to the Court of Appeal and subsequently to the Supreme Court. The Supreme Court issued its final decision on 24 August 2023.
- [14] The Supreme Court provided a redrafted ports policy for inclusion in the partially operative RPS 2019, based on the wording suggested by the Environment Court.

- [15] As directed by the Supreme Court, ORC consulted the parties involved in the appeal and any other persons it considered appropriate on the redrafted ports policy in the partially operative Otago Regional Policy Statement.

## DISCUSSION

- [16] A document showing the proposed updates as tracked changed excerpts from the full RPS 2019 text is provided as Attachment 1. Note that this draft includes the housing bottom lines for Dunedin and Queenstown, the insertion of which is the subject of another paper being considered by Council at this meeting.
- [17] The parties involved in the appeal have conferred and agreed to the Supreme Court wording as follows:

### **Policy 4.3.7      *Recognising port activities at Port Chalmers and Dunedin***

*Recognise the functional needs of port activities at Port Chalmers and Dunedin and manage their effects by:*

- a) *Ensuring that other activities in the coastal environment do not adversely affect port activities;*
  - b) *Providing for the efficient and safe operation of these ports and effective connections with other transport modes;*
  - c) *Providing for the development of those ports' capacity for national and international shipping in and adjacent to existing port activities;*
  - d) *If any of the policies under Objective 3.2 cannot be implemented while providing for the safe and efficient operation of port activities, then apply policy 4.3.4 which relates to nationally and regionally significant infrastructure and prevails (in certain circumstances) over Objective 3.2;*
  - e) *If in turn (d) cannot be achieved because the operation or development of the ports may cause adverse effects on the values that contribute to the significant or outstanding character identified in Policy 4.3.4(1)(a)(i) to (iii) or to surf breaks identified as being nationally significant, an application for a resource consent may be made for the operation or development of the ports where:*
    - (i) *the proposed work is required for the safe and efficient operation of the port or ports;*
    - (ii) *the applicant establishes that the adverse effects from the operation or development are the minimum necessary in order to achieve the efficient and safe operation of the port or ports.*
- [18] Several other provisions related to the proposed ports policy were held in their proposed state until the appeal was resolved and can now be adopted. These are:
- a. *Method 3.1.6*
  - b. *Method 3.1.10*
  - c. *Method 4.1.3*
  - d. *Method 5.1.2*
  - e. *Definition of "port activities"*
- [19] Two other methods are mentioned in the current version of the partially operative RPS 2019 as awaiting approval. These methods (method 3.1.18 and 4.1.22) were proposed



by ORC experts at the original Environment Court hearing in 2018 but were not agreed. They were included in the proposed version of the RPS 2019 in error, and therefore will be removed.

- [20] Staff have made consequential editing updates, under delegation, that are not shown in Attachment 1. These are:
- a) Correcting page numbering, contents page, and index to accommodate new provisions; and
  - b) Removing the list of provisions not made operative, currently on the seal page, and replacing it with a version history, now on the following page, to clarify the RPS 2019's status to users.
- [21] The operative RPS will need an updated seal page, which has been simplified as a result of advice from our inhouse counsel.

## **OPTIONS**

- [22] Following the Supreme Court decision, the next step, in accordance with Schedule 1 of the RMA, is for Council to amend the Partially Operative RPS 2019 to include policy 4.3.7 as resolved through the appeals process, along with the remaining associated methods and definition. The RPS 2019 can then be made fully operative, including execution of a new seal page.
- [23] Council is required to give public notice at least five working days prior to the RPS becoming operative. Staff recommend giving public notice on 24 February 2024, with the RPS to become operative as of 4 March 2024. These dates have been chosen to coordinate with the insertion of the Housing Bottom Lines for Dunedin and Queenstown into the RPS 2019.
- [24] Council can refuse approval; however, there are no apparent advantages to doing so and this would go against the Supreme Court decision and negotiated agreement with parties.

## **CONSIDERATIONS**

### **Strategic Framework and Policy Considerations**

- [25] The Resource Management Act 1991 requires that "There shall at all times be for each region 1 regional policy statement prepared by the Regional Council in the manner set out in Schedule 1."<sup>1</sup>
- [26] Regional policy statements guide the development of regional and district plans and inform consent processes. A fully operative regional policy statement is therefore a key part of ORC's strategic framework.
- [27] While ORC has a new proposed regional policy statement nearing the end of its deliberations process (the proposed Otago Regional Policy Statement 2021), the RPS

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<sup>1</sup> Resource Management Act 1991, section 60(1).

2019 remains the operative document for Otago. Regional and district plans must give effect to a regional policy statement<sup>2</sup> and shall have regard to any proposed Regional Policy Statement.<sup>3</sup>

#### **Financial Considerations**

- [28] Making the provisions relating to port activities operative is unlikely to have significant financial implications. It is important to note that the process to make the RPS 2019 operative has been both lengthy and costly.

#### **Significance and Engagement**

- [29] Under the ORC's Significance and Engagement Policy, the decision to make the RPS 2019 fully operative is significant, because it impacts on both ORC's and TA's plan making and consenting processes and sets high-level direction for resource management in Otago.
- [30] The RPS 2019 has been well canvassed through iwi, public and stakeholder consultation, and the RMA 1991 Schedule 1 process, including public submissions, hearings, mediation, and appeals.
- [31] Accordingly, it does not require further consideration under the Significance and Engagement Policy.

#### **Legislative and Risk Considerations**

- [32] The RMA requires Regional Councils to have an operational regional policy statement at all times.<sup>4</sup>
- [33] Regional policy statements must give effect to National Policy Statements, the New Zealand Coastal Policy Statement and National Planning Standards.<sup>5</sup> In turn, regional plans and district plans must give effect to regional policy statements.<sup>6</sup>
- [34] The partially operative RPS 2019 is inconsistent with several current National Policy Statements because it was developed before, they were in operation. For the same reason, it does not comply with the National Planning Standards. The Proposed Otago Regional Policy Statement 2021 will rectify these issues.
- [35] The Resource Management Act 1991, in Schedule 1 Clause 20, provides the process for making a plan operative, including public notification and people and agencies who must be provided with a copy of the operative plan.

#### **Climate Change Considerations**

- [36] Making the RPS 2019 operative does not have a direct impact on climate change.

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<sup>2</sup> Resource Management Act 1991, sections 67(3)(c) and 75(3)(c).

<sup>3</sup> Resource Management Act 1991, sections 66(2)(a) and 74(2)(a)(i).

<sup>4</sup> Resource Management Act 1991, section 59

<sup>5</sup> Resource Management Act 1991, section 62(3)

<sup>6</sup> Resource Management Act 1991, sections 67(3) and 75(3) respectively

### **Communications Considerations**

- [37] If approved, public notice will be issued in the Otago Daily Times noting the date on which the RPS 2019 will become fully operative (at least 5 working days' notice must be given).
- [38] The proposed date for issuing the public notice is 24 February 2024, to make the RPS 2019 fully operative from 4 March 2024. This is in line with the provisions under clause 20 of the Resource Management Act 1991.
- [39] Versions of the document will be available on the ORC website, at ORC and Territorial Authorities' offices around Otago and at public libraries.
- [40] For clarity, the document that will be made operative and available to the public will be a "clean" version without tracked changes.

### **NEXT STEPS**

- [41] Pending Council approval, staff will arrange for public notice on 24 February 2024. Once the RPS 2019 is made fully operative, ORC will incorporate the new provisions into implementation plans where relevant.

### **ATTACHMENTS**

1. Excerpts from Otago RPS 2019 - Port provisions update - changes tracked March 2024  
[8.8.1 - 7 pages]

**Policy 4.3.6 The National Grid**

Provide for the National Grid by:

- a) Managing activities to the extent reasonably possible to avoid reverse sensitivity effects on the National Grid; and
- b) Identifying corridors for the existing National Grid within which activities and development will be managed to the extent reasonably possible to ensure that the functional needs of the National Grid are not compromised; and
- c) Not allowing existing activities in the identified corridors to intensify in a way that increases their incompatibility with existing National Grid infrastructure.
- d) Manage the adverse effects of new National Grid infrastructure by all of the following:
  - i. recognising there may be some areas in the coastal environment where avoidance of adverse effects is required to protect the identified special values of those areas.
  - ii. seeking to avoid adverse effects on the values of the following:
    - a. Areas of significant indigenous vegetation and significant habitats of indigenous fauna;
    - b. Outstanding natural features, landscapes and seascapes;
    - c. Areas of outstanding natural character;
    - d. Outstanding water bodies or wetlands;
    - e. Places or areas containing historic heritage of regional or national significance.
  - iii. Where it is not practicable to avoid adverse effects on the values of the areas listed in d) ii. above because of the functional needs of the National Grid, remedy or mitigate adverse effects on those values;
  - iv. Avoiding, remedying or mitigating other adverse effects;
  - v. Consider offsetting for residual adverse effects on indigenous biological diversity.

Where there is a conflict, Policy 4.3.6 prevails over the policies under Objectives 3.1, 3.2, 4.3 and 5.2, and over policy 5.4.9.

**Method 3: Regional Plans**  
Method 3.1

**Method 4: City and District Plans**  
Method 4.1

**Policy 4.3.7 Recognising port activities at Port Chalmers and Dunedin<sup>2</sup>**

Recognise the functional needs of port activities at Port Chalmers and Dunedin and manage their effects by:

- a) Ensuring that other activities in the coastal environment do not adversely affect port activities;
- b) Providing for the efficient and safe operation of these ports and effective connections with other transport modes;

<sup>2</sup> Inserted pursuant to Supreme Court Decision No. SC 6/2022 [2023] NZSC 112

- c) Providing for the development of those ports' capacity for national and international shipping in and adjacent to existing port activities;
- d) If any of the policies under Objective 3.2 cannot be implemented while providing for the safe and efficient operation of port activities, then apply policy 4.3.4 which relates to nationally and regionally significant infrastructure and prevails (in certain circumstances) over Objective 3.2;
- e) if in turn (d) cannot be achieved because the operation or development of the ports may cause adverse effects on the values that contribute to the significant or outstanding character identified in Policy 4.3.4(1)(a)(i) to (iii) or to surf breaks identified as being nationally significant, an application for a resource consent may be made for the operation or development of the ports where:
  - (i) the proposed work is required for the safe and efficient operation of the port or ports;
  - (ii) the applicant establishes that the adverse effects from the operation or development are the minimum necessary in order to achieve the efficient and safe operation of the port or ports.

### Principal Reasons and Explanation:

It is essential for the economy and the wellbeing and health and safety of communities, that people are serviced by the right infrastructure at the right time and that infrastructure operates efficiently and effectively.

Some infrastructure such as roads, water supply, waste water and storm water is provided by local authorities. Other infrastructure such as energy generation and network utility operation is managed by state owned enterprises, requiring authorities and private companies.

Infrastructure of national and regional significance, including roads, rail, electricity generation and transmission, radiocommunication and telecommunication, are part of a national network, and contribute to the economic and social wellbeing of the region and nation.

It is important to recognise the benefits of this infrastructure to the economy and to community resilience, in addition to managing any adverse effects on natural resources.

Local authorities have a role to play, to ensure that local, regional and national infrastructure needs are being met now and for the future.

Part C: Implementation

- c. Manage change in river morphology;
  - d. Encourage restoration of water margins;
  - e. Managing noise in the coastal marine area;
  - f. Identify freshwater management units that include all freshwater bodies in Otago in accordance with the National Policy Statement for Freshwater Management 2014;
  - g. Maintain good water quality and improve it where it is degraded.
  - h. Provide for resource users, people and communities that rely on fresh water within environmental limits;
  - i. Set limits and targets to give effect to the National Policy Statement for Freshwater Management 2014;
- 3.1.4 Policies 3.1.7 and 3.2.18: by including provisions to manage adverse effects of land use on soil and protect significant soil.
- 3.1.5 Policy 4.3.1: by providing controls adjacent to infrastructure, where necessary to ensure the functional needs of infrastructure are not compromised.
- 3.1.65<sup>3</sup> Policies 3.1.12<sup>4</sup>, 3.2.8 to 3.2.10: by identifying and protecting areas of outstanding and high natural character in the coastal environment.**
- 3.1.7 Policies 3.2.11 and 3.2.12: by protecting surf breaks of national importance.
- 3.1.8 Policies 3.2.13 – 3.2.16: by protecting the values of wetlands and outstanding freshwater bodies.
- 3.1.9 Policy 3.1.6 and 5.4.4: by applying emission standards within airsheds to achieve ambient air quality that supports good human health;
- 3.1.109<sup>4</sup> Policy 5.2.2 and 5.2.3: by identifying and protecting historic heritage places, areas or landscapes located in the beds of rivers, lakes and wetlands or the coastal marine area;**
- 3.1.11 Policy 4.6.5: by managing the effects of the use of contaminated land:
- a. On the quality of air, water or land;
  - b. In the coastal marine area, and the beds of rivers, lakes and other waterbodies;
- 3.1.12 Policy 4.6.8: by requiring waste disposal facilities to monitor, record and report on the quantity and composition of waste being deposited to landfill;
- 3.1.13 Policy 4.1.3: by using the criteria when undertaking natural hazard assessments;
- 3.1.14 Policy 3.1.2: by developing river management strategies, including:
- a. The management of riparian margins along rivers and lakes;
  - b. The management of bed alterations.
- 3.1.15 Policy 5.4.6: by providing for offsetting for indigenous biological diversity.
- 3.1.16 Policy 5.4.10: by including provisions managing land use change in dry catchments where this will impact on water yield.

<sup>3</sup> Procedural Decision [2019] NZEnvC 42 dated 15 March 2019 and Environment Court Consent Order dated 6 March 2020. Inserted pursuant to resolution of appeals under Policy 4.3.7.

<sup>4</sup> Procedural Decision [2019] NZEnvC 42 dated 15 March 2019 and Environment Court Consent Order dated 6 March 2020. Inserted pursuant to resolution of appeals under Policy 4.3.7.

*Part C: Implementation*

3.1.17 Policy 5.4.5: by including provisions managing removal and disposal of material for biosecurity purposes.

3.2 Implementing Regional Plans:

3.2.1 Regional council will implement Policies 4.1.2 and 4.1.3 when undertaking natural hazard assessments;

3.3 Monitoring and reviewing Regional Plans:

3.3.1 Regional Council will monitor and review regional plans to give effect to their responsibilities under the RMA.

**Method 4: City and District Plans**

4.1 City and district plans will set objectives, policies and methods to implement policies in the RPS as they relate to the City or District Council areas of responsibility. All objectives and policies of the RPS must be considered and given effect to when preparing city and district plans. Matters in the methods can also be taken into account when considering resource consent applications.

More specific direction is provided in the following areas.

Objectives, policies and methods to implement the following policies:

4.1.1 Policy 2.2.2 by:

- a. including provisions to recognise the wahi tupuna and to protect the values that contribute to wahi tupuna being significant;
- b. Identifying the location on plans of the wahi tapuna to be protected and the values that contribute to their significance, using the guide in Schedule 1C to assist.

4.1.2 Policies 4.1.1 to 4.1.11 by determining the appropriate level of regulatory response to natural hazard risk by:

- a. Identifying areas subject to natural hazards in plans and/or natural hazard registers and databases;
- b. Applying the plan principles to the management of natural hazards;
- c. Considering the use of adaptive management techniques;

**4.1.3<sup>5</sup> Policies 3.2.8 to 3.2.10: by identifying and protecting areas of outstanding and high natural character in the coastal environment.**

4.1.4 Policies 3.1.2, 3.1.9 and 3.2.2: by including provisions to:

- a. Maintain or enhance ecosystems and biological diversity;
- b. Protect significant indigenous vegetation and significant habitats of indigenous fauna;
- c. Control the clearance or modification of indigenous vegetation and habitats of indigenous fauna;

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<sup>5</sup> Procedural Decision [2019] NZEnvC 42 dated 15 March 2019 and Environment Court Consent Order dated 6 March 2020. Inserted pursuant to resolution of appeals under Policy 4.3.7.

Part C: Implementation

- 5.1.2<sup>6</sup> Regional, city and district councils, in their areas of responsibility, will identify:
- a. Significant indigenous vegetation and significant habitat of indigenous fauna;
  - b. Areas of outstanding natural character in the coastal environment;
  - c. Outstanding natural features, landscapes and seascapes;
  - d. Highly valued natural features, landscapes and seascapes;
  - e. Outstanding water bodies and their significant values;
  - f. The values of water margins critical to threatened or rare indigenous flora and fauna;
  - g. Significant values of wetlands.

- 5.1.3 Regional council will:
- a. Identify airsheds based on geographical and physical boundaries, for the management of air quality;
  - b. Identify dry catchments where rules are required by regional council to manage water quantity;
  - c. Identify significant soils;
  - d. Identify the spatial extent of the nationally important surf breaks.

- 5.1.4 Regional council will engage with Kāi Tahu to identify the cultural values of resources and requirements for customary uses.

5.2 Research

- 5.2.1 The regional council will:
- a. Undertake investigation for the identification of catchment values and the resources and processes those values depend on, including:
    - i. The interconnections between water bodies, including coastal water;
    - ii. The role of river and catchment morphology and natural functioning in supporting those values;
    - iii. The maintenance and enhancement of indigenous biological diversity and ecosystem health;
    - iv. Erosion risk mitigation;
    - v. Providing for the natural functioning of rivers and lakes;
  - b. Identify the values of the coast, and the processes and resources those values are dependent on;
  - c. Identify airsheds based on geographical and physical boundaries, for the management of air quality;
  - d. Investigate and provide guidance on:
    - i. The inventory and mapping of soil resources;
    - ii. The location and extent of significant soil;
    - iii. Identification of threats to the life-supporting capacity of soil resources;

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<sup>6</sup> Procedural Decision [2019] NZEnvC 42 dated 15 March 2019 and Environment Court Consent Order dated 6 March 2020. Inserted pursuant to resolution of appeals under Policy 4.3.7.



## Schedule 6: Housing capacity

This schedule is populated in accordance with the National Policy Statement on Urban Development 2020, clause 3.6. It states the amount of development capacity that is sufficient to meet expected housing demand plus the appropriate competitiveness margin for Queenstown Lakes and Dunedin.

Queenstown Lakes		
Short-medium term (2020 – 2030)	Long term (2031 – 2050)	30 Year Total (2020 – 2050 additional)
6,220	12,980	19,200
Dunedin		
Short-medium term (2024 – 2034)	Long term (2035 – 2054)	30 Year Total (2024 – 2054 additional)
5,120	1,430	6,550

This schedule will be amended<sup>2</sup> in accordance with NPS Urban Development Capacity<sup>2</sup> requirements. Refer to Policy 4.5.1(c) Providing for urban growth and development.

Tier 2 Urban Environment	Short-Medium Term (0-10 years)	Long Term (11-30 years)
Queenstown <sup>3</sup>	6,400	12,980
Dunedin <sup>4</sup>	5,820	5,510

Source/Notes:

<sup>1</sup> **Last Updated:** Amendment 1, 13 April 2022, insert table and its contents, and related notes in accordance section 55(2A) of the RMA.

<sup>2</sup> **National Direction:** National Policy Statement Urban Development Capacity 2016 has been replaced from 20 August 2020 by the National Policy Statement on Urban Development 2020, and the figures are now referred to as 'housing bottom lines' rather than 'minimum targets' for sufficient, feasible development capacity for housing.

<sup>3</sup> **Queenstown:** Market Economics, *Housing Development Capacity Assessment 2021, Queenstown Lakes District, 15 September 2021 – Final*. Accessed from: <https://www.qldc.govt.nz/media/0wuf40qi/queenstown-lakes-district-housing-development-capacity-assessment-2021-technical-report.pdf>  
 Figures sourced from Table 9.6, Total District Urban Environment (+ Margin) row, modified to align to NPDUD timeframes (Long term is calculated as the 2020-2050 figure less the 2020-2030 figure). Figures rounded to nearest 10.

<sup>4</sup> **Dunedin:** Dunedin City Council, *Housing Capacity Assessment Dunedin City, July 2021*. Accessed from [https://www.dunedin.govt.nz/\\_data/assets/pdf\\_file/0009/831744/Housing\\_capacity\\_assessment\\_for\\_Dunedin-City-2021.pdf](https://www.dunedin.govt.nz/_data/assets/pdf_file/0009/831744/Housing_capacity_assessment_for_Dunedin-City-2021.pdf)  
 Figures sourced from Table 2: Sufficiency of housing capacity, Capacity Required row, modified to align to NPDUD timeframes (Long term is 2020-50 figure less 2020-30 figure) Figures are rounded to nearest 10.

## Glossary

- b) Habitat structure (e.g. vegetation tiers, vegetation pattern)
- c) Ecosystem function (e.g. nutrient cycling rates)
- d) People's use of and cultural values associated with biodiversity (e.g. particularly valued habitats or species).

<b>Nohoaka/Nohoanga</b>	Seasonal settlements.
<b>Originally rare</b>	In relation to terrestrial ecosystems, “originally” means the ecosystem type was present when Māori arrived, and still exists today. “Rare” means the total extent of each originally rare ecosystem type is less than 0.5 percent of New Zealand’s total area – that is, less than 134,000 hectares. A published list of originally rare terrestrial ecosystem types has been compiled by Landcare Research and is available from that organisation.
<b>Papakāika</b>	Traditional settlement or settlement on traditional land.
<b>Papatipu Rūnaka/Rūnanga</b>	Local manawhenua representative group or community system of representation.
<b>Pounamu</b>	Nephrite, greenstone, jade.
<b>Port Activities<sup>7</sup></b>	Means the loading or unloading of ships for export or import purposes, including storage facilities and other related activities for the operation of the port area.
<b>Primary Production</b>	The use of land and auxiliary buildings for the production (but not processing) of primary products (including agricultural, pastoral, horticultural, and forestry products). Primary production does not include land or auxiliary buildings used or associated with prospecting, exploration, or mining for minerals.
<b>Rāhui</b>	Restriction on access to a specific resource for a particular time.
<b>Rakātira</b>	Chief.
<b>Rakātirataka</b>	Chieftainship, decision-making rights.
<b>Renewable electricity generation</b>	The generation of electricity from solar, wind, hydro electricity, geothermal, biomass, tidal, wave, or ocean current energy sources.

<sup>7</sup> Inserted pursuant to Environment Court decision No. [2018] NZEnvC 183.

### **8.9. Adding Housing Bottom Lines to the Partially Operative Regional Policy Statement 2019**

**Prepared for:** Council

**Report No.** POL2402

**Activity:** Community: Governance & Community

**Author:** Patricia McLean, Senior Policy Analyst - Urban Growth and Development

**Endorsed by:** Anita Dawe, General Manager Policy and Science

**Date:** 21 February 2024

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#### **PURPOSE**

- [1] The purpose of this report is to seek approval to insert into the partially operative Regional Policy Statement 2019 the 'Housing Bottom Lines' for the Dunedin and Queenstown urban environments, in accordance with the National Policy Statement for Urban Development 2020 (NPSUD), and to give public notice of the insertion on 24 February 2024.

#### **EXECUTIVE SUMMARY**

- [2] The NPSUD requires Regional Councils to insert housing bottom lines into its operative or partially operative Regional Policy Statement (RPS) for the tier 1 or tier 2 urban environments within its jurisdiction as soon as practicable after the Housing and Business Capacity Assessments are made public. In Otago, Dunedin and Queenstown Lakes are categorised in the NPSUD as tier 2 urban environments.
- [3] The NPSUD directs Council to insert the housing bottom lines directly into the RPS, without using the Schedule 1 process (under section 55 of the Resource Management Act (RMA) 1991). Public notice of the amendments must be given within 5 working days of making them.
- [4] Public notice of the insertion is proposed for 24 February 2024, which is within 5 working days from this Council meeting on 21 February 2024, subject to Council approval of the insertion of the housing bottom lines.
- [5] This report sets out the housing bottom lines according to the most recent Housing Capacity Assessment prepared by Dunedin City Council (October 2023)<sup>1</sup> and Queenstown Lakes District Council (2021)<sup>2</sup>.
- [6] The Queenstown Lakes District Council is currently preparing an updated Housing Capacity Assessment due to higher than projected population growth. This revised assessment is expected to be completed by the end of 2024 and the RPS will be amended accordingly as required by the NPSUD.

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<sup>1</sup> Housing Capacity Assessment update Dunedin City (October 2023), [https://www.dunedin.govt.nz/\\_data/assets/pdf\\_file/0017/1020635/Housing-capacity-assessment-for-Dunedin-City-2023.pdf](https://www.dunedin.govt.nz/_data/assets/pdf_file/0017/1020635/Housing-capacity-assessment-for-Dunedin-City-2023.pdf)

<sup>2</sup> <https://www.qldc.govt.nz/media/iqrcgro/queenstown-lakes-district-housing-development-capacity-assessment-2021-main-report.pdf> (ref Housing Capacity three-yearly reports)

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## RECOMMENDATION

*That the Council:*

- 1) **Notes** this report.
- 2) **Approves** the insertion of Housing Bottom Lines for the Dunedin and Queenstown Lakes urban environments into the partially operative Regional Policy Statement 2019.
- 3) **Approves** public notice of the Housing Bottom Lines for the Dunedin and Queenstown urban environments on 24 February 2024.

## BACKGROUND

- [7] Clause 3.6 of the National Policy Statement on Urban Development 2020 (NPSUD) requires that tier 1 and tier 2 urban environments insert housing bottom lines into Regional Policy Statements and District Plans as soon as practicable after Housing and Business Capacity Assessments (HBA) are made publicly available. Otago contains two tier 2 urban environments: Queenstown Lakes and Dunedin City. HBAS are to be revised at least every three years.
- [8] The housing component of the HBA calculates the amount of net additional dwellings required to accommodate reasonably expected population growth and change over the short to medium term (the next 10 years, or years 1-10 inclusive) and over the long term (the 20 years after that or years 11-30 inclusive), plus a specified percentage margin of 10 to 15 percent. The housing bottom lines are the minimum amount of housing capacity that is needed to meet demand for housing over the short to medium term and long term. They set the amount of housing that must be plan-enabled, infrastructure-ready and expected to be realised within each time frame. The housing bottom lines set out in this document reflect the most recent assessments.
- [9] ORC initially inserted Housing Bottom Lines into the partially operative RPS in November 2021<sup>3</sup>

## DISCUSSION

- [10] Housing bottom lines provide a measurable target for assessing planning and investment decisions, and for all planning, consenting, and financial decision-making undertaken by the local authorities with joint responsibility for the urban environment. They also provide guidance to other partners, parties, and stakeholders (such as iwi, Central Government departments, non-council infrastructure providers, developers, landowners, and the public) about what to expect over the next 30 years.
- [11] Housing bottom lines will also inform the Dunedin and Queenstown Lakes Future Development Strategies (FDS). The Dunedin draft Future Development Strategy has been completed, was publicly notified on 31 January 2024, and will be open for public consultation until 28 February 2024. The Dunedin FDS is expected to be adopted by the ORC and DCC mid-2024.

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<sup>3</sup> [genda-strategy-and-planning-20211110.pdf \(orc.govt.nz\)](#)

[12] The housing bottom lines for Queenstown Lakes in this report are based on the district's most recent Housing and Business Development Capacity Assessment completed in 2021. Queenstown Lakes District Council is in the process of revising this assessment due to higher-than-expected population growth since 2021, and a further amendment to the RPS will be needed once these are available.

[13] The housing bottom lines for the Queenstown Lakes and Dunedin urban environments are:

Queenstown Lakes		
Short-medium term (2020 – 2030)	Long term (2031 – 2050)	30 Year Total (2020 – 2050 additional)
6,220	12,980	19,200
Dunedin		
Short-medium term (2024 – 2034)	Long term (2035 – 2054)	30 Year Total (2024 – 2054 additional)
5,120	1,430	6,550

## OPTIONS

[14] **Option 1 (Recommended option):** The Council approves the insertion of the housing bottom lines into the partially operative Regional Policy Statement 2019.

Advantages: This would comply with the NPSUD directive to amend the RPS 'as soon as practicable' after the publication of the HBAs.

Disadvantage: There are no known disadvantages.

[15] **Option 2:** The Council does not approve the insertion of the housing bottom lines into the partially operative Regional Policy Statement 2019.

Advantages: There are no known advantages.

Disadvantages: This option does not comply with the NPSUD directive to amend the RPS 'as soon as practicable' after the publication of the HBAs.

## CONSIDERATIONS

### Strategic Framework and Policy Considerations

[16] The insertion of the housing bottom lines in the partially operative Regional Policy Statement 2019 contributes to the following strategic objectives: sustainable and quality urban development, and regional leadership. It also complies with Central Government policy direction on urban development.

### Financial Considerations

[17] There are no financial considerations.

### Significance and Engagement

[18] The proposed insertion of the housing bottom lines does not trigger any relevant aspects of the Significance and Engagement Policy.

- [19] These insertions must be made without using the process in Schedule 1 of the RMA 1991 and their insertion be publicly notified within five working days of approval by Council (in accordance with section 55(2A) of the RMA 1991).

**Legislative and Risk Considerations**

- [20] Insertion of the housing bottom lines into the RPS is required by the NPSUD, which has the status of regulations under the RMA.

- [21] There are no known risks.

**Climate Change Considerations**

- [22] There are no climate change considerations.

**Communications Considerations**

- [23] If approved, public notice of the housing bottom lines will be given on 24 February 2024, i.e., within five working days of approval by Council (in accordance with section 55(2A) of the RMA).

**NEXT STEPS**

- [24] Pending Council approval, staff will insert the relevant information into the partially operative Regional Policy Statement 2019 and will arrange for public notice to occur on 24 February 2024.

**ATTACHMENTS**

Nil

### 8.10. Kuriwao Lease S224 Land Sale

**Prepared for:** Council  
**Report No.** CS2409  
**Activity:** Governance Report  
**Author:** Janet Ashcroft, Legal Counsel  
**Endorsed by:** Nick Donnelly, General Manager Corporate Services  
**Date:** 21 February 2024

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#### PURPOSE

- [1] The lessee of Kuriwao Endowment Lease S224; The Limberlost Limited (the Lessee), has requested Council sell to it the land it leases under the Otago Regional Council (Kuriwao Endowment Lands) Act 1994 (the Act).
- [2] The leased land is at 187 Hazeldale Road, Clinton; being legally described as an estate in freehold of 488.0001 hectares and being Sections 6 and 7, Survey Office Plan 24500, Record of Title OT18B/865 (the Land). A copy of the Record of Title is included with this report as **Attachment 1**.
- [3] The Lessee has a right of acquisition of the Land which Council cannot refuse.

#### EXECUTIVE SUMMARY

- [4] Council endorsement is sought for the sale of the Land and registration of a Conservation Covenant under section 77 of the Reserves Act 1977 for conservation areas over the parts of the Land marked in orange and labelled 'Swamp – Fenced Ungrazed' on the map included with this report as **Attachment 2**.

#### RECOMMENDATION

*That Council:*

- 1) **Receives** this report.
- 2) **Authorises** the sale of the Land to the Lessee subject to entering into satisfactory terms and conditions of sale which include the requirement of the Conservation Covenant.
- 3) **Subject to 2) above:**
  - a. **Authorises** Council to execute the Deed of Conservation Covenant and affix the Common Seal thereto.
  - b. **Authorises** the Chief Executive to execute the Sale and Purchase Agreement.
  - c. **Authorises** the Chief Executive to sign an authority and instruction form for the sale of the Land and registration of the Conservation Covenant.
  - d. **Confirms** that the net sale proceeds be applied in accordance with the Act.

#### BACKGROUND

- [5] Under the Act, responsibility for administering the Kuriwao Endowment Leases (which are renewable in perpetuity) was passed from the Crown to Council. The Act includes a mechanism for Council to sell the freehold interest in the leased land (or any part of that
-

land) to the current lessee. Those sales are under the Land Act 1948 (the Land Act) and a contract to sell the freehold interest is formed when a lessee gives notice of an intention to purchase. The Land Act contains the mechanism for determining the price for the freehold interest and allows other terms and conditions to be agreed by the Council and a lessee.

- [6] In 1994 there were 18 Council administered Kuriwao Leases comprising 16,718 hectares.
- [7] In March 1995 Council passed a resolution endorsing a nine-step administrative procedure for responding to requests to sell (freehold) Kuriwao Endowment Leases, the steps are:
1. Council receives a formal written request to freehold and agrees to initiate the administrative process;
  2. Council establish contact with the lessee and view the property;
  3. Council make a preliminary identification of matters that warrant particular consideration;
  4. Council confers with the relevant Fish and Game Council and Department of Conservation, seeking advice on the values for which they have statutory involvement;
  5. Council confers with the lessee about any conservation or other matters identified that in the Council's opinion warrant particular consideration and reviews with the lessee ways in which such matters might be handled. Likely survey and valuation requirements reviewed with the lessee;
  6. Negotiations undertaken between the lessee and Council to obtain draft terms and conditions of sale;
  7. Draft terms and conditions be approved by Council;
  8. Agreement and freeholding concluded;
  9. If the procedure falters at any stage, then the Council must be informed of the reasons and decide where and how to continue the process.
- [8] In 1998, Council surveyed each Kuriwao Endowment Lease and new freehold and leasehold titles were created.
- [9] Since 2010, Council has actively promoted selling the Kuriwao Endowment Leases.
- [10] Under the Land Act the sale price of a freehold interest in the leased land must be a price not less than the capital value of the land as determined by a Registered Valuer. As the freehold interest is subject to a leasehold interest in the renewable lease the freehold value is therefore much less than if the land were sold unencumbered by a lease.
- [11] Kuriwao lands are endowments vested in the Council, on trust, for the purposes set out in the Act. The trust applies not only to the land itself, but to proceeds from sales. The Act defines the purposes for which any of the income from the land (including the proceeds from the sale of the land) may be used:
- a. To pay firstly the costs, charges, and expenses reasonably incurred by Council in administering the land, any leases of the land, or any funds obtained by the sale.
  - b. To use the balance for, as the Council, in its absolute discretion, thinks fit:
    - I. Works for the benefit of the Lower Clutha District which is defined in the Act under five subdivisions; Balclutha, Kaitangata, Inch-Clutha, Matau and Otanomomo;



- II. Servicing any loans raised for works for the benefit of the Lower Clutha Special Rating District;
- III. Carrying out the functions, performing the duties, and exercising the powers of the Council under section 5 of the Act for the benefit of the Lower Clutha District, including the Council's general administration expenses incurred in respect of the Lower Clutha District.

[12] Sixteen Kuriwao Endowment Leases have been sold. Once Lease S224 has been sold there will only be one Kuriwao lease being administered; S225/CA9095. That lease is commonly known as the Retreat Trust. There has been no request to freehold that land.

#### **Lease S224**

[13] The Lessee has leased the Land through Council on a 33-year renewable lease since the 1990s. A summary of the Lessee Company is included with this report as **Attachment 3**.

[14] On 4 March 2008, an application to Freehold (purchase) the Land was received and consequently the contract to sell the freehold interest was formed. A copy of the application is included with this report as **Attachment 4**.

[15] In 2008 Council commissioned and received an Ecological report. Council provided Otago Fish & Game Council and the Department of Conservation with a copy of the Ecological report and both the Fish & Game Council and the Department of Conservation supported the use of a covenant to protect the area of ecological value. Copies of those documents are included with this report as **Attachment 5**.

[16] QV was engaged and provided and assessed the capital value of the Land at \$557,257.45 plus GST (if any). A copy of the QV Valuation is included with this report as **Attachment 6**.

[17] In 2012 a Freeholding valuation letter was sent to the Lessee with the value as assessed at the 4 March 2008 application date. The Lessee rejected the valuation, and on 11 June 2012 indicated that it had engaged its own valuer and wished the freehold value to be determined by the Land Valuation Tribunal (LVT). Copies of those documents are included with report as **Attachment 7**.

[18] Despite the passage of time the contract to sell formed in 2008 continued. The sale continues with the price set by the LVT. However, under the Land Act it is Council's responsibility as 'Commissioner' to file the application to the LVT and this did not occur in 2012 or subsequently.

[19] In 2019 Council re-presented the 2012 letter of offer to the Lessee who confirmed it wished to continue (with its purchase).

[20] The capital value of the Land is set as at 2008 when the notice/application to freehold was received. Under the Land Act the value to be considered (or determined by the LVT) are those 'then' in existence; being the valuation exclusive of improvements at the date of notice.

[21] Section 14(6) of the Act (which modifies the Land Act as required) notes the other terms may be negotiated and agreed by the parties. There is no requirement in the Acts regarding the other reports; they are outside the requirements of the legislation.

[22] Although it is now 2024 the required LVT process was settled in 2019 when the 2008 price was agreed upon.

### **OPTIONS**

[23] Council cannot refuse to sell to the Lessees the freehold interests in the leased land.

### **CONSIDERATIONS**

#### **Strategic Framework and Policy Considerations**

[24] Since 2010, Council has actively promoted selling the Kuriwao Endowment leased land to the lessees.

#### **Financial Considerations**

[25] Once the land is sold, Council will no longer receive the annual rental from the lease.

[26] The Act defines the purposes for which any of the income (including the proceeds from the sale of land) may be used.

#### **Significance and Engagement Considerations**

[27] The Lessee has a right to freehold the land.

[28] The Significance and Engagement policy is not triggered.

#### **Legislative and Risk Considerations**

[29] The freeholding and sale procedure is regulated by the Otago Regional Council (Kuriwao Endowment Lands) Act 1994 and the Land Act 1948.

[30] Nothing in the Local Government Act 2002 alters this procedure.

[31] The Lessees have a right of acquisition of the freehold interest in the land.

[32] The delivery of notice of the intention to freehold (purchase) constituted a contract between the Council and the Lessee.

#### **Climate Change Considerations**

[33] There are no climate change considerations associated with this report.

#### **Communications Considerations**

[34] There are no communication considerations associated with this report.

### **ATTACHMENTS**

1. Attachment 1 O T 18 B 865 Title Search Copy [8.10.1 - 2 pages]
2. Attachment 2 CONSERVATION COVENANT [8.10.2 - 9 pages]
3. Attachment 3 Limberlost Ltd Company Extract [8.10.3 - 1 page]
4. Attachment 4 Request to Freehold [8.10.4 - 1 page]
5. Attachment 5 CONSERVATION VALUES - FREEHOLDING KURIWAO LEASEHOLD ESTATE - LIMBERLOST [8.10.5 - 12 pages]

6. Attachment 6 Valuation Report [**8.10.6** - 16 pages]
7. Attachment 7 [**8.10.7** - 3 pages]



**RECORD OF TITLE  
UNDER LAND TRANSFER ACT 2017  
FREEHOLD  
Search Copy**



  
R.W. Muir  
Registrar-General  
of Land

**Identifier** OT18B/865

**Land Registration District** Otago

**Date Issued** 17 July 1997

**Prior References**

OT15B/530 OT15C/542

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**Estate** Fee Simple

**Area** 488.0001 hectares more or less

**Legal Description** Section 6 and Section 7 Survey Office Plan  
24500

**Registered Owners**

Otago Regional Council

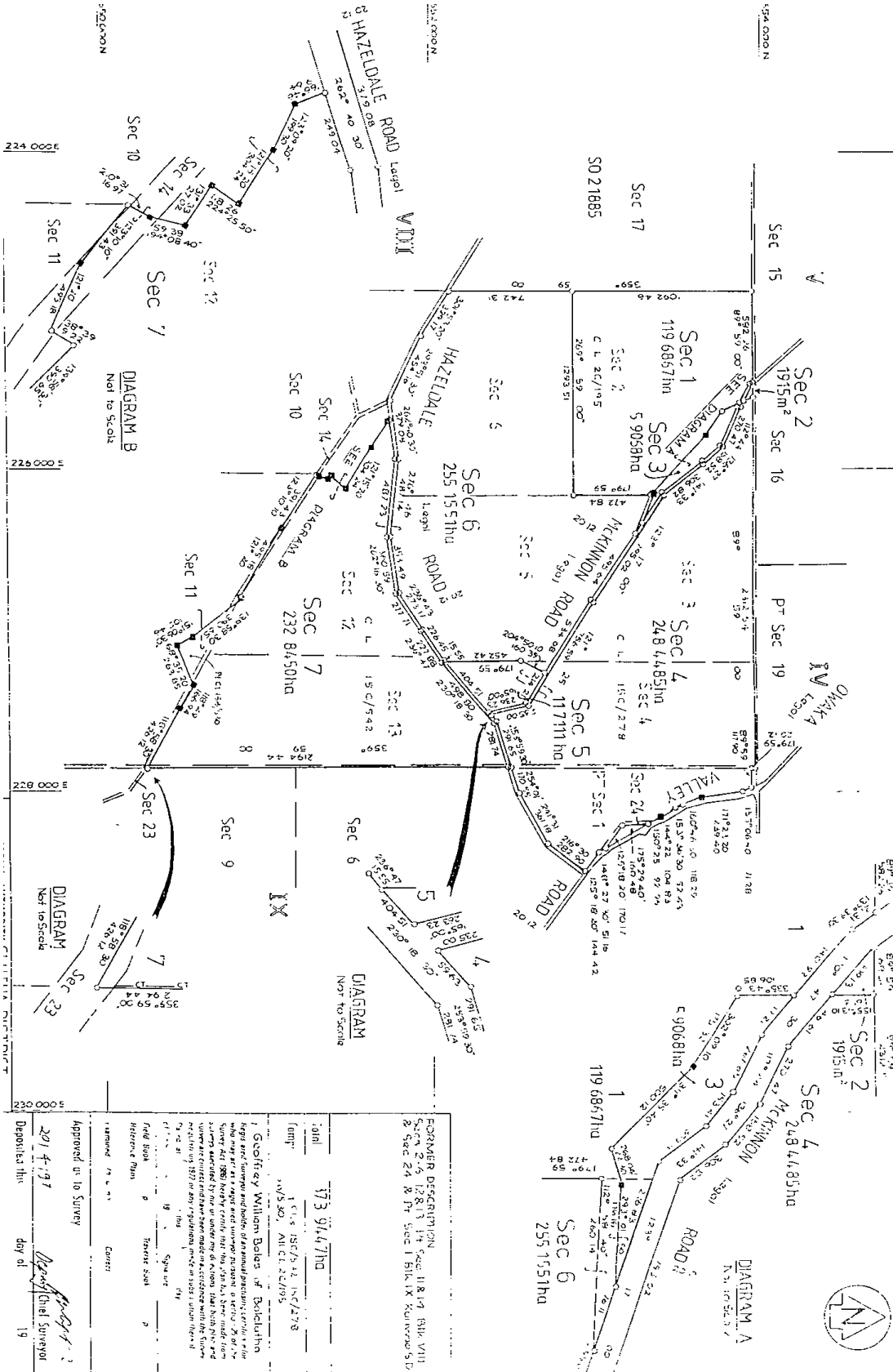
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**Interests**

12740020.1 Renewable Lease embodied in the register, Leasehold Record of Title 1134156 issued - 27.7.2023 at 12:33 pm

Identifier

OT18B/865



APPENDIX A

DATED

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BETWEEN OTAGO REGIONAL COUNCIL

AND THE LIMBERLOST LIMITED

---

CONSERVATION COVENANT

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ROSS DOWLING MARQUET GRIFFIN  
SOLICITORS  
DUNEDIN

**THIS DEED** is dated

**PARTIES**

- 1 **OTAGO REGIONAL COUNCIL** a body corporate under the Local Government Act 2002 ("Council")
- 2 **THE LIMBERLOST LIMITED** ("Covenantor")

**BACKGROUND**

- A. The Covenantor is the registered proprietor of an estate in fee simple of 488.0001 hectares more or less, legally described Section 6 and Section 7 Survey Office Plan 24500, contained in Record of Title OT18B/865 ("Land").
- B. The Council is a local authority within whose region the Land is situated.
- C. The Council is authorised by section 77 of the Reserves Act 1977 ("the Act") to obtain conservation covenants in respect of land for the purposes of managing such land to preserve the natural environment, or landscape amenity, or wildlife or fresh-water life or marine life habitat or historical value, and such covenants are deemed to be an interest in land capable of registration under the Land Transfer Act 1952.
- D. The Covenantor has agreed to grant the Council a conservation covenant over the Land.

**OPERATIVE PART**

**1 Definitions**

- 1.1 **Council** includes the successors of Council and, for the purposes of exercising the rights and powers of Council under this deed, the members, officers, employees, agents, contractors (and their sub-contractors) of the Council;
- 1.2 **Covenantor** includes any person named in this deed as the covenantor and that person's successors (as defined in section 40 (5) of the Public Works Act 1981); and also includes any person who holds any right, estate or interest in the Land;

- 1.3 **Freeholding Agreement** means an agreement for sale and purchase of real estate between the Council as vendor and the Covenantor as purchaser, by which the Council sold the fee simple estate in the Land to the Covenantor, dated [ ] 2023;
- 1.4 **Working Day** means any day of the week other than Saturday, Sunday or a public holiday at Dunedin, New Zealand; and
- 1.5 **Written Notice** means notice in writing served on a party by:
- 1.5.1 Personal delivery;
  - 1.5.2 Posting by ordinary mail to that parties last known or usual place of residence of business, in which case it shall be deemed to have been served on the second Working Day following the date of posting; or
  - 1.5.3 Facsimile transmission to that parties last known or usual facsimile number, in which case it shall be deemed to have been served when the sender's facsimile machine reports that the notice has been transmitted.

## **2 Grant of covenant**

- 2.1 In consideration of the entry by Council into the Freeholding Agreement and this deed, the Covenantor grants to the Council covenants for conservation areas over the parts of the Land marked in orange and labelled 'Swamp – Fenced Ungrazed' on the map attached to this deed as Schedule A ("Conservation Area"), which areas are approximate and subject to survey.

## **3 Covenants**

- 3.1 The Covenantor covenants with the Council with respect to the Conservation Area that the Covenantor shall at its own cost:
- 3.1.1 Not undertake any physical works (including, without limitation, earthworks, drainage works and building works) within the Conservation Area without the prior written consent of the Council.



- 3.1.2 Maintain drains and waterways on the Land so as to preserve the quality of water within the Conservation Area, and use best endeavours to prevent any contamination.
- 3.1.3 Permit Council access over the Land to the Conservation Area to monitor their status.
- 3.1.4 Not transfer mortgage, lease or otherwise deal with the Land without first giving written notice of this deed and its terms to the other party and giving written notice to Council of the transfer, mortgage, lease or other dealings.
- 3.1.5 Maintain all fences surrounding the Conservation Area in a good stock proof condition.
- 3.1.6 Prevent stock from entering the Conservation Area, and in the event that any of stock enters the Conservation Area immediately remove the stock and do all things necessary to prevent re-entry.

#### **4 Registration**

- 4.1 The Council shall arrange for this covenant to be registered against the title to the Land. The Council shall procure a survey (if required) and as soon as practicable arrange for the registration of the covenant granted under this deed, and the contemporaneous surrender of any compensation certificate.
- 4.2 The Covenantor shall immediately when called upon the do so sign all documents (including an instrument recording the terms of this covenant other than those superseded by registration) and do all things required of it by the Council to enable the Council to give effect to clause 4.1 and to register the covenant granted under this deed.
- 4.3 The Council shall be permitted access to the Land to enable the preparation of a survey plan (at the expense of the Council) so as to enable registration of the covenant against the title to the Land.

#### **5 Compensation**

- 5.1 The Covenantor acknowledges that the entry by the Council into the Freeholding Agreement and this deed is full compensation for the grant of the covenant under this

deed and that the Covenantor shall not be entitled to any further compensation for any matter connected with this covenant.

- 5.2 The Council may register a compensation certificate under section 19 of the Public Works Act 1981 against the Land, pending registration of the covenant instrument in accordance with clause 4 of this deed.

## **6 Default**

- 6.1 If one party alleges that the other is in breach of its obligations under this deed then:
- 6.1.1 The party alleging the default may serve on the other party Written Notice requiring the defaulting party to remedy the breach; the notice must state the term of this deed which is alleged to have been breached and the grounds upon which the party serving the notice contends that a breach has occurred. The notice must give the other party five Working Days from service of the notice to remedy the breach.
- 6.1.2 If after the expiry of five Working Days from the date of service of the notice, the party served with the notice has not remedied its breach, or given notice of dispute, the other party may:
- 6.1.2.1 Enter the land to which the breach relates; and/or
- 6.1.2.2 Remedy the breach; and/or
- 6.1.2.3 In the case of the Council, exercise its power of attorney under clause 8.
- 6.2 The party in breach is liable to pay to the party serving the notice the costs of preparing and serving the notice and the costs incurred in remedying the breach.
- 6.3 The other party may recover from the party in breach, as a liquidated debt, any money payable under this clause.
- 6.4 Nothing in this clause limits any other rights and remedies available to the party alleging breach.

**7 Disputes**

7.1 If any party considers that a dispute has arisen under clause 6, then:

7.1.1 The party which claims the dispute exists may serve Written Notice on the other party giving full particulars of the dispute.

7.1.2 The parties must promptly meet and in good faith try to resolve the dispute using informal dispute resolution techniques which may include negotiation, mediation, independent expert appraisal or any other technique that might be agreed between the parties.

7.1.3 If the dispute is not resolved within ten Working Days of the service of notice of the dispute, or such longer period as the parties may agree, the dispute must be referred to arbitration in accordance with the Arbitration Act 1996 for determination by a single arbitrator to be appointed by the parties, or failing agreement to be appointed by the president of the Otago branch of the New Zealand Law Society or his or her nominee.

**8 Power of attorney**

8.1 The Covenantor irrevocably appoints the Council as the Covenantor's attorney in relation to this deed.

8.2 The Council, as attorney:

8.2.1 May sign any documents on behalf of the Covenantor including, without limitation, documents required to be signed under clause 4.2 of this deed; but

8.2.2 Is not obliged to do so.

**9 Surrender**

9.1 The Council must surrender the covenants in this deed if the Covenantor enters into an open space covenant under section 22 of the Queen Elizabeth the Second National Trust Act 1977 under which the Conservation Areas are protected to at least the same extent as is provided for in this deed.

**10 Costs**

10.1 Each party shall meet its own legal and other costs with respect to this deed.

**11 Counterparts**

11.1 This deed may be executed:

11.1.1 In two or more counterparts, all of which are deemed originals, but which together constitute one deed; and

11.1.2 By facsimile or scanned copies signed by the parties, provided that immediately after transmission of the executed agreement each party will forward to the others the original executed copies for the purpose of forming the counterparts referred to in 11.1.1 above.

**12 Further assurances**

12.1 Each party covenants to execute such further instruments and do such further acts as may be necessary or desirable to carry out the covenants made herein, including to;

12.1.1 Promptly execute and deal with such documents as shall be reasonably be required;

12.1.2 Promptly complete all electronic transactions as shall reasonably be required;

12.1.3 Convey promptly to each party all material notifications, orders and demands and other communications received by any governmental or other authority in relation to this deed;

12.1.4 Comply with all applicable laws of New Zealand; and

12.1.5 Promptly take all necessary steps in its part to give full effect to the terms and conditions of this deed.

**13 Compliance with Laws**

To avoid doubt nothing in this deed shall:

- 13.1 Limit the obligations of the Covenantor under any regional plan or proposed regional plan or other regulatory instrument promulgated by the Council; nor
- 13.2 Oblige the Council to exercise any right or power under this deed to comply with any obligation of the Covenantor under any regional or district plan or proposed regional or district plan or any other law; nor
- 13.3 Fetter or restrict in any way the Council's statutory functions, duties, discretions and powers.

**EXECUTED** as a deed

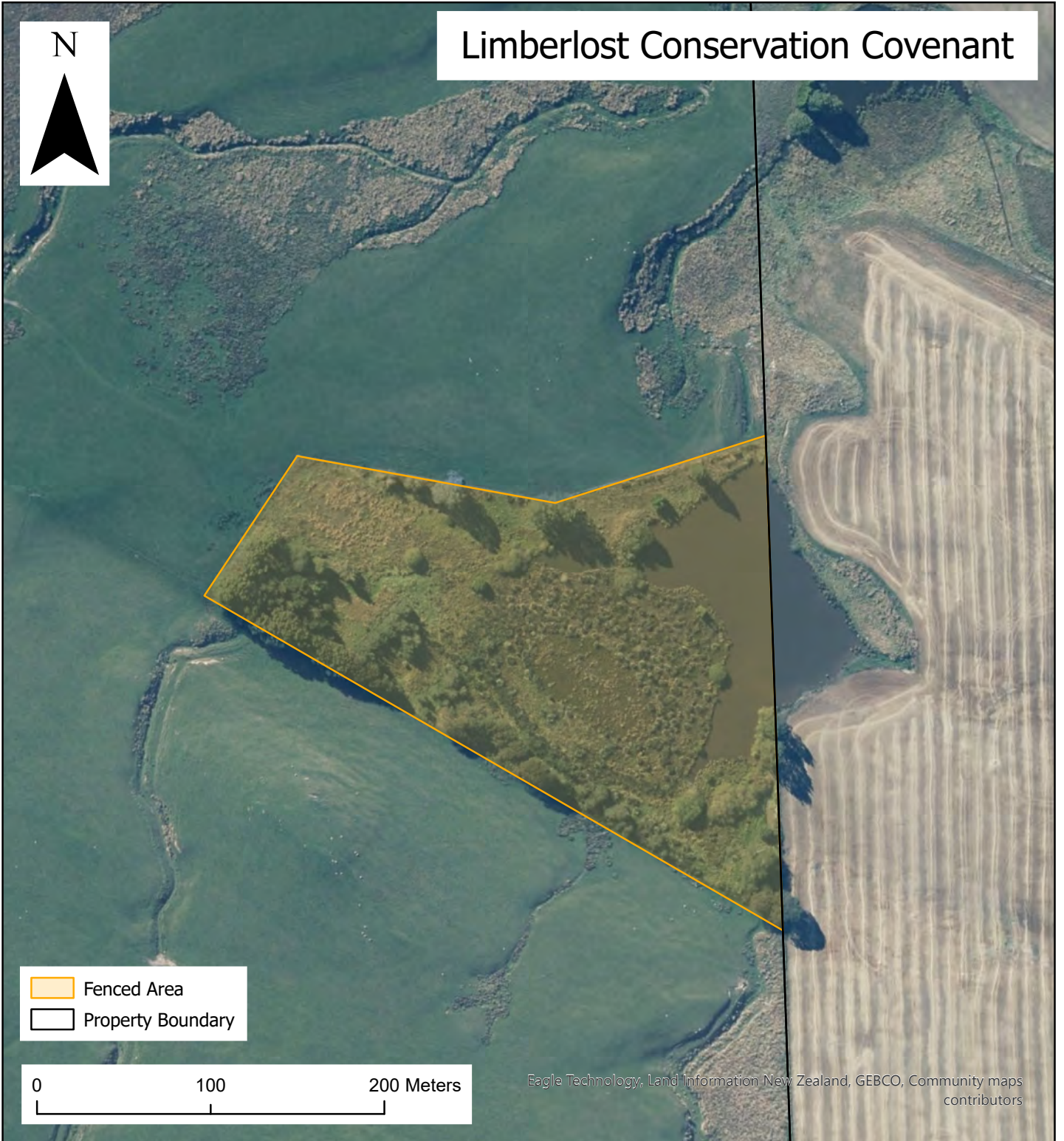
The Common Seal of the  
**OTAGO REGIONAL COUNCIL**  
was affixed in the presence of:

\_\_\_\_\_  
\_\_\_\_\_

**SIGNED** by  
**THE LIMBERLOST LIMITED**  
as Covenantor in the presence of:

\_\_\_\_\_  
\_\_\_\_\_

# Limberlost Conservation Covenant



Eagle Technology, Land Information New Zealand, GEBCO, Community maps contributors





## Company Extract

### THE LIMBERLOST LIMITED

### 346664

### NZBN: 9429039600592

<b>Entity Type:</b>	NZ Limited Company
<b>Incorporated:</b>	03 Aug 1987
<b>Current Status:</b>	Registered
<b>Constitution Filed:</b>	Yes
<b>Annual Return Filing Month:</b>	April

**Ultimate holding company:** No

#### Company Addresses

##### Registered Office

Harvie Green Wyatt, Chartered Accountants, Level 5, 229 Moray Place,  
Dunedin Central, Dunedin, 9016, NZ

##### Address for Service

Harvie Green Wyatt, Chartered Accountants, Level 5, 229 Moray Place,  
Dunedin Central, Dunedin, 9016, NZ

#### Directors

WALKER, Helen Christine  
187 Hazeldale Road, Rd 1, Clinton, 9583, NZ

#### Shareholdings

**Total Number of Shares:** 10,000

**Extensive Shareholdings:** No

9,999 WALKER, Helen Christine  
187 Hazeldale Road, Rd 1, Clinton, 9583, NZ

1 EVANS, Stephen Paul  
187 Hazeldale Road, Rd 1, Clinton, 9583, NZ

For further details relating to this company, check <https://app.companiesoffice.govt.nz/co/346664>

Extract generated 31 January 2024 10:30 AM NZDT

27<sup>th</sup> February 2008

The Chief Executive  
Otago Regional Council  
Private Bag 1954  
DUNEDIN



Dear Sir

00724534

**Re: Application to Freehold Renewable Lease OT15C/542.**

I am the sole shareholder in "The Limberlost Ltd" which is the lessor of the 488 ha of land.

I wish to apply to freehold this area, and had intended to do so on the basis of the valuation for rent review purposes.

You will be aware that the valuation for the renewal of rental has been decided by arbitration and the award has come to hand today. I am very concerned about the delays in having this matter settled. I certainly feel that the delay has been no fault of mine or my valuer.

The valuation was to be undertaken as at the 30<sup>th</sup> June 2005, for the rental review due 1<sup>st</sup> July 2006. It has taken till the date of this letter to have the valuation differences resolved.

I am prepared to pay \$430,000 plus GST (the award) to freehold this area, and would be very disappointed if the delays will penalise me, or involve me with extra costs for revaluation or reconsideration

Thank you in anticipation, and I look forward to your reply.

Yours faithfully

Helen Walker  
The Limberlost  
Kuriwao RD  
CLINTON





Robin Mitchell  
Kunzea Consultants  
King Edward Court  
261-291 Upper Stuart Street  
Dunedin  
Office: (03) 4779242  
Cell: 021 2287748  
robin@kunzea.co.nz  
www.kunzea.co.nz



12<sup>th</sup> June 2008

Mark Tully  
Senior Administration Officer  
Otago Regional Council  
Private bag 1954  
Dunedin

00731890

**Conservation Values – Freeholding Kuriwao Leasehold Estate – “Limberlost”**

Dear Mark,

Please find attached a copy of the report detailing my assessment of conservation values existing on the Limberlost leasehold estate.

My report follows a farm visit on the 6<sup>th</sup> of June 2008. The weather was fine and dryer than average ground conditions, in conjunction with a familiarisation tour kindly given by the leaseholder Helen Walker, allowed me to inspect almost all of the farm on foot within the day. I am satisfied that no areas of importance were missed.

My primary aim was to identify the extent, cover and composition of remnant native vegetation on the farm. The farm mostly comprises of Peatland in various stages of improvement toward permanent pasture, the balance is hill country that has been over-sown and top-dressed.

Whilst a substantial proportion of the farm supports vegetation communities with a good amount of native plant cover (predominantly copper tussock – *Chionochloa rubra*), only two wetland areas were considered to be in a good enough condition to warrant the consideration of protection measures.

The leaseholder is sympathetic to the preservation of conservation values on her farm and also regards many of the areas with good tussock cover as vital shelter for stock, especially during lambing time. However, fencing off the best wetland area from stock was not considered an attractive option by the leaseholder owing to the consequent loss of stock sheltering provision.

Please do not hesitate to contact me if you require any further information or clarification.

Yours faithfully

Robin Mitchell

**Assessment of conservation values of the Limberlost Estate, Kuriwao Leasehold Lands.  
Report prepared for Mark Tully of the ORC**

On the 6<sup>th</sup> June 2008 a field visit was made to the Limberlost estate by Robin Mitchell with the aim of identifying any areas with significant conservation values whose future management regime might be considered within the current negotiations for freeholding. The Limberlost estate supports a sheep and beef farming system and comprises 487 hectares in the headwaters of the Waiwera River, situated 10km SSE of Clinton. The estate falls within the Waipahi Ecological District, Catlins Ecological Region.

Drier than average ground and favourable weather conditions enabled a walking tour to be made of the property over a period of 7 hours. The walking route taken attempted to cover the range of habitat types that exist on the property and in particular to visit all of the least modified wetland areas. The route was chosen as a result of prior analysis of aerial photos provided by the ORC as well as a guided ute-tour of the property kindly given by the leaseholder, Helen Walker.

All areas that support  $\geq 30\%$  native cover are highlighted yellow on the annotated aerial photo attached to this report. Annotations identify broad vegetation and wetland types and the two areas recommended for protection are highlighted orange. The estate is split into two blocks of roughly equal size by Hazeldale Road. The block to the north of the road is referred to herein as the 'northern block' and the one to the south the 'southern block'.

Most areas that at first glance were of apparent conservation value support an open canopy of *Chionochloa rubra ssp. cuprea* tussocks (hereafter referred to as copper tussock), however, the inter-tussock spaces are almost entirely exotic pasture grass. Patches of copper tussock Tussockland occur in some of the boggy low-lying areas as well as in narrow strips along several sections of stream course. These Tussocklands typically have some *Carex secta* tussocks and shrub species such as *Coprosma propinqua* and *Coprosma aff. Intertexta*, as well as the occasional fern bank (*Polystichum vestitum* & *Blechnum spp.*). Other classes of native vegetation supported in boggy areas include Rushland dominated by the native rush *Juncus gregiflorus* and Sedgeland characterised by vigorous growth of *Carex coriacea* (an endemic that is often a problem weed of pastures). These areas of Rushland and Sedgeland are mostly intermixed with copper tussock patches but occasionally occurred within a matrix of relatively unproductive pasture.

The only area of hill country that retains significant native cover is an approximately 11 hectare area in two strips that are located either side of a large degraded boggy Tussockland area in the southern part of the southern block (marked as OSTD on the aerial photo). Heavily grazed native tussocks of fescue tussock (*Festuca novae-zelandiae*) and copper tussock comprise around 40% cover here with exotic pasture grasses making up the balance. Rock outcrops in this area harbour shrub species such as *Melicotus alpinus*. No areas of Shrubland (where shrub cover exceeds that of any other growth form) existed on the estate and no individuals of the threatened large porcupine scrub (*Melicotus felxuosus*) that have been found on the adjacent Hazeldale estate were found on the Limberlost estate.

All areas of potential conservation value on the property are Palustrine (freshwater) wetlands of one type or another, since most of the 90 or so hectares of relatively well drained hill country have almost entirely lost their native tussock cover. Various remnants of wetlands remain across the estate however none other than the two detailed below are of any consequence in my opinion and I recommend that none other than these deserve protection.

The process followed to identify wetland areas deserved of protection measures is as follows. Indicators of good wetland condition used were primarily plant community composition and total native plant cover; in addition, hydrological integrity and stock damage were also used. Any wetlands found to be in good condition were subsequently considered to be of conservation value if they met any of the following three criteria for ecological significance commonly employed for private land

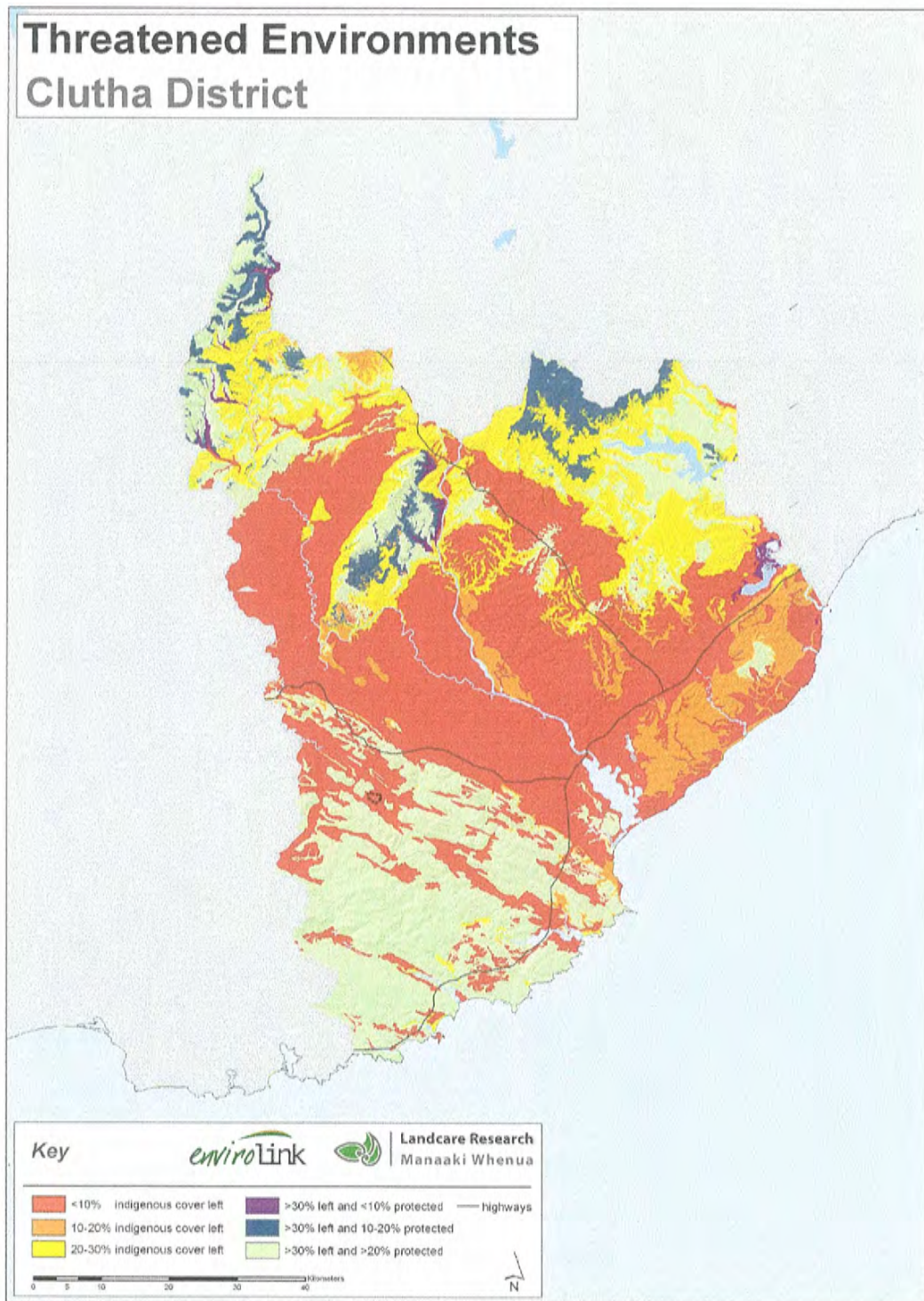
assessments under the auspices of the RMA section 6c (adapted from Norton & Roper-Lindsay (2004):

- Representativeness
  - The area contributes to the conservation of an important native ecosystem at the Ecological District scale. An *important* ecosystem is defined as one which only occupies a small proportion of its natural extent within the Ecological District. The criteria that guide decisions on importance involve its condition and the approximate percentage of the former extent that exists:
    - if an ecosystem has c.10% or less of its former extent persisting then any example is considered worthy of conservation;
    - whereas if c.20% or less persists, only high quality examples qualify as worthy.
- Ecological context
  - The area enhances the connectivity between other areas of conservation value, or provides buffering for another area of value, or, provides resources critical for the viability of indigenous species' populations.
- Rarity - Distinctiveness
  - The area supports the presence of a threatened species, or, one which is uncommon locally.

Only two areas, both in the southern block, were thought to be of sufficient ecological significance to warrant further consideration with regard to possible management recommendations. In terms of the criteria above, they both qualify on the basis of representativeness; a recent analysis of the Land Environments of New Zealand (LENZ) and the Land Cover Database (LCDB2) (Landcare Research New Zealand 2007) shows that natural ecosystems within the Land Environments that the Limberlost estate exists within are acutely threatened (i.e. that <10% of indigenous cover remains which is legally protected) - see Figure 1. In addition to this wetlands in general have recently been identified (Ministry for the Environment & Department of Conservation 2007) as a high priority nationally for protection in order to preserve the biodiversity that exists on private land. Wetlands also have a high value for their functional landscape utility in terms of flood control and water quality improvement.

The first significant area is a lens shaped area of fen (marked 'Fen' on the aerial photo) of approximately 5 ha that occurs in a shallow depression just to the NE of the homestead. The hydrological integrity of the fen is good with only the lower end having been canalised to increase the width of the watercourse for freer drainage. This wetland is made up of a mostly copper tussock canopy (ranging from 80% cover to 25% cover in the wetter centre) with a fine scale mosaic of inter-tussock ground cover including Mossfield (*Sphagnum cristatum*) and Rushland (*Empodisma minus*) patches. There are also some patches where *Carex coriacea* (rautahi) or *Juncus gregiflorus* dominate; *Carex secta* (niggerhead) is common in places and there are occasional shrubs of *Coprosma propinqua* (mingi mingi). The inter-tussock cover is around 85% native with the exotic balance being made up of mostly pasture grasses; however, the problem weed *Juncus articulatus* is present also. Other common native species include snowberry (*Pernettya macrostigma*), little hard fern (*Blechnum penna-marina*) and *Carex flagellifera*. Stock (sheep) access to the wetland is free and moderate trampling impact was evident throughout, although grazing damage to tussocks was minimal; it is probable that the wetness of the area discourages stock from entering for much of the year. Two areas of wetland with good native cover exist directly to the east and north of this fen, however, these are not considered worthy of protection owing to the levels of exotic plant cover, stock trampling and artificial drainage channels that exist within them.





**Figure 1:** Threatened Environments Classification map for the Clutha District; approximate area of the Limberlost estate is encircled by a black line.

The second significant area, a fenced off swamp with a large pond totalling approximately 6 ha in area, is positioned ESE of the homestead and borders on the estate boundary. The swamp is dominated by copper tussock, *Juncus gregiflorus* and flax with many individuals of *Coprosma propinqua* and cabbage tree. Owing to the prevalence of exotic species in the herb layer and the presence of some invasive exotic tree species, this area of wetland is not in as good condition as the fen area mentioned above but it nevertheless contains significant conservation values.

In terms of recommendations for protection measures, I suggest that open space QEII covenants be considered for both of these areas. Conversations with the Leaseholder suggest that fencing of the fen would not be an attractive option owing to the resultant loss of shelter for stock, especially during lambing season. Stock exclusion would undoubtedly maintain or improve conservation values of the fen, nonetheless, as long as the current levels of grazing intensity are not increased and burning of the fen vegetation is not employed as a management tool (according to the leaseholder it has not been until now), existing conservation values would not decline rapidly in my opinion. Control of the woody invasives in the swamp would maintain and improve its conservation values.

Landcare Research New Zealand. 2007. Threatened Environments Classification.

[http://www.biocommunity.org.nz/detail.php?ar\\_id=10104](http://www.biocommunity.org.nz/detail.php?ar_id=10104).

Ministry for the Environment, and Department of Conservation. 2007. Protecting our Places, Information about the Statement of National Priorities for Protecting Rare and Threatened Biodiversity on Private Land. ME805, Wellington, NZ.

Norton, D. A., and J. Roper-Lindsay. 2004. Assessing significance for biodiversity conservation on private land in New Zealand. *New Zealand Journal of Ecology* 28:295-305.







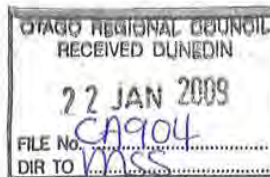


Department of Conservation  
*Te Papa Atawhai*

Our ref: PAP 13 05 04

21 January 2009

00745517



Manager Support Services  
Otago Regional Council  
Private Bag  
DUNEDIN

Dear Sir

**KURIWAO ENDOWMENT LANDS FREEHOLDING: S224  
THE LIMBERLOST LIMITED**

Thank you for the opportunity to comment on the conservations values which may be present on the above property.

The department has not inspected the property but has reviewed the Kunzea Consultants report.

The report identifies two wetland areas of interest and some form of protection should be considered for these areas which excludes grazing. It is possible that not all features have been identified in the report.

The general area is known as a habitat for notable plant species, some at high risk of extinction and also important plant habitats which provide other ecosystem services (fauna habitat, water/flood control etc) however it is not possible to be any more specific without undertaking a site visit. If this is a possibility please let me know and I will discuss further with our technical support team whether they would want to take up that opportunity.

Yours faithfully

Matapura Ellison  
Acting Coastal Otago Area Manager  
Pursuant to delegated authority

Coastal Otago Area Office  
PO Box 5244, Moray Place, Dunedin 9058, New Zealand  
Telephone 03-477 0677, Fax 03-477 8626

docdm-390170



5<sup>th</sup> December 2008

Gerard Collins  
Manager Support Services  
Otago Regional Council  
Private Bag  
DUNEDIN



Dear Gerard,

**Fish & Game Values on Kuriwao Lease S244 & S540**

Thank you for your letter received on the 13<sup>th</sup> of November requesting the identification of sports fish & game bird values on two leasehold properties in South Otago administered by the ORC under the Kuriwao Endowment Act. I understand that both properties are seeking a change from leasehold to freehold title and that there is an opportunity to provide for public conservation and recreation values through that process, through retention of land tin Council ownership or application of protective covenants, in the same way that public interest values are provided for in tenure review.

On the 21<sup>st</sup> of November 2008, Fish & Game staff inspected both properties and identified the following fish & game resources.

**Kuriwao Lease S244 - The Limberlost Limited**

This property is leased by Helen Walker of Hazeldale Road, Kuriwao.

**Trout Fishery Resources**

Approximately 60 years ago Mrs. Walkers father went to considerable effort to create three large ponds on this property. These ponds now provide excellent habitat for wildlife and are labeled as A, B & C on Map 1 in the appendix. Ponds A & B are approximately 3-4 hectares in size and contain a population of brown trout which range in size from 1-2kg (refer to figure 1). These ponds provide fishing opportunities for local and non-resident anglers. Often when other waters in the district are discolored these waters remain fishable.

*Statutory managers of freshwater sports fish, game birds and their habitats*

Otago Region

Cnr Hanover & Harrow Sts, PO Box 76, Dunedin 9054, New Zealand. Telephone (03) 477 9076 Facsimile (03) 477 0146  
[www.fishandgame.org.nz](http://www.fishandgame.org.nz)





Figure 1. A healthy adult brown trout caught and released from a pond on the Limberlost Property.

#### **Waterfowl Habitat and Hunting Opportunities**

The large ponds labeled A, B & C on Map 1 provide excellent habitat for a range of waterfowl including mallards ducks, Canada geese, black swans, shoveler ducks and paradise ducks.

These ponds provide hunters with some excellent shooting opportunities during the season.

#### **Other Habitat Resources**

The remnant wetlands and the tributary streams on this property assist in the maintenance of water quality and the hydrological functioning of the Waiwera River which is a regionally important trout fishery (Otago Sports Fish and Game-bird Management Plan 2003). In particular the large carex and tussock wetland labeled D on Map 1 is likely to be important for the hydrological functioning of the Waiwera River system.

### **Protection of Resources**

The remnant tussock, carex, peat and moss swampland labeled D on Map 1 should be protected by registration in the water plan and/or by protective covenant.

No intensive grazing or drainage/cultivation of remnant wetlands should be permitted. A management regime which incorporated light grazing of this area may assist in the control of pest plant species.

Tributary streams on this property should be protected from drainage and intensive grazing. This should be achievable under the Regional Plan: Water without the application of specific mechanisms. Protection of wetlands and waterways may be achieved by riparian fencing where practical.

I understand that the present lessee has been very helpful in providing members of the public access to hunting and fishing resources. Fish & Game would like to endorse this good will and trust that the present access to hunting and fishing resources will be provided for in the future.

### **Kuriwao Lease S450 – Cairn Flat**

#### **Trout Fishery Resources**

This property was leased to the J W & R B Mathieson Family Trust. I understand that it has recently been sold. The property borders approximately 8km of the true left hand side of the upper reaches of the Waipahi River. The Waipahi River is a regionally important brown trout fishery (Otago Sports Fish and Game Management Plan 2003), receiving an estimated 1900 angler visits annually (2002 National Angler Survey). The upper reaches of the Waipahi are highly regarded by anglers in the Waipahi Gold Medal fishing competition. The beats in the upper river often produce the biggest trout. The Waipahi was recognized as providing a regionally significant recreational fishery (brown trout fly fishing) through a Local Water Conservation Notice in 1989. The main elements of the LWCN were incorporated into the Regional Plan Water.

The large pond labeled A on Map 2 was built on an un-named tributary of the Waipahi by Mr Mathieson. This pond provides local anglers (often children and elderly people) with fishing opportunities for brown trout.

#### **Waterfowl Habitat and Hunting Opportunities**

The Waipahi River and waterways on this property provide habitat for a range of waterfowl species. The smaller creeks and waterways provide brood rearing habitat and the large pond is an important molting site for a large proportion of the paradise ducks in the area. The Waipahi River and ponds on the property provide hunters with good shooting opportunities during the season.

### **Wetland Remnants**

The health of the Waipahi fishery is dependant on good water quality. In recent years the water quality of the Waipahi River has suffered from nutrient and sediment runoff from intensifying farming practices. The water quality of the Waipahi is now described as 'fair' in the latest ORC water quality report. This is a significant concern to Fish & Game. If the water quality declines to 'poor' (the next grade down on the ORC monitoring system) there could be serious impacts on the ecosystem and the recreational fishery.

Drainage of wetlands in this catchment has an adverse effect on the hydrology of the Waipahi River. Heavy grazing of wetlands adversely affects water quality.

The remnant tussock, carex and moss wetlands on this property and in this catchment are important for the water quality and hydrological functioning of the Waipahi River.

The un-named stream draining the large pond labeled A on Map 2 provides spawning and juvenile trout rearing habitat for brown trout and salmon. This un-named stream and other tributaries, in part, determine the water quality in the main-stem of the Waipahi River.

### **Protection of Resources and Provision of Public Access**

Sports fish habitat values and public access deserve to be protected by the creation of a 20 metre riparian reserve along the estimated 8 km property boundary with the Waipahi River. The remnant wetland area labeled B on Map 2 should be included in this reserve area. This wetland should also be registered in the Water Plan. The entire reserve area should be fenced where practical. Light stock grazing of the riparian area in summer may assist in the management of pest plant species.

To protect spawning and juvenile rearing habitat the un-named stream draining the Pond labeled A on Map 2 should be protected from intensive grazing, drainage and cultivation. The stream banks should be fenced off where practical. Protection by way of a covenant over freehold title is proposed

Serious consideration should be given to the protection of the remnant tussock and carex areas labeled C on Map 2 by registration in the water plan and/or by covenant in order to maintain water quality and quantity in the Waipahi River.

**Further Identification of Natural Values**

These assessments are based on Fish & Game values present. The two properties contain a range of native biodiversity and also hydrological values that may have significance to the Department of Conservation and Otago Regional Council. The Department may be able to provide further advice in these areas.

If you require further information regarding the identification and importance of remnant wetlands and tributary streams for the health of the Waipahi River please contact the Regional Council Resource Science Unit.

Please contact me if you need any further information on Fish & Game values.

Yours Sincerely

  
Morgan Trotter  
Fish & Game Otago

Cc

Matt Hickey  
Otago Regional Council  
Water Resources Unit  
Private Bag 1954  
Dunedin

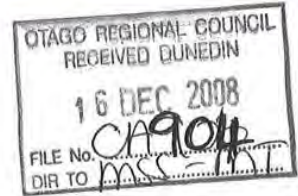
Ken Murray  
Department of Conservation  
PO Box 743  
Invercargill 9840





# Valuation Report

00743781



## Kuriwao Endowment Lease - S224 Hazeldale Road, Clinton

Under instruction from:  
Mark Tully

Addressed to:  
Otago Regional Council  
Private Bag  
Dunedin

Date of valuation:  
4 March 2008

### DTZ

41-43 Tarbert Street,  
PO Box 27 Alexandra 9340 New Zealand  
**Tel:** +64 (0)3 448 6935  
**Fax:** +64 (0)3 448 9099  
[www.dtz.com/nz](http://www.dtz.com/nz)

A list of directors' names is open to inspect at the above address  
DTZ New Zealand Limited MREINZ Licence Number 203336  
Registered Office Level 16, 34 Shortland Street, Auckland

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Hazeldale Road  
Kuriwao  
RD  
CLINTON



## Table of contents

1.0	Executive Summary	3
1.1	Property Description	3
1.2	Valuation Summary	3
1.3	Key Influencing Factors	3
2.0	Introduction	3
2.1	Instructions	3
2.2	Valuation:	3
2.3	Compliance Statement:	4
3.0	Legal Description	4
3.1	Rating Valuation	4
3.2	Resource management	5
4.0	Property Description	5
4.1	Location	5
4.2	Climate	5
4.3	Topography	5
4.4	Soils	6
4.5	Land cover	6
4.6	Stock and Production	7
4.7	Improvements	7
5.0	Valuation Considerations	9
5.1	Valuation Methodology	9
5.2	Market Trends and Sales Evidence	9
6.0	Valuation Conclusion	10
6.1	Valuation	10
	Appendices	11
	Appendix 1	12
	Valuation policies	12
	Appendix 2	13
	Valuation Worksheets	13
	Appendix 3	14
	Certificates of Title	14



## 1.0 Executive Summary

### 1.1 Property Description

This is a smaller productive unit which has been farmed by Walker family for close on a century. This was a very wet block which in 1951 was carrying an estimated 400 SU as part of a larger holding. Extensive drainage is a key feature.

### 1.2 Valuation Summary

Valuation as at 4 March 2008:

Land Exclusive of Improvements	\$620,000
Value of lessee Improvements	\$2,880,000
Value of Lessor Improvements	\$0
<b>Capital Value</b>	<b>\$3,500,000</b>

### 1.3 Key Influencing Factors

- Located in the Kuriwao Gorge area of South Otago
- Cold wet winters with periodic snow are a feature of this locality
- Property has been extensively drained, but remains wet in adverse conditions
- Farmed as an all grass enterprise achieving good production
- Located on fringe of dairy conversion and/or dairy grazing land uses but not itself suitable

## 2.0 Introduction

### 2.1 Instructions

We received written instructions from Mr Mark Tully dated 27 May 2008, to assess the freeholding value of the property in terms of the Otago Regional Council (Kuriwao Endowment Lands) Act 1994.

Date of Inspection: 3 November 2008

PINZ Professional Practice Guidelines and International Valuation Standards require the property to be valued at the date of inspection. In this case a statutory valuation under Section 122, Land Act 1948 is required. The date of valuation is determined as being the date the application is received - in this case 4 March 2008.

### 2.2 Valuation:

The valuation is based on the provisions of Section 122(5) Land Act 1948 and the "capital value" as determined in Section 122(6) which states: *for the purposes of the last preceding subsection, the expression "capital value" means the sum which the land and improvements thereon might be expected to realise at the time of valuation if offered for sale, unencumbered by any mortgage or other charge thereon, on such a reasonable terms and conditions as a bona fide seller might be expected to require*.





*“the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion.”*

### 2.3 Compliance Statement:

We confirm that:

- the statements of fact presented in the report are correct to the best of Valuer’s knowledge;
- the analysis and conclusions are limited only by the reported assumptions and conditions;
- the Valuer has no interest in the subject property;
- the Valuer’s fee is not contingent upon any aspect of the report;
- the valuation was performed in accordance with an ethical code and performance standards;
- the Valuer has satisfied professional education requirements;
- the Valuer has experience in the location and category of the property being valued;
- the Valuer has made a personal inspection of the property; and
- no one, except those specified in the report, has provided professional assistance in preparing the report.

### 3.0 Legal Description

The property is held in Leasehold of Title OT 15C/542 being Sections 6 and 7 Survey Office Plan 24500 comprising 488.0001 hectares. (This description and area is deemed correct as it reflects the overlying fee simple title.)

The registered proprietor is The Limberlost Limited.

The title is subject to the following interests, which have been taken into account in completing the valuation:

- Mortgage to Rabobank New Zealand Limited.

Refer to the Certificate of Title at Appendix 3.

### 3.1 Rating Valuation

The property is Assessment No 28851/12700, and its rating valuation has been assessed as at 1 September 2005:

Land Value	\$2,200,000
Improvements	<u>\$ 500,000</u>
Capital Value	\$2,700,000



### 3.2 Resource management

Local Authority	Clutha District Council
Status of plan	Operative
Zoning/activity area	Rural
Permitted activities	The current pastoral and potential for forestry are permitted land uses within this zone. The property's value is not affected by any consideration within the plan. The comparable sales used to determine the value are subject to the same or similar considerations.

The plan identifies the man-made dam on the property as being a suitable breeding area and of moderately good habitat for waterfowl. The presence of dams on properties in this area is not uncommon. Although this happens to provide good habitat for waterfowl, it is unlikely to be of such significance that the property's value would be affected.

## 4.0 Property Description

### 4.1 Location

The subject property is situated on Hazeldale Road, 12km from Clinton where local services are available. These include general store, primary school, rural transport and rail siding. Full services including secondary school are available at Balclutha a further 31km east. Electricity is connected to the property but not telephone. Rural mail is delivered six days per week.

### 4.2 Climate

Rainfall approximately 1100mm per annum well distributed. Affected by south-westerly conditions which keep the climate cool with frequent snow in winter.

### 4.3 Topography

The property is (roughly) equally divided by Hazeldale Road, which runs from west to east in the bottom of a moderate sized valley system. Approximately one third of the property faces the south, one third to the north with the balance not affected by aspect. Around 300 hectares can be classed as flat to easy rolling lands, capable of being cultivated. The balance is easy to easy/medium hill country. The altitude of the property ranges from 290 metres above sea level through to 400 metres above sea level.



#### 4.4 Soils

Soil Type	Description	Area (Ha)
Kaiwera	Described as silt loams and stony silt loams with very low nutrient status formed under red tussock. These soils are interspersed with peat bogs. Response to lime and super phosphate is good	342
Kaiwera Hill	Described as silt loams and stony silt loams on rolling to steep hill slopes with low natural fertility. These soils are formed under red tussock with scrub on shady aspects. Response to lime and super phosphate is good.	58
Kaihiku Hill	Described as silt loams and stony silt loams on moderately steep hill slopes with a low to medium natural fertility. These soils are formed under fescue and silver tussock with fern and manuka scrub in gullies	10
Peat Bogs	Very poor drainage and very costly to develop. Response to fertiliser and lime good but only with adequate drainage.	78
<b>Total area</b>		<b>488</b>

#### 4.5 Land cover

Land cover as at 4 March 2008 was as follows:

Area	Cover
282ha	Good cultivation in permanent pasture with significant drainage. Adequate fertiliser maintenance
92ha	Well maintained, oversown and topdressed pasture
37ha	Partly developed peat bogs, some grazing
53ha	Undeveloped swamp
9ha	Trees and shelter belts
15ha	Buildings, yards and waste
<b>488ha</b>	<b>TOTAL</b>





## 4.6 Stock and Production

Numbers to be wintered 2008:

**Sheep:**

Breeding Ewes	2,000	
Ewe hoggets	500	
Rams and others	32	
<b>Total Sheep</b>	<b>2,532</b>	
<b>Total Sheep SU</b>		<b>2,370</b>
Lambing Percentage		135%
Wool Production		4.0 kg/sheep

**Cattle:**

Breeding cows	135	
Mixed sex calves	115	
Bulls	5	
<b>Total Cattle</b>	<b>255</b>	
<b>Total Cattle SU</b>		<b>1,410</b>
Calving		90%
<b>TOTAL STOCK UNITS</b>		<b>3,780</b>
Average Efficient:		3,900

## 4.7 Improvements

**Residences:**



**Dwelling** – 1960s, 333m<sup>2</sup>, brick veneer, wooden frame house, 4 bedrooms with large open plan living area, attached three car garage, average to good condition.



**Farm Buildings:**



**Wool shed** – near new, 230m<sup>2</sup>, 3-stand raised board, corrugated iron roof and walls, chipboard floor in wool room, pipe and timber fencing, concrete load out facility. Shower and toilet facilities and running water. Excellent condition. Adjoins covered yards: wooden frame, corrugated iron roof and one wall (1030m<sup>2</sup>) – excellent condition



**Truck shed** – 60m<sup>2</sup> average condition

**Workshop** – near new, 43m<sup>2</sup> tongue and groove flooring, excellent condition



**Loose Boxes** – 40m<sup>2</sup> corrugated iron walls, decromastic tile roof, valued as storage

**Covered Cattle Yards:** These are steel post and rail cattle yards with a covered area of 350sqm consisting of steel framing with a corrugated iron roof.

**4.7.1 Fencing**

7,500m half share boundary primarily concrete post and standards with plain wire and barb, some netting in fair to good condition, 4,500m road boundary of similar construction and 18,200m internal fencing, of various constructions.

**4.7.2 Water Supply**

Water supply is reticulated from a reliable clean stream to the house and woolshed with connection to limited troughs. Most stock water is from natural springs and creeks, supplemented by dams.

**4.7.3 Other Improvements**

- Sheep yards – near new incorporated in covered yard complex
- Cattle yards – extensive yards of steel construction
- Roading and access – approximately 2400 metres of good metalled access supported by adequate dry weather tracks. Some significant crossings with culverts.



- Dams – one major pond and three stock water dams with significant ascetic value
- Trees – substantial shelter belts largely in the homestead area
- Layout at dwelling – well established layout.

## 5.0 Valuation Considerations

### 5.1 Valuation Methodology

The property has been valued in accordance with the Land Act 1948, the Otago Regional Council (*Kuriwao Endowment Lands*) Act 1994, and previous case law. Comparable sales of both freehold and leasehold land form the basis of assessment. These are drawn mainly from the general location of the subject with consideration also of the wider geographical area. Sales are analysed on the basis of criteria relevant to the subject property.

The valuation is for the property as perceived in the market place. This report is prepared in accordance with the New Zealand Institute of Valuers, Property Institute of New Zealand Code of Ethics and Standard for the Valuation of Rural Land and Relevant Case Law.

In determining the value of land exclusive of improvements, every effort has been made to determine what this state was and its productive capability. There being no sales of properties in this state, the value has been derived by interpolation of a range of sales data.

### 5.2 Market Trends and Sales Evidence

The market for rural properties in this area has continued to strengthen with pressure from dairy farming in nearby regions pushing demand sheep and beef farming. Recently this area is being seen as a location for dairy grazing (rather than milking platforms) adding further pressure.

The key sales include the McKinnon, Girvan, Morrison and Hogg properties situated to the southeast and a sale in Old Coach Road in March. The McKinnon sale occurred in July 2006 and is of a slightly smaller property. It is however a good compact and well-developed unit. Its price was influenced by coal exploration and must be interpreted with caution. However, we believe other sales evidence confirms it would still realise this price in the current market. The Girvan property is an extensive property on a number of titles. The Morrison sale is close to the subject and of similar size. Hogg is an attractive property with good quality improvements that sold in January 2007.

Subsequent sales that confirm an ongoing increase in values include the Mathieson, Restieaux and Three Stones Road properties which sold in April and May.

We have considered the property to particularly relate to the first three properties mentioned and to be less well located than the Old Coach Road sale. The subject is constrained by the wet nature of the property making it less suited to dairy support than the more recent sales.





## 6.0 Valuation Conclusion

### 6.1 Valuation

Valuation as at 4 March 2008:

Land Exclusive of Improvements	\$620,000.00
Value of lessee Improvements	\$2,880,000.00
Value of Lessor improvements	\$0.00
<b>Capital Value</b>	<b>\$3,500,000.00</b>

Goodwill:

(Calculated in accordance with S122(7A) Land Act 1948: \$62,742.55

**Cost to Freehold: \$557,257.45**

This valuation is exclusive of GST.

This report should be read in conjunction with the attached Schedule of Valuation Policies where applicable.

Thank you for your instructions in this matter and should you have any further queries please contact the undersigned.

Yours faithfully  
DTZ

**Ken Taylor FNZIV, FPINZ  
Registered Public Valuer**



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# Appendices





## Appendix 1 Valuation policies

Neither the whole nor any part of this valuation report or any reference to it may be included in any published document, circular or statement without the written approval of DTZ New Zealand as to the form and context in which it may appear.

Information has generally been obtained from a search of records and examination of documents or by enquiry to Government Departments or Statutory Authorities. Where it is stated in the valuation report that information has been supplied to us by another party, this information is believed to be reliable but we can accept no responsibility if this should prove to be not so.

Our responsibility in connection with this valuation report is limited to the client to whom it is addressed; we disclaim all responsibility and accept no liability to any other party.

This valuation report has been prepared for the specific purpose stated. Any party that relies upon it for an alternative purpose without reference to DTZ New Zealand does so at its own risk.

While in the course of inspection due care is taken to note building defects, no structural survey has been made and no undertaking is given about the water tightness, absence of rot, termite or pest infestation, deleterious substances such as asbestos or calcium chloride or other hidden defects. We can give no guarantee as to outstanding requisitions in respect to the subject building.

We have made no survey of the property and assume no responsibility in connection with such matters. Unless otherwise stated it is assumed that all improvements lie with title boundaries.

The valuation is conditional upon any lifts, hot and cold water systems, drainage systems, electrical systems, air-conditioning or ventilating systems and other installations being in proper working order and functioning for the purpose for which they were designed.

Our valuation and report is conditional upon the land being free of any contamination or industrial waste problems unless otherwise noted.

Unless otherwise stated in our report our valuation is on the basis that the property complies with the Building Act 2004, Health and Safety in Employment Act 1992, Evacuation of Buildings Regulations 1992 and Disabled Persons Community Welfare Act 1975 or that the legislation has no significant impact on the value of the property.

Unless otherwise stated our report is subject to there being no detrimental registration(s) affecting the land other than those appearing on the title(s) valued in this report. Such registrations may include Wahi Tapu registrations and Historic Places Trust registrations.

Electronic copies of documents/reports should only be relied upon after confirmation and receipt of a corresponding original from the author of the document/report.

The value provided in this valuation is our opinion of the current market value on a willing buyer/willing seller basis. That value may change in the future due to market conditions and changes to the state of the property the subject of this report. Any decision to lend should take these factors into account and allow a reasonable and prudent margin between the amount advanced and the current market value given in this valuation. Additionally the margin should also recognise the consequences and costs of a forced sale.

DTZ New Zealand holds current professional negligence insurance for an amount not less than the subject valuation.

We have not obtained a Land Information Memorandum for this property from the Local Authority and accordingly unless otherwise stated we have completed our valuation on the basis that all improvements have been constructed with necessary local body consents and approvals, and in accordance with the Resource Management Act 1991.

The valuation complies with the NZIV Code of Ethics and Practice Valuation Standards 1 and 2.

Unless stated, our assessment of value is based on "vacant possession".

Floor areas, where stated are approximate only.

This report remains the property of DTZ New Zealand until paid for.



## Appendix 2 Valuation Worksheets



**VALUE OF LAND AND IMPROVEMENTS**

**File Ref:** S224

<b>Buildings:</b>			
	Dwelling:	\$210,000	
	Garage:	\$0	
	Woolshed/Covered Yard	\$150,000	
	Workshop	\$10,000	
	Implement Shed/Haybarn	\$6,000	
	Fertiliser Bin	\$0	
	Covered Cattle Yards	\$2,000	
	Loose Boxes	\$7,000	
			<b>\$385,000</b>
<b>Fences:</b>			
<b>Total</b>	35600 m		<b>\$155,000</b>
<b>Other Structures:</b>			
	Sheep Yards	\$18,000	
	Cattle Yards	\$17,000	
	Deer yards	\$0	
	Bridges	\$0	
	Water Supply	\$15,000	
	Electric	\$10,000	
			<b>\$60,000</b>
<b>TOTAL STRUCTURAL IMPROVEMENTS:</b>			<b>\$600,000</b>
<b>Dams:</b>		\$3,000	<b>\$3,000</b>
<b>Plantations:</b>			
	Shelter	\$32,000	
	Plantation	\$0	
			<b>\$32,000</b>
<b>Tracks:</b>		\$30,000	
		\$0	
			<b>\$30,000</b>
<b>Airstrips:</b>			<b>\$0</b>
<b>Other Impts:</b>			
	House surrounds	\$15,000	
	Large Dam	\$30,000	
			<b>\$45,000</b>
<b>Grassing etc:</b>			
<b>Total</b>	488 ha		<b>\$2,170,000</b>
<b>TOTAL VALUE OF IMPROVEMENTS:</b>			<b>\$2,880,000</b>
<b>L.E.I:</b>			
	488 Ha Total		\$620,000
	Other Values		\$0
<b>TOTAL L.E.I.</b>			<b>\$620,000</b>
<b>CAPITAL VALUE:</b>			<b>\$3,500,000</b>



## Appendix 3 Certificates of Title



Our Reference: A439445

14 May 2012

The Limberlost Limited  
C/- Helen Walker  
Kuriwao  
RD  
**Clinton**

Dear Madam,

**Freeholding Kuriwao Lease S222– Limberlost OT15C/542**

A recent review of the file has identified that Council still need to consider your application for freeholding. For Council to fully consider your application to freehold the above lease there are a number of matters that need to be confirmed and discussed, they are as follows;

**1. Freehold Value**

The Council has received a valuation for the Land Exclusive of improvements for the purpose of freeholding the above lease.

Under s14 Otago Regional Council (Kuriwao Endowment Lands) Act 1994, the purchase price is determined under Part VII of the Land Act 1948.

The following values have been assessed for freeholding lease S227:

Land Exclusive of Improvements	\$620,000
Value of Lessee Improvements	\$2,880,000
Value of Lessor Improvements	\$Nil
<b>Capital Value</b>	<b>\$3,500,000</b>
Goodwill calculated under S122 (7A) Land Act 1948	\$62,742.55
<b>Cost of Freeholding</b>	<b>\$557,257.45</b>

Any fees payable under s14 (5) Otago Regional Council (Kuriwao Endowment Lands) Act 1994 are in addition to the above figure.

The above figures are exclusive of GST.

The valuation was as at 4 March 2008, the date that the Council received your application to freehold.

You are required under S122 (10) Land Act 1948 to advise the Council in writing within one month after receipt of this notice whether

- You elect to purchase the land for cash or on deferred payments and either
- You agree to the purchase price of \$557,257.45 plus GST, if any or
- You require the purchase price to be determined by the Land Valuation Tribunal.

If you omit to notify the Council within one month after receipt of this notice, you will have been deemed to have elected that the price to purchase the freehold of the land be cash at the cost of freeholding stated above.

You may seek your own valuation at your cost before deciding your option.

Please do note that under the Otago Regional Council (Kuriwao Endowment Lands) Act 1994 Council may, but is not obliged to, sell the freehold to you, and there will not a be a binding contract to freehold the land until the price and all terms and conditions have been approved by Council.

## **2. Preservation of ecological values**

Council engaged Kunzea Consultants to provide advice on the ecological and conservations values of the leased land. That assessment has identified areas of the leased land that contain values worthy of consideration for protection. I ask that you contact me at your earliest convenience in order to arrange a meeting to discuss how we might accommodate the protection of these areas within the sale process.

## **3. Terms and Conditions of Sale**

With consideration of the 2 above matters we will need to draft proposed Terms and Conditions of Sale for Council's consideration as to their acceptability.

I look forward to hearing from you in the near future to discuss the above.

Please feel free to contact me directly on 03 4707494.

Yours sincerely



Gerard Collings  
**Manager Support Services**

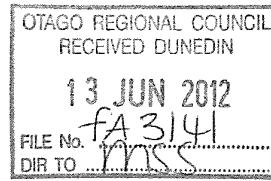
Manager Support Services

Otago Regional Council

Private Bag 1954

Dunedin

11 June 2012



Dear Gerard,

I have received your letter dated 14<sup>th</sup> May 2012, and would advise that I wish to freehold The Limberlost(lease S224). My valuer advises that he considers a fair value as at 4<sup>th</sup> March 2008 is;

Land Exclusive of Improvements	\$ 590,000
Value of Improvements	\$2,740,000
Capital Value	\$3,330,000

On this basis, I would like the valuation to be determined by the Land Valuation Tribunal. In saying that, I would expect the valuers would meet informally to discuss their differences with the hope of a low cost result.

Regarding the report from Kunzea Consulting, I would be happy to protect identified areas, though we need to discuss possible fencing and the cost of this.

Furthermore I would advise that I consider that I have been very poorly treated by the ORC, both with the delays to settle the previous rental value, and the unexplained non acceptance of my offer to freehold at the arbitrated figure. It was always my intention to immediately apply to freehold Lease S224 The Limberlost at the conclusion of the rent review outcome for 2006. Our valuer indicated his readiness to head to arbitration in 2006, due to lack of progress in talks with the DTZ valuer. At the ORCs insistence further meetings between the two valuers were arranged. The fact the arbitrator settled 1/3 up from Jon Newson and 2/3 down from DTZ proved our valuer correct. My immediate offer to freehold at arbitrators valuation was declined. March 2008 was taken as the date to set freehold valuation. This was near the peak of the market. Ken Taylor for DTZ, and consultant Robin Mitchell from Kunzea visited early June, 2008. Since then we have had a further delay of four years as we anxiously awaited the ORC valuation. Can I assume that the rent paid since 4<sup>th</sup> March 2008 will be deducted from cost of freeholding?

I am considering laying an official complaint to the Ombudsman.

*yours faithfully  
HC Walker*

**10.1. Recommendations of the Public and Active Transport Committee**

**Resolution**

*That the Council adopts the recommendations of the 7 February 2024 Public and Active Transport Committee.*

<b>Report</b>	<b>Resolution</b>	<b>Res#</b>	<b>Mover/ Seconder</b>
7.4 Queenstown Public Transport Business Case Update	<b>Recommends</b> to Council that it endorses the Queenstown Public Transport Business Case.	PAT24-104	Cr Weir/Cr Wilson
7.5 Transport Procurement Strategy	<b>Recommends</b> that Council endorse the Transport Procurement Strategy 2024-2027.  <b>Recommends</b> that Council delegate authority for the Chief Executive to finalise the Transport Procurement Strategy, with minor editorial changes, prior to submission of the document for NZTA endorsement.	PAT24-105	Cr Weir/Cr Somerville



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Council Meeting 2023.12.06

**10.2. Recommendations of the Environmental Implementation Committee**

**Resolution**

*That the Council adopts the recommendations of the 8 February 2024 Environmental Implementation Committee.*

<b>Report</b>	<b>Resolution</b>	<b>Res#</b>	<b>Mover/ Seconder</b>
7.1 Site-Led Programme Update	<b>Recommends to Council to approve</b> the allocation of \$146,200 from the existing budget for the Site-Led Programme to be delivered through a direct funding process for specific projects to achieve RPMP objectives (Option 3).	EIC24-102	Cr Malcolm/ Cr Somerville
7.1 Site-Led Programme Update	<b>Recommends to Council</b> to approve that the allocation of funding is recommended by the existing Eco Fund Panel.	EIC24-103	Cr Malcolm/ Cr Somerville

**10.3. Recommendations of the Safety and Resilience Committee**

**Resolution**

*That the Council adopts the recommendations of the 8 February 2024 Environmental Implementation Committee.*

<b>Report</b>	<b>Resolution</b>	<b>Res#</b>	<b>Mover/ Seconder</b>
8.4 Lower Taieri Risk Assessment	<b>Recommends that Council</b> endorses proceeding with communication of the Flood bank Risk Assessment to the broader community through the development of a Phase 1 Communications and Engagement Plan for the risk assessment and wider programme of work.	SRC24-104	Cr Weir/Cr Noone
8.5 Wildfire Hazard in Otago	<b>Recommends</b> that Council approves ORC, through its membership of the Otago CDEM Group, promoting discussion amongst the Group on current and future wildfire risk for Otago including member roles and responsibilities for managing that risk.	SRC24-105	Cr Weir/Cr Noone