



Our Ref A610586

### **Committee meetings Wednesday 11 March 2015**

Following are the agendas for the Committee meetings to be held on Wednesday 11 March commencing at 10.00 am. The venue is the Council Chamber, 70 Stafford Street, Dunedin, and members of the public are welcome to attend. Full detailed reports referred to in the committee reports are available on the Council website, or by contacting the Committee Secretary – see contact details below.

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

Janet Favel  
**Committee Secretary**

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**OTAGO REGIONAL COUNCIL**

**Agenda for a meeting of the Finance and Corporate Committee  
to be held in the Council Chamber, 70 Stafford Street, Dunedin  
on Wednesday 11 March 2015 commencing at 10.00 am**

**Membership:**

- Cr David Shepherd (Chairperson)**
- Cr Gary Kelliher (Deputy Chairperson)**
- Cr Graeme Bell**
- Cr Doug Brown**
- Cr Louise Croot MNZM**
- Cr Michael Deaker**
- Cr Gerrard Eckhoff**
- Cr Trevor Kempton**
- Cr Sam Neill**
- Cr Gretchen Robertson**
- Cr Bryan Scott**
- Cr Stephen Woodhead**

**Apologies:**

**Leave of absence:**

**In attendance:**

**Please note that there is an embargo on agenda items until 8.30 am on Monday 9 March.**

**CONFIRMATION OF AGENDA**

**PUBLIC FORUM**

**MINUTES**

The minutes of the meeting held on 26 November 2014, having been circulated, for adoption.

**Matters arising from minutes**

## **PART A - PRESENTATION**

- Item 1 **Port Otago Limited Interim Report for the six months ended 31 December 2014.**

## **PART B - RECOMMENDATIONS**

- Item 2  
2015/0798 **Report of the Audit and Risk Subcommittee.** DCS, 2/3/15

The report summarises the 25 February meeting of the Audit and Risk Subcommittee and submits the Subcommittee's recommendations for endorsement. The Health and Safety Review is circulated separately with the agenda.

- Item 3  
2015/0802 **Financial and Infrastructure Strategies.** DCS, 3/3/15

The Local Government Act requires Council to prepare and adopt, as part of its Long Term Plan, a Financial Strategy and an Infrastructure Strategy. This paper presents both strategies for adoption. The strategies are circulated with this report.

- Item 4  
2015/0797 **2015-25 Long Term Plan Consultation Document.** DCS, 2/3/15

As required by changes to legislation, an LTP consultation document has been prepared and is attached for consideration and approval by the Finance and Corporate Committee.

- Item 5  
2015/0800 **Public Transport.** DCS, 2/3/15

The report details various work streams being undertaken in relation to the public transport networks in Dunedin and the Wakatipu Basin.

## **PART C – ITEMS FOR NOTING**

- Item 6  
2015/0799 **Director's report.** DCS, 2/3/15

The report describes significant activities carried out by the Finance and Corporate sections since the last meeting of the Committee.

**OTAGO REGIONAL COUNCIL****Minutes of a meeting of the Finance and Corporate Committee  
held in the Council Chamber, 70 Stafford Street, Dunedin  
on Wednesday 26 November 2014 commencing at 11.30 am**

**Present:**

**Cr David Shepherd** (Chairperson)  
**Cr Gary Kelliher** (Deputy Chairperson)  
**Cr Graeme Bell**  
**Cr Doug Brown**  
**Cr Louise Croot MNZM**  
**Cr Michael Deaker**  
**Cr Gerrard Eckhoff**  
**Cr Trevor Kempton**  
**Cr Gretchen Robertson**  
**Cr Bryan Scott**  
**Cr Stephen Woodhead**

**Apologies:**

**Cr Sam Neill**  
The apology was accepted.

**In attendance:**

**Peter Bodeker**  
**Wayne Scott**  
**Jeff Donaldson**  
**Jane Leahy**  
**Fraser McRae**  
**Gavin Palmer**  
**Janet Favel**

**CONFIRMATION OF AGENDA**

There were no changes to the agenda.

**MINUTES**

The minutes of the meeting held on 15 October 2014, having been circulated, were adopted on the motion of Crs Bell and Croot.

**Matters arising from minutes**

There were no matters arising from the minutes.

## PART A – PRESENTATION

### Item 1 **Otago Regional Rescue Helicopter Trust Annual Report**

Mr Ross Black, Trust Chairman, Graeme Gale, Operational Manager, and Ken Franklin, Trust Manager, presented the Trust's 2014 Annual Report.

Mr Black noted in his presentation:

- Actual income reduced by 2.5%, hours increased by 8.6%, costs increased by 20% above previous year.
- Donations \$856,000 for the year – increase of 50%. Largest donor is ORC – the support was acknowledged and appreciated.
- Community would need to fund a greater share of the costs.
- Administration costs \$35,000 last year, \$74,000 this year – part of increase due to appointment of Trust Manager Ken Franklin.
- Loss for the year \$32,000.
- Want to build up reserves for replacement of helicopter, and other expenses.
- ACC hours have increased 3%, income has reduced 4%.
- Ministry of Health (MOH) hours have increased 52%, income has increased 10%. This level of growth is unsustainable, and ORHT has been in discussions with MOH since June.
- The Trust is the most cost effective in the country, and has a good relationship with Mr Gale and Helicopters Otago. The Trust has saved many lives, and contributed to improved recoveries.

Mr Franklin, Trust Manager, spoke about the new contract with MOH. The Ministry's one size fits all contract did not take account of Otago's large area with difficult terrain, high number of flights annually, relatively small population, high number of visitors, and weather. An additional fixed payment from MOH for the balance of the contract to March 2018 of \$400,000 per year had been secured. Mr Franklin noted that much of the change in demand for the Trust's services had arisen from policy change by the MOH.

Since his appointment in February Mr Franklin had talked to many communities in the region about the work and funding of the Trust. He commented that many people, particularly in rural communities, viewed the services as significant and/or essential. Mr Franklin commended Mr Gale on the award from CAA for the contribution to air industry safety standards by Helicopters Otago.

Mr Gale commented that the increased number of flying hours meant that aircraft checks were required more often, and more pilots had to be available. He also talked about the major upgrade of the primary machine, and pilot training, to achieve IFR (Instrument Flight Regulation) certification. Mr Gale showed a short video of the types of incidents the service attended.

Cr Woodhead stated that ORC was proud of its contribution to the work carried out by the Trust. The MOH contract was discussed, and Mr Black

advised that a number of factors were causing concern in relation to the increased use of helicopter services. The service was previously funded through St John, who sent a helicopter when necessary and this was funded from their national funding contract. MOH sent a helicopter to any call, rather than first giving treatment at a regional centre. He expected that increasingly helicopters would respond to emergencies whether necessary or not. Mr Black considered that the situation was not getting the national traction it deserved, and ORHT would step up its leadership in that respect.

It was noted that with the appointment of Mr Franklin, Mr Black was stepping down from a lot of the administration work he had done and his contribution to the Trust was acknowledged.

## **PART B - RECOMMENDATIONS**

### Item 2

2014/1676 **Regional Public Transport Plan Otago 2014.** DCS, 11/11/14

Cr Aaron Hawkins, DCC, Gerard Collings, ORC Support Services Manager, and Suzanne Watt, ORC Project Manager Public Transport Planning were present for this item.

The report noted that the Subcommittee had considered submissions received on the Draft RPTP and recommended a number of changes to the draft Plan. The full plan was circulated separately with the agenda.

Cr Deaker welcomed Cr Hawkins and commented that it had been useful to have a DCC representative on the RPTP hearing panel. He noted that many submissions supported the proposals for more direct and frequent routes, the bus hub, and the ridge rider route. Others advocated for their suburb or personal needs, including Brockville/Halfway Bush, Corstorphine, and Concord services. There was strong advocacy for new routes including Dunedin Airport, Orokonui, and Wakatipu School Transport, and for regular services to Dunedin Public Hospital.

Cr Hawkins thanked ORC for inviting him to join the hearing panel, and noted the importance of both DCC and ORC having a good understanding of the public transport network. He also noted the increasing interest in cycling and public transport. He was pleased that the community would have the opportunity to submit to the ORC's LTP on fares.

Cr Woodhead commented that this was the biggest review of passenger transport for some time, and that it incorporated the NZTA's Passenger Transport Operating Model (PTOM). He thanked the hearing panel and staff for their work, and noted that the final document reacted to the need to simplify and streamline routes. Cr Woodhead noted the continuing underlying message in relation to public transport – use it or lose it.

Cr Deaker moved  
Cr Kempton seconded

*That:*

1. *The Finance and Corporate Committee endorse the Regional Public Transport Plan Hearings Subcommittee's recommendations contained within this report, and*
2. *The Finance and Corporate Committee recommend Council adopt the Regional Public Transport Plan Otago 2014 appended to this report, and*
3. *The Director Corporate Services be authorised to make minor editorial changes to the appended Plan necessary to give effect to the Hearings Subcommittee's recommendations prior to printing the publication.*

**Motion carried**

Item 3

2014/1822 **Significance and Engagement Policy.** DCS, 13/11/14

Sharon de Vries, Corporate Analyst, was present for this item.

The report noted submissions received on the Council's Significance and Engagement Policy, and the attached document presented for adoption showed the changes made as the result of submissions.

Cr Woodhead moved  
Cr Croot seconded

1. *That this report be received.*
2. *That the amended Significance and Engagement Policy be adopted.*

**Motion carried**

Item 4

2014/1701 **Authorisations for designation.** DPPRM, 5/11/14

The report outlined the Otago Regional Council's current designations, and recommended changes the ORC might make as part of the Dunedin City Council's district plan review. It was requested that Council authorise these recommendations or provide alternative instruction.

Mr Scott noted the recommendation that the DCC be requested to uplift the designation on the old Riccarton Road site, and suggested an additional recommendation 2(c) that designation be requested for the new Dukes Road depot.

The recommendation that Designation D214 'Principle premises of the ORC', junction of Kitchener and Birch Street be retained was noted. Mr

Scott explained that a decision was yet to be made on the use of this site, so it was suggested that the designation remain unchanged.

Cr Woodhead moved

Cr Deaker seconded

*That the Council:*

1. *Request DCC to uplift designations D212 [East Taieri] and D213 [Pest Services Depot].*
2. *Request new designations for:*
  - (a) *Lower Taieri Flood Scheme and West and East Taieri Pump Stations, and*
  - (b) *Leith Flood Protection Scheme, and*
  - (c) *Dukes Road depot.*
3. *Consult with affected land owners as outlined in section 4 of the report.*

**Motion carried**

#### Item 5

2014/1840 **Director's report.** DCS, 14/11/14

The report described significant activities carried out by the Finance and Corporate sections since the last meeting of the Committee, under the headings NZTA Financial Assistance Rate (FAR), Oamaru Presence, Otago Rural Fire Authority (ORFA) Funding, Account Payments, and Bank Signatory.

Councillors supported the provision of ORC office space in Oamaru, to give the Council a presence in North Otago.

Cr Croot moved

Cr Eckhoff seconded

- (1) *That this report be received.*
- (2) *That the payments and investments summarised in the table above and detailed in the tabled schedule totalling \$13,519,619.92 be endorsed.*
- (3) *That Sarah Munro be authorised as a signatory to the Council's bank accounts.*

**Motion carried**

The meeting closed at 12.48 pm

**Chairperson**



## **Port Otago Ltd**

**Presentation of Interim Report for the 6 months  
ended 31 December 2014**

**REPORT**

Document Id: A740601

Report Number: 2015/0798

Prepared For: Finance and Corporate

Prepared By: Director Corporate Services

Date: 2 March 2015

Subject: **Report of the Audit and Risk Subcommittee**

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**1. Précis**

The Audit and Risk Subcommittee met on Wednesday 25 February and submits this report and recommendations to the Finance and Corporate Committee.

**2. Background**

The Audit and Risk Subcommittee met on Wednesday 25 February under the independent chairmanship of Mr Dave Benham. Agenda items considered by the Subcommittee were as noted below.

**3. Health and Safety Review**

BECA was commissioned by the Chief Executive to prepare a report on Council health and safety, both in relation to current and proposed legislation.

The consultant spent two weeks working with Council staff, including visits to outer offices and depots, and presented his comprehensive report to the Audit and Risk Subcommittee. The full report is circulated separately with the agenda.

The consultant noted that much of what was suggested was refinement to take account of the new legislative framework. He acknowledged the present staff participation arrangements, and the staff health and safety culture which presently existed.

The key recommendations from the report are recorded as:

- Review the Council's health and safety manual and policies and procedures taking account of the draft new legislation.
- Review contract management policies and procedures.
- Investigate the enhancement of the incident reporting system including the reporting of near misses.
- Consider the extension of the Pest Control Operations Drug and Alcohol Policy.
- Establish a definitive list of personal protective equipment.
- Review the roles and responsibilities of all "officers" of the Council, particularly in relation to the pending new legislation.
- Set proactive individual health and safety targets as part of performance reviews.
- Establish a policy and procedure for carrying out risk assessments and for controlling risks.
- Review the risks from aggressive or violent behaviours to employees from members of the public.

Management are following up on the recommendations in this report, and will report progress to the next meeting of the Audit and Risk Subcommittee.

#### **4. Audit Report Follow-up**

At the previous meeting of the Subcommittee, the Auditors provided post-audit comment and recommendations. The Subcommittee considered a report on follow-up of these matters, and notes that all recommendations have either been put in place, or are in hand.

#### **5. Draft Risk Management Strategy**

It was reported to the Subcommittee that a formal risk management strategy is being developed and a draft framework was presented to the Subcommittee for its information and comment.

The draft strategy presented has been developed in accordance with the recognised AS/NZS ISO standard, and its content includes the benefits, methodology and responsibilities for risks throughout the organisation.

Its development is continuing.

#### **6. Draft Financial Strategy**

The Subcommittee considered a report on the Council's Draft Financial Strategy which is required to be adopted as part of the Long Term Plan process.

Some amendments were suggested which have been incorporated into the revised draft, which is included separately in this agenda. Further information on the Draft Financial Strategy is included in the separate report.

The Subcommittee endorsed the Draft Financial Strategy (as amended) and recommends its adoption.

#### **7. Draft Infrastructure Strategy**

The Subcommittee also considered a report on the Draft Infrastructure Strategy, which outlines how Council intends managing its infrastructure, and included the estimated costs of doing so, both capital and operational, over a 30 year period.

Further information and detail are included in the separate report on this agenda.

The Subcommittee endorsed the Draft Infrastructure Strategy, and recommends its adoption.

#### **8. Financial Report – Six Months to 31 December 2014**

The Subcommittee considered financial information for the six months to 31 December 2014, including a Statement of Comprehensive Income, a Funding Impact Statement (Whole of Council), individual activity Funding Impact Statement, and a Statement of Financial Position.

The financial statements identify the Council as being overall close to budget in financial terms. The 8 month review of projects to 28 February 2015, to be presented shortly will identify the attainment or otherwise of non-financial targets associated with expenditure.

**9. Port Otago Limited – Interim Report for the Six Months Ended 31 December 2014**

The Subcommittee considered preliminary information available in relation to the six month interim report of the Port Otago Group.

A presentation of the results by the Company Chairman and Chief Executive is included elsewhere on this agenda.

**10. Recommendation**

- (1) That this report of the Audit and Risk Subcommittee be received.
- (2) That the Draft Financial Strategy be adopted.
- (3) That the Draft Infrastructure Strategy be adopted.

Wayne Scott  
**Director Corporate Services**

**REPORT**

Document Id: A740906

Report Number: 2015/0802  
Prepared For: Finance and Corporate Committee  
Prepared By: Project Manager  
Date: 3 March 2015

Subject: **Financial and Infrastructure Strategies**

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**1. Précis**

The Local Government Act (LGA) requires Council to prepare and adopt, as part of its Long Term Plan (LTP), a Financial Strategy and an Infrastructure Strategy. The key points from both strategies must be included in Council's consultation document for the 2015-25 LTP.

The purpose of this paper is to present to the Finance and Corporate Committee both strategies for adoption. It is intended to put both strategies on Council's website to be available as supporting documentation for the consultation process. Note is made that the strategies have been presented to the Audit and Risk Subcommittee, and endorsed for adoption following minor amendment. The strategies are circulated with this report.

The final LTP, incorporating both strategies, will be presented to Council at its meeting on 24 June 2015, for adoption.

**2. Financial Strategy**

Section 101A of the LGA requires the Council to prepare a Financial Strategy, and it sets out its purpose and what it must contain. The Financial Strategy is required to include:

- A statement of the factors expected to have a significant impact including –
  - Expected changes in population and land use and the costs of providing for those changes;
  - Expected capital expenditure on network infrastructure, flood protection and flood control works required to maintain existing levels of service;
  - Other significant factors affecting the ability to maintain and meet additional demand for services.
- A statement of –
  - Limits of rates, rate increases and borrowing;
  - Assessment of ability to provide and maintain services within those limits;
  - Policy on securities for borrowing;
  - Objectives for holding and managing financial investments and equity securities and targets for returns.

**3. Infrastructure Strategy**

Section 101B of the LGA requires the Council to prepare an Infrastructure Strategy outlining how Council intends managing its infrastructure assets taking into account the need to:

- Renew/replace existing assets;
- Respond to growth or decline in demand for services;
- Allow for planned changes in levels of service;

- Maintain or improve public health and environmental outcomes;
- Identify and manage risks relating to natural hazards.

The strategy is required to outline the most likely scenario for the management of the assets, and must:

- Show indicative estimate of capital and operating expenditure;
- Identify expected significant capital expenditure decisions;
- The likely timing, options and costs of those decisions;
- Include the assumptions of asset life cycle and levels of service.

The Infrastructure Strategy must cover a period of at least 30 years.

#### **4. Recommendations**

1. That the Financial Strategy be adopted for consultation purposes.
2. That the Infrastructure Strategy be adopted for consultation purposes.

Wayne Scott  
**Director Corporate Services**

## Financial Strategy

### Introduction

This strategy sets the direction for financial decision making, allowing Council to carry out its work programmes and fulfil its legal responsibilities, in a sustainable and affordable way.

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

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

With the Revenue Policy as the basis for how our activities are to be funded, this strategy sets out the financial direction Council wishes to take on matters such as levels of future rating, borrowings and investments, and discusses factors that influence those.

Affordability for ratepayers is a key aspect of this strategy. Council holds a number of investments, and most of the income derived from those investments is used to contribute to the cost of our work. All ratepayers benefit from this income, as the contribution is used to reduce the general rate requirement each year. One such investment is Council's ownership of Port Otago Limited. This investment is considered to be a strategic asset, and Council has no intention of disposing of it, because it is a valuable regional asset, and its annual dividend provides a significant contribution to the cost of our 10 year programme.

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

### Key issues that have a significant financial impact

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

- The increasing demand for water and the need for greater efficiency in water use;
- The requirement for Otago to have high quality water without limiting land use activities that may impact on water quality; and
- The significant investment needed in developing the Leith Flood Protection Scheme and the need to invest in new assets to maintain the levels of service provided on existing schemes.

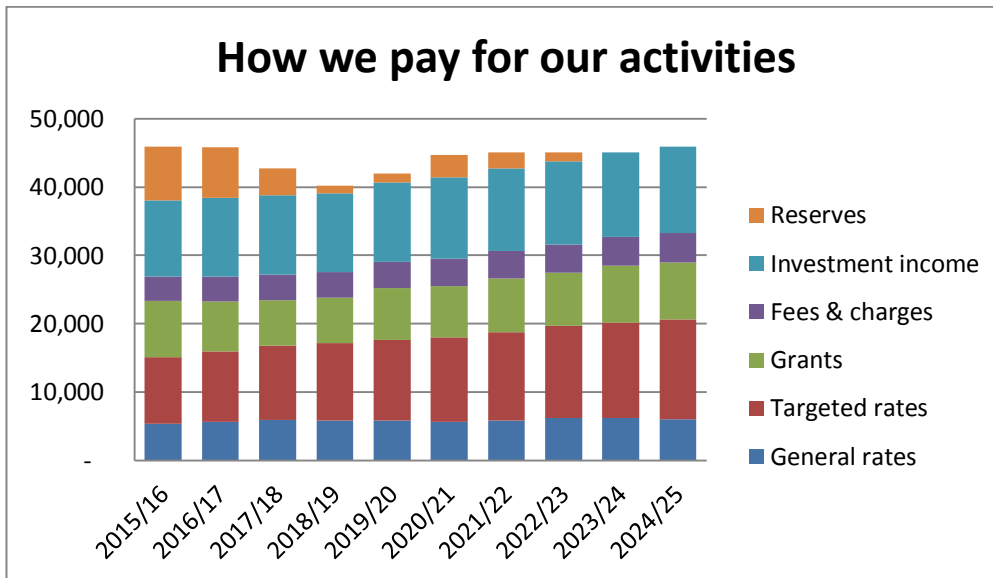
Council will address those issues in the following ways:

- Council will engage with communities to assist in the demand for water. The establishment of a water management reserve will be used to provide funding assistance to community groups, for feasibility studies and identifying possible infrastructure requirements to aid efficiency in water use.
- New water quality standards are to be met by 2020. Council will invest in research and development, education, and new science and monitoring to assist landholders in achieving the compliance date.

- Council is planning to complete the construction of the Leith Flood Protection Scheme by 2019/20. It will use its balance sheet to provide internal borrowings for funding its construction. Targeted rates will be used to repay those internal borrowings over a period of 20 years through to 2029/30.

## Funding Sources

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



## Rates and Rate Increases

There are approximately 115,000 ratepayers in Otago. Whilst the population of Otago may change over the ten year period, the change is not expected to impact significantly on the level of activity undertaken by Council. Historically, the nature of work has not been sensitive to population growth. Further, should there be major changes in population over the next 10 years, the impact on individual rate accounts would be minimal. For example, the general rate payable in 2014/15 on a \$250,000 home in Dunedin was approximately \$37. A 10% growth in population, and therefore rateable properties would reduce this rate to approximately \$33.

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

### General Rates

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

As a result, the revenue from general rates is a very low funding source, contributing to around 15% of council's total expenditure. This low general rate means that any general rate increases, whilst small in monetary terms, are generally high in percentage terms. For example a 1% increase in general rates equates to approximately \$50,000. This spread across 115,000 ratepayers, averages out to around \$0.43 per annum, per rate payer.



Both the community and Council have identified a need for us to increase our activities around water quality and water quantity, and so an increase in the level of our expenditure in these areas is planned. This results in the need for us to increase our general rates. The first year of the long term plan provides for a general rate increase of 5.2% to reflect the increase in activities. In monetary terms, this is around \$360,000.

Of the total general rate to be collected each year, 25% is to be charged as a uniform annual general charge (UAGC). General rates regional are allocated across the districts and city. 25% of each district and city general rates is then charged as a UAGC, which means that each area may have a different UAGC value. This ensures that the districts and city are paying their fair share of these rates, and no one district is being subsidised by the others.

The movement in rates from year to year ranges from a rate increase of 5.2% in the first year of the plan, to a decrease of 2.88% in later years. This plan provides for inflation each year of between 1.9% and 3.6% over the 10 year period on its expenses. General rate increases will be capped at 6.9% per annum.

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

### ***Targeted Rates***

Council has approximately 18 targeted rates established for river management works, flood and drainage schemes, and public transport services provided in Dunedin and Queenstown. Two new rates are being proposed in the 2015/16 year, in respect of permitted activity (dairy) inspections and water quality implementation works.

Each of the targeted rates has its own reserve and so any unspent rating is allocated to the appropriate reserve.

With respect to the river management rates, Council aims to have reserves in funds equating to approximately one year worth of rating. 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.

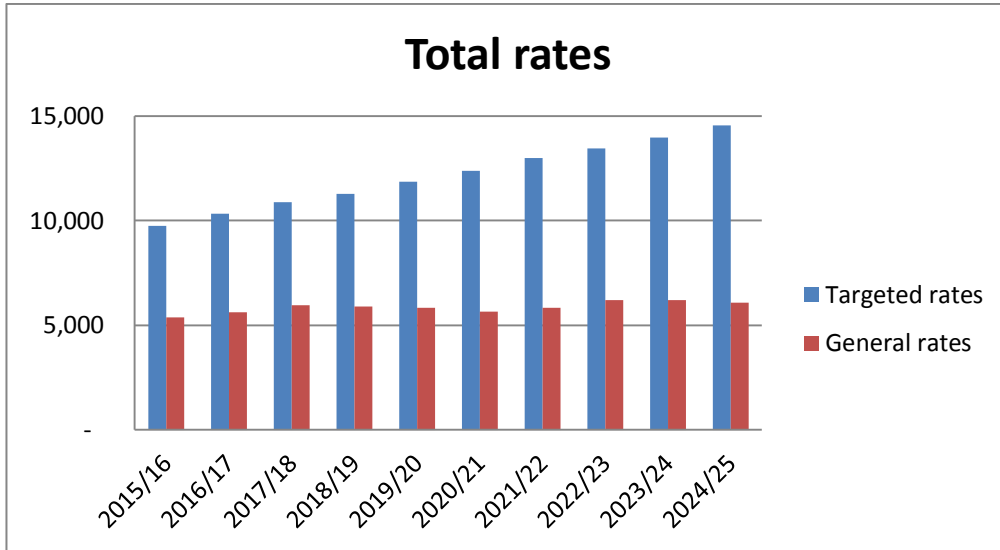
Council has recognised that a greater level of intervention in river management issues is needed, and so a programme for developing and implementing river management plans for many of the major rivers in Otago has been incorporated into the Long Term Plan. The costs for the river management areas have therefore increased beyond inflationary rates, and this is reflected in the targeted rates.

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

The movement in targeted rates from year to year ranges from a rate increase of 14.3% in the first year of the plan, and then is around 6% each year thereafter. This first year sees the introduction of the two new targeted rates. Targeted rate increases will be capped at 14.3% per annum, which includes inflationary increases. Targeted rates will be limited to no more than \$14.5 million in any year.

## Total Rates

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



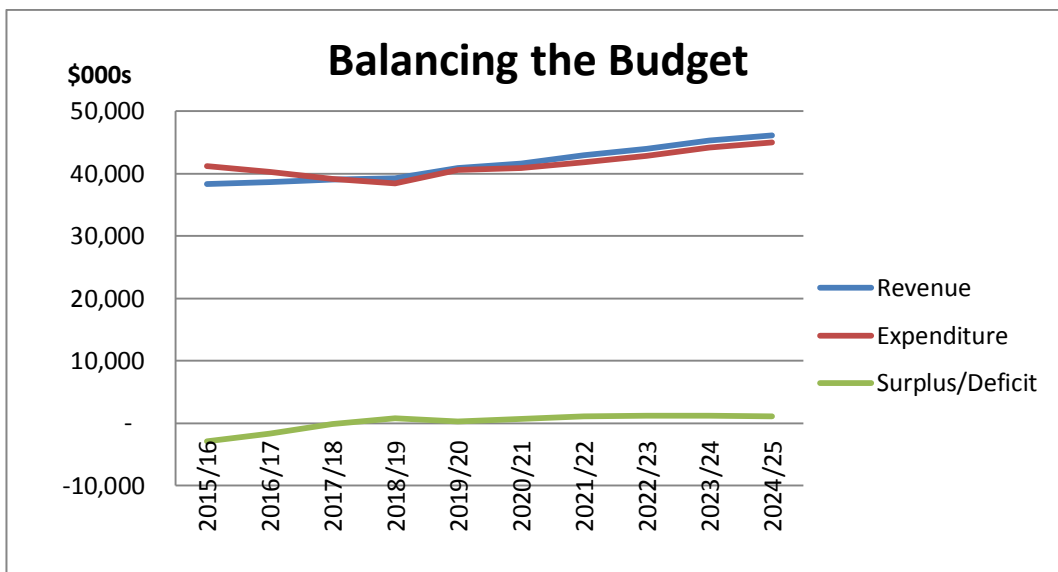
## Rate Limits

The limits on rates to be collected over the life of the plan are as follows:

- General rates will be no more than \$6.2 million per annum.
- Targeted rates will be no more than \$14.5 million per annum

## Balancing the Budget

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



The primary reason for the shortfall in revenue is the use of reserves to fund operating expenditure. This has been planned for three activities of council as follows:

- Council intends investing approximately \$1 million over the next three years on research and development for two activities. Improving Otago's water quality has been identified as a key issue for council and so it has provided to invest in researching and developing tools for real time water quality monitoring. Council also recognises that there are limited tools available to address our pest rabbit problem, and so it will research and invest in new non biological control tools. The use of reserves for research and development is considered prudent, and is in accordance with council's revenue and financing policy.
- The Dunedin Transport Reserve has funds available of approximately \$4.5 million. Approximately \$1.2 million of these reserves are going to be used to implement over the next two years, a new electronic bus ticketing system, and approximately \$900,000 will be used to develop a bus hub in Dunedin city. The transport reserve has been established to fund operating revenue, and its use in these circumstances is considered prudent.

## **Borrowing**

Council currently has no borrowing.

Council may borrow for the following primary purposes:

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

Borrowing limits are set in terms of interest expense, in that interest can not exceed 20% of the total rates per annum. Note is made that there is no plan for council to borrow during the next 10 years.

It is Council policy to offer security for any borrowing by way of a charge over its rates. In the normal course of business, Council policy is not to offer security over any of the other assets of 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, the Council uses accumulated reserves as a borrowing mechanism primarily for the flood and drainage schemes, thereby reducing the level of external borrowings required. The following operational guidelines apply to the use of reserves for funding rather than external borrowings:

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

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

## **Scheme Infrastructure Asset Investment**

Significant expenditure is required during the life of this plan on flood and drainage scheme infrastructure. Generally, capital works in established schemes are funded by the depreciation reserve built up for each of the schemes, and maintenance work is funded by targeted scheme rates. However, depreciation reserves are not always sufficient to

cover capital investment, and so increases in targeted rating have been planned where appropriate, along with the utilisation of internal borrowings.

The planned capital expenditure for each scheme is as follows:

<b>Capital Expenditure 2015 - 2025</b>			
	<b>Increase in Levels of Service \$000s</b>	<b>Renew / Replace \$000s</b>	<b>Total \$000s</b>
Leith Flood	10,400		10,400
West Taieri Drain	114	1,272	1,386
East Taieri Drain	673	657	1,330
Lower Taieri Flood	6,030	1,097	7,127
Lower Clutha Flood & Drain	1,291	2,175	3,466
<b>Total</b>	<b>18,508</b>	<b>5,201</b>	<b>23,709</b>

Each scheme has its designed level of service (or protection). On the Lower Taieri, there are areas where the planned level of service is not being achieved, and so works are programmed to increase the current level of service to those of the design standards.

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

The Leith Flood Protection Scheme is a new scheme, and is treated as an increase in the level of service.

## **Investments**

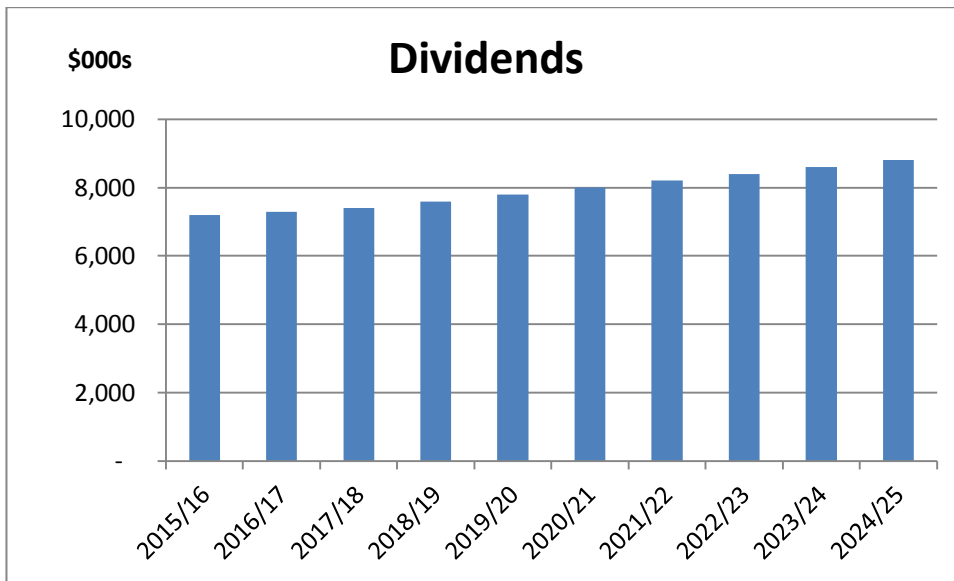
Council's primary objective when investing is to earn a return whilst protecting its initial investment. Accordingly, the risk profile of all investment portfolios must be conservative. Within approved credit limits, Council seeks to maximise investment returns, and manage potential capital losses due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

### **Port Otago Ltd**

Council holds 100% ownership of Port Otago Ltd. Each year, a significant dividend is received from Port Otago Ltd that is used to reduce the general rate requirement, usually by more than half of the 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.

From time to time, special dividends are received from Port Otago Ltd. They are requested by Council when an appropriate specific project is identified. 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 requirement for special dividends has been identified in this Long Term Plan.

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



### Investment Property

Council owns investment property within Dunedin City.

Some of the land is leased by the Dunedin Teachers College and the Otago Polytechnic.

Council also owns land on the Dunedin harbour basin, being the Custom House building and the Monarch building.

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

### Managed Funds

The objectives of the investment portfolio are the preservation of capital and the generation of moderate capital gains, and are to be provided through a balanced investment portfolio incorporating classes of New Zealand cash and bonds, Australasian equities and international equities. The asset allocation ranges for investments are:

Asset Class	Target Allocation	Acceptable Range	
		Minimum	Maximum
NZ Cash	5%	1%	10%
NZ Fixed Interest	50%	45%	55%
International Fixed Interest	10%	5%	15%
NZ Property	7.5%	5%	10%
Australasian Equities	12.5%	7.5%	17.5%
International Equities	10%	5%	15%
Hedge Funds	2.5%	1%	5%
Commodities	2.5%	1%	5%
<b>Total</b>	<b>100%</b>		

Investment income comprises dividends and interest. Our assumption on interest income over the 10 year period is that we will achieve 5% per annum. This income is used to pay interest on reserve balances that are in funds, such as scheme reserves, Emergency Response Reserve etc., and the remaining balance is used to subsidise general rates.

## Infrastructure Strategy

### 1. Introduction

Council owns a wide range of assets, including land and buildings, motor vehicles and plant. Infrastructure assets held by council are flood and drainage scheme assets and these are operated and maintained by council. Their book value is around \$60 million, representing approximately 71% of the value of total assets held.

This strategy focuses on our infrastructure assets, which are made up primarily of hundreds of kilometres of floodbanks, drains, pump stations, and culverts.

Flood protection and drainage assets are grouped into “schemes”. All our schemes have infrastructure in place, and we want to ensure that the infrastructure will provide to their communities the agreed levels of service.

The Leith Flood Protection Scheme is currently being constructed, and there are significant capital costs associated with this work. We plan to complete this scheme by 2019/20.

The purpose of this strategy is to identify how we will manage our infrastructure assets, identify significant issues around our flood protection and drainage schemes over the next 30 years through to 2045, and discuss how we will address those issues. We have made many assumptions in determining our strategic direction for the 30 year period and these are also discussed in this strategy.

### 2. Geographical context

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

We manage eight flood and drainage schemes, protecting both the urban and rural sectors within the Dunedin city boundary, Central Otago District, Clutha District and the Queenstown Lakes District. Those schemes are as follows:

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

### 3. Capital Expenditure

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

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

#### 3.1 Renew / replace

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

- Assets associated with pump stations
- Floodbanks
- Bridges, culverts, pipes and other structures

Floodbanks are reconstructed to improve their resilience.

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

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

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

#### 3.2 Increase levels of service

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

- the community may demand a greater level of flood protection or drainage, than is currently being provided
- a need for a greater level of environmental protection
- because of climate change effects.

With the exception of the construction of the new Leith Flood Protection Scheme, the current levels of service provided by council for all flood and drainage schemes in relation to flood protection and drainage standards have not been revisited by council or the affected communities for a number of years. Council will go out to those communities in around 2019/20, with information about the current levels of service, so that it can have a discussion about whether or not there is a desire to increase those levels of service, and if so, the possible options for doing so.

Recent changes to council's Regional Plan Water around water quality, means that the water coming out of council's drainage schemes into rivers and lakes must meet certain standards by 2020. In 2015/16 council needs to decide on how it will comply with the water quality rules. It will investigate options for improving the quality of water discharged at scheme pump stations, and implement the preferred option(s) over the following two years. This environmental requirement for improved water quality may require some capital expenditure, which we think will improve the level of service in terms of environmental protection for those affected schemes and these have been provided for.

Studies have shown that there will be a possible sea level rise of between 0.3 and 0.5 metres over the next 30 years. Sea level rise may generate additional flooding and drainage risks, particularly for the Taieri and Lower Clutha flood and drainage schemes, which are close to sea level. Council will investigate the effects of sea level rise on agreed levels of service. We believe capital works may be required to mitigate that risk, so that we continue to maintain and provide the agreed levels of service. Investigation works have been budgeted for, and once known, capital budgets will be prepared for any works needed.

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

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

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

There is a possibility that new schemes may need to be developed in areas where currently no flood protection or drainage services are provided. This demand may be triggered by a flood event, or increase in activity in a flood prone area. Council may take undertake investigations to determine the feasibility during the 30 year period, if there is a demand for possible new schemes.

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

The capital estimates assume that there will be no new schemes developed over the 30 year period.

## **4. Operational Expenditure**

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

Council has operational and maintenance plans in place, and these set out the maintenance requirements of each type of asset.

## **5. Our Priorities**

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

- Providing agreed levels of flood and drainage protection to our communities
- Identifying and remedying assets where levels of service are not being achieved, or there is a high likelihood of failure.
- Complying with water quality standards by 2020
- Identifying and addressing potential issues arising from expected sea level change
- Continuing to develop our asset management plans for each scheme,

These priorities will assist our future planning and decision making processes



## **6. Assumptions**

### **6.1 Future population**

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

### **6.2 Inflation**

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

### **6.3 Useful lives**

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

### **6.4 Levels of Service**

We are assuming that there will be no changes to the levels of service for each of our flood and drainage scheme, except for the construction of the Leith scheme, and for improvements to the quality of water going through our drainage schemes.

### **6.5 Other assumptions**

Other assumptions made in preparing this strategy are as follows:

- There will be no new schemes developed over the 30 year period.
- There will be no deferred maintenance during the 30 year period.
- There will be no major flood or earthquake events during the period, that will result in damage to scheme assets.

## **7. Most Likely Scenarios and their cost**

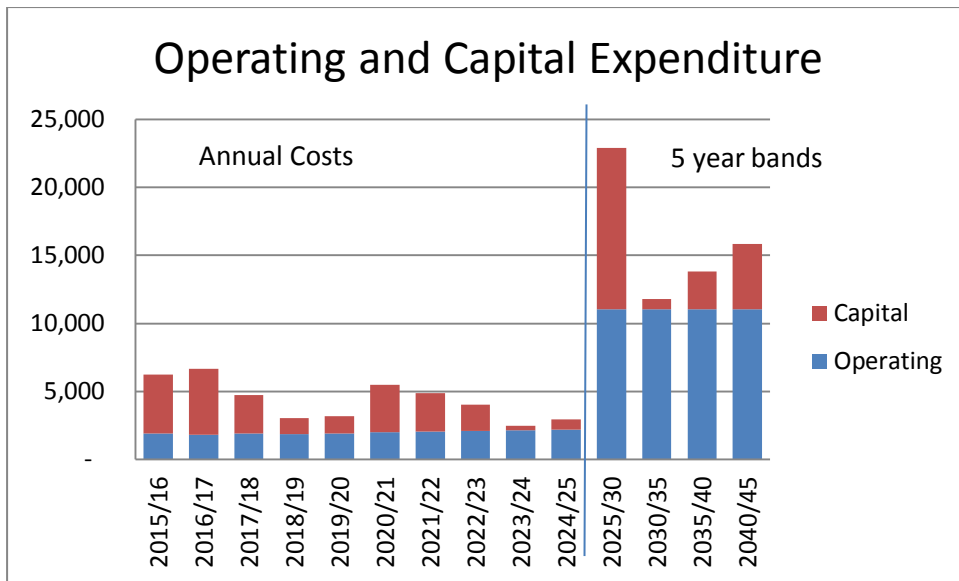
The following sections outline the most likely scenarios for council infrastructure investment in our scheme areas. The scenarios are based around the expected useful lives of the assets, and when they will require replacement.

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

The total projected operating expenditure over the next 30 years is \$64 million

The total projected capital expenditure over the next 30 years is \$45 million.

The annual operating and capital expenditure is as follows:



### Capital and Operating Expenditure by Scheme

#### Alexandra Flood Protection

	Capital	Operating
For the first 10 years of the plan, no capital expenditure has been identified as being required.		
Operating expenditure for each year is shown below:		
2015/16		\$249,000
2016/17		\$180,000
2017/18		\$199,000
2018/19		\$153,000
2019/20		\$157,000
2020/21		\$171,000
2021/22		\$175,000
2022/23		\$179,000
2023/24		\$183,000
2024/25		\$187,000
<b>2025/30</b>		
Operating expenditure		\$935,000
<b>2030/35</b>		
• Replace 3 pump stations electrical systems, structure etc.	\$730,000	
• Flood bank protection works	\$112,000	
• Operating expenditure		\$935,000
<b>2035/40</b>		
Operating expenditure		\$935,000
<b>2040/45</b>		
• Pump station replacement	\$1,705,000	
• Operating expenditure		\$935,000
<b>Total Estimated Cost of Works</b>	<b>\$2,547,000</b>	<b>\$5,573,000</b>

<b>Leith Flood Protection</b>		
	<b>Capital</b>	<b>Operating</b>
<b>2015/25</b>		
Complete construction of flood protection works for period 2015/16 to 2019/20 as follows:		
<b>2015/16</b>		
• Dundas Street to St David Street	\$3,729,000	
• Operating expenditure		\$403,000
<b>2016/17</b>		
• Union Street to Leith Street	\$4,008,000	
• Operating expenditure		\$507,000
<b>2017/18</b>		
• Dundas Street Bridge	\$1,868,000	
• Operating expenditure		\$579,000
<b>2018/19</b>		
• Forth Street to Harbour	\$393,000	
• Operating expenditure		\$590,000
<b>2019/20</b>		
• Enhancement works Forth Street to Harbour	\$402,000	
• Operating expenditure		\$603,000
For the last five years of the plan, no capital expenditure has been identified as being required. Operating expenditure for each of those years is shown below:		
2020/21		\$611,000
2021/22		\$614,000
2022/23		\$618,000
2023/24		\$620,000
2024/25		\$623,000
<b>2025/30</b>		
• Bank protection works	\$487,000	
• In channel structures, including weirs, etc.	\$1,218,000	
• Operating expenditure		\$3,115,000
<b>2030/35</b>		
• Operating expenditure		\$3,115,000
<b>2035/40</b>		
• Bank protection works	\$195,000	
• Operating expenditure		\$3,115,000
<b>2040/45</b>		
• Bank protection works, bunds etc.	\$209,000	
• In channel structures, including weirs, debris traps etc.	\$70,000	
• Operating expenditure		\$3,115,000
<b>Total Estimated Cost of Works</b>	<b>\$12,579,000</b>	<b>\$18,228,000</b>

<b>Lower Clutha Flood &amp; Drainage</b>		
	<b>Capital</b>	<b>Operating</b>
<b>2015/16</b>		
• Culvert and bridge upgrades	\$54,000	
• Alter drainage structure at Lake Tuakitoto/Robson Lagoon	\$112,000	
• Improve pump station safety	\$92,000	
• Operating expenditure		\$1,216,000
<b>2016/17</b>		
• Culvert and bridge upgrades	\$55,000	
• Alter drainage structure at Lake Tuakitoto/Robson Lagoon	\$20,000	
• Improve pump station safety	\$45,000	
• Improvement in water quality discharges	\$174,000	
• Improve availability of pump information for community access	\$174,000	
• Operating expenditure		\$1,214,000
<b>2017/18</b>		
• Culvert and bridge upgrades	\$26,000	
• Improvement in water quality discharges	\$166,000	
• Paratei floodbank improvements to reduce risk of failure	\$218,000	
• Floodbank at Factory Road improvements, protect against erosion	\$323,000	
• Operating expenditure		\$1,088,000
<b>2018/19</b>		
• Culvert and bridge upgrades	\$27,000	
• Kaitangata pump modifications – upgrade of parts	\$246,000	
• Refurbish Rutherford Locks –outfall structure	\$25,000	
• Barnego pump modifications – design works	\$7,000	
• Operating expenditure		\$1,068,000
<b>2019/20</b>		
• Culvert and bridge upgrades	\$27,000	
• Refurbish Rutherford Locks – outfall structure	\$23,000	
• Barnego pump modifications – design works	\$8,000	
• Paretai outfall structure modifications – planning & design	\$54,000	
• Operating expenditure		\$1,106,000
<b>2020/21</b>		
• Culvert and bridge upgrades	\$28,000	
• Barnego pump modifications – replacement pump	\$384,000	
• Paretai outfall structure modifications to improve drainage	\$386,000	
• Balclutha floodbank improvements – structure integrity	\$8,000	
• Operating expenditure		\$1,065,000
<b>2021/22</b>		
• Culvert and bridge upgrades	\$29,000	
• Balclutha floodbank improvements – structure integrity	\$484,000	
• Improve drainage at Smith Road pumping station - design	\$8,000	
• Operating expenditure		\$1,090,000

<b>2022/23</b>		
• Culvert and bridge upgrades	\$30,000	
• Balclutha floodbank improvements	\$23,000	
• Drainage at Smith Rd pump station - design	\$4,000	
• Operating expenditure		\$1,074,000
<b>2023/24</b>		
• Culvert and bridge upgrades	\$30,000	
• Balclutha floodbank improvements – structure integrity	\$5,000	
• Drainage at Smith Rd pump station – improve pumping efficiency	\$130,000	
• Operating expenditure		\$1,090,000
<b>2024/25</b>		
• Culvert and bridge upgrades	\$32,000	
• Drainage at Smith Road pump station – improve pumping efficiency	\$9,000	
• Operating expenditure		\$1,095,000
<b>2025/30</b>		
• Floodbank improvement works – replace 40 relief wells, weighting blanket, and 3 training lines.	\$3,900,000	
• Spillway replacement, Paretai outfall structure and Kaitangata locks control works	\$2,305,000	
• Pump station refurbishment - parts of Kaitangata, Rutherfords, Smith Rd and Paretai	\$557,000	
• Bridge upgrades	\$223,000	
• Operating expenditure		\$5,475,000
<b>2030/35</b>		
• Pump station refurbishment - parts of Smith Rd and Barnego	\$278,000	
• Operating expenditure		\$5,475,000
<b>2035/40</b>		
• Pump station refurbishment – parts of Kaitangata, Rutherfords, and Paretai	\$1,392,000	
• Operating expenditure		\$5,475,000
<b>2040/45</b>		
• Pump station refurbishment – parts of all five pump stations	\$1,531,000	
• Operating expenditure		\$5,475,000
<b>Total Estimated Cost of Works</b>	<b>\$13,693,000</b>	<b>\$33,006,000</b>
<b>Lower Taieri Flood Protection</b>		
	<b>Capital</b>	<b>Operating</b>
<b>2015/16</b>		
• Floodbank reconstruction works – Contour channel	\$158,000	
• Weighting blanket at Otokia	\$108,000	
• Operating expenditure		\$651,000

<b>2016/17</b>		
• Floodbank reconstruction – design Taieri floodbank	\$43,000	
• Operating expenditure		\$521,000
<b>2017/18</b>		
• Floodbank reconstruction – design/approvals Taieri floodbank	\$21,000	
• Operating expenditure		\$461,000
<b>2018/19</b>		
• Floodbank reconstruction works – Taieri and Contour channel	\$219,000	
• Operating expenditure		\$495,000
<b>2019/20</b>		
• Floodbank - reprofile Taieri left floodbank	\$348,000	
• Operating expenditure		\$410,000
<b>2020/21</b>		
• Floodbank – reprofile Taieri floodbank	\$416,000	
• Upper/lower pond spillway – improve scheme operation	\$1,287,000	
• Upper pond cut off bank works – replace to improve safety	\$404,000	
• Operating expenditure		\$587,000
<b>2021/22</b>		
• Upper/lower pond spillway – improve scheme operation	\$1,798,000	
• Upper pond cut off bank works – replace to improve safety	\$370,000	
• Operating expenditure		\$584,000
<b>2022/23</b>		
• Floodbank reconstruction works – Contour channel	\$200,000	
• Upper/lower pond spillway – improve scheme operation	\$1,178,000	
• Upper pond cut off bank works – replace to improve safety	\$380,000	
• Operating expenditure		\$692,000
<b>2023/24</b>		
No works identified.		
• Operating expenditure		\$518,000
<b>2024/25</b>		
• Floodbank reconstruction works – Contour channel	\$201,000	
• Operating expenditure		\$582,000
No works capital works have been identified during period 2025/26 to 2045, based on the estimated life of the assets, and the significant amount of works completed to date on this scheme. Operating expenditure for this period is shown below:		
2025/30		\$2,910,000
2030/35		\$2,910,000
2035/40		\$2,910,000
2040/45		\$2,910,000

<b>Total Estimated Cost of Works</b>	<b>\$7,131,000</b>	<b>\$17,141,000</b>
<b>West Taieri Drainage</b>		
	<b>Capital</b>	<b>Operating</b>
<b>2015/16</b>		
• Culvert and bridge upgrades	\$25,000	
• Operating expenditure		\$591,000
<b>2016/17</b>		
• Culvert and bridge upgrades	\$113,000	
• Improvement in water quality discharges	\$56,000	
• Operating expenditure		\$638,000
<b>2017/18</b>		
• Culvert and bridge upgrades	\$26,000	
• Improvement in water quality discharges	\$53,000	
• Operating expenditure		\$670,000
<b>2018/19</b>		
• Culvert and bridge upgrades	\$124,000	
• Operating expenditure		\$588,000
<b>2019/20</b>		
• Culvert and bridge upgrades	\$129,000	
• Operating expenditure		\$602,000
<b>2020/21</b>		
• Culvert and bridge upgrades	\$28,000	
• Operating expenditure		\$592,000
<b>2021/22</b>		
• Culvert and bridge upgrades	\$136,000	
• Operating expenditure		\$628,000
<b>2022/23</b>		
• Culvert and bridge upgrades	\$90,000	
• Operating expenditure		\$703,000
<b>2023/24</b>		
• Culvert and bridge upgrades	\$143,000	
• Operating expenditure		\$650,000
<b>2024/25</b>		
• Culvert and bridge upgrades	\$30,000	
• Henley pump station controls replacement and electrical and controls replacement at Waipori	\$435,000	
• Operating expenditure		\$724,000
<b>2025/30</b>		
• Pump station refurbishment – part of Waipori	\$70,000	

• Bridge upgrades	\$1,058,000	
• Operating expenditure		\$3,620,000
<b>2030/35</b>		
• Pump station refurbishment – part of Waipori and Henley	\$313,000	
• Operating expenditure		\$3,620,000
<b>2035/40</b>		
• Pump station refurbishment - part of Ascog and Waipori	\$418,000	
• Operating expenditure		\$3,620,000
<b>2040/45</b>		
• Pump station refurbishment – part of Henley and Waipori	\$592,000	
• Operating expenditure		\$3,620,000
<b>Total Estimated Cost of Works</b>	<b>\$3,839,000</b>	<b>\$20,866,000</b>
<b>East Taieri Drainage</b>		
	<b>Capital</b>	<b>Operating</b>
<b>2015/16</b>		
• Culvert and bridge upgrades	\$25,000	
• Operating expenditure		\$502,000
<b>2016/17</b>		
• Culvert and bridge upgrades	\$26,000	
• Improvement in water quality discharges	\$97,000	
• Operating expenditure		\$483,000
<b>2017/18</b>		
• Culvert and bridge upgrades	\$26,000	
• Improvement in water quality discharges	\$87,000	
• Operating expenditure		\$543,000
<b>2018/19</b>		
• Culvert and bridge upgrades	\$26,000	
• Scrogg pump station refurbishment – design work	\$10,000	
• Drainage improvements to empty upper pond at Silverstream pump station	\$76,000	
• Operating expenditure		\$503,000
<b>2019/20</b>		
• Culvert and bridge upgrades	\$27,000	
• Scrogg pump station refurbishment	\$95,000	
• Drainage improvements to empty upper pond at Silverstream pump station	\$151,000	
• Operating expenditure		\$417,000
<b>2020/21</b>		
• Culvert and bridge upgrades	\$28,000	
• Drainage improvements to empty upper pond at		



Silverstream pump station and around outlet	\$537,000	
• Operating expenditure		\$429,000
<b>2021/22</b>		
• Culvert and bridge upgrades	\$29,000	
• Operating expenditure		\$412,000
<b>2022/23</b>		
• Culvert and bridge upgrades	\$30,000	
• Operating expenditure		\$423,000
<b>2023/24</b>		
• Culvert and bridge upgrades	\$31,000	
• Operating expenditure		\$434,000
<b>2024/25</b>		
• Culvert and bridge upgrades	\$31,000	
• Operating expenditure		\$445,000
<b>2025/30</b>		
• Pump station refurbishment – part Scroggs, Mill Creek & Silverstream	\$348,000	
• Bridge upgrades	\$613,000	
• Operating expenditure		\$2,225,000
<b>2030/35</b>		
• Operating expenditure		\$2,225,000
<b>2035/40</b>		
• Pump station refurbishment – part Scroggs, Mill Creek & Silverstream	\$974,000	
• Operating expenditure		\$2,225,000
<b>2040/45</b>		
• Pump station refurbishment – part Mill Creek & Silverstream	\$696,000	
• Operating expenditure		\$2,225,000
<b>Total Estimated Cost of Works</b>	<b>\$3,963,000</b>	<b>\$13,491,000</b>
<b>Tokomairiro Drainage</b>		
	<b>Capital</b>	<b>Operating</b>
For the first 10 years of the plan, no capital expenditure has been identified as being required.		
Operating expenditure for each year is shown below:		
2015/16		\$106,000
2016/17		\$96,000
2017/18		\$98,000
2018/19		\$101,000
2019/20		\$103,000
2020/21		\$106,000
2021/22		\$109,000
2022/23		\$112,000

2023/24		\$115,000
2024/25		\$118,000
<b>2025/30</b>		
• Bridge upgrades	\$1,114,000	
• Operating expenditure		\$590,000
For the last 15 years of the plan, no capital expenditure has been identified as being required. Operating expenditure this period is shown below:		
2030/35		\$590,000
2035/40		\$590,000
2040/45		\$590,000
<b>Total Estimated Cost of Works</b>	<b>\$1,114,000</b>	<b>\$3,434,000</b>
<b>TOTAL ESTIMATED COST OF WORKS</b>	<b>\$44,866,000</b>	<b>\$111,739,000</b>

## REPORT

Document Id: A740141

Report Number: 2015/0797

Prepared For: Finance and Corporate Committee

Prepared By: Projects Manager

Date: 2 March 2015

Subject: **2015-25 Long Term Plan Consultation Document**

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### 1. Précis

Changes to the Local Government Act meant that Council no longer prepares a draft Long Term Plan (LTP) for consultation purposes, but instead prepares a consultation document. Following the consultation process, a LTP will be presented to council for adoption in June. A consultation document has been prepared and is circulated with this report, for consideration and approval by the Finance and Corporate Committee.

### 2. Background

Section 93B of the Local Government Act (LGA) sets out the purpose of a consultation document. In summary, the consultation document must:

- provide a fair representation of the matters that are proposed to be included in the LTP; and
- identify and explain significant and important issues and choices facing the local authority and region, and the consequences of those choices.

The LGA prescribes the content of the consultation document, which includes describing the proposed content of council's Financial Strategy and Infrastructure Strategy, and any significant changes to its Revenue and Financing Policy.

The LGA makes it clear that a draft LTP is not to be used as an alternative to the consultation document. The consultation document must not have attached to it a draft LTP, or a full draft of any policy or strategy. The consultation document must state where the public may obtain supporting information. It is proposed that our web site will have a section dedicated to this consultation process and include on it a copy of the Financial Strategy, Infrastructure Strategy, information on Dunedin bus fares, and any other information that would be considered useful. It is also intended that people will be able to go onto our web site, and see what their estimated rates will be for the 2015/16 financial year.

Council's consultation document is being audited by Deloitte, and is undergoing a "hot review" from the Office of the Auditor General, to ensure compliance with the LGA. We expect to receive audit clearance before the Finance and Corporate Committee is held.

### 3. Consultation Document

The consultation document has been based on work completed over the past six months, including:

- the adoption of council's strategic plan;
- an analysis of the statutory and discretionary activities of council;
- councillor workshops on:

- the direction of thinking
- proposed key initiatives for each activity of council
- proposed activities and their costs for inclusion in the LTP
- proposed Revenue and Financing Policy
- overall review of activities and their costs and funding.

Projects have been grouped to fit within four main themes considered very important, being water, land protection, biodiversity and air. Some comment is given on Dunedin bus services, and financial information is also provided on our other “business as usual” activities.

The significant items included in the consultation document are discussed below.

### **3.1 Water quality and quantity**

The initiatives around water quality proposed to be in the LTP include:

- ensuring landholders become compliant with the rules, by working with key stakeholders who can educate and advise landholders of recommended methods and practices
- increasing the number of dairy farm inspections to ensure compliance with our permitted activity rules
- investing in, or contributing to the development of technologies to assist with water quality measurement, especially tools that landholders can themselves use to help them self-regulate such as real time water quality testing
- developing plan changes to address urban water discharges.

Water quantity initiatives include:

- establishment of minimum flows and allocation regimes for the Clutha River/Mata Au
- completion of a number of other minimum flow plan changes, including science monitoring and reporting
- assisting and facilitating community-led investigations into water storage and irrigation and working with the managers of Central Government funding streams to assist local projects that fit within our regulatory framework
- working to assist a smooth transition from mining privileges to consents

### **3.2 Land protection**

This section comments on our pest management, flood and drainage schemes, natural hazards, and rivers and water way management activities.

Key initiatives proposed to be included in the LTP include:

- undertaking research on new tools and control methodologies for pests
- collaborating on the development of a new South Island pest strategy to achieve a broader approach to effectiveness
- investing in our flood and drainage schemes to continue to protect people and land from flooding
- developing a geotechnical information database, including land contamination, landslide features, rock-fall hazards
- assessing areas potentially prone to liquefaction hazards
- investigating potential flood hazards risks in non-protected areas
- developing a Natural Hazard Risk Management Strategy for South Dunedin including options for mitigation of groundwater and liquefaction hazards

### 3.3 Biodiversity

Council is planning to increase its focus on biodiversity, and some new initiatives are being proposed as follows:

- developing a biodiversity strategy for Otago
- working with communities to identify key areas of significance and key biodiversity assets
- continuing to monitor significant wetlands
- providing financial support for yellow-eyed penguin research
- undertaking environmental restoration programmes
- preparing a wilding tree review and stocktake throughout the region

### 3.4 Air

Council recognises that it has an issue in meeting the government's air quality standards. Key actions being proposed for inclusion in the LTP include:

- developing an air strategy for Otago
- engaging all relevant stakeholders in policies and practices
- supporting the Cosy Homes Trust for the installation of clean heating appliances in targeted areas

### 3.5 Other activities

The consultation document includes some commentary on Transport, and specifically public transport services in Dunedin and Queenstown.

Initiatives to be include in the LTP include the development of a central bus hub in Dunedin, and the implementation of a new electronic ticketing system during the 2015/16 and 2016/17 year. The changes to bus fares in Dunedin are also commented on, noting that full details will be provided for on our web site.

Our activities considered to be business as usual, are our community, emergency management, regulatory and environmental incident response activities. These are business as usual in that there are no significant issues being faced on these over the next 10 years. Financial information has been provided for these in the consultation document.

## 4. Estimated Expenditure

Our activities are made up of both capital and operating costs. The estimated costs of our activities for the next three are as follows:

Activity	2014/15 \$000s	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s
<b>Environmental</b>				
- Water	5,186	7,011	7,194	7,002
- Air	753	440	368	266
- Land	2,514	2,091	2,212	2,528
- Rivers & waterway management	986	1,812	1,837	1,794
- Environmental incident response	933	979	1,049	1,160
<b>Community</b>				
- Democracy	1,337	1,375	1,561	1,441
- Public information and awareness	1,550	1,933	2,034	2,090
- Financial contributions	731	734	597	794

<b>Regulatory</b>				
- Policy development	899	434	152	-
- Consent processing	1,713	1,860	1,906	1,959
- Compliance monitoring	1,214	1,901	1,967	1,985
- Harbour management	194	319	299	306
<b>Flood protection and control works</b>				
- Flood and drainage schemes	7,982	8,303	8,451	6,899
<b>Safety and hazards</b>				
- Emergency management	415	428	519	531
- Natural hazards	1,040	1,502	1,556	1,635
<b>Transport</b>				
- Regional transport planning	451	123	129	176
- Public passenger transport	10,668	14,282	13,208	11,743
<b>Total Expenditure</b>	<b>38,569</b>	<b>45,528</b>	<b>45,032</b>	<b>42,299</b>

#### 4.1 Water

The water activity budget is planned to increase by approximately \$1.8 million.

In 2015/16 the budget for work on the Regional Plan Water is \$1.3 million greater than for 2014/15. Significant work is planned for establishing minimum flows and allocation regimes, in readiness for the transition from mining privileges to consents, and work on the development of a strategy to address urban discharges into waterways will commence. These activities will continue in year two but then decrease in year three of the LTP, as they near completion.

The budget for implementing water quality rules has increased by approximately \$133,000, which includes new funding for research and development tools to monitor water quality. This is budgeted to cost \$101,000 in the first year of the LTP, will continue for two more years and then cease. Research and development will be funded from reserves.

Of the water quality budget, science work and environmental monitoring being undertaken specifically for implementing the 6A plan change totals \$945,000 and 75% of this is proposed to be recovered by way of a new targeted water quality rate, along with some new compliance costs discussed in section 4.7.

Work on water quantity is budgeted to increase by approximately \$140,000 in the first year of the LTP and remain consistent for the first three years of the LTP.

A new initiative being introduced in the first year of the plan is the development of a Coastal Strategy, and it is estimated to cost approximately \$150,000 in 2015/16.

#### 4.2 Air

The air budget has reduced by approximately \$300,000. The clean air initiative has reduced by approximately \$200,000. The installation of clean heating appliances is now to be undertaken by the Cosy Homes Trust, and so council is planning to contribute \$100,000 to the Trust rather than do the work itself.

An Air Strategy for Otago is to be developed over the first two years of the plan. This is estimated to cost \$200,000 in the first year and \$125,000 in year two.

The budget for air monitoring and studies has reduced by approximately \$168,000. Whilst monitoring will continue, efforts are instead being put into the development of the Air Strategy.

#### **4.3 Land**

The budget for land has decreased by approximately \$400,000.

It is proposed that Council will no longer undertake possum contracting work, but will instead focus solely on rabbit work. This has resulted in a budget decrease of around \$840,000. It is noted that this work was being funded from fees and charges.

The biodiversity budget has increased by approximately \$300,000. The development of a biodiversity strategy for Otago is being proposed over the first two years of the LTP, and then provision has been made for its implementation in 2017/18.

In year two and three of the plan, research and development of approximately \$200,000 has been budgeted for, to identify possible new non biological control tools to assist with pest control. This will be funded by reserves.

#### **4.4 Rivers and Waterway Management**

The budget for this activity has increased by approximately \$800,000, and it is spread across the five districts of Otago. There has been an increase in the demand by the community for greater management of our waterways. We are planning the development and implementation of River Morphology and Riparian Management Plans for our key waterways.

#### **4.5 Public Information and Awareness**

The budget for this activity has increased by approximately \$380,000. Three new initiatives are included in this activity.

Council has planned to support Enviroschools by taking on the regional co-ordinator role, at an estimated cost of \$60,000.

An amount of \$56,000 has been provided for in year one of the plan, toward the research and development of a toolkit for social change. A further \$260,000 is budgeted to be spent over years two and three of the plan to complete this work, which we anticipate will be undertaken by a University.

Each year, approximately \$135,000 is planned to be spent on demographic and economic data sets to assist our planning work. It is proposed that council fund half of the cost of this work, with the remaining costs being paid for by our territorial authorities.

Our iwi relationships budget is also planned to increase by \$50,000, and our response to issues budget by \$55,000.

#### **4.6 Policy Development**

The budget for this work does not include policy work on our water or air plans. The 2014/15 budget includes significant costs for completing the Regional Policy Statement. The majority of this work will be completed by 2015/16.

#### **4.7 Compliance Monitoring**

The compliance monitoring budget has increased by approximately \$680,000.

New compliance monitoring work on water quality is planned for, at a cost of around \$450,000. Of this amount, \$250,000 has been provided for research and development, to assist compliance with

water quality rules, and includes the investigation of initiatives such as real time water quality monitoring tools. This work will be paid for by reserves. \$138,000 is for new compliance work, and 75% of this is proposed to be funded by a new water quality rate, discussed earlier in 4.1.

There is a general increase in the level of compliance monitoring to be undertaken, for both the review of performance monitoring returns and undertaking audits for compliance with consent conditions.

#### **4.8 Natural Hazards**

This budget has increased by approximately \$462,000. Of this amount \$264,000 has been budgeted for the purchase of LiDAR information, and is proposed to be funded from reserves.

A number of initiatives have been proposed and are included in section 3.2 of this report.

Work is planned for the development of a risk management strategy for South Dunedin, with planning scheduled for the first year of the LTP, and works then being completed from 2016/17 through to 2018/19, at a total cost of approximately \$860,000. The budget has incorporated a contribution from the Dunedin City Council of \$375,000 from year two, and spread over three years. Finalising and agreeing to this arrangement will be part of the planning scheduled in 2015/16.

#### **4.9 Public Passenger Transport**

This budgeted is estimated to increase by \$3.6 million. The increase relates primarily to the development of a central bus hub in Dunedin at a cost of \$956,000 in year one of the plan, with a further \$1 million in later years, and the implementation of an electronic ticketing system, at a cost of \$3 million in year one. These projects are to be partly funded by NZTA and the remainder through the transport reserve.

### **5. Estimated Revenue**

The sources of revenue budgeted to cover the cost of our activities are as follows:

<b>Revenue Source</b>	<b>2014/15 \$000s</b>	<b>2015/16 \$000s</b>	<b>2016/17 \$000s</b>	<b>2017/18 \$000s</b>
General rates	5,027	5,287	5,543	5,900
Targeted rates	8,156	9,734	10,337	10,887
Grants	6,028	8,385	7,397	6,662
Fees & charges	3,833	3,536	6,632	3,838
Reserves	3,797	7,845	7,394	3,952
Dividends and investment income	10,043	9,987	10,152	10,259
Other income	1,174	1,361	1,548	1,477

#### **5.1 General Rates**

The movement in general rates from year to year ranges from a rate increase of 5.2% in the first year of the plan, to a decrease of 2.9% in later years. The first year increase equates to \$360,000.

Over the 10 year period, general rate increases will be capped at 6.9% per annum, which includes inflationary increases. General rates will be limited to no more than \$6.2 million in any year. These will be reviewed annually as part of our Annual Plan process.



## 5.2 Targeted Rates

Targeted rates are made up as follows:

Targeted Rates	2014/15 \$000s	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s
Air	89	100	100	100
Water quality	-	813	704	805
Dairy Inspection	-	192	197	137
<b>Targeted River Management rates</b>				
- Central Otago District	155	225	300	350
- Clutha District	185	225	265	275
- Dunedin City	150	150	150	150
- Lower Waitaki River	164	145	145	118
- Wakatipu	250	200	200	200
- Wanaka	167	167	167	167
- Waitaki District	138	260	350	400
<b>Targeted Passenger Transport Services rate:</b>				
- Dunedin	3,231	3,425	3,639	3,860
- Queenstown	45	50	55	55
<b>Targeted Flood and Drainage Scheme rates:</b>				
- East Taieri drainage	363	420	460	500
- Leith flood protection	1,114	1,192	1,275	1,365
- Lower Clutha	532	650	715	750
- Lower Taieri	613	700	740	780
- Shotover Delta	250	250	250	200
- Tokomairiro	45	60	80	95
- West Taieri drainage	475	510	545	580

Sample property rates are provided for in the consultation document, for capital values of \$250,000, \$600,000 and \$4,000,000, for all rates except the flood and drainage scheme rates. Given the number of differentials within the schemes, it was considered impractical to provide examples of all rate types within the document. Ratepayer can however, visit our web site, and view the estimated rates payable for their properties, by rate type and in total.

## 6. Revenue Policy

The significant changes being proposed to our Revenue Policy are incorporated in the consultation document. The full Revenue Policy will be disclosed on our web site. The significant changes made are discussed below.

### 6.1 Compliance Monitoring

Compliance monitoring is made up of performance monitoring and auditing consent holder activities.

To date, performance monitoring has been paid for, half by consent holders through fees and charges, and half from general rates. We are proposing to increase the level of fees payable, so that 75% of the costs are paid for by consent holders and 25% by general rates.

Our audits have previously been paid for, half by consent holders and half from general rates. We are now proposing that audits be paid for in full by consent holders, and that there be no general rate contribution to this work.

### 6.2 Water quality targeted rate

Our work on water quality will cost around \$2 million in 2015/16, and will continue on through the life of the plan. It includes new monitoring and science work, at a cost of around \$1.1 million that will benefit directly some rural landholders. We are therefore introducing a new targeted rate on certain rural land types, to contribute 75% of the cost of the additional monitoring and new science work. The rate will be calculated on a capital value basis. The remaining costs will be paid for by general rates.

### 6.3 Dairy inspection targeted rate

Every year we monitor dairy farms, because of the potential risks of this activity on our water quality. The LTP proposes that this activity will continue over the 10 year period.

We are proposing that we now pay for all of our monitoring costs through new targeted rating, and in 2015/16 this work is estimated to cost \$192,000.

In 2015/16 every dairy farm in Otago will have at least one monitoring visit by ORC to ensure that their activities are causing no adverse effects on our waterways. Some dairy farms may require two or more monitoring visits during a year. The number of visits will be based on the sensitivity of the receiving environment from the dairy activity.

We are proposing three classes of rates payable, as set out below:

Rating Classes	Environmental Factors	Rate Payable
Class 1	One visit per year: <ul style="list-style-type: none"> <li>Sensitivity of the receiving environment - low</li> </ul>	\$275.00
Class 2	Two visits per year, because of one of the following: <ul style="list-style-type: none"> <li>Sensitivity of the receiving environment - medium</li> </ul>	\$550.00
Class 3	Three or more visits per year, Sensitivity of the receiving environment - high	\$825.00

All dairy farms, approximately 450, will be assessed annually to determine the factors applying to the farm, and therefore the rate payable for that farm.

## **7. Balancing the Budget**

We are required to ensure that for each year, the estimated revenue is sufficient to cover its estimated operating costs. We can however set our revenue at a different level, if council resolves that it is financially prudent to do so. It is estimated that in the first two years of the proposed LTP, the estimated revenue will not cover estimated operating costs.

The primary reason for the shortfall in revenue is the use of reserves to fund operating expenditure. This has been planned for three activities of council as follows:

- Council intends investing approximately \$1 million over the next three years on research and development for two activities for improving Otago's water quality and for investigating new non biological control tools for pests. The use of reserves for research and development is considered prudent, and is in accordance with council's revenue and financing policy.
- The Dunedin Transport Reserve has funds available of approximately \$4.5 million. Approximately \$1.2 million of these reserves are going to be used to implement over the next two years, a new electronic bus ticketing system, and approximately \$900,000 will be used to develop a bus hub in Dunedin city. The transport reserve has been established to fund operating revenue, and its use in these circumstances is considered prudent.

## **8. Consultation process and hearings**

A programme is being established to appropriately publicise the consultation document and the opportunity for the community to have its say. It is proposed that those ratepayers who will be required to pay the water quality rate, and will have a rate account of \$50 or more for this rate, will be written to, advising them of the new rate, giving them an opportunity to comment on it.

Plans are underway for preparing a flyer for wide distribution, highlighting the key areas of the consultation document, and the chance to provide us with comments.

Plans are also underway to hold launch events with key stakeholders, in Dunedin, Central Otago and Oamaru, before Easter. These will provide an opportunity to discuss with these groups our key issues, and proposed activities.

It is recommended that a sub committee be formed to consider all submissions received. Submissions will close on 4 May 2015, and hearings will be held during the week commencing 11 May 2015.

## **9. Recommendations**

1. That the consultation document be adopted for consultation purposes, subject to any minor editorial amendments.
2. That the significant changes to the Revenue Policy be adopted for consultation purposes.
3. That it is financially prudent to have operating deficits for the first two years of the LTP.

4. That submissions on the consultation document close on 4 May 2015, and that hearings will be held during the week commencing 11 May 2015.
5. That a hearing sub committee be appointed.

Wayne Scott  
**Director Corporate Services**

Consultation Document

2015-25 LTP

## Page 1

### Message from the Chairman and Chief Executive

Otago is a special place. Most of us are here by choice because we can enjoy a good livelihood and a high quality of life without one being at the expense of the other.

The Otago Regional Council's role is to encourage this positive balance of livelihood and lifestyle as it manages natural resource use. Our Long Term Plan (2015 to 2025) is the vehicle through which we identify how we are going to do this over the next 10 years.

This consultation document offers you, the public, the chance to tell us what you think is important and what the priorities should be. The Long Term Plan, once completed, will be a detailed document describing our many priorities. In this consultation document we have concentrated on four themes that we have assessed as being very important in Otago's future: water, land protection, biodiversity, and air. We have also provided some comment on bus services in Dunedin, as there is some planned significant spending on new initiatives. We do have other activities such as responding to environmental incidents, emergency management planning, and undertaking our regulatory functions, including processing resource consent applications and ensuring compliance with their conditions. These 'business as usual' activities are not changing significantly over the next 10 years, and so we have not discussed them in this consultation document.

The main challenge we have over the next 10 years is to implement our plans and strategies that we consulted on and adopted in earlier years. In the last few years we introduced new rules to protect Otago's water quality and quantity - our most valuable natural resource. We now need to invest in the implementation of these rules. The certainty these rules bring will define the economic benefit and community prosperity we can derive from our water resource.

Another challenge we have is that it will be extremely difficult for us to meet air quality standards set by central government by 2020, and we will be talking to them about that.

Our land protection work includes implementing our Pest Management Strategy, and ensuring that pest plants and pest animals are being controlled. We also want to protect our land by maintaining our flood and drainage schemes, and by understanding the natural hazards our Otago region may face in the future.

Our financial reserves are available to enable funding of capital works, for example, the construction of the Leith flood protection scheme, and for keeping our other flood and drainage schemes up to standard. We will also use our reserves for investing in research and development. We have identified a need for some research and development to help us implement our water quality rules, and for finding new tools to help our work controlling pest animals.

Ensuring Otago continues to grow and prosper is not something ORC can, or should, attempt to do alone. We will be looking to work closely with groups, businesses and all sorts of interest groups in the community, neighbouring regional councils and central government.

Our goals are ambitious, but essential. We want everyone – whether they are locals or visitors – to enjoy our quality of life and the unique biodiversity we have in Otago. We want important regional industries such as tourism, farming, forestry, fruit-growing, wine-making, and manufacturing to prosper, and in doing so, to be able to rely on the sustainable supply of water to keep the thousands of people they employ in work, and sustain our regional economy.

We want to be fair in the way that we fund our activities. We use general rates to fund activities that benefit everyone generally, and we use targeted rates to fund those activities that people benefit directly from. There will be rate increases but they will be small for the general rate (in dollar terms). There are larger increases in targeted rates and fees and charges, directed at resource users. As a result of using some reserves their level will fall modestly over the 10 year period of the Long Term Plan.

Please play your part by reading this document and making a submission. Future generations will be grateful for your involvement.

Stephen Woodhead  
Chairman  
Otago Regional Council

Peter Bodeker  
Chief Executive  
Otago Regional Council

## Page 2

### **For our Future – a prosperous and sustainable Otago**

“For our Future” is the guiding principle that the council has recently adopted to capture the spirit of what we are trying to achieve. It highlights sustainability – sustaining our people through economic activity and sustaining our environment, which in turn sustains all of us.

Our environment affects many areas of our lives and livelihoods. It attracts people here as tourists, or to live. It is fundamental to all the pastoral industries represented in Otago. As they are educated, our children learn to appreciate the value of the natural environment and how to protect it.

This montage of photographs captures the many and diverse ways our environment affects us.

**Visual: presentation through a photo montage of our natural environment and our interaction with it.**

## Page 3

### **The way we work**

To achieve our goals for the region we all have to work together. We have limited resources and we can't do everything. Our preferred way of working with the community will be themed as enabling – doing what is within our responsibility and encouraging others to do what is within theirs.

We will shape the framework within which landholders can both use and sustain our resources. Often this will be a regulatory framework which provides clarity about what is expected of resource users. We may provide information but we will also encourage landholders to get their own advice and draw on expertise around them to meet those regulations. This is not the responsibility of the ORC.

With the new water quality rules we will seek to inform landholders about what these mean for them. In the area of natural hazards we will encourage members of the community to be more aware and ready to deal with events that might affect them.

Biodiversity is a particular focus in the coming 10 years. The first step is to develop an approach – we will write a biodiversity strategy for Otago. We don't consider ourselves experts on this subject. There are many groups who have been working on biodiversity projects for years. We won't take over their work but we'll look for ways to further encourage it.

Constrained resources mean we cannot be all things to all people. That's not possible. But we want to involve communities – large and small, urban and rural, near or remote - in shaping our policies and our methods of doing things within the context of the Long Term Plan. We will then expect landholders to take responsibility for their own situation and act on it in line with the directions we have established.

We also intend to be more expansive in our thinking and open to looking outside of Otago for ideas and solutions. We want to create partnerships with other regions on issues of common interest, which will improve our effectiveness.

We can envisage many ways in which an enabling approach would work well, such as:

- encouraging farmers or urban dwellers in catchment or water care groups work towards improvements in water quality (possible picture)
- assisting urban communities set priorities for public transport and air quality, where it is an issue (possible picture)
- supporting communities by providing technical and funding assistance for investigations and feasibility studies such as for water storage and irrigation

### **What's new?**

We are proposing to amend our Revenue and Financing Policy to introduce two new rates, a water quality targeted rate and a dairy monitoring targeted rate. We are also proposing some changes to how we pay for compliance monitoring and compliance audits. These amendments are discussed in more detail later in this document.

There are no other new significant items proposed for the 10 year period in the draft Long Term Plan.

We acknowledge that other than the proposed amendments to the Revenue and Financing Policy discussed above, we have not included any options for what we are proposing to do in this consultation document. The key issues we are working on all involve the implementation of existing policies and strategies. Options were presented when those policies, strategies and levels of service were being developed and consulted on with our community. There are no proposed changes to our levels of service.

## **Page 4 & 5 – Theme - Water Quality and Quantity**

### **Water – the source of life and livelihood**

Water defines us – our rivers and lakes, our snow-covered mountains, our harbours and estuaries.

- The Clutha River/Matau Au is New Zealand's second longest river, but is the swiftest and has the highest volume
- There are 13 hydro-electric power plants in Otago collectively generating 879 megawatt hours a year – 18% of New Zealand's supply
- Otago has the second largest area in irrigation of New Zealand's regions – 94,000 hectares or 13% of the country's supply
- Most water-related recreation in Otago is in freshwater and includes – fishing, boating, kiteboarding, kitesurfing, windsurfing, paragliding, parasurfing, kayaking, canoeing, whitewater rafting and rowing. We are an active lot!

Otago's water is of a high quality relative to New Zealand as a whole. A large proportion of our rivers, lakes, and waterways continue to support safe recreation, food gathering, and healthy ecosystems. A few are at risk.

Our target is to maintain high water quality standards for all our rivers despite the increasing agricultural and urban intensification of land use. During the last 10 years the council has developed



practices and rules for water quality management for its rural sector, and is now implementing these.

Urban sources of contamination that affect our water like septic tanks, storm water, and industrial waste also require careful management, and policy development in this area is included in the Long Term Plan. Achieving and improving water quality requires widespread awareness of its importance, commitment to targets, and action to improve land management practices. The Long Term Plan will employ strategies such as rules, awareness, training and advice-giving. The key areas that we will take action on include:

- ensuring landholders become compliant with the rules, by working with key stakeholders who can educate and advise landholders of recommended methods and practices
- increasing the number of dairy farm inspections to ensure compliance with our permitted activity rules
- investing in, or contributing to the development of technologies to assist with water quality measurement, especially tools that landholders can themselves use to help them self-regulate such as real time water quality testing
- developing plan changes to address urban water discharges.

The quantity of water flowing down our rivers is critical to protecting their overall ecology. We work with users and communities to establish minimum flows that enable ongoing agricultural activity while protecting the rivers ecology.

Historic gold mining privileges allow landholders on more than 400 farms to take unlimited water from rivers. These privileges expire in 2021 and will be replaced with consents allocating water use. We will work with users to achieve a smooth transition to this new regime.

We will assist and facilitate community-led investigations into water storage and irrigation and work with the managers of Central Government funding streams to assist local projects that fit within our regulatory framework.

The major water initiatives being considered for the Long Term Plan are:

- Development of a Water Quality Strategy to cover issues not already in the Water Plan such as: human sewage on-site systems, urban stormwater and roads and industrial/trade waste
- Establishment of minimum flows and allocation regimes for the Clutha River/Mata Au
- Completion of a number of other minimum flow plan changes, including science monitoring and reporting
- State of Environment monitoring and reporting of surface water quantity, groundwater and water quality
- The development of a coastal strategy for Otago and continuation of coastal estuary monitoring and reporting

	<b>Total Spend for 2015/16</b>	<b>Operating spend</b>	<b>Research &amp; development</b>	<b>Rates funding</b>	<b>Other funding</b>
<b>Water</b>	\$7 million 15% of total spend	\$6.7 million	\$0.3 million	\$2.5 million	\$4.5 million

## Page 6 & 7 – Land Protection

### Otago’s landscapes are iconic – captured in history, literature, and visual art

Otago has the most diverse landscape of all New Zealand’s regions. Our challenge is to judge to what degree we should retain landscape heritage and how much we accept that change is inevitable. Many of the aspects of landscape we appreciate today, even the brown landscape, are a product of human intervention, not just natural evolution.

On the other hand there are man-made interventions we don’t appreciate, for example, pests like rabbits, hares, rooks, and the plant pests that have intruded onto the landscape.

Some existing controls have lost their effectiveness and the only realistic strategy with some endemic pests like rabbits is containment rather than eradication.

Hazards such as flood remain a constant threat in many parts of the region and the awareness that has been brought about by seismic events throughout New Zealand has prompted us to look more closely at these types of threats.

- Floods are the most common form of Civil Defence emergency in Otago
- There is a 1-in-100 chance of a major flood every year
- In 2013/14 ORC inspected 228 properties covering 18,340 hectares to determine if landholder rabbit control was compliant
- Wilding pines are a growing problem. With no economic value they reduce pasture value, displace native biodiversity, reduce water availability and alter landscape character.

The key actions proposed include:

- undertaking research on new tools and control methodologies for pests
- collaborating on the development of a new South Island pest strategy to achieve a broader approach to effectiveness
- investing in our flood and drainage schemes to continue to protect people and land from flooding

The major initiatives on natural hazards being considered for the Long Term Plan are:

- Development of a geotechnical information database, including land contamination, landslide features, rock-fall hazards
- Assessment of areas potentially prone to liquefaction hazards
- Collation of information on known active geological faults in Otago
- Investigation of potential flood hazards risks in non-protected areas
- Continue work with communities to monitor and provide information to manage localised risks, including coastal erosion, alluvial fans, land instability/dam failure, extreme rainfall, sedimentation
- Development of a Natural Hazard Risk Management Strategy for South Dunedin including options for mitigation of groundwater and liquefaction hazards
- Provision of flood communication systems and flood forecasting models

Land	Total Spend for 2015/16	Operating spend	Capital	Rates funding	Other funding
<b>Pest Control</b>	\$1.6 million 3.5% of total spend	\$1.6 million		\$0.3 million	\$1.3 million
<b>Flood protection &amp; control works</b>	\$8.3 million 18% of total spend	\$4 million	\$4.3 million	\$3.9 million	\$4.4 million
<b>Rivers &amp; Waterway Management</b>	\$1.8 million 4% of total spend	\$1.8 million		\$1.2 million	\$0.6 million
<b>Natural hazards</b>	\$1.5 million 3.3% of total spend	\$1.5 million		\$0.5 million	\$1 million

## Page 8 & 9 – Biodiversity

### The way we treat our heritage is a measure of our maturity as a community

Otago has a wealth of natural biodiversity assets on land and in the rivers. In particular, high country areas have a unique biodiversity that is limited to only a few places in New Zealand. The region also has a rich wildlife heritage, especially in coastal areas. There are native bush remnants and fauna throughout the region.

- Examples of biodiversity assets (potential photos)
- Wild life present in the region (potential photos)
- Other regions who have taken a similar approach (truncated league table)

As species numbers diminish around the world, there is an increasing community awareness and desire to not only protect biodiversity, but be involved in protection strategies. In fact, the extent of species and their location in the region is not well understood. There is a strong case for the development of a biodiversity strategy.

Developing an approach to the protection of biodiversity is one of those things ORC cannot do alone. Much of this protection is associated with private property rights and relies on private interests to act responsibly. There are groups and individuals who have developed a level of knowledge and expertise that ORC staff will never match. This is an area where ORC's enablement approach is very important.

Pests are also a biodiversity issue. For example, wilding pines are considered by many to be a landscape biodiversity issue because of the way in which they modify the appearance of the natural landscape.

The key actions proposed include:

- developing a biodiversity strategy for Otago
- working with communities to identify key areas of significance and key biodiversity assets
- continuing to monitor significant wetlands
- providing financial support for yellow-eyed penguin research
- undertaking environmental restoration programmes
- preparing a wilding tree review and stocktake throughout the region.

	<b>Total Spend for 2015/16</b>	<b>Operating spend</b>	<b>Rates funding</b>	<b>Other funding</b>
<b>Biodiversity</b>	\$0.5 million 1% of total spend	\$0.5 million	\$0.1 million	\$0.4 million

## Page 10 – Air

### Air – Quality for healthy living

In Otago air contamination is essentially an urban problem and characteristic of inversion layers that form over urban areas on still winter nights fed by solid fuel burning home fires.

- The air zone around Milton, Alexandra, Arrowtown, Clyde and Cromwell requires the most improvement to meet the Government’s National Environmental Standard for air quality
- These areas routinely exceed the national standard on more than 10 days a year, sometimes more than 30 days.

There are specific areas that do not meet the national air standards. Council does not want to sacrifice warm homes for clean air so careful management is required to achieve both. The solutions are complex but the problem needs to be addressed.

The key actions we are including in our Long Term Plan are:

- developing an air strategy for Otago
- engaging all relevant stakeholders in policies and practices
- supporting the Cosy Homes Trust for the installation of clean heating appliances in targeted areas

	<b>Total Spend for 2015/16</b>	<b>Operating spend</b>	<b>Rates funding</b>	<b>Other funding</b>
<b>Air</b>	\$0.4 million 1% of total spend	\$0.4 million	\$0.2 million	\$0.2 million

### Other activities in our Long Term Plan

#### Transport

We provide public transport services in Dunedin and Queenstown. Each year we review our bus fares to ensure that we have the balance right between what bus user’s pay for bus services and what our ratepayers contribute.

Bus fares for Dunedin will be changing during the first year of the Long Term Plan. You are invited to visit our website at [www.orc.govt.nz](http://www.orc.govt.nz) to see more detail on the new schedule of fares, and read about some of our initiatives for improving public transport services in the Dunedin area. Those initiatives include the development of a central bus hub in Dunedin, and implementing a new electronic ticketing system during 2015/16 and 2016/17. These projects are to be partly funded by NZTA and the remainder through Dunedin Transport reserve. The reserves will contribute \$3 million towards these initiatives, meaning there is no significant impact for ratepayers.

Dunedin Transport targeted rates are projected to increase from \$3.4million in 2015/16 to \$5.8million by 2024/25, equating to a 6% increase each year over the 10 year period. The increases

in targeted rates over the LTP period are for improved bus services as consulted on and agreed to in the Regional Public Transport Plan.

	<b>Total Spend for 2015/16</b>	<b>Operating spend</b>	<b>Rates funding</b>	<b>Other funding</b>
<b>Transport</b>	\$14.2 million 32% of total spend	\$14.2 million	\$3.6 million	\$10.6 million

The costs of our 'business as usual' activities not discussed in this consultation document are shown below.

	<b>Total Spend for 2015/16</b>	<b>Operating spend</b>	<b>Capital spend</b>	<b>Rates funding</b>	<b>Other funding</b>
<b>Community</b>	\$4 million 9% of total spend	\$4 million		\$1.5 million	\$2.5 million
<b>Emergency Management</b>	\$0.4 million 1% of total spend	\$0.4 million		\$0.1 million	\$0.3 million
<b>Regulatory</b>	\$4.5 million 10% of total spend	\$4.4 million	\$0.1 million	\$0.8 million	\$3.7 million
<b>Environmental incident response</b>	\$1 million 2% of total spend	\$1 million		\$0.2 million	\$0.8 million

## Page 11

### Regional activities

Where will our various activities take place? What will happen in your area?

#### Central Otago

- Air quality
- River management planning
- Flood protection
- Flood hazard investigations

#### Clutha District

- Air quality
- River management planning
- Flood and drainage schemes
- Reduce effects of Milton flooding

#### Dunedin City

- Enhancement to public transport system
- Harbour management
- Flood and drainage schemes
- Coastal Strategy development

#### Queenstown Lakes District

- Shotover flood protection
- Public transport

- Air quality
- Flood awareness campaign – Queenstown and Wanaka

#### Waitaki District

- River management planning
- Flood mitigation investigations
- Coastal strategy development
- Lower Waitaki River management plan implementation

This selection of activities in the DRAFT LONG TERM PLAN are superimposed on a map of the region to illustrate the breadth of activity of the DRAFT LONG TERM PLAN.

### Page 12, 13 & 14 - Investment

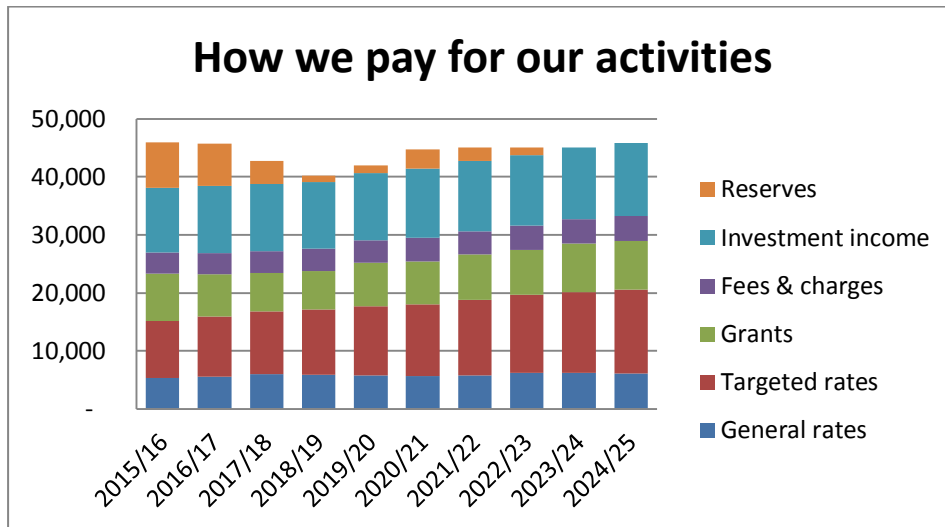
#### How we pay for our activities

We have a wide range of activities, and the costs of those activities for the next three years are shown below. These costs are made up of both capital and operating expenditure.

Activity	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s
<b>Environmental</b>			
- Water	7,011	7,194	7,002
- Air	440	368	266
- Land	2,091	2,212	2,528
- Rivers & waterway management	1,812	1,837	1,794
- Environmental incident response	979	1,049	1,160
<b>Community</b>			
- Democracy	1,375	1,561	1,441
- Public information and awareness	1,933	2,034	2,090
- Financial contributions	734	597	794
<b>Regulatory</b>			
- Policy development	434	152	-
- Consent processing and compliance	3,762	3,866	3,934
- Harbour management	319	299	306
<b>Flood protection and control works</b>			
- Flood and drainage schemes	8,303	8,451	6,899
<b>Safety and hazards</b>			
- Emergency management	428	519	531
- Natural hazards	1,502	1,556	1,635
<b>Transport</b>			
- Regional transport planning	123	129	176
- Public passenger transport	14,282	13,208	11,743
<b>Total Expenditure</b>	<b>45,528</b>	<b>45,032</b>	<b>42,299</b>

Our financial strategy sets the direction for financial decision making, and guides how we will pay for our activities. Our primary sources of revenue are rates (general and targeted), fees and charges, and investment income. We also receive grants from agencies such as New Zealand Transport Agency for our transport work, and we use our reserves to pay for capital expenditure and items such as research and development.

We have no plans for borrowing during the 10 year period. A full copy of our Financial Strategy can be found on our website at [www.????.govt.nz](http://www.????.govt.nz).



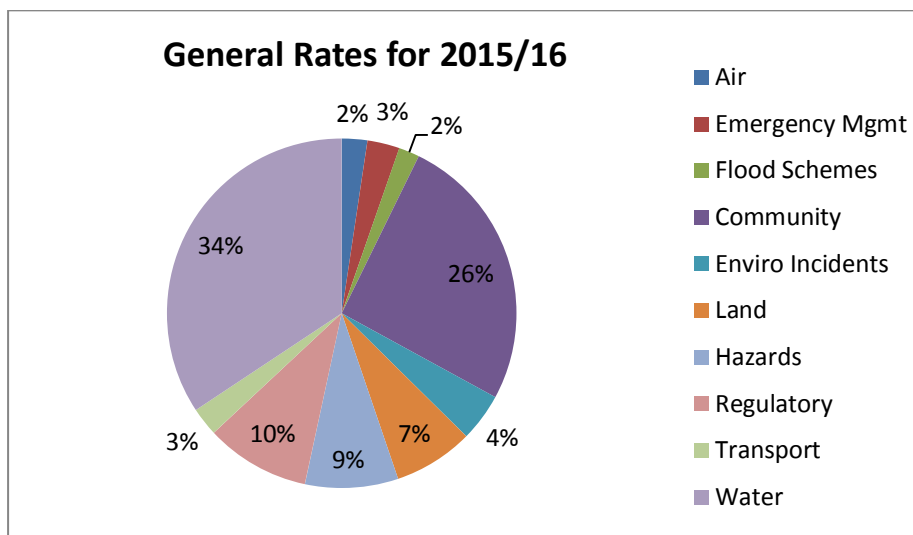
**Investment income**

Each year we receive a dividend from Port Otago Ltd. We also have investments that we earn interest and rental income from. The dividends and some of our investment income are used to reduce the amount of general rates that everyone has to pay. For example, for the first year of the Long Term Plan, we have around \$14.4 million of costs that should be paid for from general rates, but once we take off the dividend and investment income, we will only have to charge ratepayers around \$5.3 million.

While we think the risk is low, any reduction in the amount of dividends or investment income received will directly impact on general rates, e.g., a million dollar reduction in dividend would result in an increase in general rates of 27%.

**General rates**

The amount of work we need to do is increasing, for example around water quality and water quantity, and so our level of expenditure is also increasing. To pay for the increases, we need to increase our general rates. In our first year of the plan, this increase is around \$360,000, and is paid for by approximately 115,000 households. The activities we fund by general rates are shown below:



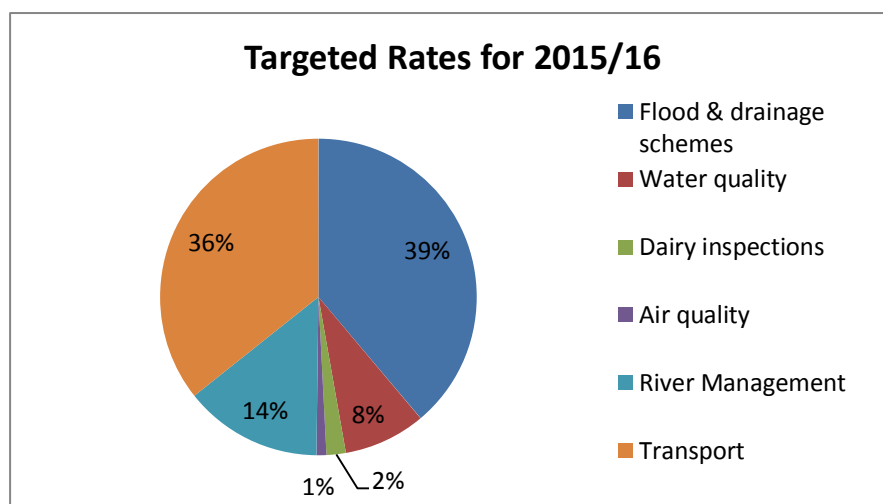
The movement in general rates from year to year ranges from a rate increase of 5.2% in the first year of the plan, to a decrease of 2.9% in later years. General rate increases will be capped at 6.9% per annum, which includes inflationary increases. General rates will be limited to no more than \$6.2 million in any year.

### **Targeted Rates**

Targeted rates are used where there is a defined area of benefit or group of people that benefit from our work, for example, for our flood and drainage schemes and for public transport in Dunedin and Queenstown.

We are proposing to introduce two new targeted rates in the plan, a water quality targeted rate and a dairy inspection targeted rate.

In our first year of the plan targeted rates will total \$9.7 million, and they are for the following activities:

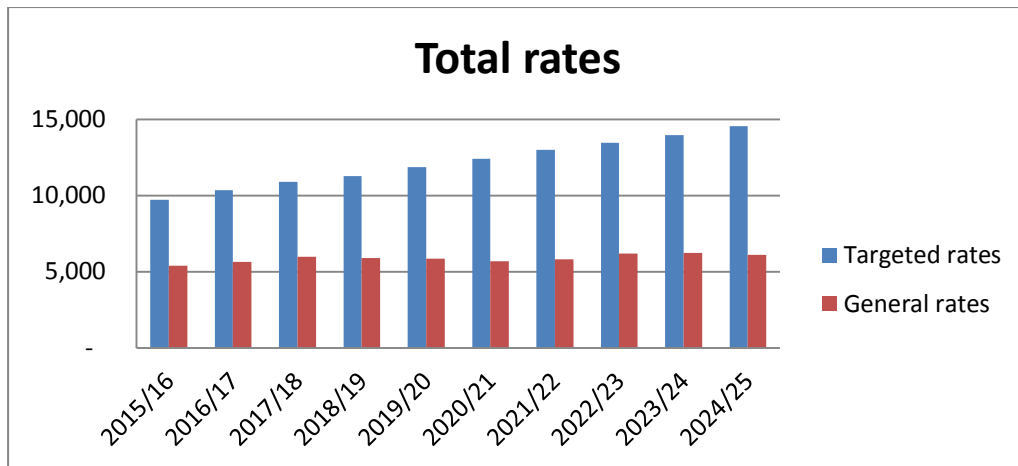


The movement in targeted rates from year to year ranges from a rate increase of 14.3% in the first year of the plan, to smaller increases from between 6% to around 4% in each year thereafter. This first year sees the introduction of the two new targeted rates. Targeted rate increases will be capped at 14.3% per annum, which includes inflationary increases. Targeted rates will be limited to no more than \$14.6 million in any year.

### **Total rates and property examples**

Our total rates over the 10 year period are shown in the graph below:





The main increases in targeted rates over the 10 year period are for improved bus services as consulted on and agreed to in the Regional Public Transport Plan, taking the targeted transport rate from \$3.4 million in 2015/16 to \$5.8 million in 2024/25. The increases also include the repayment of internal borrowings on the construction of the Leith Flood Protection Scheme, increasing its targeted rates from \$1.2 million in 2015/16 to \$2.1 million in 2024/25.

Total rates to be collected for the 2015/16 year are as follows:

Rates Payable	2015/16 \$000s	2014/15 \$000s
General rate for activities	14,474	14,270
Less investment income	(9,187)	(9,243)
General rates payable	5,287	5,027
<b>Targeted Rates</b>		
Air quality rates	100	89
Water quality rate	813	-
Dairy inspection rate	192	-
<b>Targeted River Management rates</b>		
- Central Otago District	225	155
- Clutha District	225	185
- Dunedin City	150	150
- Lower Waitaki River	145	164
- Wakatipu	200	250
- Wanaka	167	167
- Waitaki District	260	138
<b>Targeted Passenger Transport Services rate:</b>		
- Dunedin	3,425	3,231
- Queenstown	50	45
<b>Targeted Flood and Drainage Scheme rates:</b>		
- East Taieri Drainage	420	363
- Leith Flood Protection	1,192	1,114

- Lower Clutha	650	532
- Lower Taieri	700	613
- Shotover Delta	250	250
- Tokomairiro	60	45
- West Taieri Drainage	510	475

Council's Infrastructure Strategy identifies how we will manage our infrastructure assets, identify significant issues around our flood protection and drainage schemes over the next 30 years through to 2045, and discuss how we will address those issues.

Over the next 30 years, we anticipate that we will spend around \$44 million on new capital items, either to replace what is there or provide new assets across each of our schemes, and another \$64 million maintaining those assets.

Big ticket capital items in the next 10 years include completing the construction of the Leith Flood Protection Scheme in Dunedin at a cost of \$12.5 million, work on the Lower Clutha Flood and Drainage scheme costing \$3.5 million, and work the Lower Taieri Flood Protection Scheme costing \$7.1 million. Apart from the construction of the Leith scheme, the costs for this work are for maintaining existing levels of service.

A full copy of our Infrastructure Strategy can be found on our website at [www.????.govt.nz](http://www.????.govt.nz).

The proposed total capital budget for infrastructure for our schemes and other fixed assets for the next 10 years is as follows:

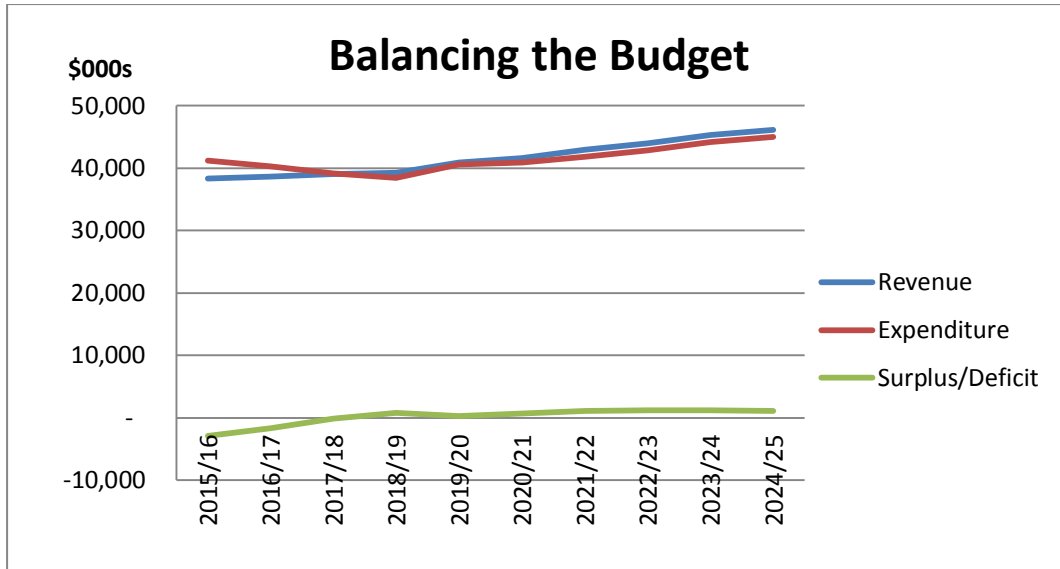
	2015/1 6	2016/1 7	2017/1 8	2018/1 9	2019/2 0	2020/2 1	2021/2 2	2022/2 3	2023/2 4	2024/2 5
<b>Total capital</b>	<b>\$ 5.5 m</b>	<b>\$6.2 m</b>	<b>\$3.5m</b>	<b>\$2.2 m</b>	<b>\$2.3 m</b>	<b>\$4.5 m</b>	<b>\$3.8 m</b>	<b>\$2.9 m</b>	<b>\$1.4 m</b>	<b>\$1.8 m</b>

### Building Reserve

A building reserve was established in earlier years to start setting aside funding that would be available for new accommodation for our head office in the future. With interest, this reserve is estimated to grow to approximately \$21 million by June 2025. No provision has been made for new accommodation in the Long Term Plan, but when we find an answer, we will consult on our options in accordance with our Significance and Engagement Policy.

### Balancing the Budget

We are required to ensure that for each year, the estimated revenue is sufficient to cover its estimated operating costs. We can however set our revenue at a different level, if council resolves that it is financially prudent to do so. It is estimated that in the first two years of the proposed Long Term plan, the estimated revenue will not cover estimated operating costs.



The primary reason for the shortfall in revenue is the use of reserves to fund operating expenditure. This has been planned for three activities of council as follows:

- Council intends investing approximately \$1 million over the next three years on research and development for two activities for improving Otago's water quality and for investigating new non biological control tools for pests. The use of reserves for research and development is considered prudent, and is in accordance with council's revenue and financing policy.
- The Dunedin Transport Reserve has funds available of approximately \$4.5 million. Approximately \$1.2 million of these reserves are going to be used to implement over the next two years, a new electronic bus ticketing system, and approximately \$900,000 will be used to develop a bus hub in Dunedin city. The transport reserve has been established to fund operating revenue, and its use in these circumstances is considered prudent.

### How much are your rates?

There are a number of flood and drainage schemes within the Dunedin City boundary, Clutha District and Queenstown Lakes District. Given the number of different categories of rates, it is not practical to provide samples in this document of the total rates payable for any property in Otago. You can however visit [www.????](http://www.????) to view your total estimated rates.

The following tables provide examples of some of the estimated rates payable for the 2015/16 year of the proposed Long Term Plan. These are estimates only, and the final rate charge may be more or less than these displayed below. The estimates rates shown include GST.

All ratepayers pay general rates, which includes a Uniform Annual General Charge, and river management rates.

Depending on where you live, you may also pay targeted rates for flood protection and drainage works, the provision of bus services, and a rate for improving air quality.

There are certain rural land use properties that will pay a targeted rate towards some of our water quality work, and if you are a dairy farmer, you will be paying a rate for the dairy inspections we carry out on your property.

The table below shows the general and river management rates for 2015/16 that we estimate are payable for the capital values shown within each district of Otago.

<b>General and River Management Rates</b>	<b>Capital Value \$250,000</b>	<b>Capital Value \$600,000</b>	<b>Capital Value \$4,000,000</b>
Central Otago District	\$42.82	\$82.72	\$470.33
Clutha District	\$40.41	\$76.91	\$431.62
Dunedin City	\$40.45	\$77.02	\$432.30
Queenstown Lakes District – Wakatipu	\$36.08	\$66.54	\$362.46
Queenstown Lakes District – Wanaka	\$39.42	\$74.55	\$415.86
Waitaki District	\$46.71	\$92.05	\$532.53

Our targeted rates for air quality are charged on properties in Milton, Arrowtown, Alexandra, Clyde and Cromwell. If you live within these areas, your targeted rates for 2015/16 are estimated to be as follows:

<b>Targeted Rates for Air Quality</b>	<b>Capital Value \$250,000</b>	<b>Capital Value \$600,000</b>	<b>Capital Value \$4,000,000</b>
Central Otago District	\$8.66	\$20.79	\$138.60
Clutha District	\$8.05	\$19.33	\$128.84
Queenstown	\$8.05	\$19.33	\$128.84

Transport targeted rates are charged on properties within Dunedin City and Queenstown, where bus services are provided. The estimated rates payable in 2015/16 for transport are shown below:

<b>Targeted Rates for Transport</b>	<b>Capital Value \$250,000</b>	<b>Capital Value \$600,000</b>	<b>Capital Value \$4,000,000</b>
Dunedin – residential	\$46.64	\$111.94	\$746.28
Dunedin – commercial	\$174.91	\$419.79	\$2,798.60
Queenstown – residential	\$1.21	\$2.91	\$19.40
Queenstown residential	\$2.43	\$5.82	\$38.80

### **Changes we are proposing to how we will pay for our activities**

We are proposing to amend our Revenue and Financing Policy, which sets out how our activities are to be paid for. We are proposing the introduction of two new targeted rates, a water quality targeted rate and a dairy monitoring targeted rate, and we are proposing some changes to how we pay for our compliance monitoring activity. This consultation document is your opportunity to have your say on our proposed changes. Our full policy can be found on our web site at [www.dcc.govt.nz](http://www.dcc.govt.nz)

Significant changes are set out below, and we welcome your feedback on these.

#### ***Compliance monitoring***

Compliance monitoring is made up of performance monitoring, where resource consent holders send us information about how they are complying with their resource consents, and we also check compliance by going out and auditing consent holder activities. We have assessed our policy for recovering costs from consent holders, and consider that the benefits to consent holders are greater than the level currently being charged for.

To date, performance monitoring has been paid for, half by consent holders through fees and charges, and half from general rates. We are proposing to increase the level of fees payable, so that 75% of the costs are paid for by consent holders and 25% by general rates.

Our audits have previously been paid for, half by consent holders and half from general rates. We are now proposing that audits be paid for in full by consent holders, and that there be no general rate contribution to this work.

***Water quality targeted rate***

Our work on water quality will cost around \$2 million in 2015/16, and will continue on through the life of the plan. It includes new monitoring and science work, at a cost of \$1.08 million, of which around \$813,000 is assessed as directly benefiting some rural landholders. We are therefore introducing a new targeted rate on certain rural land types, to contribute to the cost of the additional monitoring and new science work. Those land types are as follows:

- Rural arable farming
- Rural dairy
- Rural forestry
- Rural market gardens and orchards
- Rural mineral extraction
- Rural multi-use within rural industry
- Rural specialist livestock
- Rural stock finishing
- Rural store livestock
- Rural vacant

Our new monitoring and science work is being undertaken because of the activities of these rural land types. The rate will be calculated on a capital value basis. Costs for research and development (around \$400,000) will be funded from reserves, and the remaining costs will be paid for by general rates.

If you have a rural land use type that will be charged our targeted rate for water quality, the following rates are estimated to be payable in 2015/16 for the capital values shown.

<b>Targeted Rates for Water Quality</b>	<b>Capital Value \$250,000</b>	<b>Capital Value \$600,000</b>	<b>Capital Value \$4,000,000</b>
Water quality targeted rate	\$18.58	\$44.60	\$297.32

The impact of this rate is \$7.40 per \$100,000 of capital value.

***Dairy monitoring targeted rates***

Every year we undertake a programme of monitoring dairy farms, because of the potential risks of this activity on our water quality. The Long Term Plan proposes that this activity will continue over the 10 year period.

We are proposing that we now pay for all of our monitoring costs through new targeted rating, and in 2015/16 this work will cost us about \$192,000.

Every dairy farm in Otago will have at least one monitoring visit by ORC to ensure that their activities are causing no adverse effects on our waterways. Some dairy farms may require two or more monitoring visits during a year. The number of visits will be based on the sensitivity of the receiving environment from the dairy activity.

It is proposed that there will be three rates payable, each rate is payable by a fixed amount for each rating unit in that class, as set out below:

Rating Classes	Environmental Factors	Rate Payable
Class 1	One visit per year: <ul style="list-style-type: none"> <li>• Sensitivity of the receiving environment - low</li> </ul>	\$275.00
Class 2	Two visits per year: <ul style="list-style-type: none"> <li>• Sensitivity of the receiving environment – medium</li> </ul>	\$550.00
Class 3	Three or more visits per year: <ul style="list-style-type: none"> <li>• Sensitivity of the receiving environment - high</li> </ul>	\$825.00

If you want to see which class your dairy farm is in, please visit our web site at [www.?????](http://www.?????) to view your estimated rates payable.

## Page 15 & 16 – Audit

### Audit opinion

#### Independent auditor's report on Otago Regional Council's Consultation Document for its proposed 2015/25 Long-Term Plan

I am the Auditor-General's appointed auditor for Otago Regional Council (the Council). Section 93C of the Local Government Act (the Act) requires an audit report on the Council's consultation document. I have carried out this audit using the staff and resources of Deloitte. We completed this audit on [\[date\]](#).

### Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2015/25 long-term plan, because it:
  - fairly represents the matters proposed for inclusion in the long term plan, and
  - identifies and explains the main issues and choices facing the Council and Otago Region, and the consequences of those choices and
- the information and assumptions underlying the information in the consultation document are reasonable.

*[Emphasis of Matter and/or Other Matter paragraph to include here if applicable, with suitable heading(s)]*

### Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate audit procedures, we assessed the risk of material

misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

### **Responsibilities of the Council and auditor**

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing the consultation document and long-term plan whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long term plan that meet the purposes set out in the Act; and
- Ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

I am responsible for reporting on the consultation document, as required by section 93C of the Act. I do not express an opinion on the merits of any policy content of the consultation document.

### **Independence**

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. We have carried out other assurance services and assignments in the areas of conducting tax and advisory services which are compatible with those independence requirements. Other than our work in carrying out all legally required external audits and these assignments, we have no relationship with or interests in the Regional Council or any of its subsidiaries.

B E Tomkins

Deloitte

On behalf of the Auditor-General, Dunedin, New Zealand

Pages 17, 18, 19

## **THE SUBMISSION PROCESS**

### **(Submissions close on 4 May 2015)**

For your convenience, a submission form has been provided on the next page. Alternatively you can make an on line submission by visiting our website at [www.orc.govt.nz](http://www.orc.govt.nz).

All submissions will be considered by Councillors before finalising our 2015-25 Long Term Plan.

The submission form is in two parts. The first part is for your comments on our proposed activities and their estimated costs. The second part of the submission form is for your comments on our proposed changes to our Revenue Policy, that is, the new targeted rates for water quality and dairy monitoring, and the proposed changes to our compliance monitoring targeted rates.

The Council should receive all submissions by 4 May 2015.

Up until this close off date, staff will be available to answer any queries, or to meet with individuals and groups to discuss this document and our proposed activities. Further information supporting this consultation document can also be found on our website at [www.orc.govt.nz](http://www.orc.govt.nz).

If you wish to present your submission in person, please indicate this on the submission form. Meetings will be arranged around the region if required, to enable people to make their presentations to Council, and these will be held during the week starting 11 May 2015.

Please address your submissions to:

Long Term Plan Submission  
Otago Regional Council  
Private Bag 1954  
Dunedin 9054

If you wish to discuss any matter, please contact the Council on:

Phone (toll free): 0800-474-082  
Phone (within the Dunedin area): (03) 474-0827  
Fax: (03) 479-0015  
Email: [annual.plan@orc.govt.nz](mailto:annual.plan@orc.govt.nz)







**Page 20**

**Nothing here at present**

**Inside back cover**

**Pages 17, 18, 19**

Consultation explanation and return form

**REPORT**

Document Id: A740799

Report Number: 2015/0800

Prepared For: Finance and Corporate

Prepared By: Director Corporate Services

Date: 2 March 2015

Subject: **Public Transport**

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**1. Précis**

There are various work streams being undertaken at present in relation to public transport. Comment on these activities, and operational statistics, are set out in this report for the information of Councillors.

**2. Procurement Strategy**

As Council is aware, in December 2012 the NZTA withdrew its endorsement of Council's Procurement Strategy. Subsequent to the withdrawal, changes to the Land Transport Management Act (LTMA) were introduced mid-2013. The effect of the withdrawal, the changes to the legislation, and NZTA's procurement rules, resulted in a number of extensions being negotiated to existing contracts to allow Council sufficient time to develop a new Regional Public Transport Plan (RPTP) (as required under the LTMA), and to procure new contracts under the new Public Transport Operating Model. The RPTP was adopted by Council in November 2014, becoming operative from 24 December 2014.

NZTA procurement rules require that in order to obtain NZTA subsidy, Council may only contract public transport services if it has a Procurement Strategy endorsed by NZTA. The Procurement Strategy is a management tool that sets out how the public transport service programme outlined in the RPTP will be procured. A new Procurement Strategy was submitted to NZTA after the RPTP was adopted by Council and received final endorsement from the Chief Executive of NZTA on 24 February. The endorsed strategy now allows Council to commence tendering for the new public transport network for Dunedin scheduled to be implemented over the next two years. The strategy also allows for an extension to the current arrangements in Queenstown to allow the network review to be undertaken before any long term contracts are entered into. This network review is scheduled for early in the next financial year.

**3. Southern Routes**

Now that the Procurement Strategy has been approved, tender documentation is in the final stages of completion for the southern route services, being Mosgiel Loop, Mosgiel-Fairfield-Green Island-Dunedin and Brighton-Abbotsford. The services will be put to market shortly with a commencement date of 1 July. Early indications from operators suggest a good level of interest in the tender.

The contract will include the proposed changes to the existing services as outlined in the RPTP including:

- The removal of route variations.
- All Mosgiel services passing through Fairfield and Green Island.
- A standardised frequency.

- A coordinated timetable providing for a transfer for Brighton and Abbotsford passengers at Green Island.

As required under the PTOM environment, contracts will change from net to gross with a revenue sharing mechanism to encourage both the Council and the operator to build patronage and revenue.

The contracts will allow for the implementation of the new fare structure when the new ticketing system is introduced which is scheduled for early next year.

#### **4. Central City Bus Hub**

The RPTP proposes consolidation of the Central City termini into one location. The creation of a Central City Hub is seen as critical to the successful implementation of the new public transport network and will assist in facilitating easy transfers between services, coordinated services, and an efficient use of technology such as real time on street displays, ticketing vending machines etc.

Provision for an on-street facility has been included in staff estimates in the draft Regional Land Transport Programme and in the draft Long Term Plan. The development of a Hub will be dependent on confirmation of funding from Council and NZTA.

A review of potential locations was undertaken in the later part of 2014 and identified Great King Street between Moray Place and St Andrew Street as the most preferred location for the Hub.

During January and early February, Council staff commenced dialogue with land owners and tenants in the immediate vicinity to identify potential conflicts, discuss any concerns and comments. Staff consider this a necessary step to ensure mitigation options can be considered in the development of design concepts. Once developed the concept designs will be further discussed with the owners and tenants.

In addition to the discussions with the owners, dialogue is continuing with DCC staff to identify what if any changes might be required to intersections to facilitate the flow of buses into and out of this location.

#### **5. Regional Electronic Integrated Ticketing Project**

Significant work is being undertaken in the development of a proposal for a regional electronic integrated ticketing system. The work is being coordinated and supported by NZTA, and this Council, as one of the larger expected users, has been active in this work. Gerard Collings chairs the working group, and Wayne Scott is a member of the Governance Group. Tender documents are being prepared for the procurement of the system, including on-bus equipment.

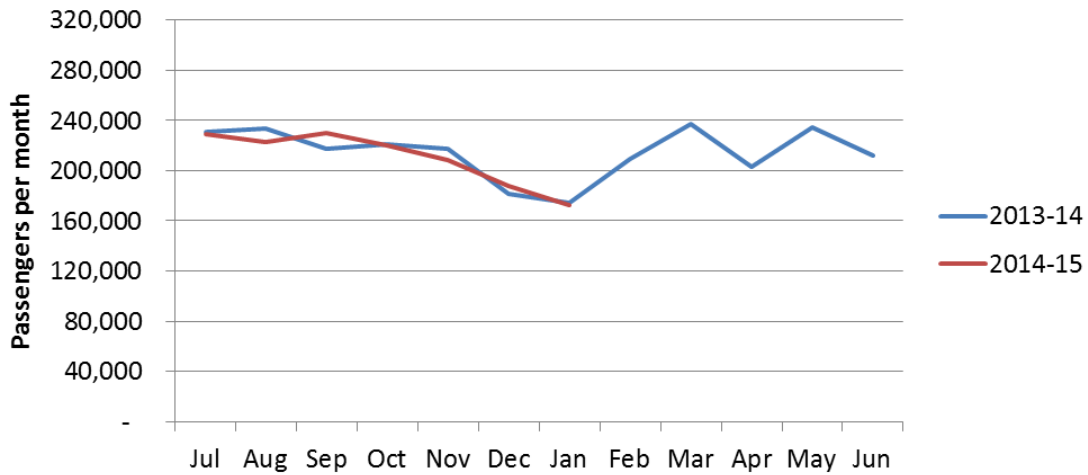
#### **6. Real Time Public Transport Information Queenstown**

Work is progressing on the implementation of an online Real Time Public Transport Information System (RTI) for the Wakatipu Network. The RTI is currently scheduled to be available online in April, with on-bus and on-street displays to be installed prior to the end of the financial year. In addition to the RTI, Council is also extending the existing Dunedin Journey Planner to include the Wakatipu Network.

#### **7. Network Performance**

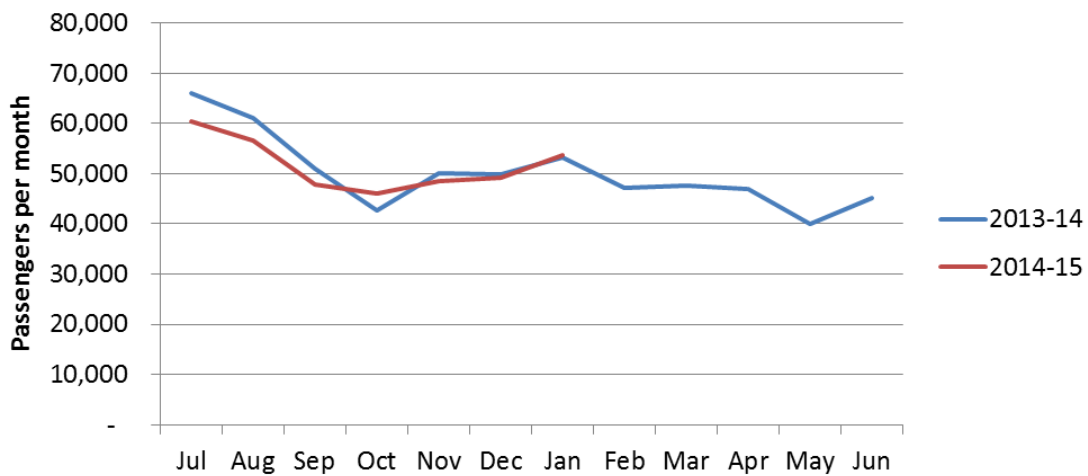
The following graphs represent comparative trends for the Dunedin and Wakatipu transport networks between the 2013/14 and the 2014/15 financial years.

Figure 1 shows the relative monthly patronage for the entire Dunedin network; patronage numbers for the last seven months (July-January) represent a slight decrease in patronage of 0.4% on the same period last year.



**Figure 1 - Dunedin Network - patronage by month**

Figure 2 shows the relative monthly patronage for the entire Queenstown network; patronage numbers for the last seven months (July-January) represent a decrease in patronage of 3.1% compared with the same period last year.



**Figure 2 - Wakatipu Basin - patronage by month**

## 8. Recommendation

That this report be received.

Wayne Scott  
Director Corporate Services

## REPORT

Document Id: A740784

Report Number: 2015/0799

Prepared For: Finance and Corporate

Prepared By: Director Corporate Services

Date: 2 March 2015

Subject: **Executive Report - February 2015**

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### 1. Draft Long Term Plan

Preparation of the Draft Long Term Plan, with its new legislative requirements and formats, has been a significant undertaking for staff. The new form Consultation Document has been audited, and has been through the 'hot review' process at the Officer of the Auditor-General, a requirement for all local authorities.

The Draft Consultation Document content is included separately on this agenda for adoption.

### 2. Account Payments

Schedules of payments are referred to the Finance and Corporate Committee for endorsement. The financial commitments and payment authorisation are made in accordance with Council's financial delegations and internal control procedures.

Payment Categories	November 2014	December 2014	January 2015	Total
Trade and general payments	2,901,413.47	2,271,717.26	2,276,558.39	7,449,689.12
Payroll	639,144.20	649,760.72	590,722.09	1,879,627.01
Investments	7,250,000.00	950,000.00	-	8,200,000.00
<b>Total</b>	<b>\$10,790,557.67</b>	<b>\$3,871,477.98</b>	<b>\$2,867,280.48</b>	<b>\$17,529,316.13</b>

### 3. Recommendations

- (1) That this report be received.
- (2) That the payments and investments summarised in the table above and detailed in the tabled schedule totalling \$17,529,316.13 be endorsed.

Wayne Scott  
Director Corporate Services

**OTAGO REGIONAL COUNCIL****Agenda for a meeting of the Policy Committee to be held in the  
Council Chamber, 70 Stafford Street, Dunedin on  
Wednesday 11 March 2015 following the Finance and Corporate  
Committee meeting**

**Membership:**

**Cr Gretchen Robertson (Chairperson)**  
**Cr Michael Deaker (Deputy Chairperson)**  
**Cr Graeme Bell**  
**Cr Doug Brown**  
**Cr Louise Croot MNZM**  
**Cr Gerrard Eckhoff**  
**Cr Gary Kelliher**  
**Cr Trevor Kempton**  
**Cr Sam Neill**  
**Cr Bryan Scott**  
**Cr David Shepherd**  
**Cr Stephen Woodhead**

**Apologies:**

**Leave of absence:**

**In attendance:**

**Please note that there is an embargo on agenda items until 8.30 am on Monday 9 March.**

**CONFIRMATION OF AGENDA**

**PUBLIC FORUM**

**MINUTES**

The minutes of the meeting held on 28 January 2015, having been circulated, for adoption

**Matters arising from minutes**



**FOR NOTING**

Item 1

2015/0784 **Director's Report on Progress.** DPPRM, 27/2/15

The report gives an overview of significant activities undertaken by the Policy section.

**OTAGO REGIONAL COUNCIL****Minutes of a meeting of the Policy Committee held in the  
Council Chamber, 70 Stafford Street, Dunedin on  
Wednesday 28 January 2015 commencing at 8.44 am**

**Present:**

**Cr Gretchen Robertson** (Chairperson)  
**Cr Michael Deaker** (Deputy Chairperson)  
**Cr Graeme Bell**  
**Cr Doug Brown**  
**Cr Louise Croot MNZM**  
**Cr Gary Kelliher**  
**Cr Trevor Kempton**  
**Cr Sam Neill**  
**Cr Bryan Scott**  
**Cr David Shepherd**  
**Cr Stephen Woodhead**

**Apologies:**

**Cr Gerrard Eckhoff**  
The apology was accepted on the motion of Crs Kelliher and Scott.

**In attendance:**

**Peter Bodeker**  
**Wayne Scott**  
**Jeff Donaldson**  
**Fraser McRae**  
**Gavin Palmer**  
**Peter Taylor**  
**Janet Favel**

**CONFIRMATION OF AGENDA**

There were no changes to the agenda.

**MINUTES**

The minutes of the meeting held on 26 November 2014, having been circulated, were adopted on the motion of Crs Croot and Kempton.

**Matters arising from minutes**

There were no matters arising from the minutes.

**FOR NOTING**

## Item 1

2014/2052 **Director's Report on Progress.** DPPRM, 23/12/14

The report gave an overview of significant activities undertaken by the Policy and Transport sections.

In response to a question about information from the Ministry for Business, Innovation and Employment (MBIE) in relation to Proposed Block Offer 2015, Mr McRae explained that this referred to the process of allocating space in the coastal marine area for petroleum exploration. The ORC had submitted on the potential impact of activities in the economic zone outside the coastal marine area. He commented that MBIE was being proactive in keeping councils informed on this process.

ORC comments on the NPS Freshwater Management Draft Implementation Guide were noted, and Mr McRae explained that the document was a working draft, and not at submission stage yet.

Cr Deaker moved  
Cr Croot seconded

*That the report be noted.*

**Motion carried**

The meeting closed at 8.48 am.

**Chairperson**

## REPORT

Document Id: A736952

Report Number: 2015/0784

Prepared For: Policy Committee

Prepared By: Director Policy, Planning and Resource Management

Date: 27 February 2015

Subject: **Director's Report on Progress**

### 1. Policy Responses

#### 1.1 Responses: National Policies, Strategies and Plans

In the nine week period ending 27 February 2015, the following were received:

Agency	Number Received	Details
None		

#### 1.2 Responses: Territorial Authority and Regional Authority Plan Changes and Resource Consent Applications

In the seven weeks ending 27 February 2015, the following were received:

Agency	Number Received	Document
Queenstown Lakes District Council	2	Consent applications

The following responses were made over the nine week period:

Proposal	Response Type	Issues
NPS Freshwater (FW) Management 2014 Draft Accounting Guide (Ministry for the Environment)	Submission	Comments provided on aspects of the proposed guide and supported the use of accounting for water quality and quantity with appropriate flexibility in methods recognising regional differences. ORC also advocated that the Environmental Reporting Bill and National Monitoring System should not affect this flexibility.
Progressive Enterprises Ltd	Submission – Opposition	The proposed Countdown development overlooked the function of two bus stops. The developer is working to address this issue and will likely be resolved prior to the hearing.

#### 1.3 Appeal: Clutha District Council Proposed Plan Change 28 (Natural Hazards)

Council has appealed Clutha District Council's decision to allow dwellings and buildings that accommodate people as a discretionary activity in Area 4B: Tokomairiro Plain floodway corridors under Proposed Plan Change 28 (Natural Hazards).

Council seeks to have such building classified as a non-complying activity, to give better effect to the Milton 2060 Strategy. The strategy proposed to manage 4B floodways by avoiding any net increase in risk and ensuring areas with unacceptable flood hazards are avoided.

#### **1.4 Appeal: Invermark Investments Limited**

Council has resolved all matters of concern it raised during this appeal to its satisfaction. Consent is proposed to be granted for the subdivision in Waitati by the Dunedin City Council.

## **2. Resource Management Act: Policy Plans and Strategies**

### **2.1 Review of Regional Policy Statement**

It is now intended to have the Proposed Regional Policy Statement ready for notification at the beginning of May. The delay results from a request by Dunedin City Council for a time extension so that they may have more effective input to the proposed notification draft.

### **2.2 Appeals on proposed plan changes**

#### *Proposed Plan Change 4B (Groundwater Allocation)*

An appeal from Oceana Gold Limited has been received on Proposed Plan Change 4B (Groundwater allocation). Oceana Gold seeks to have mine pit dewatering excluded from the definition of consumptive takes of groundwater.

Contact Energy Ltd has joined this appeal as a Section 274 party.

Council will seek court-assisted mediation to resolve the appeal.

#### *Proposed Plan Change 4C (Groundwater Management: Cromwell Terrace Aquifer)*

An appeal from Contact Energy Ltd has been received on Proposed Plan Change 4C (Groundwater management: Cromwell Terrace Aquifer). Contact Energy seeks to restrict irrigation takes from the aquifer over winter and some part of autumn and spring, as well as when Lake Hawea is low and inflows into the upper Clutha catchment are low.

Council will seek court-assisted mediation to resolve the appeal.

### **2.3 Update on minimum flow and aquifer allocation plan change proposals**

The table below identifies progress to date on setting minimum flow and allocation limits, and aquifer regimes.

<b>Catchment/Aquifer</b>	<b>Progress as at 27 Feb 2015</b>
Benger Burn & Ettrick Aquifer	2 <sup>nd</sup> community workshop held in March 2014. Further technical work is being undertaken.
Cardrona & Wanaka Basin-Cardrona Gravel Aquifer	4 <sup>th</sup> community workshop held in June 2013. A preferred option is due to be presented to the community within the next 3 months.

Cromwell Terrace Aquifer (Proposed Plan Change 4C)	Decision notified. Appeal period has closed and one appeal has been received.
Hawea Basin Aquifer	2 <sup>nd</sup> community workshop held in March 2014. Further technical work is being undertaken.
Lindis & Bendigo-Tarras Basin Aquifers Proposed Plan Change 5A	Public workshop to present economic impact report has been set for 1 April 2015. The proposed plan change is intended to be presented for notification at the next committee round on 22 April.
Manuherikia	Background information is being assembled, prior to holding a first workshop on catchment values.
Pisa/Queensberry/Luggate Groundwater Management Zones	1 <sup>st</sup> community workshop on values held in March 2014, prior to commencement of technical study.
Pomahaka (Proposed Plan Change 3B)	Decision notified 14 Feb 2015. Appeal period is open and no appeals have been received yet.
Roxburgh Basin Aquifer	1 <sup>st</sup> community workshop on values held in March 2014, prior to commencement of technical study.
Waikouaiti	3 <sup>rd</sup> community workshop held. Further technical work on the estuary is proposed prior to identifying a preferred option.
Waiwera (Proposed Plan Change 3C)	Six submissions have been received. Further submissions may be received until 13 March. The hearing is proposed to be held in April.

### 3. Recommendation

That this report is noted.

Fraser McRae  
**Director Policy Planning and Resource Management**

**OTAGO REGIONAL COUNCIL****Agenda for a meeting of the Regulatory Committee to be held in the  
Council Chamber, 70 Stafford Street, Dunedin on Wednesday  
11 March 2015 following the Policy Committee meeting**

**Membership:**

**Cr Sam Neill** (Chairperson)  
**Cr Gerrard Eckhoff** (Deputy Chairperson)  
**Cr Graeme Bell**  
**Cr Doug Brown**  
**Cr Louise Croot MNZM**  
**Cr Michael Deaker**  
**Cr Gary Kelliher**  
**Cr Trevor Kempton**  
**Cr Gretchen Robertson**  
**Cr Bryan Scott**  
**Cr David Shepherd**  
**Cr Stephen Woodhead**

**Apologies:**

**Leave of Absence:**

**In attendance:**

**Please note that there is an embargo on agenda items until 8.30 am on Monday  
9 March.**

**CONFIRMATION OF AGENDA**

**PUBLIC FORUM**

**MINUTES**

The minutes of the meeting held on 28 January 2015, having been  
circulated, for adoption

**Matters arising from minutes**

**ITEMS FOR NOTING**

Item 1

2015/0787 **Biosecurity and RMA Monitoring Report.** DEMO, 23/2/15

Reporting on water, air, pest, and contaminated site environmental monitoring and incidents for the period 1 January to 6 February 2015.

Item 2

2015/0795 **Consent processing, consent administration and Building Control Authority update.** DPPRM, 27/2/15

Detailing consent processing, consent administration and building control authority activity for the period 12 January to 27 February 2015.

Item 3

2015/0778 **RMA, Biosecurity Act and Building Act Enforcement Activities.**  
DPPRM, 19/2/15

Detailing Resource Management Act 1991, Biosecurity Act 1993 and Building Act 2004 enforcement activities undertaken by the Otago Regional Council for the period 9 January to 19 February 2015.

Item 4

2015/0794 **Appointment of Plan Change Hearing Commissioners.**  
DPPRM, 27/2/15

The Commissioner Appointment Subcommittee has recommended commissioners for upcoming plan change hearings, and Council's endorsement of the appointments is sought.



**OTAGO REGIONAL COUNCIL**

**Minutes of a meeting of the Regulatory Committee held in the  
Council Chamber, 70 Stafford Street, Dunedin on  
Wednesday 28 January 2015 commencing at 8.50 am.**

**Present:**

Cr Sam Neill (Chairperson)  
 Cr Graeme Bell  
 Cr Doug Brown  
 Cr Louise Croot MNZM  
 Cr Michael Deaker  
 Cr Gary Kelliher  
 Cr Trevor Kempton  
 Cr Gretchen Robertson  
 Cr Bryan Scott  
 Cr David Shepherd  
 Cr Stephen Woodhead

**Apologies:**

Cr Gerrard Eckhoff  
 The apology was accepted on the motion of Crs Shepherd  
 and Bell.

**In attendance:**

Peter Bodeker  
 Wayne Scott  
 Jeff Donaldson  
 Fraser McRae  
 Gavin Palmer  
 Matt Hickey  
 Peter Taylor  
 Janet Favel

**CONFIRMATION OF AGENDA**

There were no changes to the agenda.

**MINUTES**

The minutes of the meeting held on 26 November 2014, having been circulated, were adopted on the motion of Crs Croot and Brown.

**Matters arising from minutes**

There were no matters arising from the minutes.

## ITEMS FOR NOTING

Item 1

2014/2053 **Biosecurity and RMA Monitoring Report.** DEMO, 13/1/15

The report detailed water, air, pest, and contaminated site environmental monitoring and incidents for the period 18 October to 31 December 2014.

*Rabbits* – Mr Donaldson commented that the current fine warm weather conditions and lack of grass growth provided ideal conditions for both oat poisoning and rabbit breeding. There was concern that uncontrolled roadside vegetation provided cover for rabbits. Mr Donaldson explained that councils were required to comply with the Pest Management Strategy (PMS), and if a complaint was received relating to this issue, it would be followed up with the council concerned.

*Nassella Tussock* – Mr Donaldson noted that *Nassella* had been identified at a North Otago site. It was growing in one very small area, was not spread by wind, and was to be controlled by the landholder.

*Wallabies* – the current small number of wallabies was noted, and the point at which the animal would be considered a major pest control issue. Mr Donaldson noted that an eradication policy was included in the PMS. In discussing the issue Councillors considered that more staff resource should be put into addressing the wallaby situation, commenting that action needed to be taken now, not in 10 years' time when it was too late. It was suggested that a report be prepared on wallaby control in Otago.

*Water metering* – it was noted that water metering for takes greater than 20ℓ/sec was due in November. Mr McRae was to advise the due date for metering for smaller takes, and it was noted that a reminder needed to be sent to permit holders.

Cr Croot moved

Cr Deaker seconded

*That a report be prepared on wallaby control in Otago with reference to any learning from ECan, and that provision for the work be included in the Annual Plan.*

### **Motion carried**

Cr Kempton moved

Cr Robertson seconded

*That the report be noted.*

### **Motion carried**

Item 2  
2015/0609

**Consent processing, consent administration and Building Control Authority update.** RMPP and MC, 14/1/15

The report detailed consent processing, consent administration and building control authority activity for the period 10 November 2014 to 9 January 2015.

Concern was expressed at the number of consent applications which had been on hold for some time. Mr McRae advised that in some cases applicants had changed their minds about what they wanted to do, and/or more information had been requested. The applicants had been contacted to ascertain if they wanted to continue with their application.

Cr Woodhead moved  
Cr Croot seconded

*That the report be noted.*

**Motion carried**

Item 3  
2015/0577

**RMA, Biosecurity Act and Building Act Enforcement Activities.** DPPRM, 8/1/15

The report detailed Resource Management Act 1991, Biosecurity Act 1993 and Building Act 2004 enforcement activities undertaken by the Otago Regional Council for the period 8 November 2014 to 8 January 2015.

Cr Croot moved  
Cr Kelliher seconded

*That the report be noted.*

**Motion carried**

Item 4  
2015/0614

**Appointment of Hearing Commissioners.** DPPRM, 14/1/15

The report listed hearing commissioners appointed for the period to 14 January 2015.

Cr Neill moved  
Cr Kelliher seconded

*That the report be noted.*

**Motion carried**

The meeting closed at 9.07 am.

**Chairperson**

## REPORT

Document Id: A738621

Report Number: 2015/0787

Prepared For: Regulatory

Prepared By: Director Environmental Monitoring and Operations

Date: 23/02/2015

Subject: **Biosecurity & RMA Report for the period 1 January to 6 February 2015**

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### 1. Water Quality and Quantity

#### 1.1 Regional Plan: Water and Resource Consent Monitoring

##### 1.1.1 Audit and Inspection Monitoring

Audits and Inspections were conducted on 69 consents over the reporting period. Only one consent was graded as non-compliant significant (actual effects) due to discharge event occurring over the audit reporting period.

##### 1.1.2 Water Metering

86% of consent holders (> 20 litres per second) have installed water recording equipment or have advised the council who their installer is and are progressing with installations. 7% of takes are currently not in use and are being assessed for cancellation. Only 2% have failed to meet the requirements of their consent or the regulations and have either had enforcement action taken or are being assessed for enforcement action.

69% of consent holders who hold consents for between 10-20 litres per second are compliant or have contacted the Council and are making progress with their installation.

#### 1.2 State of the Environment Monitoring

Effort was focused on flow gauging at monitoring stations to ensure accurate data was available on the Water Info web site for water users as flows fell to low levels.

#### 1.3 Electric Fishing Surveys

The electric fishing programme began in south Otago in December. Sites in the Maniototo and Central Otago have been fished to date.

Staff from the data, compliance and hydrology teams have been very busy monitoring and updating low flow river sites in conjunction with inspections identifying irrigation usage.

## **2. Air Quality**

### **2.1 State of the Environment Monitoring**

An internal component upgrade of the Dunedin monitor was undertaken in January after repeated failures during the previous month. Other monitors at Mosgiel, Alexandra and Arrowtown continued operating throughout the period.

## **3. Pest Management Strategy Implementation and Biosecurity Compliance**

### **3.1 Animal Pests**

#### **3.1.1 Rabbits**

Inspections and follow up for compliance with the Pest Management Plan, maximum allowable level (MAL) for rabbits has continued through this period.

As with the last reporting period winter poison operations have shown good results however the good breeding season has continued, with favourable dry conditions persisting. This has led to rabbit numbers showing a larger than normal seasonal increase during this drier period.

### **3.2 Plant Pests**

#### **3.2.1 Nassella Tussock**

Nassella tussock control works are being undertaken in North Otago, on the previously identified site with a further 2,000 hectares yet to be inspected to ensure compliance with our pest plan.

#### **3.2.2 Low incident plants**

Bomarea and Old Man's Beard inspections have continued throughout this period in the Dunedin City and surrounding areas. A full report on these species will be provided once inspections are complete.

## **4. Environmental Incident Response**

### **4.1 Contaminated Sites**

Liaison with Territorial authority planning managers has continued regarding the development of a shared register for contaminated land information. A relevant national-level project on data consistency has also progressed over the previous 3 months, with surveys distributed to all Regional Councils, including ORC. The outcome of the national project may have some bearing on the protocols adopted in Otago.

Twenty-nine enquiries regarding the land-use history or contamination status of specific properties were received. The increasing number of enquiries highlights the need for a coordinated approach to contaminated land information management.

#### 4.1.1 Landfills

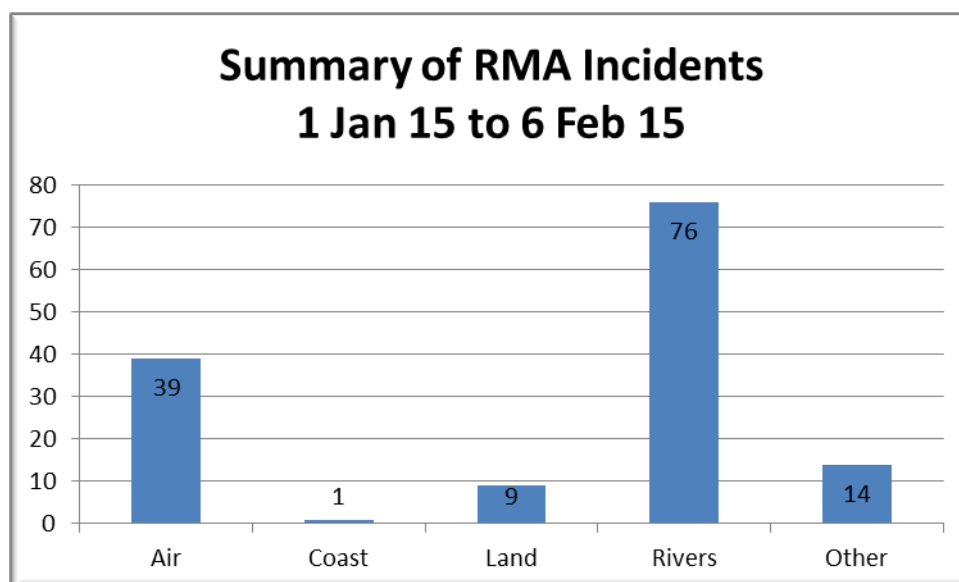
Partial capping work has been completed at the Oamaru Landfill as it approaches closure. Full inspections of active landfills in Otago have been programmed for the third quarter of the financial year.

#### 4.2 Oil Spill Management

Regional marine oil spill exercise is planned for March with staff attending the national training exercise also planned later in the month.

#### 4.3 Environmental Incidents

A total of 139 incidents were reported for this period. The following is a summary of the incidents received by activity type.



The majority of the air incidents can be attributed to odour followed by domestic chimneys and back yard burnings. The coastal incident was a marine oil spill. The majority of land incidents were from land contamination. Concerns about fresh water pollution followed by abstraction complaints were the cause of the majority of water investigations. The other types of incidents were varied and included issues like pest plants and rubbish on private land.

### 5. Engineering Field Operations

Staff have been making the most of the dry weather with all ground spray programmes being well ahead of schedule. Low flows in the river systems have enabled in-stream channel works to proceed with minimal disturbance to the waterways. Routine maintenance of flood protection and drainage schemes has continued throughout this reporting period. The mechanical willow clearing programme commenced this reporting period and the aerial spray programme is due to commence early next month.

**6. Pest Operations**

Staff successfully completed four TBfreeNZ possum control projects; all passing the performance monitor (Bendigo, Tarras, Greenfield and Silverpeaks). Four other TB contracts commenced during this reporting period, and are due for completion by 30 May 2015.

Oat poisoning operations for rabbits in Central Otago have commenced, taking advantage of the dry conditions. This work will enable us to complete more operations during the winter poison programme.

**7. Recommendation**

That this report be noted

Jeff Donaldson

**Director Environmental Monitoring and Operations**



## Summary of RMA Incident Complaints (General Location)

### Summary of RMA Incident Complaints (General Location)

From 5 September 2014 to 17 October 2014

General Location		AIR							COAST					LAND				WATER				OTHER			
	Row Summary	Backyard burning	Burning	Domestic chimneys	Dust	Industrial air discharge	Odour	Spray Drift	Coastal structures	Marine oil spill	Marine pollution	Reclamation	Removal	Deposit	Disturbance	Land contamination	Mining	Abstraction	Damming	Diversion	Fresh water pollution	Stormwater	Noise	Other	Staff performance
Catlins	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Central Otago	23	1	1	0	0	0	1	0	0	0	0	0	0	0	0	1	0	3	1	1	12	0	0	2	0
Clutha Plains	12	1	2	2	0	0	0	0	0	0	0	0	0	1	0	0	0	3	0	0	2	0	0	1	0
Dn - Abbots/Green Is	7	0	1	2	0	0	3	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0
Dn - Coast North	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0
Dn - Coast South	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dn - Inner City	26	5	0	4	1	0	6	0	0	0	0	0	0	0	0	1	0	0	0	0	6	1	0	2	0
Dn - Mosgiel	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0
Dn - Otago Harbour	1	0	0	0	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dn - Peninsula	2	0	0	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
Dn - West Harbour	2	0	0	0	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
East Otago Uplands	9	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	3	0	0	4	0	0	0	0
Lakes	17	0	0	0	1	0	2	0	0	0	0	0	0	0	0	1	0	0	0	0	12	0	0	1	0
Maniototo	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	0	0	0	0	0	0
North Otago	26	0	0	1	0	0	1	0	0	0	0	0	0	0	1	1	0	5	0	1	11	1	0	4	0
Roxburgh	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
South West Otago	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	0	0
Strath	3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	0	0	1	0	0	0	0
Taieri Plains	4	0	0	0	0	0	1	0	0	0	0	0	0	0	0	0	0	0	1	0	1	0	0	1	0
<b>TOTALS</b>	139	7	4	10	2	0	16	0	0	1	0	0	0	1	2	6	0	19	2	2	51	2	0	14	0

## REPORT

Document Id: A740076

Report Number: 2015/0795  
 Prepared For: Regulatory Committee  
 Prepared By: Marian Weaver  
 Date: 27 February 2015

Subject: **Consent processing Building Authority Activity Update  
 12 January to 27 February 2015**

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### 1. Project E.1 – Resource Consent Application Processing

1.1 Consent applications where status has not changed since the last report are summarised in Appendix 1.

#### Notified Applications

### 1.2 Publicly Notified Applications

#### *RM14.106 Southern Clams Limited*

The application is to establish three aquaculture sites within Otago Harbour. At each location shellfish, including Bluff Oysters, Queen Scallops, Tuaki Clams and Paddle Crabs, will be held in cages for up to 8 weeks before being collected and sold commercially. The cages, which will be one metre long and stored up to three deep, will be suspended by long lines and floats. Structures are to be located within the harbour over a 38 week season each year approximately from May to December. The application was publicly notified on 21 February and submissions close on 20 March.

#### *RM14.026 Lakes Marina Projects Limited*

The applications are for the construction of a 195 berth marina in the Frankton Arm of Lake Wakatipu. The applications were jointly notified along with the QLDC application on February 19<sup>th</sup>. When submissions closed on March 19<sup>th</sup>, 36 submissions were received (32 in support and 4 in opposition). This was a joint process with the ORC as lead agency. The application was heard by independent commissioners on 10-12 December and 26 -27 January. The decision was given to grant the applications on 23 February and the appeal period closes on 16 March.

### 1.3 Limited Notified Applications

#### *RM14.230 – Otago Regional Council*

Application to formalise diversions within Lovells Stream and Stoney Creek, which form part of the Lake Tuakitoto wetland complex. Consent sought for a one year term whilst a long term proposal to address flooding and management of the lake is sought. A decision granting the permit was given on 3 December and no appeal was received.

#### *RM14.206 – Mt Campbell Station Ltd*

Application to dam Mt Campbell and Bickerstaffe creeks with written approval not forthcoming from DoC and Iwi; both made submissions opposing the dam on

Bickerstaffe Creek. As submissions closed on 27 February the way forward in this process is being determined with the applicant.

## 2. Appeals to Environment Court / Objections

There are currently no appeals or objections to consents.

## 3. Consent Statistics

**Table 1. Consents Statistics Summary**

Reporting Period	Lodged			Rejected	Decision Given		
	Consents	Variations			Consents	Variations	
		Regular	Water reporting date			Regular	Water reporting date
<b>2013/14 Year total</b>	<b>450</b>	<b>30</b>	<b>42</b>	<b>13</b>	<b>410</b>	<b>53</b>	<b>72</b>
1 July to 15 Aug 14	29	5	1	1	35	5	11
18 Aug to 26 Sept 14	45	8	1	2	50	4	1
27 Sept to 7 Nov 14	48	6	5	1	57	6	5
10 Nov 14 to 9 Jan 15	70	0	5	4	50	5	3
12 Jan to 27 Feb 15	54	4	3	1	51	7	1
<b>14/15 year total to date</b>	<b>248</b>	<b>23</b>	<b>15</b>	<b>9</b>	<b>243</b>	<b>27</b>	<b>20</b>

## 4. Consent Administration

**Table 2. Consent Administration Statistics**

Reporting Period	Transfers Received	Transfers Issued	S417 Certs Received	S417 Certs Issued
<b>2013/2014 Year Total</b>	<b>208</b>	<b>215</b>	<b>16</b>	<b>3</b>
1 July 14 to 15 Aug 14	15	11	0	2
18 Aug to 26 Sept 14	25	17	0	2
27 Sept to 7 Nov 14	13	23	1	0
10 Nov 14 to 9 Jan 15	23	30	1	0
12 Jan to 27 Feb 15	9	8	0	2
<b>14/15 year to date</b>	<b>76</b>	<b>81</b>	<b>2</b>	<b>6</b>

## 5. Building Consent Authority (BCA) Administration In Progress

Dam Building Consents	5
Code Compliance Certificates	2
PIM	0
Certificate of Acceptance	1

## 6. Public Enquiries

Appendix 2 shows that 375 enquiries were received by the Consents Unit during the reporting period.

**Table 3. Public Enquiries Statistics**

Period	Number of Enquiries
<b>2013/2014 year</b>	<b>1490</b>
1 July to 15 Aug 14	180
18 Aug to 26 Sept 14	148
27 Sept to 7 Nov 14	238
10 Nov 14 to 9 Jan 15	322
12 Jan to 27 Feb 15	375
<b>YTD 14/15</b>	<b>1263</b>

## 7. Legislation

The last parts of the 2013 amendment to the RMA take effect on 3 March 2015. The most significant changes are

- That more information including an assessment of relevant statutory documents must now be included in an application.
- That a publicly notified application can be suspended at the applicant's request for up to 6 months. After that time the Council may return the application to the applicant.(subject to objection rights)
- The processing time for limited and publicly notified applications have changed; time being from the close of submissions to the close of a hearing. For limited notified applications time is 45 days (9 weeks) and for publicly notified 75 days (15 weeks). Any prehearing meetings and hearing adjournments must be completed within these time periods. Applicant and submitter evidence and s42A reports must be circulated before a hearing as well.

## 8. Recommendation

That this report is noted.

Fraser McRae  
**Director Policy Planning and Resource Management**

## **Appendix 1: Summary of applications that have not changed since the last report to the Committee**

### **Applications**

#### **RM12.095 – Clifford MacKay Blaikie**

Application to discharge treated wastewater from the Dunstan Hotel to the Clutha River/Mata-Au. Public Health South and Kai Tahu Ki Otago were served the applications, as written approval could not be obtained from these parties. The submission period closed on Monday 3<sup>rd</sup> March. Public Health South opposes the application. A request for further information has been answered. The application is on hold for the draft report and consent document to be completed and circulated to the applicant and submitter for consideration

#### **RM13.215 - Queenstown Lakes District Council**

The applications are for the discharge of odour to air, and treated effluent to the Shotover River, and then later to land from the Queenstown waste water treatment plant in the Shotover delta. QLDC already holds permits for these activities but wishes to change the timing and method of disposal to land. The applications were lodged on 17 May 2013 and publicly notified on 1 June 2013. When submissions closed on 28 June there were four submissions; one in support and three opposed. A hearing was set down for 28/29 August 2013 but was postponed while the applicant continues to negotiate with submitters. The Hearing Panel did a site visit on 22 August 2013. Since then the applicant has decided to reconsider the treatment options available and the application remains on hold.

#### **RM12.066 – Environment Canterbury - to undertake erosion protection works in the Lower Waitaki River.**

Environment Canterbury has applied for consents to allow them to undertake erosion protection works in the Lower Waitaki River. Numerous erosion protection measures are proposed over a 3 km stretch of river. DoC, Iwi, Fish and Game and owners of land on which the works are to take place are all considered to be affected parties. The application is on hold while other affected parties are identified. A decision on notification is pending.

### **Pending Applications of Interest**

#### ***RM13.423 – Manuherikia Catchment Water Strategy Group (MCWSG)***

A working party has been established comprising MCWSG, Golder Associates and ORC staff. The aim of the working party is to develop a consenting strategy giving regard to existing mining privileges, individual water takes and irrigation options within the Manuherikia catchment.

## Appendix 2 Summary of Public Enquiries

**Total Number of Enquiries** **375**

<b>Enquiry Type</b>	<b>No.</b>	<b>% of Total</b>
Current Consents	140	37.3 %
Mining Privileges	3	0.8 %
Other	41	10.9 %
Permitted Activities	91	24.3 %
Pre-application	63	16.8 %
Property Enquiries	25	6.7 %
TLA Enquiries	3	0.8 %
Transfers	9	2.4 %

<b>Enquiry Location</b>	<b>No.</b>	<b>% of Total</b>
Central Otago District Council	122	32.5 %
Clutha District Council	36	9.6 %
Dunedin City Council	54	14.4 %
Outside Otago	1	0.3 %
Queenstown Lakes District Council	56	14.9 %
Throughout Otago	9	2.4 %
Unspecified	56	14.9 %
Waitaki District Council	41	10.9 %

<b>Enquiry Method</b>	<b>No.</b>	<b>% of Total</b>
Counter	21	5.6 %
Email	185	49.3 %
Letter	2	0.5 %
Telephone	167	44.5 %

## REPORT

Document Id: A736179

Report Number: 2015/0778

Prepared For: Regulatory Committee

Prepared By: Peter Kelliher, Legal Counsel

Date: 19/2/2015

Subject: **Resource Management Act 1991, Biosecurity Act 1993 and Building Act 2004 Enforcement Activities from 9 January 2015 to 19 February 2015**

### 1. Précis

This report details Resource Management Act 1991, Biosecurity Act 1993 and Building Act 2004 enforcement activities undertaken by the Otago Regional Council during the period 9 January 2015 to 19 February 2015.

### 2. Enforcement Action under the Resource Management Act 1991

#### a) Consent Auditing

No enforcement action taken.

#### b) Consent Performance Monitoring

**Table 1. Abatement Notices**

Details	Period – 9 January 2015 to 19 February 2015	Total – from 1 July 2014
To cease taking water in breach of water meter regulations	0	2
<b>TOTAL</b>	<b>0</b>	<b>2</b>

#### c) Permitted Activity Rules - Inspections

**Table 2. Infringement Notices**

Details	Period – 9 January 2015 to 19 February 2015	Total – from 1 July 2014
Discharge of contaminants to land in breach of a regional rule - effluent	6	8
<b>TOTAL</b>	<b>6</b>	<b>8</b>

**Table 3. Authorised Legal Proceedings**

<b>Details</b>	<b>Period – 9 January 2015 to 19 February 2015</b>	<b>Total – from 1 July 2014</b>
Discharge of contaminants to land in breach of a regional rule - effluent	0	1
<b>TOTAL</b>	<b>0</b>	<b>1</b>

**d) Incidents****Table 4. Infringement Notices**

<b>Details</b>	<b>Period – 9 January 2015 to 19 February 2015</b>	<b>Total – from 1 July 2014</b>
Discharge of contaminants to air – outdoor burning	0	3
Discharge of contaminants to air – burning prohibited materials	0	2
<b>TOTAL</b>	<b>0</b>	<b>5</b>

**Table 5. Authorised Legal Proceedings**

<b>Details</b>	<b>Period – 9 January 2015 to 19 February 2015</b>	<b>Total – from 1 July 2014</b>
Discharge of contaminants to land in breach of a regional rule - effluent	0	1
Discharge of contaminants to air – burning prohibited materials	0	4
Disturbing the bed of a river – pugging	1	2
(1) Disturbing the bed of a river – pugging; and (2) Discharge of contaminants in breach of a regional rule - sediment	0	1
<b>TOTAL</b>	<b>1</b>	<b>8</b>

**Water Shortage Directions**

A total of seven Water Shortage Directions were issued during the period. The Directions suspended or restricted four permit/consent holders from taking, using, damming or diverting water from the main stem of the Taieri River.

**3. Biosecurity Act 1993**

No enforcement action taken during the period.

**4. Building Act 2004**

No enforcement action taken during the period.



**5. Recommendation**  
That this report be noted.

Fraser McRae  
**Director Policy Planning and Resource Management**

**REPORT**

Document Id: A740048

Report Number: 2015/0794

Prepared For: Regulatory Committee

Prepared By: Director Policy, Planning and Resource Management

Date: 27 February 2015

Subject: **Appointment of Plan Change Hearing Commissioners to 27 February 2015**

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**1. Précis**

The attached meeting notes list suggested commissioners for upcoming plan change hearings.

**2. Commissioner Appointment Subcommittee meeting 5 February 2015**

A meeting of the Commissioner Appointment Subcommittee held on 5 February 2015 proposed hearing commissioners for upcoming plan change hearings, and it is requested that the proposed appointments be confirmed.

The Subcommittee also discussed a policy for payment for Councillors acting as commissioners for plan change hearings, as distinct from consent hearings.

**3. Recommendations**

1. That the plan change hearing commissioners as proposed by the Commissioner Appointment Subcommittee meeting of 5 February 2015 be confirmed.
2. That the Chief Executive discuss with the Director Corporate Services a policy for payment for Councillors acting as commissioners for plan change hearings, as distinct from consent hearings.

Fraser McRae

**Director Policy, Planning and Resource Management**

**Notes of a meeting of the Commissioner Appointment Subcommittee  
held on Thursday 5 February 2015 commencing at 1.30 pm**

**Present:** Cr Croot (Chair), Cr Robertson, Mr Bodeker  
**Apology:** Cr Woodhead  
**In attendance:** Dale Meredith, Janet Favel

**1. Suggested commissioners for plan change hearings**

**Meeting 10-13 February (by email)**

Moved Cr Croot, seconded Cr Robertson

Agreed Cr Woodhead, Mr Bodeker

Hearing	Hearing date/ days	Proposed Commissioners
PC3C Waiwera minimum flow	Mid-late April 2015 1-2 days	Cr Croot (Chair) Cr Neill Cr Scott Cr Kempton (reserve)
PC5A Lindis River/Bendigo Tarras Basin minimum flow	Late August/early September 2015 3-4 days	Cr Robertson (Chair) Mr Geddes Dr Allibone Cr Croot (reserve)
PC5B Cardrona catchment minimum flow and aquifer allocation	November	Cr Croot (Chair) Cr Kempton Independent (tbc) Cr Scott (reserve)
Waikouaiti minimum flow	On hold – subject to Annual Plan funding for estuary study	Cr Croot (Chair) Mr Edward Ellison Cr Kelliher Cr Shepherd (reserve)
Hawea Basin groundwater allocation	On hold – subject to approval for funding for more detailed ground- water monitoring	Cr Shepherd (Chair) Cr Scott Mr Geddes Cr Croot (reserve)
Regional Policy Statement	Late August/early September 2015	Cr Robertson (Chair) Cr Kempton Cr Shepherd Mr Geddes

**2. Payment for plan change hearing commissioners**

The meeting discussed payment for plan change hearing commissioners including whether it should be the same rate as for consents, or an hourly rate. It was considered that there should be a policy for this.

Cr Robertson moved  
Cr Croot seconded

*That the Chief Executive discuss with the Director Corporate Services a policy for payment for Councillors acting as commissioners for plan change hearings, as distinct from consent hearings.*

**Motion carried**

The meeting closed at 2.05 pm.

**Chairperson**

**OTAGO REGIONAL COUNCIL****Agenda for a meeting of the Communications Committee to be held in  
the Council Chamber, 70 Stafford Street, Dunedin on  
Wednesday 11 March 2015 following the  
Regulatory Committee meeting**

**Membership:**

**Cr Trevor Kempton** (Chairperson)  
**Cr Graeme Bell** (Deputy Chairperson)  
**Cr Doug Brown**  
**Cr Louise Croot MNZM**  
**Cr Michael Deaker**  
**Cr Gerrard Eckhoff**  
**Cr Gary Kelliher**  
**Cr Sam Neill**  
**Cr Gretchen Robertson**  
**Cr Bryan Scott**  
**Cr David Shepherd**  
**Cr Stephen Woodhead**

**Apologies:**

**Leave of absence:**

**In attendance:**

**Please note that there is an embargo on agenda items until 8.30 am on Monday 9 March.**

**CONFIRMATION OF AGENDA**

**PUBLIC FORUM**

**MINUTES**

The minutes of the meeting held on 28 January 2015, having been circulated, for adoption

**Matters arising from minutes**

**FOR NOTING**

Item 1

2015/0781 **Stakeholder Engagement Report.** DSE, 19/2/15

Reporting on community, stakeholder and staff engagement activities carried out by Stakeholder Engagement directorate staff since the last meeting.

**OTAGO REGIONAL COUNCIL****Minutes of a meeting of the Communications Committee held in the  
Council Chamber, 70 Stafford Street, Dunedin on  
Wednesday 28 January 2015 commencing at 8.30 am**

**Present:**

**Cr Trevor Kempton** (Chairperson)  
**Cr Graeme Bell** (Deputy Chairperson)  
**Cr Doug Brown**  
**Cr Louise Croot MNZM**  
**Cr Michael Deaker**  
**Cr Gary Kelliher**  
**Cr Sam Neill**  
**Cr Gretchen Robertson**  
**Cr Bryan Scott**  
**Cr David Shepherd**  
**Cr Stephen Woodhead**

**Apologies:**

**Cr Gerrard Eckhoff**  
The apology was accepted on the motion of Crs Bell and Croot.

**In attendance:**

**Peter Bodeker**  
**Wayne Scott**  
**Jeff Donaldson**  
**Fraser McRae**  
**Gavin Palmer**  
**Peter Taylor**  
**Janet Favel**

**CONFIRMATION OF AGENDA**

There were no changes to the agenda.

**MINUTES**

The minutes of the meeting held on 26 November 2014, having been circulated, were adopted on the motion of Crs Bell and Croot.

**Matters arising from minutes**

There were no matters arising from the minutes.

**FOR NOTING**

Item 1

2014/2089 **Stakeholder Engagement Report.** MC, 9/1/15

The report detailed community, stakeholder and staff engagement activities carried out by Stakeholder Engagement directorate staff since the last meeting.

Topics covered included:

- Water quality and quantity, particularly public education in relation to Plan Change 6A;
- Approval of the draft Otago/Southland Regional Land Transport Plan for notification;
- Development of a communications plan for the LTP;
- Preparation of a customer services strategy; and
- Public communications.

Comment was made that that constituent councillors should be invited to local minimum flow and river management meetings, and the Chief Executive was to pass this comment on to relevant staff.

Cr Croot moved

Cr Shepherd seconded

*That the report be noted.*

**Motion carried**

The meeting closed at 8.43 am.

**Chairperson**



## REPORT

Document Id: A736293

Report Number: 2015/0781

Prepared For: Communications Committee

Prepared By: Director Stakeholder Engagement

Date: 19 February 2015

Subject: **Communications Committee – Report March 2015**

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This report records stakeholder engagement activity between 10 January and 22 February 2015.

### 1. Water quality

The water quality (plan change 6A) implementation strategy that will provide direction for all planning and delivery of this project has been developed and approved. This will inform an update of the current project plan that will be used by the Executive Management Team to monitor progress against goals.

The water quality project is just one of a number of large projects to be implemented over the next long term plan period. We have identified the need to lift our project management capability so we have technical, interpersonal and administrative project management skills operating at the level of competence needed to confidently deliver multiple projects. We are starting this improvement by using the water quality project to develop a terms of reference for an enhanced project management structure.

The main water quality achievements for this reporting period relate to Goal One: Compliance by landholders and include;

- A survey of 600 rural landholders commissioned to benchmark the reach and effectiveness of our communications around water quality that produced some positive results with;
  - 78 percent of respondents aware of the water quality rule changes
  - 49 percent of respondents claiming a good or excellent understanding of their responsibilities for ensuring compliance
- Preparation almost complete for visits to all Otago landholders over 20 hectares but now delayed due to work on water shortages
- Publication of Waterlines Autumn 2015 newsletter and distribution to all rural households in Otago and informs about the rules along with encouraging landholders to take action to see whether they are compliant
- Completion of fact packs of information relating to the rules now available for rural professionals, industry groups and individuals and for distribution by council staff as a part of routine property visits

- Training of two groups of council staff in the rules with the aim of increasing knowledge, consistency and engagement. More sessions are planned and will ensure we have a pool of trained staff from across council to assist with the farmer visits
- Progress on industry taking the lead on running water quality rule events in the region with support from council staff. Currently staff are preparing to support five events across Otago, run by industry and farmer groups.
- Development of a forestry workshop that is expected to attract around 70 industry stakeholders

There is some development of activities for the other three goals with the expectation that the deliverables be clarified in next phase of project planning.

## 2. Water Quantity

### Water shortages

The river management team have been meeting daily to review river flow and water use data during the prolonged period of dry weather since January. A daily water management advisory is emailed to irrigators and other key stakeholders updating them on conditions and ORC decisions regarding the management of low flows. A phone number and email were set up for Taieri irrigators use to communicate with Council. Several public meetings have been held with Taieri communities to listen to their concerns, assess rationing proposals and discuss our management of the river.

One key stakeholder meeting was held at council (with a second meeting scheduled for late February).

The Taieri community has shown considerable fortitude, expertise and commitment to engaging with ORC to sustainably manage the river during these difficult times. We have expressed our appreciation for their co-operation on a number of occasions.

### Plan change 1C

ORC's preferred outcome for the transition from deemed permits to consents in 2021 is a collective rather than individualistic process. Previous attempts have been made to get action on the formation of groups and some have already formed, albeit in a sporadic way. While ORC intends to be active in the facilitation of the transition, it is very clear on a role of the promotion of groups rather than being a part of them. This shift in approach is a key consideration in a draft communications plan that outlines the process for stakeholder engagement in the transition. We are currently getting internal input to the draft plan with the aim of finalising in April.

## 3. Land, biodiversity and biosecurity

Nothing to report.

#### **4. Air quality**

Nothing to report.

#### **5. Hazard and risk mitigation**

A short video is in production outlining flooding and erosion in the Upper Clutha.

#### **6. Regional Land Transport**

Nothing to report.

#### **7. Statutory responsibilities**

We have been implementing the activities agreed for our Long Term Plan communications strategy including the design of the consultation document, a specific consultation website, pre-consultation media releases, and the consultation materials and process.

#### **8. Customers and stakeholders**

##### **Internal Engagement**

We have designed a workshop for all directors and managers that will be delivered in March with the purpose of increasing understanding of the strategic direction of council and engagement in how we will work together to achieve that. The workshop will cover the overall direction, our strategic goals and our organisational values. We will review the workshop success and decide what type of follow-up will be most effective.

##### **Customer services**

Customer services has been visually refreshed to increase our professional image and provide the public with a more pleasant and organised reception area. Improvements include uniforms for staff and upgraded display units.

The customer services team has been assisting with the water shortage work, which has not only provided needed resources but is also preparing these staff for greater responsibilities in the types of enquiries they will handle.

## 9. Public communications

### Media activity

ORC received 96 print media mentions and 17 broadcast media mentions in the period up to 23 February. Topics included: Taieri water shortages, consents, increased rabbit population, toxic algae.

Two replies were sent to Letters to the Editor referred by the Otago Daily Times to ORC – one by the Manager Support Services on child bus fares and the other by the Chief Executive on intensive land use.

### Social media

We made 14 posts on Facebook and Twitter. In addition there was one retweet made.

Subjects covered included river flows, bus advisories, toxic algae, rural fire risk, water shortage notices, the Otago/Southland Regional Land Transport Plan, and employment opportunities.

As at February 23 the ORC Facebook page had 95 ‘likes’, on Twitter we had 295 followers and were following 95 organisations or individuals.

### Web development and traffic summary

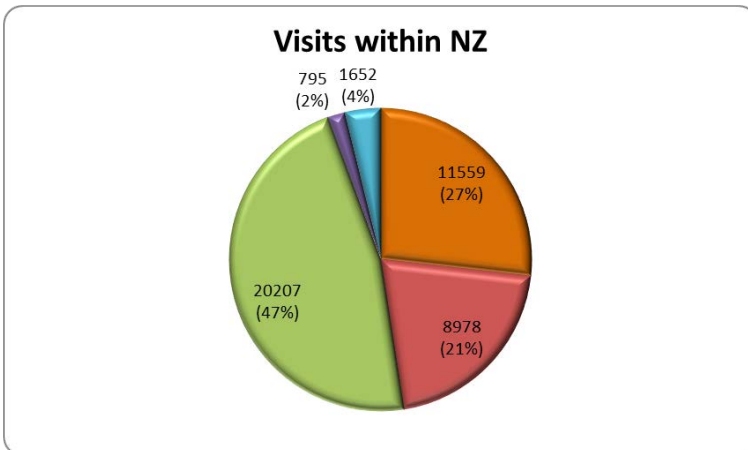
Updates are made daily to the ORC website. 105 changes were made during this period.

Updates made during this period included setup and implementation of online forms for the Draft Otago Southland Regional Transport Plans 2015 -2021 and Proposed Plan Change 3C. A number of updates have been also made to the LAWA website with ORC now regularly updating the data for five coastal sites and six freshwater sites - we are also posting our weekly rainfall and river flow data, as well as any water-related media releases and news. A new page has been created with an online form for 2015 Drought Incident Reporting; this allows people to report adverse environmental events and has the ability for people to upload photos of the incident. Other smaller updates have been made for updates of water metering forms, bus alerts, job vacancies, and the resource consent application for Southern Clams Limited.

### Daily visits to the ORC Website

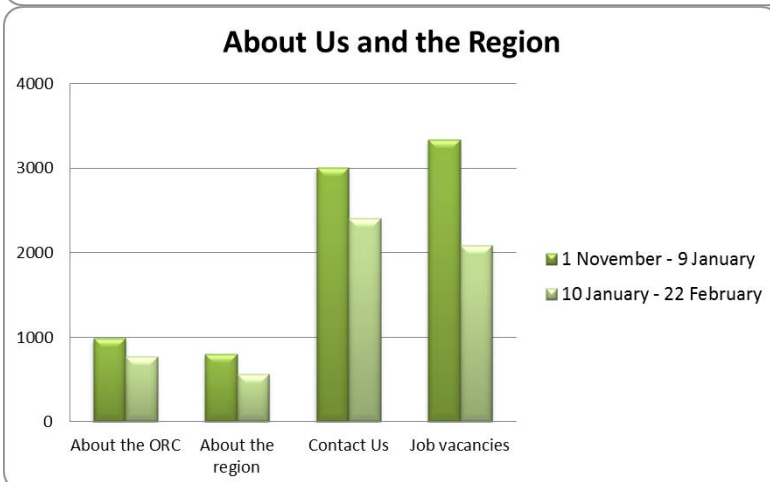
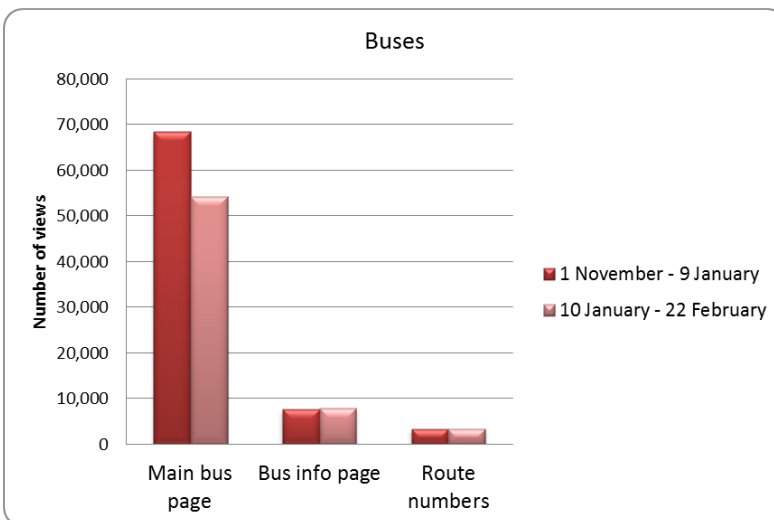
During this period there were 46,318 visits to the ORC website from New Zealand, 910 from Australia, and 606 from the United States.

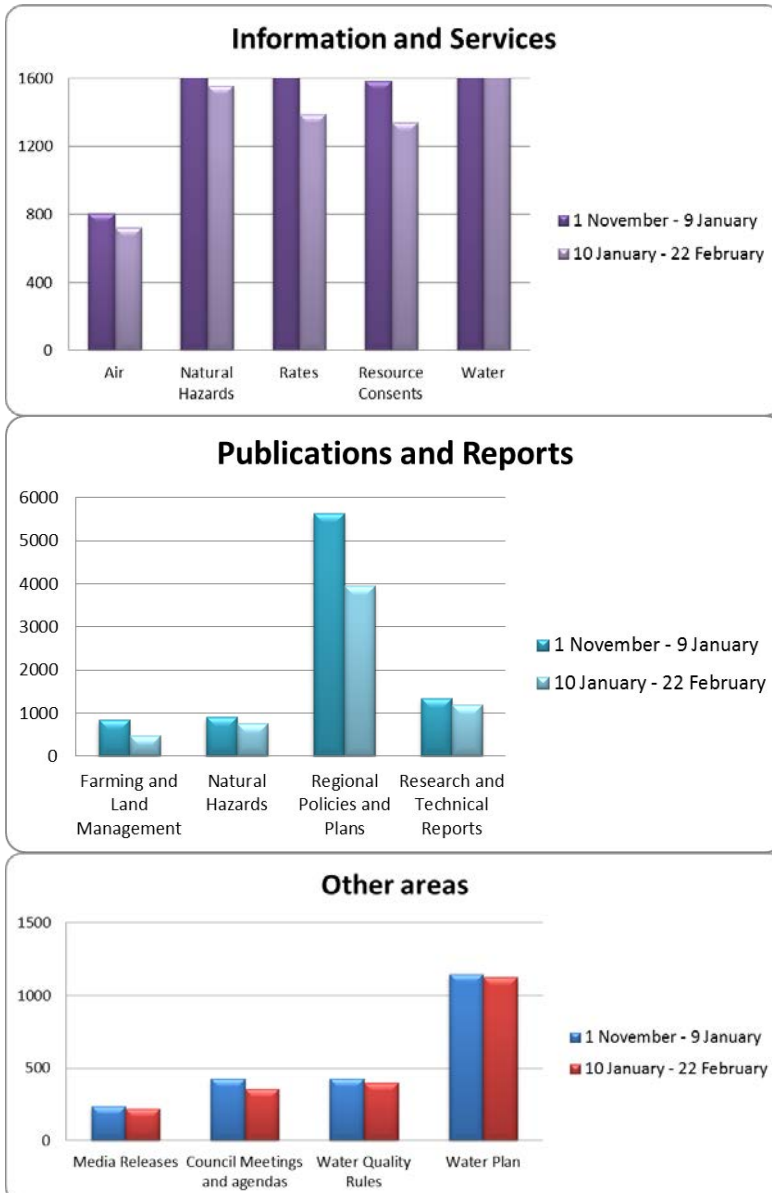




Average number of page views per visit was 3.08 and the top two downloads were the new bus timetable (3,752) and section 12 (Rules: Water take, use and management) from the Water Plan (250).

Analysis of webpages viewed





**10. Recommendation**

That this report is noted.

Jane Leahy  
**Director Stakeholder Engagement**