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Minutes of an ordinary meeting of Council held in the
Council Chambers Clutha District Council on
Wednesday 21 February 2018, commencing at 10:30 am

Membership

Cr Stephen Woodhead (Chairperson)
Cr Gretchen Robertson (Deputy Chairperson)
Cr Graeme Bell
Cr Doug Brown
Cr Michael Deaker
Cr Carmen Hope
Cr Trevor Kempton
Cr Michael Laws
Cr Ella Lawton
Cr Sam Neill
Cr Andrew Noone
Cr Bryan Scott

Welcome

Cr Woodhead welcomed Councillors and staff to the meeting and thanked Mayor Cadogan for hosting the meeting at Clutha District Council.

1. APOLOGIES

Resolution

That the apologies for Cr Deaker be accepted.

Moved: Cr Woodhead

Seconded: Cr Robertson

CARRIED

2. LEAVE OF ABSENCE

No Leave of Absence were advised.

3. ATTENDANCE

Sarah Gardner	(CEO)
Nick Donnelly	(Director Corporate Services)
Tanya Winter	(Director Policy, Planning & Resource Management)
Sian Sutton	(Director Stakeholder Engagement)
Gavin Palmer	(Director Engineering, Hazards & Science)
Scott MacLean	(Director Environmental Monitoring & Operations)
Sally Giddens	(Director People & Capabilities)
Ian McCabe	(Executive Officer)
Lauren McDonald	(Committee Secretary)
Petra Hunting	(Personal Assistant)

4. CONFIRMATION OF AGENDA

Cr Laws requested for a late item be added to the agenda, for Council to seek to attend a meeting scheduled by the Minister of Tourism with council mayors in early March to discuss freedom camping. The reason for the urgency of the item was that the meeting was to be held before the next scheduled Council meeting on 21 March.

Cr Woodhead and Mrs Gardner clarified that ORC's involvement in freedom camping was limited to land under Council control and the management of assets such as flood protection infrastructure. They advised that attendance at the meeting with the Minister of Tourism may not be entirely relevant to regional councils. It was suggested that more information was needed on the bylaw and the impact of freedom camping in Otago to allow an informed discussion.

Resolution

That ORC contact the Minister of Tourism's office and assess the potential for ORC to be represented at the meeting with the Minister in early March, to discuss freedom camping, with a paper to come to the next committee round as a result of the outcomes of the meeting.

Moved Cr Laws
seconded Cr Hope
CARRIED

5. CONFLICT OF INTEREST

No conflicts of interest were advised.

6. PUBLIC FORUM

No public forum was held.

7. PRESENTATIONS

No presentations were held.

8. CONFIRMATION OF MINUTES

Resolution

That the minutes of the public session of the Council meeting of 13 December 2017 be accepted as a true and correct record of the meeting.

Moved: Cr Hope
Seconded: Cr Scott
CARRIED

9. ACTIONS

4.1	Confirmation of agenda Council 21/2/18	<i>That ORC contact the Minister of Tourism's office and assess the potential for ORC to be represented at the meeting with Minister in early March, to discuss freedom camping with a paper to come to the next committee round as a result of the outcomes of the meeting.</i>
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10. CHAIRPERSON'S AND CHIEF EXECUTIVE'S REPORTS

10.1. Chairperson's Report

The report provided a summary of the Chairperson's attendance at the Waitangi Day celebrations, Otago/Southland Mayoral Forum, Te Roopu Taiao, Powhiri at Otakou, and the Otago Landmarks launch.

10.2. Chief Executive's Report

The report outlined the external meetings and engagements attended by the Chief Executive during February 2018, including: Cosy Homes Trust, Regional Sector Interest Group (SIG); Connecting Dunedin Transport; Central Otago Dry Weather event; Irrigation NZ; Dunedin Hospitalisation Local Redevelopment Advisory Group, and update on Phillip Laing House and Health & Safety.

Mrs Gardner summarised the key points from the Chief Executive's Forum, including Minister Parker's outline of his foundation element and goal for climate change through change in land use. A Climate Change Commission is to be established. The Hon Mr Parker also indicated the focus on water quality, including his desire for all rivers to be swimmable during summer. She also spoke on the Civil Defence Emergency Management review and the opportunity for ORC to provide feedback on the recommendations of the review.

Discussion was held on the ability to resource work at sector and national level. Mrs Gardner advised a proposal was being developed through Horizons Regional Council on achievement of this. A suggestion was made to invite the Minister to meet with Council to discuss matters including climate change, water quality and natural hazards.

Resolution

That Council formally invite Ministers David Parker and Damien O'Connor to visit with Council to discuss a variety of matters.

Moved: Cr Scott
Seconded: Cr Lawton
CARRIED

Resolution

That the Chairperson's and Chief Executive's reports be received.

Moved: Cr Woodhead
Seconded: Cr Bell
CARRIED

11. MATTERS FOR COUNCIL DECISION

11.1. Size of quorum for Regional Transport Committee

Mr Donnelly advised that as the report's recommendation did not override the Standing Orders quorum rules, the report did not require action by Council and the report recommendation was withdrawn.

It was agreed that a stipulation within the Terms of Reference of the requirement for there to be one member representative of the Otago Regional Council, remain in place.

Cr Scott returned to the meeting at 10:56 am.

11.2. Harbourmaster Delegation for Wrecks

The report outlined the Otago Regional Council's duties under the Maritime Transport Act 1994 with respect to maritime safety, including the administrative efficiency, functions under the Maritime Transport Act that may be delegated to appropriate staff. It also outlined the reasons for seeking further delegation to the Harbourmaster.

The report sought Council approval for the Harbourmaster to have the delegation for the removal of wrecks in the Otago region.

Resolution

That a further delegation for the power to remove or deal with wrecks in the Otago region under the Maritime Transport Act 1994 be delegated to the Harbourmaster.

Moved: Cr Neill
Seconded: Cr Scott
CARRIED

12. MATTERS FOR NOTING

12.1. Financial Report to 31 December 2017

The report provided a summary of the Council's financial performance compared to budget for the six months ended 31 December 2017, and a summary of the financial position as at that date.

Discussion was held on progressing the rural water quality implementation schedule and the benefit of establishing a reference group to assist with forward planning of water quality projects, including communication of compliance to the community.

Resolution

Establish a reference group for Water Quality.

Moved: Cr Robertson

Seconded: Cr Scott

CARRIED

Resolution

That this report is received.

Moved: Cr Brown

Seconded: Cr Noone

CARRIED

12.2. Documents signed under Council's Seal Sept 2017 to Feb 2018

The report outlined the Council of delegations which have been exercised during the period 28 September 2017 to 2 February 2018.

Resolution

That the report be noted.

Moved: Cr Hope

Seconded: Cr Brown

CARRIED

13. REPORT BACK FROM COUNCILLORS

Cr Bell outlined the meetings he had attended as:

- 16 January - met with Roger Williams, Manager of Omakau Irrigation, together with Cr Noone, Tanya Winter, Sian Sutton and Lisa Cain for a tour of Falls Dam and the current Manuherikia Valley Irrigation schemes. The tour included stops at the Manuherikia river, Dunstan Creek, Lauder Creek and Thompson Creek. The purpose of the tour was to gain a better understanding of the management of water flow and quality, especially in low flow conditions. Cr Bell and Noone also visit met with a number of farmers in the Ophir area in regard to concerns in the increase of rabbit numbers. and included a visit to the Galloway Rabbit Board yard to see the oat cooker and facilities. ORC staff member Haines Batrick explained the operation of the oat cooker. Cr Bell advised the landowners are keen to explore the Maniatoto Pest Company model, with ORC to be part of the leading this.
- 12 February - Lakes to the Sea meeting of the Clutha Mata-Au, Ettrick. Cr Bell advised approximately 37 people attended, with the largest public discussion around the Contact Energy Ltd discharge consent. The attending public expressed their concern that Contact Energy Ltd were breaching consent conditions resulting in low flow conditions in the Ettrick area of the Clutha River and impacted on landholders' access to water for irrigation.

Met with six landowners, led by Bruce McGregor at Dumbarton re their concerns on the creeks, bridges, and culverts from Dumbarton to Roxburgh. Landowners seeking engineering help and advice on work which can be undertaken in the reinstating of creeks after a flood event. The group are seeking further dialogue with ORC.

Dr Palmer confirmed landowners should contact ORC before undertaking work in water ways. He confirmed once the GNS science risk work was completed that this information would be shared with the community.

14. NOTICES OF MOTION

No Notices of Motion were advised.

15. RECOMMENDATIONS ADOPTED AT COMMITTEE MEETINGS HELD ON 31 JANUARY 2018

15.1. Recommendations of the Technical Committee

Resolution

Recommendations of the Technical Committee held on 31 January 2018, for adoption.

Moved: Cr Noone

Seconded: Cr Lawton

CARRIED

15.2. Recommendations of the Communications Committee

Resolution

Recommendations of the Communications Committee held on 31 January 2018, for adoption.

Moved: Cr Hope

Seconded: Cr Kempton

CARRIED

15.3. Recommendations of the Policy Committee

Resolution

Recommendations of the Policy Committee held on 31 January 2018, for adoption.

Moved: Cr Robertson

Seconded: Cr Neill

CARRIED

15.4. Recommendations of the Regulatory Committee

Resolution

Recommendations of the Regulatory Committee held on 31 January 2018, for adoption.

Moved: Cr Scott

Seconded: Cr Neill

CARRIED

15.5. Recommendations of the Public Portion of the Finance and Corporate Committee

Resolution

Recommendations of the public portion of the Finance and Corporate Committee held on 31 January 2018, for adoption.

Moved: Cr Brown

Seconded: Cr Hope

CARRIED

16. RESOLUTION TO EXCLUDE THE PUBLIC

Resolution

That the public be excluded from the following parts of the proceedings of this meeting, namely: Item 16 - Dowling Street site.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
<i>Item 16 - Dowling Street site</i>	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)	Section 48(1)(a); Section 7(2)(i)

That Mr McCabe be permitted to remain at this meeting, after the public has been excluded, because of his knowledge of investigations of the Dowling Street site. This knowledge, will be of assistance in relation to the matter to be discussed.

Moved: Cr Woodhead

Seconded: Cr Hope

CARRIED

The meeting returned to public session on the motion of Crs Woodhead and Noone.

17. CLOSURE

The meeting was declared closed at 12:05 pm.

Chairperson

Infrastructure Strategy

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

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

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

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

Geographical context

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

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

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

Capital Expenditure

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

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

Renew/replace

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

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

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

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

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

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

Increase levels of service

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

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

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

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

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

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

New need or demand

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

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

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

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

Operational Expenditure

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

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

Our Priorities

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

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

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

Assumptions

Future population

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

Inflation

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

Useful lives

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

Levels of Service

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

Other assumptions

Other assumptions made in preparing this strategy are as follows:

- There will be no new schemes developed over the 30 year period;
- There will be no deferred maintenance during the 30 year period;
- Floodbanks are maintained in as-new condition to meet service needs;
- It is expected the works programmed in years 1-3 of the LTP will progress. These works are focused on understanding, quantifying and optimising performance; and
- No allowance has been made for repairs to scheme assets resulting from flood events or other natural disasters.

Most Likely Scenarios and their cost

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

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

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

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

Details of operational and capital expenditure are as follows:

Capital and Operating Expenditure by Scheme

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

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

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

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

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

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

F4 – Lower Taieri Flood Protection Scheme	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Scheme Maintenance Operations	346	346	353	361	371	380	388	397	406	416	2,441	2,441	2,441	2,441
Scheme Maintenance Engineering	140	89	210	141	390	237	61	84	67	72	804	638	804	638
Undertake Asset Management and Condition Monitoring	34	35	36	37	39	65	66	67	68	71	249	415	249	415
Scheme performance assessment including community risks	100	120	86											
Depreciation	26	37	61	61	66	66	71	71	71	70	428	428	428	428
Total OPEX	646	627	746	600	866	748	586	619	612	629	3,922	3,922	3,922	3,922
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Floodbank integrity – Mill Creek/Silver Stream	409										307			
Riverside Road Spillway – upgrade/invert/manual gates			1259											
Upper/Lower pond spillway											2,210			
Localised crest levelling at floodbanks	219	499	338	22	301	23	315	24	24	26	1,842			
Construct weighting blanket at Outram	100	200												
Adaptation for sea level rise – Lake Waipori and lower Taieri													6,140	6,140
Total CAPEX	728	699	1597	22	301	23	315	24	24	26	4,359		6,140	6,140
Total Expenditure	1,374	1,326	2,343	622	1,167	771	901	643	636	655	8,281	3,922	10,062	10,062

- No change to LoS targets planned for over next 30 years.
- Disconnect between LoS target and aspects of scheme performance, projects are planned to define and optimise these aspects of the scheme operation.
- Frequency of flow associated with LoS target may change with time due to climate change effects, investigations are planned in first ten years to better understand the effect of climate change on scheme performance including sea-level rise impact on Lake Waipori and lower Taieri river.
- Strategy focuses on: Asset Management, PPM, scheme operation and renewal of existing assets, addressing resilience matters and scheme performance.
- Floodbank integrity investigation and learnings from July 2017 flood will be a key consideration in risk-based performance and consequence assessments planned for years one and two.

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

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

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

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

F7 – Tokomairiro Drainage Scheme	18/19 \$000	19/20 \$000	20/21 \$000	21/22 \$000	22/23 \$000	23/24 \$000	24/25 \$000	25/26 \$000	26/27 \$000	27/28 \$000	28/33 \$000	33/38 \$000	38/43 \$000	43/48 \$000
Scheme Maintenance Operations	81	81	83	85	87	89	91	94	96	98	575	575	575	575
Scheme Maintenance Engineering	22	20	21	25	26	62	16	15	14	15	150	150	150	150
Undertake Asset Management and Condition Monitoring	4	4	4	5	6	10	11	12	14	15	76	76	76	76
Structural Assessment														
Depreciation	3	5	6	7	8	9	10	11	12	10	63	63	63	63
Total OPEX	110	110	114	122	127	170	128	132	136	138	864	864	864	864
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Bridge/ Culvert Replacement	51	95	53	99	55	56	58	59	60	62	264	264	264	264
Total CAPEX	51	95	53	99	55	56	58	59	60	62	264	264	264	264
Total Expenditure	161	205	167	221	182	226	186	191	196	200	1,128	1,128	1,128	1,128

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

F8 – Shotover	18/19 \$000	19/20 \$000	20/21 \$000	21/22 \$000	22/23 \$000	23/24 \$000	24/25 \$000	25/26 \$000	26/27 \$000	27/28 \$000	28/33 \$000	33/38 \$000	38/43 \$000	43/48 \$000
Scheme Maintenance Operations	14	15	15	15	16	16	16	17	17	18	103	103	103	103
Monitoring and management of the Shotover River Delta	48	77	47	48	49	50	52	52	54	55	323	323	323	323
Depreciation														
Total OPEX	64	92	62	63	65	66	68	69	71	73	426	426	426	426
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Total CAPEX														
Total Expenditure	64	92	62	63	65	66	68	69	71	73	426	426	426	426

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

Lower Waitaki Scheme	18/19 \$000	19/20 \$000	20/21 \$000	21/22 \$000	22/23 \$000	23/24 \$000	24/25 \$000	25/26 \$000	26/27 \$000	27/28 \$000	28/33 \$000	33/38 \$000	38/43 \$000	43/48 \$000
Scheme Operation Environment Canterbury	147	151	155	157	162	167	172	176	180	185	1,133	1,133	1,133	1,133
Scheme Operation Engineering	10	10	10	11	11	10	10	10	11	11	68	68	68	68
Asset Management and Condition Monitoring														
Total OPEX	157	161	165	168	173	177	182	186	191	196	1,201	1,201	1,201	1,201
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Total CAPEX														
Total Expenditure	157	161	165	168	173	177	182	186	191	196	1,201	1,201	1,201	1,201
<ul style="list-style-type: none"> • Operation of Scheme undertaken by Environment Canterbury • Allowance to liaise with Environment Canterbury 														

Non-Scheme Flood Assets	18/19 \$000	19/20 \$000	20/21 \$000	21/22 \$000	22/23 \$000	23/24 \$000	24/25 \$000	25/26 \$000	26/27 \$000	27/28 \$000	28/33 \$000	33/38 \$000	38/43 \$000	43/48 \$000
Lindsay Creek – OPEX	14	15	16	16	17	13	14	14	15	18	106	113	133	113
Kaikorai - OPEX	5	5	5	5	6	5	5	5	5	5	36	38	44	38
Albert Town – OPEX	23	24	22	28	28	21	22	23	24	28	172	180	214	180
Other Rivers – Rees, Shotover, Dart, Clutha – Groyne/Rockwork – OPEX	9			107	14	33	22	28	22	17	179	188	222	188
Total OPEX	51	44	43	156	65	72	63	70	66	68	493	518	614	518
Lindsay Creek – CAPEX												526		526
Albert Town - CAPEX											858			
Total CAPEX											858	526	-	526
Total Expenditure	51	44	43	156	65	72	63	70	66	68	1,351	1,044	614	1,044
<ul style="list-style-type: none"> • Focus on agreeing LoS requirements and establishment of a structured asset management process 														

Financial Strategy

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

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

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

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

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

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

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

Key issues that have a significant financial impact

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

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

Council is addressing these issues in the following ways:

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

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

Other assumptions that have a financial impact

Population growth

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

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

Climate change

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

Land use change

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

Expenditure

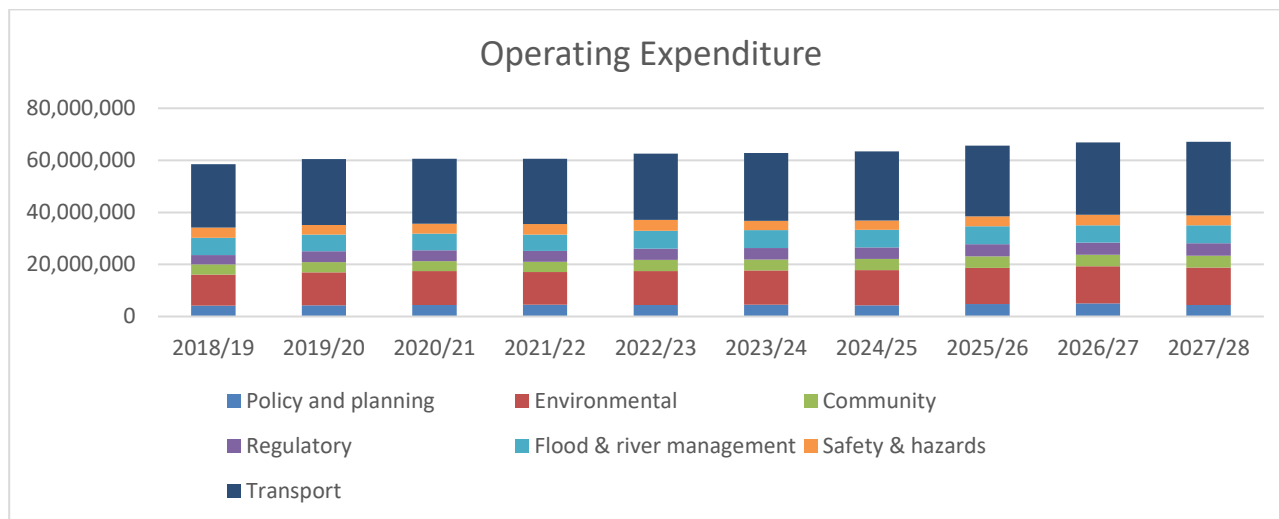
Operating expenditure

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

Council has a number of schemes which are funded by targeted rates, such as public passenger transport and our flood and drainage schemes. There are times when scheme reserves may be used to fund scheme operating costs, to allow certainty around the level of rates that are required from year to year. Scheme expenditure can be volatile in nature, with

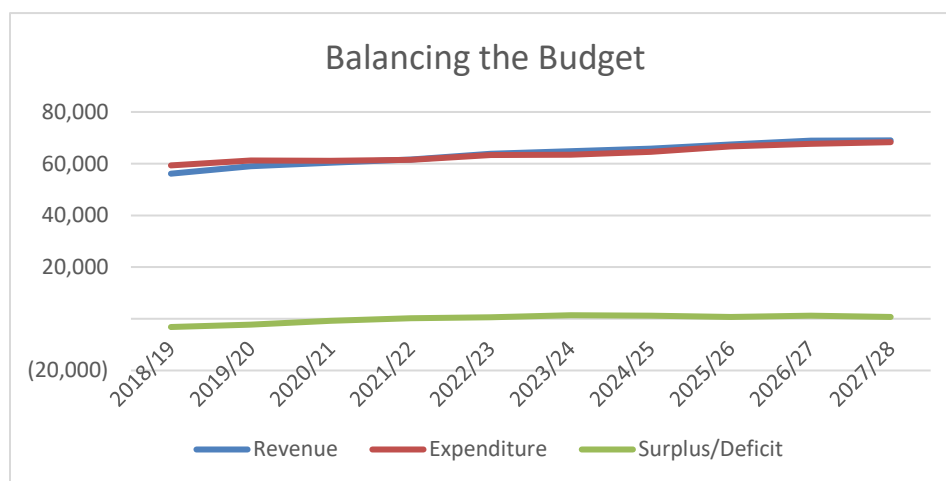
some years spend being very high, and other years very low. Scheme reserves are used to help smooth the impacts of these variations in expenditure.

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



Operating expenditure and balancing the budget

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



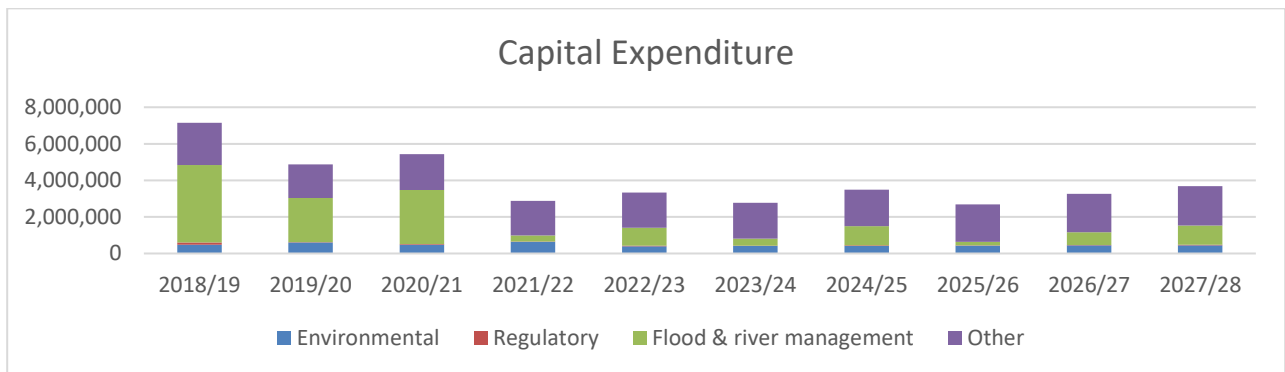
The primary reason for the shortfall in revenue is that Council plans to use reserves to fund “one-off” operating expenditure. This has been planned for several activities of Council as follows:

- Environmental Enhancement Fund;
- Designations;
- Climate Change Adaptation; and
- Water Quality Research.

Capital expenditure

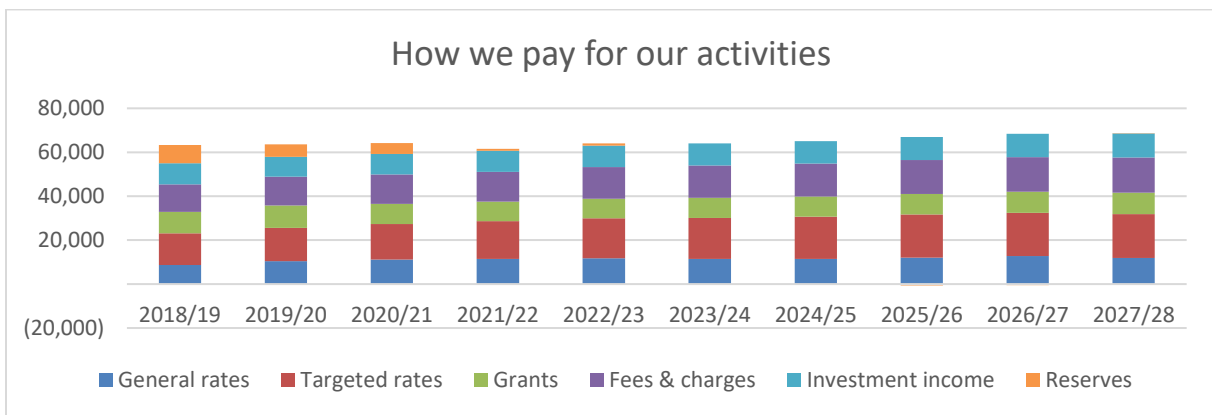
Most infrastructural assets, such as floodbanks, pumping stations and drains, belong to schemes. Ratepayers within these schemes fund the depreciation on these assets through targeted rates. Each scheme has its own reserves made up of funded depreciation, unspent targeted rates and interest earned on reserve balances. These reserves are used to fund capital expenditure. If there are insufficient reserves available to fund the capital expenditure, then either internal or external borrowing will be used. Strategically, Council prefers to use internal borrowing, that is, to lend from its general reserves to the schemes, as the cost of internal borrowing will be lower to the ratepayers than if Council were to borrow externally.

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



Revenue

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



Rates and Rate Increases

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

General Rates

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

The graph above shows that the amount of general rates we collect is low, contributing around 14% towards Council's total expenditure. This low general rate means that any general rate increases, whilst small in monetary terms, are generally high in percentage terms. A 1% increase in general rates equates to approximately \$70,000. This spread across 115,000 ratepayers, averages out to around \$0.61 per annum, per ratepayer.

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

To help us do this, our subsidiary company, Port Otago Limited, made a special payment of \$1.5 million towards our work programme in 2017/18. Council will receive another special payment of \$750,000 in 2018/19. Our general rate increase will however, still need to be 19.8% in 2018/19 to cover our estimated expenditure. In monetary terms, this is around \$1,438,000. A further 19.2% (\$1,676,000) is planned for the 2019/20 year.

These increases will bring our general rates to around \$10-12 million. Any increases after 2019/20 in our general rates will be modest, generally taking account of inflation.

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

The movement in rates from year to year ranges from a rate increase of 19.8% in the first year of the plan, to less than 7% in later years. This plan provides for inflation each year of between 2.5% and 2.8% over the 10 year period on its expenses.

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

Targeted Rates

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

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

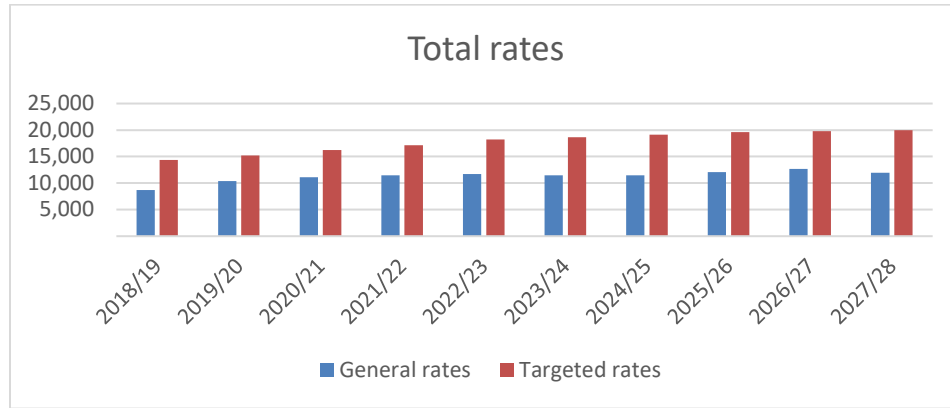
For river management, Council aims to have reserves in funds equating to approximately one year's worth of operating costs. This provides some financial security, should a flood event occur, so that additional work can be undertaken as necessary without the need for a significant rate increase in any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

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

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

Total Rates

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



Rate Limits

Rate increases will be limited to 12% per annum in the first two years of the Plan, and subsequently transitioning from 7% to 3% for the remaining eight years reducing 0.375% per annum, plus any growth in rating base that occurs during the life of the Plan.

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

Borrowing

Council currently has no borrowing.

Council may borrow for the following primary purposes:

- 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 as follows:

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

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

It is Council policy to offer security for any borrowing by way of a charge over its rates. In the normal course of business, Council policy is not to offer security over any of the other assets of 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:

Capital Expenditure 2018 - 2028			
	Increase in Levels of Service \$000s	Renew/Replace \$000s	Total \$000s
Alexandra Flood	0	291	291
Leith Flood	4,450	972	5,422
West Taieri Drain	0	1,748	1,748
East Taieri Drain	0	821	821
Lower Taieri Flood		3,758	3,758
Lower Clutha Flood and Drain	0	1,507	1,507
Tokomairiro	0	649	649
Shotover	0	534	534
Total	4,450	8,810	13,260

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.

Investments

Council's primary objective when investing is to earn a return whilst protecting its initial investment. Accordingly, the risk profile of all investment portfolios must be conservative. Within approved credit limits, Council seeks to maximise

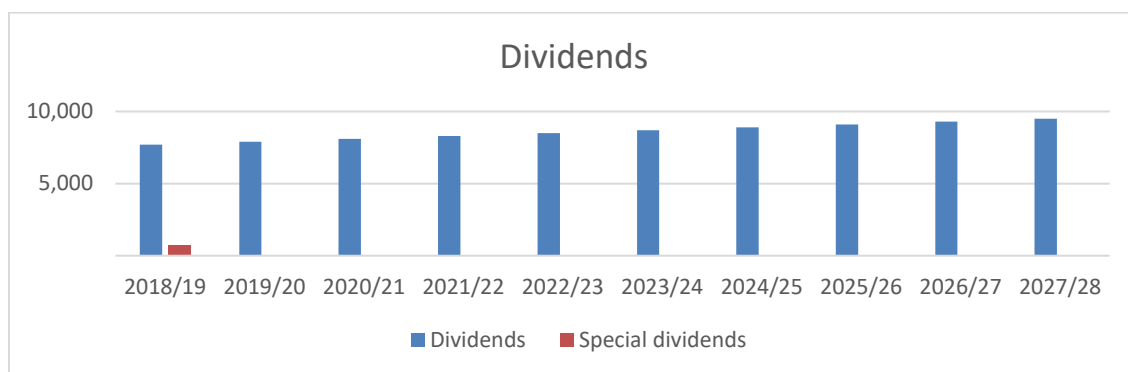
investment returns, and manage potential capital losses due to interest rate movements, currency movements and price movements. Council's investments are discussed below.

Port Otago Limited

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

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

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



Investment Property

Council owns investment property within Dunedin City.

Some of the land is leased by the University of Otago and 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 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 as set out in our Statement of Investment Policy and Objectives (part of the Treasury Management Policy) for investments are:

Asset Class	Target Allocation	Acceptable Range	
		Minimum	Maximum
NZ Cash	5%	3%	7%
NZ Fixed Interest	40%	35%	45%
International Fixed Interest	5%	3%	7%
Defensive Total	50%	41%	59%
NZ Property	5%	3%	7%
NZ Equities	15%	11%	19%
Australasian Equities	15%	11%	19%
International Equities	15%	11%	19%
Growth Total	50%	36%	64%
Total	100%	77%	123%

Investment income comprises dividends and interest. Our assumption on interest income over the 10 year period is that we will achieve 3.5% 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.

11 April 2018

Brett Tomkins
Partner
Deloitte Limited
Chartered Accountants
Private Bag 1245
DUNEDIN 9054

Dear Brett

LETTER OF REPRESENTATION FOR THE AUDIT OF OTAGO REGIONAL COUNCIL'S LONG-TERM PLAN CONSULTATION DOCUMENT

This representation letter is given in connection with your audit, conducted on behalf of the Auditor-General, of Otago Regional Council's (the Council's) Long-term Plan (LTP) consultation document for the 10 years commencing 1 July 2018.

This representation letter is provided to you in connection with your responsibility under the Local Government Act 2002 (the Act) to report on:

- whether the consultation document gives effect to the purpose set out in section 93B of the Act; and
- the quality of information and assumptions underlying the forecast information provided in the consultation document.

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

We also understand that your audit was (to the extent that you deemed appropriate) for the purposes of expressing an opinion about whether the consultation document provides an effective basis for public participation in the Council's decision-making processes about the proposed content of the 2018-28 long-term plan and on the quality of the information and assumptions underlying the information provided in the consultation document, and that the audit would not necessarily disclose any or all irregularities should any exist.

We acknowledge that actual results are likely to be different from the forecast information on which the consultation document is based because anticipated events frequently do not occur as expected and the variation may be material, and that you express no opinion about

whether the forecasts will be achieved. We also acknowledge that you do not express an opinion on the merits of any policy content of the consultation document.

We confirm, to the best of our knowledge and belief, the following representations:

General

1. The Council accepts that it is responsible for the preparation of a consultation document that meets the requirements of the Act.
2. In complying with the requirements of the Act in relation to the preparation of the consultation document, we have acted in such a manner and included in the consultation document such detail as we consider on reasonable grounds to be appropriate.
3. The consultation document has been prepared using the best information currently available to the Council and, accordingly, the forecast information underlying the consultation document is our best forecast of anticipated events for the 10 years commencing 1 July 2018.
4. The consultation document has been prepared and is consistent with the Council's own policies and strategies and of other organisations where appropriate.
5. We believe the effects of uncorrected misstatements in the underlying information are immaterial, both individually and in the aggregate, to the consultation document as a whole.

Underlying information and assumptions

6. The forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted. The assumptions and information underlying the forecast information have a reasonable and supportable basis in the context of the Council's position and have been based on the best information currently available to the Council. The assumptions are consistent among themselves, consistent with the current strategies and plans of the Council, and have been consistently applied.
7. All significant forecasting assumptions have been included in the preparation of the forecast information and have been clearly identified in the underlying information on which the consultation document is based. Where significant forecasting assumptions have a high level of uncertainty, that uncertainty has been stated and the potential effects of the uncertainty on the forecast financial information have been disclosed in the adopted underlying information and will be included in the long-term plan when it is adopted.
8. The consultation document is based on the adopted underlying information that will form the basis of the long-term plan. The underlying information includes all the items of operating expenditure and capital projects the Council reasonably expects will be done in the 10 years covered by the plan, based on the best information currently available to the Council.

9. The forecast of capital expenditure and operating expenditure contained in the adopted underlying information that supports the consultation document are supported by, and consistent with, underlying information such as asset management plans and the infrastructure strategy.
10. The records maintained by the Council were adequate for the preparation of the underlying information on which the consultation document is based.
11. We have made available to you all supporting documentation on the underlying information and assumptions used to prepare the consultation document.
12. All minutes of meetings of the Council and its sub-committees held to date have been made available to you for inspection, including summaries of recent meetings for which minutes have not yet been prepared or approved.

Performance framework

13. Forecast information and proposed performance measures provide an appropriate framework for the meaningful assessment of the actual levels of service. Proposed performance measures reflect the intended levels of service for those activities the Council has chosen to carry out. Proposed performance targets are based on the equivalent basis of reasonable and supportable assumptions and underlying information.

Systems and processes

14. The Council accepts that it is responsible for establishing and maintaining systems and processes designed to provide reasonable assurance about the integrity and reliability of the forecast information on which the consultation document is based. The Council has maintained effective systems and processes, and they operated to generate accurate and reliable forecast information.

Legislative compliance

15. The Council accepts that it is responsible for ensuring that all applicable aspects of the Act that affect the consultation document have been complied with. To the best of its knowledge, the Council has complied with all legislative requirements in the preparation of the consultation document.
16. The Council has followed the decision-making provisions of Part 6 of the Act in making decisions about the content and options considered for inclusion and exclusion from the consultation document.
17. The Council intends to follow the special consultative procedures outlined in section 93A of the Act in relation to the consultation document. We acknowledge our responsibility to provide a consultation document that enables the consultation to be done. In considering this, we are satisfied the information provided can be readily understood by interested or affected people.
18. We have a significance and engagement policy that outlines the Council's approach to determining the significance of proposals and decisions in relation to issues, assets, and other matters in accordance with section 76AA of the Act.

19. The Council has considered the balanced budget requirements outlined in section 100 of the Act, and is managing its revenue, expenses, assets, liabilities, and general financial dealings prudently as required by sections 101 and 101A of the Act. We have made adequate provision to meet the expenditure needs of the Council identified in the underlying information that has formed the basis of the consultation document.
20. The Council has adopted the following policies that underlie the consultation document:
 - a revenue and financing policy that complies with section 103 of the Act and has been prepared following consideration of the matters outlined in section 101(3) of the Act;
 - an investment policy that complies with section 105 of the Act;

These policies have formed the basis for the financial parameters used in the preparation of the consultation document.
21. We consider that the underlying information and recommended direction inherent in the consultation document supports financial prudence.

Generally accepted accounting practice

22. The accounting policies applied to the forecast financial statements underlying the consultation document comply with generally accepted accounting practice and are those that the Council intends to use in the future for reporting historical financial statements. Any change in accounting policy from policies previously applied and reported in historical financial statements will be disclosed in the accounting policies included in the underlying information.
23. The estimated effect of the revaluation of service delivery assets has been incorporated into the underlying information on which the consultation document is based.
24. The underlying forecast financial information on which the consultation document has been based has been prepared in accordance with PBE FRS 42, Prospective Financial Statements.
25. The forecast financial information on which the consultation document has been prepared is in accordance with the accounting policies.
26. The Council's assumption about future price changes on the forecast financial information on which the consultation document has been based is also based on best information currently available to the Council and is reasonable and supportable.

Publication of the consultation document and related audit report on the Council's website

27. The Council accepts that it is responsible for the electronic presentation of the audited consultation document.

28. The electronic version of the audited consultation document and related audit report presented on the website are the same as the final signed version of the audited consultation document and audit report.
29. We have clearly differentiated between audited and unaudited information in the presentation of the consultation document on the Council's website and understand the risk of potential misrepresentation in the absence of appropriate controls.
30. We have assessed the security controls over the audited forecast information and the related audit report and are satisfied that procedures in place are adequate to ensure the integrity of the information provided.

These representations are made at your request, and to supplement information obtained by you from the records of the Council and to confirm information given to you orally.

Yours faithfully

Stephen Woodhead
Chairperson

FOR OUR FUTURE



**OTAGO, HAVE YOUR SAY ON
OUR PROPOSED PLAN FOR
THE NEXT TEN YEARS**

HAVE YOUR SAY ON KEY ISSUES

Preparing for climate change	page 10
Water monitoring – Extended programme	page 12
Urban water quality	page 14
Feedback form	page 37



yoursay.orc.govt.nz



OUR PLANS ARE GUIDED BY...

OUR PURPOSE

What we do and who we do it for

Caring for Otago's environment: enabling communities to thrive

OUR VISION

What we aspire to achieve

For our Future – a sustainable and prosperous future for Otago



AND OUR GOALS FOR OUR COMMUNITIES

A HEALTHY ENVIRONMENT

A place where people can enjoy their environment safely, productively, and respectfully

A CONNECTED COMMUNITY

Service delivery that puts the community first and ensures that operations are customer driven, efficient and fit for purpose

AN ENGAGED AND PROUD COMMUNITY

Communities empowered to be the champions and custodians of their Otago environment

A STRONG ECONOMY

A region that prioritises sustainability as an economic measure whilst being attractive to industry

A FUTURE-PROOFED REGION

A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone

LET'S TALK

HAVE YOUR SAY



ONLINE

Head to: yoursay.orc.govt.nz to have your say via our new engagement platform.



IN WRITING

At the back of this booklet you'll find a tear-off submission form. It's free to post.



IN PERSON

Whether you're making a submission in person or online, you'll also have the option of coming to speak to Council about it during the week of 23-29 May. Just tick the box and we'll be in touch with you to arrange this.



WANT MORE DETAILS?

This consultation document is focused on the main issues. It's not the whole Long Term Plan. If you'd rather look at the whole picture check out yoursay.orc.govt.nz for the full draft Plan.



FOR OUR FUTURE ROADSHOW

If you'd like to understand more about what's in our draft long term plan, we'd love to see you at our Roadshow.

LAB-IN-A-BOX POP-UPS

We'll have staff and Councillors on-hand, and Lab-in-a-Box – Otago's own mobile science lab – packed with demos and displays of ORC science for all ages.

QUEENSTOWN

Saturday, 14 April 2018 Remarkables Market 9-2pm

ALEXANDRA

Tuesday, 17 April 2018 Alexandra Primary School 1-6pm

BALCLUTHA

Thursday, 19 April 2018 Elizabeth St Plaza 1-6pm

OAMARU

Tuesday, 24 April 2018 Friendly Bay Playground, Marine Parade 1-6pm

DUNEDIN

Saturday, 28 April 2018 Otago Farmers Market 8-12pm

COMMUNITY MEETINGS

Evening sessions with staff and Councillors.

MOSGIEL

Friday, 20 April 2018 Coronation Hall 7pm

WANAKA

Thursday, 26 April 2018 Edgewater Summit Room 7pm

CROMWELL

Friday, 27 April 2018 Cromwell Memorial Hall 7pm

IN OTAGO

WE LOOK AFTER...

OTAGO IS AN AMAZING PLACE -- TO LIVE IN, TO WORK IN AND TO VISIT. WE'RE PROUD TO BE WORKING EACH DAY, TOGETHER WITH OUR COMMUNITIES, TO KEEP IT THAT WAY FOR OUR FUTURE.

Our teams are out working for Otago across the region every day. These two pages are a snapshot of some of the great work we did in 2016-2017.

Inside this booklet we're proposing some new additions to what we do and we'd love to hear your thoughts...

WATER

We monitored:

 **16**
fish community sites

 **21**
groundwater level stations

 **84**
sites for water quality

 **17** seasonal recreation sites over summer

 **42**
rainfall sites

AIR

8 We monitored AIR QUALITY SITES



We subsidised **44** CLEAN HEATING APPLIANCES

FLOOD PROTECTION

We operated:

9 flood protection and drainage schemes


 **14** PUMP STATIONS

We maintained: **OVER 500km** of drains **OVER 200km** of floodbanks

PUBLIC TRANSPORT



We provided **2M+** trips on Dunedin public transport

RESPONDING TO REPORTS OF POLLUTION

We responded to

1,119 INCIDENTS






BIODIVERSITY

We did

3,874  **INSPECTIONS FOR PEST PLANTS**

 **41**
We responded to
COMPLAINTS ABOUT PEST ANIMALS

OUR COAST AND HARBOUR

3   
MARINE OIL SPILLS RESPONDED TO

 **0** **MAJOR HARBOUR COLLISIONS**

CIVIL DEFENCE

We ran Exercise Tangaroa, simulating a tsunami on the Otago coast, with over

100 
people taking part.

 **150**
We trained over
STAFF, VOLUNTEERS AND EMERGENCY SERVICES PERSONNEL

MANAGING NATURAL HAZARDS

We had a flood manager on call

24/7 

WE GAVE

37 updates on flood and rainfall events on @ORCFloodInfo

We maintained a database of these natural hazards in Otago:

FLOODING
LANDSLIDE
ALLUVIAL FAN
STORM SURGE
TSUNAMI
SEISMIC
COASTAL

RESOURCE CONSENTS

WE PROCESSED
100% 
of consents on time

We audited **744** 
activities for compliance with their consents.

TĒNĀ KOUTOU KATOĀ.

GREETINGS AND WELCOME TO OUR CONSULTATION ON THE LONG TERM PLAN 2018-2028.

Future-focused thinking is at the heart of what we do. With a vision to deliver a sustainable and prosperous future for Otago, all that we do in caring for Otago's environment is geared to enable communities to thrive, today and far beyond.

To be able deliver on this vision, we need a clear plan as our roadmap. We've factored our best knowledge and assumptions about what's around the corner into our plan for the next ten years – and now we're looking forward to hearing from you. Have we got it right? What should we be changing to ensure a sustainable and prosperous future for Otago?

We know that political positions and community expectations about how the environment is managed are changing. We know that our climate is changing. We know that demographics are changing in Otago, especially with the significant growth we're seeing in Queenstown and surrounds. We know from recent research that the threat of major seismic events in Otago is very real.

We know, that with technology and other changes to how people work and live, it's important that we 'work smart' and stay ready for new challenges and opportunities.

With all of these factors in mind, we've brought together a draft plan for 2018-2028. Our work programmes and budgets are more detailed for the next three years, with less emphasis on the following years.

As Councillors and staff of the Regional Council, we have a responsibility to use the best information we have to map out a path forward – but we need to hear from you, Otago.



COUNCILLORS (L-R):
Graeme Bell, Andrew Noone, Stephen Woodhead (Chair), Michael Deaker, Ella Lawton, Trevor Kempton, Sam Neill, Doug Brown, Bryan Scott, Gretchen Robertson (Deputy Chair), Carmen Hope, Michael Laws

WHAT DOES ALL THIS MEAN FOR YOUR RATES BILL?

For 2018-2019 rates, the proposed total increase in general rates is around \$1.4 million, paid for by approximately 115,000 households. At the back of this booklet, you can find the details of what this means for the rates you pay.

Our draft long term plan builds on our existing work programs. It doesn't include many big new projects. To be responsive to community expectations and provide greater service levels across our key areas of statutory responsibility, we are projecting expenditure in some areas will increase, which may affect your rates.

Other than rates, one of our important sources of income is Port Otago, which is owned by the Regional Council. Each year, a dividend from the Port helps to offset the amount that needs to be collected in rates. Last year, we asked Port Otago for some extra help in the form of a special dividend to ease the impact on rates of a step up in expenditure.

Instead of one big jump in rates, the increase will be over several years, as the special dividend amount reduces. We prefer not to have to draw on special dividends, as leaving these funds in the Port Otago company helps it grow, which in turn ensures we can rely on Port

contributions in the long-term.

So, although the amount of money we're expecting to spend is increasing only relatively slowly in the next few years, rates will be increasing as we ease back from dependence on an additional special dividend over and above our normal dividend from the Port.

Get the full picture of what your next rates bill would look like if all that's proposed in this plan is approved by heading to our online rates calculator at yoursay.govt.nz





WE WANT TO HEAR FROM YOU ...

ON THESE SIGNIFICANT ISSUES:



PREPARING FOR CLIMATE CHANGE



WATER MONITORING – EXTENDED PROGRAMME



URBAN WATER QUALITY



IN BRIEF: *Planning for and making changes to prepare for the effects of climate change.*

HOW MUCH?

\$683,000 *in the first year (2018-2019)*



WHO PAYS?

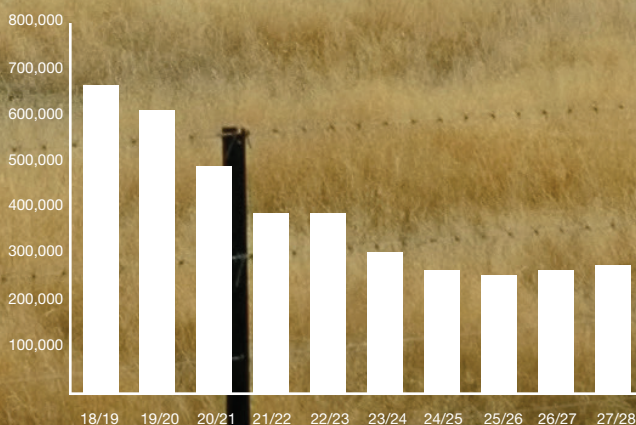
We propose to fund this work through

GENERAL RATES AND RESERVES



\$395,000 GENERAL RATES

\$288,000 RESERVES



The shape of budgeted expenditure 2018-2028

While we have budgeted for the workstreams we currently have planned, the scope of work identified through these projects may have an impact on future budgeting, which will be addressed in the 2021 – 2031 long term plan.

WHAT DO YOU THINK? SHOULD WE...

Option 1 (preferred):

Undertake projects focusing on the effects of sea level rise in South Dunedin and the Clutha Delta and initiate a risk assessment programme to scope and prepare for the effects of climate change on all areas within Otago.

South Dunedin and the Clutha Delta are key areas of risk from climate change related sea level rise. The proposed risk assessment programme will allow us to better understand the effects of climate change on Otago, including the alpine lakes, biodiversity, water availability and natural hazards. It will allow planning and prioritisation of future work programmes.

Option 2:

Undertake the South Dunedin and Clutha Delta projects only but don't complete the wider risk assessment programme.

This will allow work to continue on the two key areas already identified. There would be no further work on other impacts of climate change.

HAVE YOUR SAY... TELL US WHICH OPTION YOU PREFER – OR SHARE YOUR NEW IDEAS WITH US.

Go to the form at the back of this booklet or head to our online platform at yoursay.org.govt.nz



PREPARING FOR CLIMATE CHANGE

THE SOCIAL, ECONOMIC AND ENVIRONMENTAL IMPACTS OF CLIMATE CHANGE IN OTAGO WILL BE WIDE-RANGING.

We expect that climate change will have an impact on Otago's natural hazards, freshwater quality, biodiversity, and biosecurity – all areas we are responsible for managing as a Regional Council. Some parts of our flood protection schemes will also need to adapt.

We think local government has an important role to play in helping communities prepare and adapt for the impacts of climate change.

Starting in the 2018-2019 year, we are proposing some new projects that will help Otago to be ready for the effects of sea level rise, focusing on South Dunedin and the Clutha Delta. We are also proposing a risk assessment programme which would give us a better understanding of the impacts and implications of climate change in Otago.

More details of the projects proposed:

- We will build a new groundwater computer model that will help us to understand the effects of sea level rise on groundwater levels in South Dunedin.
- For the Clutha Delta, we will assess the effects of sea level rise on shoreline retreat, groundwater levels, and land drainage.
- Our assessment of the risks of climate change impacts for Otago will show us how climate change might affect things like biodiversity, natural hazards and water availability. This will help us to prioritise our workplan of climate change adaptation actions.

WHAT DOES THIS MEAN FOR MY RATES BILL

These tables show how much each option would cost you in your next rates bill.

Option 1 (preferred):

Capital value of your property

\$250K	\$600K	\$1M	\$4M	
\$3.97	\$8.07	\$12.76	\$47.91	Dunedin City
\$1.38	\$1.86	\$2.40	\$6.49	All other districts

Option 2:

Capital value of your property

\$250K	\$600K	\$1M	\$4M	
\$2.57	\$6.17	\$10.28	\$41.12	Dunedin City
\$0	\$0	\$0	\$0	All other districts*

*The Clutha Delta project on the effects of sea level rise is funded by the Kuriwao reserve (and thus has no rates impact).



WATER MONITORING – EXTENDED PROGRAMME

WE REGULARLY COLLECT ENVIRONMENTAL DATA THAT ALLOWS US TO MAKE GOOD DECISIONS ABOUT FRESHWATER QUALITY AND QUANTITY ACROSS OTAGO. WE'RE PROPOSING TO EXTEND OUR MONITORING PROGRAMME.

We've reviewed our State of the Environment monitoring programme to ensure that we're giving full effect to the National Policy Statement for freshwater management.

From 2018-2019 we're proposing to:

- Expand our freshwater monitoring to include a greater number of sites and more aspects of ecological health.
- Make boat-based monitoring of Lakes Hayes, Wanaka, Wakatipu and Hawea part of our long-term programme.
- Put monitoring buoys in Lakes Hayes (2018-2019), Wanaka (2019-2020) and Wakatipu (2021-2022).

We're also proposing to expand the scope of our monitoring programme to include wetlands and coastal waters.

WHAT DOES THIS MEAN FOR MY RATES BILL?

These tables show how much each option would cost you in your next rates bill.

Option 1 (preferred):

Capital value of your property

\$250K	\$600K	\$1M	\$4M	
\$13.00	\$22.37	\$33.08	\$113.43	<i>How much this would cost you in your next rates bill</i>

Option 2:

Capital value of your property

\$250K	\$600K	\$1M	\$4M	
\$11.26	\$19.38	\$28.65	\$98.24	<i>How much this would cost you in your next rates bill</i>

Option 3:

Capital value of your property

\$250K	\$600K	\$1M	\$4M	
\$15.61	\$26.86	\$39.73	\$136.21	<i>How much this would cost you in your next rates bill</i>

IN BRIEF: *Monitoring more to understand more details about water quality in Otago.*

HOW MUCH?

\$3M

in the first year (2018-2019)

WHO PAYS?

We propose to fund this work through

GENERAL RATES AND RESERVES



\$2.39M GENERAL RATES

\$0.61M RESERVES



The shape of budgeted expenditure 2018-2028

WHAT DO YOU THINK? SHOULD WE...

Option 1 (preferred):

Increase number of freshwater monitoring sites (75), boat-based monitoring of alpine lakes as part of our long-term programme, and three lake buoys installed over the next four years.

The improved range of sites would give a broader view of water quality in Otago, while the ongoing boat-based monitoring and lake buoys would offer a more comprehensive picture of the state and trends of water quality in these lakes, informing decisions about water quality management.

Option 2:

Same number of freshwater monitoring sites as we have currently (65), boat-based monitoring of alpine lakes as part of our long-term programme, and three lake buoys installed over the four years starting 2021-2022.

By keeping the same number of sites, our view across water quality in Otago would remain only as broad as it is currently. Deferring the lake buoys would mean less comprehensive data for these lakes in the short term, which could have a negative impact on decision-making about water quality management.

Option 3:

Significantly increase number of freshwater monitoring sites (90), boat-based monitoring of alpine lakes as part of our long-term programme, and three lake buoys installed over the next four years.

This option would see the broadest view of water quality in Otago, as well as the more comprehensive picture of the state and trends of water quality in these lakes.

HAVE YOUR SAY... TELL US WHICH OPTION YOU PREFER – OR SHARE YOUR NEW IDEAS WITH US.

Go to the form at the back of this booklet or head to our online platform at yoursay.orc.govt.nz

IN BRIEF:

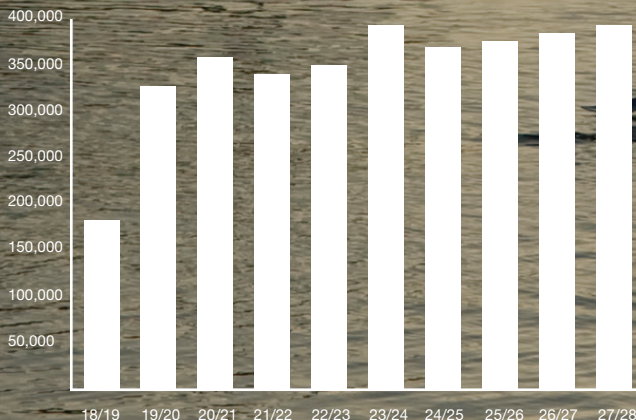
Making sure our rules about water in cities and towns are effective for the future

HOW MUCH?
\$172,000
in the first year (2018-2019)



WHO PAYS?
We propose to fund this work through

GENERAL RATES



The shape of budgeted expenditure 2018-2028

WHAT DO YOU THINK? SHOULD WE...

Option 1 (preferred):

Begin implementing our strategy for urban water quality in 2018-2019.

This would help us to ensure good water that supports healthy ecosystems in Otago's urban areas.

Option 2:

Defer implementation of our strategy for urban water quality until 2021-2022

This could mean delays to improvements in the quality of urban water in Otago.

**HAVE YOUR SAY...
 TELL US WHICH OPTION YOU PREFER – OR SHARE YOUR NEW IDEAS WITH US.**

Go to the form at the back of this booklet or head to our online platform at yoursay.orc.govt.nz



URBAN WATER QUALITY

OUR NEXT STEPS FOR WATER QUALITY: WASTEWATER AND URBAN STORMWATER.

We are proposing to implement our strategy for urban water quality, reviewing our Water Plan provisions for managing wastewater and urban stormwater. This would help to ensure that our approach and rules are effective both in urban and rural settings.

We intend to look at both on-site and reticulated community systems, and the risks and effects of contaminants on both surface and ground water, as well as seawater.

We first propose to focus on understanding where there is a high risk of contamination. We would then work with each city/district council and their communities to identify the best way to ensure good water locally.

We will also look at discharges from industrial and trade activities, and the management of hazardous substance discharges.

Any necessary changes to our Water Plan resulting from this work would be made as part of a wider plan review process in three years.

WHAT DOES THIS MEAN FOR MY RATES BILL?

These tables show how much each option would cost you in your next rates bill.

Option 1 (preferred):

Capital value of your property

\$250K	\$600K	\$1M	\$4M	
94c	\$1.62	\$2.39	\$8.20	<i>How much this would cost you in your next rates bill</i>

Option 2:

If implementation was deferred, there would be no cost to the ratepayer until 2021-2022.

Capital value of your property

\$250K	\$600K	\$1M	\$4M	
\$0	\$0	\$0	\$0	<i>How much this would cost you in your next rates bill</i>



KEY ONGOING PROJECTS



WATER QUANTITY AND DEEMED PERMITS



RURAL WATER QUALITY TOWARDS 2020



CLEAN AIR



PUBLIC TRANSPORT



HARBOUR MANAGEMENT





WATER QUANTITY AND DEEMED PERMITS

WE ARE RESPONSIBLE FOR SETTING FLOWS AND ALLOCATING WATER TAKE LIMITS TO BALANCE ENVIRONMENTAL, SOCIAL AND CULTURAL VALUES FOR WATERWAYS.

Otago has around 350 historic water permits that will expire in October 2021. Most of these permits are in water short areas such as Central Otago. To provide a transition to new replacement permits, we are working closely with communities to ensure everyone is aware and prepared for 2021, and to encourage the formation of water management groups or water allocation committees. We are also working with groups that have now been formed, assisting with their consent applications.

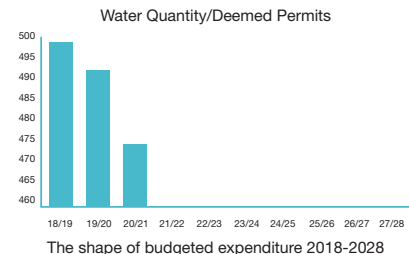
we are also prioritising our work to establish minimum flows.

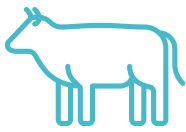
After the 2021 expiry of historic permits, our water quantity work programme focus will shift to our consenting and compliance.

In order to give certainty to water users and water management groups about how much water they can use,

HOW MUCH?
\$498,000
in 2018-2019

WHO PAYS?
RESERVES
WATER MANAGEMENT RESERVE





RURAL WATER QUALITY TOWARDS 2020

TWO NEW RULES IN OUR WATER PLAN WILL COME INTO EFFECT IN 2020 – HELPING TO ENSURE GOOD WATER QUALITY IN OTAGO.

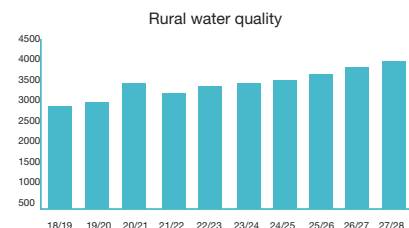
By 2020, rural landholders need to meet new standards on the amount of E. coli, nitrogen and phosphorus going into freshwater. To help landholders progress towards this goal, we will be completing environmental risk assessments on rural properties and large lifestyle properties before 2020.

These assessments will help landholders to understand what they need to do under the Water Plan, what risks to water quality might be present on the property, and how to take steps to address them.

HOW MUCH?
\$2.7M
in 2018-2019

WHO PAYS?
RESERVES
GENERAL RATES,
TARGETED RATES
RESERVES*

**Water quality targeted rate and water quality reserve*



The shape of budgeted expenditure 2018-2028



CLEAN AIR

AIR QUALITY AFFECTS EVERYONE IN OTAGO. POOR AIR QUALITY HAS AN IMPACT ON OUR HEALTH, PARTICULARLY THE VERY YOUNG, THE ELDERLY AND THOSE WITH RESPIRATORY CONDITIONS.

The greatest problems occur over the winter months, when solid fuel burners are being used. It is especially bad under certain climatic and geographic conditions, with Arrowtown, Alexandra, Clyde, Cromwell and Milton frequently breaching national guide air standards.

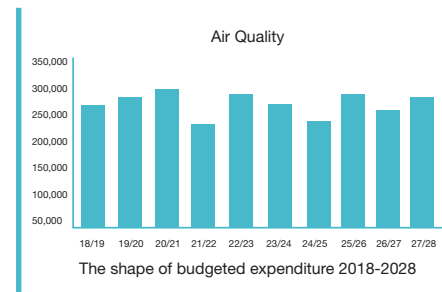
We've been working on a strategy to improve air quality. We plan to continue our 'Clean Heat Clean Air' funding programme, promote the use of low impact heating systems and undertake more education, compliance and enforcement activities. We are also looking at introducing additional controls for new housing development and outdoor burning near urban areas, and we're considering

whether there should be a ban on the use of coal for domestic heating.

We intend to work with those communities where winter air pollution is a problem, facilitating local initiatives to meet local circumstances.

HOW MUCH?
\$255,000
in 2018-2019

WHO PAYS?
FUNDED BY:
GENERAL RATES AND RESERVES





PUBLIC TRANSPORT

WITH OUR NEW QUEENSTOWN SERVICE UP AND RUNNING, AND DUNEDIN'S NETWORK TRANSITION TO BE LARGELY COMPLETED WITH THE BUS HUB THIS YEAR, THE PUBLIC TRANSPORT WORKPLAN IS HEADING TOWARDS 'BUSINESS-AS-USUAL' AGAIN – WITH SOME EXCITING TRIALS OF NEW SERVICE ELEMENTS IN THE MIX.

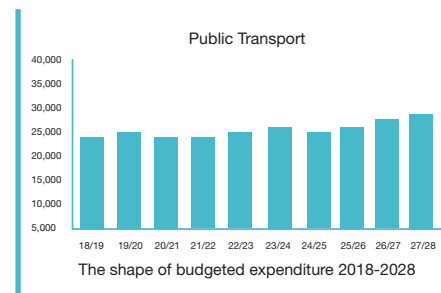
In Queenstown, we are planning a trial of a ferry service as part of the network. We have also allowed for some route changes that should increase the overall level of service on the Queenstown network.

have also planned for a feasibility assessment of a bus service to the airport – and a potential trial of this service.

In Dunedin, we're planning for the frequencies of off-peak services to be increased to current on-peak levels. We

HOW MUCH?
\$24M
in 2018-2019

WHO PAYS?
FUNDED BY:
GENERAL RATES,
TARGETED RATES,
GRANTS, FARES &
RESERVES





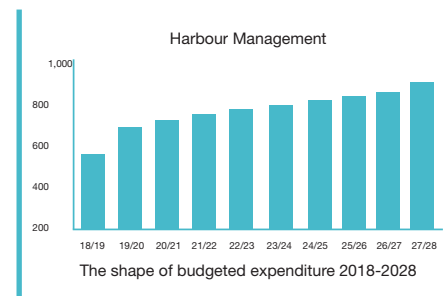
HARBOUR MANAGEMENT

We want Otago's harbours and waterways to be safe for all users. Our harbour management programme includes the facilitation of the safe use and navigation of our harbours and waterways, and includes harbour

incident response. We are continuing to develop and implementation of navigational safety bylaws, undertake bylaw enforcement, and improve navigational aids.

HOW MUCH?
\$559,000
in 2018-2019

WHO PAYS?
FUNDED BY:
GENERAL RATES, FINES & RESERVES



A person is seen from behind, standing on a grassy hill and looking out over a coastal town and bay. The scene is bathed in the warm, golden light of a sunset or sunrise, with the sun low on the horizon behind the hills. The town below is visible, with buildings and roads, and the bay extends to the coast. The overall mood is serene and contemplative.

PROJECTS CURRENTLY IN PLANNING PHASES

BIODIVERSITY STRATEGY

REMEDICATION: LAKE HAYES

PEST MANAGEMENT PLAN

OUR COASTAL STRATEGY

THE REGIONAL COUNCIL OFFICE IN DUNEDIN

PROJECTS CURRENTLY IN PLANNING PHASES

BIODIVERSITY STRATEGY

We want to take a wider role in biodiversity in Otago – both on land and at sea. We propose to initiate more region-wide collaboration, supporting biodiversity projects which are led by local communities, and recognising the role of iwi as kaitiaki. We will bring together stakeholders to ensure that projects are co-ordinated and collaborative. We will look at how else we can limit pests and better encourage thriving ecosystems through our plans and rules. We will share information about what people can do for themselves and what others are doing. Initially, we will create a biodiversity position to provide a regional perspective and bring all of this work together.

REMEDIATION: LAKE HAYES

An options analysis is being conducted for to look at possibilities for remediating the water quality, and ultimately the swimmability, of Lake Hayes. The purpose of this study will be to explore various potential solutions to improve the overall quality of this water body. Council acknowledges that this lake holds significance to the community, however, if remediation works proceed, an analysis of who would benefit from them would need to be broadly consulted on to establish how this work would most appropriately be funded.

PEST MANAGEMENT PLAN

Our pest plan for Otago lists the pest plants and animals that are subject to control around how they are managed. It's a regulatory document that contains pest control programmes, objectives and rules to manage pests that cause harm to the wellbeing of our people and environment. The current plan expires in 2019 and we are currently writing a new ten-year plan. Public consultation on the new pest plan took place in late 2017, and the draft plan will be open for public submissions around mid-2018. Otago's new pest plan will be in place in late 2018/early 2019.

OUR COASTAL STRATEGY

We are moving towards a more active role in coastal resource management. We intend to review our approach to coastal management, bringing together all that we know about the coastal environment and the challenges we face with climate change and rising sea levels. We will prepare a Coastal Strategy before we undertake the full review of the Coast Plan.

THE REGIONAL COUNCIL OFFICE IN DUNEDIN

We expect to be ready to consult with you about proposed new Regional Council headquarters in Dunedin in the coming year. This has been under discussion for some time. We have a preferred site identified in Dowling Street, and we're working through whether it's going to be available. Once we have certainty about the site we will be able to prepare detailed costings which will provide the information we will need to be able to meaningfully consult on the options for our building needs. We expect to be pay for the majority of this project from our building reserve. This will be reflected in budgets only after we have consulted with the community.

Head to yoursay.orc.govt.nz to sign up to be kept up to date with these projects.



FINANCIAL INFORMATION

HOW MUCH WE WILL BE SPENDING, AND ON WHAT

WHERE'S THE MONEY COMING FROM?

THE DIFFERENT KINDS OF RATES YOU PAY

HOW MUCH YOU CAN EXPECT TO PAY NEXT YEAR AND OVER THE NEXT TEN YEARS

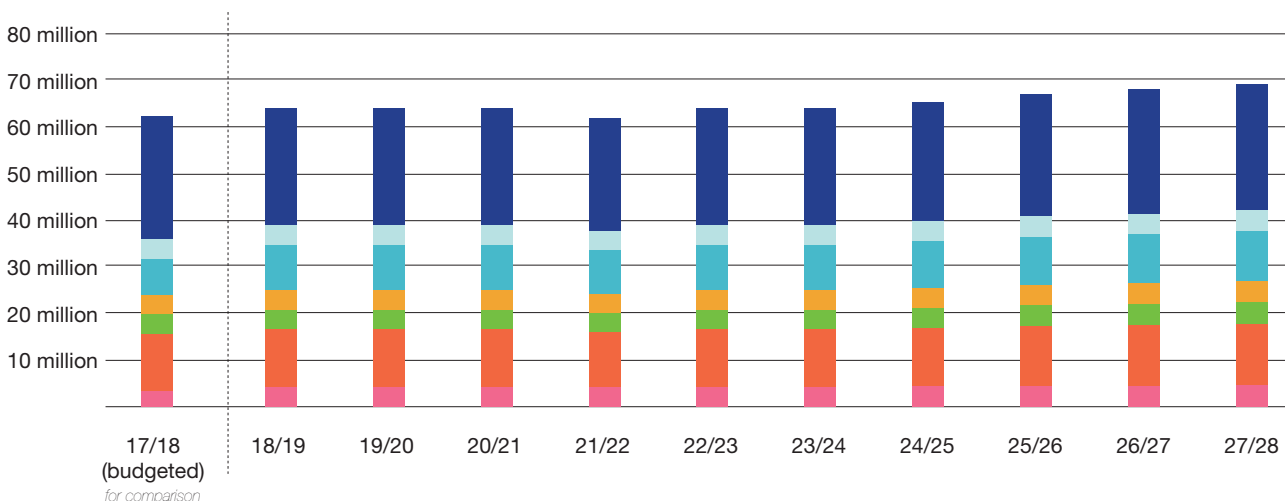
HOW MUCH WILL WE BE SPENDING, AND ON WHAT?

EXPENDITURE BY ACTIVITY AREAS

How much we are expecting to spend in each activity area.



TOTAL EXPENDITURE \$000s	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28
POLICY & PLANNING	4,404	4,154	4,316	4,505	4,525	4,402	4,532	4,304	4,772	5,086	4,378
ENVIRONMENT	12,449	12,431	13,226	13,394	13,212	13,418	13,601	13,917	14,260	14,619	14,861
COMMUNITY	4,555	3,860	4,013	3,797	3,877	4,322	4,104	4,244	4,536	4,405	4,538
REGULATORY	3,414	3,786	4,177	4,321	4,203	4,344	4,434	4,540	4,651	4,753	4,863
FLOOD & RIVER MANAGEMENT	9,271	10,787	8,717	9,348	6,688	7,869	7,311	7,773	7,069	7,343	7,867
SAFETY & HAZARDS	3,741	4,020	3,760	3,712	4,021	4,123	3,557	3,550	3,831	4,057	3,911
TRANSPORT	24,866	24,276	25,325	25,042	25,004	25,542	26,049	26,603	27,130	27,706	28,255
TOTAL	62,699	63,315	63,535	64,119	61,531	64,020	63,587	64,932	66,249	67,969	68,674





POLICY + PLANNING

\$4 MILLION

Our regional plans set out policies and rules for sustainable use of natural and physical resources of the Otago region such as water, air, and the coast.



ENVIRONMENT

\$12 MILLION

We are responsible for looking after Otago's natural environment. This involves facilitating the sustainable use of our water, air, and coasts, protecting our unique biodiversity, pest management, state of environment monitoring and reporting, and incident response.



COMMUNITY

\$4 MILLION

Otago's community is at the heart of everything we do. The democratic decision-making process and the community-elected Councillors ensures that the voices from across the region are heard.



REGULATORY

\$4 MILLION

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



FLOOD + RIVER MANAGEMENT

\$11 MILLION

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



SAFETY + HAZARDS

\$4 MILLION

To ensure our communities are kept safe, we identify and monitor natural hazards such as tsunamis, earthquakes, droughts and flooding. We also respond to flood events and maintain Otago Civil Defence Emergency Management.



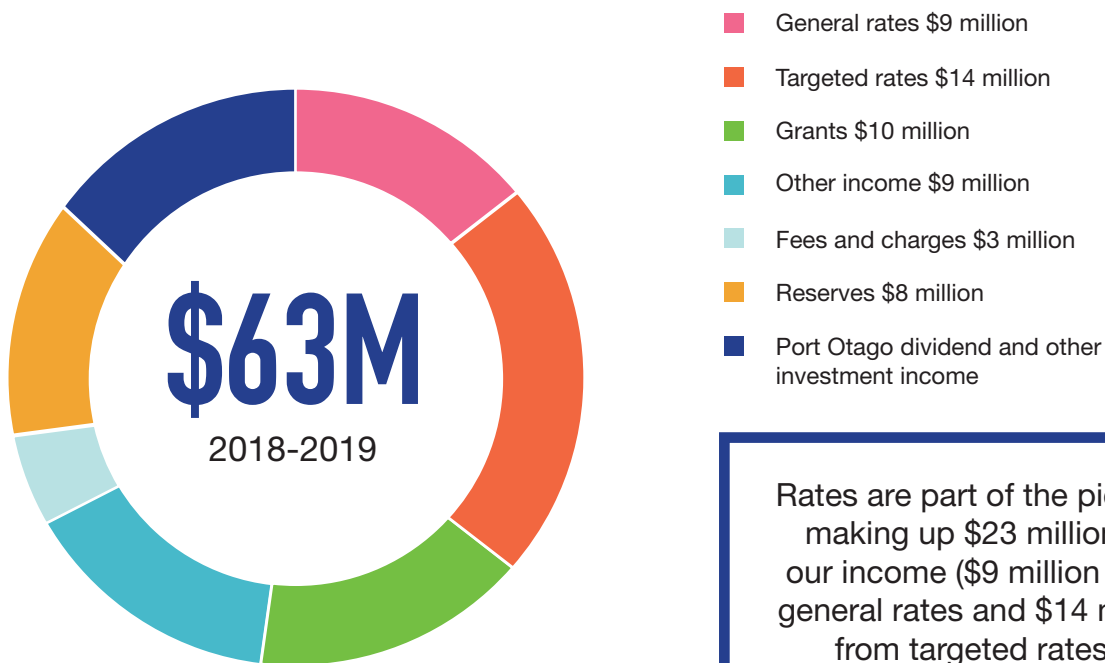
TRANSPORT

\$24 MILLION

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

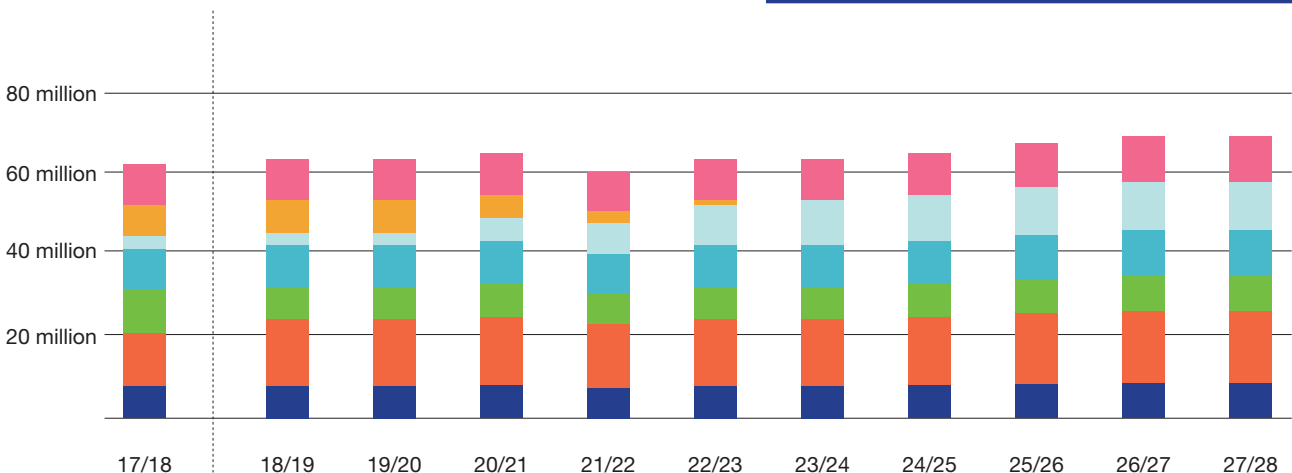
WHERE'S THE MONEY COMING FROM?

INCOME SOURCES FOR THE \$63 MILLION NEEDED FOR OUR PROPOSED PLAN FOR 2018/2019



Rates are part of the picture, making up \$23 million of our income (\$9 million from general rates and \$14 million from targeted rates).

We also pay for what we do from a range of other income sources.



The shape of our planned income sources over the next ten years

UNDERSTANDING THE DIFFERENT KINDS OF RATES YOU PAY

GENERAL RATES

Everyone who owns property pays general rates to help fund council services, programmes and activities that benefit Otago. Two types of rates make up your general rates amount:

1. General rate: based on the capital value of your property
2. Uniform annual general charge: a fixed amount based on the general rates requirement. 25% percent of the general rates requirement is collected through this charge

HOW MUCH CAN I EXPECT TO PAY IN GENERAL RATES NEXT YEAR?

Refer to the map on the next page – or look it up on our online rates calculator at haveyoursay.orc.govt.nz/calculatemyrates

TARGETED RATES

Targeted rates pay for work of direct benefit to a specific group of people.

Our current targeted rates are:

- Civil defence and emergency management
- Wilding tree control
- Rural water quality
- Dairy inspections
- Public transport
 - Dunedin
 - Wakatipu
- River management
 - Central Otago
 - Clutha
 - Dunedin
 - Wakatipu
 - Wanaka
 - Waitaki
- Flood and drainage schemes
 - East Taieri drainage scheme
 - Leith flood protection scheme
 - Lower Clutha flood and drainage scheme
 - Lower Taieri flood scheme
 - Lower Waitaki river control scheme
 - Shotover Delta
 - Tokomairiro drainage scheme
 - West Taieri drainage scheme

The wilding tree control and Civil Defence and Emergency Management rates are technically targeted rates, but they apply to every ratepayer in Otago.

FINANCIAL STRATEGY: COMMENTARY

Our Financial Strategy sets the direction for financial decision-making and guides how we 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 the NZ Transport Agency for our transport work.

Our rate increases will be limited to 12% per annum for the first two years of this plan, and subsequently transition from 7% to 3.5% for the remaining eight years, reducing 0.5% per annum. Rates will be no more than \$35 million per annum or will not exceed 50% of total revenue in any given year.

We are required to ensure that our estimated revenue is sufficient to cover our estimated operating costs. We can however, set our revenue at a different level if we consider it financially prudent to do so. Our Financial Strategy indicates that our estimated revenue will not cover our estimated operating costs for the first three years of this long term plan. We will use reserves to fund certain one-off operating expenditures such as environmental enhancement initiatives, climate change adaptation, flood protection, lakes monitoring equipment and public transport improvements.

We have no plans for external borrowing during the 10 year period.

A full copy of our Financial Strategy can be found at yoursay.orc.govt.nz

INFRASTRUCTURE STRATEGY: COMMENTARY

Council's Infrastructure Strategy identifies how we will manage our infrastructure assets, identifies significant issues around our flood protection and drainage schemes over the next 30 years through to 2048 and discusses how we will address those issues.

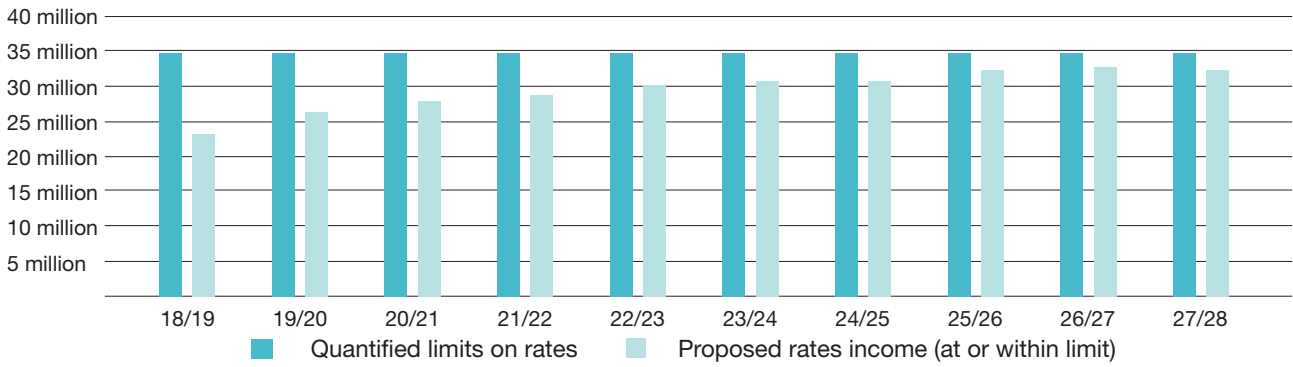
Over the next 30 years, we anticipate spending around \$62 million on new capital items, either replacing what is there or providing new assets across each of our schemes. We will be spending another \$154 million maintaining our assets.

We are proposing to maintain our current levels of service across all of our flood protection and drainage assets. However, we have not reviewed our levels of service for some time, so have signalled an intent to revisit levels of service with the various communities of interest over the next three years.

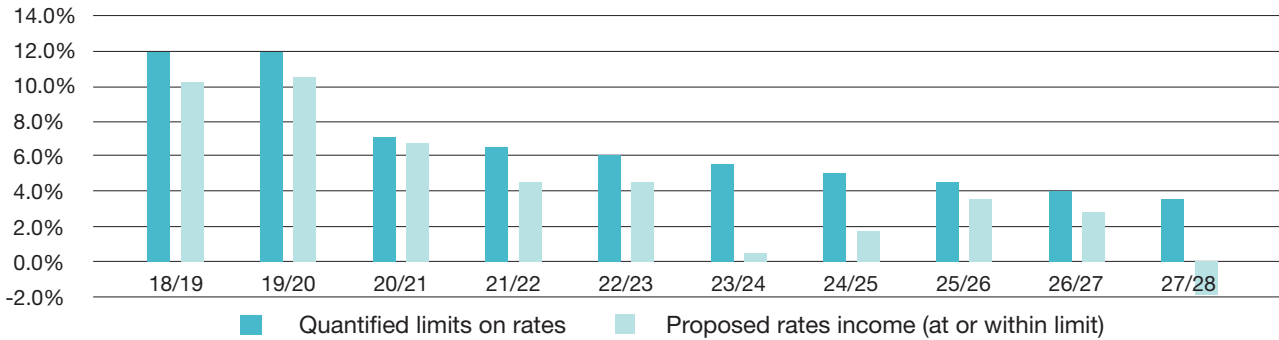
Our major capital investment over the next 10 years involves completing construction of the Leith Flood Protection Scheme in Dunedin. However, other capital investment will include replacing/renewing a number of assets associated with our pump stations, and works on a number of bridges, culverts, pipes and other associated structures.

A full copy of our Infrastructure Strategy can be found on yoursay.orc.govt.nz

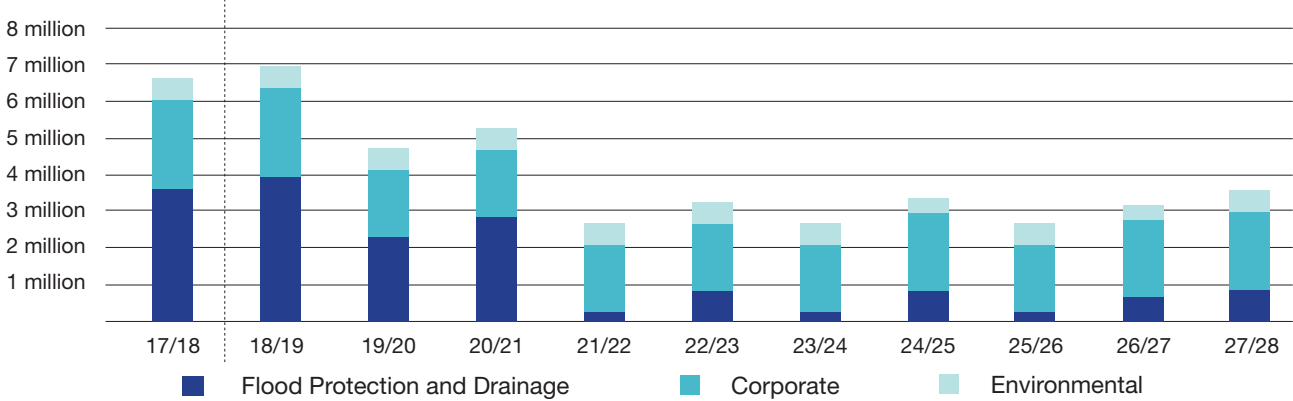
RATES LIMITS



RATES (INCREASES) AFFORDABILITY



CAPITAL BUDGET



HOW MUCH CAN I EXPECT TO PAY IN GENERAL RATES IN 2018-2019?

This map shows the general rates proposed for a property of mid-range capital value in each district.

QUEENSTOWN LAKES DISTRICT*

For capital value
\$900,000
 General rate would be
\$90.55
 This is an increase of
\$11.87
 from last year.

CENTRAL OTAGO DISTRICT

For capital value
\$400,000
 General rate would be
\$60.31
 This is an increase of
\$10.53
 from last year.

WAITAKI DISTRICT*

For capital value
\$250,000
 General rate would be
\$47.78
 This is an increase of
\$12.03
 from last year.



HOW MUCH WILL MY RATES BE?

Our online calculator shows the full breakdown of your rates bill, including targeted rates, and lets you compare it with last year's as well.

yoursay.orc.govt.nz

DUNEDIN CITY

For capital value
\$300,000
 General rate would be
\$61.41
 This is an increase of
\$8.92
 from last year.

CLUTHA DISTRICT*

For capital value
\$200,000
 General rate would be
\$41.96
 This is an increase of
\$9.72
 from last year.

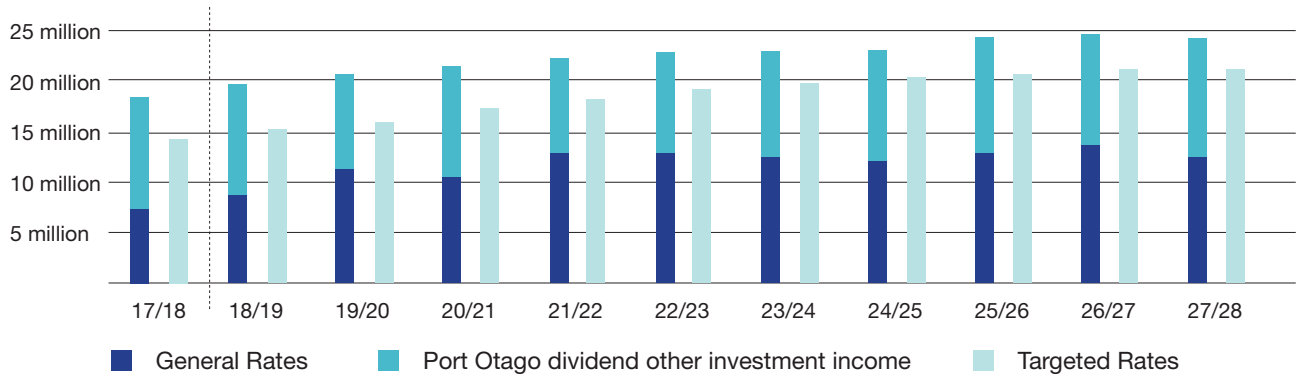
*Capital values in the Clutha district, Waitaki district and Queenstown Lakes district have been re-assessed since last year. We've shown the total increase based on:

1. Clutha example: A property previously valued at \$150,000
2. Waitaki example: A property previously valued at \$200,000
3. Queenstown Lakes example: A property previously valued at \$580,000

TOTAL RATES

THE AMOUNT YOU PAY ON GENERAL RATES IS DIRECTLY OFFSET BY DIVIDEND AND INVESTMENT INCOME, INCLUDING AN ANNUAL DIVIDEND FROM PORT OTAGO.

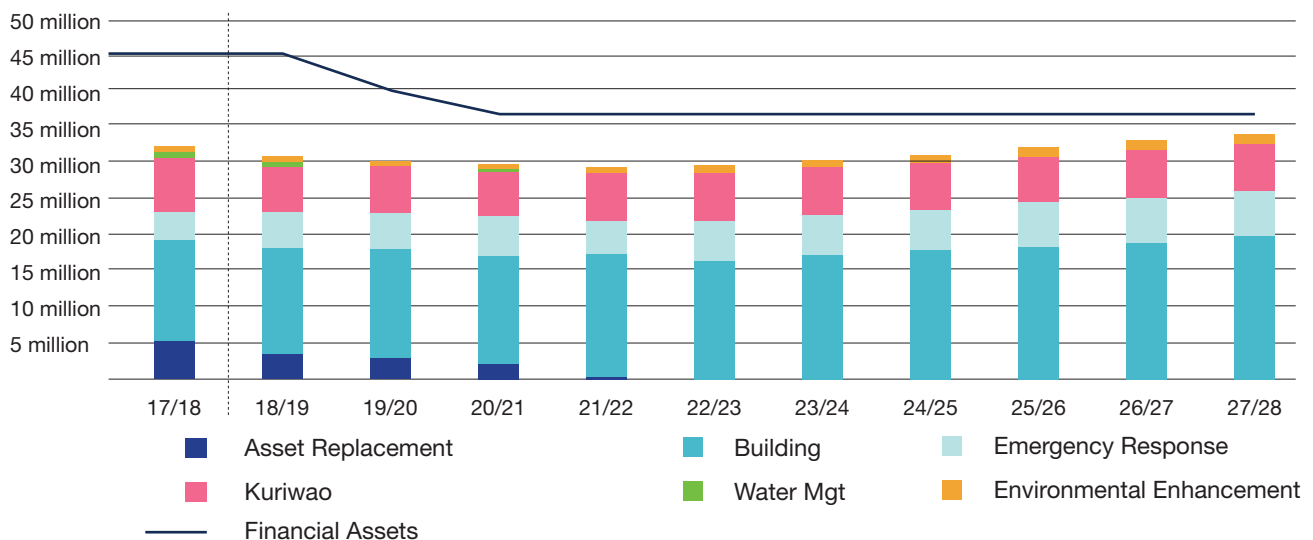
TOTAL RATES: 2018-2028



The left bar for each year shows how general rates are offset by the Port Otago dividend and other investment income.

ABOUT OUR RESERVES

DEDICATED RESERVES AND FINANCIAL ASSETS



The blue line shows Council's financial assets (short and long term investments held by the Council). These include short-term term deposits (of up to one year) and a long-term investment fund of approximately \$20 million. Council's reserves also include non-cash reserves generated from revaluations of assets, including Port Otago and investment properties. These aren't included in this graph as they aren't directly related to the cash Council holds. The dedicated reserves held are shown in the bars of the graph. These reserves may be drawn on for projects approved in the long term plan, or may be required at short notice to fund unexpected events. This means we need to ensure that there is sufficient cash or financial assets available to match these reserves. The gap between the dedicated reserves and the financial assets line represents the amount of available cash in general reserves. Council also uses this to fund internal borrowing to targeted rating schemes.

Over the first three years of the long term plan, financial assets are projected to decrease by \$8 million, with expenditure programmed for for projects including the Leith flood protection scheme. General reserve expenditure of \$2m is budgeted for the first three years of the long term plan, with a total of \$4.5m of general reserve funding expected to be used over ten years of the plan.

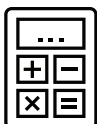
TOTAL RATES: THIS YEAR COMPARED TO NEXT YEAR

Total Rates \$000s	17/18	18/19	% Increase
General Rates for Activities	17,447	18,327	5.0%
Port Otago dividend, interest on funds, rental property income	(10,172)	(9,614)	-5.5%
General Rates to Pay	7,275	8,713	19.8%
UNIFORM TARGETED RATES			
Emergency Management	2,412	2,454	1.8%
Wilding Pines	200	209	4.3%
Dairy Monitoring	187	188	0.5%
TARGETED RATES - WATER			
Water Quality	1,194	1,104	-7.5%
TARGETED RATES - RIVER MGT			
Central Otago	300	300	0.0%
Clutha	265	300	13.2%
Dunedin City	150	200	33.3%
Lower Waitaki	126	142	12.8%
Wakatipu	150	150	0.0%
Wanaka	167	180	7.8%
Waitaki	400	400	0.0%
TARGETED RATES - TRANSPORT			
Dunedin	3,632	3,977	9.5%
Wakatipu	600	718	19.6%
TARGETED RATES - FLOOD & DRAINAGE			
Leith	1,365	1,461	7.0%
Lower Clutha	600	650	8.3%
Lower Taieri	700	750	7.1%
West Taieri	517	550	6.4%
East Taieri	425	450	5.9%
Tokomairiro	95	105	10.5%
Shotover	150	80	-46.7%
TOTAL	20,910	23,079	10.4%

EXAMPLES OF RATES BY CAPITAL VALUE FOR 2018-2019

		CAPITAL VALUE OF YOUR PROPERTY			
		250,000	600,000	1,000,000	4,000,000
General Rates*	Central Otago District	46.31	78.98	116.31	396.32
	Clutha District	46.71	79.94	117.92	402.74
	Dunedin City	55.00	99.84	151.09	535.42
	Queenstown Lakes District	41.74	68.02	98.06	323.30
	Waitaki District	47.78	82.52	122.21	419.92
River Mgt Rates	Central Otago District	9.40	22.55	37.58	150.32
	Clutha District	10.82	25.96	43.27	173.07
	Dunedin City	2.52	6.05	10.08	40.31
	Queenstown Lakes District - Wakatipu	2.00	4.80	8.00	32.00
	Queenstown Lakes District - Wanaka	4.97	11.94	19.90	79.60
	Waitaki District	19.78	47.46	79.11	316.42
Transport	Dunedin - Commercial	179.69	431.24	718.74	2,874.96
	Dunedin - Residential	47.92	115.00	191.66	766.66
	Wakatipu - Commercial	18.84	45.20	75.34	301.36
	Wakatipu - Residential	9.42	22.60	37.67	150.68
Uniform Charges	Emergency Mgt	25.56	25.56	25.56	25.56
	Wilding Pines	2.12	2.12	2.12	2.12

*includes Uniform Annual General Charge of \$22.97



HOW MUCH WILL MY RATES BE?

To see the full breakdown of general and targeted rates proposed for your property in 2018-2019, head to our online calculator. yoursay.orc.govt.nz

FAQS: COUNCIL PLANNING PROCESSES

HOW DOES THE COUNCIL PLANNING PROCESS WORK?

All councils in New Zealand follow the same cycle when planning their future activities. Every three years, councils must prepare their long-term plan, with annual plans prepared in the other two years. Both plans must be adopted before the start of the next financial year, following public consultation and submissions.

WHAT IS THE LONG TERM PLAN?

The long term plan outlines the council's intended activities over the next 10 years and includes estimates of how much they cost and how council plans to pay for them. It gets reviewed every three years to check that the estimates and rates are correct, and for the community to have their say. During this process, important strategies and policies that guide council also get reviewed and updated.

WHAT IS AN ANNUAL PLAN?

Annual plans are prepared during the two years between long-term plan reviews. They are used to consult on any council activities that are different from those set out in the long-term plan.

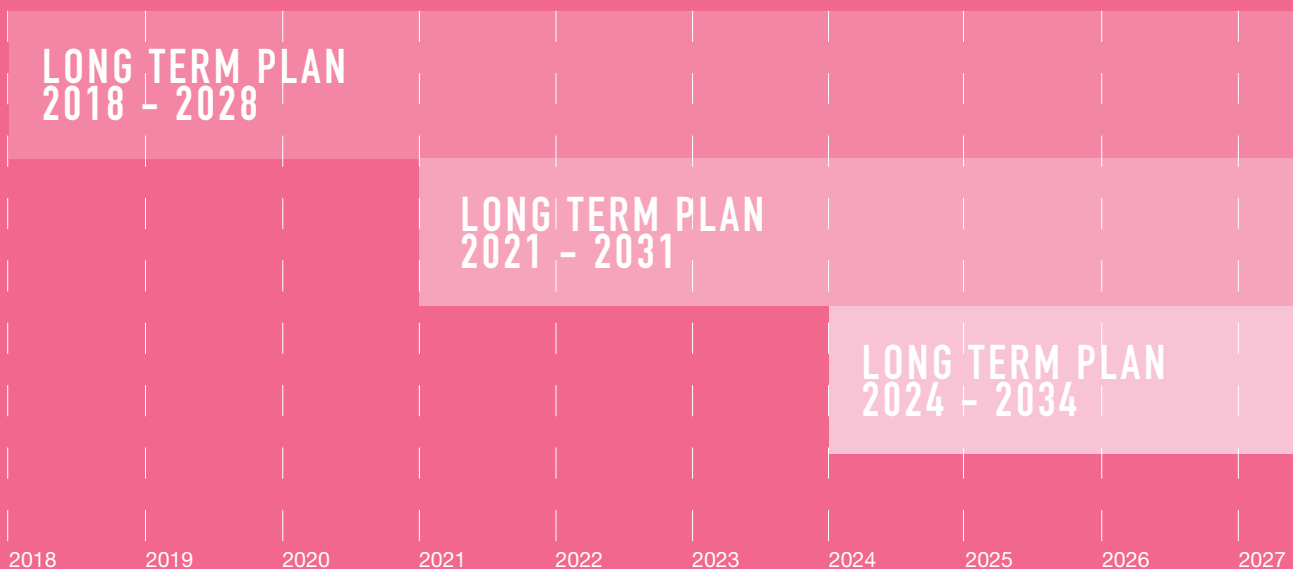
WHAT'S A CONSULTATION DOCUMENT?

This booklet isn't the whole long-term plan – it's a consultation document. The purpose of long term plan consultation documents like this one is to outline the most significant issues and their impact on budgets to you so that you have access to the key information you need to be able to have your say on the plan – without wading through all the details.

However, if you would like to get more detail before giving us your feedback on the long term plan, you're welcome to refer to the draft plan in full – you'll find it online at yoursay.orc.govt.nz.

HOW DOES IT ALL RELATE TO MY RATES BILL?

The planning process is how rates amounts – including increases – get set. So, if you'd like to have your say on the contents of your rates bill, having your say by making a submission on the long term plan or Annual Plan is the way to do it.



MY NEW IDEAS

Got other thoughts and ideas to share with us?
We're keen to hear them. Ideas shared here will feed into our future planning processes.

fold
here

Use this form to share your feedback or submit online at yoursay.orc.govt.nz

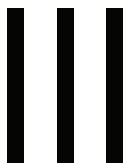
**You can also write or
email your submission to:**



Otago Regional Council
Freepost 497
Private Bag 1954
Dunedin 9054



longtermplan@orc.govt.nz



Otago Regional Council
Consultation Document for the 10 Year Plan
Freepost 497
Private Bag 1954
Dunedin 9054





DRAFT LONG TERM PLAN 2018 – 2028

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A word from the Chair



Cr Stephen Woodhead
Chairperson

Stephen Woodhead
Chairperson

Deloitte – Audit Report

Introduction to the Long Term Plan

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

This plan is set out in four parts:

Part 1 – The Otago Region and its Council

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

Part 2 – Policies and Strategies

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

Part 3 – What we will do over the next 10 years

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

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

Part 4 – Financial Information

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

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

This plan has been audited and a copy of the Audit Report is included in this document.

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

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

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

Working together to achieve community outcomes

Purpose of Council

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

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

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

Community Outcomes

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

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

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

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

The detailed measures and targets associated with each of these outcomes is set out in Part 3 of this plan – "What we will do over the next 10 years".

How will Council achieve the outcomes

Council will seek to achieve the community outcomes in many ways. Council must adopt the direct roles of being a:

- Funder – making a financial investment in a programmes and activities;
- Service provider – carrying out programmes and activities using its own resources;
- Regulator – developing and enforcing rules and regulations; and
- Monitor – gathering information.

Council may also seek to achieve the community outcomes by adopting more discrete roles, such as being a:

- **Advocator** – trying to persuade others to act;
- **Facilitator** – bringing various parties together to carry out a programme or activity; and
- **Educator** – providing information and advice.

In whatever role or combination of roles Council might adopt to achieve the community outcomes, it will seek to act in accordance with its purpose and vision – the statement of Council primary roles or reason(s) for existing.

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

And our goals for our communities:

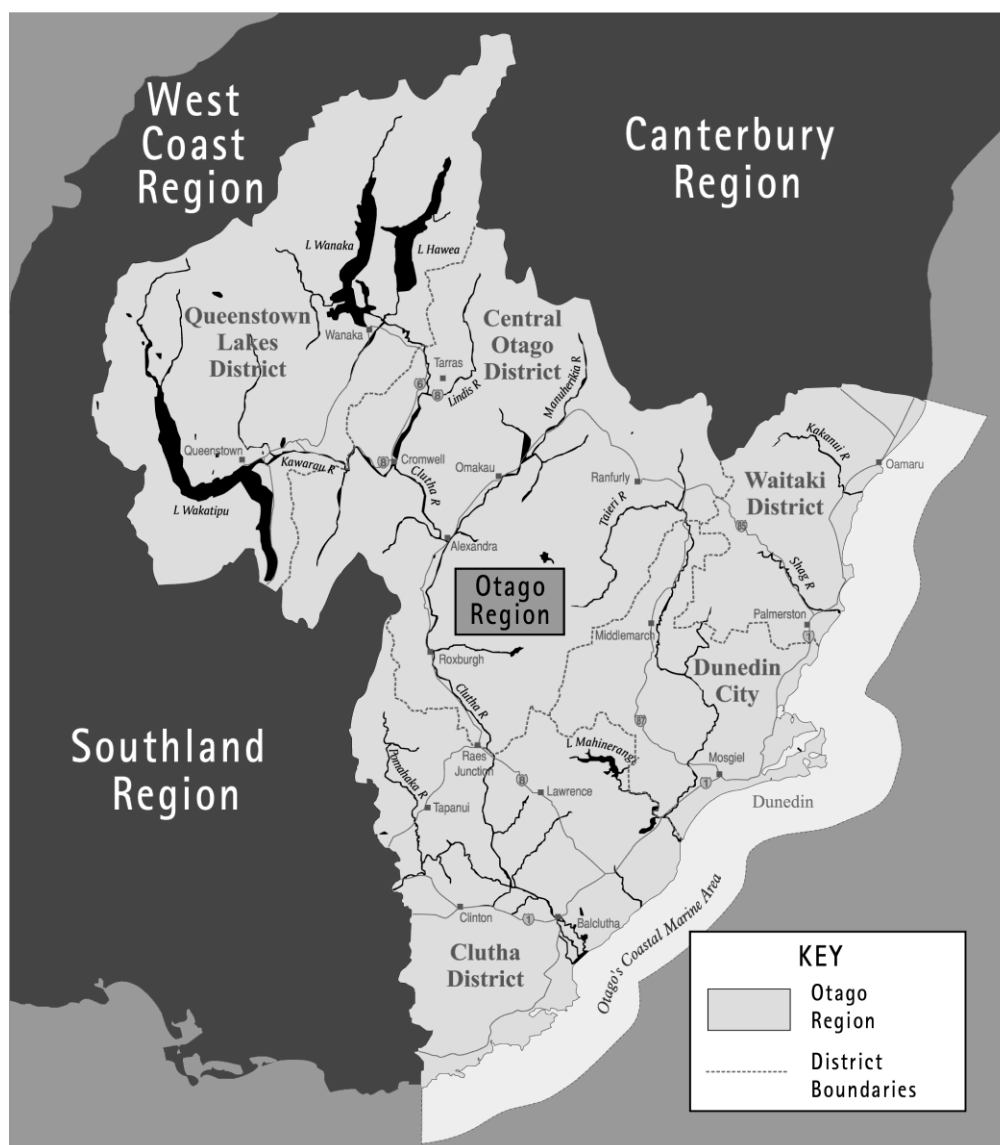
<p>A healthy environment</p> <p>A place where people can enjoy their environment safely, productively, and respectfully</p>	<p>A connected community</p> <p>Service delivery that puts the community first and ensures that operations are customer driven, efficient and fit for purpose</p>	<p>An engaged and proud community</p> <p>Communities empowered to be the champions and custodians of their Otago environment</p>	<p>A strong economy</p> <p>A region that prioritises sustainability as an economic measure whilst being attractive to industry</p>	<p>A future-proofed region</p> <p>A region that is prepared for future environmental challenges and that retains the characteristics that make Otago a great place for everyone</p>
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To achieve these goals, we’ve set four strategic priorities:

<p>Environment</p> <p>Maintain and enhance the natural environment</p>	<p>Community</p> <p>Resilient communities; engaged and connected to the Otago Regional Council</p> <p>Otago Regional Council is accountable and responsible to the communities it serves</p>	<p>Future Focus</p> <p>Readiness for change; anticipate change, don’t just react to the detrimental effects</p> <p>Proactive approach; future focused with Otago Regional Council being seen as a thought leader</p> <p>Risk focused; offer solutions through our education process, not just information</p>	<p>Operational Efficiency</p> <p>Internal systems and processes; efficient and fit for purpose</p> <p>Capable people; able to deliver the changing nature of the work of Otago Regional Council</p>
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Part 1 – The Otago Region and its Council

The Otago Region

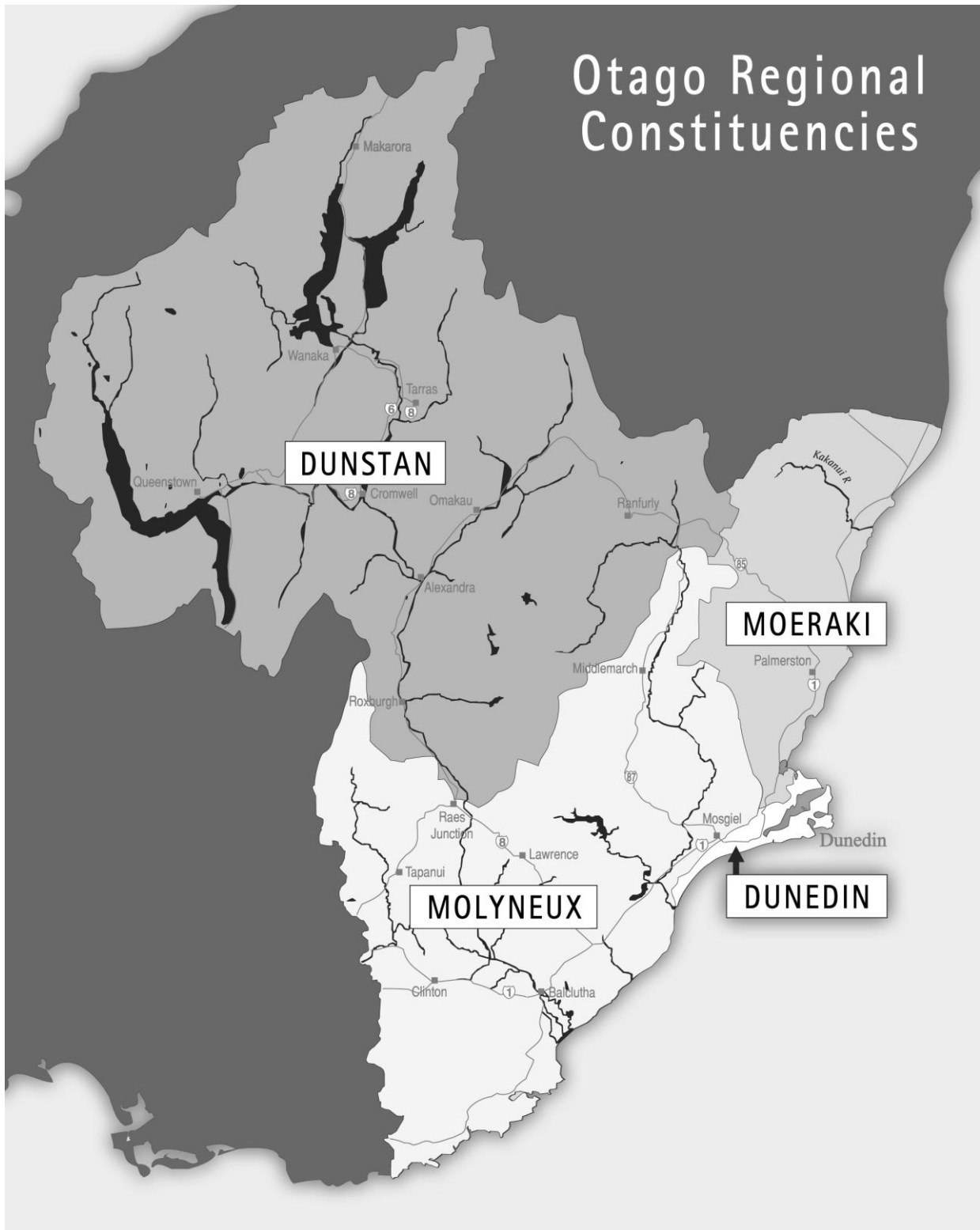


Otago is the second largest region in New Zealand in terms of land area; approximately 32,000 square kilometres or 12% of New Zealand's land area. The coastline stretches approximately 470 km from the Waitaki River in the north to Wallace Beach in the south. The coastal marine area extends out to sea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

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

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

Your Elected Councillors



There are four constituencies in the Otago region, namely Dunedin, with six representatives, Dunstan with three representatives, Molyneux with two representatives, and Moeraki with one representative.

Molyneux Constituency



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

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

Mobile: (027) 280 1635

Email: stephen.woodhead@orc.govt.nz



Cr Carmen Hope

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

Home: (03) 464 3450

Mobile: (027) 864 7360

Email: carmen.hope@orc.govt.nz

Dunedin Constituency



Cr Michael Deaker

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

Home: (03) 473 9922

Mobile: (021) 323 009

Email: michael.deaker@orc.govt.nz



Cr Trevor Kempton

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

Mobile: (027) 221 5208

Email: trevor.kempton@orc.govt.nz



Cr Sam Neill

Sam Neill has been self-employed for most of his life, in farming, transport and tourism. He has been involved in numerous local organisations over the years, and was a member of the Otago Education Board for six years.

Sam played a major role in the setting up of the Otago Peninsula Community Board in 2002 and was Deputy Chairperson for five years to 2007.

Home: (03) 478 0878

Email: sam.neill@orc.govt.nz



Cr Andrew Noone

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

Mobile: (027) 430 1727

Email: andrew.noone@orc.govt.nz



Cr Gretchen Robertson (Deputy Chairperson)

Gretchen is a 7th generation Dunedinite. She graduated from the University of Otago with an honours degree in Ecology specialising in aquatic ecosystems.

Gretchen has a professional background as a water quality scientist and has also project-led integrated, community-led approaches to waterway management.

Gretchen is the mother of two boys and is passionate about Otago's environment. She enjoys sea fishing, native plants, and painting.

Email: gretchen.robertson@orc.govt.nz



Cr Bryan Scott

Bryan Scott is a Project Manager, Engineer and Company Director.

Born and raised in South Otago, he has a B.Eng. from Canterbury University and a MBA from University of Otago.

He is Chair of the Council's Regulatory Committee, previously Chair of the Council Technical Committee and is an accredited chair for resource consents. His number one aim is to retain good water quality throughout Otago.

He is chair of Scott Afforestation Limited and is past chair of the George Street Normal School Board of Trustees. He is a member of the NZ Alpine Club.

Mobile: (027) 204 8872

Email: bryan.scott@orc.govt.nz

Dunstan Constituency



Cr Graeme Bell

Graeme Bell comes from a strong involvement in local and regional community organisations and has served 21 years as an elected member on the Central Otago District Council.

Graeme is in his second term on the Council and is the current Deputy Chairperson of the Otago Regional Transport Committee.

Home: (03) 448 7740

Mobile: (027) 650 2900

Email: graeme.bell@orc.govt.nz



Cr Michael Laws

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

Mobile: (027) 453 5575

Email: michael.laws@orc.govt.nz



Cr Ella Lawton

Ella has a strong background in community leadership. She is a first term councillor for Council, lectures with the Otago University MBA programme and was previously on the Queenstown Lakes District Council. Ella is a qualified Resource Management Act commissioner, has a PhD in Resource Accounting, a Masters in Science and a Law degree.

Ella is an active skier, spear fisher, and can often be spotted rock climbing and mountain biking through Otago's magnificent wilderness.

Mobile: (021) 735 981

Email: ella.lawton@orc.govt.nz

Moeraki Constituency



Cr Doug Brown

Doug Brown is a sheep farmer from Maheno in North Otago. He is a B.Ag.Sc. graduate from Lincoln University and a past National President of the Young Farmers Clubs organisation.

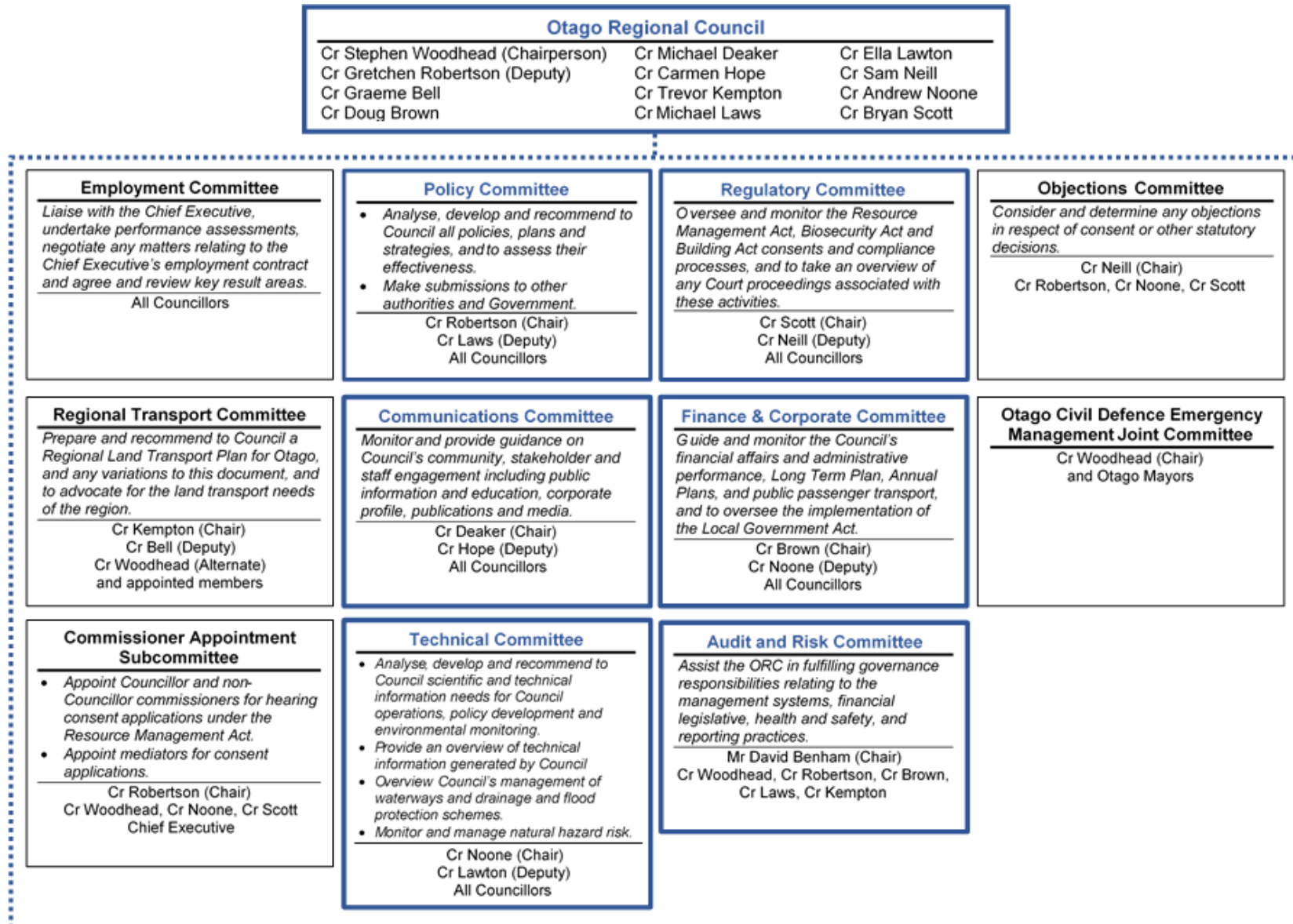
Doug has been a Nuffield and Kellogg Rural Scholar and a Director of the Alliance Group Limited.

Home: (03) 439 5693

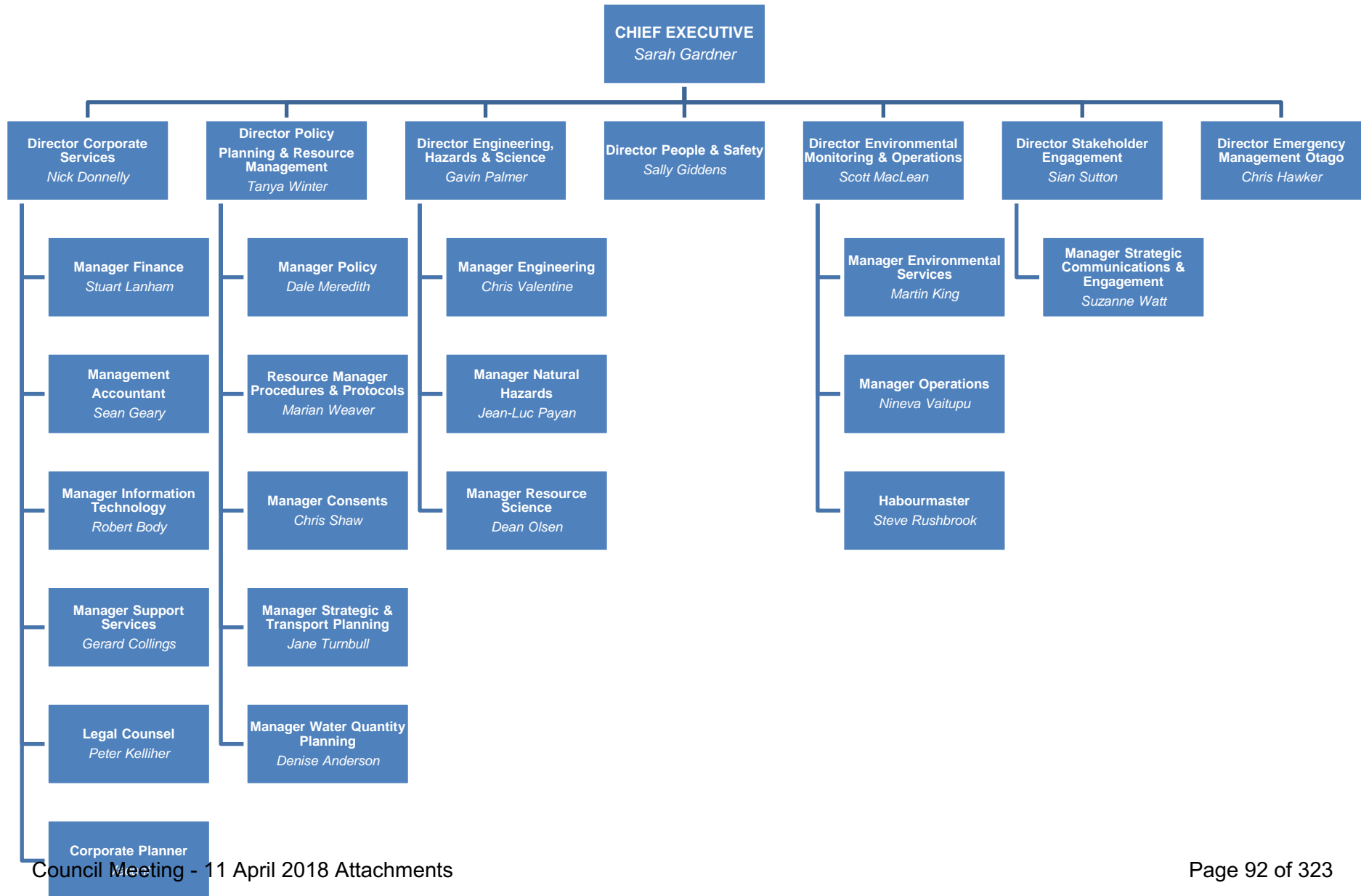
Mobile: (027) 222 3809

Email: doug.brown@orc.govt.nz

Committee Structure



Directorate and Management Structure



20

Development of Maori Capacity to Contribute to Decision Making

Council has in place a “Memorandum of Understanding and Protocol between Otago Regional Council, Te Rūnanga o Ngāi Tahu and Kāi Tahu ki Otago Limited¹ for Effective Consultation and Liaison”. The memorandum and protocol were first established in 2001, and are reviewed and updated as appropriate.

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

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

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

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

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

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

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

Port Otago Limited

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

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

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

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

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

¹ Now known as Aukaha

Contact Information

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Otago Regional Council
70 Stafford Street
Private Bag 1954
DUNEDIN 9054

Telephone (03) 474-0827
Toll free phone (0800) 474-082
Facsimile (03) 479-0015

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Philip Laing House
144 Rattray Street
Private Bag 1954
DUNEDIN 9054

District Offices

Alexandra Office

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Dunorling Street
PO Box 44
ALEXANDRA 9340

Telephone (03) 448-8063
Facsimile (03) 448-6112

Oamaru Office

32 Ribble Street
OAMARU 9400

Telephone 0800 474 082

Queenstown Office

Terrace Junction
1092 Frankton Road
QUEENSTOWN 9300

Telephone

Depots

Balclutha Depot

Hasborough Place
BALCLUTHA 9230

Telephone (03) 418-2031
Facsimile (03) 418-2031

Taieri Depot

172 Dukes Road North
EAST TAIERI

Telephone (03) 474 0827

Palmerston Depot

54 Tiverton Street
PALMERSTON

Telephone 0800 474 082

Cromwell Depot

14 Rogers Street
CROMWELL

Telephone (03) 445 0122

Wanaka Depot

185 Riverbank Road
WANAKA

Telephone 0800 474 082

Website: www.orc.govt.nz; Email: info@orc.govt.nz; Pollution hotline (all offices): 0800-800-033

Part 2 – Policies and Strategies

Financial Strategy

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

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

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

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

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

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

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

Key issues that have a significant financial impact

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

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

Council is addressing these issues in the following ways:

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

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

Other assumptions that have a financial impact

Population growth

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

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

Climate change

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

Land use change

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

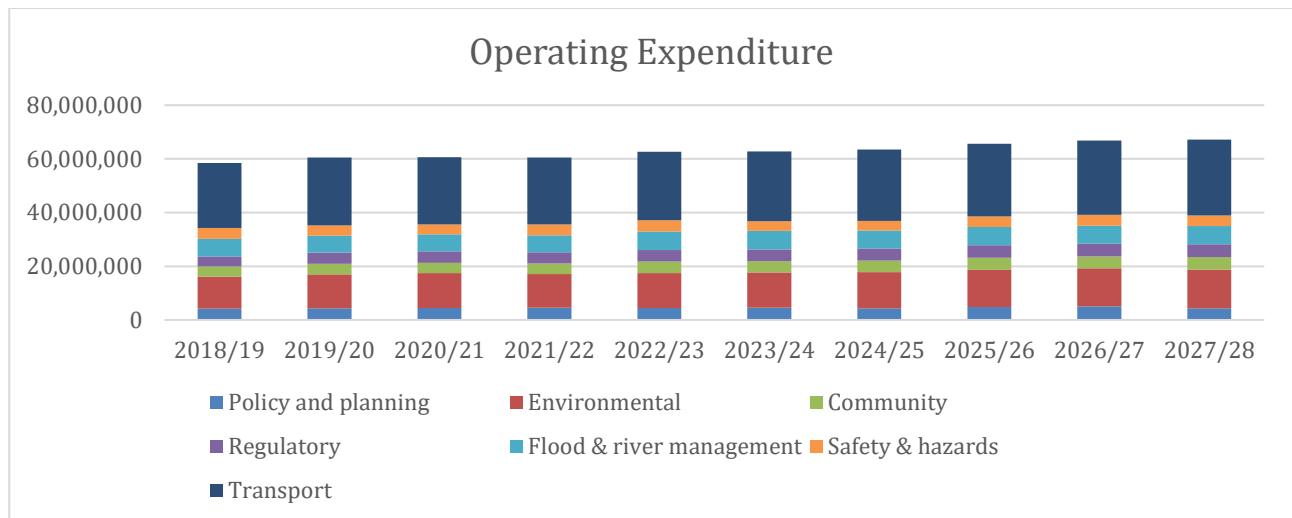
Expenditure

Operating expenditure

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

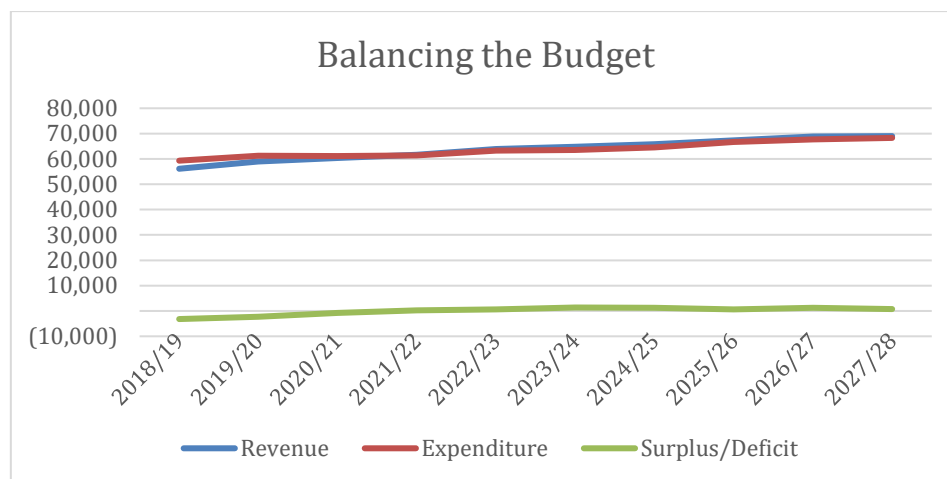
Council has a number of schemes which are funded by targeted rates, such as public passenger transport and our flood and drainage schemes. There are times when scheme reserves may be used to fund scheme operating costs, to allow certainty around the level of rates that are required from year to year.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

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



Operating expenditure and balancing the budget

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



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

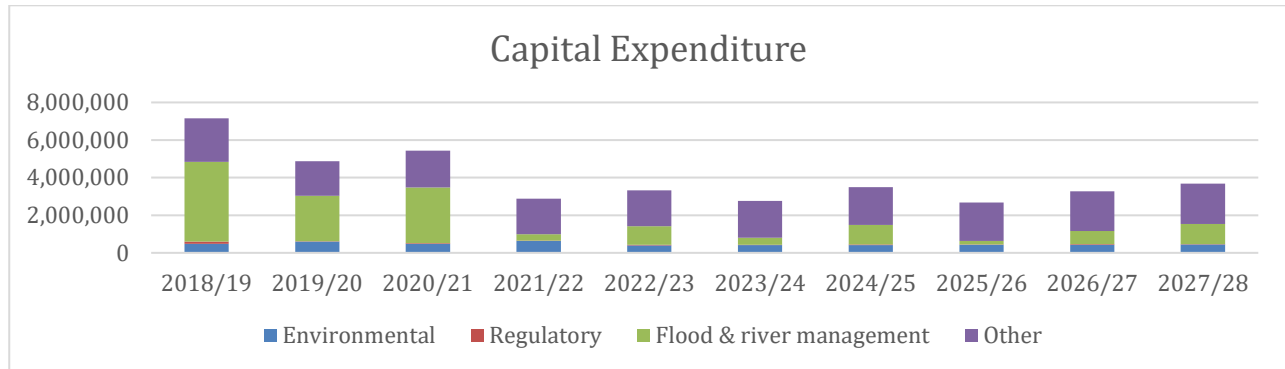
- Environmental Enhancement Fund;
- Designations;
- Climate Change Adaptation; and
- Water Quality Research.

Capital expenditure

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

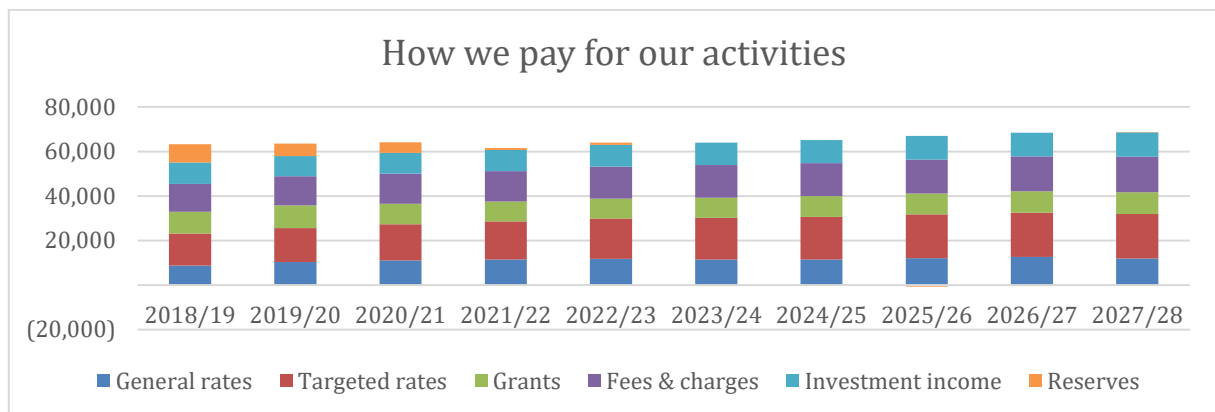
internal or external borrowing will be used. Strategically, Council prefers to use internal borrowing, that is, to lend from its general reserves to the schemes, as the cost of internal borrowing will be lower to the ratepayers than if Council were to borrow externally.

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



Revenue

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



Rates and Rate Increases

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

General Rates

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

The graph above shows that the amount of general rates we collect is low, contributing around 14% towards Council's total expenditure. This low general rate means that any general rate increases, whilst small in monetary terms, are generally high in percentage terms. A 1% increase in general rates equates to approximately \$70,000. This spread across 115,000 ratepayers, averages out to around \$0.61 per annum, per ratepayer.

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

To help us do this, our subsidiary company, Port Otago Limited, made a special payment of \$1.5 million towards our work programme in 2017/18. Council will receive another special payment of \$750,000 in 2018/19. Our general rate increase will however, still need to be 19.8% in 2018/19 to cover our estimated expenditure. In monetary terms, this is around \$1,438,000. A further 19.2% (\$1,676,000) is planned for the 2019/20 year.

These increases will bring our general rates to around \$10-12 million. Any increases after 2019/20 in our general rates will be modest, generally taking account of inflation.

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

The movement in rates from year to year ranges from a rate increase of 19.8% in the first year of the plan, to less than 7% in later years. This plan provides for inflation each year of between 2.5% and 2.8% over the 10 year period on its expenses.

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

Targeted Rates

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

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

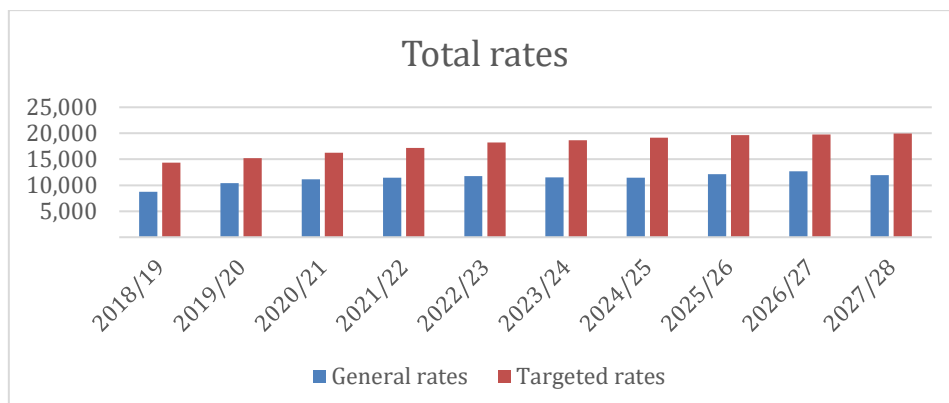
For river management, Council aims to have reserves in funds equating to approximately one year's worth of operating costs. This provides some financial security, should a flood event occur, so that additional work can be undertaken as necessary without the need for a significant rate increase in any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

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

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

Total Rates

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



Rate Limits

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

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

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

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

Borrowing

Council currently has no borrowing.

Council may borrow for the following primary purposes:

- 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 as follows:

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

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

It is Council policy to offer security for any borrowing by way of a charge over its rates. In the normal course of business, Council policy is not to offer security over any of the other assets of 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:

Capital Expenditure 2018 - 2028			
	Increase in Levels of Service \$000s	Renew/Replace \$000s	Total \$000s
Alexandra Flood	0	291	291
Leith Flood	4,450	972	5,422
West Taieri Drain	0	1,748	1,748
East Taieri Drain	0	821	821
Lower Taieri Flood		3,758	3,758
Lower Clutha Flood and Drain	0	1,507	1,507
Tokomairiro	0	649	649
Shotover	0	534	534
Total	4,450	8,810	13,260

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.

Investments

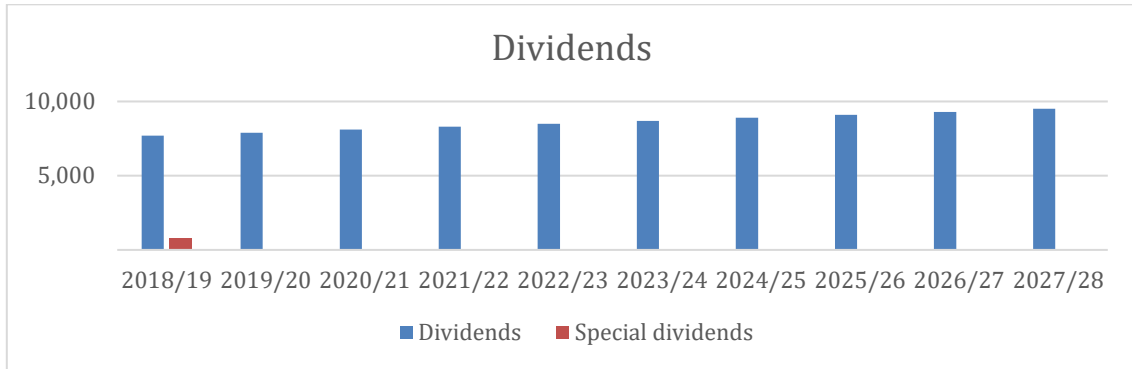
Council's primary objective when investing is to earn a return whilst protecting its initial investment. Accordingly, the risk profile of all investment portfolios must be conservative. Within approved credit limits, Council seeks to maximise investment returns, and manage potential capital losses due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

Port Otago Limited

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

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

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



Investment Property

Council owns investment property within Dunedin City.

Some of the land is leased by the University of Otago and 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 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 as set out in our Statement of Investment Policy and Objectives (part of the Treasury Management Policy) for investments are:

Asset Class	Target Allocation	Acceptable Range	
		Minimum	Maximum
NZ Cash	5%	3%	7%
NZ Fixed Interest	40%	35%	45%
International Fixed Interest	5%	3%	7%
Defensive Total	50%	41%	59%
NZ Property	5%	3%	7%
NZ Equities	15%	11%	19%
Australasian Equities	15%	11%	19%
International Equities	15%	11%	19%
Growth Total	50%	36%	64%
Total	100%	77%	123%

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

Infrastructure Strategy

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

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

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

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

Geographical context

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

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

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

Capital Expenditure

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

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

Renew/replace

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

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

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

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

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

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

Increase levels of service

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

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

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

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

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

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

New need or demand

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

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

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

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

Operational Expenditure

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

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

Our Priorities

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

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

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

Assumptions

Future population

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

Inflation

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

Useful lives

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

Levels of Service

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

Other assumptions

Other assumptions made in preparing this strategy are as follows:

- There will be no new schemes developed over the 30 year period;
- There will be no deferred maintenance during the 30 year period;
- Floodbanks are maintained in as-new condition to meet service needs;
- It is expected the works programmed in years 1-3 of the LTP will progress. These works are focused on understanding, quantifying and optimising performance; and
- No allowance has been made for repairs to scheme assets resulting from flood events or other natural disasters.

Most Likely Scenarios and their cost

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

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

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

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

Details of operational and capital expenditure are as follows:

Capital and Operating Expenditure by Scheme

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

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

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

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

F3 – Lower Clutha Flood and Drainage Scheme	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Scheme Maintenance Operations	723	691	706	723	741	758	776	793	812	831	4,874	4,874	4,874	4,874
Scheme Maintenance Engineering	72	193	221	125	125	62	491	113	104	99	968	1,132	968	968
Asset Management and Condition Monitoring	55	55	55	55	57	35	36	37	38	41	441	243	441	441
Pump station Safety and Resilience Improvements	75	12	12	12	15	34	35	36	37	37	200	233	200	200
Scheme performance assessment incl. community risk		126				75					-	-	-	-
Depreciation	192	193	194	196	177	177	157	158	156	82	898	898	898	898
Total OPEX	1,117	1,270	1,188	1,111	1,115	1,141	1,495	1,137	1,147	1090	7,380	7,380	7,380	7,380
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Complete works Factory Road, protect against erosion	130										-	-	-	-
Refurbish pumps	71				45					542	190	190	190	190
Paretai Estuary outfall culverts		50	34	166										
Culvert and Bridge Upgrades	16	15	16	16	20	67	78	70	72	100	153	153	153	153
Adaptation for coastal retreat														5,219
Renew relief wells													393	-
Refurbish – Kaitangata Locks/Lake Tuakitoto Control Weir											583			
Pump Station electrical upgrade and refurbishment											798	331	1,473	2,026
Total CAPEX	217	65	50	182	65	67	78	70	72	642	1,725	675	2,210	7,589
Total Expenditure	1,335	1,335	1,238	1,293	1,180	1,208	1,573	1,207	1,219	1732	9,105	8,055	9,590	14,969
<ul style="list-style-type: none"> • No change to LoS targets planned for over next 30 years. • Frequency of flows associated with LoS target may change with time due to climate change effects. • Investigations are planned in first ten years to better understand the effect of climate change on scheme performance and understand associated coastal erosion along the Paretai Estuary shoreline. • Strategy focuses on: Asset Management, PPM, Scheme operation and renewal of existing assets including addressing H&S and resilience matters. 														

F4 – Lower Taieri Flood Protection Scheme	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/33	33/38	38/43	43/48
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Scheme Maintenance Operations	346	346	353	361	371	380	388	397	406	416	2,441	2,441	2,441	2,441
Scheme Maintenance Engineering	140	89	210	141	390	237	61	84	67	72	804	638	804	638
Undertake Asset Management and Condition Monitoring	34	35	36	37	39	65	66	67	68	71	249	415	249	415
Scheme performance assessment including community risks	100	120	86											
Depreciation	26	37	61	61	66	66	71	71	71	70	428	428	428	428
Total OPEX	646	627	746	600	866	748	586	619	612	629	3,922	3,922	3,922	3,922
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Floodbank integrity – Mill Creek/Silver Stream	409										307			
Riverside Road Spillway – upgrade/invert/manual gates			1259											
Upper/Lower pond spillway											2,210			
Localised crest levelling at floodbanks	219	499	338	22	301	23	315	24	24	26	1,842			
Construct weighting blanket at Outram	100	200												
Adaptation for sea level rise – Lake Waipori and lower Taieri													6,140	6,140
Total CAPEX	728	699	1597	22	301	23	315	24	24	26	4,359		6,140	6,140
Total Expenditure	1,374	1,326	2,343	622	1,167	771	901	643	636	655	8,281	3,922	10,062	10,062
<ul style="list-style-type: none"> • No change to LoS targets planned for over next 30 years. • Disconnect between LoS target and aspects of scheme performance, projects are planned to define and optimise these aspects of the scheme operation. • Frequency of flow associated with LoS target may change with time due to climate change effects, investigations are planned in first ten years to better understand the effect of climate change on scheme performance including sea-level rise impact on Lake Waipori and lower Taieri river. • Strategy focuses on: Asset Management, PPM, scheme operation and renewal of existing assets, addressing resilience matters and scheme performance. • Floodbank integrity investigation and learnings from July 2017 flood will be a key consideration in risk-based performance and consequence assessments planned for years one and two. 														

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

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

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

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

F7 – Tokomairiro Drainage Scheme

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

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

F8 – Shotover

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

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

Lower Waitaki Scheme	18/19 \$000	19/20 \$000	20/21 \$000	21/22 \$000	22/23 \$000	23/24 \$000	24/25 \$000	25/26 \$000	26/27 \$000	27/28 \$000	28/33 \$000	33/38 \$000	38/43 \$000	43/48 \$000
Scheme Operation Environment Canterbury	147	151	155	157	162	167	172	176	180	185	1,133	1,133	1,133	1,133
Scheme Operation Engineering	10	10	10	11	11	10	10	10	11	11	68	68	68	68
Asset Management and Condition Monitoring														
Total OPEX	157	161	165	168	173	177	182	186	191	196	1,201	1,201	1,201	1,201
CAPEX – Increase LoS														
CAPEX – Renew and Replace														
Total CAPEX														
Total Expenditure	157	161	165	168	173	177	182	186	191	196	1,201	1,201	1,201	1,201
<ul style="list-style-type: none"> • Operation of Scheme undertaken by Environment Canterbury • Allowance to liaise with Environment Canterbury 														

Non-Scheme Flood Assets	18/19 \$000	19/20 \$000	20/21 \$000	21/22 \$000	22/23 \$000	23/24 \$000	24/25 \$000	25/26 \$000	26/27 \$000	27/28 \$000	28/33 \$000	33/38 \$000	38/43 \$000	43/48 \$000
Lindsay Creek – OPEX	14	15	16	16	17	13	14	14	15	18	106	113	133	113
Kaikorai - OPEX	5	5	5	5	6	5	5	5	5	5	36	38	44	38
Albert Town – OPEX	23	24	22	28	28	21	22	23	24	28	172	180	214	180
Other Rivers – Rees, Shotover, Dart, Clutha – Groynes/Rockwork – OPEX	9			107	14	33	22	28	22	17	179	188	222	188
Total OPEX	51	44	43	156	65	72	63	70	66	68	493	518	614	518
Lindsay Creek – CAPEX												526		526
Albert Town - CAPEX											858			
Total CAPEX											858	526	-	526
Total Expenditure	51	44	43	156	65	72	63	70	66	68	1,351	1,044	614	1,044
<ul style="list-style-type: none"> • Focus on agreeing LoS requirements and establishment of a structured asset management process 														

Revenue and Financing Policy

Revenue Policy

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

GROUP ACTIVITY – ENVIRONMENT

Significant Activity – Water

Group Activity	Description	Distribution of benefits and Exacerbator Considerations	Current funding sources
Rural water quality implementation	Monitoring and science work to assist measuring water quality and discharges from land and achieving compliance with water quality standards by 2020.	The activities/practices of farmers, forestry and other rural landholders are the main contributors to degraded rural water quality. The wider community benefits from having good water quality.	Monitoring, science
	Investment in research and development e.g. for in-situ water quality testing tools.		<ul style="list-style-type: none"> 75% targeted rate on all rural land use properties (all sizes), and lifestyle blocks 2 ha or greater. 25% general rates regional
	Awareness of provisions and understanding of responsibilities through education and promotion.		Research, development
	Dairy inspections regarding permitted activity rules.	Council work arises from activities carried out by identifiable landholders.	<ul style="list-style-type: none"> 100% reserves.
Urban water quality implementation	Science work to understand causes and effects on urban water quality, (including urban aquifers).	The discharge practices of our urban communities directly impact on the quality of our urban water ways.	Awareness, education:
	Engagement and liaison, provision of information and education.	The wider community benefits from having good water quality.	<ul style="list-style-type: none"> 100% general rates regional.
Water and deemed permit renewal	Assist transitioning mining privileges to resource consents to take water through the formation of groups. Group management will help achieve efficient and sustainable water use.	The whole community benefits from effective water management. Those holding mining privileges directly benefit from the facilitation work carried out.	Dairy Inspections
			<ul style="list-style-type: none"> 100% targeted rate on each dairy activity.
			<p>Liaison, governance, regional issues</p> <ul style="list-style-type: none"> 100% general rates regional for liaison, regional review of issues, governance. <p>Targeted work</p> <ul style="list-style-type: none"> 100% targeted rates on Otago’s city and towns, within defined boundaries for targeted work in defined urban areas.
			Encouraging group formation:
			<ul style="list-style-type: none"> 100% reserves (Water Management Reserve).

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

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

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

GROUP ACTIVITY - COMMUNITY

Significant Activity – Governance and Leadership

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

GROUP ACTIVITY – REGULATORY

Significant Activity – Consents and Compliance

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

	<p>Administer bylaws, the primary focus being safety on our waterways.</p>	<p>The actions of individuals on our waterways may cause the need for enforcement of our bylaws</p>	<p>Enforcement:</p> <ul style="list-style-type: none"> • 100% fees and charges from those causing the incident. • 100% general rate from Dunedin City, Clutha District and Waitaki District for remaining costs.
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GROUP ACTIVITY – FLOOD AND RIVER MANAGEMENT			
Significant Activity – Flood Protection and Drainage Schemes			
Group Activity	Description	Distribution of benefits and Exacerbator Considerations	Current funding sources
Alexandra Flood Protection	Maintain the flood protection scheme.	Those in the flood protection area receive a direct benefit. Power generation has contributed to the need for a flood protection scheme.	<ul style="list-style-type: none"> • 2% general rates from the Central Otago District. • 98% fees and charges from dam owners.
Leith Flood Protection	Construct the flood protection scheme.	Those in the flood protection area receive a direct benefit. The local community benefits from ongoing access to the area. There is a regional benefit of continued access to regional services, e.g. hospital and Central Business District.	<ul style="list-style-type: none"> • 5% general rates regional • 2% general rates Dunedin City. • 46.5% targeted rates Indirect Benefit Zone. • 46.5% targeted rates Direct Benefit Zone.
Lower Clutha Flood and Drainage	Maintain the flood protection scheme.	Those in the flood protection area receive a direct benefit. The local community benefits from ongoing access to the area. The wider community benefits from ongoing access to regional services.	After receipt of rental income and contribution from Kuriwao reserve: <ul style="list-style-type: none"> • 4% general rates Clutha District, • 12% general rates regional • 84% targeted rates on the scheme area.
	Maintain the productive capability of land within each scheme area.	Those in the drainage scheme area receive a private benefit. The local community benefits from ongoing access to the area.	After rental income and Kuriwao reserve: <ul style="list-style-type: none"> • 6% general rate Clutha District • 94% targeted rates.
West and East Taieri Drainage	Maintain the productive capability of land within each scheme area.	Landowners within the drainage scheme area receive a private benefit. The local community benefits from continued access to the area.	After receipt of rental income: <ul style="list-style-type: none"> • 8% general rate Dunedin • 92% targeted rates.
Tokomairiro Drainage	Maintain the productive capability of land within each scheme area.	Landowners within the scheme area receive a private benefit.	100% targeted rates.
Lower Taieri Flood	Maintain the flood protection scheme.	Landowners within the scheme on area receive a direct benefit. The local community benefits from continued access to the area. The wider community benefits from continued access to regional services, e.g. airport.	After receipt of rental income: <ul style="list-style-type: none"> • 4% general rates regional. • 13% general rates Dunedin City. • 83% targeted rates on scheme area.
Shotover Delta	Maintain the flood protection scheme.	Landowners within the scheme on area receive a direct benefit. The wider community benefits from	<ul style="list-style-type: none"> • 2% general rates regional. • 98% targeted rate on scheme area.

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

GROUP ACTIVITY – SAFETY AND HAZARDS

Significant Activity – Emergency Management

Group Activity	Description	Distribution of benefits and Exacerbator Considerations	Current funding sources
Emergency Management	Administer the Otago Civil Defence Emergency Management Group.	The whole community benefits from Council's readiness to deal with an emergency situation.	Readiness <ul style="list-style-type: none"> 100% targeted general rate

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

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

General rates are charged on a capital value basis.

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

Finance Policy

Financing the Purchase of Fixed Assets (Excluding Infrastructural Assets)

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

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

Financing Capital Expenditure on Infrastructural Assets

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

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

Financing Major Projects

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

Summary Significance and Engagement Policy

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

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

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

Significance

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

Degree of significance

When determining the degree of significance, Council will consider:

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

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

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

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

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

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

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

Engagement

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

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

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

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

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

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

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

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

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

Consultation with Maori

Council has in place a "Memorandum of Understanding and Protocol between Otago Regional Council, Te Rūnanga o Ngāi Tahu and Kāi Tahu ki Otago² for Effective Consultation and Liaison". The memorandum and protocol were first established in 2001 and are reviewed and updated as appropriate.

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

Strategic Assets

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

- Council shares held in Port Otago Limited, and

² Now known as Aukaha

- flood protection and drainage schemes.

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

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

Part 3 – What we will do over the next 10 years

Significant Activities

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

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

Policy and Planning

What we do and why

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

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

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

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

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

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

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

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

Our policy and planning activity contributes to the following community outcomes:

Activities	Community Outcomes				
	Healthy Environment	Connected Community	Engaged and Proud Community	Strong Economy	Future-Proofed Region
Regional Plans	❖	❖	◆	❖	◆
Strategies and Plans	❖	❖	❖	◆	◆

Estimated policy and planning expenditure by activity is as follows:

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

What we will deliver

Regional Plans (Water, Air, Coast, Waste)

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

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

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

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

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

Strategies and Plans

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

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

Activity	Level of service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021-2028
"Fit for Purpose" Regional Policies and Plans	Establish and maintain a robust, integrated and consistent environmental planning framework	Comply with Resource Management Act legislative planning requirements	Achieved	Achieved	Achieved	Achieved
		Complete the preparation of full/partial and or interim changes to reviews of resource management policies, plans and strategies in accordance with Council's publicised work programme	Achieved	Achieved	Achieved	Achieved
Regional Pest Management Plan	Establish controls over animal and plant pests in the Otago Region to maintain and enhance biodiversity and to protect productive capacity and community health	The Regional Pest Management Plan is appropriately developed and implemented	Prepared	Implement	Implement	Implement
		Reducing trend in the pest plant and animal species across the Otago Region	N/A	Achieved	Achieved	Achieved
Regional Land Transport Plan	With Environment Southland, prepare and implement	Comply with the legislative requirements of the	Achieved	Achieved	Achieved	Achieved

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

Assumptions we have made

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

Funding Impact Statement – Policy and Planning

2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
Sources of operating funding:											
1,773	General rates, UAGC and rate penalties	1,892	2,207	2,329	2,382	2,323	2,313	2,186	2,470	2,645	2,195
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
153	Subsidies and grants	175	157	202	147	147	194	158	157	207	169
-	Fees and charges	-	-	-	-	-	-	-	-	-	-
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
2,478	Fines, infringement fees and other receipts	2,087	1,931	1,953	1,981	1,933	2,025	1,960	2,145	2,234	2,014
4,404	Total operating funding	4,154	4,295	4,484	4,509	4,402	4,532	4,304	4,772	5,086	4,378
Application of operating funding:											
2,730	Payments to staff and suppliers	826	924	921	2,738	2,652	2,433	2,305	2,577	2,653	2,034
-	Finance costs	-	-	-	-	-	-	-	-	-	-
1,674	Internal charges and overheads	3,329	3,370	3,560	1,767	1,747	2,095	1,995	2,191	2,429	2,339
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
4,404	Total applications of operating funding	4,154	4,294	4,481	4,505	4,398	4,527	4,300	4,768	5,082	4,374
-	Surplus (deficit) of operating funding	-	2	3	4	4	4	4	4	4	4
Sources of capital funding:											
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	Total sources of capital funding	-	-	-	-	-	-	-	-	-	-
Application of capital funding:											
<i>Capital expenditure</i>											
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve levels of service	-	21	21	16	-	-	-	-	-	-
-	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in reserves	-	(19)	(18)	(12)	4	4	4	4	4	4
-	Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
-	Total application of capital funding	-	2	3	4	4	4	4	4	4	4
-	Surplus (deficit) of capital funding	-	(2)	(3)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Funding balance											

Environment

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

Our environment activity contributes to the following community outcomes:

Activities	Community Outcomes				
	Healthy Environment	Connected Community	Engaged and Proud Community	Strong Economy	Future-Proofed Region
Water	◆		❖	❖	◆
Air	◆		❖	❖	❖
Coast	◆		❖	❖	❖
State of the Environment	❖	❖	◆	❖	◆
Biodiversity	◆	❖	◆	❖	❖
Pests	◆				◆
Environmental Incident Response	◆	❖	❖	◆	❖

Estimated environmental expenditure (including capital expenditure and depreciation) by activity is as follows:

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
3,575	Water	3,351	3,527	3,956
118	Air	255	263	300
386	Coast	80	84	252
3,019	State of the Environment	3,900	4,234	4,270
2,020	Biodiversity	1,459	1,670	938
1,840	Pests	1,715	1,641	1,850
1,491	Environmental incident response	1,671	1,807	1,827
12,449	Total expenditure	12,431	13,226	13,394

Water

What we do and why

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

For rural water quality, Council does not set out rules on how land use activities should be carried out, but has rules around what level of contaminants may be discharged into our waterways. In other words, Council is not interested in controlling land use activities by issuing resource consents, but is concerned about how the discharges from land will impact water quality. Council has maximum discharge thresholds that must be met by 2020.

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

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

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

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

What we will deliver

Water Quality

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

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

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

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

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

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

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

Water Quantity

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

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

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

Assumptions we have made

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

Air

What we do and why

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

The Government has set National Environmental Standard for Air Quality, that sets a maximum allowable daily concentration for PM₁₀ of 50 micrograms per cubic metre of air. PM₁₀ refers to particulate matter less than 10 microns in diameter and is measured in micrograms per cubic metre of air. The National Environmental Standard allowed up to three exceedances per year of the PM₁₀ standard to 2016, and full compliance (i.e. no more than one exceedance per year) is required by 2020.

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

Monitors have been installed in selected Otago towns so that Council can measure air quality. Monitoring has shown many high readings in excess of the PM₁₀ standard in Arrowtown, Alexandra, Cromwell, Clyde (Air Zone 1) and Milton, and fewer high readings in Mosgiel and Balclutha. The Central Dunedin air zone currently complies with the National Environmental Standard after several years of steady improvement.

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

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
118	Air strategy implementation	255	263	300
118	Total expenditure	255	263	300

What we will deliver

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

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

Council developed an Air Strategy for Otago and this Long Term Plan provides for implementing that strategy. Council will also continue its clean heat, clean air programme of providing financial contributions towards the cost of installing clean heating appliances in Air Zone 1 towns and Milton.

Level of Service	Performance Measures	Targets			
		2018/19	2019/20	2020/21	2021-2028
Improve air quality	Ambient air quality (PM ₁₀) in targeted towns.	Monitor air quality to assess compliance with the National Environmental Standard requirement of no more than one daily average reading of PM ₁₀ per annum to be higher than 50 micrograms per cubic metre.			
	Financial contributions	Administer the clean heat, clean air fund for Air Zone 1 and			

		Milton.			
	Investigations and research	Identify outcomes and issues for outdoor burning around urban areas.	Develop research programme to trial options for low emission technologies.	Develop a programme to support the development of affordable technologies with government and other partners.	Assess environmental issues regarding chemical discharges to air
	Local air quality programmes			Develop local air quality programmes and implement.	

Assumptions we have made

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

Coast

What we do and why

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

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

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

What we will deliver

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

State of the Environment

What we do and why

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

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

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

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

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
291	Ambient air quality monitoring	351	358	322
2,301	Water quality and quantity monitoring	3,003	3,389	3,451
427	Environmental Monitoring and Reporting	547	487	498
3,019	Total expenditure	3,900	4,234	4,270

What we will deliver

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

Assumptions we have made

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

Biodiversity

What we do and why

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

Council has established an environmental enhancement fund to promote good environmental outcomes in Otago. The fund is geared to encouraging and empowering communities to take action at the local level on environmental issues that matter to them. Available for community applications, it provides funding support that either retains the existing characteristics of value natural resources or improve environments that have degraded. The fund is funded through reserves at \$250,000 per annum with any unallocated fund applied to subsequent years.

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

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

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

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

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

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
176	Biodiversity strategy implementation	236	400	467
411	Environmental enhancements	332	256	262
1,433	Wilding trees	891	1,014	210
2,020	Total expenditure	1,459	1,670	938

What we will deliver

Activity	Level of service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021-2028
Environmental Enhancement	Collaborate with the regional	At least 75% of annual funding	Achieved	Achieved	Achieved	Achieved

	community to potentially invest and fund environmental enhancement projects that deliver good environmental and social outcomes.	allocated to the fund has been granted to suitable projects and activities				
		The outcome(s) of all projects and activities have been reported back to Council within the timeframes specified in the funding agreement	Achieved	Achieved	Achieved	Achieved
		Projects and activities funded achieve milestones as per the funding agreement	100%	100%	100%	100%

Key projects and programmes	2018/19	2019/20	2020/21
Implement a significant wetlands compliance monitoring programme.	✓	✓	✓
Develop and disseminate information on good management practices for indigenous biodiversity	✓	✓	✓
Host a biodiversity forum		✓	
Establish stakeholder and technical groups and hold 6-monthly meetings		✓	✓
Develop and publicly consult on options for Lake Tuakitoto and Tomahawk Lagoon	✓	✓	
Develop and publicly consult on technical and funding proposals for the remediation of Lake Hayes	✓		

Pests

What we do and why

Landholders are responsible for managing animal and plant pests on their land. Pests cause considerable damage to our environment.

Council's Pest Management Strategy for Otago promotes a regionally coordinated approach to address the impacts of both pest animals and pest plants.

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

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

The Pest Management Strategy also has a list of 19 plants declared pests, including Gorse, Broom, Lagarosiphon and Ragwort. The strategy requires landowners to destroy pest plants found on their land.

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

Council also offers support for controlling pests by giving advice and assisting community groups to establish control programmes.

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

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

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
1,360	Pest management plan compliance	1,394	1,378	1,521
85	Biocontrol of pests	111	53	115
395	Pest contracting	210	209	214
1,840	Total expenditure	1,715	1,641	1,850

What we will deliver

Activity	Level of service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021-2028
Control of pest plants and animals	Manage the level of compliance with the provisions of the Regional Pest Management Plan	All properties with reported non-compliances of rabbit numbers over MAL3 will be followed up and required to carry out an appropriate response in accordance with the Regional Pest Management Plan	Achieved	Achieved	Achieved	Achieved
		All reported non-compliances for pest plants will be followed up to ensure works to control pest plants have been carried out	Achieved	Achieved	Achieved	Achieved
		All complaints about boundary control of pest plants and pest animals will be responded to within 10 working days, and where necessary	Achieved	Achieved	Achieved	Achieved

		control works will be required to be carried out.				
	Support Lagarosiphon management plans and efforts to control Lagarosiphon in southern lakes (Lakes Dunstan, Wanaka and Wakatipu)	The quantity of Lagarosiphon located in Lakes Dunstan and Wanaka remains the same or declines	Achieved	Achieved	Achieved	Achieved
		Lagarosiphon has not established in Lake Wakatipu	Achieved	Achieved	Achieved	Achieved
	Collaborate with community groups and pest companies to carry out control activities to eradicate Wallaby in Otago	Reported Wallaby sightings are investigated and appropriately responded to within 3 working days	Achieved	Achieved	Achieved	Achieved

Assumptions we have made

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

Environmental Incident Response

What we do and why

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

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

Estimated expenditure on this activity is as follows:

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

What we will deliver

Activity	Level of service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021-2028
Investigations and incident response	Take appropriate action in response	Maintain 24-hour/7 day a week response	100%	100%	100%	100%

	to notifications of non-compliance and incidents	for environmental incidents				
		All notifications from the public are responded to*	100%	100%	100%	100%
		Average time taken to respond to oil spills no more than 1.5 hours.	Achieved	Achieved	Achieved	Achieved
Readiness to respond to incidents	Facilitate/carry out appropriate response training for staff and contractors	Hold at least one pollution incident response training exercise for each of the following: <ul style="list-style-type: none"> desktop exercise; a field exercise for pollution incident response; and an equipment training day. 	Achieved	Achieved	Achieved	Achieved
		Hold at least one marine oil spill incident response training for each of the following: <ul style="list-style-type: none"> desktop exercise; a field exercise for marine oil incident response. 	Achieved	Achieved	Achieved	Achieved

* Options for responses:

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

Assumptions we have made

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

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

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

Funding Impact Statement – Environment

2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
Sources of operating funding:											
2,684	General rates, UAGC and rate penalties	3,391	4,108	4,608	4,696	4,886	4,824	4,891	5,101	5,311	5,185
1,581	Targeted rates	1,501	1,543	1,840	1,918	1,974	2,013	2,053	2,094	2,140	2,184
1,255	Subsidies and grants	705	824	55	55	55	55	55	55	55	55
570	Fees and charges	370	376	381	387	393	400	407	414	422	430
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
4,714	Fines, infringement fees and other receipts	4,734	4,584	4,855	4,897	5,056	5,215	5,378	5,422	5,476	5,749
10,804	Total operating funding	10,701	11,434	11,739	11,954	12,364	12,507	12,784	13,087	13,403	13,603
Application of operating funding:											
8,194	Payments to staff and suppliers	4,133	4,395	4,169	7,492	7,725	7,890	7,854	8,024	8,139	8,114
-	Finance costs	-	-	-	-	-	-	-	-	-	-
3,683	Internal charges and overheads	7,363	7,731	8,227	4,539	4,734	4,732	5,058	5,200	5,393	5,621
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
11,876	Total applications of operating funding	11,496	12,126	12,396	12,031	12,459	12,622	12,911	13,223	13,533	13,735
(1,072)	Surplus (deficit) of operating funding	(795)	(692)	(657)	(77)	(95)	(115)	(127)	(137)	(129)	(131)
Sources of capital funding:											
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	Total sources of capital funding	-	-	-	-	-	-	-	-	-	-
Application of capital funding:											
<i>Capital expenditure</i>											
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
35	- to improve levels of service	145	259	176	421	179	183	187	191	196	200
201	- to replace existing assets	338	345	311	217	221	226	232	237	242	248
(1,308)	Increase (decrease) in reserves	(1,278)	(1,297)	(1,144)	(715)	(495)	(524)	(546)	(565)	(567)	(579)
-	Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
(1,072)	Total application of capital funding	(795)	(692)	(657)	(77)	(95)	(115)	(127)	(137)	(129)	(131)
1,072	Surplus (deficit) of capital funding	795	692	657	77	95	115	127	137	129	131
Funding balance											

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

Community

What we do and why

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

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

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

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

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

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

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

Council's community activities contribute to the community outcomes as follows:

Activities	Community Outcomes				
	Healthy Environment	Connected Community	Engaged and Proud Community	Strong Economy	Future-Proofed Region
Democracy		◆	◆		
Public Information and Awareness	❖	◆	◆	❖	❖
Financial Contributions	❖		◆		❖
Response to External Proposals	❖		❖		◆
Head Office Replacement		❖		❖	◆

Estimated Community expenditure (including capital expenditure and depreciation) is as follows:

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
1,692	Democracy	1,772	1,975	1,810
1,284	Public information and awareness	1,240	1,369	1,303
595	Financial contributions	450	359	367

320	Response to external proposals	316	311	318
665	Dunedin Head Office replacement	82		
4,555	Total expenditure	3,860	4,013	3,797

What we will deliver

Activity	Level of service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021-2028
Governance or Effective, open and transparent democratic Council processes	Provide governance processes that are robust and transparent for the community and where the community can participate	Percentage of official information requests responded to within statutory timeframes	100%	100%	100%	100%
		Percentage of council agendas that are publicly available two working days or more before a meeting	100%	100%	100%	100%
		All meetings conducted in accordance with <i>Standing Orders</i> and the <i>Local Government Official Information and Meetings Act 1987</i>	Achieved	Achieved	Achieved	Achieved
Planning and reporting	Produce high quality, fit for purpose and accessible long term plans and annual plans to encourage participation in decision making by the community	Long term plans, annual plans and annual reports receive unmodified audit opinions	Achieved	Achieved	Achieved	Achieved

Key projects and programmes	Targets		
	2018/19	2019/20	2020/21
Clearly articulate council policies, purpose and activities, enabling conversations and providing clear information through the production of: <ul style="list-style-type: none"> Media Newsletters, pamphlets, information sheets Social media and digital media Public events and engagement Web 	✓	✓	✓
Respond to issues, activities and queries on matters that require a regional perspective or impact on regional resource management functions.	✓	✓	✓

Funding Impact Statement – Community

2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
Sources of operating funding:											
1,466	General rates, UAGC and rate penalties	1,634	2,010	2,024	2,074	2,200	2,143	2,191	2,267	2,338	2,316
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
-	Subsidies and grants	-	-	-	-	-	-	-	-	-	-
131	Fees and charges	131	133	136	139	142	144	147	150	154	157
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
2,049	Fines, infringement fees and other receipts	1,813	1,768	1,707	1,735	1,840	1,886	1,975	1,979	1,984	2,135
3,645	Total operating funding	3,578	3,911	3,867	3,947	4,182	4,174	4,314	4,396	4,475	4,608
Application of operating funding:											
3,365	Payments to staff and suppliers	1,935	2,107	1,840	2,668	2,983	2,722	2,797	3,110	2,908	2,975
	Finance costs										
1,184	Internal charges and overheads	1,918	1,900	1,951	1,202	1,332	1,375	1,440	1,418	1,490	1,556
7	Other operating funding applications	6	6	6	6	7	7	7	7	7	7
4,555	Total applications of operating funding	3,860	4,013	3,797	3,877	4,321	4,104	4,244	4,536	4,405	4,538
(910)	Surplus (deficit) of operating funding	(282)	(102)	70	70	(140)	70	70	(140)	70	70
Sources of capital funding:											
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	Total sources of capital funding	-	-	-	-	-	-	-	-	-	-
Application of capital funding:											
<i>Capital expenditure</i>											
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve levels of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
(910)	Increase (decrease) in reserves	(282)	(102)	70	70	(140)	70	70	(140)	70	70
	Increase (decrease) in investments										
(910)	Total application of capital funding	(282)	(102)	70	70	(140)	70	70	(140)	70	70
910	Surplus (deficit) of capital funding	282	102	(70)	(70)	140	(70)	(70)	140	(70)	(70)
Funding balance											

Regulatory

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

Council's regulatory activities contribute to the community outcomes as follows:

Activities	Community Outcomes				
	Healthy Environment	Connected Community	Engaged and Proud Community	Strong Economy	Future-Proofed Region
Consents	◆	❖	❖	❖	❖
Compliance	◆			❖	❖
Regulatory Effectiveness	◆		❖	❖	◆
Harbour Management	◆				❖

Estimated Regulatory expenditure (including capital expenditure and depreciation) is as follows:

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

Consents, Compliance and Regulatory Effectiveness

What we do and why

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

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

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

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

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

What we will deliver

As discussed in the section on Regional Plans, as minimum flows become operational, it will be necessary for Council to review existing consents issued for taking of water from those catchments as minimum flows become operational. The total amount of water allowed to be taken under those consents will be reviewed to determine if there is an over allocation of the total available water. If it is found that an over allocation has occurred, Council has the ability under the Resource Management Act to vary consent conditions. In some situations, Council may need to reduce the amount of water that consent holders are authorised to take.

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

Assumptions we have made

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

Harbour Management

What we do and why

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

What we will deliver

Activity	Level of service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021-2028
Harbour management or Maritime services	Enable safe use and navigation for all users of Otago Harbour	Average time taken to respond to notification from harbour control of any incidents in	Achieved	Achieved	Achieved	Achieved

		Otago Harbour will be no more than 1 hour.				
	Take appropriate action in response to notifications of non-compliance and incidents	Percentage of enforcement action taken when there are breaches of the Otago Maritime Safety Bylaw	100%	100%	100%	100%

Funding Impact Statement – Regulatory											
2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
Sources of operating funding:											
400	General rates, UAGC and rate penalties	646	899	944	966	1,003	998	1,012	1,055	1,092	1,075
	Targeted rates										
	Subsidies and grants										
2,356	Fees and charges	2,262	2,425	2,543	2,390	2,462	2,517	2,575	2,632	2,691	2,753
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
560	Fines, infringement fees and other receipts	723	797	802	814	845	885	919	928	934	998
3,316	Total operating funding	3,631	4,121	4,290	4,171	4,311	4,400	4,506	4,615	4,717	4,826
Application of operating funding:											
1,782	Payments to staff and suppliers	443	369	377	1,950	2,194	2,226	2,133	2,163	2,167	2,178
	Finance costs										
1,415	Internal charges and overheads	3,179	3,741	3,901	2,207	2,101	2,157	2,354	2,432	2,527	2,624
	Other operating funding applications										
3,196	Total applications of operating funding	3,622	4,110	4,277	4,157	4,295	4,383	4,487	4,595	4,695	4,802
119	Surplus (deficit) of operating funding	9	11	12	14	15	17	19	21	22	24
Sources of capital funding:											
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	Total sources of capital funding	-	-	-	-	-	-	-	-	-	-
Application of capital funding:											
<i>Capital expenditure</i>											
	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
	- to improve levels of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	120	21	21	21	22	22	23	23	24	25
119	Increase (decrease) in reserves	(111)	(10)	(9)	(8)	(7)	(5)	(4)	(3)	(2)	(-)
-	Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
119	Total application of capital funding	9	11	12	14	15	17	19	21	22	24
(119)	Surplus (deficit) of capital funding	(9)	(11)	(12)	(14)	(15)	(17)	(19)	(21)	(22)	(24)
Funding balance											

Flood Protection and Control Works, and River Management

Council operates and maintains many flood protection and drainage schemes throughout Otago. Flood schemes are intended to protect people and property from flooding. Drainage schemes are intended to maintain productive capability of land. Council's infrastructure strategy provides details about these schemes for the next 30 years and can be found in Part 1 of this Long Term Plan.

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

Council's flood protection and control, and river management activities contribute to the community outcomes as follows:

Activities	Community Outcomes				
	Healthy Environment	Connected Community	Engaged and Proud Community	Strong Economy	Future-Proofed Region
Flood and Drainage Schemes	❖	❖	❖	◆	◆
Rivers and Waterway Management	◆	❖	❖	❖	◆

Estimated expenditure (including capital expenditure and depreciation) by activity is as follows:

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
278	Alexandra flood protection	318	244	212
2,993	Leith flood protection	3,221	1,750	1,079
1,833	Lower Clutha flood and drainage	1,335	1,335	1,238
499	Lower Taieri flood	1,374	1,326	2,343
855	West Taieri drainage	1,030	665	1,093
660	East Taieri drainage	959	784	681
144	Tokomairiro drainage	161	205	167
72	Shotover River Delta	64	92	62
	Designations & Bylaws	147	124	138
1,937	Rivers and waterway management	2,180	2,192	2,334
9,271	Total expenditure	10,787	8,717	9,348

Flood Protection and Drainage Schemes

What we do and why

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

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

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

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

What we will deliver

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

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

Activity	Level of service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021-2028
Flood protection	Manage flood risk to people and property	Flood protection and control works and assets are maintained, repaired and renewed in line with the Infrastructure Strategy and defined standards set out in the operations and maintenance manuals for each asset	Achieved	Achieved	Achieved	Achieved
	Manage flood hazard on the Shotover River delta to 1999 level	The Shotover River delta is managed to ensure the surface profile of the river is consistent with the target profile for the delta	Achieved	Achieved	Achieved	Achieved
Drainage	Maintain, repair and renew drainage assets to maintain and improve the productive capacity of land	Drainage assets are maintained and renewed in line with defined standards set out in the operations and maintenance manuals for each asset	Achieved	Achieved	Achieved	Achieved

Rivers and Waterway Management

What we do and why

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

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

What we will deliver

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

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

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

Activity	Level of service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021-2028
River management	Achieve a balance between maintaining channel capacity, channel stability and environmental outcomes in scheduled rivers and waterways	Investigate all reported blockages and obstructions along scheduled rivers and waterways and determine appropriate action within 20 working days	Achieved	Achieved	Achieved	Achieved

Key projects and programmes	2018/19	2019/20	2020/21
Develop/implement the strategies for erosion hazard for the following: <ul style="list-style-type: none"> • Kaikorai Stream • Lindsay Creek • Waitati River 	✓	✓	✓
Investigate and confirm the work programme to complete flood migration work on the Stoney Creek catchment			✓
Undertake stabilisation work near Albert Town	✓		✓

Funding Impact Statement – Flood Protection and Control Works, and River Management

2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
Sources of operating funding:											
251	General rates, UAGC and rate penalties	313	326	346	383	340	331	342	334	345	354
5,410	Targeted rates	5,717	5,992	6,213	6,413	6,654	6,760	6,886	6,972	7,058	7,145
-	Subsidies and grants	-	-	-	-	-	-	-	-	-	-
273	Fees and charges	312	239	208	212	296	325	310	232	236	241
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
626	Fines, infringement fees and other receipts	591	531	535	564	528	535	552	535	537	570
6,559	Total operating funding	6,933	7,088	7,302	7,572	7,817	7,950	8,091	8,072	8,176	8,311
Application of operating funding:											
3,611	Payments to staff and suppliers	3,505	3,216	3,208	3,981	4,333	4,468	4,380	4,413	4,131	4,273
-	Finance costs	-	-	-	-	-	-	-	-	-	-
1,169	Internal charges and overheads	2,219	2,227	2,268	1,467	1,647	1,562	1,505	1,636	1,661	1,820
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
4,780	Total applications of operating funding	5,724	5,444	5,477	5,449	5,980	6,030	5,885	6,048	5,792	6,094
1,778	Surplus (deficit) of operating funding	1,209	1,644	1,826	2,123	1,837	1,921	2,206	2,024	2,384	2,217
Sources of capital funding:											
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	Total sources of capital funding	-	-	-	-	-	-	-	-	-	-
Application of capital funding:											
<i>Capital expenditure</i>											
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
2,703	- to improve levels of service	2,671	1,195	584	-	-	112	-	-	-	-
1,047	- to replace existing assets	1,565	1,214	2,381	327	992	268	1,048	181	704	1,065
(1,971)	Increase (decrease) in reserves	(3,028)	(765)	(1,139)	1,796	845	1,540	1,158	1,843	1,680	1,152
-	Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
1,778	Total application of capital funding	1,209	1,644	1,826	2,123	1,837	1,921	2,206	2,024	2,384	2,217
(1,778)	Surplus (deficit) of capital funding	(1,209)	(1,644)	(1,826)	(2,123)	(1,837)	(1,921)	(2,206)	(2,024)	(2,384)	(2,217)
Funding balance											

Safety and Hazards

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

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

Council safety and hazards activities contribute to the community outcomes as follows:

Activities	Community Outcomes				
	Healthy Environment	Connected Community	Engaged and Proud Community	Strong Economy	Future-Proofed Region
Emergency Management		◆			❖
Natural Hazards	◆		❖		◆
Flow Forecasting	◆			❖	❖
Climate Change Adaptation	❖	❖	❖	❖	◆

Estimated Safety and Hazards expenditure (including capital expenditure and depreciation) by activity is as follows:

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s
2,412	Emergency Management	2,454	2,416	2,460
815	Natural Hazards	749	561	542
150	Flow forecasting	134	159	199
364	Climate change adaptation	683	625	510
3,741	Total expenditure	4,020	3,760	3,712

Emergency Management

What we do and why

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

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

What we will deliver

Activity	Level of service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021-2028
Otago Civil Defence Emergency Management Group (CDEM)	Provide a region-wide coordinated response in the event of civil defence emergency to reduce the impacts on people	Time taken for the Group Emergency Coordination Centre to be activated in response to a civil defence event or emergency	60 minutes	60 minutes	60 minutes	60 minutes
		A Group CDEM controller or alternate controller is available 24 hours, 7 day a week response for 365 days a year	Achieved	Achieved	Achieved	Achieved
	Prepare and implement robust integrated suite of issue focused and community-based plans and strategies	An operative Group CDEM Plan is reviewed within statutory timeframes and fully implemented	Achieved	Achieved	Achieved	Achieved
		Full suite of community plans across the region is in place and remain under continuous review	Achieved	Achieved	Achieved	Achieved
		Full suite of issues plans for across the region is in place and remain under continuous review including: <ul style="list-style-type: none"> Regional Dam Failure Plan Regional Animal Response Plan South Island Alpine Fault Plan Coast Tsunami Plan 	Achieved	Achieved	Achieved	Achieved

Natural hazards, flow forecasting and climate change adaptation

What we do and why

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

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

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

What we will deliver

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

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

Activity	Level of service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021-2028
Natural Hazards	Provide timely and high quality information and understanding about natural hazards and work proactively with territorial authorities and the community to improve understanding of the risks natural hazards pose so that informed decision and responses can be made	Natural hazard information is available to the public and to communities via an effective web-based Otago Natural Hazards Database 24 hours a day/7 days a week	Achieved	Achieved	Achieved	Achieved
	Investigate and respond if required to natural hazards events as they occur to reduce the risk where warranted	Natural hazards events and consequences are properly and timely reported on so that appropriate measures to reduce risk are taken	Achieved	Achieved	Achieved	Achieved
Flood warnings	Provide timely warnings of potential flood events	Accurate and reliable rainfall and river flow information is provided to territorial authorities and the community, and is provided in an efficient and timely fashion	Achieved	Achieved	Achieved	Achieved
Effects of climate change	Assist communities to understand and adapt to the effects of climate change	Knowledge and understanding of the likely effects of climate change in Otago are properly	Achieved	Achieved	Achieved	Achieved

		and timely disseminated so that informed decisions and responses can be made				
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Funding Impact Statement – Safety and Hazards

2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
Sources of operating funding:											
505	General rates, UAGC and rate penalties	608	580	595	685	702	595	552	571	667	531
2,412	Targeted rates	2,454	2,416	2,460	2,514	2,584	2,641	2,702	2,763	2,827	2,892
-	Subsidies and grants	-	-	-	-	-	-	-	-	-	-
-	Fees and charges	-	-	-	-	-	-	-	-	-	-
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
755	Fines, infringement fees and other receipts	720	522	514	570	584	521	495	496	563	488
3,672	Total operating funding	3,782	3,518	3,569	3,770	3,870	3,757	3,750	3,831	4,057	3,911
Application of operating funding:											
2,296	Payments to staff and suppliers	1,270	1,112	1,060	2,584	2,504	2,020	2,010	2,225	2,221	2,077
-	Finance costs	-	-	-	-	-	-	-	-	-	-
1,437	Internal charges and overheads	2,730	2,628	2,641	1,429	1,616	1,535	1,539	1,604	1,834	1,833
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
3,733	Total applications of operating funding	4,000	3,740	3,701	4,013	4,120	3,555	3,548	3,829	4,055	3,910
(61)	Surplus (deficit) of operating funding	(218)	(222)	(132)	(243)	(250)	202	202	1	1	1
Sources of capital funding:											
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	Total sources of capital funding	-	-	-	-	-	-	-	-	-	-
Application of capital funding:											
<i>Capital expenditure</i>											
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve levels of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
(61)	Increase (decrease) in reserves	(218)	(222)	(132)	(243)	(250)	202	202	1	1	1
-	Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
(61)	Total application of capital funding	(218)	(222)	(132)	(243)	(250)	202	202	1	1	1
61	Surplus (deficit) of capital funding	218	222	132	243	250	(202)	(202)	(1)	(1)	(1)
Funding balance											

Transport

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

Council's transport activity contributes to the community outcomes as follows:

Activities	Community Outcomes				
	Healthy Environment	Connected Community	Engaged and Proud Community	Strong Economy	Future-Proofed Region
Public Passenger Transport	❖	◆	❖	◆	❖
Stock Effluent Disposal	◆			❖	❖

Estimated Transport expenditure (including capital expenditure and depreciation) by activity is as follows:

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

What we do and why

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

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

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

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

What we will deliver

Activity	Level of service	Performance Measures	Targets			
			2018/19	2019/20	2020/21	2021-2028
Public passenger transport services	To provide efficient and reliable public transport services that meet community needs	Reliability of service – percentage of monitored services that leave the terminus on time	95%	95%	95%	95%
		Vehicle quality – percentage of vehicles that comply with Regional Passenger Transport	100%	100%	100%	100%

		Vehicle quality standard				
		Public Satisfaction – percentage of bus users that are satisfied with the overall standard of service	85%	85%	85%	85%
		Patronage in Dunedin – percentage growth on contracted services above 2017/18 levels	3%	3%	3%	3%
		Patronage in Queenstown – percentage growth increase on contracted services	105% above 2017 levels	5%	5%	5%

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

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

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

Assumptions we have made

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

Funding Impact Statement – Transport											
2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
Sources of operating funding:											
198	General rates, UAGC and rate penalties	229	259	270	280	284	286	286	300	308	305
4,232	Targeted rates	4,694	5,229	5,722	6,310	7,022	7,243	7,517	7,787	7,760	7,728
10,517	Subsidies and grants	8,910	9,206	8,888	8,739	8,710	8,884	9,081	9,144	9,346	9,533
97	Fees and charges	236	241	139	105	107	110	112	115	118	120
-	Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-
7,220	Fines, infringement fees and other receipts	8,029	8,495	8,858	9,142	9,764	9,968	10,167	10,599	10,804	11,034
22,264	Total operating funding	22,098	23,432	23,877	24,576	25,886	26,491	27,164	27,946	28,336	28,721
Application of operating funding:											
23,988	Payments to staff and suppliers	23,161	24,275	23,965	24,435	24,889	25,379	25,899	26,413	26,954	27,486
1	Finance costs	2	2	2	2	2	2	2	2	2	2
444	Internal charges and overheads	1,073	1,009	1,039	532	617	633	667	680	715	735
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
24,432	Total applications of operating funding	24,236	25,285	25,006	24,968	25,507	26,014	26,568	27,095	27,671	28,223
(2,169)	Surplus (deficit) of operating funding	(2,138)	(1,853)	(1,129)	(392)	379	477	596	851	665	497
Sources of capital funding:											
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	Total sources of capital funding	-	-	-	-	-	-	-	-	-	-
Application of capital funding:											
<i>Capital expenditure</i>											
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
426	- to improve levels of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
(2,595)	Increase (decrease) in reserves	(2,138)	(1,853)	(1,129)	(392)	379	477	596	851	665	497
-	Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
(2,169)	Total application of capital funding	(2,138)	(1,853)	(1,129)	(392)	379	477	596	851	665	497
2,169	Surplus (deficit) of capital funding	2,138	1,853	1,129	392	(379)	(477)	(596)	(851)	(665)	(497)
Funding balance											

Part 4 – Financial Information

Significant Forecasting Assumptions

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

Sources of Funds for Future Replacement of Significant Assets

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

Growth Change Factors

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

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

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

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

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

Inflation

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

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

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

NZ Transport Agency Subsidy Rates

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

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

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

Useful Lives of Significant Assets

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

Revaluation of Non-Current Assets

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

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

The risk of these assumptions is assessed as having a high level of uncertainty. However, the monetary impact of any changes to the level of revaluation each year is nil. There is no direct impact on ratepayers as to the value of these investments.

Forecast Return on Investments

Forecast returns used in the estimates are as follows:

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

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

Capital Expenditure

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

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

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

Investment Properties

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

Legislation

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

Climate Change

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

Natural Disasters

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

This assumption has a high level of uncertainty.

Funding Impact Statement

2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
Sources of operating funding:											
7,275	General rates, UAGC and rates penalties	8,713	10,389	11,116	11,466	11,737	11,490	11,460	12,098	12,705	11,961
13,635	Targeted rates	14,366	15,180	16,234	17,155	18,233	18,657	19,158	19,615	19,785	19,949
11,926	Subsidies and grants	9,790	10,187	9,145	8,941	8,912	9,133	9,294	9,356	9,609	9,757
3,426	Fees and charges	3,310	3,415	3,407	3,233	3,401	3,497	3,552	3,544	3,621	3,701
10,512	Interest and dividends from investments	9,962	9,412	9,612	9,812	10,012	10,212	10,412	10,612	10,812	11,012
9,140	Fines, infringement fees and other receipts	9,985	10,465	10,862	11,141	11,788	12,073	12,286	12,744	12,969	13,228
55,913	Total operating funding	56,126	59,048	60,377	61,749	64,082	65,061	66,162	67,969	69,500	69,608
Applications of operating funding:											
55,437	Payments to staff and suppliers	56,333	58,430	58,711	58,742	60,851	60,979	61,701	63,832	64,940	65,392
138	Finance costs	124	127	129	132	135	138	142	145	148	152
52	Other operating funding applications	58	59	60	62	63	64	66	67	69	71
55,745	Total applications of operating funding	56,514	58,616	58,901	58,936	61,049	61,182	61,909	64,044	65,157	65,615
(161)	Surplus (deficit) of operating funding	388	(432)	(1,477)	(2,813)	(3,033)	(3,879)	(4,253)	(3,925)	(4,344)	(3,994)
Sources of capital funding:											
-	Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	500	410	419	429	438	448	459	469	480	491
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	Total sources of capital funding	500	410	419	429	438	448	459	469	480	491
Application of capital funding											
<i>Capital expenditure</i>											
-	- to meet demand	-	-	-	-	-	-	-	-	-	-
3,475	- to improve level of service	3,906	2,048	1,367	930	682	810	714	730	747	764
3,347	- to replace existing assets	3,244	2,822	4,062	1,945	2,648	1,961	2,780	1,953	2,516	2,920
(6,660)	Increase (decrease) in reserves	(7,039)	(4,028)	(3,532)	367	142	1,557	1,218	1,711	1,560	801
-	Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-
161	Total applications of capital funding	112	842	1,896	3,242	3,472	4,328	4,712	4,394	4,824	4,485
(161)	Surplus (deficit) of capital funding	(388)	432	1,477	2,813	3,033	3,879	4,253	3,925	4,344	3,994
-	Funding balance	-	-	-	-	-	-	-	-	-	-

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

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2018/19 including GST	Estimated rates payable including GST		
				Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
General rates:						
General rates						
- contributes to all activities of council.	Capital value	Where the property is situated.	\$7,515,000 allocated as: Central Otago \$857,000 Clutha \$757,000 Dunedin \$2,923,000 Queenstown \$2,401,000 Waitaki \$577,000	\$23.29 \$23.71 \$32.05 \$18.91 \$23.99	\$55.90 \$56.91 \$76.81 \$45.39 \$57.58	\$372.68 \$379.40 \$512.76 \$302.60 \$383.88
Uniform Annual General Charge						
- contributes to all activities of council	Fixed charge per rating unit.		\$2,505,000 calculated as \$23.46 per rating unit.	\$23.46	\$23.46	\$23.46
Targeted rates – refer to maps of targeted rating areas						
Dairy monitoring						
	Fixed charge per dairy shed	The activity of being a dairy farm.	\$216,000 allocated as \$506.32 per dairy shed.	\$506.32	\$506.32	\$506.32
Flood protection and control works						
- Leith flood protection scheme	Capital value	Where the property is situated within the defined scheme area.	\$1,680,000 allocated as: Direct benefit zone: - Forsyth Barr Stadium \$34,000 - Excluding stadium \$806,000 Indirect benefit zone \$840,000	\$45.23 \$240.99 \$14.05	\$108.55 \$578.37 \$33.71	\$723.64 \$3,855.80 \$224.72

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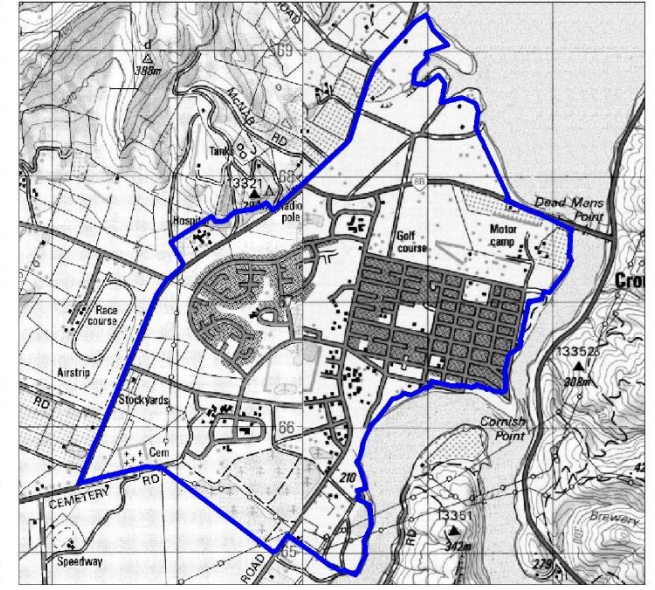
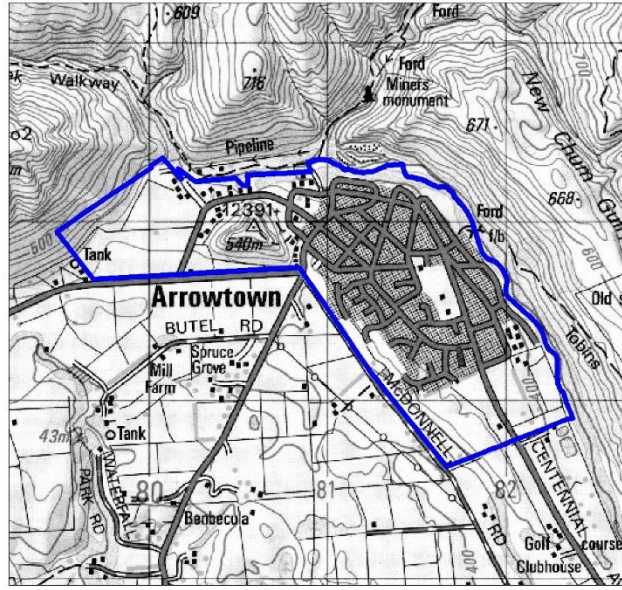
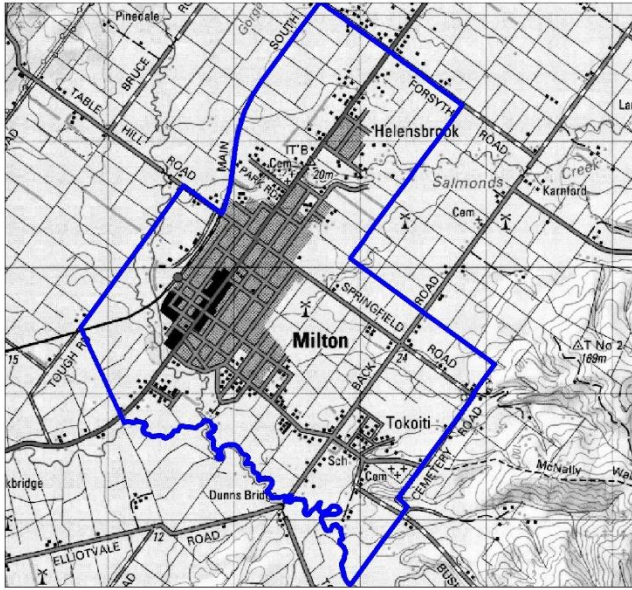
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2018/19 including GST	Estimated rates payable including GST		
				Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
- Lower Clutha flood and drainage scheme	Capital value	Where the property is situated using approved classifications.	\$748,000 allocated as:			
			A \$54,000	\$1,331.35	\$3,195.23	\$21,301.56
			B \$136,000	\$528.63	\$1,268.71	\$8,458.04
			C \$270,000	\$499.26	\$1,198.22	\$7,988.12
			D \$46,000	\$313.26	\$751.82	\$5,012.12
			E \$41,000	\$166.42	\$399.41	\$2,662.72
			F \$23,000	\$19.58	\$46.99	\$313.28
			U1 \$3,000	\$528.56	\$1,268.54	\$8,456.96
			U2 \$133,000	\$176.21	\$422.90	\$2,819.32
			U3 \$7,000	\$39.16	\$93.97	\$626.48
			U4 \$35,000	\$29.37	\$70.48	\$469.88
- Lower Taieri flood protection scheme	Capital value	Where the property is situated using approved classifications.	\$863,000 allocated as:			
			WF1 \$431,000	\$532.22	\$1,255.72	\$8,371.48
			WF2 \$334,000	\$309.59	\$743.02	\$4,953.44
			WF3 \$200	\$4.89	\$11.73	\$78.20
			WF4 \$190	\$7.65	\$18.35	\$122.32
			WF5 \$1	\$0.60	\$1.44	\$9.60
			WF6 \$5	\$0.89	\$2.14	\$14.24
			WF7 \$2	\$0.86	\$2.07	\$13.80
			WF8 \$900	\$36.78	\$88.27	\$588.48
			WF9 \$2	\$0.50	\$1.19	\$7.92
			EF1 \$22,000	\$281.99	\$676.76	\$4,511.76
			EF2 \$32,000	\$294.97	\$707.93	\$4,719.52
			EF3 \$1,000	\$293.53	\$704.46	\$4,696.40
			EF4 \$8,500	\$238.21	\$571.71	\$3,811.40
			EF5 \$1,400	\$6.62	\$15.88	\$105.88
EF6 \$1,100	\$292.85	\$702.85	\$4,685.64			
EF7 \$500	\$4.03	\$9.67	\$64.44			
EF8 \$23,000	\$3.80	\$9.12	\$60.80			
EF9 \$2,000	\$1.76	\$4.23	\$28.20			
EF10 \$1,200	\$2.20	\$5.27	\$35.12			
EF12 \$1,600	\$346.31	\$831.15	\$5,541.00			
EF13 \$2,400	\$346.24	\$830.97	\$5,539.80			

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2018/19 including GST	Estimated rates payable including GST		
				Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
- East Taieri drainage scheme	Differential rate per hectare	Where the property is situated within the defined scheme area.	\$388,000 allocated as follows: ED1 \$140,000 ED2 \$94,000 ED4 \$14,000 ED5 \$56,000 ED7 \$17,000 ED8 \$33,000 ED9 \$23,000 ED10 \$11,000	\$153.83 \$120.36 \$129.69 \$58.50 \$204.55 \$38.81 \$33.67 \$29.81	\$153.83 \$120.36 \$129.69 \$58.50 \$204.55 \$38.81 \$33.67 \$29.81	\$153.83 \$120.36 \$129.69 \$58.50 \$204.55 \$38.81 \$33.67 \$29.81
	Uniform rate per hectare	Where the property is situated within the defined scheme area.	\$130,000 allocated to ED1, ED2, ED4, ED5, ED8, ED9 and ED10	\$27.63	\$27.63	\$27.63
- West Taieri drainage scheme	Differential rate per hectare	Where the property is situated within the defined scheme area.	\$443,000 allocated as: WD1 \$ WD2 \$ WD3 \$ WD4 \$ WD5 \$	\$83.79 \$23.02 \$62.52 \$83.79 \$0.34	\$83.79 \$23.02 \$62.52 \$83.79 \$0.34	\$83.79 \$23.02 \$62.52 \$83.79 \$0.34
	Uniform rate per hectare	Where the property is situated within the defined scheme area.	\$190,000 allocated to WD1, WD2, WD3 and WD4.	\$26.23	\$26.23	\$26.23
- Tokomairiro drainage scheme	Capital value	Where the property is situated within the defined scheme area.	\$121,000 allocated as: A \$7,000 B \$14,000 C \$16,000 D \$24,000 E \$12,000 F \$19,000 U1 \$29,000	\$162.99 \$122.25 \$97.80 \$73.35 \$40.75 \$16.30 \$24.45	\$391.18 \$293.39 \$234.71 \$176.03 \$97.79 \$39.12 \$58.68	\$2,607.88 \$1,955.92 \$1,564.72 \$1,173.56 \$651.96 \$260.80 \$391.20
- Shotover Delta	Capital Value	Where the property is situated within the defined scheme area.	\$92,000	\$1.23	\$2.96	\$19.72

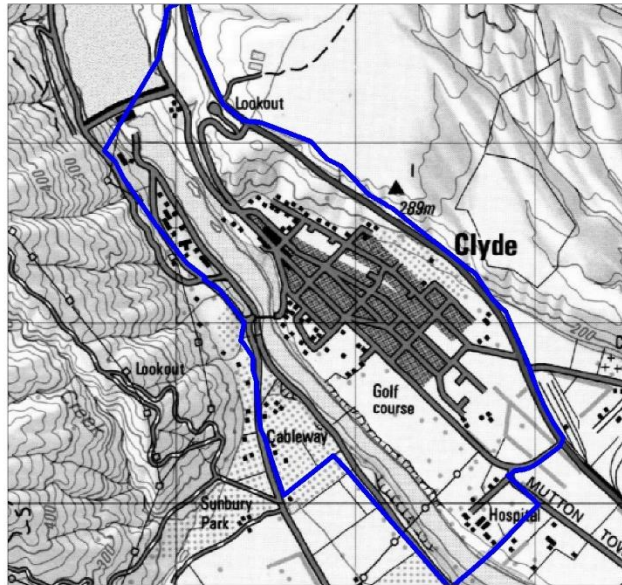
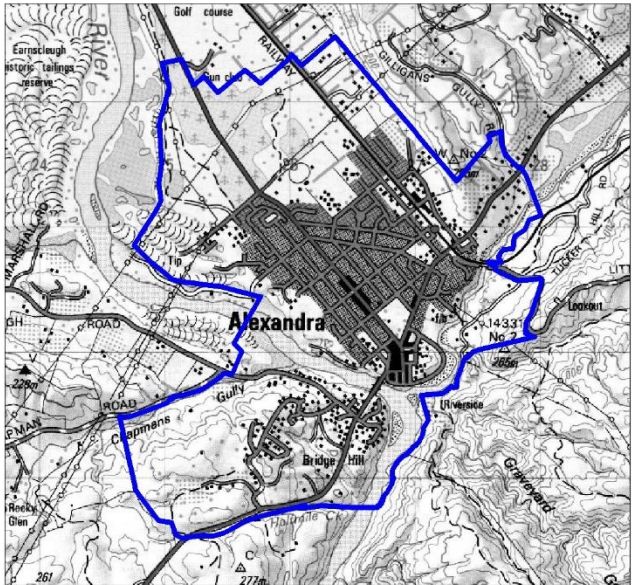
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2018/19 including GST	Estimated rates payable including GST		
				Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
River Management						
- City and district river management	Capital value	Where the property is situated	\$1,760,00 allocated as: Central Otago \$345,000 Clutha \$345,000 Dunedin \$230,000 Waitaki \$460,000 Wakatipu \$173,000 Wanaka \$207,000	\$9.38 \$10.81 \$2.52 \$19.13 \$1.98 \$5.19	\$22.51 \$25.93 \$6.05 \$45.90 \$4.76 \$12.44	\$150.04 \$172.88 \$40.36 \$306.00 \$31.72 \$82.96
- Lower Waitaki	Capital value	Where the property is situated within the defined scheme area	\$163,000 allocated as: A \$101,000 B \$62,000	\$301.58 \$150.80	\$723.78 \$361.91	\$4,825.20 \$2,412.72
Water quality	Capital value	Land use type being: - Rural arable farming - Rural dairy - Rural forestry - Rural market gardens and orchards - Rural mineral extraction - Rural multi use within rural industry - Rural specialist livestock - Rural stock finishing - Rural store livestock - Rural vacant - Lifestyle 2 hectares and above	\$1,270,000 Central Otago \$266,000 Clutha \$367,000 Dunedin \$189,000 Queenstown \$251,000 Waitaki \$197,000	\$17.23 \$15.32 \$17.04 \$15.32 \$15.32	\$41.34 \$36.76 \$40.88 \$36.76 \$36.76	\$275.60 \$245.08 \$272.56 \$245.08 \$245.08
Wilding trees	Fixed charge per rating unit		\$240,000 allocated as \$2.25 per rating unit	\$2.25	\$2.25	\$2.25

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2018/19 including GST	Estimated rates payable including GST		
				Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
Emergency Management	Fixed charge per rating unit.		\$2,822,000	\$26.43	\$26.43	\$26.43
Transport						
- Dunedin passenger transport	Capital value	Where the property is situated within the defined scheme area, and differentiated on basis of land use – Class A – non-residential Class B - others	\$4,574,000 allocated as: Class A \$1,377,000 Class B - Dunedin \$3,176,000 - Waitaki \$20,000	\$178.27	\$427.84	\$2,852.28
- Wakatipu passenger transport	Capital value	Where the property is situated within the defined scheme area, and differentiated on basis of land use – Class A – non-residential Class B - others	\$826,000 allocated as: Class A \$213,000 Class B \$613,000	\$18.66	\$44.77	\$298.48
				\$9.33	\$22.39	\$149.24

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

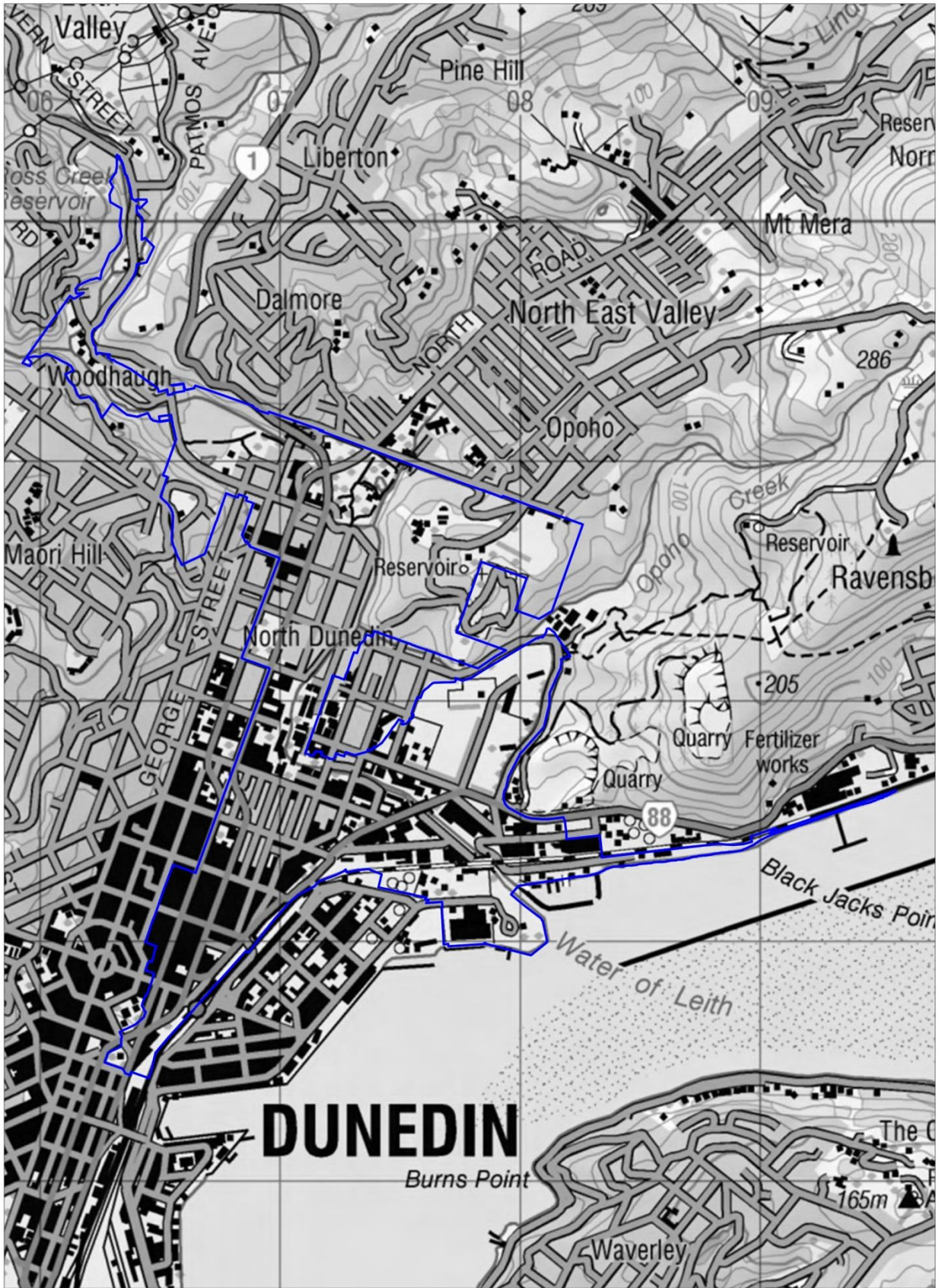


CLEAN HEAT CLEAN AIR TARGETED RATING AREAS



LEGEND

———— Rating Area Boundary

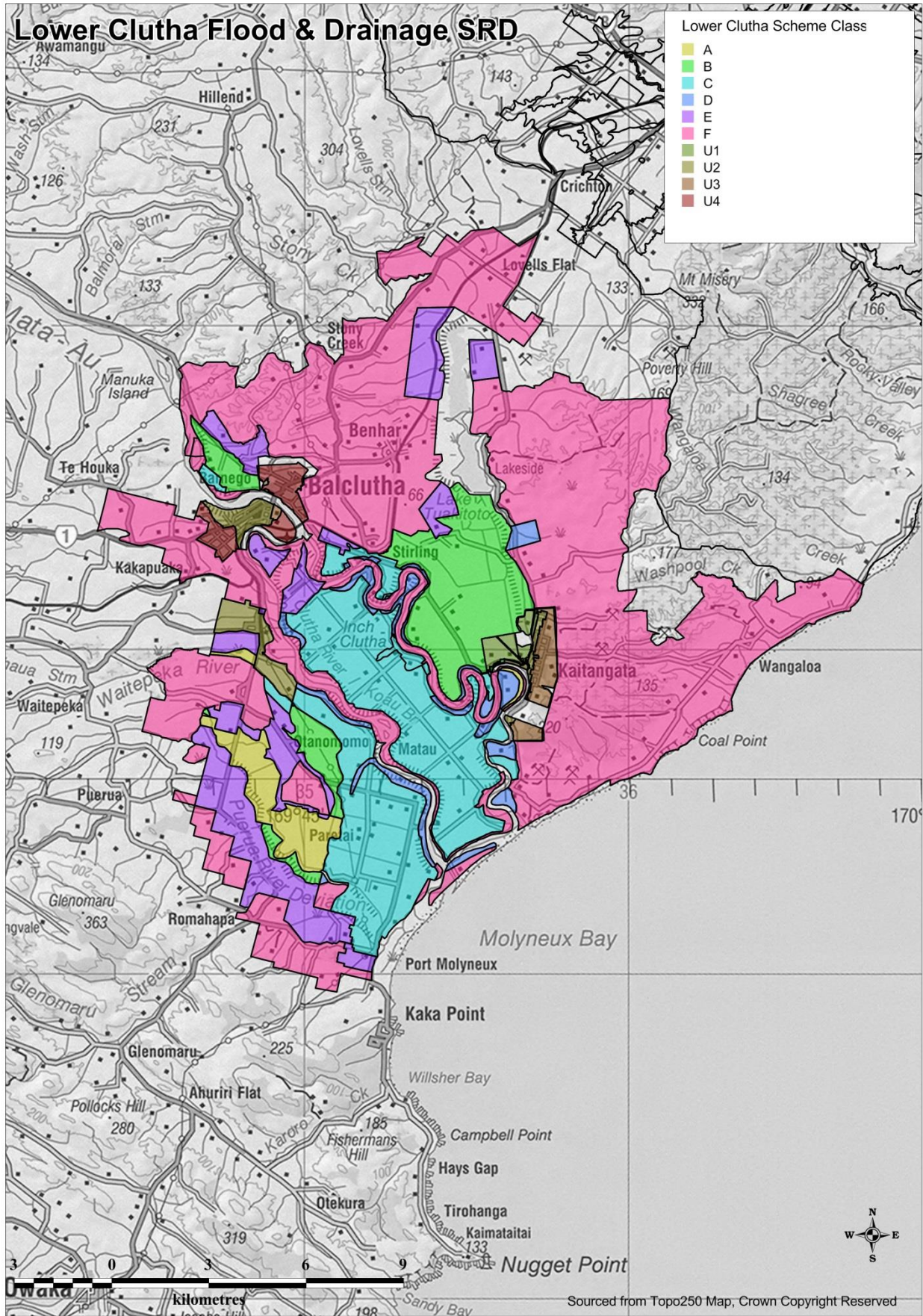


**Leith Flood Protection Scheme -
Direct Benefit Zone**

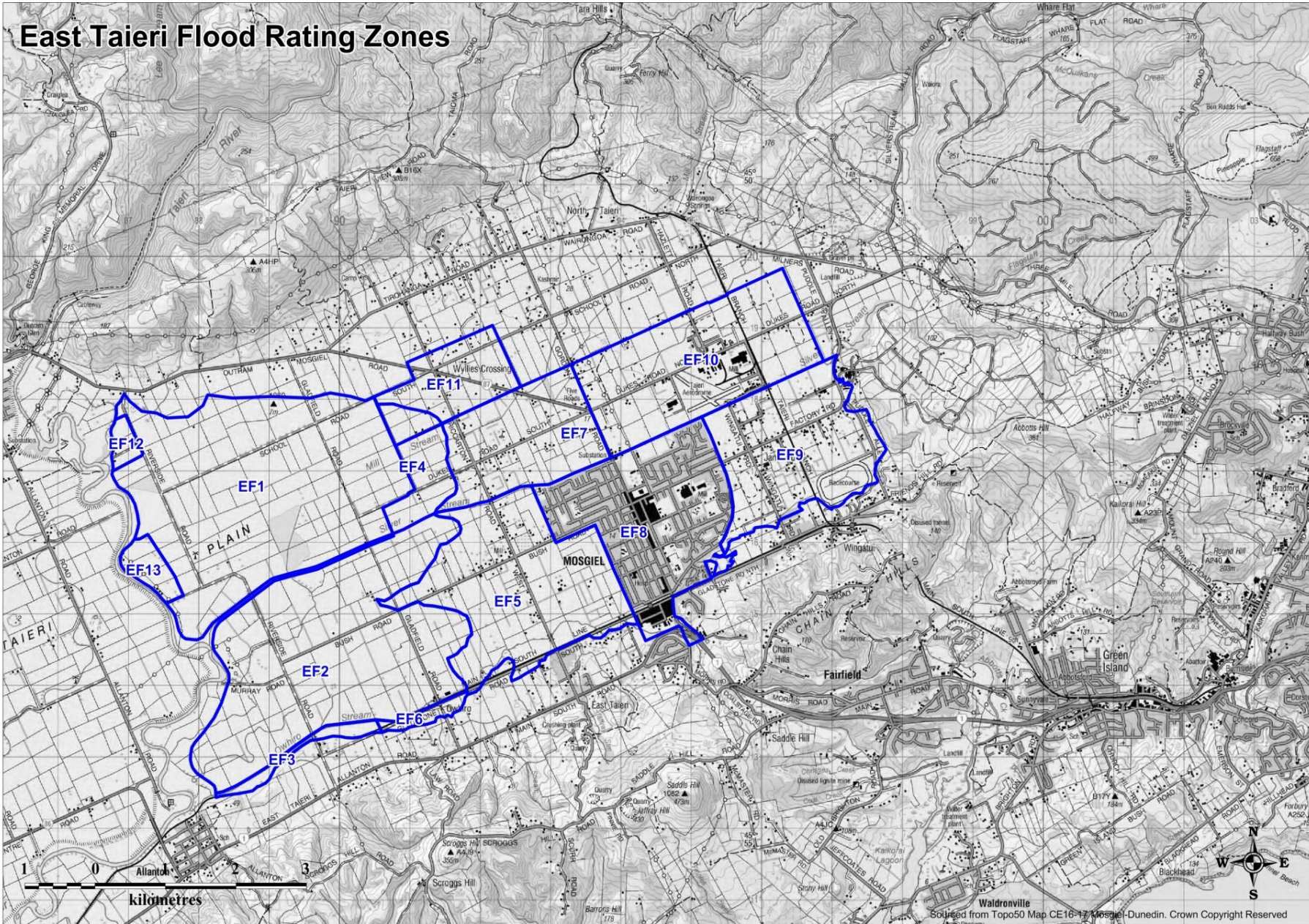
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Lower Clutha Flood & Drainage SRD

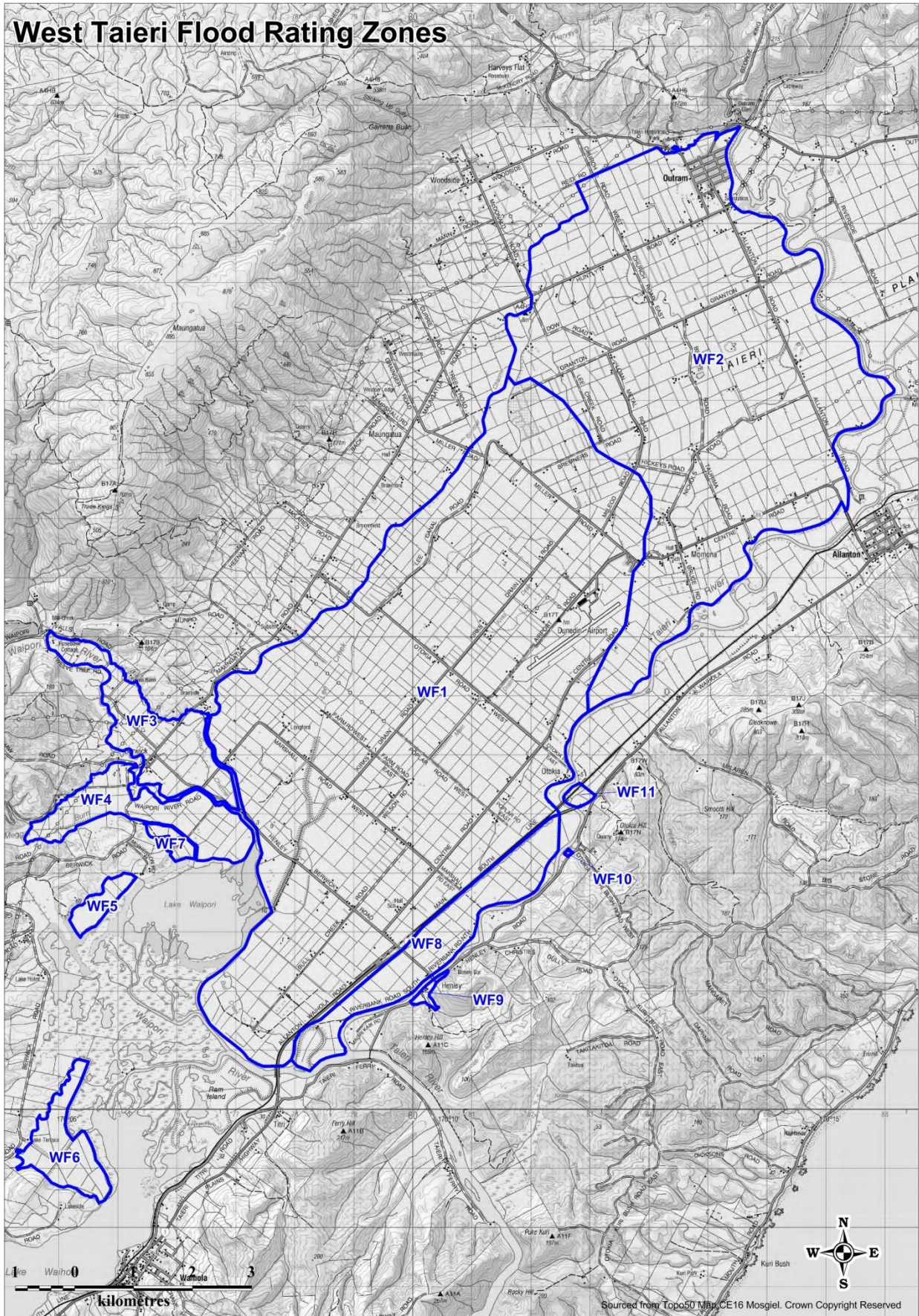


East Taieri Flood Rating Zones

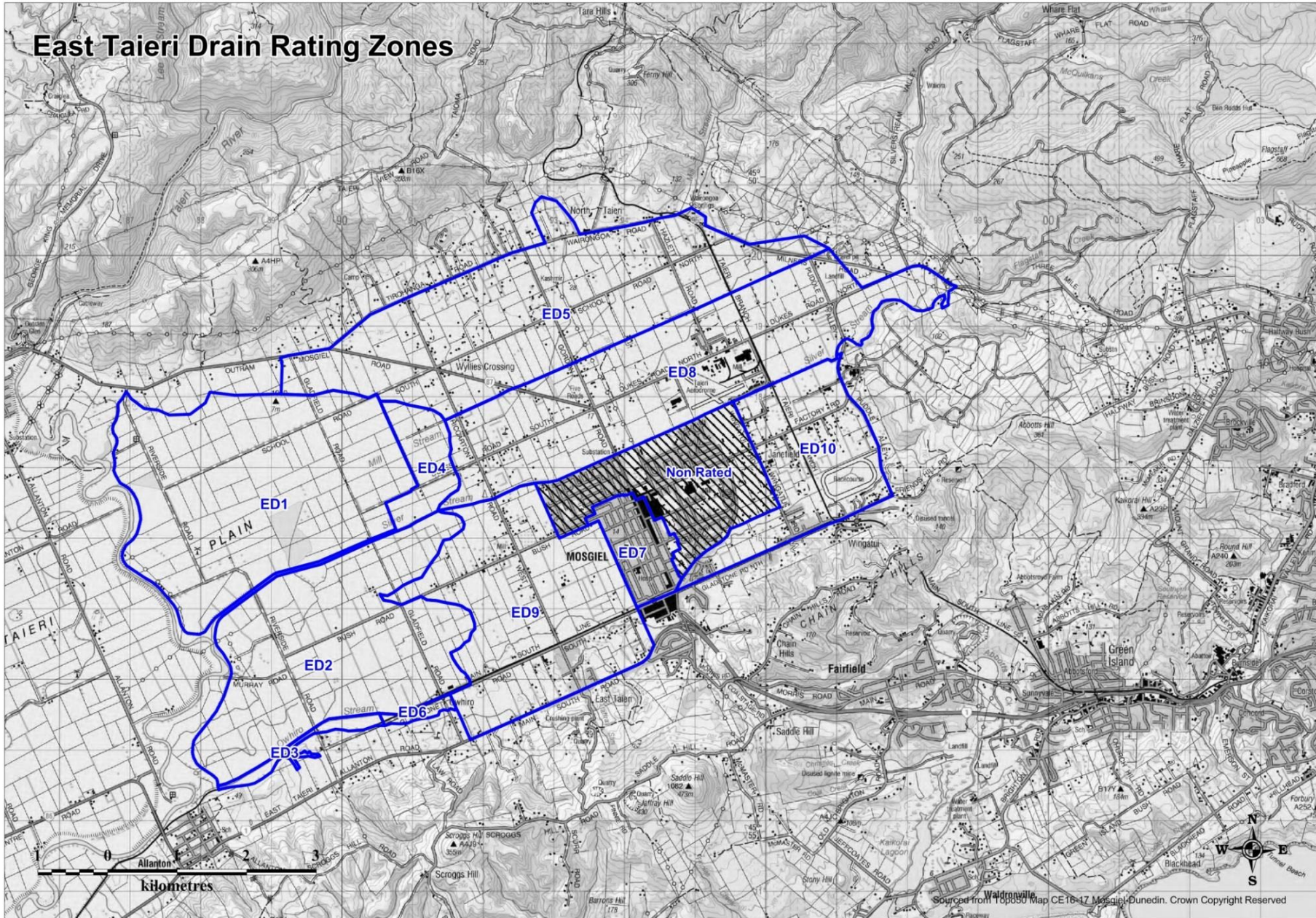


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West Taieri Flood Rating Zones

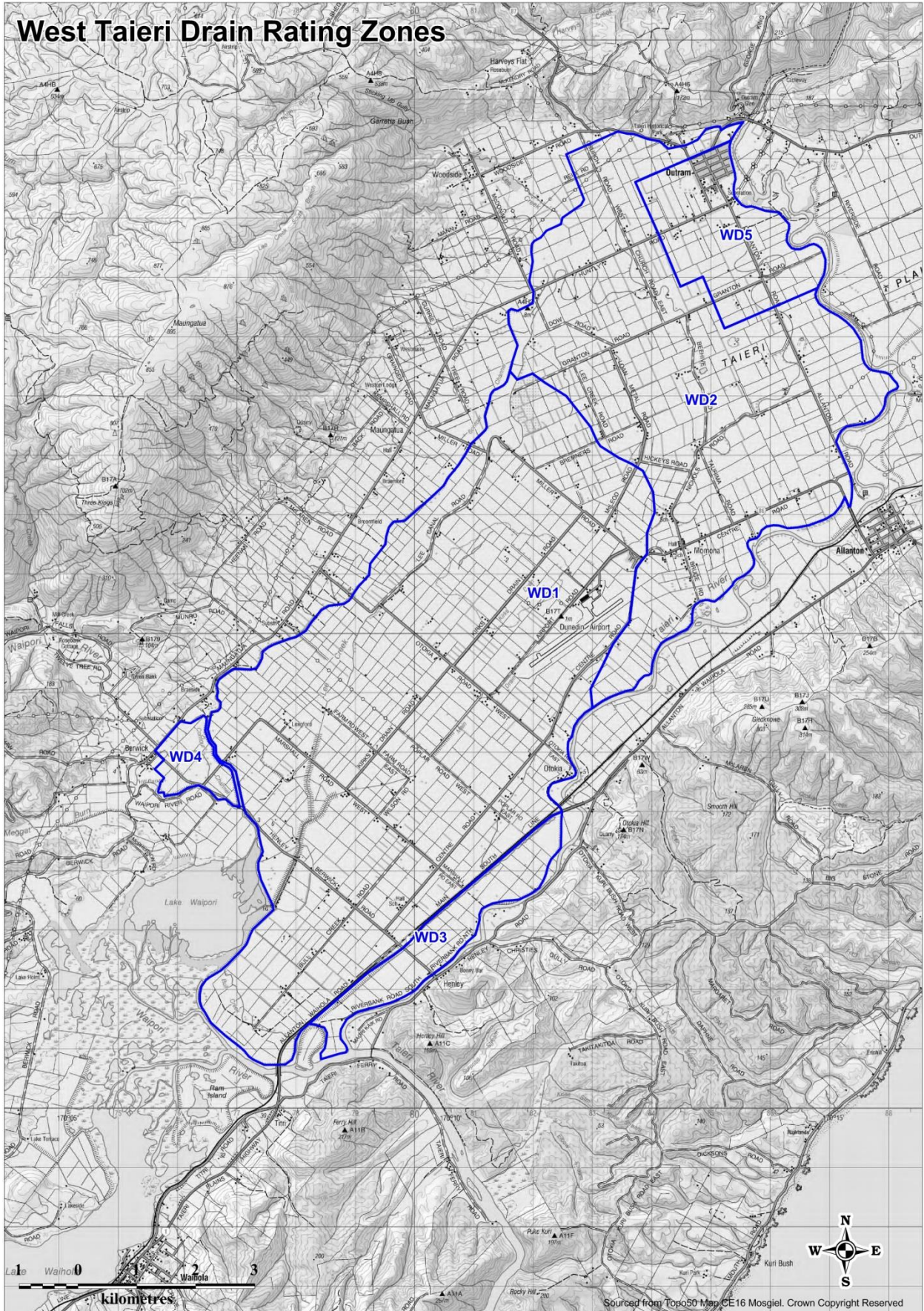


East Taieri Drain Rating Zones

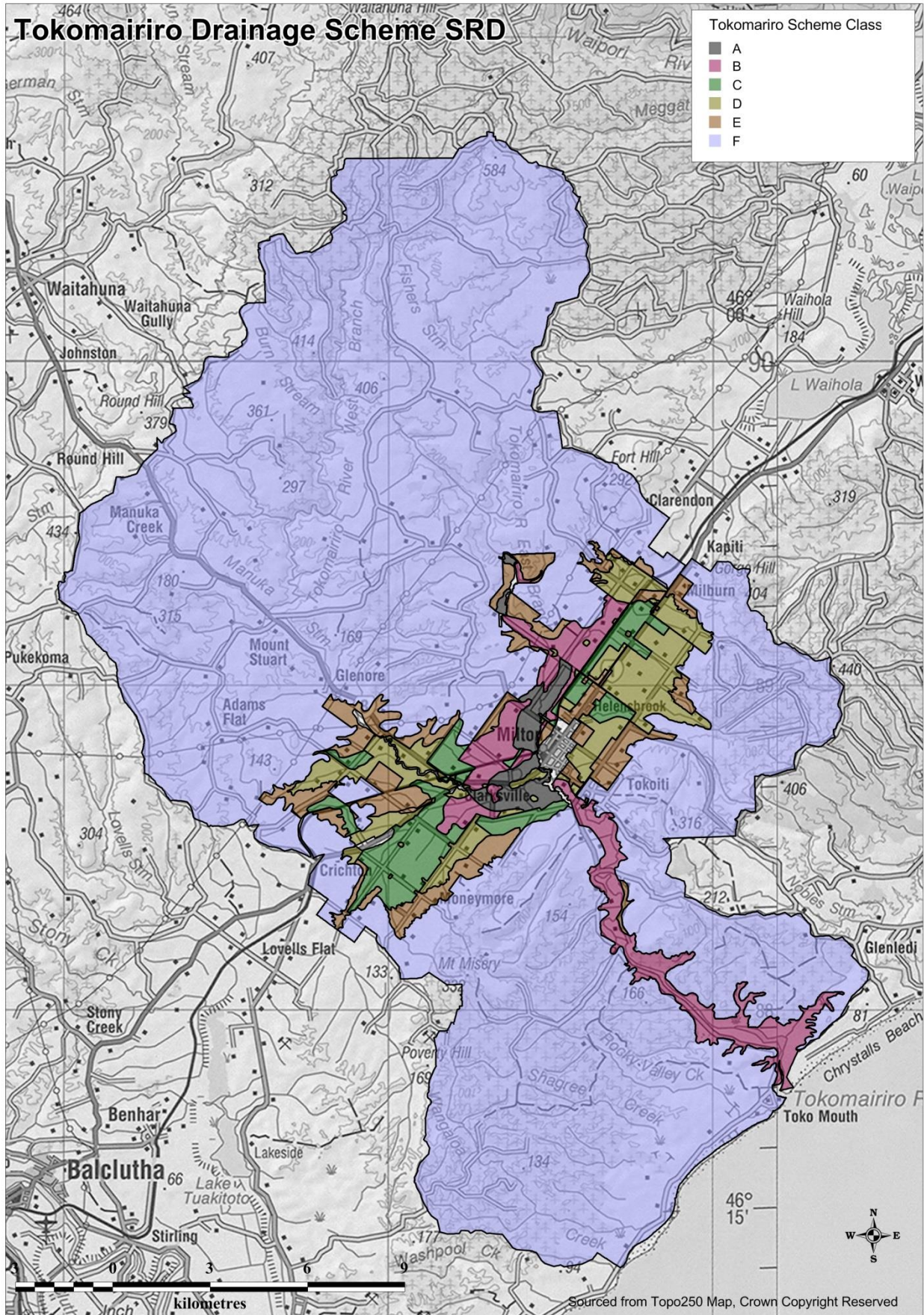


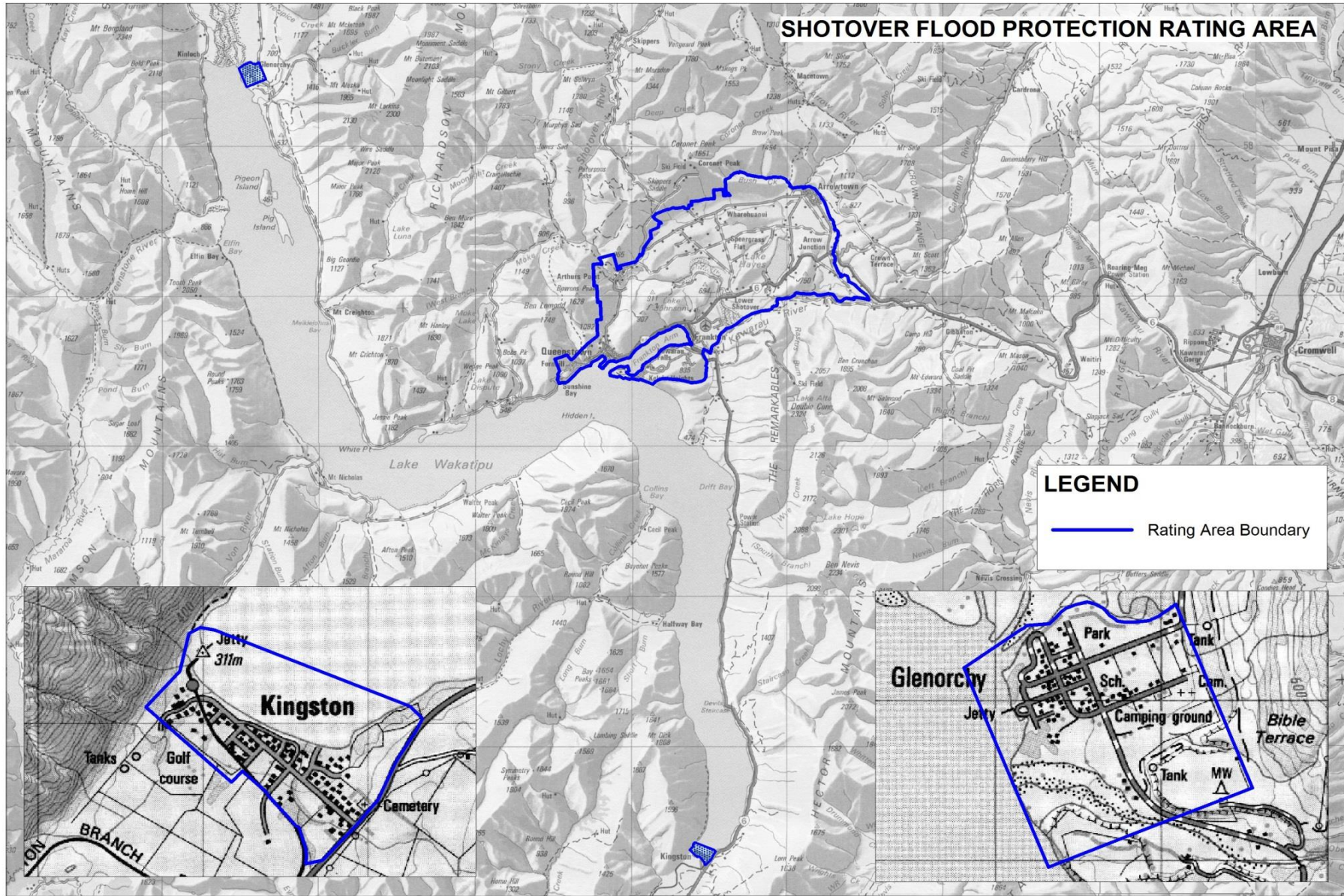
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West Taieri Drain Rating Zones

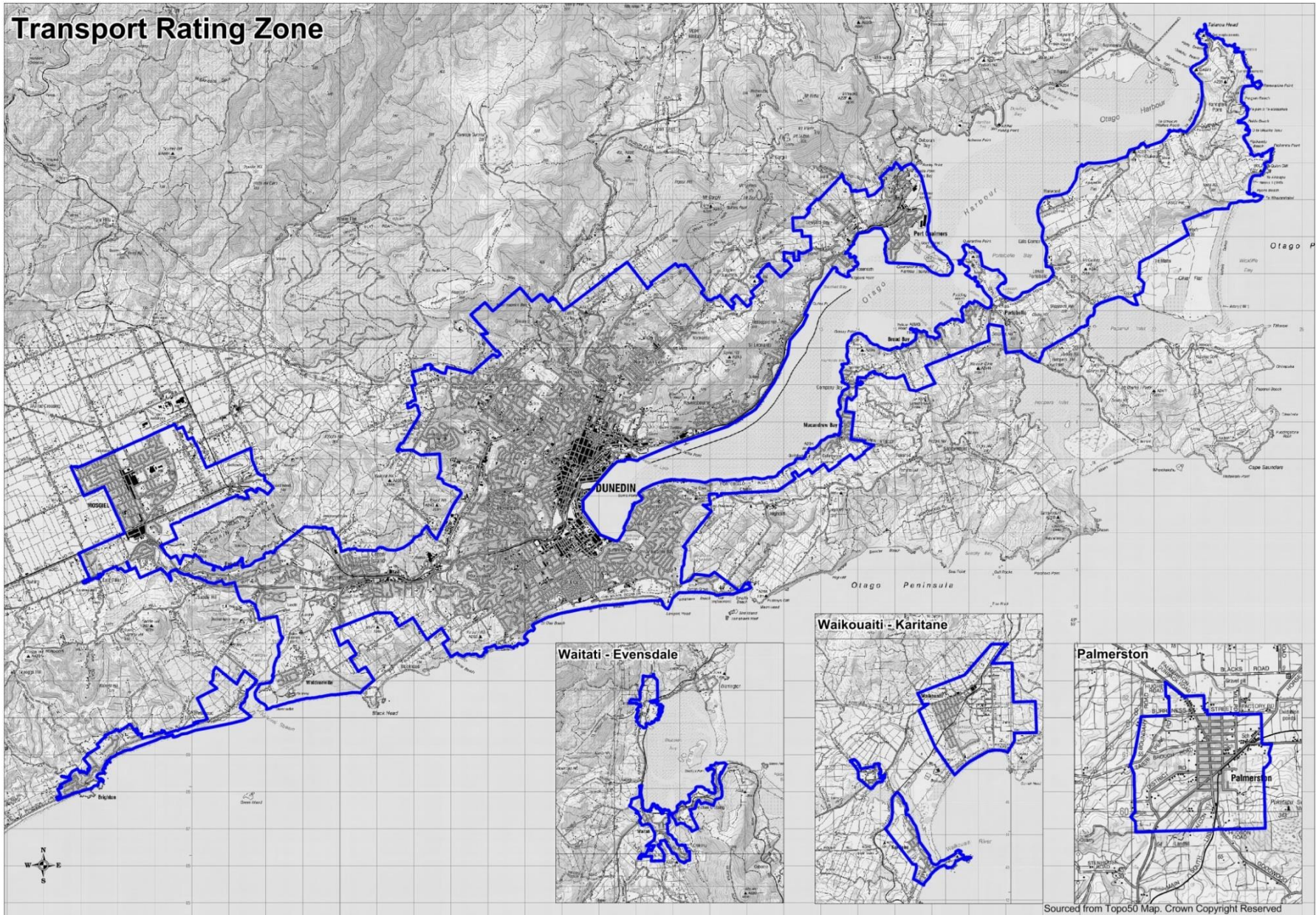


Tokomairiro Drainage Scheme SRD

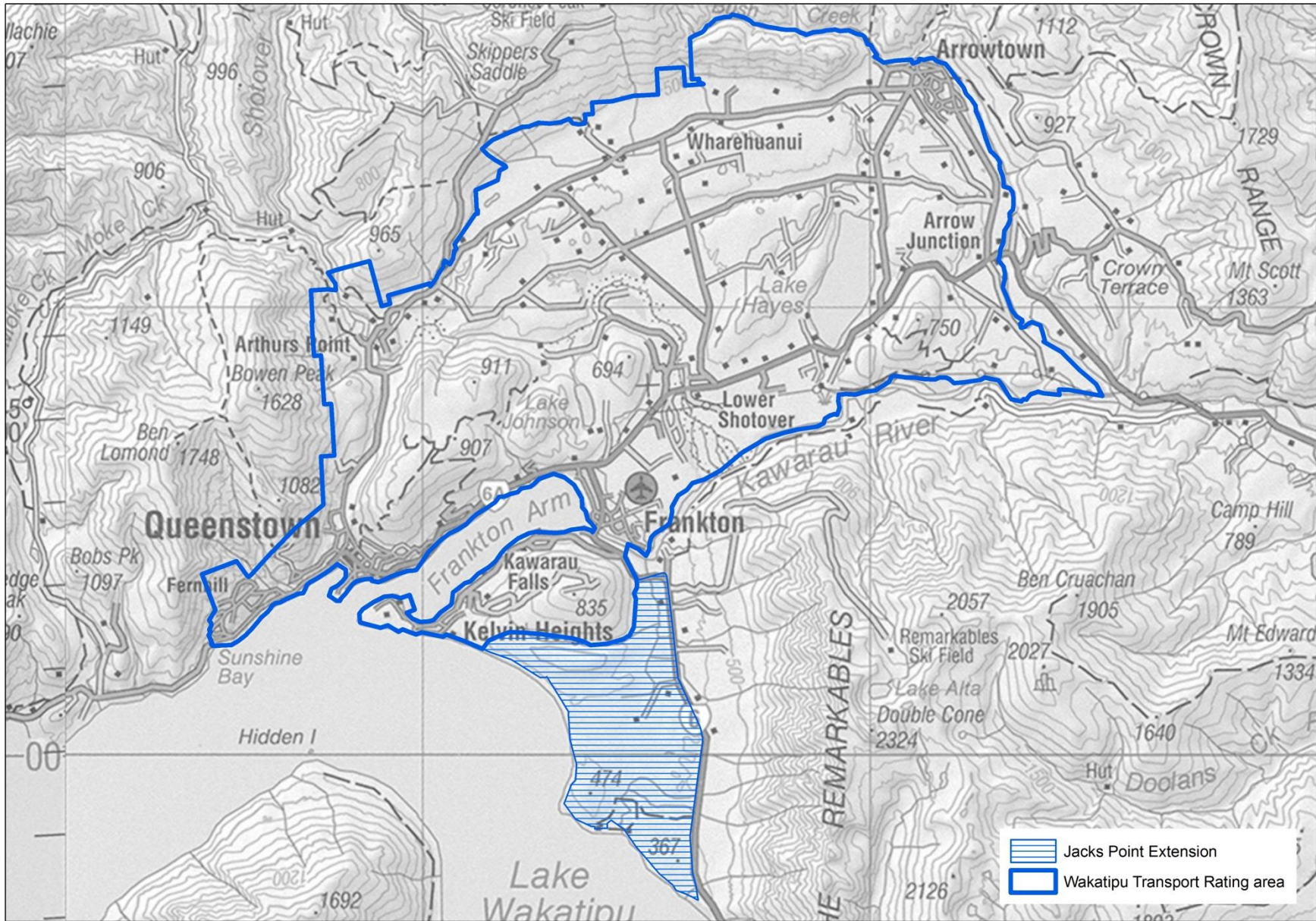




Transport Rating Zone



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Effect of Rating

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

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
7,275	General rates	8,713	10,389	11,116	11,466	11,737	11,490	11,460	12,098	12,705	11,961
-	Targeted air quality rates	-	-	-	-	-	-	-	-	-	-
1,190	Rural water quality rate	1,104	1,141	1,442	1,516	1,567	1,601	1,636	1,671	1,712	1,750
187	Dairy inspection rate	188	188	188	188	188	188	188	188	188	188
Targeted River Management rates:											
300	- Central Otago District	300	300	300	300	300	300	300	330	360	390
265	- Clutha District	300	330	360	390	420	450	480	510	540	570
150	- Dunedin City	200	250	300	350	400	450	500	500	500	500
126	- Lower Waitaki River	142	144	148	152	156	160	163	167	172	176
150	- Wakatipu	150	150	150	150	150	150	150	150	150	150
167	- Wanaka	180	180	180	200	200	200	220	240	260	280
400	- Waitaki District	400	400	400	400	450	450	450	450	450	450
Targeted Passenger Transport Services rate:											
3,632	- Dunedin	3,977	4,384	4,774	5,219	5,730	5,852	5,926	5,996	5,969	5,937
600	- Queenstown	718	845	948	1,091	1,291	1,391	1,591	1,791	1,791	1,790
Targeted Catchment rates:											
425	- East Taieri Drainage	450	475	500	525	550	550	550	550	550	550
1,365	- Leith Flood Protection	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461
600	- Lower Clutha	650	700	750	750	750	750	750	750	750	750
700	- Lower Taieri	750	800	800	800	800	800	800	800	800	800
150	- Shotover Delta	80	80	80	80	80	80	80	80	80	80
95	- Tokomairiro	105	122	134	156	188	210	232	234	236	238
517	- West Taieri Drainage	550	600	650	700	750	750	750	750	750	750
Targeted Wilding Tree rates:											
24	- Central Otago District	25	26	25	26	26	27	28	28	29	29
17	- Clutha District	18	18	18	18	19	19	19	20	20	21
96	- Dunedin City	100	102	101	103	105	108	110	113	115	118
44	- Queenstown Lakes District	46	47	46	47	48	49	50	52	53	54
19	- Waitaki District	20	20	20	20	21	21	22	22	23	23
Emergency Management rates											
286	- Central Otago District	291	287	292	298	307	313	321	328	335	343
210	- Clutha District	214	211	214	219	225	230	235	241	246	252
1,152	- Dunedin City	1,173	1,155	1,176	1,202	1,235	1,262	1,292	1,321	1,351	1,383
527	- Queenstown Lakes District	537	528	538	550	565	577	591	604	618	633
235	- Waitaki District	239	236	240	245	252	257	263	269	276	282

Statement of Comprehensive Revenue and Expense

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
Revenue from non-exchange transactions:											
20,910	Rates revenue	23,079	25,569	27,350	28,621	29,971	30,147	30,618	31,714	32,490	31,910
11,926	Grant revenue and subsidies	9,790	10,187	9,145	8,941	8,912	9,133	9,294	9,356	9,609	9,757
9,611	Other revenue	10,735	13,879	14,270	14,375	15,188	15,570	15,838	16,287	16,590	16,929
Revenue from exchange transactions											
9,000	Dividend	8,450	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300	9,500
1,511	Interest and investment revenue	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512
2,955	Other revenue	2,561	0	0	0	0	0	0	0	0	0
55,913	Total revenue	56,126	59,048	60,377	61,749	64,082	65,061	66,162	67,969	69,500	69,608
Expenditure:											
16,011	Employee benefits expenses	17,561	18,000	18,404	18,825	19,247	19,686	20,142	20,599	21,073	21,565
2,014	Depreciation	2,402	2,507	2,525	2,459	2,472	2,396	2,411	2,508	2,622	2,532
2	Finance costs	2	2	2	2	2	2	2	2	2	2
39,612	Operating expenses	39,355	40,779	40,194	40,170	41,604	41,412	42,002	43,580	44,008	44,205
57,639	Total operating expenditure	59,320	61,287	61,124	61,457	63,325	63,496	64,557	66,689	67,705	68,304
333	Other gains/(losses)	335	345	355	366	377	388	400	412	424	437
(1,393)	Surplus(Deficit) for period	(2,859)	(1,895)	(392)	658	1,134	1,954	2,005	1,692	2,219	1,741
Other comprehensive revenue and expenses											
<i>Item that may be reclassified to surplus/(deficit)</i>											
10,000	Revaluation gain/(loss) – shares in subsidiary	7,000	7,000	9,000	10,000	10,000	10,000	10,000	10,000	10,000	11,000
8,607	Total comprehensive revenue and expenses	4,141	5,105	8,608	10,658	11,134	11,954	12,005	11,692	12,219	12,741

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

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
	Surplus(deficit) of operating funding per funding Impact statement	(388)	432	1477	2813	3033	3879	4253	3925	4344	3994
	<i>Add/(deduct):</i>										
(2,014)	Depreciation	(2,402)	(2,507)	(2,525)	(2,459)	(2,472)	(2,396)	(2,411)	(2,508)	(2,622)	(2,532)
333	Other gains/(losses)	335	345	355	366	377	388	400	412	424	437
119	Other	(404)	(165)	301	(62)	196	82	(237)	(137)	73	(158)
(1,393)	Surplus(Deficit) from activities per Statement of Comprehensive Revenue and Expense	(2,859)	(1,895)	(392)	658	1,134	1,954	2,005	1,692	2,219	1,741

Depreciation by Activity

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
Depreciation											
160	Environment	229	266	275	301	311	317	329	343	376	391
719	Flood protection and control works	805	843	885	890	874	878	817	816	824	694
8	Safety and hazards	20	20	10	8	3	2	2	1	1	1
119	Regulatory	9	12	15	18	20	21	23	25	27	28
7	Transport	40	40	36	36	35	35	35	35	35	32
1,000	Corporate	1,300	1,326	1,303	1,206	1,228	1,143	1,205	1,287	1,359	1,385
2,014	Total depreciation	2,402	2,507	2,525	2,459	2,472	2,396	2,411	2,508	2,622	2,532

Statement of Financial Position

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
	Current assets:										
3,765	Cash and cash equivalents	459	1,273	1,048	1,360	1,704	3,348	4,335	5,915	7,555	8,204
41,198	Other financial assets	44,057	39,057	36,057	36,057	36,057	36,057	36,057	36,057	36,057	36,057
3,286	Trade and other receivables	3,556	3,550	3,544	3,538	3,532	3,526	3,520	3,514	3,508	3,502
-	Inventories	-	-	-	-	-	-	-	-	-	-
1,284	Property intended for sale	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093	1,093
207	Other current assets	261	261	261	261	261	261	261	261	261	261
49,740	Total current assets	49,426	45,234	42,003	42,309	42,647	44,285	45,266	46,840	48,474	49,117
	Non-current assets:										
93,922	Property, plant and equipment	93,212	94,813	96,811	96,271	96,221	95,719	95,974	95,372	95,289	95,693
11,431	Investment property	11,493	11,838	12,193	12,558	12,935	13,323	13,723	14,135	14,559	14,995
438,239	Shares in Port Otago Ltd	456,037	463,037	472,037	482,037	492,037	502,037	512,037	522,037	532,037	543,037
3,357	Intangible assets	4,233	4,585	5,071	5,598	6,067	6,497	6,866	7,174	7,418	7,675
98	Deferred tax asset	98	98	98	98	98	98	98	98	98	98
547,047	Total non-current assets	565,073	574,371	586,210	596,562	607,359	617,674	628,698	638,815	649,401	661,499
596,787	Total assets	614,499	619,604	628,213	638,871	650,005	661,959	673,964	685,655	697,875	710,616
	Current liabilities:										
4,134	Accounts payable	7,159	7,159	7,159	7,159	7,159	7,159	7,159	7,159	7,159	7,159
1,483	Employee entitlements	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665	1,665
5,617	Total current liabilities	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824
	Non-current liabilities:										
-	Other financial instruments	-	-	-	-	-	-	-	-	-	-
-	Total non-current liabilities	-	-	-	-	-	-	-	-	-	-
5,617	Total liabilities	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824	8,824
591,170	Net assets	605,675	610,780	619,389	630,047	641,181	653,135	665,140	676,831	689,051	701,792
	Equity:										
133,746	Public equity	130,316	128,557	128,315	129,035	129,619	130,417	131,233	131,668	132,534	132,868
418,239	Available for sale reserve	436,037	443,037	452,037	462,037	472,037	482,037	492,037	502,037	512,037	523,037
4,560	Asset replacement reserve	3,979	3,161	2,070	893	290	206	111	43	27	18
13,770	Building reserve	14,499	15,006	15,531	16,075	16,637	17,220	17,822	18,446	19,092	19,760
242	Environmental enhancement reserve	298	309	319	331	342	354	367	379	393	406
4,168	Emergency response reserve	4,320	4,471	4,628	4,790	4,958	5,131	5,311	5,497	5,689	5,888
736	Water management reserve	403	127	77	78	79	79	80	81	82	83
6,339	Kuriwao endowment reserve	6,391	6,336	6,279	6,311	6,344	6,429	6,516	6,607	6,700	6,797
9,370	Asset revaluation reserve	9,432	9,777	10,132	10,497	10,874	11,262	11,662	12,074	12,498	12,934
591,170	Total equity	605,675	610,780	619,389	630,047	641,181	653,135	665,140	676,831	689,051	701,792

Statement of Changes in Net Assets/Equity

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
582,563	Balance at 1 July	601,534	605,675	610,780	619,389	630,047	641,181	653,135	665,140	676,831	689,051
8,607	Net comprehensive income	4,141	5,105	8,608	10,658	11,134	11,954	12,005	11,692	12,219	12,741
591,170	Balance at 30 June	605,675	610,780	619,389	630,047	641,181	653,135	665,140	676,831	689,051	701,792
	Net movements										
(1,726)	Net surplus transferred to public equity	(3,194)	(2,239)	(747)	292	758	1,566	1,605	1,280	1,795	1,304
1,514	Public equity	1,206	481	504	428	(173)	(768)	(789)	(845)	(930)	(970)
10,000	Available for sale revaluation reserve	7,000	7,000	9,000	10,000	10,000	10,000	10,000	10,000	10,000	11,000
(728)	Asset replacement reserve	(1,131)	(819)	(1,090)	(1,178)	(602)	(85)	(94)	(68)	(16)	(9)
(200)	Building reserve	408	507	525	544	563	582	603	624	646	668
8	Environmental enhancement reserve	10	10	11	11	12	12	12	13	13	14
141	Emergency response reserve	146	151	157	162	168	174	180	186	192	199
(747)	Water management reserve	(584)	(276)	(50)	1	1	1	1	1	1	1
12	Kuriwao reserve	(55)	(55)	(57)	32	33	84	87	90	94	97
333	Asset revaluation reserve	335	345	355	366	377	388	400	412	424	437
8,607	Net comprehensive income	4,141	5,105	8,608	10,658	11,134	11,954	12,005	11,692	12,219	12,741
591,170	Balance at 30 June	605,675	610,780	619,389	630,047	641,181	653,135	665,140	676,831	689,051	701,792

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Reserves

Reserve	Opening Balance 1 July 2018 \$000s	Transfers In \$000s	Transfers Out \$000s	Closing Balance 30 June 2028 \$000s
Public equity	131,830	106,763	(99,694)	138,899
Asset replacement	5,110	22,155	(27,247)	18
Asset revaluation	9,097	3,837		12,934
Available for sale revaluation	429,037	94,000		523,037
Building	14,090	5,752	(82)	19,760
Emergency response	4,174	1,714		5,888
Kuriwao endowment	6,446	3,358	(3,007)	6,797
Water management reserve	987	640	(1,544)	83
Environmental enhancement reserve	288	2,618	(2500)	406
Central Otago river management	398	3,299	(3,385)	312
Clutha river management	157	4,354	(4,438)	73
Dunedin river management	1,955	4,337	(5,695)	597
Lower Waitaki flood protection	(19)	1,756	(1,764)	(27)
Waitaki river management	6	4,334	(4,272)	69
Wakatipu river management	707	1,702	(1,993)	416
Wanaka river management	423	2,214	(2,618)	19
Alexandra flood protection	438	2,845	(2,665)	618
East Taieri drainage	582	5,779	(6,222)	138
Leith flood protection	(9,423)	16,406	(15,236)	(8,254)
Lower Clutha drainage and flood protection	142	12,434	(13,395)	(818)
Lower Taieri flood protection	1,008	9,761	(10,600)	169
Shotover flood protection	(67)	818	(701)	49
Tokomairiro drainage	155	1,862	(1,946)	71
West Taieri drainage	(1,016)	8,276	(8,923)	(1,664)
Dunedin transport	4,779	170,669	(172,651)	2,797
Wakatipu transport	(35)	72,779	(72,006)	738
Clean Heat	413	31	(1,179)	(735)
Dairy Monitoring	(75)	1,902	(1,691)	136
Wilding Pines		2,239	(2,239)	
Rural Water Quality	(54)	20,187	(20,868)	(735)
Emergency Management				
Total	601,534	588,819	(488,561)	701,792

Asset Replacement Reserve

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

Asset Revaluation Reserve

This reserve arises on the revaluation of investment property.

Available for Sale Revaluation Reserve

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

Building Reserve

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

Emergency Response Reserve

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

Kuriwao Endowment Reserve

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

Water Management Reserve

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

Environmental Enhancement Reserve

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

River Management Reserves

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

Flood and Drainage Scheme Reserves

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

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

Transport Reserves

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

Clean Heat Reserve

Targeted rating has previously been used in Airzone 1 and Milton, areas of poorest air quality in Otago, where Council provides subsidies on clean heating appliances, but this cease in 2026/17. Unspent money has been allocated to this reserve, which are now the principle source of funding for the subsidy.

Statement of Cashflows

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
Cashflows from operating activities											
<i>Cash provided from:</i>											
20,910	Rates receipts	23,079	25,569	27,350	28,621	29,971	30,147	30,618	31,714	32,490	31,910
9,611	Other receipts – non exchange transactions	13,301	13,885	14,276	14,381	15,194	15,576	15,844	16,293	16,596	16,935
11,926	Grant income	9,790	10,187	9,145	8,941	8,912	9,133	9,294	9,356	9,609	9,757
2,961	Other receipts – exchange transactions										
9,000	Dividends	8,450	7,900	8,100	8,300	8,500	8,700	8,900	9,100	9,300	9,500
1,511	Interest	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512	1,512
55,919	Total income	56,132	59,054	60,383	61,755	64,088	65,067	66,168	67,975	69,506	69,614
<i>Cash applied to:</i>											
55,624	Payment to employees and suppliers	56,916	58,778	58,597	58,995	60,851	61,098	62,144	64,179	65,081	65,770
2	Interest expense	2	2	2	2	2	2	2	2	2	2
55,626	Total payments	56,918	58,780	58,599	58,997	60,853	61,100	62,146	64,181	65,083	65,772
293	Net cash from operating activities	(786)	237	1,784	2,758	3,235	3,967	4,022	3,794	4,423	3,842
Cashflows from investing activities											
<i>Cash provided from:</i>											
-	Property, plant and equipment sales	500	410	419	429	438	448	459	469	480	491
-	Deferred tax asset realised	-	-	-	-	-	-	-	-	-	-
15,000	Managed fund withdrawal	-	5,000	3,000	-	-	-	-	-	-	-
15,000	Total cash in	500	5410	3419	429	438	448	459	469	480	491
<i>Cash applied to:</i>											
5,210	Property, plant and equipment	5,835	3,921	4,379	1,801	2,231	1,647	2,344	1,507	2,060	2,453
1,620	Intangible assets	1,316	949	1,049	1,073	1,099	1,124	1,150	1,176	1,203	1,231
6,830	Total application of cash	7,151	4,870	5,428	2,875	3,330	2,771	3,494	2,683	3,263	3,684
8,170	Net cash from investing activities	(6,651)	540	(2,009)	(2,446)	(2,891)	(2,323)	(3,035)	(2,213)	(2,783)	(3,193)
Cashflows from financing activities											
<i>Cash provided from:</i>											
-	Borrowings	-	-	-	-	-	-	-	-	-	-
<i>Cash applied to:</i>											
-	Repayment of borrowings	-	-	-	-	-	-	-	-	-	-
-	Net cash from financing activities	-	-	-	-	-	-	-	-	-	-
8,463	Net increase/(decrease) in cash held	(7,437)	813	(225)	312	344	1,644	987	1,580	1,640	649
(4,698)	Cash at 1 July	7,896	459	1,273	1,048	1,360	1,704	3,348	4,335	5,915	7,555
3,765	Cash at 30 June	459	1,273	1,048	1,360	1,704	3,348	4,335	5,915	7,555	8,204

Reconciliation of Net Surplus to Net Cash from Operating Activities

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
(1,393)	Net surplus(deficit) from activities	(2,859)	(1,895)	(392)	658	1,134	1,954	2,005	1,692	2,219	1,741
	<i>Add(deduct) non-cash items:</i>										
2,014	Depreciation	2,402	2,507	2,525	2,459	2,472	2,396	2,411	2,508	2,622	2,532
(333)	Other (gains)/losses	(335)	(345)	(355)	(366)	(377)	(388)	(400)	(412)	(424)	(437)
5	Bad debts	6	6	6	6	6	6	6	6	6	6
293	Net cash from operating Activities	(786)	273	1,784	2,758	3,235	3,967	4,022	3,794	4,423	3,842

Schedule of Capital Expenditure

Annual Plan 2017/18 \$000s		2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s
	Environmental										
35	- Air monitoring	80	51	10	11	11	11	11	12	12	12
15	- Pest management	5	5	5	5	5	6	6	6	6	6
186	- Water monitoring sites	398	569	493	638	384	392	401	411	420	430
	Transport										
426	- Stock truck effluent disposal sites										
	Flood protection and control works										
-	- Alexandra flood	50				71	95	75			
755	- Lower Clutha flood and drainage	217	65	50	182	65	67	78	70	72	642
20	- Lower Taieri flood protection	727	699	1,597	22	301	23	315	24	25	25
268	- West Taieri drainage	294	19	463	20	185	21	193	22	202	330
117	- East Taieri drainage	225	337	218	5	6	6	6	6	6	6
45	- Tokomairiro	51	95	53	99	55	57	58	59	61	62
2,544	- Leith flood protection	2,671	1,195	584		309		324		339	
	Council										
300	- Property	60	62	63	64	66	67	69	70	72	74
360	- Cars and station wagons	810	677	692	600	614	628	642	657	672	688
1,675	- Computers and software	1,371	1,006	1,107	1,132	1,159	1,186	1,213	1,241	1,269	1,299
25	- Plant	140	42	42	42	44	44	46	46	48	50
50	- Sundry	50	51	52	54	55	56	57	59	60	61
6,830	Total capital expenditure	7,151	4,870	5,428	2,875	3,330	2,771	3,494	2,683	3,263	3,684

Summary of Accounting Policies

Reporting Entity

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

The Council Group (Group) consists of the Council and its subsidiary Port Otago Limited (100% owned). The Port Otago Limited Group consists of Port Otago Limited, its subsidiaries, associates and joint ventures.

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

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

The Prospective Financial Statements of Council are to be adopted by Council on 27 June 2018.

Statement of Compliance

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

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

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

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

Basis of Accounting

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

Significant Accounting Policies

Revenue Recognition

Revenue from Exchange transactions

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

- Resource consent processing.
- Audits of resource consent conditions.
- Pest animal contract work.
- Grazing leases and licenses.
- Enforcement work.
- Dividends, interest and rental income.

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

Rates Revenue

Rates are recognised as income when levied.

Other Revenue

(a) Rendering of Services

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

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

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

(b) Interest Revenue

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

(c) Dividend Revenue

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

Other Gains and Losses

(a) Sale of Investment Property, Property, Plant and Equipment, Property Intended for Sale and Financial Assets

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

(b) Assets Acquired for Nil or Nominal Consideration

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

Grant Expenditure

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

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

Leasing

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

(a) Council as Lessor

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

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

(b) Council as Lessee

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

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

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

(c) Lease Incentives

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

Goods and Services Tax

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

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

Statement of Cash Flows

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

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

- Operating activities are the principal revenue producing activities of Council and other activities that are not investing or financing activities;
- Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents; and

- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

Financial Instruments

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

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

Financial Assets

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

(a) *Effective Interest Method*

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

(b) *Financial Assets at Fair Value through Surplus or Deficit*

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

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

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

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

(c) *Available-for-Sale Financial Assets*

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

(d) *Loans and Receivables*

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

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

Deposits are included within this classification.

(e) Impairment of Financial Assets

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

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

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

Financial Liabilities

(a) Trade and Other Payables

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

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

(b) Borrowings

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

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

Fair Value Estimation

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing as each balance date. The fair value of Shares in Port Otago Limited is determined by a valuation performed

at each balance date by an independent professional firm with the relevant expertise and experience in performing such valuations. Quoted market prices or dealer quotes for similar instruments are used for long-term investment and debt instruments held. The fair value of interest rate swaps is the estimated amount that the Council would receive or pay to terminate the swap at the reporting date, taking into account current interest rates. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date.

Property Held for Sale

Property classified as held for sale is measured at:

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

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

Property, Plant and Equipment

Property, plant and equipment consist of the following.

Operational Assets

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

Infrastructural Assets

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

Restricted Assets

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

(a) Cost

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

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

(b) Depreciation

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

Infrastructural assets including flood banks, protection works and drains and culverts are constructions or excavations of natural materials on the land and have substantially the same characteristics as land, in that they are considered to have unlimited useful lives and in the absence of natural events, these assets are not subject to ongoing obsolescence or deterioration of service performance, and are not subject to depreciation. Other infrastructural assets are

depreciated on a straight-line basis to write off the cost of the asset to its estimated residual values over its estimated useful life.

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

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

Asset	Life
Operational Assets	
Buildings – Council	10-50 years
Plant and vehicles – Council	3-20 years
Infrastructural Assets	
Floodbanks	Unlimited
Protection works	Unlimited
Drains	Unlimited
Culverts	Unlimited
Structures	33-100 years
Bridges	33-100 years

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

(c) Disposal

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

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

Investment Property

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

Intangible Assets

Computer Software

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

Other Intangible Assets

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

Impairment of Non-Financial Assets

At each reporting date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

Employee Benefits

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

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

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

Superannuation Schemes

Defined Contribution Schemes

Contributions to defined contribution superannuation schemes are expensed when incurred.

Defined Benefit Schemes

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

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

Equity

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

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

Restricted and Council Created Reserves

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

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

Allocation of Overheads

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

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

Other Disclosures

Balancing of Budget

The Council has resolved, under section 100(2) of the Local Government Act 2002, that it is financially prudent to not balance its operating budget in the first 3 years. The primary reason is to allow Council to use reserves to fund certain one-off operating expenditure.

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

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

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

Rating base Information

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

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

Local Government (Financial Reporting and Prudence) Regulations 2014

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

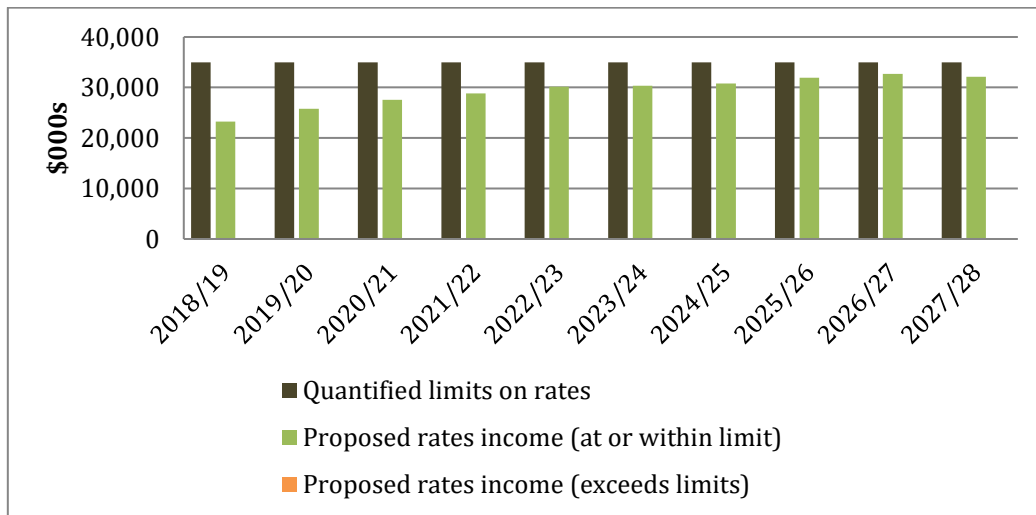
The Council is required to include this statement in its Long Term Plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Rates Affordability Benchmark

The Council meets the rates affordability benchmark if –

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

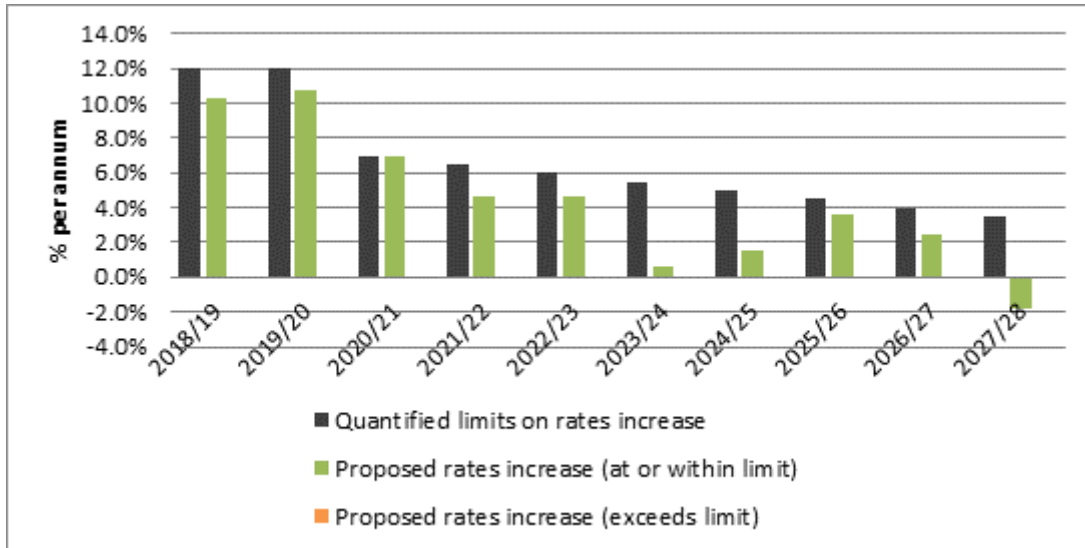
The following graph compares the Council’s planned rates with a quantified limit on rates contained in the financial strategy included in this Long Term Plan. The quantified limit is \$35 million



Rates (Increases) Affordability

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

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

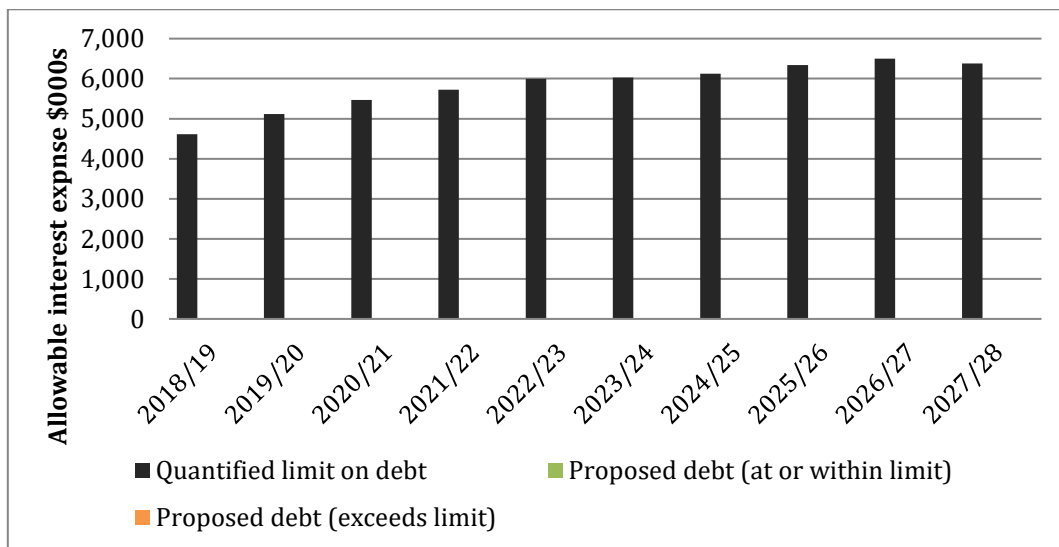


Debt Affordability

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

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

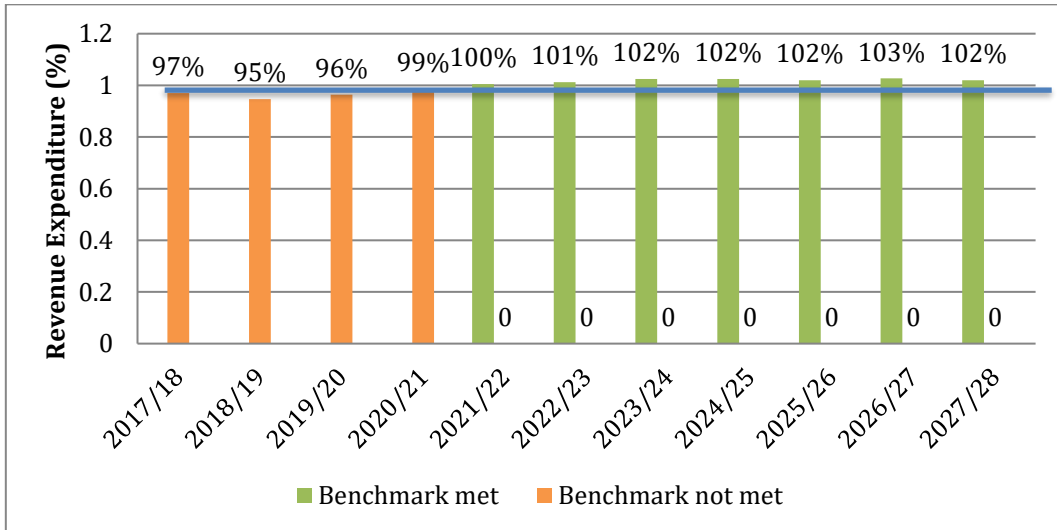
Council does not have any planned debt over the 10-year period of the Long Term Plan.



Balanced Budget Benchmark

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

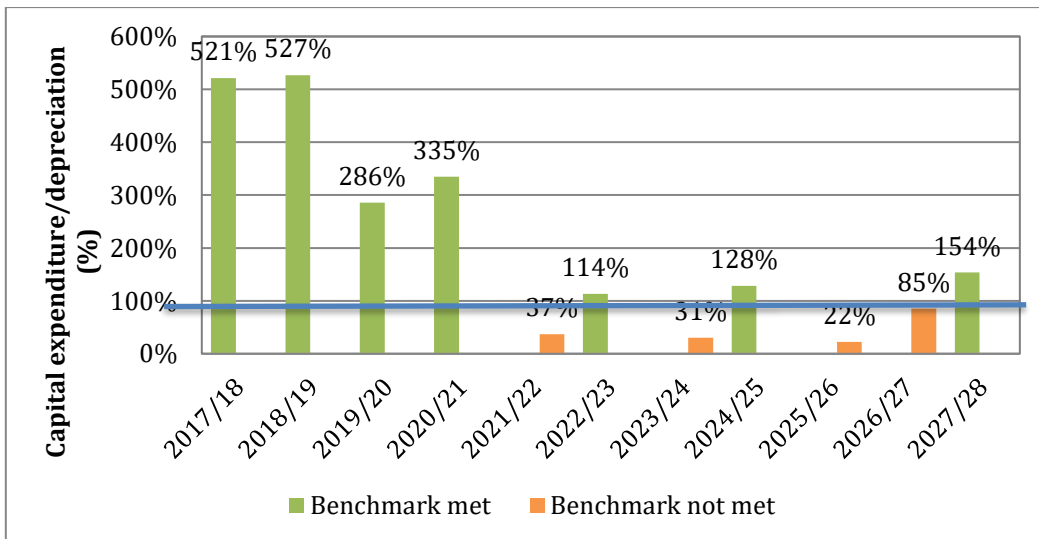
The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses. Refer to page 135 for comment on balancing the budget.



Essential Services Benchmark

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

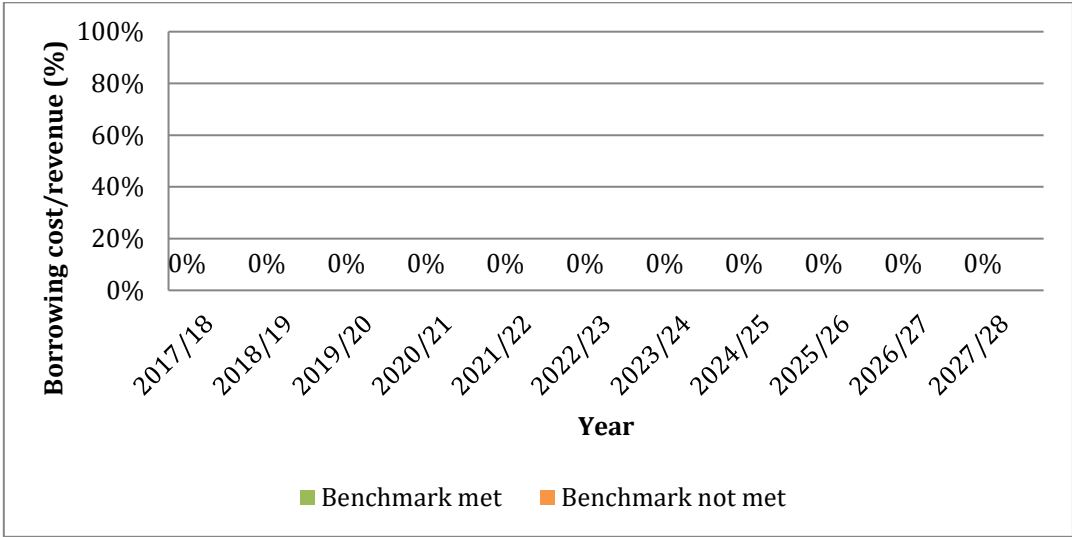
The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt Servicing Benchmark

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

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



Schedule of Fees and Charges

The following Scale of Charges is to be applied where indicated to activities includes in this Schedule of Fees and Charges:

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

Resource Management Act – Section 36 Charges

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

Resource Consent Application Fees

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

Pre-Application Work

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

Publicly Notified Applications Deposits: ³	\$
First application	5,000
Concurrent applications	225
 Non-Notified Applications and Limited Notification Applications Deposits: ³	 \$
First application (except those below)	1,000
Concurrent applications ¹	50
Variation to Conditions – s127	1000
Administrative Variation – s127	500
Exemptions from water metering regulations	200
Bores	500
Variation to Bore permit	500

Hearings Per Note 2 below
 Payment for Commissioner request – s100A Per Note 4 below

Objections
 Payment for Commissioner request – s357AB Per Note 4 below

Transfer of Consent Holder and Certificates Deposits:	\$
Transfer of permits and consents	100
Priority Table	100
Section 417 Certificate	200
Certificate of Compliance	200
Section 125 – Extension of Term	100
All Other Costs	As per Scale of Charges

Notes:

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

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

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

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

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

Administrative Charges

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

Publicly Notified and Limited Notification Applications:	\$
First application	100
Concurrent applications	50
Non-Notified Applications:	\$
First application	50
Concurrent applications	25
Other:	\$
Certificate of Compliance	25
Section 417 Certificate	25

Review of Consent Conditions

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

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

Compliance Monitoring**Performance Monitoring**

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

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

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

1.4 Structures	\$
Inspection reports for small dams	135
Inspection reports for large dams	270
Structural integrity reports	85

1.5 Photographs	\$
Provision of photographs	65

1.6 Fees for Specific Consent Holders

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

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

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

Audit of Consents

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

Other Compliance Activities

The following activities will be charged at the actual cost incurred, using the Scale of Charges:

- Performance monitoring of permitted activities under a National Environmental Standard;
- Monitoring Compliance Certificates.

Non-Compliance, Incidents and Complaints

Enforcement work on consent conditions, and remedying negative effects – Scale of Charges.

Gravel Inspection and Management

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

Resource Monitoring

Water or air monitoring work carried out for external parties – Scale of Charges.

Private Plan Changes

Work carried out on privately initiated plan changes – Scale of Charges.

Contaminated Sites Management

Clean up and remediation works – Scale of Charges.

Incident and Complaint, Non-Compliance with Permitted Activity Rules

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

Biosecurity Act – Section 135 Charges

Pest Management Strategy Implementation

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

Review of Rabbit Control Programmes from non-compliant farms, and work associated with ensuring implementation of those programmes – Scale of Charges.

Local Government Act – Section 150 Charges

Transport Licensing Exempt Services

Apply to register, or vary an existing registration - Scale of Charges; deposit payable of \$575.

Bylaw Application Processing

Processing bylaw applications - Scale of Charges; deposit payable of \$300.

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

Information Requests

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

Building Act – Section 243 Charges

Dam Safety and Building Control

The following table of charges and deposits will apply to the Dam Safety and Building Control activity. Amounts stated include GST.

Activity	Deposit	Processing Fee	DBH and BRANZ Levies (at rates as advised to Council)*
Review of Potential Impact Classifications submitted by dam owners	Nil	Time and disbursements – scale of charges.	Nil
Review of Dam Safety Assurance Programmes	Nil	Time and disbursements – scale of charges.	Nil
Reviewing Building Warrants of Fitness	Nil	Time and disbursements – scale of charges.	Nil
Property Information Memorandums	Nil	Time and disbursements – scale of charges.	Nil
Building consent applications – estimated value of building work is \$20,000 or less	\$2,000	Time and disbursements – scale of charges.	Nil
Building consent applications – estimated value of building work greater than \$20,000	\$2,000	Time and disbursements – scale of charges.	DBH levy - \$2.01 for every \$1,000 (or part of \$1,000) of the estimated value of the building work. BRANZ levy - \$1.00 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required.
Issuing Certificates of Acceptance – estimated value of building work is \$20,000 or less	\$2,000	Time and disbursements – scale of charges.	
Issuing Certificates of Acceptance – estimated value of building work greater than \$20,000	\$2,000	Time and disbursements – scale of charges.	DBH levy - \$2.01 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required. BRANZ levy - \$1.00 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required.
Issuing of Code Compliance Certificates for building consent applications	Nil	Time and disbursements – scale of charges.	Nil
Maintaining Register of Dams	Nil	Nil	Nil
Any other activity under the Building Act	Nil	Time and disbursements – scale of charges.	Nil

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

Bus Services

Dunedin Bus Services

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

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

Map 1 on page 160 shows the fare zone, defined in the Regional Public Transport Plan.

Wakatipu Basin Bus Services

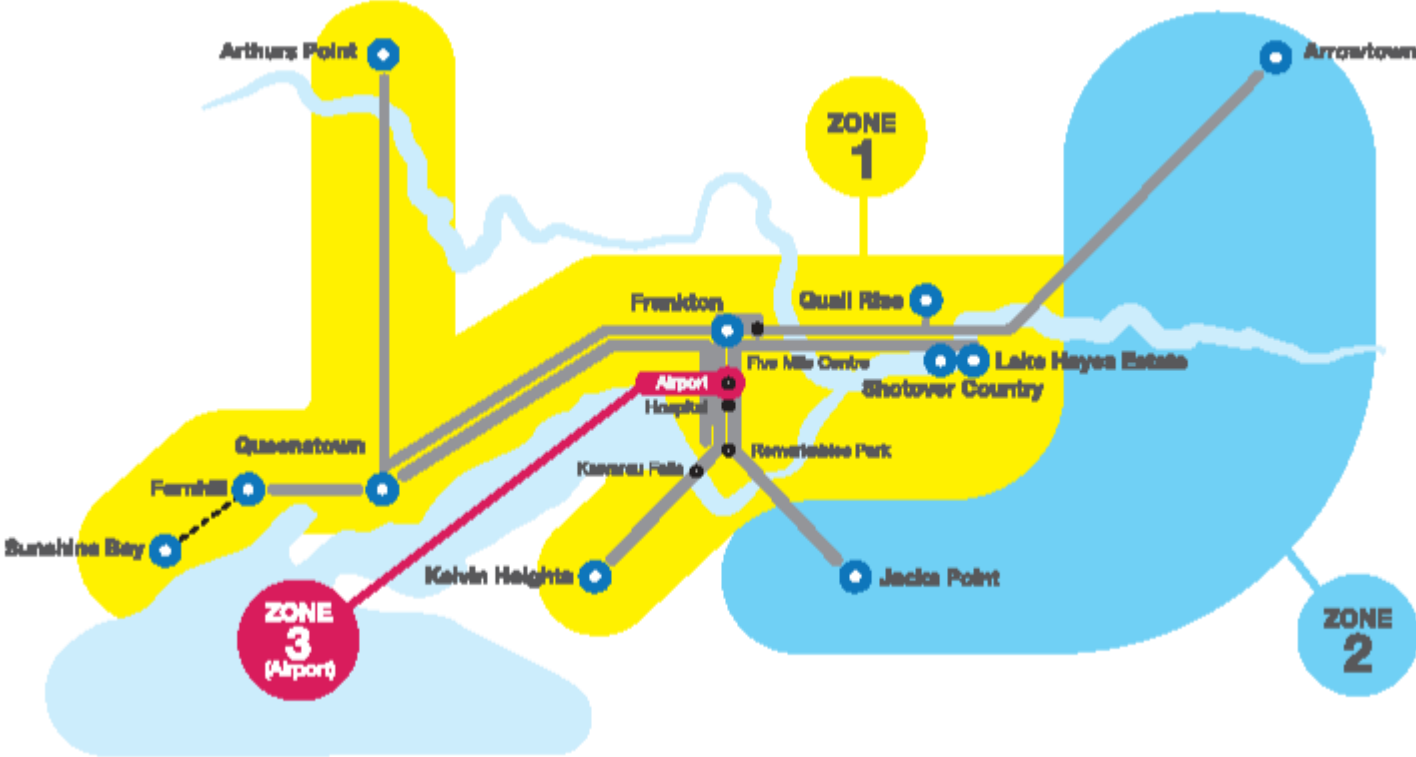
Bus fares for Wakatipu Basin bus services are:

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

Map 2 on page 161 shows the fare zones, as defined in the Regional Public Transport Plan.

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

Map 2: Wakatipu Transport



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**OTAGO REGIONAL COUNCIL
NAVIGATION SAFETY BYLAW
2018**

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Part 1. Preliminary Provisions

1. Title and Commencement

- 1) This Bylaw is the Otago Regional Council Navigation Safety Bylaw 2018.
- 2) This Bylaw comes into force on 01 July 2018.

2. Application

- 1) This Bylaw applies to all waters in the Otago Region including the territorial sea and all inland waters apart from:
 - (a) The navigable waters in the Queenstown Lakes District Council area, which are administered by that council as shown in Appendix A.
 - (b) Lake Dunstan and the Kawarau River which are administered by Central Otago District Council as shown in Appendix B.

3. Interpretation

- 1) In this Bylaw, unless the context otherwise requires:

“**Accident**” has the same meaning as in section 2 of the Act.

“**Act**” means the Maritime Transport Act 1994.

“**Access Lane**” means an area declared as an access lane under clause 19.

“**Anchoring**” means the temporary securing of a vessel to the bed of the waterway by means of an anchor, cable or other device, that is normally retrieved from the water and stored on the vessel on departure.

“**Beacon**” means an aid to navigation identified with a beacon symbol as shown on Land Information New Zealand Chart 6612 Otago Harbour. Beacon numbers are as shown on Chart 6612.

“**Council**” means the Otago Regional Council.

“**Commercial Port Area**” means areas defined as a Coastal Development Area or a Coastal Harbourside Area in the Regional Coastal Plan for the Otago and Oamaru Harbours as shown in the maps in Appendix C and Appendix G.

“**Competent Person**” when used in relation to the inspection and/or maintenance of moorings means a person or organisation who has demonstrated to the satisfaction of the Harbourmaster that they are suitably experienced and/or qualified to undertake inspections and/or maintenance of moorings.

“**Enforcement Officer**” means a person appointed by Council under section 33G of the Act.

“**Flag A**” means flag A of the International Code of Signals (the divers flag) being a swallow tailed flag, or a rigid equivalent, coloured in white and blue with white to the mast, of not less than 600mm by 600mm.

“**Flag B**” means the flag B of the International Code of Signals being a swallow tailed flag, or a rigid equivalent, coloured in red of not less than 600mm by 600mm.

“**Dunedin Wharves**” means the Commercial Port Area of Otago Harbour at Dunedin located west of beacon 67.

“**Halfway Islands Safety Zone**” means the area identified in Appendix F.

“**Harbour Area**” means Otago Harbour or Oamaru Harbour.

“**Harbour Control**” means the Otago Harbour vessel traffic control centre operated by Port Otago Limited.

Explanatory note: Harbour Control is staffed at all times and may be contacted on VHF Channel 14. Alternative contact information for Harbour Control; Telephone: 472 9882; Email: harbourcontrol@portotago.co.nz.

“**Harbourmaster**” has the same meaning as in [section 2](#) of the Act.

“**Incident**” means any occurrence, other than an accident, that is associated with the operation of a ship and affects or could affect the safety of operation.

“**Lake Waihola**” means the lake area shown in Appendix H.

“**Landing Place**” means a wharf, jetty, dock, quay, landing, pile mooring, pier, pontoon, boat ramp, slipway or other facility, where vessels can be or may be moored, launched or retrieved, but does not include a mooring.

“**Large Vessel**” means any vessel 40 metres or greater in Length Overall, or 500 gross tonnage or greater. If a tug and tow or composite vessel, gross tonnage shall be the sum of gross tonnage for all of the connected vessels.

“**Length Overall**” has the same meaning as ‘length overall’ as defined in Maritime Rule Part 40C. If a tug and tow, Length Overall shall be the combination of the tug and object(s) towed but not the length of the towing medium.

Explanatory note: Maritime Rule Part 40C defines length overall as ‘the length of the ship measured from the foreside of the head of the stem to the aftermost part of the transom or stern of the ship. Fittings (such as beltings, bowsprits, platforms, gantries, trim tabs, jet and outboard drive units) projecting beyond these terminal points must not be included in the length overall. Structures (such as bulbous bows, deckhouses, free flooding bait tanks and buoyancy tubing) projecting beyond these terminal points must be included in the length overall.

Explanatory note: The Advisory Circular to Maritime Rule Part 40A has further guidance and interpretation of this definition.

“**Local Notice to Mariners**” means a notice related to maritime safety in Otago which is available to the public from the Council website.

“**Manoeuvre**” means actions that change the direction of a vessel.

“**Master**” means any person (except a pilot) having command or charge of any ship.

“**Medium Vessel**” means any vessel more than 15 metres but less than 40 metres in Length Overall and under 500 gross tonnage.

“**Mishap**” means an event that—

- (a) causes any person to be harmed; or
- (b) in different circumstances, might have caused any person to be harmed.

“Mooring” means any weight or article placed in or on the foreshore or seabed or the bed of a water body for the purpose of securing a vessel, raft, aircraft, or floating structure, and includes any wire, rope, buoy, or other device attached or connected to the weight, but does not include an anchor that is normally removed with the vessel, raft, aircraft, or floating structure when it leaves the site or anchorage.

“Mooring Area” means an area, where vessel moorings may be placed, identified by the Council as a mooring area in the Regional Coastal Plan.

“Moving Prohibited Zone (MPZ)” means the space of water in the Otago Harbour Shipping Channel extending:

- a) For a Large Vessel, 100 metres astern and 100 metres to each side of the vessel, and continued at such width to 1,000 metres ahead when that vessel is underway.
- b) For hydrocarbon product tankers and chemical tankers, 100 metres astern and 100 metres to each side of the vessel, and continued at such width to 4,000 metres ahead when that vessel is underway.
- c) For a tug in attendance of a large vessel, 100 metres all around the tug, in addition to the MPZ around the large vessel.

“Navigable” means able to be navigated by a vessel on, through, over or under the water.

“Navigational Channel” means the Otago Harbour Shipping Channel, or the principal access to any other harbour area, or the principal navigational channel of an inland water.

“Oamaru Harbour” means the Commercial Port Area located at Oamaru as shown in Appendix G.

“Otago Harbour” means the area comprising all waters enclosed by a line from Trig at Heyward Point then bearing 20 degrees for three nautical miles then bearing 126 degrees for 1.75 nautical miles then bearing 200 degrees for 3 nautical miles to Howletts Point, as published in the New Zealand Gazette Vol II July 1930 p.2233 and p.2234.

“Otago Harbour Shipping Channel (OHSC)” means the marked channel extending through Otago Harbour from the Fairway Beacon at the Channel Entrance through the gap between the Halfway Islands (Goat Island and Quarantine Island) to a line extending due south of Beacon 67 at the Dunedin Wharves.

“Otago Region” means the area to which this Bylaw applies as listed in clause 2 of this Bylaw and shown in Part 7 (the map).

“Owner”:

- (a) when used in relation to any vessel, has the same meaning as in the Act
- (b) when used in relation to any landing place, means the person holding a coastal permit under the Resource Management Act 1991 for the landing place and shall include a lessee of the landing place
- (c) when used in relation to Port Areas of Otago Harbour means Port Otago Limited
- (d) when used in relation to Commercial Port Areas of Oamaru Harbour means the Waitaki District Council, or a port company established by the Waitaki District Council.

“Personal Flotation Device” means any serviceable buoyancy aid that is designed to be worn on the body and that is certified by a recognised authority as meeting

- (a) type 401, 402, 403, 404, 405, or 408 in NZ Standard 5823:1989 or NZ Standard 5823:2001 or type 401, 402, 403, 404, 405 or 406 in NZ Standard 5823:2005; or
- (b) a national or international standard that the Director is satisfied substantially complies with types 401, 402, 403, 404, 405, or 408 of the NZ Standard 5823:1989 or NZ Standard 5823:2001 or type 401, 402, 403, 404, 405 or 406 in NZ Standard 5823:2005:

“Personal Water Craft” means a power-driven vessel that—

- (a) has a fully enclosed hull; and
- (b) does not take on water if capsized; and
- (c) is designed to be operated by a person standing, sitting astride, or kneeling on it, but not seated within it

(e) **“Pilot”** means any person, not being the master or a member of the crew of the ship, who has the conduct of the ship.

“Pleasure Craft” means

- (a) a ship that is not offered or used for hire or reward, and is used exclusively for—
 - (i) the owner’s pleasure or as the owner’s residence; or
 - (ii) recreational purposes by—
 - (A) the members of a club that owns the ship:
 - (B) the beneficiaries of a trust that owns the ship:
 - (C) the members of an incorporated society that owns the ship; but
- (b) excludes a ship that is—
 - (i) provided for transport, sport, or recreation by, or on behalf of, an institution, hotel, motel, place of entertainment, or other establishment or business:
 - (ii) used on a voyage for pleasure if the ship is normally used, or intended to be normally used, as a fishing ship or for the carriage of passengers or cargo for hire or reward:
 - (iii) operated or provided by—
 - (A) a club, incorporated society, or trust for non-recreational purposes; or
 - (B) a business

“Port Company” has the same meaning as “port company” in the Port Companies Act 1988.

“Power-driven vessel” means any vessel propelled by machinery.

“Regional Coastal Plan” means the Council’s Regional Plan: Coast for Otago.

“Reserved Area” means an area declared as being reserved for a specified maritime safety purpose under Maritime Rules Part 91 or clause 19 of this Bylaw.

Explanatory note: For the avoidance of doubt the only reserved areas in the Otago Region having legal status are those authorised under this Bylaw. All reserved areas authorised by previous bylaws, rules, or regulations made under any act have been revoked by this bylaw (or a previous bylaw) and have no effect or legal status.

“Restricted Visibility” means all circumstances when visibility is less than 0.75 nautical miles any condition in which visibility is restricted by fog, mist, falling snow, heavy rainstorms, sandstorms, or other similar causes.

“River” includes a stream and any natural, modified or artificial watercourse; but does not include any part of a river within the ebb and flow of the tide at ordinary spring tides:

“Sailboard” means any type of board including a windsurfer or kiteboard that is propelled by any type of sail and intended to be navigated by a person standing upright on the board.

“Shore” when referring to distance from shore, means distance from the water's edge.

“Speed” means

- (a) On the sea or lakes the speed through the water; or
- (b) On rivers and estuaries, the speed through the water if travelling with the current, or speed over the ground if travelling against the current.

“Small Vessel” means any vessel 15 metres or less in Length Overall.

“Special Speed Zone (SSZ)” means an area of water where the speed limit has been set under clause 18 of this Bylaw.

Explanatory note: Under Maritime Rule Part 91 speed limits are generally 5 knots within 200m of shore or a structure, and within 50m of a person in the water.

“Specified MPZ” means a Moving Prohibited Zone specified for any vessel by the Harbourmaster in accordance with clause 25(4) of this bylaw.-

“Support Vessel” means any vessel used for coaching, marshalling and rescue attendance for training, regattas and competitions.

Explanatory note: For the sake of clarity, this definition relates to recreational and sporting activities and does not include port company vessels engaged in normal port operations.

“Surfboard” means any type of board that is used for surf riding provided the rider is secured to the board by a releasable leg rope.

“Territorial Sea” means the territorial sea of New Zealand which comprises those areas of the sea having, as their inner limits, the baseline described in [sections 5](#) and [6](#) and [6A](#) of the [Territorial Sea, Contiguous Zone, and Exclusive Economic Zone Act 1977](#) and, as their outer limits, a line measured seaward from that baseline, every point of which line is distant 12 nautical miles from the nearest point of the baseline.

“Unseaworthy” means, in the opinion of the Harbourmaster not being in a fit condition or readiness to navigate safely on the water.

“Vessel” means every description of boat or craft used in navigation, whether or not is has any means of propulsion; and includes—

- a) a barge, lighter, or other like vessel:
- b) a hovercraft or other thing deriving full or partial support in the atmosphere from the reaction of air against the surface of the water over which it operates:
- c) a submarine or other submersible:
- d) a seaplane while it is on the surface of the water.

e) and shall include but is not limited to, a sledge, surfboard, sailboard, stand-up paddle board, raft, personal water craft or any other object intended or used to carry or support a person in or on the water.

e) “VHF” means maritime very high frequency two-way radio on channels in the frequency range between 30 MHz and 300 MHz.

“Waters” means

- (a) all the sea area including in estuaries, inlets or harbours and coastal waters, the outer boundary being the seaward limit of the territorial sea and the inner boundary being the water’s edge; and
- (b) all inland navigable waters of the Region.

Explanatory note: The seaward limit of the territorial sea is approximately 12 nautical miles from shore, the exact limits may be found on the Land Information New Zealand (LINZ) website. Inland waters includes all rivers lakes and ponds regardless of whether or not they are accessible to the general public.

“Water Skiing” means being towed barefoot or on an object of any kind other than a vessel.

- 2) To avoid doubt, compliance with this Bylaw does not remove the need to comply with all other applicable Acts, regulations, bylaws, Maritime Rules, rules in any District or Regional Plan and rules of law.
- 3) Unless the context requires another meaning, a term or expression that is defined in the Act or a Maritime Rule and used in this Bylaw, but not defined, has the meaning given by the Act or Maritime Rule.
- 4) Any explanatory notes are for information purposes only and do not form part of this Bylaw, and may be made, amended and revoked without formality.

4. Revocation

- (1) This Bylaw revokes all existing speed uplifts or increases and restricted areas in the Otago Region previously authorised by the Otago Regional Council or its predecessors.

Part 2. General Navigation Safety Requirements

5. Person in charge of the vessel

- 1) The person in charge of a vessel is responsible for the safety and wellbeing of every person on board and for the safe operation of the vessel.
- 2) No vessel owner shall permit the vessel to leave the shore or any anchorage or mooring unless a person in charge of the vessel has been nominated.

6. Carriage of personal flotation devices

- 1) A person in charge of a pleasure craft must not operate it unless there are sufficient personal flotation devices for each person on board at all times that the vessel is in use.
- 2) Personal flotation devices must be:
 - a) in a readily accessible location on board the vessel;
 - b) of an appropriate size for each person on board;
 - c) an appropriate type for the activity being undertaken; and
 - d) in good operative condition.

7. Wearing of personal flotation devices on vessels

- 1) Every person on board ~~a Small pleasure craft~~vessels less than 9 metres Length Overall must wear a properly secured personal flotation device of an appropriate size for that person at all times.
- ~~2) Subclause (1) does not apply if the person in charge of the vessel, after assessing all circumstances and activities, determines it is safe, and expressly authorises any person on board to remove a personal flotation device.~~
- ~~3)2) Subclause (2) does not apply~~All persons must wear a properly secured personal flotation device of an appropriate size for that person when:
 - (a) in circumstances where tides, river flows, visibility, rough seas, adverse weather, when crossing a bar, in emergencies, or other situations that may cause danger or a risk to the safety of persons on board, or;
 - (b) ~~to any person~~ being towed by a vessel.

Explanatory note: circumstances and activities that could result in people inadvertently being in the water includes the activity being undertaken by a person, the type of vessel, the activity the vessel is engaged in, adverse weather or sea conditions, and other nearby vessel activity that could result in collision.

- ~~4)3) Subclause (1) does not apply to a person who is below deck of the vessel unless expressly instructed to wear a personal flotation device by the person in charge of the vessel.~~
- ~~5)4) A person must wear and secure a suitable personal flotation device whilst on a vessel if instructed to do so by the Harbourmaster.~~

8. Exemptions to the compulsory carriage of personal flotation devices

- 1) Clause 6 does not apply to:
 - (a) any person on a surfboard or stand up paddle board when the board is attached to the person by means of a leash;
 - (b) any sailboard activity, if a wetsuit is worn at all times;
 - (c) a diver on a small vessel that is used for recreational diving within five nautical miles of shore, when a full body wetsuit is worn at all times;
 - (d) a person training for or participating in a sporting event, if the training or the event is supervised in accordance with a maritime safety system approved by the Harbourmaster.

Explanatory note: The Harbourmaster may approve a sporting organisation if that organisation has in place a safety system that the Harbourmaster is satisfied provides an equivalent level of safety to the carriage or wearing of personal flotation devices.

- (e) a sporting event, training activity, ceremonial or other authorised customary event if:
 - (i) a support vessel that is capable of providing adequate assistance in the event of an emergency remains in the immediate vicinity of the vessel and the vessel and support vessel in combination carry personal flotation devices or buoyancy aids of an appropriate type and size for every person on board in the event of any danger to the health and safety of occupants of the vessel ; or
 - (ii) the Harbourmaster has approved a prior written exemption.

Explanatory note: The Harbourmaster may approve an exemption for a specified period if satisfied that adequate safety precautions are made for rescuing any person participating in the event or activity.

9. Minimum age for operating power-driven vessels

- 1) No person under the age of 15 years shall be in charge of, or navigate, a power-driven vessel that is capable of a speed exceeding 10 knots unless he or she is under the direct supervision of a person over the age of 15 years who is in immediate reach of the controls.
- 2) The person in charge of a power-driven vessel that is capable of a speed exceeding 10 knots must not allow any person who is under the age of 15 years to navigate that vessel in contravention of subclause (1).
- 3) Subclause (1) does not apply to any person who has a written approval from the Harbourmaster. Written approvals may be given for training, competitions or other sporting events, and the Harbourmaster, when considering whether or not to grant such an approval, shall have regard to the competence of the person, the level of supervision, and awareness of other relevant navigation safety matters.

10. Navigation on Rivers

- 1) A person in charge of a vessel on a river must:
 - a) Ensure that the vessel keeps to the starboard side of the navigable channel where safe and practicable; and
 - b) When going upstream, give way to any vessel coming downstream; and

- c) Not navigate the vessel unless on the river unless it is safe to do so and weather conditions are considered to permit safe navigation of the vessel; and
- d) Not exceed a speed of 5 knots on any river unless in an area designated as a SSZ, or a Reserved Area or an Access Lane.

Explanatory note for subclause 1)c): For example, not navigate immediately downstream of dams that are spilling.

11. Fishing or swimming or diving around landing places

- 1) No person shall fish, jump, dive or swim:
 - a) From, or within 50 metres from, a landing place or in a manner that interferes with the berthing or departure of any vessel, or
 - b) In Commercial Port Areas without the permission of the owner and shall comply with all conditions of that permission, or
 - c) In locations where those activities are prohibited by the Harbourmaster by notice on the Council website.
- 2) Subclause (1) does not apply to activities conducted by, on behalf of, or approved by a marine facility owner within the relevant Commercial Port Area.

12. Obstructions that may constitute or become a danger to maritime safety

- 1) No person may place any obstruction, including any fishing apparatus, in any waters that is likely to—
 - (a) restrict navigation; or
 - (b) cause injury or death to any person; or
 - (c) cause damage to any vessel or any property.

13. Vessels to be adequately secured

- 1) The person in charge of a vessel must ensure that it is securely anchored or moored, and secured while left unattended.
- 2) In securing the vessel, the person in charge of the vessel must only use rope, chain or other means of anchoring or mooring a vessel that is fit for purpose.
- 3) No person shall secure a vessel to any post, wharf, ring, fender, buoy or any other structure not fit for that purpose.
- 4) No person shall leave any vessel or other property in a place where it may create a navigation hazard or nuisance where it may interfere with the normal use of the waters by other persons.
- 5) No person shall set a vessel adrift or interfere with her moorings or fastening.

14. Vessels to be seaworthy

- 1) No person shall navigate any vessel in circumstances where the vessel is unseaworthy, except to remove the vessel from the water or to move it to a safe area.

15. Vessels to be identified

- 1) No person shall navigate a Personal Water Craft unless it displays an identifying name or number displayed above the waterline on each side of the vessel
 - (a) consisting of letters of the Roman alphabet or numbers that are not the vessel's brand, make or model; and
 - (b) that is distinct to that vessel; and
 - (c) unless complying with the requirements of an organisation listed in subclause (2)(a), be a minimum height of 90 millimetres and be distinguishable to the naked eye by day from a distance of at least 50 metres.
- 2) The identifying name or number referred to in subclause (1) shall be:
 - a) a registration or identification approved by and conforming to the requirements of:
 - (i) Maritime New Zealand (MNZ) or an equivalent foreign authority (eg. a MNZ number or vessel's registered name); or
 - (ii) A sporting body as may be approved from time to time by the Harbourmaster and listed on the Council's website; or
 - b) the vessel's radio call sign; or
 - c) for any trailer borne vessel without a registration or identification listed in subclauses (a) or (b), the registration number of its trailer; or
 - d) for non-trailer borne vessels, an identifying name or number otherwise complying with the requirements of subclause (1).
- 3) Other vessels over 6m length ~~should shall~~ have a unique identifying name or number complying with subclause (2).
- 4) Other vessels under 6m length ~~shall oul~~ be marked with the current owner's name and contact details somewhere on the vessel.

Explanatory note: For the sake of clarity, "trailer borne vessel" refers to a vessel transported on a road-going trailer that is, or is required to be, registered. It does not include vessels stored on/launched from haul-out trailers – such vessels fall into the "non-trailer borne vessel" category.

16. Navigational aids

- 1) No person shall erect, maintain or display any sign, beacon, light, mark, buoy or other device that has the characteristics of a navigational aid and/or which may be used or mistaken as a navigational aid or warning, without the prior written approval from the Harbourmaster.

Explanatory note: Approval from the Director of Maritime New Zealand may be required as well.

Part 3. Speed Limits, Reserved Areas and Access Lanes

17. General Speed limits

- 1) No person may, without reasonable excuse, propel or navigate a vessel (including a vessel towing a person or an object) at a speed exceeding 5 knots:
 - a) within 50 metres of any other vessel, raft, or person in the water; or
 - b) within 200 metres of the shore or of any structure; or
 - c) within 200 metres of any vessel or raft that is flying Flag A of the International Code of Signals (divers flag).
- 2) No person may propel or navigate a powered vessel at a speed exceeding 5 knots while any person has any portion of his or her body extending over the fore part, bow, or side of that vessel.
- 3) No person may cause himself or herself to be towed by a vessel (whether or not on a water ski, aquaplane, or other similar object) at a speed exceeding 5 knots in any circumstances specified in subclause (1).
- 4) No person in charge of a vessel may permit the vessel to continue onwards, after any person being towed by that vessel has dropped (whether accidentally or otherwise) any water ski or similar object which may cause danger to any other person or vessel, without first taking appropriate action to immediately recover that water ski or similar object, unless the person has taken measures adequate to ensure that the dropped ski or similar object is clearly visible to other water users.
- 5) Subclause (1) (a) shall not apply to:
 - a) a vessel over 500 gross tonnage, if the vessel cannot be safely navigated in compliance with this subclause; or
 - b) a vessel powered by sail in relation to any other vessel powered by sail, while the vessels are participating in a yacht race or training administered by—
 - (i) a club affiliated to Yachting New Zealand; or
 - (ii) a non profit organisation involved in sail training or racing; or
 - c) a craft training for or participating in competitive rowing or paddling; or
 - d) a tug, pilot vessel, harbourmaster vessel, emergency response craft or police vessel, if the vessel's duties cannot be performed in compliance with this clause; or
 - e) a vessel operating in accordance with a Special Speed Zone established under Clause 18 of this Bylaw.
- 6) Subclause (1)(b) shall not apply to:
 - a) a vessel operating in an access lane or a reserved area for the purpose for which the access lane or reserved area was declared, unless, in the case of a reserved area, a navigation bylaw provides otherwise; or
 - b) a vessel operating in accordance with Special Speed Zone established under Clause 18 of this Bylaw, or

- c) a vessel over 500 gross tonnage, if the vessel cannot be safely navigated in compliance with this clause; or
- d) a craft training for or participating in competitive rowing or paddling; or
- e) a tug, pilot vessel, harbourmaster vessel, emergency response craft or police vessel when the vessel's duties cannot be performed in compliance with this clause.

Exemption:

- 7) Vessels shall be exempt from compliance with the general speed limit specified in Clause 17 (1)b) provided that navigation is conducted in a safe manner and is authorised by
 - a) an approval to use SSZs pursuant to clause 18 (2) of this Bylaw provided that the vessel speed does not exceed the specified maximum speed for the vessel concerned in that SSZ; or
 - b) a Reserved Area or Access Lane pursuant to clause 19 of this Bylaw; or
 - c) the Harbourmaster for specific vessels.

Requirement for safe and considerate navigation:

- 8) No person who is permitted by any provision of this Bylaw or any Maritime Rule to navigate a vessel in a manner that is likely to endanger any person or vessel.

Wake and Drawoff:

- 9) No person may operate a power-driven vessel at a speed or in a manner that any wake or draw-off endangers persons or property.

Speed over bars

- 10) Any person may navigate a vessel at any speed required to enable the safe crossing of a river mouth bar.

18. Special Speed Zone (SSZ)

- 1) Each of the waters shown in Appendix E is declared under this bylaw as a Special Speed Zone (SSZ).
- 2) An approval to use an SSZ identified in any controls specified by the Harbourmaster under this Bylaw, is approved for all persons from the date of commencement of the Bylaw for the period in which the Bylaw remains in force except where approval is restricted or revoked under either subclause (3) or subclause (4).

Ability to restrict or revoke approval to use SSZs

- 3) The Harbourmaster may at any time restrict or revoke an approval given under subclause (2) in relation to any person if that person is, in the opinion of the Harbourmaster:
 - a) Using the SSZs in an unsafe manner;
 - b) In breach of the Bylaw in a manner that justifies restriction or revocation of the person's approval to use the SSZs.

Harbourmaster may restrict ~~or revoke approval to use~~ of SSZ

- 4) The Harbourmaster may at any time ~~restrict or revoke or suspend the declaration~~ restrict the use of an SSZ under subclause (1) or (2) to any degree the Harbourmaster sees fit, for a period of up to one year, if the Harbourmaster is of the opinion that the SSZ is not safe, ~~or~~

that such restriction is necessary for a special event.

Explanatory note: a person or group restricted by sub-clause 8(4) or (5) may still apply under clause xx of the Bylaw for the ability to use one or more SSZs as a reserved area. Changes to the extent and permitted use of any SSZ will be posted on the ORC website in advance of any change.

19. Reserved Areas and Access Lanes

- 1) Locations of Reserved Areas and Access Lanes are identified in Appendix F and Appendix H.
- 2) Any other waters may be reserved for an Access Lane or other specified maritime safety purpose or activity either:
 - a) by the Council issuing a written approval; or
 - b) by the Harbourmaster,
- 3) The Harbourmaster may specify controls and suspension of the use of the Reserved Area by issue of a Local Notice to Mariners.

Explanatory note: The controls made under the Otago Regional Council Navigation Safety Bylaw 2018 contain maps showing areas of navigable water permanently reserved by Council for specified purposes and use. Local Notices to Mariners will be posted on the Council web site.

20. Temporary Reserved Areas and Special Events

- 1) A person that intends to conduct a sporting event, training activity, ceremonial or customary event or any other organised water activity on navigable water must obtain approval from the Harbourmaster if the activity is likely to affect normal operation of another vessel or any other user of the water, or:
 - a) requires temporary suspension of the relevant speed clause(s) and any other relevant clause of the Maritime Rules or this Bylaw;
 - b) requires an area to be temporarily reserved for a specific area for the purpose of the event; or
 - c) requires the temporary suspension of a reserved area or access lane; or
 - d) requires temporary installation of course markers or similar such structures in the water.
- 2) An application to temporarily reserve an area of navigable water may be approved or refused at the discretion of the Harbourmaster, upon such terms and conditions as the Harbourmaster thinks fit. Such conditions may include temporary suspension of use of defined waters by all other users, if reasonably required for maritime safety purposes in the opinion of the Harbourmaster.

Explanatory note: Temporary Reservations will be published by Local Notice to Mariners on the Council's website.

21. Conduct in Reserved Areas

- 1) No person may operate a vessel in a reserved area other than in accordance with any condition imposed by the Harbourmaster for the reserved area.
- 2) No person may enter a reserved area for any other purpose than that specified by the Harbourmaster.

- 3) If any person is using a reserved area for the purpose for which it is specified, no other person or vessel must obstruct that user or enter, remain in or use the area for any other purpose unless with the approval of the Harbourmaster.

Part 4. Anchoring and Mooring

22. Anchoring

- 1) No small or medium vessel shall anchor in a Navigational Channel without approval from the Harbourmaster. A large vessel may anchor in a Navigational Channel at the direction of the Pilot.
- 2) No vessel shall anchor in a manner that obstructs moorings or moored vessels.
- 3) No vessel shall remain anchored or moored within the same or proximate location for longer than 14 consecutive days in any six month period without the prior approval of the Harbourmaster.
- 4) An anchored vessel may not be left unattended for more than 24 hours without checking that the vessel remains secure.
- 5) Vessels are permitted to anchor in Oamaru Harbour in the area shown in Appendix G provided that clauses (2) to (4) above are complied with.

23. Mooring

- 1) No person shall lay, or move, a mooring unless:
 - a) that person holds a resource consent for that mooring from Council; or
 - b) the mooring is a permitted activity in the Regional Coastal Plan.
- 2) No person shall secure a vessel to a mooring that exceeds the length, displacement, or draught specified in the resource consent or in licencing arrangements with the resource consent owner.
- 3) The owner of a mooring must at all times maintain the mooring in a safe working condition and in accordance with the specification set for that mooring in the Resource Consent. If a maintenance specification is not set in the Resource consent for a mooring then the mooring shall be maintained in accordance with subclause (4).
- 4) If a maintenance specification is not set in the Resource consent for a mooring then the owner of the mooring shall ensure that all their mooring equipment is inspected and certified as being within the consented specification by a competent person at a period not exceeding 24 months or 36 months as authorised by the consent except where the Harbourmaster has approved a temporary extension.
- 5) The owner of a mooring shall ensure written advice is provided to the Council of any inspection, replacement, or repair:
 - (a) within 10 working days of the inspection, replacement or repair;
 - (b) in a form and manner prescribed by the Harbourmaster.
- 6) If at any time in the opinion of the Harbourmaster any mooring is or may be in an insufficient state of repair the Harbourmaster may require the mooring to be:
 - (a) inspected by a competent person selected by the Harbourmaster; and
 - (b) repaired to a standard specified by the Harbourmaster.

within a period specified by the Harbourmaster.

Part 5. Special Controls on Activities in Otago Harbour

24. Communication requirements for vessels in the Otago Harbour Shipping Channel

- 1) All vessels shall carry an operational marine VHF radio and maintain a radio watch on Channel 14 whilst navigating along the Otago Harbour Shipping Channel.
- 2) Between sunset and sunrise, or in conditions of restricted visibility, all vessels shall contact Harbour Control before entering or transiting along the Otago Harbour Shipping Channel.
- 3) The person in charge of all Medium Vessels and Large Vessels must contact Harbour Control before navigating along the Otago Harbour Shipping Channel.

25. Moving Prohibited Zone (MPZ)

- 1) No person shall navigate a vessel so as to be within an MPZ without the approval of the Harbourmaster.
- 2) Subclause 1) shall not apply to tugs or pilot vessels while they are carrying out towage or pilotage duties in relation to a vessel for which a MPZ applies.

Explanatory note: Small and Medium Vessels may pass a Large Vessel transiting the Otago Harbour Shipping Channel provided that they pass outside the channel so as to maintain the MPZ within the channel. Provided it is safe to do so, Small and Medium vessels travelling inbound may need to cross to the port-hand side to bypass an MPZ outside of the marked channel, where the waters to starboard of the channel lie within 200m of shore.

- 3) Subclauses 1) and (2) shall not apply where the approval of the Harbourmaster has been obtained for a vessel to be within a MPZ or to pass another vessel in the Otago Harbour Shipping Channel.
- 4) A Specified MPZ may be declared by the Harbourmaster by Local Notice to Mariners to apply to any vessel for such times and duration as the Harbourmaster considers necessary.

26. Vessel Movements in Proximity to Berthed Ships

- 1) Vessels may come within 200 metres of a berthed tanker showing Flag B when necessary to navigate past provided they maintain the largest separation that can be safely achieved.

Explanatory note: There is insufficient room for vessels using the Otago Harbour Shipping Channel to maintain the minimum 200m separation required under Maritime Rules for tankers berthed at the Dunedin Oil Jetty or LPG terminal.

- 2) A master must not cause any vessel to manoeuvre within 200 metres of a tanker flying Flag B unless required to by the operation of the tanker.

Explanatory note: refer to Interpretation section for definition of manoeuvre.

- 3) No vessel may berth or come alongside within 100 metres of a tanker flying Flag B.
- 4) No vessel shall approach or manoeuvre within 50 metres of a large vessel which is not underway without the prior permission of the large vessel or the Harbourmaster.

27. Fishing in Otago Harbour Shipping Channel

- 1) Drift fishing and trolling using handheld rods or lines, either held in hand or placed in rod holders is permitted in the Otago Harbour Shipping Channel except when an MPZ applies in accordance with clause 25. Special restrictions apply in the vicinity of Halfway Islands in accordance with subclause (2).
- 2) The Halfway Islands Safety Zone is established as a Reserved Area for the area shown in Appendix F. The person in charge of any vessel that is fishing in the Halfway Islands Safety Zone must:
 - a) if intending to fish in the Halfway Islands Safety Zone, call Harbour Control on VHF Channel 14 prior to entry into the Zone, and
 - b) call Harbour Control on VHF Channel 14 upon exit from the Halfway Islands Safety Zone, or upon the cessation of fishing activity, and
 - c) maintain a radio watch on VHF Channel 14 while fishing in the Halfway Islands Safety Zone and immediately vacate the channel if:
 - (i) a large vessel approaches the Safety Zone; or
 - (ii) a long blast is given from a ship's whistle; or
 - (iii) the vessel indicates that it requires searoom by means of 5 short blasts on the ship's whistle, or a light signal of 5 rapid flashes, or call via VHF; or
 - (iv) if advised by Harbour Control; or
 - (v) if directed by the Harbourmaster.

Part 6. Maritime Safety Administrative Matters

28. Notification of maritime accidents, incidents and mishaps

- 1) The person owning or having responsibility for, or in charge of, or having conduct of any vessel, Port Company property, other maritime facility, structure or object that:
 - a) has been involved in any accident, incident, or mishap involving a vessel; or
 - b) in any manner gives rise to a navigational hazard;

Shall, as well as complying with any accident reporting requirements of Maritime Rules and the Act, immediately report the occurrence to the Harbourmaster.

- 2) For accidents incidents or mishaps in Otago Harbour the Harbourmaster shall be notified by a VHF radio call to Harbour Control immediately, where VHF communication is available after the incident.
- 3) For other accidents incidents or mishaps the Harbourmaster shall be contacted within 24 hours of the incident by phone call or by email.

Explanatory note: Harbourmaster email address is harbourmaster@orc.govt.nz

- 4) Persons reporting accidents under the Maritime Rules and the Act should provide to the Harbourmaster a copy of the appropriate Maritime New Zealand report form within 24 hours of submission to Maritime NZ.
- 5) The Harbourmaster may contact the owner of any vessel or property involved in any such accident, incident or mishap.

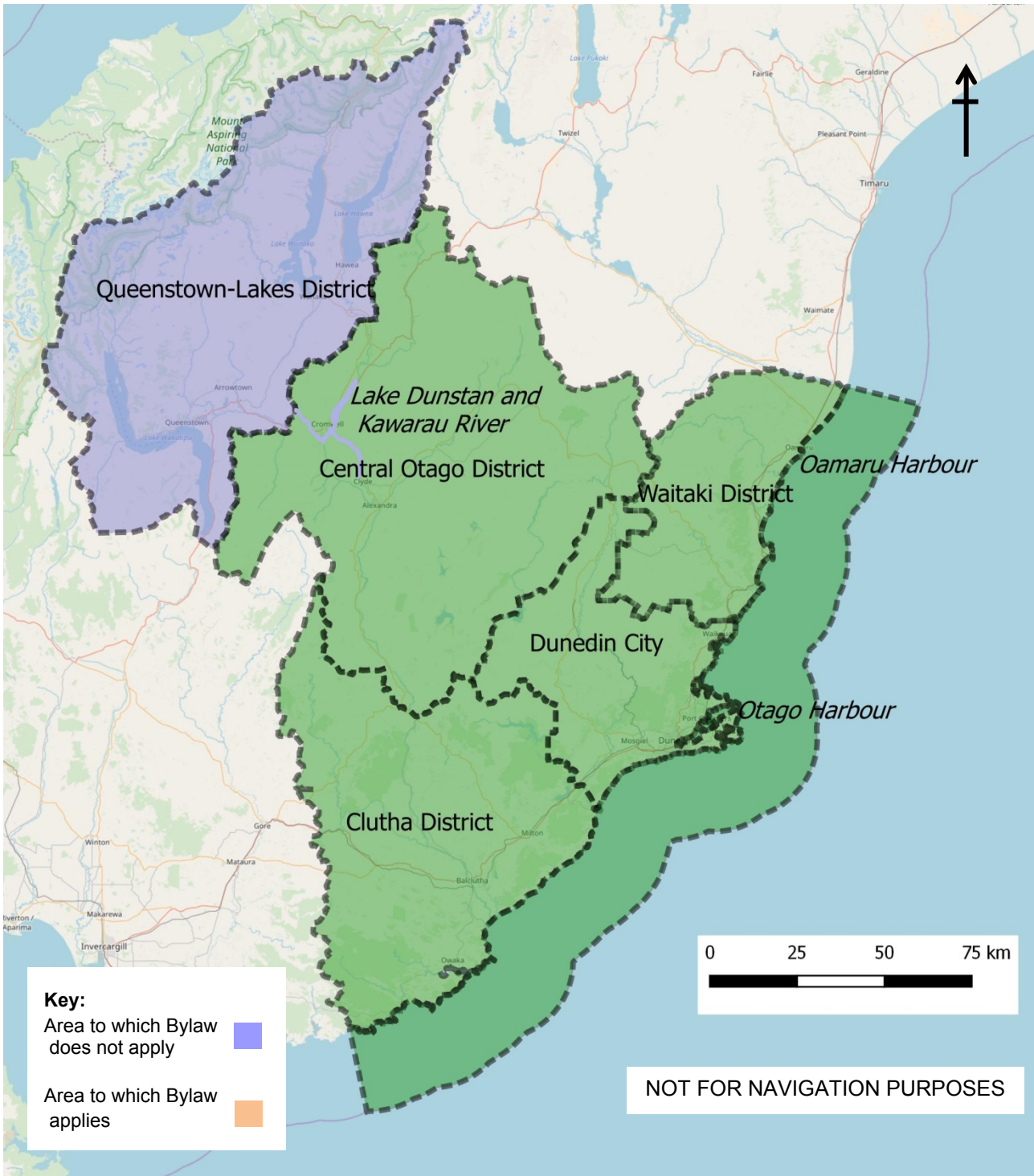
29. Written approvals

- 1) Any person may make application to the Harbourmaster for written approval as allowed under this bylaw. Applications must be:
 - (a) in a form and manner prescribed by the Harbourmaster; and
 - (b) be accompanied by any required fee.
- 2) Written approval may be granted or refused and if granted subject to conditions.
- 3) Any written approval required by this Bylaw shall be displayed as required by its terms and conditions and must be produced forthwith on request by the Harbourmaster, an Enforcement Officer or a Constable.
- 4) No written approval, required by this Bylaw shall have effect until any fee required for it has been paid.

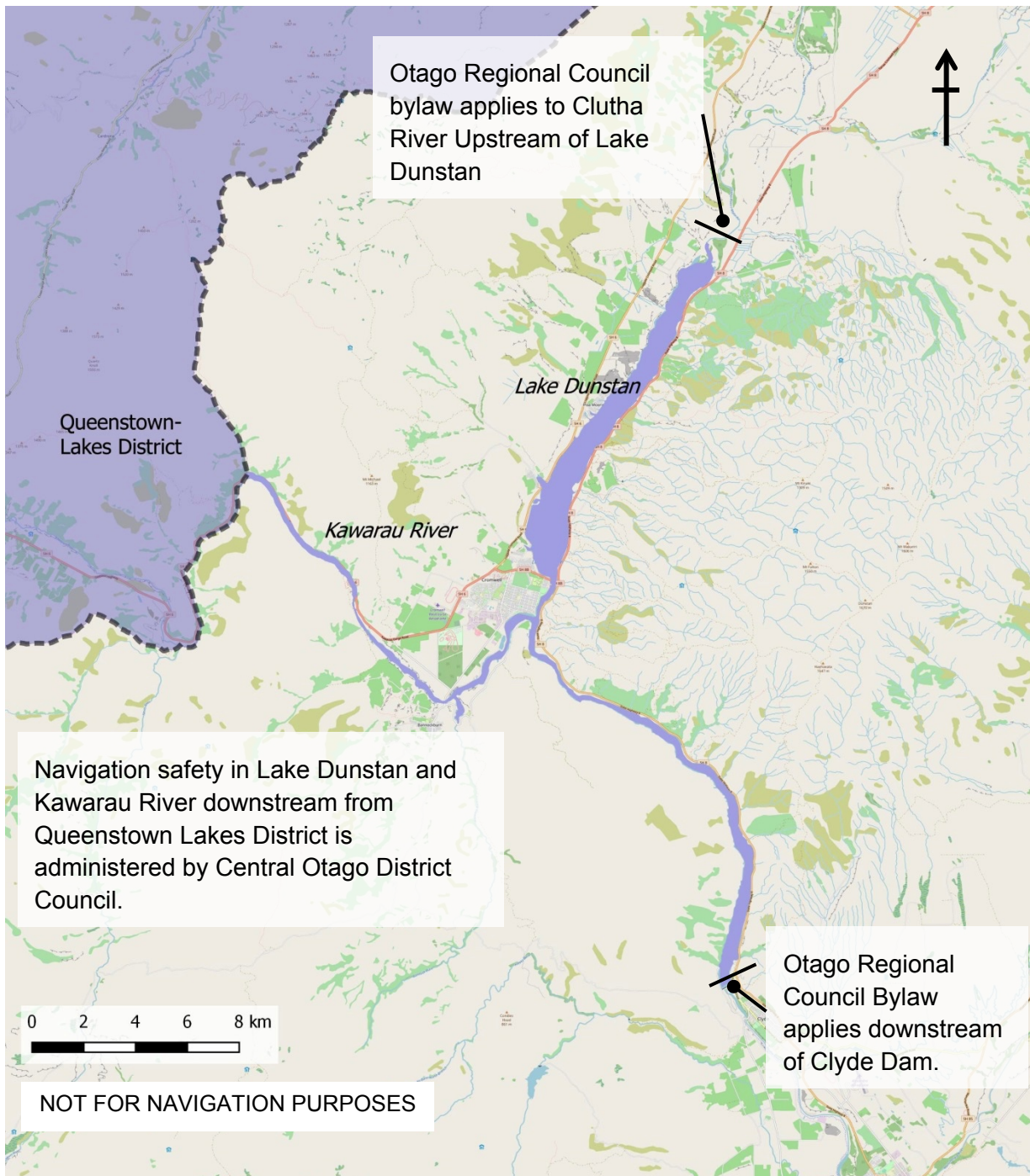
30. Offences and Penalties

- 1) It is an offence under [section 33N](#) of the Act to contravene this Bylaw.
- 2) It is an offence under the Act to, without reasonable excuse, fail to comply with a direction or requirement given or imposed by a Harbourmaster under [section 33F](#) of the Act.

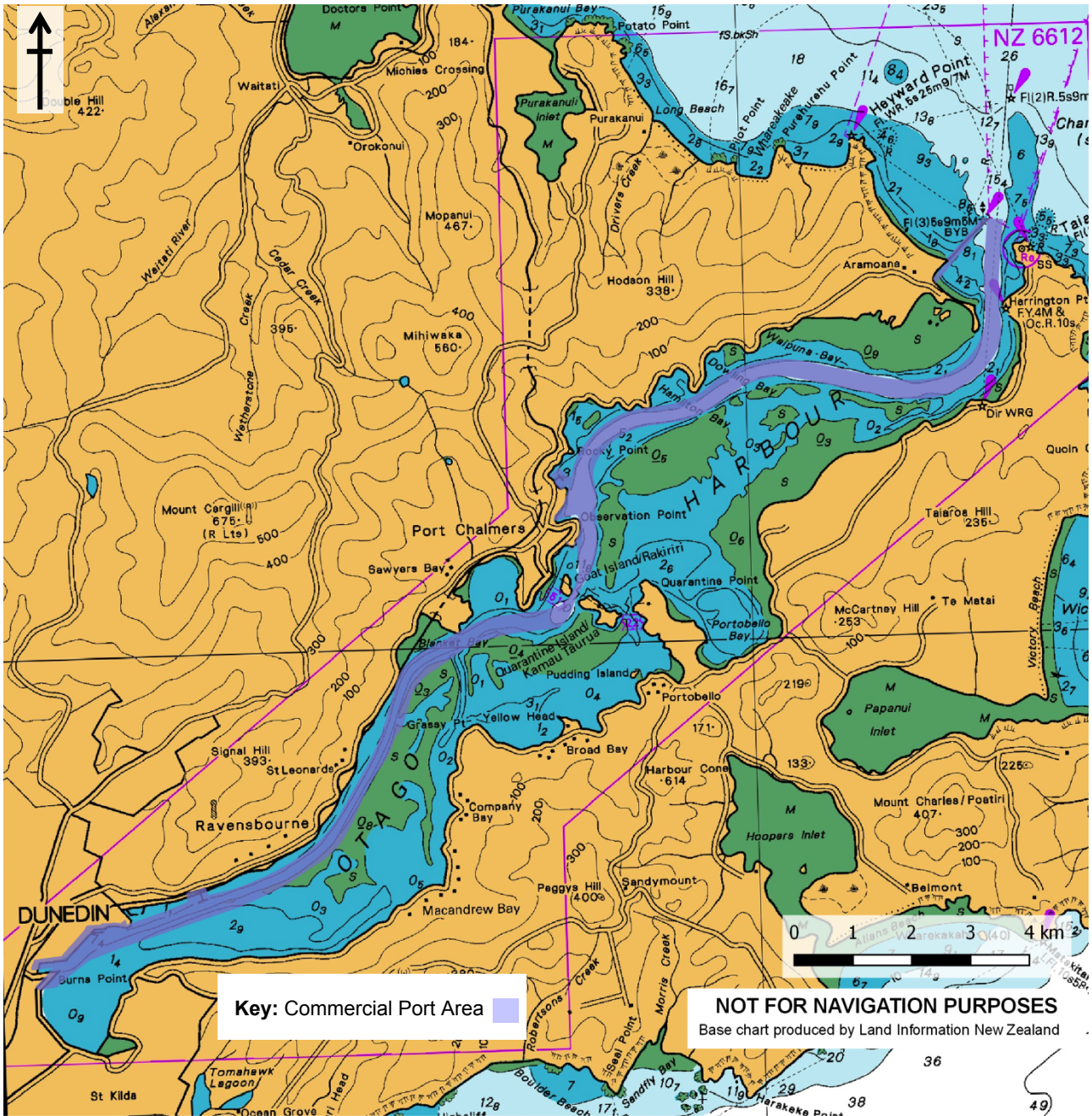
Appendix A. Otago Region



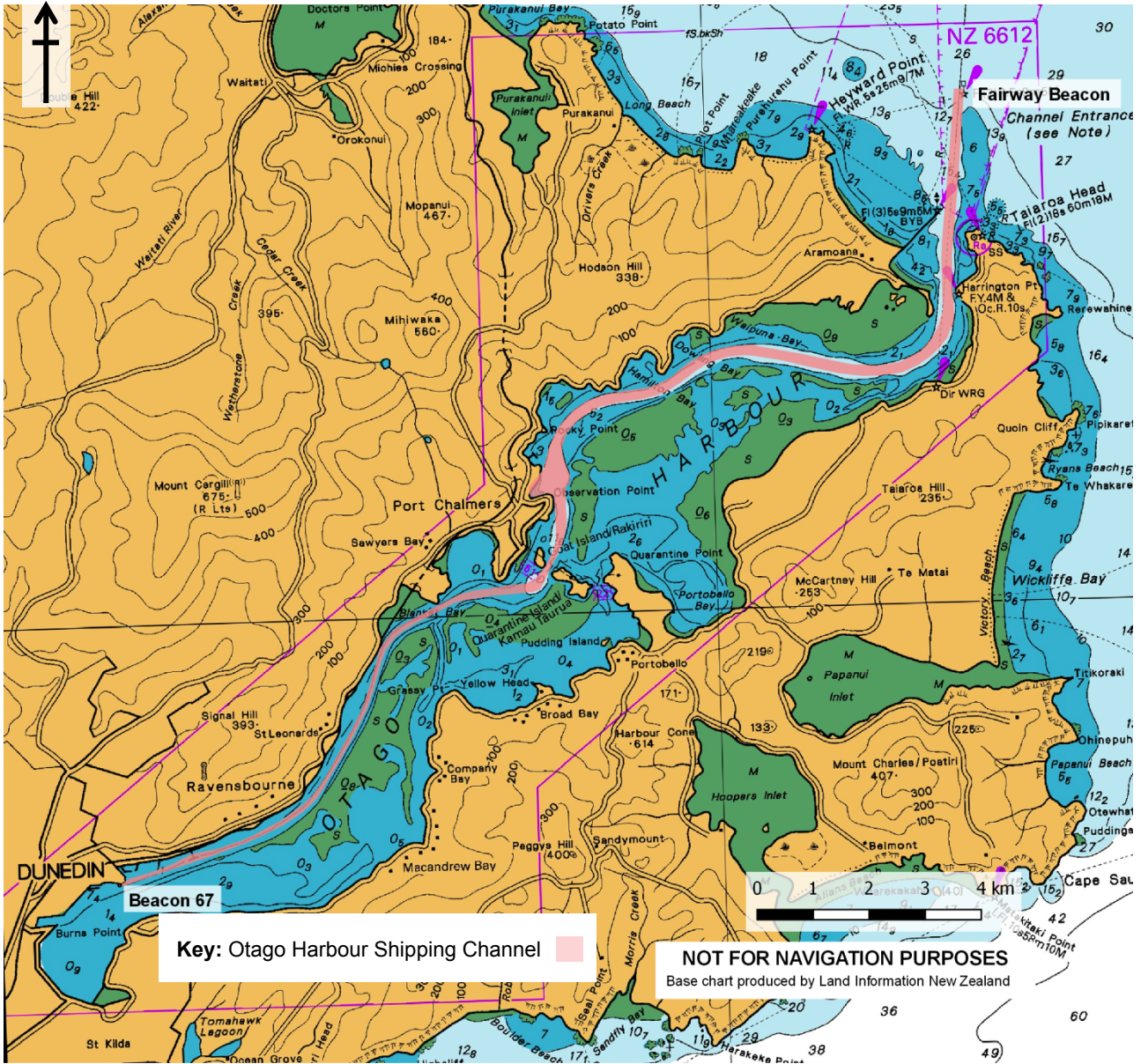
Appendix B. Waters Where Bylaw Does Not Apply in Central Otago District



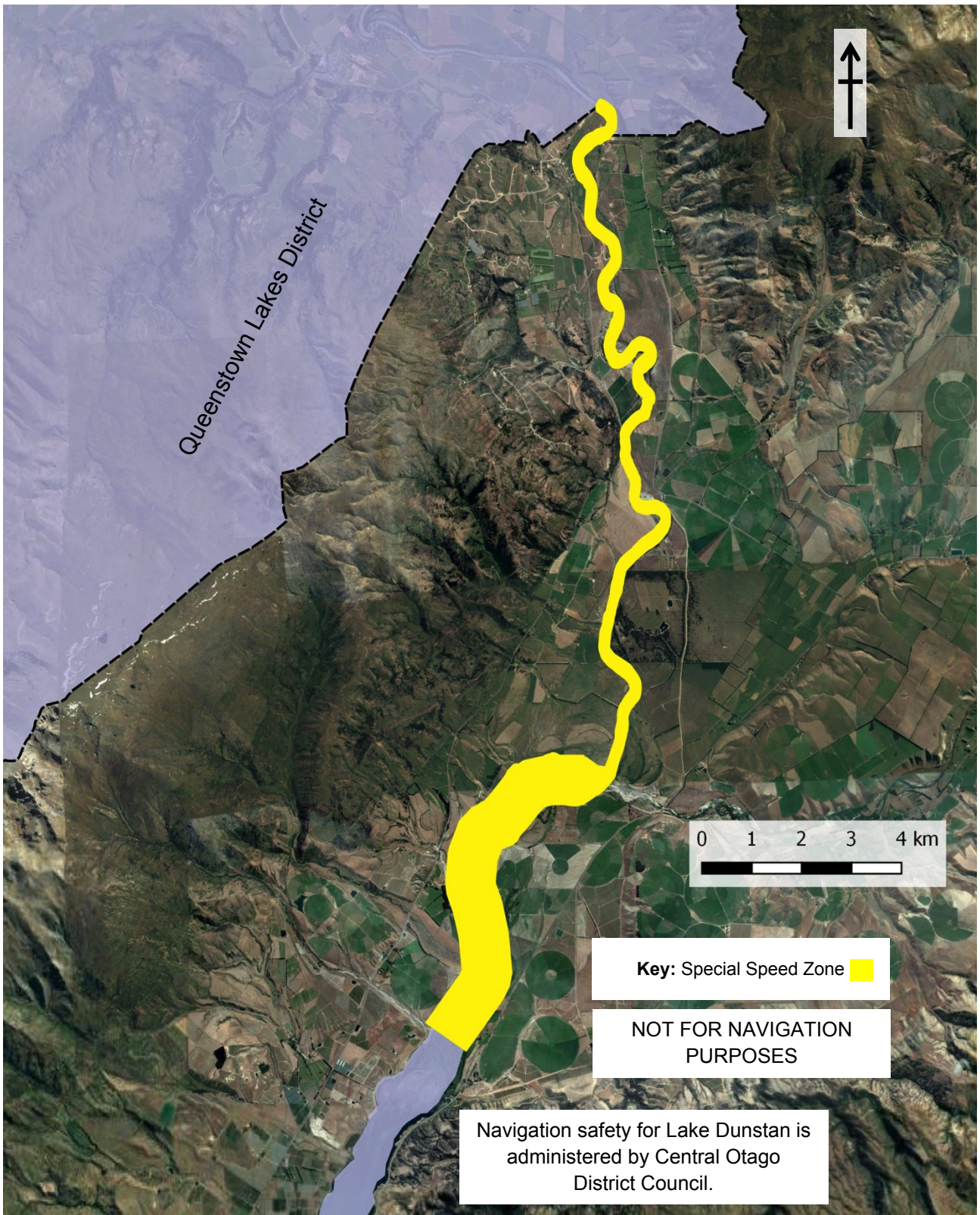
Appendix C. Commercial Port Areas of Otago Harbour



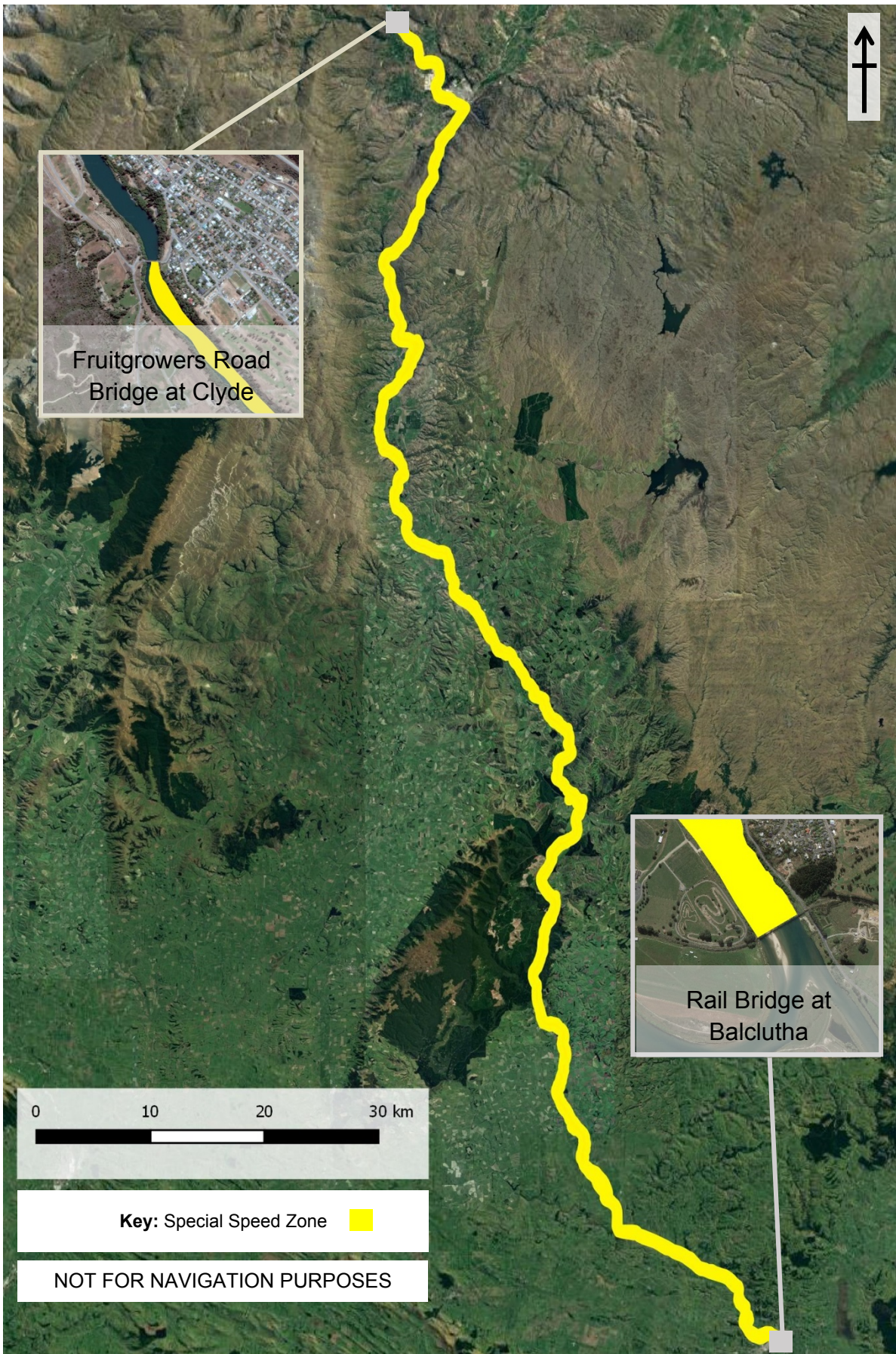
Appendix D. Otago Harbour Shipping Channel



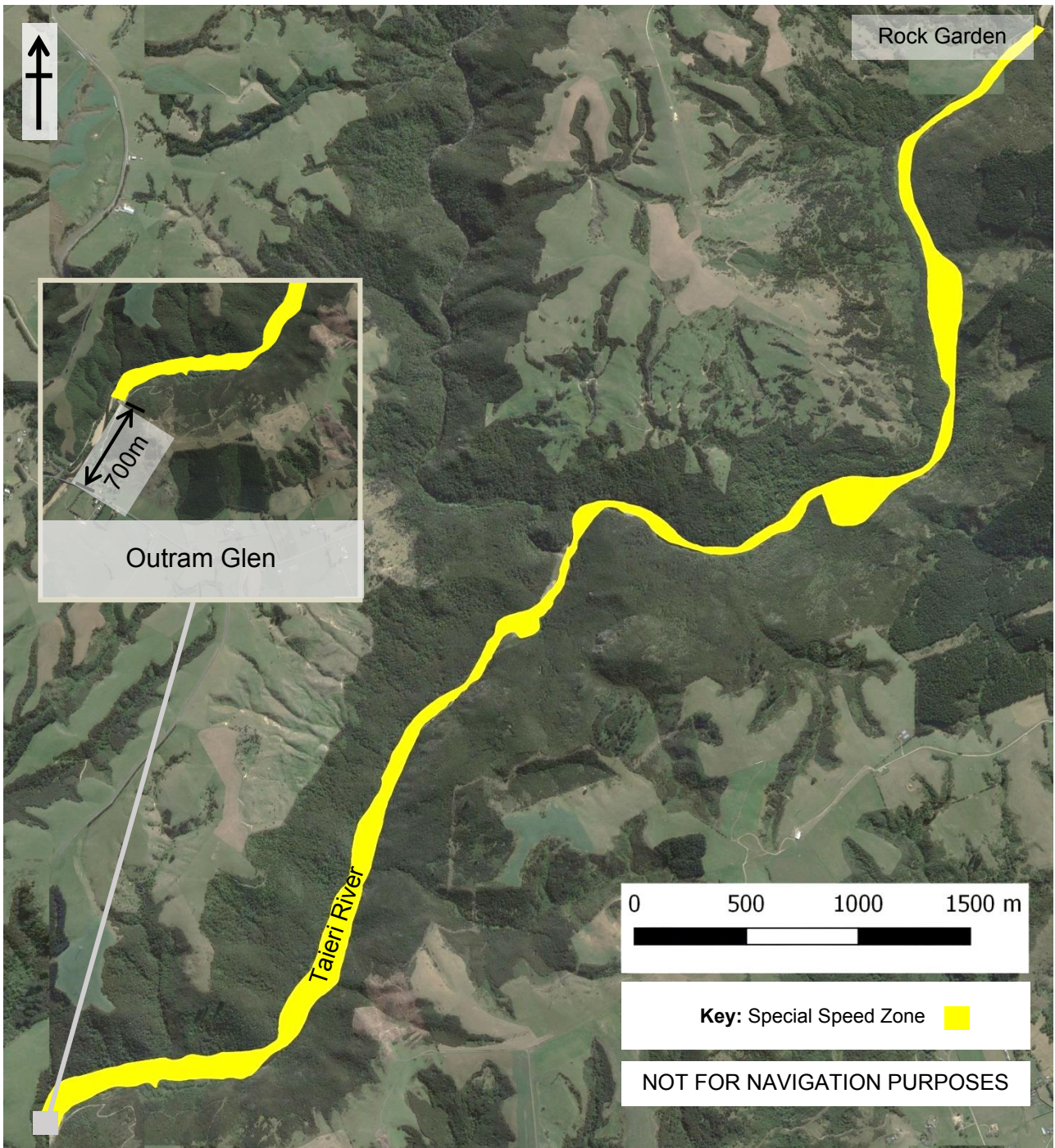
Appendix E. Special Speed Zones for Otago Inland Waters



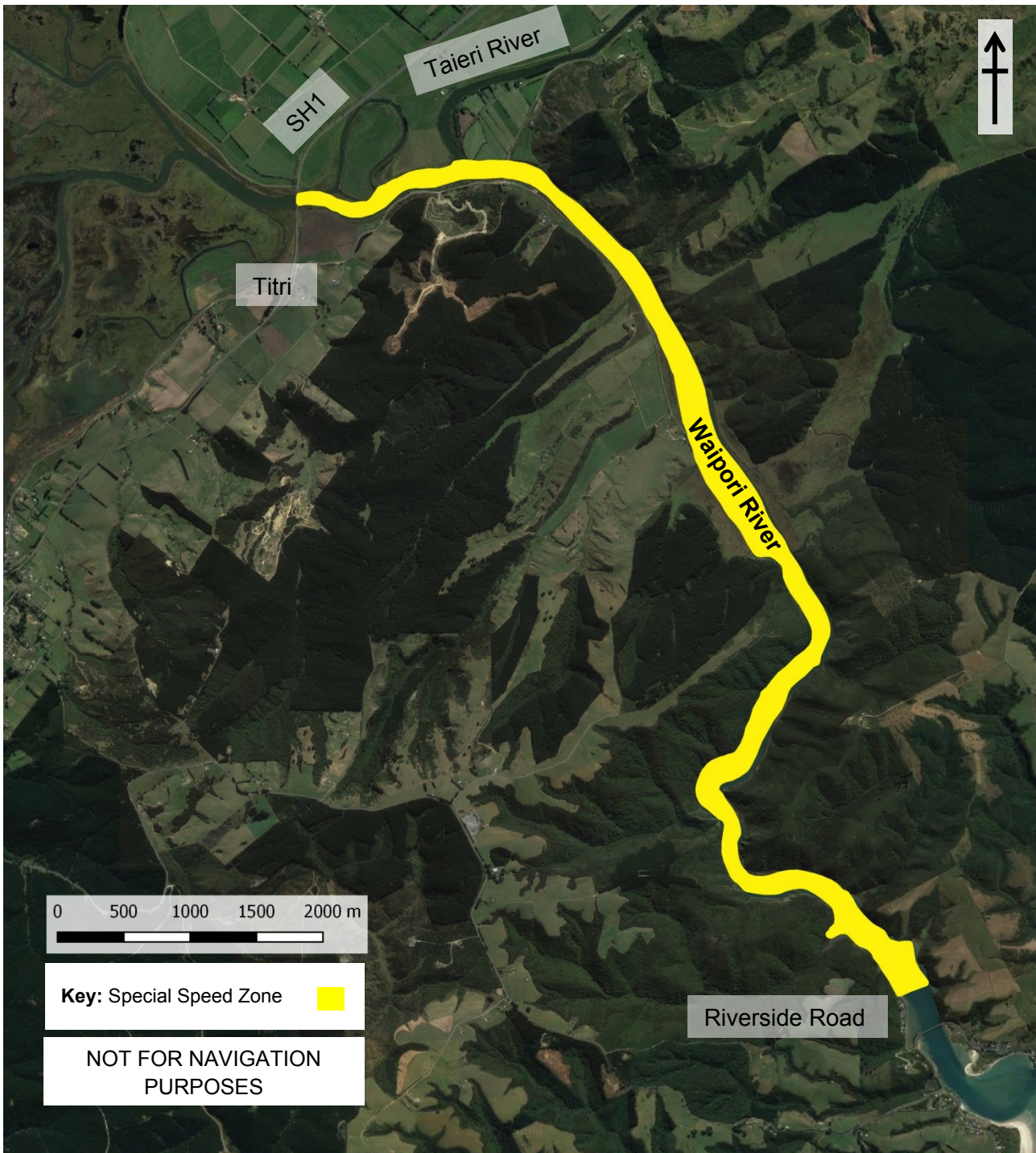
Upper Clutha River: Speed unlimited for all vessels in Clutha River between boundary of Queenstown Lakes District Council and Lake Dunstan.



Mid Clutha River: Speed unlimited for all vessels in Clutha River, including all waters of Lake Roxburgh, between Fruitgrowers Road bridge at Clyde and the Rail Bridge at Balclutha.

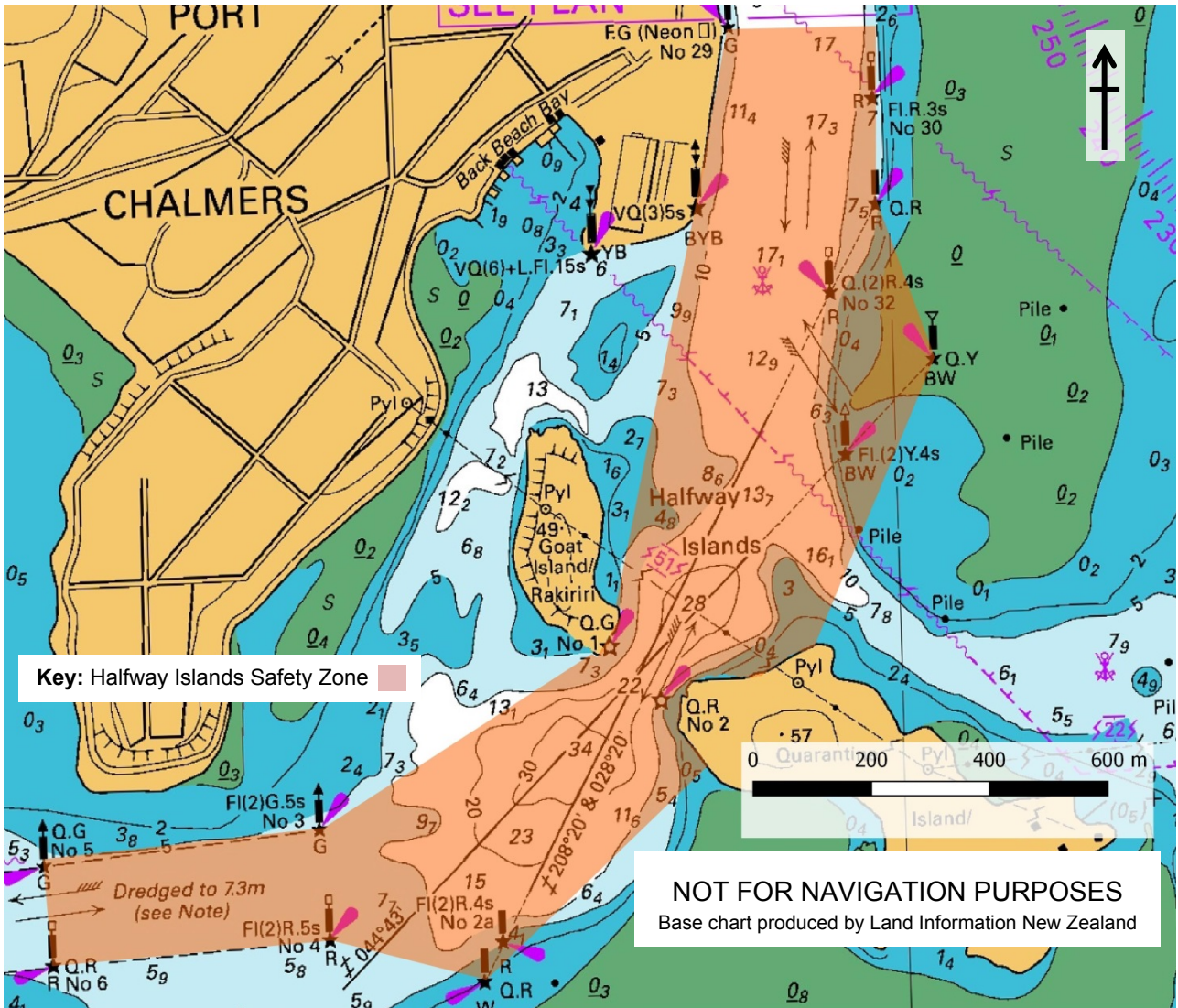


Taieri River: Speed unlimited for all vessels from 700m upstream of the State Highway 87 bridge at Outram Glen to the Rock Garden 7km northeast of the State Highway 87 bridge.

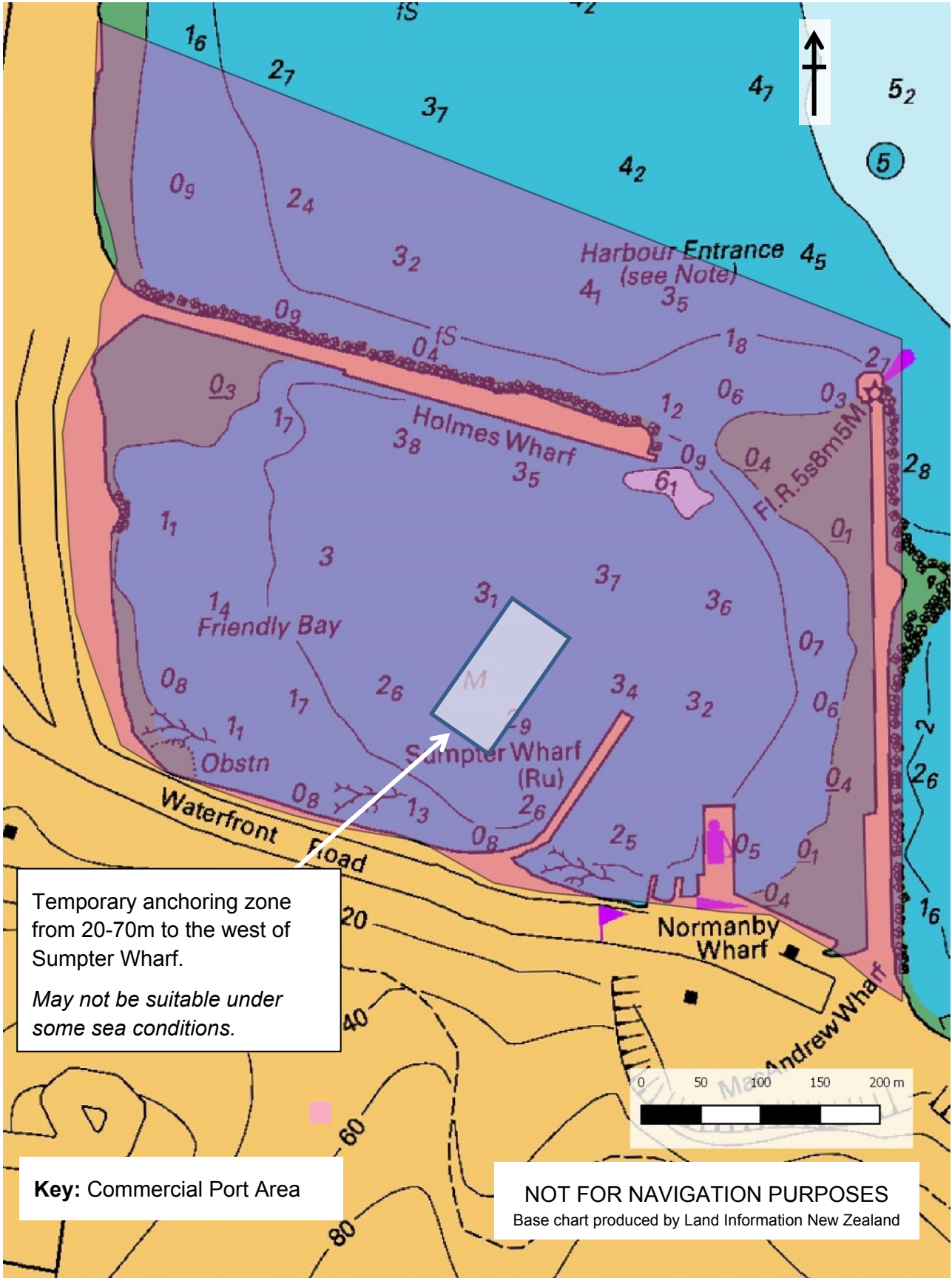


Waipori River: Speed unlimited for all vessels more than 30m from shore, from the upstream end of Riverside Road to the State Highway 1 bridge at Titri. Excludes Taieri River upstream of confluence with Waipori and other tributaries of Waipori River.

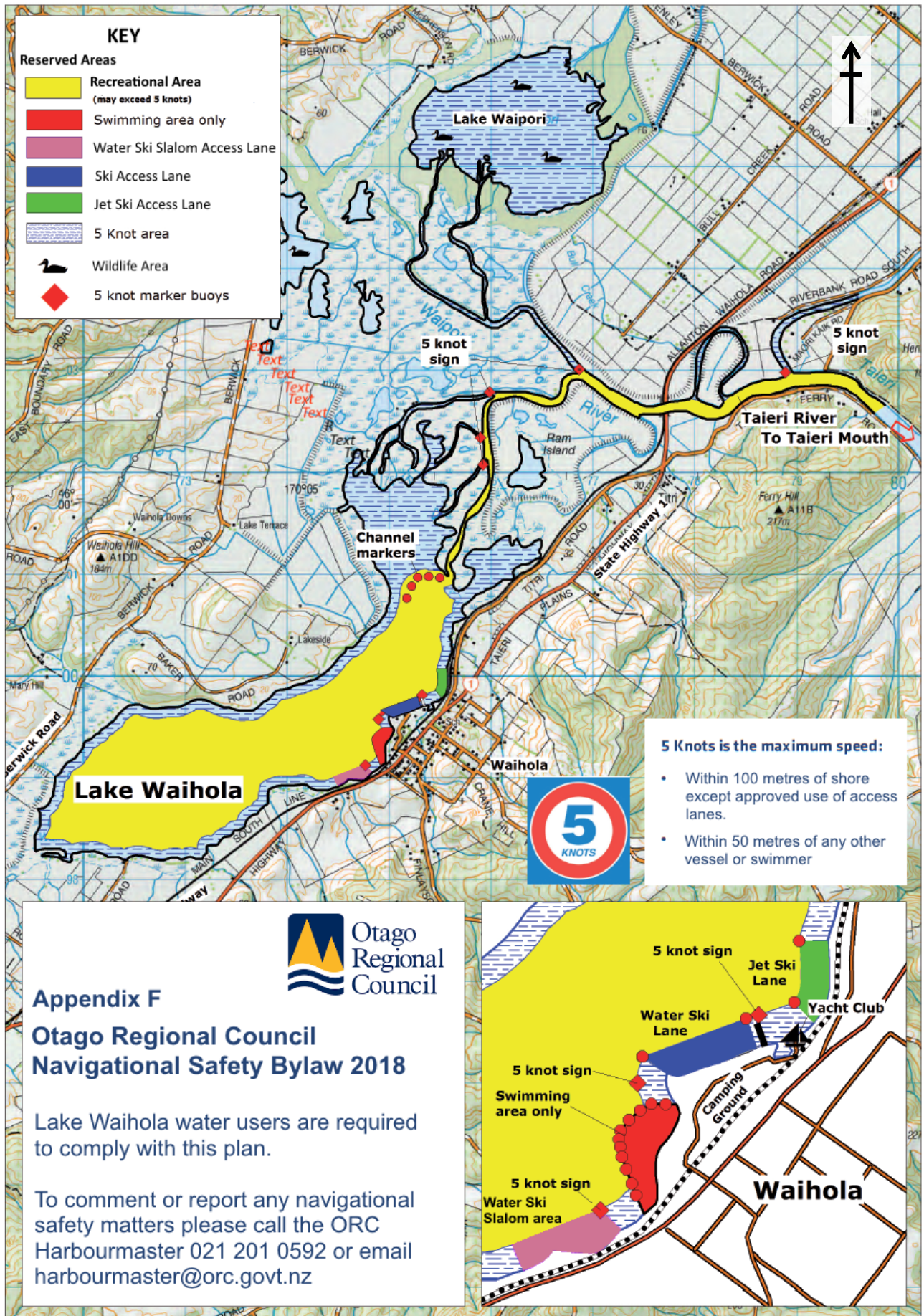
Appendix F. Halfway Islands Safety Zone



Appendix G. Oamaru Harbour



Appendix H. Lake Waihola Reserved Areas and Access Lanes



TERMS OF REFERENCE

Urban Water Quality Reference Group

Purpose

To scope and shape the policy direction for reviewing urban water quality issues and improving their integration into the Otago Water Quality Strategy, and whether or not further consequential amendments to the Regional Plan Water are necessary.

Reporting

The Urban Water Quality Reference Group will report to the Policy Committee.

Meetings

The Urban Water Quality Reference Group will meet as and when required.

Membership

Cr Scott (Chair)	Tanya Winter
Cr Hope	Gavin Palmer
Cr Lawton	Dale Meredith
Cr Robertson	Sylvie Leduc
Cr Woodhead	Jane Turnbull

Scope

The Urban Water Quality Reference Group shall be involved in the following activities:

- 1 Affirm the nature, scale and significance of urban water quality issues in Otago.
- 2 Define the purpose and scope of how urban water quality issues are addressed as part of the proposed Water Quality Strategy currently being developed, having particular regard to identifying the approaches and methods for:
 - managing the effects of discharges on water quality;
 - ensuring better integration across receiving environments (land and water (including coastal water)); and,
 - ensuring better integration of land use, discharges and infrastructure.
- 3 Define/develop high level principles to inform developing methods to better manage discharges, particularly where there are opportunities to better manage urban discharges.
- 4 Assist in defining and prioritising the work programme for consequential amendments to the Regional Plans: Water, Coast and Waste (as appropriate and necessary).

Timeframe

The Urban Water Quality Reference Group will conclude its work once Council formally adopts a Water Quality Strategy.

8 Month Review
to 28 February
2018

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Key

	Target is being achieved, either to date, or in total.
	Target progress is marginal, or target partially achieved.
	Target has not been achieved.
	Target not due to commence until a later date

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EXECUTIVE SUMMARY

Introduction

This document provides a summary of progress made on the achievement of our activities to the end of February 2018, along with details of how those activities are tracking against budgets.

Activity Achievement - Environment

Water

Activities undertaken include ongoing monitoring of water quality, commencement of desk top assessments and a pilot project for rural water quality environmental risk assessment work. Work is ongoing with industry groups, farmers, and other working groups to promote rural water quality.

An accelerated programme of work to progress the establishment of minimum, groundwater and environmental flows, involving monitoring, science and policy work has continued during the period. Science work is progressing well for a number of catchments. Work is continuing on the remaining Environment Court hearing processes for the Lindis River minimum flow appeal, and a number of economic and social impact assessments are in progress for various other rivers.

Forty groups of water users who are looking to replace their mining privileges have had one meeting with a number of those groups holding a second meeting and, in some cases, a third round of meetings has commenced.

Air

Air quality monitoring was undertaken as scheduled. With the exception of Dunedin, all sites monitored over the 2017 winter months, did not comply with the National Environmental Standard air quality standards.

A draft air strategy was adopted for consultation with external stakeholders.

Land

Work continued on monitoring compliance with the Pest Management Plan provisions for pest plants and animals and responding to 119 pest complaints received. Where non-compliance was found, follow up action was undertaken.

An educational campaign is being developed for rabbit management, and work continues on the development of a Biodiversity Strategy.

Two applications to the Environmental Enhancement Fund were approved, and five further applications have been received. This fund is being reviewed and the applications will be considered once the process and criteria have been amended and endorsed by Council.

River Management

Inspection of scheduled rivers is underway, and all reported blockages have been investigated and actioned appropriately.

Environmental Incident Response

During the period, Council received 1,194 incident complaints, and all were responded to within the required time frames. Work with the territorial authorities is continuing on a contaminated sites database.

Activity Achievement - Community

Council's statutory timeframes and requirements were met when completing the Annual Report, and we are on track to meeting the timeframes for the 2018-28 Long Term Plan.

Council continued its liaison with iwi representatives throughout the year.

Funding contributions continue to be made to the Otago Rescue Helicopter.

Activity Achievement - Regulatory

All but two appeal topics on the Regional Policy Statement have been resolved through mediation. A court hearing is scheduled for February on the outstanding matters.

To date around 165 consent applications have been received. To date, compliance monitoring for performance monitoring shows a 97% compliance rate with consent conditions, and consent audits show an 76% compliance rate. Enforcement work is being undertaken as necessary.

A new harbour master commenced work during the period. Drafting of harbour bylaws has been completed, and preparation for consultation of the bylaws is underway.

Activity Achievement - Flood protection and control works

The flood and drainage schemes performed as designed to during the period. Damage from the July flood event has been identified, prioritised, and repairs are continuing. Construction of the Union to Leith footbridge (ITS bend) stage of the Leith Flood Protection Scheme continued.

Activity Achievement - Safety and hazards

Work continues on planning and being ready in the emergency management activity. Otago now has five nominated Group Controllers in place.

The warning system and dissemination of information for the July flood event operated effectively, with information being provided through the Waterinfo website, text alarms, ring lists and media releases.

Work on natural hazards continued, including work on the South Dunedin Future programme, and working with Queenstown Lakes District Council on a flood awareness campaign in Queenstown and Wanaka.

Activity Achievement - Transport

Dunedin network improvements to bus services were implemented during September 2017. Wakatipu network tender and contract negotiations were undertaken, and services commenced in November 2017. Since these changes both Dunedin and Wakatipu are performing ahead of the same period last year.

Systems design and development is underway for the ticketing system replacement scheduled for 2018. Statutory processes (designations) have been completed for the Dunedin bus hub and the tender process is in progress.

Financial Achievement

Actual and budgeted costs and their revenue sources are shown below:

Actual, Budget and Forecast Cost

Activities	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 2018 \$000s	Forecast Expenditure to 30 June 2018 \$000s
Water	5,235	6,668	(1,433)	9,848	8,653
Air	300	260	40	423	463
Land	1,726	3,020	(1,294)	4,113	3,693
River management	1,052	1,407	(356)	1,889	1,759
Enviro. incident	1,102	958	145	1,411	1,561
Community	2,978	3,364	(386)	5,024	4,463
Regulatory	2,646	2,453	193	3,684	3,809
Flood protection	5,966	4,520	1,446	7,382	9,877
Safety & hazards	2,881	2,508	373	3,741	3,991
Transport	14,639	16,195	(1,556)	25,183	25,213
Total costs	38,525	41,352	(2,826)	62,699	63,483

Variances in actual versus estimated expenditure are discussed within each section of this report.

Actual, Budget and Forecast Revenue

Revenue	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 2018 \$000s	Forecast Revenue to 30 June 2018 \$000s
Total costs	38,525	41,352	(2,826)	62,699	63,483
Funded by:					
General rates *	12,332	11,769	563	17,447	18,082
Targeted rates / scheme reserves	13,329	12,773	556	18,927	21,840
Fees and charges	1,125	2,117	(992)	3,331	2,441
Infringement fines	189	340	(151)	510	419
Grants	6,628	8,077	(1,449)	11,926	12,167
Other income	4,124	4,847	(724)	7,603	7,211
Internal charges	210	210	0	315	315
General reserves	9	81	(71)	437	218
Other reserve	580	1,138	(559)	2,204	791
Total revenue	38,525	41,352	(2,826)	62,698	63,483

* before applying dividends and interest income to reduce the general rate requirement.

Forecast Expenditure and Revenue

Total expenditure is forecast to be \$63.5 million compared to the \$62.7 million budgeted, an increase of \$0.8 million.

Of this amount, targeted rates / scheme reserves is forecast to be overspent by \$2.9 million. This is largely due to the timing of the Leith flood protection works which includes construction on the Union to Leith footbridge (ITS bend) section of the scheme. This was budgeted last year but is being completed this financial year. This increase will be offset by decreased fees and charges (\$889,000), other income (\$392,000) and the use of other reserves \$1.4 million (building reserve \$600,000, water management reserve \$678,000 and environmental enhancement fund \$200,000). An additional \$635,000 of general rates will be used however this will be offset by a decrease of \$220,000 in general reserves, leaving a net impact on general rates of \$415,000.

Further explanation of the forecast is provided below.

Water

This activity is forecast to be underspend by \$1.195 million made up as follows:

- Regional Plan Water will be underspent by \$360,000. Work in this activity has been delayed while other activity was undertaken. Work is now progressing on all workstreams however an underspend will remain at year end.
- State of the environment monitoring will be overspent by \$65,000. This relates to unbudgeted capital expenditure.
- Rural water quality will be underspent by \$750,000. Delays in this project relate to a change in the way the environmental risk assessments will be undertaken. A pilot will be conducted which will be outsourced rather than resourced in house as originally planned.
- Water management groups will be underspent by \$150,000. Targets are being met however this activity is requiring less resource than budgeted. This activity is funded by the water management reserve.
- Coastal strategy will be underspent by \$150,000. This activity has been deferred. Some of the science work will still be undertaken however the policy and engagement work will now occur in future years.
- Minimum flows and allocation limits will be overspent by \$300,000 due to an acceleration of the work programme.
- Applications for funding bulk rural water initiatives will be underspent by \$150,000. This is dependent on applications received. No further applications are anticipated this finance year.

Land

This activity is forecast to be underspend by \$420,000 made up as follows:

- Pest management implementation will be underspent by \$150,000. Some of the current variance will reduce as expenditure is incurred on the K5 virus however an underspend is still anticipated at year end.
- Regional services contracting will be underspent by \$150,000. Less contracting work has been undertaken.
- The environmental enhancement fund will be underspent by \$200,000. This fund is currently being reviewed and no further expenditure is forecast until the process and criteria have been amended and endorsed by Council.

River Management

This activity is forecast to be underspent by \$130,000. The majority of this variance (\$100,000) will occur in Dunedin where year to date work is currently underspent by \$218,000. This variance is forecast to reduce as work on Lindsay Creek and the Waitati River commences in March.

Environmental Incidents

This activity is forecast to be overspend by \$150,000 made up as follows:

- Incident response will be overspent by \$250,000.
- Investigations and enforcement will be underspent by \$100,000.

These activities are demand driven and the forecast variances reflects the current year to date variances.

Community

This activity is forecast to be underspent by \$561,000 made up as follows:

- Public information and awareness will be overspent by \$30,000. This is largely due to additional unbudgeted time in the preparation of the long term plan.
- The Dunedin head office replacement will be underspent by \$600,000. This is due to delays in securing Councils preferred site. This activity is funded from the Building reserve.

Regulatory

This activity is forecast to be overspent by \$125,000 made up as follows:

- The Regional Policy Statement will be overspent by \$325,000. This activity was unbudgeted at the RPS was assumed to have been completed prior to this financial year.
- Consent processing will be underspent by \$325,000. This is demand driven and reflects lower levels of consent applications received.
- Consent monitoring will be underspent by \$175,000.
- Harbour and waterway management will be overspent by \$300,000. Interim harbour master services were contracted out for the first half of the year until Council employed an in-house harbour master. Additional work has been undertaken to draft harbour bylaws for Otago.

Flood and drainage schemes

This activity is forecast to be overspent by \$2.495 million made up as follows:

- The Leith project will be overspent by \$2,500,000. The budget of \$3.0 million was for the completion of the Dundas St section of the scheme. Actual work being completed this year relates to the Union to Leith footbridge (ITS bend) section which has continued from 2016/17 in part due to the discovery of asbestos and shutdowns due to several floods. That work is forecast to cost \$4.5 million plus design and other preliminary work on the Dundas St section of \$1.0 million will be completed.
- Lower Clutha will be underspent by \$540,000. Operating expenditure will be slightly over budget due to the July floods however this is offset by \$600,000 of capital expenditure that will be deferred.
- The three Taieri flood and drainage schemes will be \$680,000 overspent. This is due to the July flood event and although this overspend has reduced from the variances earlier in the year a significant overspend is still expected to remain at year end. The overspend relates to operating expenditure and is offset by some planned capital works being deferred.

These works are all funded by the schemes through targeted rates and scheme reserves.

Safety and Hazards

This activity is forecast to be overspent by \$250,000 made up as follows:

- Flood risk management will be overspent by \$250,000. This is due to additional work required following the July flood event.


Transport

This activity is forecast to be overspent by \$30,000 made up as follows:

- The bus hub will be overspent by \$1.0 million. This is timing as this was budgeted in 2016/17 (\$3.0 million). Construction will commence in June with completion expected in August. The remaining \$2.0 million of this budget will be carried forward to 2018/19.
- Dunedin bus services will be underspent by \$600,000. The new services were budgeted to start at the start of the financial year but didn't commence until September. Some of the current year to date variance is forecast to be recovered through increased patronage. This activity is funded by fares, NZTA grants and targeted rates.
- Queenstown bus services will be underspent by \$500,000. The new services were budgeted to start at the start of the October but didn't commence until late November. Some of the current year to date variance is forecast to be recovered through increased patronage. This activity is funded by fares, NZTA and QLDC grants and targeted rates.

ENVIRONMENT

Water Quality

Level of service – Maintain or improve water quality		Achieved
Measure:	State of the Environment monitoring.	
Performance target:	Monitor to assess that water quality that meets thresholds set out in the Regional Plan: Water continues to be met.	
Achievement to date:	Schedule 15 monitoring work is ongoing (SoE monitoring). A draft 5-year state and trends report indicates water quality decline at some sites in Otago (especially for phosphorus, sediment, E. coli). This report will be finalised and presented to council in the new year.	
Expected at year end:	Schedule 15 monitoring will be undertaken throughout the year and results will be reported in the 2017/18 annual report.	

Water quality thresholds for surface water have been set in Schedule 15 of the Regional Plan: Water.

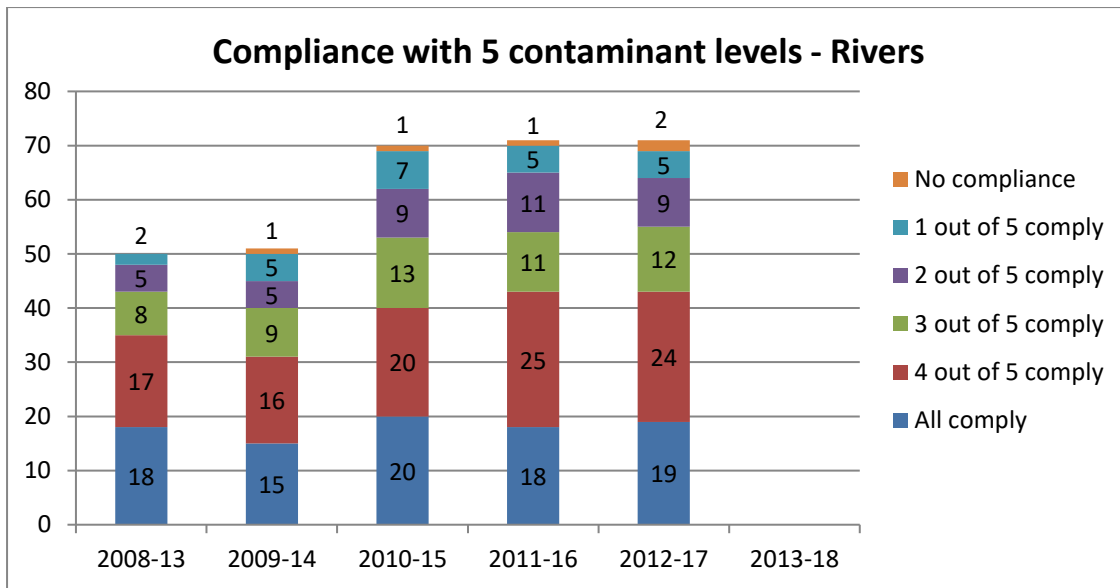
The contaminants measured for rivers are:

- Nitrite-nitrate nitrogen
- Dissolved reactive phosphorous
- Ammoniacal nitrogen
- Ecoli
- Turbidity

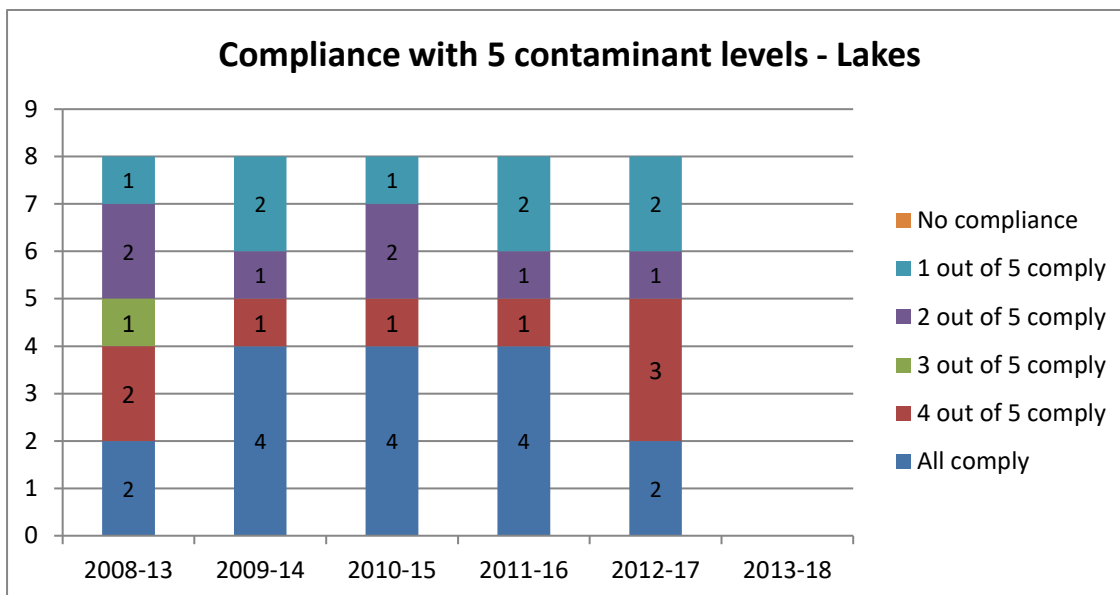
The contaminants measured for lakes are:

- Total nitrogen
- Total phosphorous
- Ammoniacal nitrogen
- Ecoli
- Turbidity



For rivers, water quality is measured as a five year 80th percentile (when flow is at or below median flow), and lakes are measured as a five year 80th percentile, at State of Environment monitoring sites. The results from our monitoring for the last five reporting periods are shown below. Monitoring results for the 2018 year will be reported on at the year end.



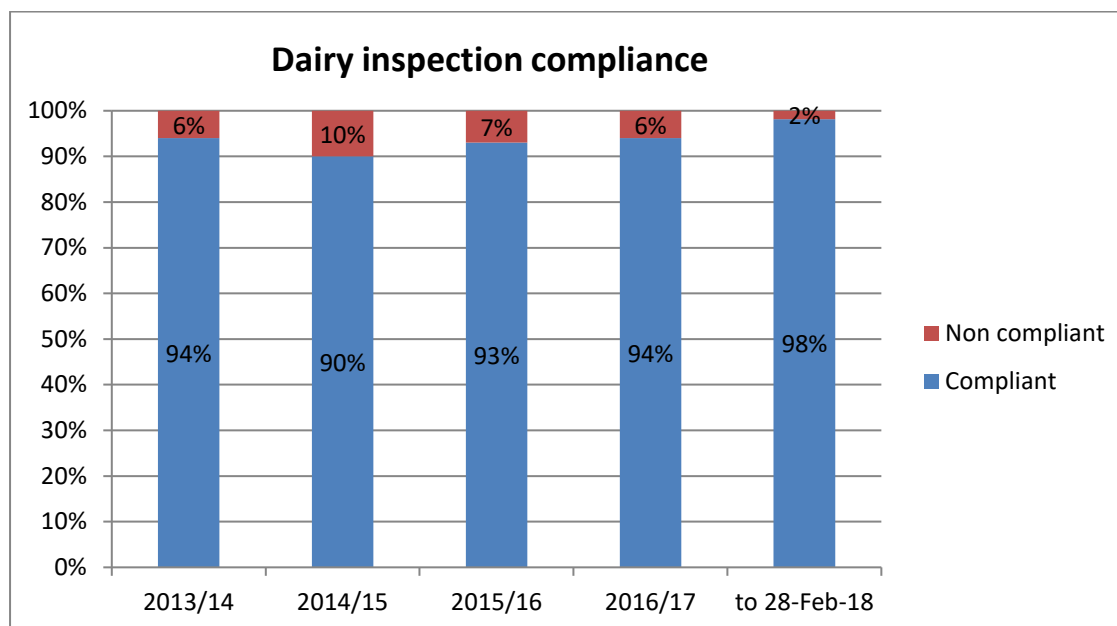
This graph will be updated at year end.



This graph will be updated at year end.

Level of service – Maintain or improve water quality		Achieved
Measure:	Dairy inspection and other farm monitoring.	 
Performance target:	Using a risk-based approach, 148 dairy farms will be visited on at least two occasions each and assessed for compliance with prohibited activity rules.	
Achievement to date:	Inspections started in November. 61 dairy farm inspections have been conducted year to date. No issues were identified.	
Expected at year end:	All dairy properties with risk ranking 2 and 3 will be inspection over the 2017/18 season.	


Compliance results compared to previous years are as follows:










Other initiatives undertaken to promote water quality include:

- Monthly e-newsletter “On-Stream”, Good Water in Otago Facebook page, quarterly newsletter “Waterlines”.
- Liaison with industry groups including Dairy NZ, Beef and Lamb, and individuals.
- Set up of farmer pod groups in North Otago, to address water quality by working together to share ideas.
- Compliance flow chart published in Waterlines and summer issue of Irrigation NZ News.
- Actively working with Otago, South Otago and North Otago dairy working groups.
- Exploring a project with AgResearch, Landcare Trust and Beef and Lamb around stock access to waterways and good practice.
- Working with forestry industry to improve mitigation measures to protect water quality, and on the National Environmental Standard for Plantation Forest.
- An urban water quality strategy has been adopted, and an implementation plan is being developed.

- Undertake preliminary consultation to address the effects of stormwater discharges on water quality.

The draft consultation plan is being prepared in parallel with wastewater. Issues and options are being researched.	
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- Commence and complete plan changes for minimum flows, allocation regimes and aquifer regimes (work will take multiple years from commencement to completion).

<i>Lindis</i>	The ongoing monitoring programme for setting minimum flows and catchment water management in the Lindis is progressing. Work is continuing on remaining Environment Court hearing processes.	
<i>Cardrona</i>	The Economic and Social Impact Assessments are an integral part of the development of a consultation draft and plan change proposal. The timeframes for consulting on the consultation draft / preferred management option and notifying the plan change have been delayed. Consultants have indicated during the tender process that it is not feasible to complete the Economic and Social Impact Assessments within the timeframes proposed by ORC.	
<i>Waikouaiti River</i>	Deferred to 2018-19 following a review of work priorities and completion of Waikouaiti Estuary study.	
<i>Ettrick</i>	This project is now not intended to commence until the 18/19 financial year.	
<i>Manuherikia</i>	Work towards commissioning a water surety assessment, as a pre-requisite for Economic and Social Assessment, is ongoing, and an appointment is expected in the coming months. Engagement with key stakeholders and technical experts has occurred providing key input into the direction for the water surety work. Council workshop has been undertaken to provide an update and set out research, engagement and timing expectations. Notification date will be determined once water surety work has been commissioned.	
<i>Clutha</i>	First round of consultation meetings was initiated and completed within the timeframes. Feedback period has been extended but no delays expected in finalizing the feedback summary.	
<i>Arrow</i>	Feedback has been summarised, with the summary to be made available to the public in April. A cultural report was received by Aukaha in March and has been included in the summary of feedback. Work is underway to progress to a preferred option, aiming to take to Council for consideration in May.	

Other initiatives undertaken to manage water quantity include:

- 40 groups of water users who are looking to replace their mining privileges have had one meeting. A second round of meetings has been had with a number of those groups and a third round of meetings has commenced.
- Information about permit configuration and historic water use is provided on request.
- Staff gave a paper about deemed permits at a Law Society Conference in Queenstown in October.
- A water users guide has been created and is actively being used in communications with permit holders.

Actual, Budget and Forecast Costs - Water

Activities	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Expenditure to 30 June 18 \$000s
Regional Plan: Water					
- Operating cost	290	731	(442)	1,093	733
Water quality & quantity (SOE)					
- Operating cost	1,659	1,540	118	2,301	2,301
- Capital cost	67	0	67	0	65
Total cost	1,726	1,540	185	2,301	2,366
Rural water quality					
- Operating cost	1,107	2,029	(922)	2,988	2,238
- Capital cost	34	21	13	32	32
Total cost	1,141	2,051	(909)	3,020	2,270
Deemed Permits					
- Operating cost	195	353	(158)	528	378
- Capital cost	0	18	(18)	27	27
Total cost	195	371	(176)	555	405
Coastal strategy					
- Operating cost	83	414	(332)	530	380
- Capital cost	0	7	(7)	11	11
Total cost	83	421	(339)	540	390
Minimum flows					
- Operating cost	1,696	1,390	307	2,094	2,394
- Capital cost	9	0	9	0	0
Total cost	1,705	1,390	316	2,094	2,394
Bulk rural water					
- Operating cost	95	163	(68)	245	95
Total costs	5,235	6,668	(1,433)	9,848	8,653

Actual, Budget and Forecast Revenue - Water

Revenue	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Revenue to 30 June 18 \$000s
Operating costs	5,125	6,622	(1,497)	9,779	8,519
Funded by:					
General rates	4,018	4,767	(749)	6,914	6,450
Targeted rates / scheme reserves	867	1,547	(680)	1,586	1,758
Internal charges	145	145	0	217	217
General reserves	0	0	0	289	0
Water management reserve	95	163	(68)	773	95
Total funding	5,125	6,622	(1,497)	9,779	8,519
Capital costs					
Capital costs	110	46	64	69	134
Funded by:					
Asset replacement reserve	110	46	64	69	134
Total funding	110	46	64	69	134
Total revenue	5,235	6,668	(1,433)	9,848	8,653

Comments:

Regional Plan: Water is underspent by \$442,000. Commencement of some plan changes has been reliant on the adoption of the Urban Water Quality Strategy which was delayed while other work was completed but is now progressing. Science activity has also been delayed but tenders for this work have been awarded and expenditure will occur before year end.

Rural water quality is underspent by \$909,000. Delays in this activity have occurred due in part to the flood event in July impacting on dairy inspection work. In addition, a review of the way the environmental risk assessment is being delivered needed to be undertaken before work could start. That work is progressing with desk top assessments have commenced and the Shag River pilot project has been awarded to a consultant and will commence in March.

Deemed permit work is underspent by \$176,000. Targets are being met however this activity is requiring less resource than budgeted and the underspend is expected to remain at year end.

Coastal strategy activity is underspent by \$339,000. The priority of this activity has been reconsidered as part of the 2018-28 Long Term Plan planning process, and as a result, it is proposed that preparation of a strategy be undertaken in later years. Work is still continuing on planning a coastal forum in March/April 2018, and on monitoring the health of the Kaikorai and Tokomairiro estuaries.

Minimum flows and allocation limits is overspent by \$316,000 due to an acceleration of the work programme.

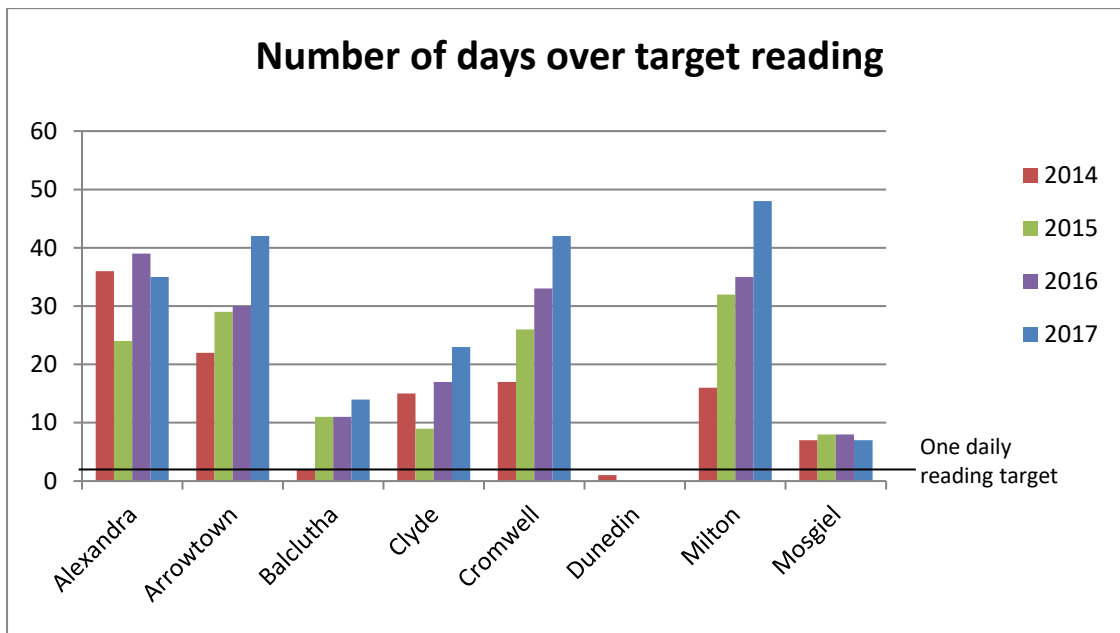
Air

Level of service – Improve air quality		Achieved
Measure:	Ambient (PM ₁₀) air quality in targeted towns.	<div style="display: flex; flex-direction: column; align-items: center; gap: 10px;"> ● ● </div>
Performance target:	Monitor air quality to assess compliance with the NES requirement of no more than one daily average reading of PM ₁₀ per annum to be higher than 50 micrograms per cubic metre (50 mg/m ³).	
Achievement to date:	On-going target, continues to be met.	
Expected at year end:	On-going target, continues to be met.	

Ambient air quality has been monitored for the winter of 2016 (April to September) in the following targeted towns:

- Alexandra
- Arrowtown
- Balclutha
- Clyde
- Cromwell
- Dunedin
- Milton
- Mosgiel
- Palmerston


The requirement of no more than one daily above 50 mg/m³ was not achieved in any location except for Dunedin, which had no readings above 50 mg/m³. The graph below shows the number of days where the daily average reading of PM₁₀ was higher than 50 mg/m³, for the last four years.



Report 11.3.2017 Air Quality Results presented to the technical committee on 29 November provides commentary about the results for the 2017 winter period.

Specific areas of work:

1. Support through funding, the installation of clean heating appliances in targeted towns (Airzone 1 and Milton).

Support is provided as applications are received. 20 clean heating appliances have been installed during the year to date.	
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**Actual, Budget and Forecast Costs - Air**

Activities	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Expenditure to 30 June 18 \$000s
Air monitoring					
- Operating cost	122	154	(31)	256	256
- Capital cost	59	35	24	35	35
Total cost	181	189	(8)	291	291
Clean heat clean air					
- Operating cost	50	52	(2)	103	103
Air strategy					
- Operating cost	68	19	49	29	69
Total costs	300	260	40	423	463



Actual, Budget and Forecast Revenue - Air

Revenue	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Revenue to 30 June 18 \$000s
Operating costs	241	225	16	388	428
Funded by:					
General rates	190	173	18	285	325
Targeted rates / scheme reserves	50	52	(2)	103	103
Total funding	241	225	16	388	428
Capital costs	59	35	24	35	35
Funded by:					
Asset replacement reserve	59	35	24	35	35
Total funding	59	35	24	35	35
Total revenue	300	260	40	423	463

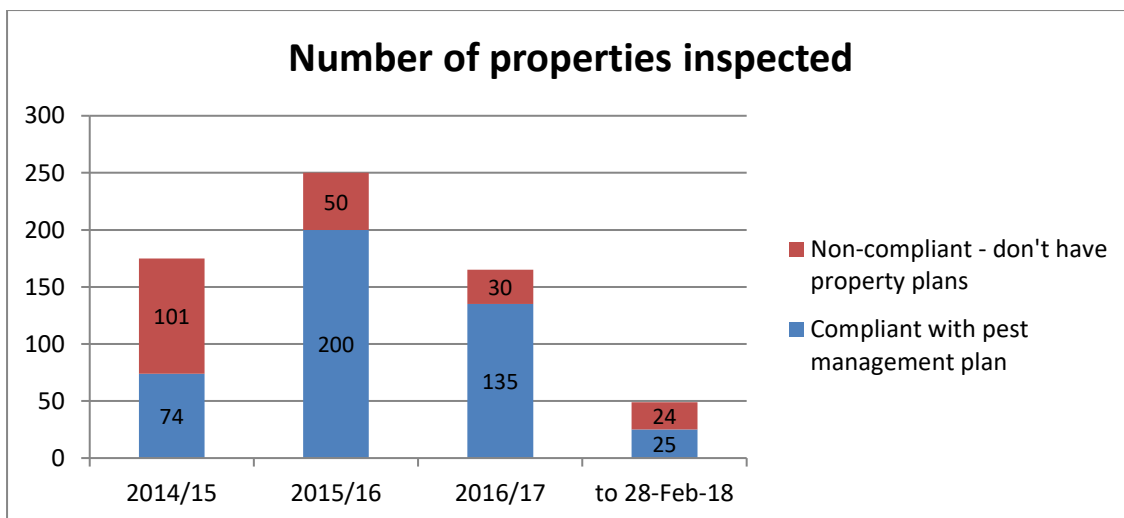
Comments:

Activity is largely on budget and is forecast to remain in line with budget at year end.



Land

Level of service – Require control of pest animals and pest plants		Achieved
Measure:	Level of rabbit populations in rabbit prone areas.	 
Performance target:	Non-compliance of rabbit numbers over MAL3 will be followed up, to ensure property management plans are in place to reduce rabbit numbers.	
Achievement to date:	Inspections commenced in November. 8 properties have been identified as non-compliant and are being followed up.	
Expected at year end:	All non-compliance found will be followed up to ensure property management plans are in place to reduce rabbit numbers.	

The graph below shows the number of properties inspected and their results:



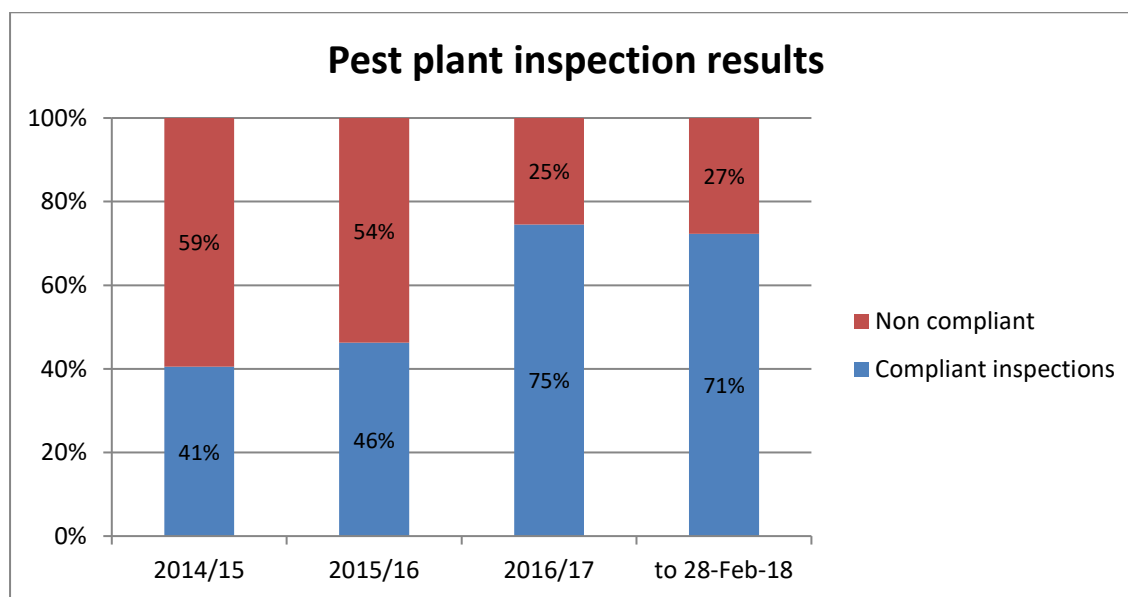
49 inspections covering approximately 13,000 ha were undertaken. Property management plans were requested, or amendments to existing property plans, from the 24 non-compliant inspections.

Level of service – Require control of pest animals and pest plants		Achieved
Measure:	Level of pest plants found at known sites.	 
Performance target:	Non-compliance of pest plants will be followed up, to ensure control works to remove pest plants have been undertaken.	
Achievement to date:	Enforcement is ongoing and all non-compliance results in follow up actions to ensure compliance with the RPMS.	
Expected at year end:	Continue ongoing inspection programs for all pest plants.	

During the period plant inspections included the following:


	To 28-Feb-18	2016/17	2015/16	2014/15
Bomarea	-	472	447	153
Old Man's Beard	960	3,390	1,140	499
Contorta	-	12	61	14
Total number of properties inspected	960	3,874	1,648	666

Results of these inspections are shown below:



Specific areas of work:

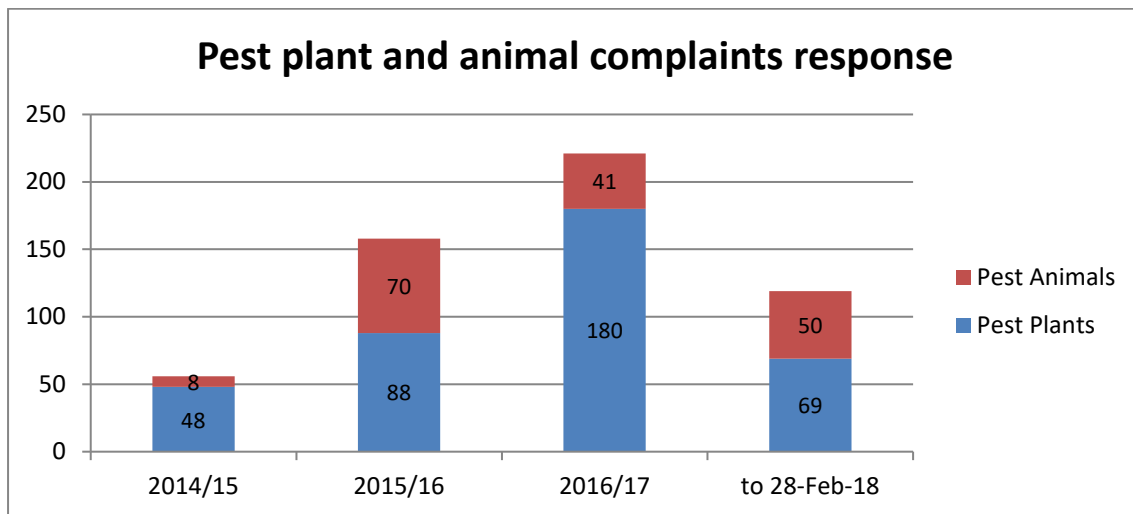
1. Prepare a new Pest Management Plan for Otago.

2018 RPMP will be ready for notification by end of June 2018	
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Other initiatives undertaken include:

- An educational campaign is being developed for rabbit management, so the community can understand responsibilities and options.
- New resources for pest plants being developed as needed.
- Regular meetings held with the Wakatipu, Dunstan and Wanaka groups, with LINZ and NIWA representation re lagarosiphon.
- Wetlands compliance work is ahead of schedule.
- Drafting of outcomes and issues is in progress towards the development of a Biodiversity Strategy.
- Discussions held with Environment Canterbury staff on how to minimise the numbers of wallabies coming across the Waitaki dams and establishing on the south bank.
- Website app developed to enable the public to report wallaby sightings and their location.
- Campaign developed to link with the release of the K5 virus (in March).

Staff responded to pest complaints as follows:



Complaints received related to the following:

	To 28-Feb-18	2016/17	2015/16	2014/15
Pest plants	69	180	88	48
Rabbits	38	21	41	7
Wallabies	10	19	25	1
Rooks	-	1	2	-
Possums	2	-	2	-
Total	119	221	158	56

All complaints have been followed up where a breach of the Pest Management Plan has been identified.

Actual, Budget and Forecast Costs - Land

Activities	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Expenditure to 30 June 18 \$000s
Biodiversity	148	147	2	219	234
Pest management strategy implementation					
- Operating cost	726	905	(179)	1,345	1,195
- Capital cost	20	10	10	15	15
Total cost	746	915	(168)	1,360	1,210
Pest control	43	25	18	85	105
Contracting	89	243	(153)	395	245
Pest plan review	202	132	70	211	286
Environmental enhancement	119	276	(157)	411	181
Wilding trees	378	1,282	(904)	1,433	1,433
Total operating costs	1,726	3,020	(1,294)	4,113	3,693

Actual, Budget and Forecast Revenue - Land

Revenue	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Revenue to 30 June 18 \$000s
Operating costs	1,705	3,010	(1,305)	4,098	3,678
Funded by:					
General rates	1,191	1,265	(74)	1,956	1,951
Targeted rates / scheme reserves	200	182	18	233	233
Fees & charges	79	296	(217)	520	245
Grants	178	1,100	(922)	1,200	1,200
Other income	17	0	17	0	0
General reserves	(7)	0	(7)	(60)	0
Environmental enhancement fund	47	167	(120)	250	50
Total funding	1,705	3,010	(1,305)	4,098	3,678
Capital costs	20	10	10	15	15
Funded by:					
Asset replacement reserve	20	10	10	15	15
Total funding	20	10	10	15	15
Total revenue	1,726	3,020	(1,294)	4,113	3,693

Comments:

Pest management strategy implementation is underspent by \$168,000. This relates to vacancies earlier in the year and staff time being prioritised to the development of the Regional Pest

Management Plan. Some of this underspend will be reduced as work increases due to the release of the K5 virus.

Regional services contracting is underspent by \$153,000. Less rabbit contracts were undertaken than budgeted for in the contracting project, which has resulted in less fees and charges being received.

Environmental enhancement is underspent by \$157,000. This fund is currently being reviewed and no further expenditure is forecast until the process and criteria have been amended and endorsed by Council.

Wilding trees is underspent by \$904,000. This is due to timing as the work program and contract have to be agreed prior to the work being undertaken. The full years funding has been received from the Ministry for Primary Industries. Control work is now underway and will be completed by year end.

Actual, Budget and Forecast Costs – River Management

Activities	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Expenditure to 30 June 18 \$000s
Dunedin	261	479	(218)	629	529
Clutha	216	200	15	271	271
Central Otago	256	208	48	263	253
Wakatipu	72	81	(9)	111	111
Wanaka	56	101	(45)	144	134
Waitaki	98	239	(140)	331	321
Lower Waitaki River Control	92	100	(8)	139	139
Total costs	1,052	1,407	(356)	1,889	1,759

This activity has no budgeted capital expenditure.

Actual, Budget and Forecast Revenue – River Management

Revenue	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Revenue to 30 June 18 \$000s
Operating costs	1,052	1,407	(356)	1,889	1,759
Funded by:					
General rates	9	9	0	14	14
Targeted rates / scheme reserves	1,043	1,398	(356)	1,875	1,745
Total revenue	1,052	1,407	(356)	1,889	1,759

Comment:

The July flood event has resulted in underspend in the Dunedin area as resources were focused elsewhere. Work on Lindsey Creek and the Waitati River are expected to commence in March reducing the variance at year end.

Environmental Incident Response

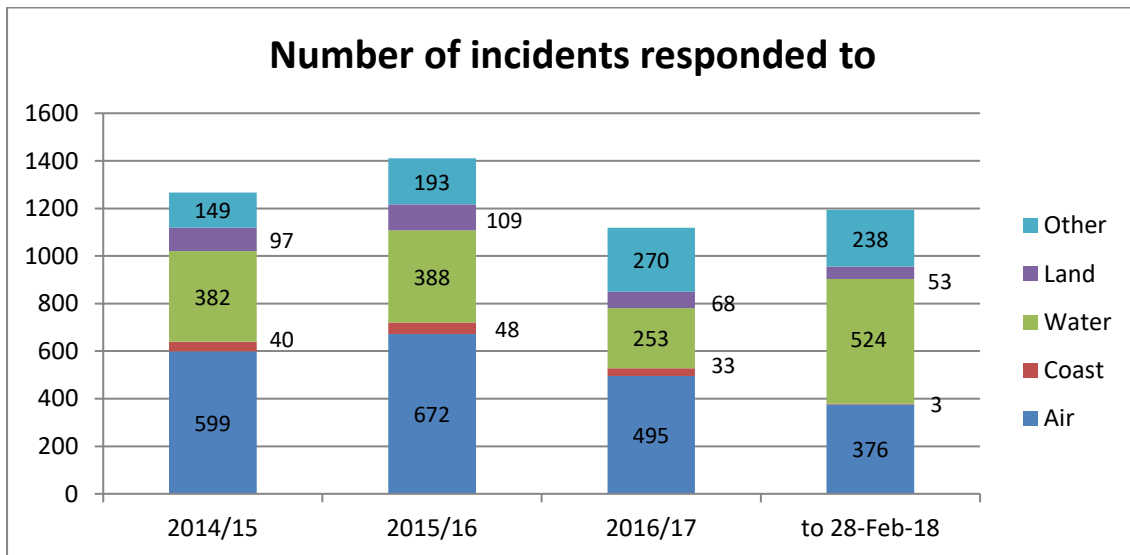
Level of service – Council will be ready and able to respond to all environmental incidents		Achieved
Measure:	Time taken to respond.	● ●
Performance target:	Acknowledge and assess the necessary actions of reported incidents within 0.5 hours of receipt.	
Achievement to date:	For the period 1 July 2017 to 28 February 2018 a total of 1,194 incidents were reported and responded to with 0.5 hours.	
Expected at year end:	Council will continue to respond to reported incidents.	

Specific areas of work:

1. Continue to work with Otago territorial authorities to develop a central contaminated sites database for regional use.

A contaminated sites database continues to be developed as more data is collected.	●
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Staff responded to incidents as follows:



Actual, Budget and Forecast Costs – Environmental Incidents

Activities	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Expenditure to 30 June 18 \$000s
Incident response	740	505	235	740	990
Contaminated sites	77	76	4	108	108
Enforcement	286	380	(94)	563	463
Total costs	1,102	958	145	1,411	1,561

This activity has no budgeted capital expenditure.

Actual, Budget and Forecast Revenue – Environmental Incidents



Revenue	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Revenue to 30 June 18 \$000s
Operating costs	1,102	958	145	1,411	1,561
Funded by:					
General rates	913	584	329	851	1,142
Infringements fines	189	340	(151)	510	419
Fees & charges	0	33	(33)	50	0
Total revenue	1,102	958	145	1,411	1,561



Comments:

The incident response budget is over spent due to the higher number of reported incidents being received by council. Assuming this trend continues, this activity is forecast to be overspent at year end.

COMMUNITY


Democracy, public information and awareness

Level of service – Effective, open and transparent democratic council processes		Achieved
Measure:	Completion of statutory public accountability processes.	 
Performance target:	Complete all planning and reporting within statutory timeframes and requirements.	
Achievement to date:	The 2016/17 Annual Report was completed and adopted by Council on 28 September 2017, within the statutory timeframe.	
Expected at year end:	The 2018-28 Long Term Plan will be adopted in June 2018, within statutory time frames.	


Level of service – Provide information to enable the public to be informed of council and committee meetings.		Achieved
Measure:	Time for making meeting agendas available to the public.	 
Performance target:	All meeting agendas to be available at least two working days prior to each meeting.	
Achievement to date:	Five committee rounds and five council meetings have been held year to date. All agendas were available at least 2 working days prior to the meetings.	
Expected at year end:	Target will be met.	

Specific areas of work:

1. Hold at least two meetings each year with Iwi representatives.

Three Te Roopu Taiao meetings have been held year to date. Waitangi Day celebrations were held at Te Rau Aroha Marae, Bluff (Chair/CEO attended), followed by a joint Otago/Southland Te Roopu Taiao in Invercargill.	
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2. Respond to issues, activities and queries on matters that require a regional perspective or impact on regional resource management functions.

New TLA responses have been relatively quiet for the start of the year though the Balmoral appeal and Skyline consents to QLDC/ORC continue to create a reasonable workload alone. Submissions have been made on stage 2 of the QLDC plan change.	
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Feedback on central govt increasing with national standards and proposed bills ramping up.	
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Other initiatives undertaken for our community include:

- Funding contributions have been made to the Otago Rescue Helicopter.
- Administering EMaR/LAWA on behalf of the National Office.
- Significant work undertaken on the development of the 2018-28 Draft Long Term Plan.
- 36 media releases were made during the period.
- Four issues of Waterlines newsletter were produced, and one issue of OnStream e-newsletter.
- A communications campaign was undertaken on Dunedin bus changes, and on the new bus services in Queenstown.
- A lake snow public information session was held in Wanaka.
- Pamphlet updates included Clean Heat, Clean Air, and monitoring resource consents.

Actual, Budget and Forecast Costs - Community

Activities	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Expenditure to 30 June 18 \$000s
Democracy	1,014	1,050	(36)	1,570	1,570
Public information & awareness	1,345	1,349	(5)	2,012	2,042
Financial contributions	233	233	0	350	350
LAWA	342	286	56	427	427
Dunedin head office replacement	36	445	(409)	665	65
Regional economic development	9	0	9	0	9
Total costs	2,978	3,364	(386)	5,024	4,463

This activity has no budgeted capital expenditure.

Actual, Budget and Forecast Revenue - Community

Revenue	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Revenue to 30 June 18 \$000s
Operating costs	2,978	3,364	(386)	5,024	4,463
Funded by:					
General rates	2,534	2,557	(24)	3,816	3,861
Fees & charges	1	10	(9)	131	0
Other income	277	300	(23)	334	450
Building reserves	36	445	(409)	665	65
Other reserves	122	52	70	78	78
General reserves	9	0	9	0	9
Total revenue	2,978	3,364	(386)	5,024	4,463

Comments:

The Dunedin head office project is underspent as the preferred site has not yet been secured. This activity is forecast to be underspent at year end (reserve funded).

REGULATORY

Policy Development

Specific areas of work:

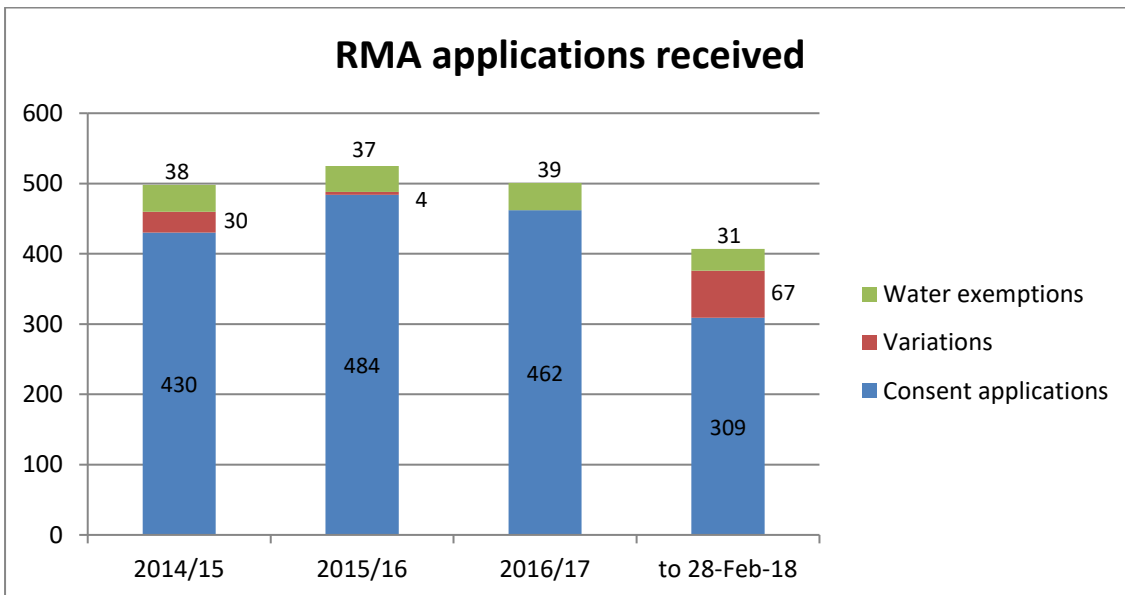
1. Address any appeals made on the Regional Policy Statement and make operative.

All but two appeal topics have been addressed through mediation. Court hearing is scheduled for 19-22 February 2018. Consent Orders are now being finalized and final legal submissions to the Court prepared.	
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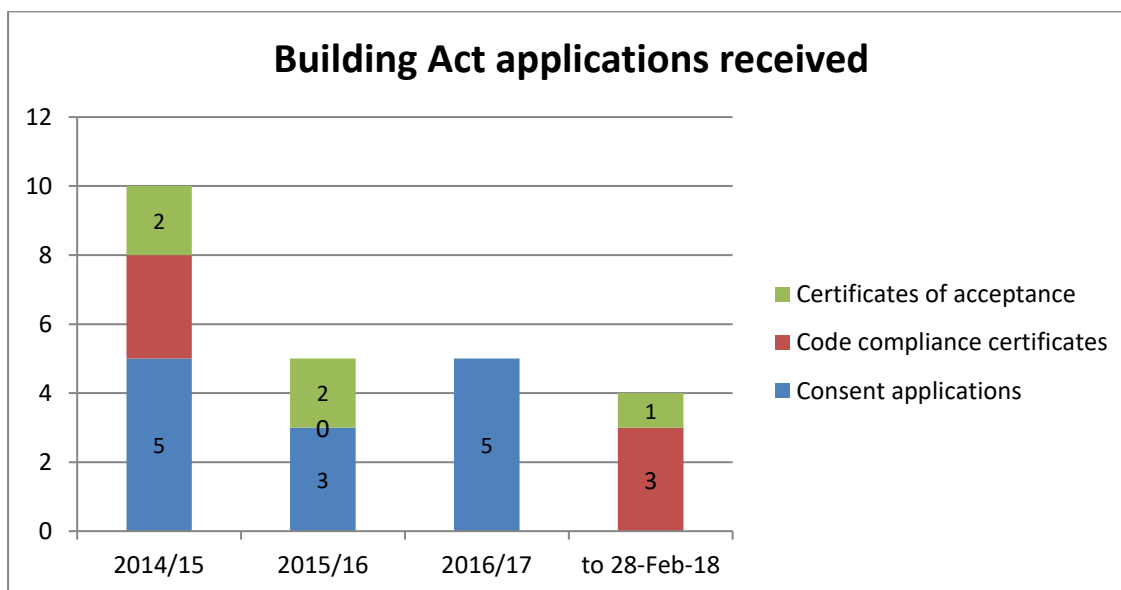
Consents & Compliance

Level of service – Process resource consent applications in a timely manner.	Achieved
Measure: RMA and Building Act statutory time frames.	
Performance target: 100% of consents are processed within the statutory timeframes.	
Achievement to date: All consents processed within statutory time.	
Expected at year end: Meeting targets requires staff resources to be maintained	

The graph below shows the trend in numbers of RMA applications received:



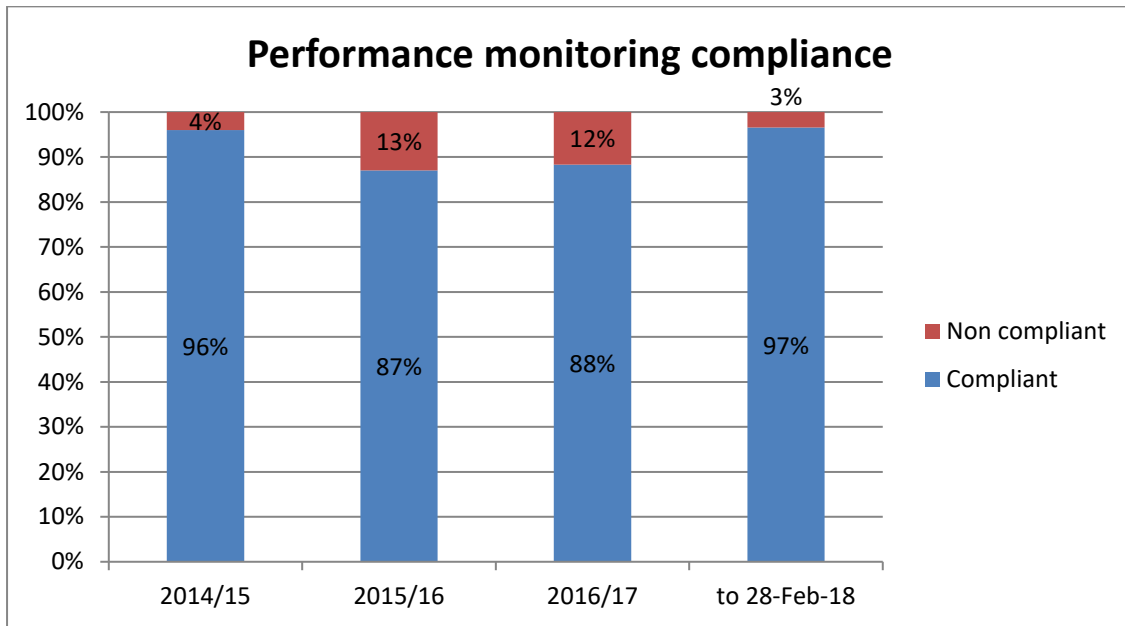
The graph below shows the number of Building Act applications received:



Level of service – Ensure consent conditions for the use of Otago’s air, water and coastal resources are complied with		Achieved
Measure:	Performance monitoring returns show compliance with consent conditions.	<div style="display: flex; flex-direction: column; align-items: center; gap: 20px;"> ● ● </div>
Performance target:	100% of performance monitoring data received will be assessed for compliance with consent conditions.	
Achievement to date:	Performance monitoring data is being assessed for compliance as it is received.	
Expected at year end:	Target will be ongoing throughout the year as PM data continues to come in.	

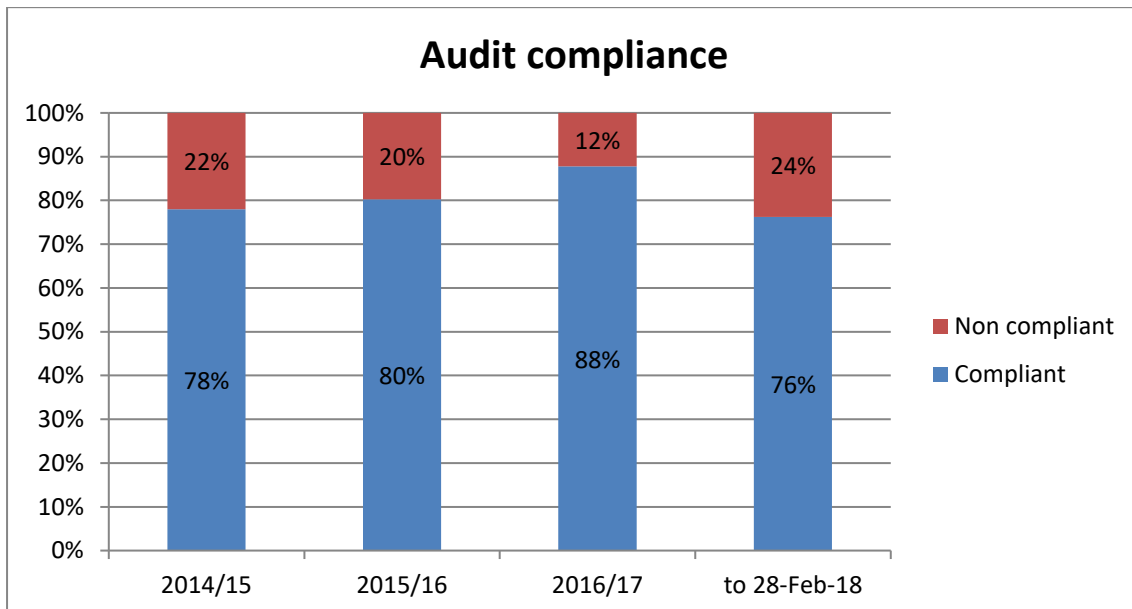
To date 5,760 performance monitoring returns were assessed (2016/17: 5,336 returns; 2015/16: 4,086 returns; 2014/15: 3,616 returns). The level of returns is high due to significant work being completed in respect of water metering returns.



The graph below shows the level of compliance with consent conditions in respect of performance monitoring returns:



To date 577 audits have been undertaken (2016/17: 744 audits; 2015/16: 1,099 audits; 2014/15: 420 audits).

The graph below shows the level of compliance with consent conditions in respect of audits undertaken:




Measure:	Enforcement of non-compliance found through audits and performance monitoring returns.	 
Performance target:	All non-compliance found (grade 4 and 5) will be followed up and enforced in accordance with Council procedures.	
Achievement to date:	41 consents have received 5 non-compliance grades year to date. Recommendations for enforcement action have been made where appropriate.	
Expected at year end:	Significant non-compliance found will be followed up.	

Compliance monitoring enforcement action undertaken to date compared to previous years was as follows:



	To 28-Feb-18	2016/17	2015/16	2014/15
Infringement notices	1	40	14	19
Prosecutions authorised	2	14	3	6
Abatement notices	-	3	-	2



Specific areas of work

1. Review consents for a catchment, sub catchment or aquifer within two months of a minimum flow or water quality standard being operational to assess water allocation.

Waiwera completed, no others expected this year.	
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Harbour Management

Level of service – Safe recreational use and navigation for all users of the Otago harbour.		Achieved
Measure:	Respond to harbour incidents in a timely manner.	 
Performance target:	Respond within one hour of notification from Harbour Control.	
Achievement to date:	No major incidents this period.	
Expected at year end:	Expected to fully comply with target	


Level of service – Council will be ready to respond to oil spills and ensure restoration.		Achieved
Measure:	Respond to oil spills in a timely manner.	 
Performance target:	Respond within 1.5 hours of notification.	
Achievement to date:	Nine marine pollution events reported. These events did not require a tier 2 response.	
Expected at year end:	Will continue to respond to reported events.	

Specific areas of work:

1. Hold one desk top and one field exercise for marine oil incident response.

A significant oil spill and pollution exercise was held on 14 September 2017. This included staff from Maritime NZ and the Regional On Scene Commander from West Coast Regional Council taking part in the exercise. Our response times, including deployment of oil spill response gear was tested at the oil transfer wharf. Council also tested our wildlife response to simulate a realistic scenario. Council will also hold a desktop scenario in the near future.	
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2. Draft a scoping document and consult on harbour bylaws for Otago.

Drafting of bylaws complete. Due for Council Workshop 22 March 2018 before endorsement in April followed by public consultation.	
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Actual, Budget and Forecast Costs – Regulatory

Activities	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Expenditure to 30 June 18 \$000s
Regional Policy Statement	463	129	334	191	516
Consents	896	1,202	(306)	1,798	1,478
Compliance monitoring	713	860	(147)	1,289	1,114
Harbour safety	574	262	311	406	706
Total costs	2,646	2,453	193	3,684	3,809

This activity has no budgeted capital expenditure.

Actual, Budget and Forecast Revenue – Regulatory

Revenue	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Revenue to 30 June 18 \$000s
Operating costs	2,646	2,453	193	3,684	3,809
Funded by:					
General rates	1,636	781	856	1,175	1,679
Grants	51	37	14	55	55
Internal charges	65	65	0	98	98
Fees & charges	894	1,571	(667)	2,356	1,977
Total revenue	2,646	2,453	193	3,684	3,809

Comments:



Regional Policy Statement over spent due to two the appeals received. Experts are being engaged and evidence prepared. The over spend in this activity is forecast to remain at year end.



Consents are a demand driven activity. Fewer applications received than budgeted for. This activity is forecast to remain under spent at year end (fees and charges funded).



The contracting out of harbour master services in the first half of the financial year has resulted in the over spend in harbour safety. This overspend is forecast to remain at year end.

FLOOD PROTECTION & CONTROL WORKS

Alexandra flood protection

Level of service – Reduce the flood risk to people and property by maintaining, repairing and renewing flood protection works to agreed standards.		Achieved
Measure:	Respond to flood events or damage.	 
Performance target:	Flood damage identified, prioritised and repaired.	
Achievement to date:	No flood events occurred during the period.	
Expected at year end:	In the event of a flood, will respond as required.	


Measure:	Maintain and renew flood mitigation works to ensure design standards are met.	 
Performance target:	Contain all floods up to 142.75m (above mean sea level) at Alexandra Bridge with 0.5m freeboard, corresponding with a flood flow of approximately 4,350 m ³ /s and being equivalent to the greatest recorded flood (in 1878) but with the Lake Hawea control gates closed.	
Achievement to date:	No flood events during the period. Highest level reached during the period was 133.57 m.	
Expected at year end:	Expect to contain floods up to specified level of 142.75 m.	

Measure:	Maintain and renew flood mitigation works to ensure design standards are met.	 
Performance target:	Pump capacity will be available 320 out of 365 days per annum. *	
Achievement to date:	All Alexandra Pumping Stations, pump capacity available for period.	
Expected at year end:	Expected to meet target.	



* Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.



Specific areas of work:

1. Undertake total overhaul of the three Linger and Die pumps.



Kit set parts at Taieri Depot ready for overhaul. Consecutive removal, overhaul programme for the three pumps to start in March with completion by the end of this financial year.	
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Leith flood protection



Level of service – Reduce the flood risk to people and property by maintaining flood protection works to agreed standards.		Achieved
Measure:	By 2019/20, increase capacity to 171 m ³ /s (measured at St David Street footbridge). Represents 1 in 100-year flood with freeboard.	 
Performance target:	Undertake works between Union Street and Leith Street (including Leith Street bridge and the ITS building/bend).	
Achievement to date:	Works are progressing. All asbestos contaminated material has been removed. To avoid noise problems the site was shut down during the end of year examination period.	
Expected at year end:	Works will be completed by June 2018.	



Measure:	By 2019/20, increase capacity to 171 m ³ /s (measured at St David Street footbridge). Represents 1 in 100-year flood with freeboard.	 
Performance target:	Complete investigations and design works at Dundas Street bridge.	
Achievement to date:	Engineering options study has been completed for increasing hydraulic capacity at the Dundas Street Bridge. Physical hydraulic model has been constructed and run for various options. A risk-based approach is being adopted for the design of the culvert/ bridge extension.	
Expected at year end:	Detailed design completed, and construction works out for tender.	



Lower Clutha flood and drainage

Level of service – Reduce the flood risk to people and property by maintaining, repairing and renewing flood protection works to agreed standards.		Achieved
Measure:	Respond to flood events or damage.	 
Performance target:	Flood damage identified, prioritised and repaired.	
Achievement to date:	Flood damaged has been identified and prioritised. In some instances, repairs from July 2017 flood are ongoing. Risks are being managed.	
Expected at year end:	Will continue to monitor and respond as required. Repairs for flood damage from July 2017 event will be completed.	

Measure:	Maintain and renew flood mitigation works to ensure design standards are met.	 
Performance target:	No flooding of Barnego in all flows up to 2,850 m ³ /s, Kaitangata, Inch Clutha and Paretai up to 4,000 m ³ /s, and Balclutha up to 5,400 m ³ /s (all flows measured at Balclutha) based on past observed floods.	
Achievement to date:	Highest flow for the period 968 cumecs.	
Expected at year end:	Expected to contain floods within given flow levels. Clutha Matau Mouth was redirected and opened in February to lower Matau branch levels.	

Level of service – Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.		Achieved
Measure:	Respond to events or damage.	 
Performance target:	Damage identified, prioritised and repaired.	
Achievement to date:	No flood damage to drainage works for the period.	
Expected at year end:	Will continue to monitor and respond as required. Flood damage and damage to drainage works have been identified, prioritized and repaired.	


Measure:	Maintain and renew drainage works to ensure design standards are met.	 
Performance target:	Provide drainage modulus of 7.5mm per day pumped drainage capacity for Matau District, 9mm per day for Inch Clutha, and 10mm per day for Paretai District.	
Achievement to date:	124.5 mm of rainfall fell in the period, 52 mm of rainfall on the 1st of February measured at Balclutha. Drainage modulus for all districts achieved.	
Expected at year end:	Will manage drainage moduli throughout the year to achieve stated targets.	

Measure:	Maintain and renew drainage works to ensure design standards are met.	 
Performance target:	Pump capacity will be available at each station 320 out of 365 days per annum. *	
Achievement to date:	No further outages for this period. For the year there have been approximately 76 days where pumps have not been available where they have tripped for various reasons or been out due to breakdown.	
Expected at year end:	One of the three pumps at Paretai Pumping Station has been out of service for repair in excess of 45 days awaiting replacement parts. The risk to land drainage performance in this catchment was closely managed during this time.	


* Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.

Specific areas of work:



1. Complete altering the drainage infrastructure of Lake Tuakitoto/Robsons Lagoon to improve wetland ecosystem values.



Design and consenting for automatic gate progressing. Consultation with affected landowners ongoing.	
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2. Construct the improvements to the Koau right floodbank at Factory Road (Paretai) that reduce the risk of floodbank failure at that location.

Detailed design completed, and consent application lodged for these works. Work is expected to be undertaken in the summer of 2018/19.	
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Lower Taieri flood protection

Level of service – Reduce the flood risk to people and property by maintaining, repairing and renewing flood protection works to agreed standards.		Achieved
Measure:	Respond to flood events or damage.	 
Performance target:	Flood damage identified, prioritised and repaired.	
Achievement to date:	Flood damaged has been identified and prioritised. In some instances, repairs from July 2017 flood are ongoing. Risks are being managed.	
Expected at year end:	Will continue to monitor and respond as required. Flood damage from July 2017 repairs will be completed.	

Measure:	Maintain and renew flood mitigation works to ensure design standards are met.	 
Performance target:	No flooding of the East Taieri upper ponding area from Taieri River flows up to 800 m ³ /s or Silver Stream flows up to 160 m ³ /s. *	
Achievement to date:	No flooding occurred in the Upper Ponding area arising from the Taieri River and Silver Stream flows. Peak flows for the period at Outram reached 325 cumecs on 22 February 2018 and the Silver Stream reached 43 cumecs on 1 February 2018.	
Expected at year end:	Expect to contain flows up to design levels.	

* Taieri River flows measured at Outram, Silver Stream flows measured at Gordon Road), being equivalent to the 1980 flood, nominally a 100-year event.


Measure:	Maintain and renew flood mitigation works to ensure design standards are met.	● ●
Performance target:	No flooding of the East Taieri lower ponding area from Taieri River flows up to 2,500 m ³ /s or Silver Stream flows up to 260 m ³ /s.	
Achievement to date:	No flooding occurred in the Lower Ponding area arising from the Taieri River and Silver Stream flows. Peak flows for the period at Outram reached 325 cumecs on 22 February 2018 and the Silverstream reached 43.2 cumecs on 1 February 2018.	
Expected at year end:	Expect to contain flows up to design levels.	

Measure:	Maintain and renew flood mitigation works to ensure design standards are met.	● ●
Performance target:	No flooding of West Taieri from Taieri River flows up to 2,500 m ³ /s.	
Achievement to date:	No flooding occurred in the West Taieri scheme from Taieri River flows. All flows contained within design scheme specifications. Peak flows for the period at Outram reached 325 cumecs on 22 February 2018.	
Expected at year end:	Expect to contain flow capacity up to the design levels.	

Measure:	Maintain and renew flood mitigation works to ensure design standards are met.	● ●
Performance target:	No flooding of Mosgiel from Silver Stream flows up to 260 m ³ /s	
Achievement to date:	Silverstream reached 43 cumecs on 1 February 2018. No flooding in the Mosgiel area from the Silver Stream this period.	
Expected at year end:	No flooding of Mosgiel from Silver Stream flows up to 260 cubic meters per second above Gordon Road, 175 cubic meters per second below Gordon Road.	



Specific areas of work:



1. Undertake design and obtain approvals and consents (if required), for constructing a new upper/lower pond link spillway or the alternative option of relocating the floodbank(s) through the chute of the Taieri River.



A preliminary report has been prepared. This work is now on hold, to allow for a review of project objectives and consideration of issues arising during the July 2017 flood. The Draft LTP includes new targets that will further inform these issues.	
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West Taieri drainage



Level of service –Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.		Achieved
Measure:	Respond to events or damage.	 
Performance target:	Damage identified, prioritised and repaired.	
Achievement to date:	Flood damaged has been identified and prioritised. In some instances, repairs from July 2017 flood are ongoing. Risks are being managed.	
Expected at year end:	Will continue to monitor and respond as required. Flood damage from July 2017 repairs will be completed.	



Measure:	Maintain and renew drainage works to ensure design standards are met.	 
Performance target:	Provide drainage modulus of 10mm per day pumped drainage capacity.	
Achievement to date:	The drainage moduli were provided over the period. Daily rainfall exceeded 10 mm on 3 days, measured at Riccarton Road with 22 mm on the 18 January, 89 mm on 1 February and 27 mm and 45 mm respectively on 20 and 21 February 2018.	
Expected at year end:	Will manage drainage moduli throughout the year to achieve stated targets.	



Measure:	Maintain and renew drainage works to ensure design standards are met.	
Performance target:	Pump capacity for Waipori, Ascog and Henley will be available 320 out of 365 days per annum. *	
Achievement to date:	Waipori pump station lost the D2 pump on 27 February 2018. Pump was returned on to service on the 14 March 2018. Pump capacity not available for 2 days this period.	
Expected at year end:	Pump capacity not available at Waipori (33 + 16 = 49 days year to date), Ascog (15 days year to date) and Henley (7 days year to date). This target of 320 out of 365 days or 45 days outage per annum has been missed for Waipori pump station. Station capacity was reduced by 25% during this period, with no effect to land drainage.	

* Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.

East Taieri drainage

Level of service – Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.		Achieved
Measure:	Respond to events or damage.	 
Performance target:	Damage identified, prioritised and repaired.	
Achievement to date:	Flood damaged has been identified and prioritised. In some instances, repairs from July 2017 flood are ongoing. Risks are being managed.	
Expected at year end:	Will continue to monitor and respond as required. Flood damage from July 2017 repairs will be completed.	


Measure:	Maintain and renew drainage works to ensure design standards are met.	 
Performance target:	Provide drainage modulus of 8mm per day pumped drainage capacity for East Taieri upper ponding area and 18mm per day for East Taieri lower ponding area.	
Achievement to date:	Drainage moduli has been provided for throughout the period. Daily rainfall exceeded 8 mm on 4 days, 13.5 mm on four days measured at Riccarton Road.	
Expected at year end:	Drainage moduli expected to be provided through the year.	

Measure:	Maintain and renew drainage works to ensure design standards are met.	 
Performance target:	Pump capacity will be available 320 days out of 365 days per annum. *	
Achievement to date:	Capacity available for the period at Scrogs and Mill Creek pump stations. Silver Stream duty pump was isolated in February 2018 because of concerns around seepage of water from discharge pipe. BECA have been engaged to investigate option to repair the discharge pipe.	
Expected at year end:	Cumulative pumping loss of one pipe at Silver Stream pump station will exceed 45 days. Options are being investigated to mitigate risk.	



* Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.



Specific areas of work:

1. Undertake design and consenting (if required), of drainage improvements for the upper pond.



Initial report has been prepared, this work is now on hold, to allow for a review of project objectives and consideration of issues arising during the July 2017 flood.	
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Tokomairiro drainage

Level of service –Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.		Achieved
Measure:	Respond to events or damage.	 
Performance target:	Damage identified, prioritised and repaired.	
Achievement to date:	Flood damaged has been identified and prioritised. In some instances, repairs from July 2017 flood are ongoing. Risks are being managed.	
Expected at year end:	Will continue to monitor and respond as required. Flood damage from July 2017 repairs will be completed.	

Measure:	Existing land drainage works perform to agreed standards, and drainage works are monitored and maintained to agreed standards.	 
Performance target:	The drains and channel flow paths within the scheme are maintained to ensure hydraulic capacity.	
Achievement to date:	The drains and channel flow paths within the scheme are maintained to ensure hydraulic capacity.	
Expected at year end:	Continue to maintain drains and channel flow paths within the scheme to ensure hydraulic capacity.	

Shotover River Delta

Level of service –Ensure waters can flow without undue obstruction.		Achieved
Measure:	Difference between actual and target profiles for surface.	 
Performance target:	Surface of Shotover river delta is consistent with the target profile.	
Achievement to date:	Cross section survey results received in January. Analysis of the current delta surface is being completed and report being finalised. Shotover Delta is a case study for the GeoTerm project which will be completed in August 2018. The tools from this project will help managing the delta in relation to the target profile.	
Expected at year end:	Report presenting the state of the delta in relation to the target profile will be presented. Progress of the GeoTerm project will be reported on.	

Actual, Budget and Forecast Costs – Flood protection & control works

Activities	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Expenditure to 30 June 18 \$000s
Alexandra flood protection					
- Operating cost	154	210	(56)	278	223
Leith flood protection					
- Operating cost	532	293	239	440	940
- Capital cost	2,229	1,274	955	2,553	4,553
Total cost	2,761	1,567	1,194	2,993	5,493
Lower Clutha flood & drainage					
- Operating cost	820	727	92	1,078	1,138
- Capital cost	50	503	(453)	755	155
Total cost	870	1,231	(361)	1,833	1,293
Lower Taieri flood					
- Operating cost	609	311	298	478	778
- Capital cost	5	14	(8)	20	10
Total cost	615	325	290	499	789
West Taieri drainage					
- Operating cost	988	386	602	586	1,186
- Capital cost	0	179	(179)	268	18
Total cost	988	565	423	855	1,205
East Taieri drainage					
- Operating cost	478	366	112	543	683
- Capital cost	0	79	(79)	117	17
Total cost	478	445	33	660	700
Tokomairiro drainage					
- Operating cost	71	68	3	99	99
- Capital cost	0	30	(30)	45	0
Total cost	71	98	(27)	144	99
Shotover river delta					
- Operating cost	15	48	(33)	72	42
Land drainage response					
- Operating cost	16	32	(17)	48	33
Total costs	5,966	4,520	1,446	7,382	9,877

Actual, Budget and Forecast Revenue – Flood protection & control works

Revenue	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Revenue to 30 June 18 \$000s
Operating costs	3,683	2,442	1,241	3,624	5,124
Funded by:					
General rates	394	391	2	587	572
Targeted rates / scheme reserves	2,955	1,661	1,295	2,489	4,059
Fees & charges	150	206	(56)	273	218
Other income	184	184	0	275	275
Total funding	3,683	2,442	1,241	3,624	5,124
Capital costs					
Capital costs	2,284	2,079	205	3,759	4,754
Funded by:					
Targeted rates / scheme reserve	2,234	1,912	322	3,509	4,504
Kuriwao reserve	50	167	(117)	250	250
Total funding	2,284	2,079	205	3,759	4,754
Total revenue	5,966	4,520	1,446	7,382	9,877

Comments:


The overspend in relation to Lower Taieri, East and West Taieri is due to the July 2017 flood response and subsequent repair and maintenance activities. The overspend is reducing and is expected to reduce further by year end although a significant overspend (\$680,000) is forecast.

The underspend in relation to the Lower Clutha Flood & Drainage Scheme is predominately timing in relation to Factory Road remedial works.


The overspend in the Leith Flood Protection scheme is a timing issue mainly to do with construction of the Union to Leith footbridge stage. Works planned for the 2016/17 year continued into the 2017/18 financial year because of flood events and the discovery of buried asbestos. Construction of the Dundas St section has been deferred to 2018/19 to allow more time for design investigations.

Specific areas of work:


1. Lead the review and development of the 2017-22 Otago CDEM Group Plan.

Emergency Management Group activities are in line with agreement with all Territorial Authorities. An update to the Memorandum of Understanding is planned for third quarter of the 2017/18 year to better reflect the structure and funding now in place. Approval for the changes will be through the Combined Executive Group and the Joint Committee.	
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2. Complete the development of the Group Risk Reduction Strategy and implement it.



Risk Reduction Register and Programme is now completed and available.	
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3. Develop and implement a group dam failure plan.

Dam failure plans will be ongoing multi-year activities but will not commence until the last quarter of 2017-18.	
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Natural hazards

Level of service – Work proactively with communities to improve understanding of the risks posed by natural hazards so that informed decisions and responses can be made.		Achieved
Measure:	Information to be available.	
Performance target:	Provide natural hazards information to the public via an effective web-based Otago Natural Hazards database.	
Achievement to date:	A comprehensive review of information displayed in the Natural Hazards Database (NHDB) and supporting information has been completed. Areas identified as needing attention are now being worked on. Updates on the database continue to progress. The coastal hazards and landslides layers have been updated and successfully uploaded to the NHDB. Alluvial Fan and Seismic layers are currently being uploaded to the database. Checks and updates for the other hazard layers (flooding, storm surge and tsunami) continue to progress well.	
Expected at year end:	Initial work to update the database will be complete. Work will be ongoing to manage and maintain the NHDB (i.e. keep internal spatial information and supporting material up to date) and ensure the most current information is displayed within it.	


Level of service – Provision of accurate and timely flood warnings.		Achieved
Measure:	Warnings of flood events when alarm status is reached.	
Performance target:	Provide rainfall and river flow information to the public when flood levels reach alarm status.	
Achievement to date:	Rainfall and flow information has been disseminated to the public mainly through the Waterinfo website. Two ex-tropical cyclones (Fehi and Gita) produced rain but not heavy enough to cause rivers to rise to significant alert levels. Those 2 events required response preparation.	
Expected at year end:	Rainfall and flow info will continue to be disseminated.	

Specific areas of work:


1. Undertake a joint ORC/QLDC flood awareness campaign in Queenstown, Wanaka, Glenorchy and Kingston.

<p>Campaign completed at the end of October/early November. Visits were made to businesses in Queenstown and Wanaka CBD in addition to drop in sessions. Visits were undertaken in association with CDEM. Meetings in Glenorchy and Kingston are planned for later in the year.</p>	
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2. Work with the Dunedin City Council on the South Dunedin Future programme.

<p>ORC participation to NZ SeaRise programme is on-going and will also inform the South Dunedin Future programme next steps. A flood forecasting tool for the area has been developed and is being tested during heavy rainfall events.</p>	
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3. Report on the location and characteristics of known geological faults in Otago.

<p>The report on known geological faults in Otago has not started yet. This project may need to be deferred to next year once GNS Science has completed the investigation on faults in the CODC and QLDC areas.</p>	
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Actual, Budget and Forecast Costs – Safety & hazards

Activities	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Expenditure to 30 June 18 \$000s
Emergency management					
- Operating costs	1,743	1,605	139	2,412	2,412
- Capital costs	9	8	1	0	0
Total cost	1,752	1,613	140	2,412	2,412
Natural hazards					
- Operating costs	733	794	(61)	1,179	1,179
Flood risk management					
- Operating costs	395	101	294	150	400
Total costs	2,881	2,508	373	3,741	3,991

Actual, Budget and Forecast Revenue – Safety & hazards


Revenue	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Revenue to 30 June 18 \$000s
Operating costs	2,872	2,500	372	3,741	3,991
Funded by:					
General rates	1,054	816	239	1,210	1,460
Targeted rates / scheme reserves	1,729	1,605	125	2,412	2,412
Kuriwao Reserve	31	46	(15)	69	69
Other income	57	33	24	50	50
Total funding	2,872	2,500	372	3,741	3,991
Capital costs	9	8	1	0	0
Funded by:					
Asset replacement reserve	9	8	1	0	0
Total funding	9	8	1	0	0
Total revenue	2,881	2,508	373	3,741	3,991


Comments:


The July flood event has resulted in more time and resources being spent on flood risk management, and assessment of the events and its effects on rivers and flood protection schemes. This initially caused delays to work being done in the natural hazards activity however it is expected that the delayed work will be completed by the end of the financial year.

TRANSPORT

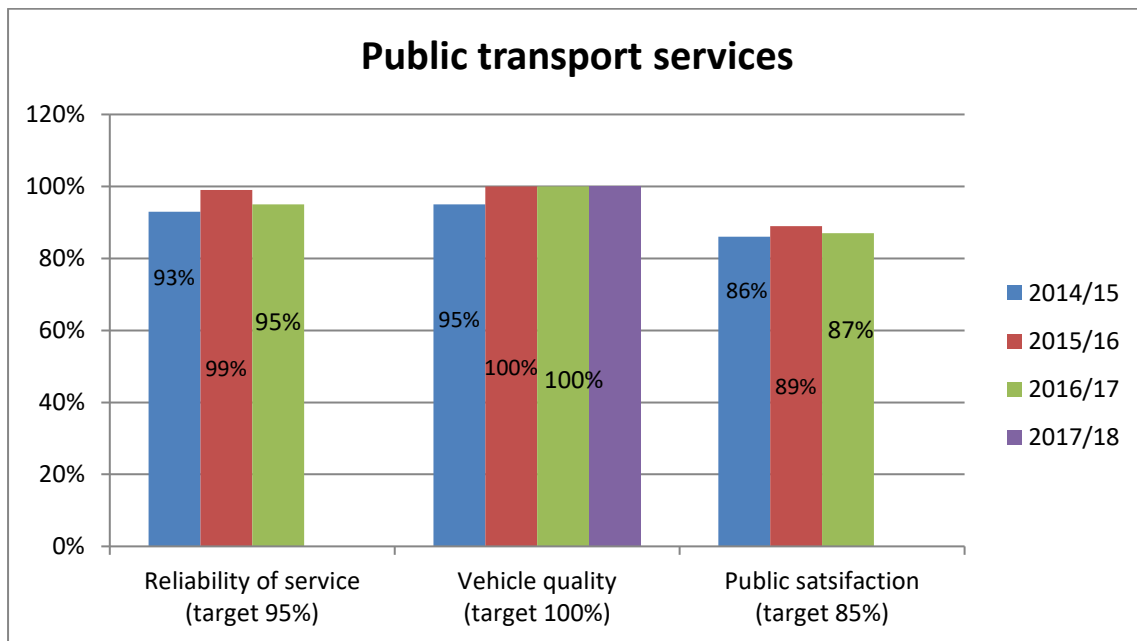
Regional transport planning & public passenger transport

Level of service – Provide passenger transport services that meet community need.		Achieved
Measure:	Reliability of service.	
Performance target:	95% of services monitored depart from the terminus on time.	
Achievement to date:	Survey will be completed in May 2018 for Dunedin, and in April 2018 for Queenstown.	
Expected at year end:	Expect target to be met.	

Measure:	Vehicle quality.	
Performance target:	100% of vehicles (PTOM contracts) comply with Regional Passenger Transport Plan Vehicle Quality standards.	
Achievement to date:	Target being achieved.	
Expected at year end:	Target will continue to be achieved.	

Measure:	Public satisfaction.	
Performance target:	Surveys to show at least 85% of bus users are satisfied with overall standard of service.	
Achievement to date:	Survey will be completed in May 2018 for Dunedin, and in April 2018 for Queenstown.	
Expected at year end:	Expect target to be met.	

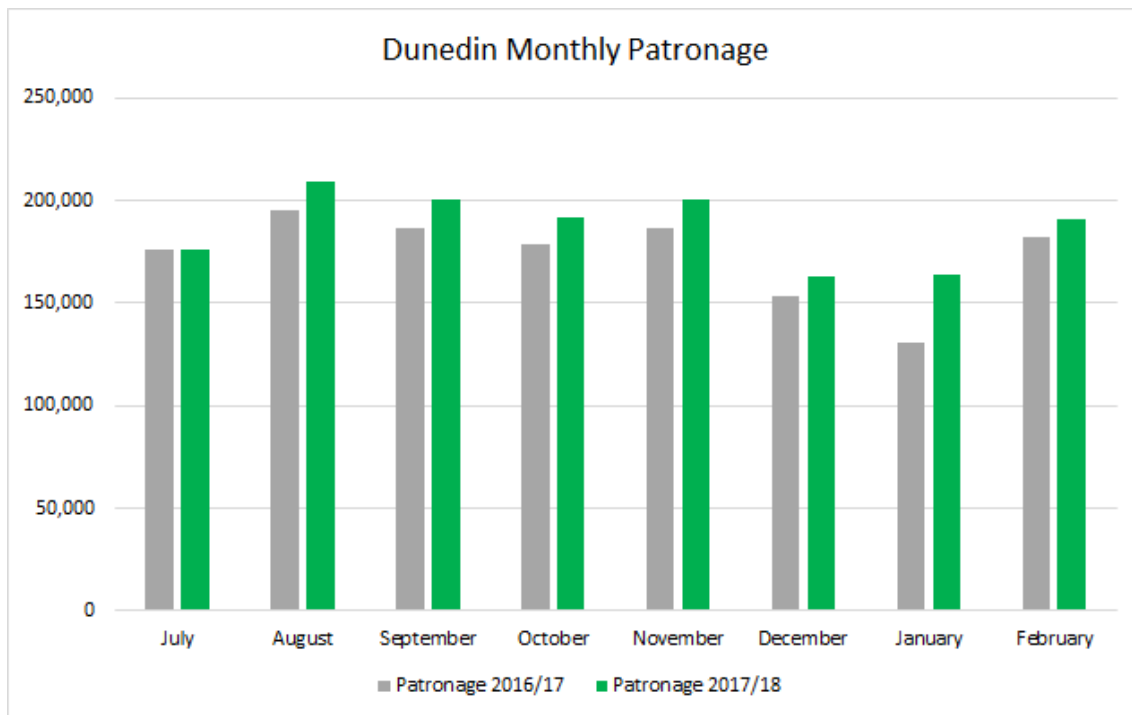
The graph below shows the results for the 2017/18 year to date:



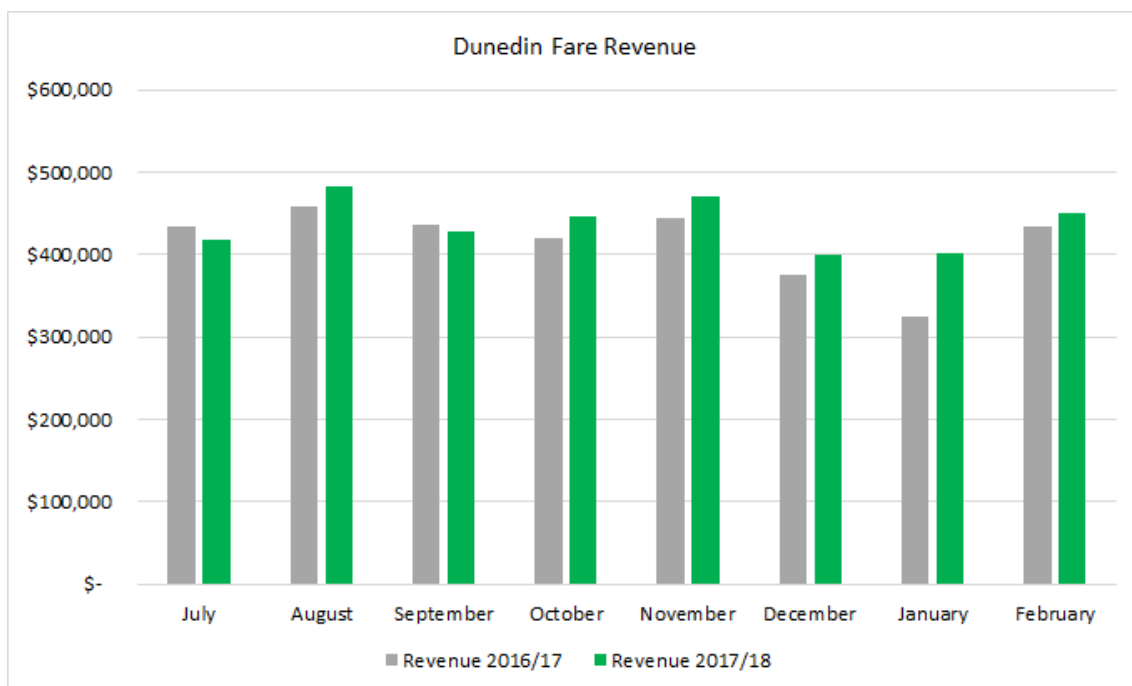
The reliability and satisfaction data will be populated once the survey is completed in May 2018.

Measure:	Patronage growth.	
Performance target:	In Dunedin, maintain patronage In Wakatipu, 8% growth.	
Achievement to date:	Dunedin patronage for the 8 months to February has increased by 7.7% compared to the same period last financial year. Revenue is up 5.1% year on year. Refer to graphs below. Wakatipu patronage is up 125% for the three months since the new network has been introduced and revenue is down 2%. Refer to graphs below.	●
Expected at year end:	Targets will be achieved.	●

Dunedin



Graph 1: Dunedin Network Patronage July - February



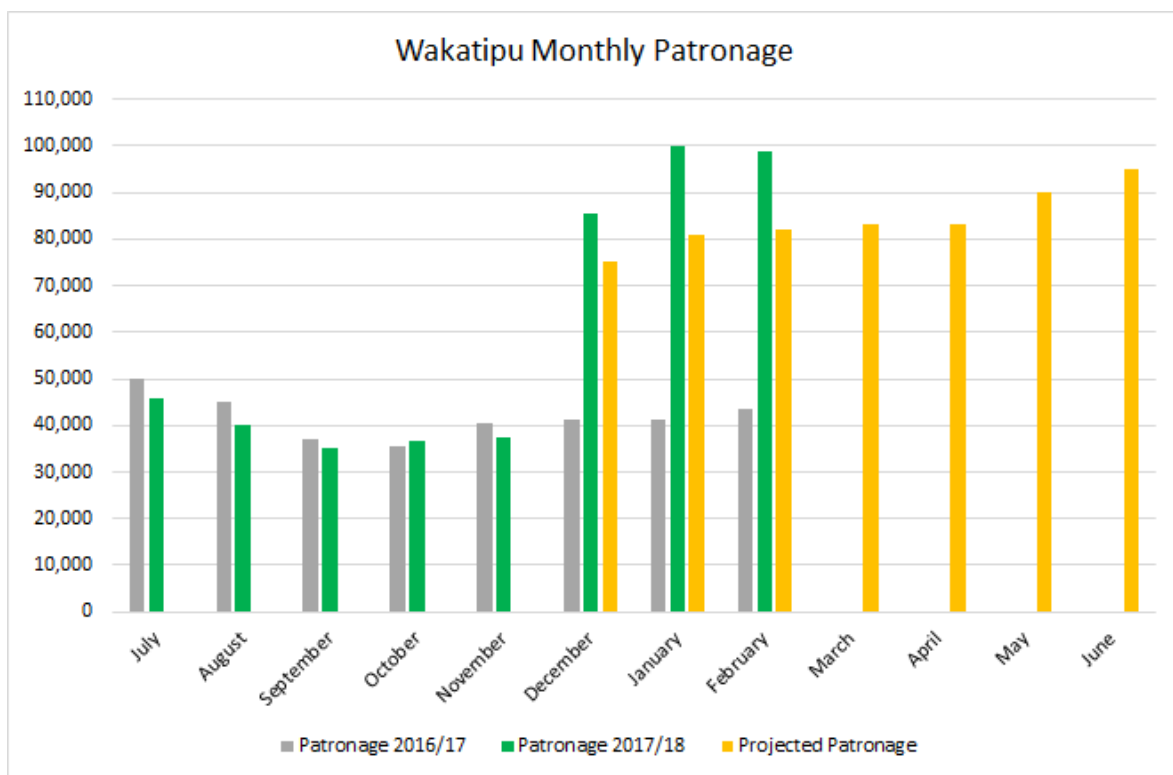
Graph 2: Dunedin Fare Revenue July - February

Wakatipu

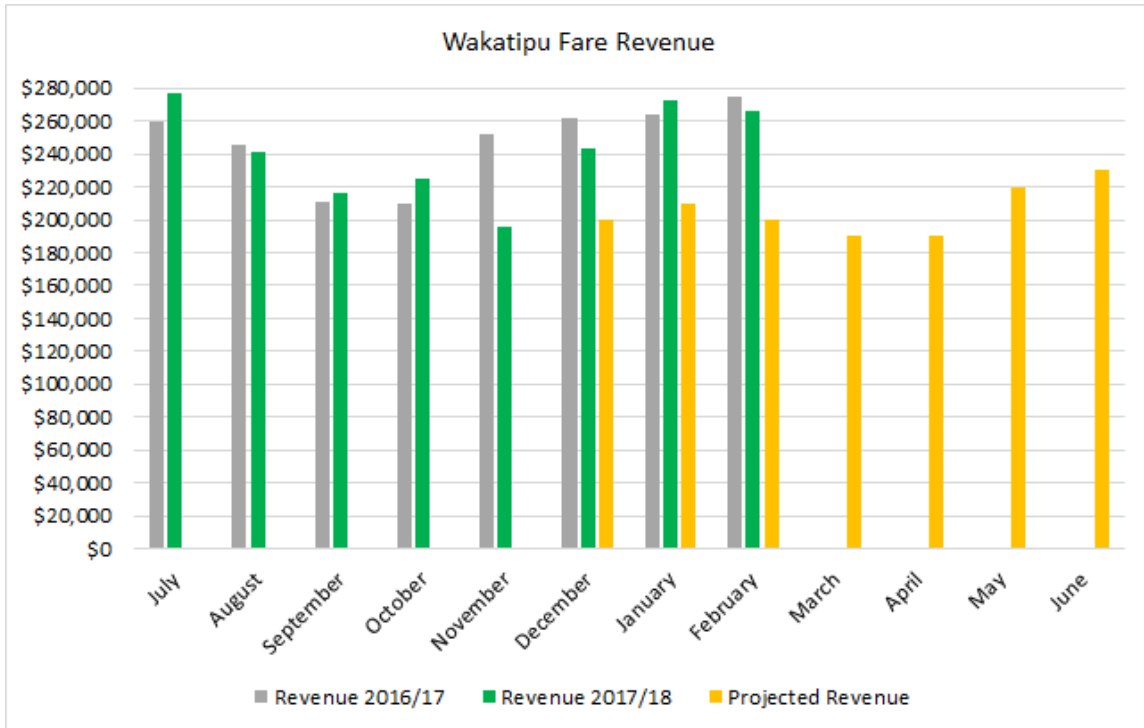
The new Wakatipu Public Transport Network was launched on 20 November 2017. The initial patronage uptake was encouraging with a 107% lift in December compared to the same month last year. This trend continued over January and February with those months showing year on year increases of 141% and 126% respectively. Significant increases were anticipated however actual patronage for the three full months of the service is 19% ahead of target.

Revenue for the three months (December to February) is down 2% on the corresponding period last year. A drop in revenue was expected due to the introduction of the flat fares however actual revenue for the three months is 28% ahead of target.

While both patronage and revenue have exceeded projections, it is recommended a cautious approach be taken in relation to overstating any success at this time, especially regarding revenue, as this is very much dependent on the balance between the use of cash and GoCard's.




Graph 3: Wakatipu Network Patronage July – February




Graph 4: Wakatipu Network Fare Revenue July – February

Specific areas of work:

1. Complete the construction of a central bus hub in Dunedin.

<p>The statutory process for designation has been completed and the tender process is in progress. Construction is expected to commence in June with completion in August.</p>	
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2. Complete the implementation of a replacement ticketing system.

<p>Bus equipment has been ordered. System design is continuing however due the complexities across the nine Councils this is taking longer than initially expected. Implementation is now expected to occur in Queenstown and Dunedin in Q1 of 2018/19 with all Council's implemented by December 2018.</p>	
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Actual, Budget and Forecast Costs - Transport

Activities	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Expenditure to 30 June 18 \$000s
Regional transport planning					
- Operating cost	207	214	(7)	318	318
Public passenger transport					
- Operating cost	14,381	15,760	(1,380)	24,357	24,407
Stock truck effluent disposal					
- Operating cost	35	55	(20)	83	63
- Capital cost	16	165	(149)	426	426
Total cost	51	220	(169)	509	489
Total costs	14,639	16,195	(1,556)	25,183	25,213

Actual, Budget and Forecast Revenue- Transport

Revenue	Actual to 28 February \$000s	Budget to 28 February \$000s	Variance () = Under Budget	Annual Plan Budget to 30 June 18 \$000s	Forecast Revenue to 30 June 18 \$000s
Operating costs	14,623	16,030	(1,406)	24,757	24,787
Funded by:					
General rates	392	426	(34)	638	629
Targeted rates / scheme reserves	4,250	4,416	(167)	6,721	7,027
Grants	6,391	6,856	(465)	10,453	10,694
Fees & charges	1	1	0	1	1
Other income	3,589	4,331	(741)	6,943	6,436
Total funding	14,623	16,030	(1,406)	24,757	24,787
Capital costs	16	165	(149)	426	426
Funded by:					
General reserves	8	81	(73)	209	209
Grants	8	84	(76)	217	217
Total funding	16	165	(149)	426	426
Total revenue	14,639	16,195	(1,556)	25,183	25,213

Comments:

The public passenger transport budget is under spent due to the timing of service commencements, with Dunedin improvements implemented in September, and the Wakatipu services commencing in November. These were budgeted to commence in July and October respectively.

Timing of this expenditure has resulted in a lower level of fares (other income) and grants being received to the end of February. This cost and revenue in relation to bus services is forecast to remain under budget at year end although some of the variance will be reduced by increased levels of patronage that is occurring on both networks.

Spend on the new electronic ticketing system largely on budget however implementation of this in Queenstown and Dunedin is now likely to occur in Q1 of 2018/19.

The bus hub was budgeted in the 2016/17 year and this will result in an overspend when it construction occurs. The total budget for the bus hub is \$3.0 million. Construction is expected to commence in June and finish in August. A forecast amount of \$1.0 million has been included this year with the remaining \$2.0 million being carried forward to 2018/19.