

Finance and Corporate Committee 20190612 Attachments

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Minutes of a meeting of the
Finance and Corporate Committee held in the
Council Chamber at Council Chamber at Philip Laing House
144 Rattray Street, Dunedin on
Wednesday 1 May 2019, commencing at 10:45 a.m.

Membership

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

Welcome

Cr Brown welcomed Councillors, members of the public and staff to the meeting.

1. APOLOGIES

No apologies were noted.

2. LEAVE OF ABSENCE

The leaves of absence of Cr Kempton, Noone and Woodhead were noted.

3. ATTENDANCE

Sarah Gardner (Chief Executive)
Nick Donnelly (General Manager Corporate Services and CFO)
Gavin Palmer (General Manager Operations)
Sally Giddens (General Manager People, Culture and Communications)
Peter Winders (Acting General Manager Regulatory)
Andrew Newman (Acting General Manager Policy, Science and Strategy)
Peter Fitzjohn (Director Stakeholder Engagement)
Liz Spector (Committee Secretary)

4. CONFIRMATION OF AGENDA

The agenda was confirmed as tabled.

5. CONFLICT OF INTEREST

No conflicts of interest were advised.

6. PUBLIC FORUM

There were no public requests to address the Committee.

7. PRESENTATIONS

No presentations were held.

8. CONFIRMATION OF MINUTES

Resolution

That the minutes of the (public portion of the) meeting held on 20 and 21 March 2019 be received and confirmed as a true and accurate record.

Moved: Cr Hope

Seconded: Cr Neill

CARRIED

9. ACTIONS

Status report on the resolutions of the Finance & Corporate Committee

| | | | |
|----------------------------|---------------|--|----------|
| 11.2 Resourcing | 31/01/2019 | <i>That the Chief Executive provides a further report on staff location, operation, profile raising and technology to the next Finance and Corporate Committee meeting.</i> | COMPLETE |
| 10.2 Port Ownership Review | 20 March 2019 | Amend Terms of Reference for Port Ownership Review to add: 8(d)(vi) Each ownership model should include consideration of the social and environmental implications to the ORC. | COMPLETE |

10. MATTERS FOR COUNCIL DECISION

10.1. General Manager's Report

GM Corporate Nick Donnelly addressed the Councillors. He noted that Council maintains a small depot in Roxburgh for which the lease has expired. He said there is a staff member currently based in that depot, however, as there is no strategic requirement to maintain physical staff presence there, considerations were underway to base the staff member out of the Alexandra office. Councillor Bell said the community appreciated having an ORC presence and that having a link in that area was important. Councillors Hope and Lawton agreed. Chief Executive Sarah Gardner agreed that having a local staff member did have benefits for the particular community, there are advantages to having a more centralised workforce in only a couple of locations, rather than spread across Otago. Mrs Gardner also mentioned that it can be isolating for a staff member to be on their own all day. She said being able to work with colleagues and be part of Team ORC has many benefits. She suggested that there are ways to ensure communities feel an ORC presence without necessarily having a physical location in the area. Councillor Deaker said he thought it would be better to build a hub in Central Otago with headquarters in Dunedin. Councillor Brown agreed.

Mr Donnelly then reviewed the March 2019 schedule of payments with the Committee members. There were no questions and Councillor Brown asked for a motion.

Resolution

That the Finance and Corporate Committee:

- 1) ***Receives*** this report;

- 2) **Endorses** the March 2019 payments summarised and detailed in the payments schedule, totalling \$8,321,607.00; and,
- 3) **Notes** that the lease for the Roxburgh Depot at 189 Scotland Street, Roxburgh will not be renewed.

Moved: Cr Brown
Seconded: Cr Scott
CARRIED

11. MATTERS FOR NOTING

11.1. Public Transport Update

Manager Transport Gerard Collings updated the Committee members on public transport issues. He said the Central City Bus Hub was successfully operating and receiving positive feedback. He stated staff will continue to monitor its operation over the coming months. Mr Collings said revenue and patronage of the Dunedin network is tracking well and exceeding budgets. He said the Queenstown network is exceeding performance targets as well. Mr Collings mentioned staff is investigating options for daily direct bus service from Lake Hayes to Queenstown and will bring a proposal to the next Finance and Corporate Committee meeting.

Councillor Scott was interested to know how the key bus routes were performing and if there are areas to be improved. Mr Collings said he will provide more detailed ridership information to the Committee if they would like. Councillor Robertson said she appreciated the good level of reporting and feedback on the network. Councillor Hope asked about the feedback staff was receiving on the bus timetable publications. Mr Collings said the Communications team had done a good job on the timetables and they were already considering how to deliver the information with more clarity in the next publication. There were no more questions and Cr Brown asked for a motion.

Resolution

That the Council:

- 1) **Receives** this report.

Moved: Cr Hope
Seconded: Cr Robertson
CARRIED

11.2. Remuneration Authority Determination 2019/20

General Manager Corporate Nick Donnelly reviewed the Remuneration Authority Determination that outlines the elected member remuneration through the end of the triennium and provided some details of changes post the October election. He said after the election, councillor remuneration will be based on a "full pool" amount which must be fully allocated by the Council. Mr Donnelly said there were no changes in Council remuneration for the 1 July 2019 through 12 October period and as Council had not made any changes to the governance structure nothing needed to be done prior to the election. There were no questions for Mr Donnelly and Cr Brown asked for a motion.

Resolution

That the Finance and Corporate Committee:

- 1) **Receives** this report.
- 2) **Notes** the process the Remuneration Authority is undertaking to issue a new determination for local government elected members remuneration effective from 1 July 2019.
- 3) **Confirms** that no changes to Council's governance structure and/or positions of responsibility are proposed for the period from 1 July 2019 until the local government election in October.

Moved: Cr Robertson

Seconded: Cr Deaker

CARRIED

12. NOTICES OF MOTION

No Notices of Motion were made.

13. RESOLUTION TO EXCLUDE THE PUBLIC

Resolution

That the public be excluded from the following parts of the proceedings of this meeting, namely:

- **1.1 Approval of minutes of the 20/21 March 2019 Public-Excluded Finance and Corporate Committee meeting.**
- **2.1 CS1894 Public Transport Meal Break Regulations**

Moved: Cr Brown

Seconded: Cr Neill

CARRIED

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

| General subject of each matter to be considered | Reason for passing this resolution in relation to each matter | Ground(s) under section 48(1) for the passing of this resolution |
|---|---|---|
| <i>Item 8.1 Approval of minutes of the 20/21 March Public Excluded Finance and Corp Committee Meeting</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); and to maintain legal professional privilege, 7(2)(g). | Section 48(1)(a) |

| | | |
|---|---|-------------------------|
| <p><i>Item 2.1 CS1895 Public Transport – Meal Break Regulations</i></p> | <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h); To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i);</p> | <p>Section 48(1)(a)</p> |
|---|---|-------------------------|

Resolution

That the meeting resume in public session at 11:33 am.

Moved: Cr Brown
 Seconded: Cr Hope
 CARRIED

14. CLOSURE

The meeting was declared closed at 11:33 am.

Chairperson

Date



ANNUAL PLAN 2019-20

Including adjustments to the Long-Term Plan 2018-28

12 June 2019 Finance & Corporate Committee Meeting Version 1

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Foreword



Cr Stephen Woodhead
Chairperson

{To be included in final for 26 June Council meeting}

Purpose & Approach

Purpose

A local authority must legally prepare and adopt an annual plan for each financial year, the next being from 1 July 2019 to 30 June 2020. The purpose of the annual plan, as stated in the Local Government Act 2002 (LGA), is to:

- contain the proposed annual budget and funding impact statement
- identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect to that year
- provide integrated decision-making and co-ordination of the resources of the local authority
- contribute to the accountability of the local authority to the community.

The LGA is also specific about the type of information that must be included in an annual plan, how it is decided, and how the community is engaged. Otago Regional Council has worked to meet these requirements and in a way that supports community involvement.

Approach – Annual Plan 2019-20

The Annual Plan 2019-20 (AP) includes the Otago Regional Council adjustments to the Long-Term Plan 2018–28 (LTP). The adjustments are reflected in the financial forecasts for the 2019-20 financial year. It is operational from 1 July 2019 following Council's adoption prior to 30 June 2019.

The 2019-20 financial forecasts reflect a process where Council staff have reviewed the LTP and recommended adjustments that the Council's elected members considered. The review process resulted in 'fine tuning' adjustments to the LTP financial forecasts and these were made available to the public over April and May prior to a final Council decision in June 2019.

This document includes:

- a recap of the LTP priorities and direction
- a summary of the key changes to year two of the LTP, being 2019-20
- Overview of the Council's significant activities, service measures, operating expenditure and revenue
- Financial information, including key statements and accounting policy.

Community engagement & decision-making

A local authority must consult in a manner that gives effect to the requirements of Section 82 of the LGA before adopting an annual plan under this section. This requirement does not apply if the council does not intend to change the LTP in a significant or material way.

A decision was made at the 3 April 2019 Council meeting that the proposed changes to the LTP were not significant or material differences. This decision signalled to the regional community the Council's strategic intentions remained as agreed in the LTP.

Based on this decision it was pragmatic and cost effective not implement a full local government Act consultation process. Council agreed to an alternative engagement approach that provided individuals and organisations an opportunity to connect with Councillors and staff. This occurred in venues across the region over April and May, was well advertised, and supported by information about our key priorities and planned adjustments to the LTP.

Community feedback via the four communications channels included:

YourSay: feedback via Council's website was of a general nature; we did not receive anything of a strategic nature, it was mainly about Dunedin public transport – having a 'hub' sitting within DCC to answer ORC related matters to save a walk up the hill to the ORC office, ensuring bus stops were smokefree, GPS monitoring for buses.

Social media: The comments received online were around the size of the percentage increase of the general rates and what we're spending this money on. Some of their comments suggested we need to change the way we communicate with them, e.g. one question was around what is governance and regulation?

Community events: Numbers at council-led events were low but those that did speak with us wanted clarification or reassurance on existing projects. At events where we went to the community (i.e. farmers markets), we had good interaction with people, and around 25 – 30 people approached us at both the Oamaru and Dunedin markets. At both the ORC-led events and farmers markets, people talked with us about similar topics. Their interest in the Annual Plan was low; they were more interested in business as usual processes – e.g. wanting to know more about the Pollution Hotline, noise pollution from Port Otago, possum traps, trees in South Dunedin that help reduce flood-risk are being removed from private properties, rabbit shooting, air pollution, too much development in Cromwell, an additional civil defence person for Cromwell to help the community understand where to go and what to do in their area.

Stakeholder groups: 20 stakeholder groups were invited to speak with Councillors at the ORC council chambers. The Otago Chamber of Commerce was the only group that attended this session to provide comment. Their concerns were mainly around increasing rates. They also made comment on Water and Public Transport. They would like to gain a better understanding of the work we're doing. The Dunedin City Council sent a written submission (see Appendix A). They

Other – council meeting summary cycle trails

Council considered this feedback at its 13 June Finance and Corporate Committee meeting prior to adopting the Annual Plan 2019-20 at its 27 June 2019 meeting.

Priorities and Direction (LTP 2018-28)

Key issues

In June 2018, the Council approved the Long-Term Plan 2018-28 (LTP) containing priorities, actions and resources required to deliver over the next three financial years. Leading into the community consultation the Council's elected representatives acknowledged issues of potential interest across the regional community. They included:

- The quality and management of our natural environment, particularly our fresh water, but also the regions broader natural environment
- Climate change and the region's response to this issue
- The level and impacts of growth in Queenstown and more generally across the Otago region
- Reducing the Council's and regional community's dependence on Port of Otago dividends

Community consultation supported this view and the adopted LTP included additional work and associated funding. This included:

Work and funding to improve our monitoring of fresh water, particularly lakes with more sites and better technology. Maintained levels of funding for improving the Regional Plan: Water and 'on the ground' actions to maintain or improve water quality, particularly in our rivers

- Additional work focused on improving our understanding of adaptation to climate change, particularly to some of our more vulnerable low-lying areas
- Additional work and funding to support more biodiversity initiatives
- Additional work to better understand natural hazards and options particularly for some rivers in the Wakatipu
- Additional service for improving the safety related to the commercial and recreational use of our waterways and harbours
- Additional funding to engage with communities on the 'Clean Air Clean Heat' programme
- Maintain the momentum on improving public passenger transport.

The LTP forecasted the following rate funding requirements:

- Year 1 (2018-19) - the additional work resulted in increased expenditure of \$1.5 million for year one of the LTP compared to the previous year (2017-18). The rating requirement increased by \$2.26 million, equating to an average rate increase of 10.8% (or average general rate increase of 21.1%).
- Year 2 (2019-20) – the Council signalled the need for additional rates funding to include important additional work and a reduction in the reliance on Port Otago dividends. The forecast rate requirement increased by \$2.8 million, compared to year one, and comprised \$2 million (22.8%) general rates and \$0.8million (5.7%).
- Year 3 (2020-21) - the forecast rate requirement increases by 1.78\$ million, compared to year two, and comprised 0.73 million (6.7%) general rates and \$1.05 million (6.9%) targeted rates.

This Annual Plan 2019/20 outlines the adjustments to the above forecasts.

Maori Participation & Decision-making

Also highlighted was the way in which our work was to be achieved, with closer working relationships and prudent financial management. We stated our intention to continue working alongside Ngāi Tahu, the territorial councils, and other agencies and organisations to provide a strong regional voice and alignment of thinking.

Port Otago Limited

The LTP confirmed its intention to maintain its 100% shareholding 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.

Summary of Adjustments to the LTP

In reviewing the direction, proposed work and detailed 2019-20 (Year two) forecasts contained in the LTP, the following adjustments have been made and are currently reflected in the AP 2019/20.

The table below summarises the adjustments with the highlighted activities being Otago Regional Council key priority areas.

The adjustments result in increased expenditure of \$3.7 million and additional rates funding of \$364,000 compared to that forecast in the LTP year 2. The change in expenditure and rates funding between the AP 2018/19 and AP 2019/20 is \$3.5 million and \$2.4 million respectively. The rates funding component equates to an average rate increase of 13.8%, made up of general rates (\$2.37 million) and targeted rates (\$0.82 million).

| Activity | Adjustment to Yr2 LTP | Funding impact |
|----------------------------|---|---|
| Regional Leadership | | |
| Planning (Freshwater) | <p>Council's approach to freshwater is shifting reflecting:</p> <ul style="list-style-type: none"> The new government policy framework A revised position on the compliance of our Regional Plan: Water, resulting in a commitment to a full plan review A catchment or freshwater management unit approach | <p>\$185,000 additional expenditure</p> <p>General rates funded</p> |
| Urban Development Strategy | <p>Council has a partially operative Regional Policy Statement that includes policy direction for urban development. It does not however fully implement the National Policy Statement for Development Capacity.</p> <p>Urban development is arguably one of the biggest emerging issues for Council. In 2019-20 we need to:</p> <ul style="list-style-type: none"> Address gaps in our Regional Policy Statement Review capability Determine shared responsibilities Increase capacity to manage land use change and growth. | <p>\$344,000 additional expenditure</p> <p>General rates funded</p> |
| Environmental Incidents | Increase the team to better cope with the increasing number of incidents | <p>\$207,000 additional expenditure</p> <p>General rate funded</p> |
| Resource Consents | Meeting the trend and forecasted increase in consenting activity | Increase in budgeted recovery of costs |
| Compliance Monitoring | Meeting the trend and forecasted trend in compliance monitoring activity | Increase in budgeted recovery of costs |
| Environmental | | |
| Air Strategy Implementaton | <p>Council's Air Quality Strategy, which was adopted on 27 June 2018, and the launch of a new heating subsidy by EECA (as part of Warmer Kiwi Homes) created the need to review Council's Clean Heat Clean Air programme.</p> <p>This review will be done in stages, within the short-term, a strategic realignment of the subsidy, within the current LTP funding.</p> | <p>\$57,000 additional expenditure</p> <p>General rates funded</p> |

| | | |
|--|---|--|
| | <p>A more comprehensive review of alternative types of subsidies, and future funding sources, will be undertaken in future years.</p> <p>A small increase in funding has been budgeted to enable a pilot programme related to community engagement on 'Clean Heat Clean Air'.</p> | |
| Biosecurity & Biodiversity - Wilding Pines | Increase in the Wilding Pine Control programme | \$1.78m additional Grant Funding via Ministry Primary Industries |
| Flood & River Management: | | |
| Reviews and recent floods resulted in the following additional priority work being identified in the following flood and drainage protection schemes | | |
| Lower Clutha | The key project is flood forecasting & reassessment of the flood protection scheme, via hydraulic modelling | \$67,000 additional expenditure Reserve funded |
| Lower Taieri | Riverside Road Spillway | \$171,000 additional expenditure Reserve funded |
| West Taieri | <p>Various engineering projects:</p> <ul style="list-style-type: none"> • Bridge repair (contour drain) • Waipori Pump Station drives • Drainage or channel improvements | \$453,000 additional expenditure Reserve funded |
| River Management Dunedin | Provision for repairs and further assessment of Kaikorai Stream Infrastructure. Initial repairs are proposed for the Kaikorai Stilling Basin | \$600,000 additional reserve funding |
| Leith | <p>Completion of the Dundas Bridge (August 2019)</p> <p>Complete approved Lower Leith amenity work</p> <p>Develop Upper Leith amenity proposals</p> | \$304,000 additional expenditure Reserve funded |
| Safety & Hazards | | |
| Climate Change Adaptation | <p>Fast-track completion of the existing LTP work programme including:</p> <ul style="list-style-type: none"> • Risk assessment work • South Dunedin research <p>This work will inform consideration of climate change matters for the next LTP.</p> | \$316,000 additional expenditure General rates funded |
| Transport | | |
| Stock truck effluent disposal (STED) | Council decision to install a STED State Highway 8 Tarris Lindis Peaks Straight | Grant & Reserve funded |

Council Activity

This section describes Council significant activity, the work programmes (activities) that are carried out, a summary of expenditure and the key changes that are proposed.

The Council groups its twelve significant activities under the following six result areas. The bullet points show the significant activities that contribute to the result areas.

- Environmental

'On the ground' action related to Otago's natural environment

- Fresh Water Implementation
- Biodiversity and Biosecurity
- Air
- State of the Environment Reporting

- Regional Leadership

Supporting informed decision making and community; providing a robust planning framework to direct action and achieve desired results

- Urban Development Strategy and Regional Planning
- Governance and Community Engagement

- Regulatory

Professional service and action supporting the sustainable management of Otago's natural resource

- Consenting, monitoring, investigations and enforcement

- Flood and River Management

Professional services, action and infrastructure to protect

- Flood and Drainage Schemes
- Rivers and Waterway Management

- Safety and Hazards

Professional services, planning and action to protect

- Natural Hazards and Climate Change Adaptation
- Emergency Management

- Transport

Planning, contract management and action to provide choice and support the regional economy

- Transport Planning and Public Passenger Transport

Environmental

Council has a critical role in supporting the communities of the Otago region to manage and cared for its natural resources in an acceptable way. The 'Environmental' group of activities in most instances provide this supporting role via 'on-the-ground' actions to assist communities and business 'to do the right thing'.

This supporting role is done in conjunction with our 'Regulatory' activities that focuses on compliance and enforcement.

Guiding the above activity are the strategies and plans developed under our 'Regional Leadership' group activity.

The significant Council activities and work programmes that contribute to 'Environmental' are outlined below.

| Significant Activity | Programmes |
|--|---|
| <p>Freshwater</p> | <p>Water is our number one priority, it's a precious resource. The quality of our water and its availability are critical to our way of life.</p> <p>This significant activity 'Water' is about those 'on-the-ground' actions that give effect to, or implement, our regional planning and regulatory framework. Our approach to developing this framework is discussed under 'Regional Leadership' (pg 17-18). Importantly Council's approach to setting the policies and rules to manage water quality and availability in our aquifers, rivers, lakes and wetlands is shifting.</p> <p>This means that 'on-the-ground' action, or implementation, of our current regional planning and policy is also shifting. Council is developing a more targeted 'worst-first' catchment approach to implementation and intervention through our rural water quality policy. This targeted approach will assist in maximising compliance with our permitted activity rules under this policy by 2020.</p> <p>We also have a commitment to government to focus on our identified 'at risk' catchments which tend to land in the 'worst first' focus for water quality work concurrently. Those catchments are the Pomahaka, Kaikorai and Lake Hayes.</p> <p>Monitoring of rivers that are subject to 'low flows' due to low rainfall and/or 'water take' for irrigation is carried out. This enables intervention and/or more informed decision-making and policy on water future water management.</p> <p>Special projects to manage unique water issues such as the planning for a solution for water quality issues at Lake Hayes will continue, however a funding decision will need to be made for implementation of said solution. This also includes estuaries including Tokomairiro and Kaikorai where programmes to report on their health are to be developed.</p> <p>Other coastal implementation related work identified in the LTP is captured in the 'Hazards' significant activity.</p> |
| <p>Biosecurity & Biodiversity</p> | <p>The Council currently delivers a substantive Biosecurity programme that is driven off the Otago Regional Council Pest Management Plan (RPMP) – a plan that is currently being reviewed and programmed for adoption by June 2019.</p> <p>The management of plant and animal pests under the RPMP has a positive impact on both commercial production values (agri-related pests) and biodiversity values. The latter has really occurred as a secondary, albeit positive, consequence of a commercial/production focus. In addition, the Council partners with groups and agencies to assist with specific issues eg Lagarosiphon (lake weed).</p> |

| | |
|------------|---|
| | <p>Biodiversity is separately flagged in the LTP 2018-28 as an important activity for Council and the community.</p> <p>Since the adoption of the LTP in June 2018 there have been several developments internally that shift the way in which we think about our work on biosecurity and biodiversity. They are:</p> <ul style="list-style-type: none"> • the scale and growth of community aspirations about our indigenous flora and fauna • desire to better integrate Council activity to improve water quality and growing awareness of the importance of our eco-systems and their relationship to our wellbeing (social, cultural, environmental, economic) • Potential role for regional councils to maintain, or even improve on the TB eradication programme implemented by OSPRI for broader biosecurity and biodiversity reasons • Desire to deliver effectiveness and efficiency gains acknowledging 'NZ best practice' in delivering biosecurity & biodiversity activity • NZ legislative framework and specific requirements, including national standards, that reflect the points above <p>In response, the Council is working to integrate our Biodiversity and Biosecurity activity to ultimately deliver service that meets community aspirations. This involves two steps: the first being aligning our strategy and plans (by mid-2019); the second being the completion of a business case presenting options for what Council delivers, alternatives for how those services are delivered (levels & timing), the capacity and resource requirements, and how the proposed service is funded.</p> <p>While this is occurring Council will continue Biodiversity action via the Environmental Enhancement Fund with the initial emphasis being:</p> <ul style="list-style-type: none"> • Citizen science initiatives • Tomahawk Lagoon restoration group • Catchment groups • Funding support to Predator Free Dunedin • Funding support to the Yellow Eyed Penguin Trust <p>Other planned work includes:</p> <ul style="list-style-type: none"> • Administration of government grant funding for Wilding Pine control • Small number of site-specific restoration projects eg Lake Tuakitoto and Tomahawk Lagoon • developing stakeholder and technical groups • hosting a biodiversity forum • developing and sharing of information on good management practices for indigenous biodiversity |
| Air | <p>Within Otago, there are certain areas where winter air emissions from home heating cause air quality to breach the standards set for healthy living.</p> <p>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.</p> <p>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.</p> |

| | |
|------------------------------------|--|
| | <p>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 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.</p> <p>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. Reasons for the improvement include the reduction in coal use, and the replacement of older, inefficient wood burners with newer, compliant burners.</p> <p>These improvements are positive, but Council and the Air Zone 1 towns (including Milton) are still not complying with the National Environmental Standard for air quality. Research has shown that in some parts of Otago, even with the use of low-emission wood burners, the challenge of extremely cold winter weather and strong temperature inversions means the air quality standards will likely not be met. Council therefore needs to find new solutions that will ensure people have warm homes while achieving clean air.</p> <p>An Air Quality Strategy was adopted in June 2018 coincided with the launch of a new heating subsidy by EECA (as part of Warmer Kiwi Homes). This created an opportunity to review Council’s Clean Heat Clean Air programme.</p> <p>This review will be done in stages, with in the short-term, a strategic realignment of the subsidy, within the current Long-Term Plan funding. A more comprehensive review of alternative types of subsidies, and future funding sources, will be undertaken in future years.</p> <p>A small increase in funding has been budgeted to enable pilot research work related to community engagement on ‘Clean Heat Clean Air’.</p> |
| <p>State of Environment</p> | <p>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.</p> <p>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.</p> <p>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 in Otago.</p> |

Expenditure & key changes

| Long-Term Plan 2018/19 | | Long-Term Plan 2019/20 | Annual Plan 2019/20 |
|---------------------------|------------------------------|---------------------------|------------------------|
| 3,486 | Freshwater | 3,527 | 3,139 |
| 3,540 | Biodiversity and Biosecurity | 3,714 | 5,083 |
| 300 | Air | 309 | 366 |
| 4,228 | State of the Environment | 4,210 | 4,048 |
| 80 | Coast | 84 | 0 |
| 11,634 | Expenditure | 11,844 | 12,636 |
| (6,185) | General Rates | (6,926) | (6,238) |
| (1,502) | Targeted Rates | (1,543) | (1,535) |
| (650) | Grants | (769) | (2,605) |
| (953) | Fees/Other | (966) | (720) |
| (2,344) | Reserves | (1,640) | (1,538) |
| (11,634) | Revenue | (11,844) | (12,636) |

Key changes in expenditure include:

- Water – a decrease in expenditure reflects Council’s review of earlier financial forecasts and confidence that planned work and acceptable progress can be made (*decrease \$388,000, mix of rates & reserve funding*).
- Air – a small increase in expenditure to enable Clean Air Clean Heat piloting work to occur (*increase \$55,000, rate funded*).
- Coast – the small scale of implementation work reflects Council and community priorities, particularly around fresh water. Much of planned work relating to ‘coast’, will occur under the ‘Safety and Hazards’ group of activity (*decrease \$80,000, rates*).
- State of the environment – the LTP forecasts have been refined resulting in a modest reduction in funding requirements (*decrease \$160,000, rates*).
- Biodiversity & Biosecurity – the large increase is due to the addition of government grant funding for Wilding Pines eradication (*increase \$1,369 million, grants*).
- This AP signals the Council’s intent to integrate pest management and biodiversity activity. A review to agree the key strategic components of an integrated service is currently underway. An initial report detailing service level and delivery options will be presented and considered as part of the 2020-21 budget round and possibly the next LTP 2021-31.

Measures & Targets – Environmental

| Freshwater | |
|--|---|
| Service statement: Water quality across Otago is maintained and improved | |
| Measure | Target |
| Assessments are carried out to determine freshwater quality against the limits set out in the Regional Plan: | Report annually where water quality continues to meet limits; and where previously not meeting the limits is improving. |
| Increase the number of catchments included in catchment monitoring | Five catchments every two years. |
| Implement research and studies to advance the freshwater programme including prioritisation across freshwater management units | Progress is reported to Council |
| Develop and implement good management practice through regulatory and non-regulatory approaches to improve water quality | Development initiatives and implementation progress are reported to Council including: <ul style="list-style-type: none"> • Rural Liaison & engagement • Inspections & Compliance monitoring • Enforcement • Plan review and change |
| | |

| Biodiversity and Biosecurity | |
|--|--|
| Service statement 1: Collaborate with the regional community to potentially invest and fund environmental enhancement projects that deliver good environmental and social outcomes. | |
| Measure | Target |
| The ECO Fund is administered to support community-led projects across Otago that protect and enhance the environment. | Report to Council on the allocation of the fund, status of fund recipients and on project outcomes |
| | |
| Service statement 2: Implement the Biodiversity Action Plan | |
| Measure | Target |
| Projects identified in the Biodiversity Action Plan are being advanced | Progress against the BAP is reported to Council |

| Service statement 3: Establish controls over animal and plant pests to maintain and enhance biodiversity, protect productive capacity and community health | |
|---|--|
| Measure | Target |
| The Regional Pest Management Plan is implemented | Complete the Regional Pest Operational Plan |
| Reducing trend in the pest plant and animal species across the Otago Region | Report to Council plant and animal pest trends |
| The level of compliance is managed to the provisions of the Regional Pest Management Plan | All properties with reported non-compliances of rabbit numbers over MAL3 are contacted regarding the requirement to respond in accordance with the Regional Pest Management Plan |
| | All reported non-compliances for pest plants will be followed up to ensure works to control pest plants have been carried out |
| | All complaints about boundary control of pest plants and pest animals will be responded to within 10 working days, and where necessary control works will be required to be carried out. |
| The Council supports government agencies conducting Lagarosiphon control in Lakes Dunstan and Wanaka | Agreed funding support to external partners for Lagarosiphon control Lakes Dunstan, Wanaka and Wakatipu is provided. Key planning information is disclosed in a timely way |
| Collaborate with community groups and pest companies to carry out control activities to eradicate Wallaby in Otago | Reported Wallaby sightings are investigated and responded to within 3 working days |

| AIR | |
|---|---|
| Service statement: In targeted towns we work to reduce PM10 emissions for ambient air quality | |
| Measure | Target |
| 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 | Assessment completed |
| Administer the clean heat, clean air fund for Air Zone 1 and Milton | Achieved |
| Implement investigation and research programme to achieve goals under the Air Strategy including trialling options for low emission technologies. | Report to Council on programme delivered as at 30 June 2020 |

| State of the Environment Reporting | |
|--|---|
| Service statement: Provide high quality and timely environmental information, indicators and advice to key decision makers and the community | |
| Measure | Target |
| Changes and trend in natural resource availability and quality are analysed and reported to the Council as per the schedule entitled " Monitoring Schedule for 2018-28 Long-Term Plan " | Information available for the Annual Report 2018/19 |
| External audit shows good quality control of data collections and analysis as per the schedule entitled " Monitoring Schedule for 2018-28 Long-Term Plan " | External Audit completed by 30 June 2020 |

Assumptions

- 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.
- A revised Regional Pest Management Plan will be adopted early in the 2019/20 financial year. This will impact the current work programme and will influence consideration of service levels in future Annual and Long-Term Plans.
- The KS RHD virus strain was released April 2018.
- 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.
- A revised National Environment Standard for Air Quality that includes PM2.5 as a compulsory attribute will be released by December 2019.
- Council will continue to administer the Environmental Monitoring and Reporting project during the ten year life of this plan

Regional Leadership

At the broadest level the Council’s purpose is to achieve positive results to community wellbeing. Strong regional leadership involves elected representatives, Otago Regional Councillors, working together in an effective and principled way. They are the decision-makers who decide direction and resource priorities and are tasked to do this in a participative and transparent way for the benefit of the Otago region.

This requires frameworks that support their role as decision-makers and includes:

- Local Government Act – sets out planning and decision-making for Council services, including the direction and priorities on what and level of resource allocated to achieve results.
- Resource Management Act and National Policy Statements – requires regional planning and decision-making to manage Otago’s natural resources
- Local Government Official Information and Meetings Act – requires the Council to conduct its meetings and decision-making in a way that promotes community participation and accountability - information is a key component
- Service delivery - the community’s elected representatives decide the Chief Executive (CE) who is tasked with managing the delivery of agreed services. The CE achieves this via the ‘Council Organisation’ and the associated resource including, funding, staff, and various support assets (eg Office headquarters, customer service facilities, information technology; vehicles).

The ‘Regional Leadership’ group of activities ensures that these frameworks are in place, are effective, and enable the elected representatives to effectively conduct their Council duties to the best of their ability on behalf of the community.

| Significant Activity | Programmes |
|--|---|
| <p>Governance & Community Engagement</p> | <p>Governance and democracy – this programme of work supports the elected councillors, the running of meetings, and the democratic process. Underpinning this programme is the requirement to provide information in a timely and accessible way.</p> <p>Public awareness – engaging and communicating with and to communities and stakeholders.</p> <p>Customer service - the provision of information and advice is a critical component of a strong democracy and good service delivery. Where it can educate, inform and encourage the community – enabling participation.</p> |
| <p>Regional Planning & Urban Development Strategy</p> | <p>Under the Resource Management Act the Council has developed a Regional Policy Statement (RPS) that enables Regional Plans to achieve the sustainable management of the natural and physical resources of the Otago region. The natural resources or issue areas include water (including land & coast), air, and waste.</p> <p>Regional Plan: Water - The regional planning framework supports the management of the region’s fresh water resources and is currently the Council’s top priority. Land and Coast matters will be included with the review of water, albeit as secondary, but none- the-less’ important elements.</p> <p>Since the adoption of the LTP in June 2018 there have been several developments nationally and internally that shift the way in which we think about our work on freshwater. They are:</p> <ul style="list-style-type: none"> • The new government policy framework, ‘Essentials for Freshwater’ (or similar) that is signalling increased interest in sedimentation of waterways, farming practise, at risk catchment management and water policy • New government expectations for improved water quality in five years (2023) • New commitments by Council regarding the quality of rivers and lakes for swimming • A revised position on the compliance of our current Regional Plan – Water. This has regard to the National Policy Statement Freshwater Management (NPS FM) which influenced Council’s commitment to a full Water Plan review and Progressive Implementation Plan (PIP) recently submitted to government |

- More detailed implementation planning for the Good Water Programme which will be implemented as soon as possible
- Process development for deemed permit renewals
- New risks emerging for water quality such as 'E-coli' contamination eg in the Lower Waitaki aquifer

These points mean that our approach to water work is shifting. Up until recently our policy approach has been topic focused e.g. urban stormwater and rural water quality, we now need to work more in a spatial or catchment construct. This reflects the NPS FM framework of Freshwater Management Units (FMU). These are spatial representations of catchments of like values or characteristics where holistic water management occurs inside that unit.

This will result in less conversation on a whole of region basis and more targeted policy development inside these spatial units covering all aspects of water quality and quantity. That is not to say that more than one FMU could not end up the similar values, objectives and limits for water management.

As part of this shift the Council has not lost sight of the critical 'availability of water' issue and its allocation for irrigation. The process focused on priority catchments, including the Arrow, Cardrona, and Manuherekia rivers continues with urgency.

Regional Plans Air, and Waste - work to review Regional Plan: Air and Regional Plan: Waste (discharge & solid waste) will be progressed within the resource constraints and priority to the extent practicable

Urban Development Strategy

Council has a partially operative Regional Policy Statement that includes policy direction for urban development. It does not however fully implement the National Policy Statement for Development Capacity.

Urban development is arguably one of the biggest emerging issues for Council. In 2019-20 we plan to:

- Address gaps in our Regional Policy Statement
- Review capability
- Determine shared responsibilities
- Increase capacity to manage land use change and growth

Our current activity of 'Regional Land Transport Planning' is an important instrument available to the Council and its partners in achieving objectives as they are formalised.

Other Strategies and Plans

The Council also develops other plans and strategy including the Regional Pest Management Plan for Otago and related Biosecurity and Biodiversity Strategies (*see 'Biodiversity & Biosecurity' activity for discussion on direction*).

Expenditure & key changes

| Annual Plan 2018-19 | | Long-Term Plan 2019-20 | Annual Plan 2019-20 |
|------------------------|--|---------------------------|------------------------|
| 3,333 | Governance & Community Engagement | 3,500 | 4,652 |
| 3,816 | Regional Planning & Urban Development Strategy | 4,013 | 3,629 |
| 7,149 | Expenditure | 7,513 | 8,281 |
| (6,736) | General Rates | (7,257) | (8,130) |
| | Targeted Rates | | |
| | Grants | | |
| (131) | Fees/Other | (133) | (131) |
| (282) | Reserves | (123) | (20) |
| (7,149) | Revenue | (7,513) | (8,281) |

Key changes to expenditure include:

- Governance and community engagement – reallocation of community engagement expenditure from other activities to ‘Governance and community engagement’ explains the increase shown above. The reallocation consolidates and improves reporting related to this type of activity.
- The underlying resource for community engagement activity has not changed (with the exception being ‘Air’ activity as reported above).
- Regional Planning and Urban Development Strategy - there are three key changes that have a ‘net’ effect of reducing expenditure, they are:
 - Increase in expenditure for improving Otago’s Regional Water Plan (*increase \$185,000 rate funded*)
 - Increase in expenditure for activity associated with developing the Urban Development Strategy (*increase \$344,000 rate funded*)
 - Decrease in expenditure related to non-water regional planning activity. This reflects Council’s immediate priority being water – the planning is still important and will occur in the future.
- Reallocation of Long Term and Annual Plan process related expenditure across all Council activity ie now allocated as an overhead cost. The underlying expenditure for developing these plans has not changed
- Otago Regional Council Head Office - no expenditure is currently budgeted for the replacement of the head office. Reserve funding exists and is tagged to a future Council decision on this matter.

Measures & Targets – Regional Leadership

| Governance & Community Engagement | |
|--|--------------|
| Service statement 1: Governance support and process that enables a robust and transparent democratic practice for Council’s elected members and the community | |
| Measure | Target |
| Percentage of official information requests responded to within statutory timeframes | 100% |
| Percentage of council agendas that are publicly available two working days or more before a meeting | 100% |
| Conduct meetings in accordance with <i>Standing Orders</i> and the <i>Local Government Official Information and Meetings Act 1987</i> | All meetings |

| | |
|--|--|
| Service statement 2: Council has clearly articulated policy, purpose and activity to encourage participation in decision-making by the community. | |
| Measure | Target |
| Council's Long-Term Plan, Annual Plans and Annual Reports are fit for purpose and accessible. | All Local Government Act statutory planning requirements and financial reporting standards are met Unmodified independent audit report for the Long-Term Plan and Annual Report |

| | |
|--|---|
| Regional Planning & Urban Development Strategy | |
| Service statement 1: Establish and maintain a robust, integrated and consistent environmental planning framework | |
| Measure | Target |
| Deliver against the Council's adopted 'Progressive Implementation Programme that outlines the staged implementation of actions to implement the National Policy Statement Freshwater Management. | Report progress against the PIP as published on Council's website |
| Service statement 2: Develop with our key partners an Urban Development Strategy | |
| Measure | Target |
| Provide region-wide direction on urban development in conjunction with the Territorial Local Authorities. | Report development to Council on the preparation of an urban development strategy |

Assumptions

- 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.

Regulatory

This group of activities enables Council to carry out tasks that assist in achieving the intent of Plans and Bylaws that have been prepared under empowering legislation. They include:

- Regional Plans prepared under the Resource Management Act
- Regional Pest Management Plan prepared under the Biosecurity Act
- Navigational Safety Bylaw prepared under the Maritime Transport Act

Importantly, these activities use the powers, duties and functions within legislation in combination with other approaches and tools (eg education, awareness campaigns, and incentive programmes). When used together it enables Council leadership to find an acceptable balance for achieving strategic objectives and desired longer-term results.

The significant Council activity and work programmes that contribute to 'Regulatory' are outlined below.

| Significant Activity | Programmes |
|--|--|
| <p>Consenting, Monitoring and Enforcement</p> | <p>Consent processing - 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 issue consents that are consistent with the intent of Regional Plans and to meet the processing timeframes as set out in the Resource Management Act.</p> <p>Consents for water use are included in the programme and tied closely to the review of the Regional Plan: Water. For example, as policy and rules for minimum river and aquifer flows are reviewed, so too will the existing resource consents issued for taking of water. Priority catchments have been identified to escalate review work and to provide certainty to communities and the Region about water use and the quality of Otago's natural environment.</p> <p>Compliance monitoring - after resource consents are issued, Council audits and monitors that 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.</p> <p>Monitoring is also carried out on activity associated with the Regional Pest Management Plan (eg compliance with plant and animal pest management requirements)</p> <p>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.</p> <p>Incident response, investigations & enforcement – environmental incidents and other resource management complaints are considered and where appropriate investigated. Action is taken where remedial measures are required. In serious cases enforcement action will be carried out.</p> <p>Regulatory action can also occur from Council compliance monitoring activity associated with resource consents and pest management.</p> <p>Contaminated sites – 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, clean-up or remedial work is also carried out.</p> |

| | |
|--|---|
| | <p>Harbours & waterway management – Council is responsible for the regulation of ports, harbours, waters, and maritime-related activities in the Otago region under the Maritime Transport Act. The bylaw covers maritime safety in almost all inland waters and all coastal waters out to the 12-nautical limit of the territorial sea of Otago.</p> <p>Responsibility for the waters of the Queenstown Lakes District and Lake Dunstan continues to lie with Queenstown Lakes District Council (QLDC) and Central Otago District Council (CODC), having previously been transferred by Otago Regional Council.</p> |
|--|---|

Expenditure & key changes

| Annual Plan 2018-19 | | Long-Term Plan 2019-20 | Annual Plan 2019-20 |
|------------------------|--|---------------------------|------------------------|
| 1,967 | Consent processing | 2,134 | 2,205 |
| 1,508 | Compliance monitoring | 1,435 | 1,674 |
| 219 | Regulatory effectiveness | 380 | 0 |
| 1,568 | Response, investigations & enforcement | 1,610 | 1,818 |
| 103 | Contaminated sites | 197 | 127 |
| 559 | Harbour & waterway management | 682 | 694 |
| 5,924 | Expenditure | 6,438 | 6,518 |
| (2,881) | General Rates | (3,331) | (3,024) |
| | Targeted Rates | | |
| (55) | Grants | (55) | (60) |
| (2,868) | Fees/Other | (3,031) | (3,434) |
| (120) | Reserves | (21) | |
| (5,924) | Revenue | (6,438) | (6,518) |

Key changes to expenditure include:

- Council is experiencing additional demand across most of its regulatory activity and this expected to continue into the foreseeable future. The AP includes resource for additional staff to assist with managing additional workload. Additionally, Council is considering its systems and processes (or tools) used to deliver regulatory services. Options and costs associated with new tools are not known and will be considered in future planning processes.
- Regulatory effectiveness – this activity has been subsumed into ‘Regional Leadership’ group of activity.
- Harbour and waterway management – the Council continues to make positive progress with a change in the level of service it provides. Options and expenditure associated with the operation of a new Harbourmaster vessel are becoming clear and will be considered in future planning processes.

Measures & Targets – Regulatory

| Regulatory | |
|--|--------|
| Service statement 1: Deliver consenting processes efficiently and effectively under the Resource Management Act 1991 to enable the lawful use of natural and physical resources | |
| Measure | Target |
| Percentage of resource consents application processed within Resource Management Act 1991 legislative timeframes | 100% |
| Service statement 2: Administering and assessing performance monitoring data provided by consent holders | |
| Measure | Target |
| Percentage of performance returns received that will be assessed for compliance with consent conditions | 100% |

| Service statement 3: Acting on non-compliances identified through consent audit or performance monitoring returns | |
|---|---|
| Measure | Target |
| Percentage of non-compliances found that have been followed up with enforcement action | 100% |
| Service statement 4: Investigations and response to notifications of non-compliance and incidents | |
| Measure | Target |
| Maintain 24-hour/7 day a week response* for environmental incidents. | 100% |
| Average time taken to respond to oil spills no more than 1.5 hours. | Achieved |
| 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. |
| | 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. |
| Service statement 5: Enable safe use and navigation for all users of Otago Harbour. Take appropriate action in response to notifications of non-compliance and incidents | |
| Measure | Target |
| Average time taken to respond to notification from harbour control of any incidents in Otago Harbour. | No more than 1 hour |
| Percentage of enforcement action taken when there are breaches of the Otago Maritime Safety Bylaw. | 100% |

*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

- The quantity of complaints received will increase as public awareness of environmental matters increases.
- The level of consent processing will increase up until 2021 when mining privileges expire.

Flood Protection and River Management

Council operates and maintains many flood protection and drainage schemes throughout Otago. Flood protection schemes are intended to protect people and property from flooding. Drainage schemes are intended to maintain productive capability of land. Council's infrastructure strategy looks out at least 30 years and highlights the requirement to think long-term when planning and implementing work.

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

The significant activities and work programmes contributing to 'Flood Protection and River Management' are outlined below.

| Significant Activities | Programmes |
|---|---|
| <p>Flood and Drainage Schemes</p> | <p>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. The Council manages eight flood and drainage schemes across the region as listed in the financial table below.</p> <p>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. Drainage scheme works also include the review and maintenance of drainage pumps and outfall structures. Recent floods have required the Council to carefully assess the condition and performance of specific infrastructure and as a result some planned work has been accelerated to reduce risk of asset failure.</p> <p>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 twenty years through to 2030-31.</p> <p>Predicted sea level rise over the next 30 years may generate additional flooding and drainage risks, particularly for the Taieri and Lower Clutha flood and drainage schemes. Council is currently investigating this risk, via its Climate Change Adaptation Programme. The results of this investigation will inform further work on the consequences for levels of service and future infrastructure requirements.</p> <p>There is a degree of complexity in terms of the nature of future impacts, solutions to issues, the cost of service options, who pays and how. Community feedback has clearly signalled to Council that improved communication and engagement is required on these matters.</p> <p>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 the LTP.</p> |
| <p>River and Waterway Management</p> | <p>River and waterway management works are carried out to maintain river and stream channel capacity and stability. Such works include willow maintenance, vegetation control and removing obstructions and blockages, and repairing critical erosion works. The primary purpose of this work is to prevent the loss of any channel capacity and managing channel instability, so should a flood event occur, waters can flow without undue obstruction. The Council manages seven river schemes as listed in the financial table below.</p> |

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

In response to this, 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 a flood and drainage scheme are also carried out under this activity. Examples include the Albert Town rock work bank protection and Lindsay Creek flood protection assets (non-scheme management).

Expenditure & key changes

| Annual Plan 2018-19 | | Long-Term Plan 2019-20 | Annual Plan 2019-20 |
|------------------------|-------------------------------------|---------------------------|------------------------|
| 8,607 | Flood protection & drainage schemes | 6,526 | 7,289 |
| 2,230 | River management | 2,243 | 2,865 |
| 10,837 | Expenditure | 8,769 | 10,154 |
| (659) | General Rates | (612) | (682) |
| (5,717) | Targeted Rates | (5,992) | (5,995) |
| | Grants | | |
| (557) | Fees/Other | (484) | (485) |
| (3,904) | Reserves | (1,681) | (2,992) |
| (10,837) | Revenue | (8,769) | (10,154) |

Key changes in expenditure include:

- Flood protection and control works – the expenditure increase is related to revised forecasts for the following projects:
 - Lower Clutha Flood & Drainage Scheme – additional expenditure to complete flood forecasting and reassessment of the flood protection scheme (*increase \$67,000, reserves*)
 - Lower Taieri Flood Protection Scheme – additional expenditure to complete work on the Riverside Road Spillway (*increase \$170,000, reserves*)
 - West Taieri Drainage Scheme – additional expenditure related to various engineering projects (eg bridge repair - contour drain, Waipori pump station drives, drainage or channel improvements (*increase \$450,000, reserves*))
 - Leith Flood Protection Scheme - additional expenditure to complete the Dundas Bridge, complete approved Lower Leith amenity work and develop Upper Leith amenity proposals (*increase 300,000 reserves*).
- River Management – the expenditure increase is related to unplanned engineering works on Kaikorai Stream infrastructure situated in the Dunedin River Management area. Inspection has shown that urgent work is necessary to ensure both the level of protection is restored (where infrastructure is damaged) and the integrity of remaining infrastructure is maintained. This work is estimated to cost \$600,000 and is included in the AP.

Measures & Targets – Flood and River Management

| Flood and Drainage Schemes | |
|--|--|
| Service statement: Manage flood risk to people and property. Maintain, repair and renew drainage assets to maintain and improve the productive capacity of land | |
| Measure | Target |
| Flood protection, control works and assets are maintained, repaired and renewed in line with the Infrastructure Strategy and defined standards set out in the operations and maintenance manuals for each scheme and primary assets. | Performance against defined standards of the flood protection Schemes and primary scheme assets reported annually. |
| | Planned renewal works completed on programme and budget, and progress reported quarterly. |
| | Planned maintenance works completed on programme and budget, and progress reported quarterly. |
| | Complete review and recommendations on the performance of the Lower Taieri River and primary tributaries. |
| Drainage assets are maintained and renewed in line with defined standards set out in the operations and maintenance manuals for each asset. | Performance against defined standards of the drainage schemes and primary scheme assets reported annually. |
| | Planned renewal works completed on programme and budget, and progress reported quarterly. |
| | Planned maintenance works completed on programme and budget, and progress reported quarterly. |

| River and Waterway Management | |
|--|--|
| Service statement: Achieve a balance between maintaining channel capacity, channel stability and environmental outcomes in scheduled rivers and waterways | |
| Measure | Target |
| Investigate all reported blockages and obstructions along scheduled rivers and waterways and determine appropriate action within 20 working days | Report annual status of scheduled rivers and waterways |
| | 100% of investigations have action determined within 20 days |

Safety and Hazards

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

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

The significant activities and work programmes contributing to 'Safety and Hazards' are outlined below.

| Significant Activities | Programmes |
|------------------------------------|--|
| <p>Emergency Management</p> | <p>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.</p> <p>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.</p> |
| <p>Natural Hazards</p> | <p>Natural hazards work 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.</p> <p>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.</p> <p>Flow forecasting - 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 direct information in a timely manner.</p> <p>As low flows and drought situations are becoming more frequent, the LTP 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.</p> <p>Climate change adaptation was a new initiative included in the LTP and considers the physical, economic and social impacts. This work will provide information to assist local authorities, communities and others to make informed decisions about being prepared and adapting to the effects of climate change. Good progress was made over the 2018-19 year and the planned programme of work has been accelerated for early completion.</p> <p>Other projects - community feedback to the LTP highlighted perceived natural hazard issues associated with the Dart and Rees Rivers. In response the Council has commissioned a strategic review over years 1 to 3 and will communicate matters with communities as that review progresses.</p> |

Expenditure & key changes

| Annual Plan 2018-19 | | Long-Term Plan 2019-20 | Annual Plan 2019-20 |
|------------------------|---------------------------|---------------------------|------------------------|
| 2,454 | Emergency Management | 2,416 | 2,425 |
| 786 | Natural Hazards | 618 | 699 |
| 134 | Flow forecasting | 159 | 212 |
| 683 | Climate change adaptation | 625 | 941 |
| 4,057 | Total expenditure | 3,818 | 4,277 |
| (1,310) | General Rates | (1,140) | (1,584) |
| (2,454) | Targeted Rates | (2,416) | (2,425) |
| | Grants | | |
| (55) | Fees/Other | (20) | (20) |
| (238) | Reserves | (242) | (248) |
| (4,057) | Revenue | (3,818) | (4,277) |

Key changes in expenditure include:

- Climate change adaptation – increase in expenditure reflecting the Councils desire and community concern to speed-up our understanding of how climate change will impact, what are the risks, and what can be done to manage, avoid or mitigate those risks. The Council is speeding up the delivery of the work programme agreed in the LTP, being risk assessment work on low lying parts of our region and lakes (*increase \$316,000, rates*).

Measures & Targets

| Emergency Management | |
|--|--|
| Service statement 1: Provide a region-wide coordinated response in the event of civil defence emergency to reduce the impacts on people | |
| Measure | Target |
| Time taken for the Group Emergency Coordination Centre to be activated in response to a civil defence event or emergency | 60 minutes |
| A Group CDEM controller or alternate controller is available 24 hours, 7 day a week response for 365 days a year | Achieved |
| Service statement 2: Prepare and implement robust integrated suite of issue focused and community-based plans and strategies | |
| Measure | Target |
| An operative Group CDEM Plan is reviewed within statutory timeframes and fully implemented | Achieved |
| Full suite of community plans across the region is in place and remain under continuous review | Status and progress on the plans are reported to the Central Emergency Group and Council |
| Agreed region-wide issues plans are in place and reviewed according to each plan. | Status and progress on the agreed issues plans are reported to the Central Emergency Group and Council |

| Natural Hazards | |
|--|--|
| Service statement 1: Investigate and respond to priority natural hazard events | |
| Measure | Target |
| 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 |
| Service statement 2: Delivering information to the community and decision-makers about natural hazards | |
| Measure | Target |
| Natural hazards events and consequences are properly and timely reported on so that appropriate measures to reduce risk are taken | Procedural review is completed and reported within 6 months of an event |
| Service statement 3: Provide timely warnings of potential flood events | |
| Measure | Target |
| 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 |
| Service statement 4: Assist communities to understand and adapt to the effects of climate change | |
| Measure | Target |
| Knowledge and understanding of the likely effects of climate change in Otago is completed to inform decision-makers and the community | Initial Otago climate change risk assessment complete with summary report presented to Council |

Transport

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

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.

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

The significant activities and work programmes contributing to 'Transport' are outlined below.

| Significant Activity | Description |
|---|--|
| <p>Public Passenger Transport</p> | <p>Public Transport Dunedin & Wakatipu - Council has committed to consider increasing the level and frequency of services, particularly in the first three years of this LTP. Initiatives identified in the LTP include:</p> <ul style="list-style-type: none"> • Implementing increased off-peak services in Dunedin and Queenstown • Provide for additional services to support major events in Dunedin and Queenstown • Considering the feasibility, implementation and operation of a small ferry service on Lake Wakatipu • Investigating the feasibility of a Dunedin city to airport service • Investigating introducing a Malaghans Road loop service into the Queenstown network between Arrowtown and Queenstown • Investigating mass transit options for increased passenger transport capacity between Queenstown and Frankton <p>Re-tendering of expiring contracts starts from 2021-22 onwards. Council will seek to extend services where viable and appropriate as part of any tendering process.</p> <p>Community feedback to the LTP also resulted in the Council:</p> <ul style="list-style-type: none"> • Considering the Regional Public Transport Plan and current policy on school bus services under that plan • Exploring with Dunedin City Council and NZTA, the establishment of a joint governance group for the public transport bus service, Connecting Dunedin <p>Public Transport Regional - Council administers the Total Mobility Scheme in Otago to meet the transport needs of those with disabilities that are unable to access public transport.</p> |
| <p>Regional Transport Planning</p> | <p>Regional Land Transport Plan - will be prepared in collaboration with Environment Southland, to produce a single document for both regions. This will be completed by year three of this LTP.</p> <p>Stock Truck Effluent Disposal (STED) – the Council has installed a small number of STED sites in strategic points around the region. They enable a potential environmental and safety hazard to be managed. Council is planning to install an additional STED on State Highway 8 on the Tarris Lindis Peaks Straight.</p> |

Expenditure & key changes

| Annual Plan 2018-19 | | Long-Term Plan 2019-20 | Annual Plan 2019-20 |
|------------------------|---------------------------------------|---------------------------|------------------------|
| 16,138 | Public passenger transport – Dunedin | 17,049 | 17,136 |
| 6,623 | Public passenger transport – Wakatipu | 6,766 | 6,855 |
| 1,391 | Public passenger transport – Regional | 1,388 | 1,522 |
| 343 | Regional Land Transport Plan | 308 | 235 |
| 125 | Stock truck effluent disposal sites | 122 | 90 |
| 24,620 | Expenditure | 25,633 | 25,838 |
| (650) | General Rates | (637) | (595) |
| (4,694) | Targeted Rates | (5,229) | (5,229) |
| (9,085) | Grants | (9,364) | (9,467) |
| (8,012) | User Pays and Other | (8,509) | (8,554) |
| (2,179) | Reserves | (1,893) | (1,993) |
| 24,620 | Revenue | 25,632 | 25,838 |

Key changes in expenditure include:

- Stock Truck Effluent Disposal Sites (STED) – at this stage the expenditure does not reflect a Council decision to install a new STED situated on the Tarris - Lindis Peaks straight, State Highway 8.

Measures & Targets

| Public Passenger Transport | |
|---|--------|
| Service statement: To provide efficient and reliable public transport services that meet community needs | |
| Measure | Target |
| Reliability of service – percentage of monitored services that leave the terminus on time | 95% |
| Vehicle quality – percentage of vehicles that comply with Regional Passenger Transport Vehicle quality standard | 100% |
| Public Satisfaction – percentage of bus users that are satisfied with the overall standard of service | 85% |
| Patronage in Dunedin – percentage growth on contracted services above 2017/18 levels | 3% |
| Patronage in Queenstown – percentage growth increase on contracted services | 5% |

| Regional Transport Planning | |
|--|-----------------------------------|
| Service statement: Facilitate and support prioritised investment in Otago's transport network by local and central government | |
| Measure | Target |
| The Regional Land Transport Plan (RLTP) is prepared and submitted in line with the Land Transport Management Act 2003 and any guidance issued by the New Zealand Transport Agency (NZTA) | RLTP is submitted to NZTA by XXXX |
| Collaborate with Environment Southland and other South Island local authorities to establish and deliver on pan-regional priorities for transport investment | Achieved |

Assumptions

- Collaborative planning with Environment Southland will continue and potentially grow.
- The Council will retain responsibility for the provision of bus services in Dunedin and Queenstown.

Financial Information

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:

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

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

Useful Lives of Significant Assets

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

Revaluation of Non-Current Assets

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

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

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

Forecast Return on Investments

Forecast returns used in the estimates are as follows:

5. Rate of return and internal borrowing rate of between 3.1 and 4.1% per annum on cash balances and the managed fund.
6. 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.

Financial Statements

Statement of Comprehensive Revenue and Expense

| Long Term Plan 2018/19 \$000s | | Long Term Plan 2019/20 \$000s | Annual Plan 2019/20 \$000s |
|-------------------------------------|---|-------------------------------------|----------------------------------|
| | Revenue from non-exchange transactions: | | |
| 23,173 | Rates revenue | 25,997 | 26,363 |
| 9,790 | Grant revenue and subsidies | 10,187 | 12,133 |
| 10,735 | Other revenue | 11,134 | 11,385 |
| | Revenue from exchange transactions | | |
| 8,450 | Dividend | 7,900 | 7,900 |
| 1,512 | Interest and investment revenue | 1,512 | 1,512 |
| 2,561 | Other revenue | 2,745 | 2,678 |
| 56,221 | Total revenue | 59,475 | 61,971 |
| | Expenditure: | | |
| 17,561 | Employee benefits expenses | 18,000 | 18,496 |
| 2,402 | Depreciation | 2,516 | 2,531 |
| 2 | Finance costs | 2 | 2 |
| 40,021 | Operating expenses | 41,372 | 43,561 |
| 59,986 | Total operating expenditure | 61,889 | 64,590 |
| 335 | Other gains/(losses) | 345 | 344 |
| (3,430) | Surplus/(Deficit) for period | (2,070) | (2,275) |
| | Other comprehensive revenue and expenses | | |
| | <i>Item that may be reclassified to surplus/(deficit)</i> | | |
| 7,000 | Revaluation gain/(loss) – shares in subsidiary | 7,000 | 7,000 |
| 3,570 | Total comprehensive revenue and expenses | 4,930 | 4,725 |

Depreciation by Activity

| Long Term Plan 2018/19 \$000s | | Long Term Plan 2019/20 \$000s | Annual Plan 2019/20 \$000s |
|-------------------------------------|----------------------------------|-------------------------------------|----------------------------------|
| | Depreciation | | |
| 229 | Environment | 275 | 234 |
| 805 | Flood protection & control works | 843 | 831 |
| 20 | Safety and Hazards | 20 | 20 |
| 9 | Regulatory | 12 | 212 |
| 40 | Transport | 40 | 72 |
| 1,300 | Corporate | 1,326 | 1,163 |
| 2,402 | Total depreciation | 2,516 | 2,531 |

Statement of Financial Position

| Long Term Plan 2018/19 \$000s | | Long Term Plan 2019/20 \$000s | Annual Plan 2019/20 \$000s |
|-------------------------------------|--------------------------------------|-------------------------------------|----------------------------------|
| | Current assets: | | |
| 148 | Cash & cash equivalents | 918 | 432 |
| 43,557 | Other financial assets | 38,557 | 34,811 |
| 3,556 | Trade & other receivables | 3,550 | 8,697 |
| - | Inventories | - | - |
| 1,093 | Property intended for sale | 1,093 | 214 |
| 261 | Other current assets | 261 | 231 |
| 48,615 | Total current assets | 44,379 | 44,385 |
| | Non-current assets: | | |
| 93,452 | Property, plant & equipment | 94,921 | 95,505 |
| 11,493 | Investment property | 11,838 | 11,816 |
| 456,037 | Shares in Port Otago Ltd | 463,037 | 502,508 |
| 4,233 | Intangible assets | 4,585 | 4,252 |
| 98 | Deferred tax asset | 98 | 98 |
| 565,313 | Total non-current assets | 574,479 | 614,179 |
| 613,928 | Total assets | 618,858 | 658,564 |
| | Current liabilities: | | |
| 7,159 | Accounts payable | 7,159 | 9,019 |
| 1,665 | Employee entitlements | 1,665 | 1,701 |
| 8,824 | Total current liabilities | 8,824 | 10,720 |
| | Non-current liabilities: | | |
| - | Other financial instruments | - | - |
| - | Total non-current liabilities | - | - |
| 8,824 | Total liabilities | 8,824 | 10,720 |
| 605,104 | Net assets | 610,034 | 647,844 |
| | Equity: | | |
| 129,712 | Public equity | 127,844 | 126,078 |
| 436,037 | Available for sale reserve | 443,036 | 482,507 |
| 3,979 | Asset replacement reserve | 3,170 | 4,224 |
| 14,499 | Building reserve | 15,006 | 14,192 |
| 331 | Environmental enhancement reserve | 267 | 228 |
| 4,320 | Emergency response reserve | 4,471 | 4,480 |
| 403 | Water management reserve | 127 | 71 |
| 6,391 | Kuriwao endowment reserve | 6,336 | 6,309 |
| 9,432 | Asset revaluation reserve | 9,777 | 9,755 |
| 605,104 | Total equity | 610,034 | 647,844 |

Statement of Changes in Net Assets / Equity

| Long Term Plan 2018/19 \$000s | | Long Term Plan 2019/20 \$000s | Annual Plan 2019/20 \$000s |
|-------------------------------------|--|-------------------------------------|----------------------------------|
| 601,534 | Balance at 1 July | 605,104 | 643,119 |
| 3,570 | Net comprehensive income | 4,930 | 4,725 |
| 605,104 | Balance at 30 June | 610,034 | 647,844 |
| | Net movements | | |
| (3,765) | Net surplus transferred to public equity | (2,415) | (2,619) |
| 1,423 | Public equity | 546 | 637 |
| 7,000 | Available for sale revaluation reserve | 7,000 | 7,000 |
| (1,131) | Asset replacement reserve | (810) | (749) |
| 408 | Building reserve | 507 | 480 |
| (207) | Environmental enhancement reserve | (64) | (66) |
| 146 | Emergency response reserve | 151 | 151 |
| (584) | Water management reserve | (276) | (386) |
| (55) | Kuriwao reserve | (55) | (68) |
| 335 | Asset revaluation reserve | 345 | 344 |
| 3,570 | Net comprehensive income | 4,930 | 4,725 |
| 605,104 | Balance at 30 June | 610,034 | 647,844 |

Reserves

| Reserve | Opening Balance 1 July 2019 \$000s | Transfers In \$000s | Transfers Out \$000s | Closing Balance 30 June 2020 \$000s |
|--|--|------------------------|-------------------------|---|
| Public equity | 138,351 | 10,245 | (6,707) | 141,889 |
| Asset replacement reserve | 4,973 | 1,305 | (2,054) | 4,224 |
| Asset revaluation reserve | 9,411 | 344 | - | 9,755 |
| Available for sale revaluation reserve | 475,508 | 7,000 | - | 482,508 |
| Building reserve | 13,712 | 480 | - | 14,192 |
| Emergency response reserve | 4,328 | 151 | - | 4,480 |
| Kuriwao endowment reserve | 6,377 | 330 | (398) | 6,309 |
| Water management reserve | 456 | 2 | (388) | 71 |
| Environmental enhancement reserve | 294 | 260 | (326) | 228 |
| Central Otago river management | 401 | 313 | (350) | 364 |
| Clutha river management | 6 | 327 | (488) | (154) |
| Dunedin river management | 1,506 | 288 | (1,089) | 705 |
| Lower Waitaki flood protection | (18) | 162 | (163) | (19) |
| Waitaki river management | 193 | 408 | (328) | 273 |
| Wakatipu river management | 679 | 172 | (233) | 618 |
| Wanaka river management | 512 | 198 | (174) | 536 |
| Alexandra flood protection | 321 | 255 | (244) | 332 |
| East Taieri drainage | (32) | 540 | (803) | (295) |
| Leith flood protection | (13,862) | 1,641 | (2,317) | (14,539) |
| Lower Clutha drainage & flood protection | (317) | 1,222 | (1,417) | (512) |
| Lower Taieri flood protection | 627 | 1,010 | (1,497) | 140 |
| Shotover flood protection | 72 | 84 | (86) | 70 |
| Tokomairiro drainage | 103 | 126 | (202) | 27 |
| West Taieri drainage | (1,955) | 750 | (1,193) | (2,398) |
| Dunedin transport | 1,478 | 15,674 | (17,136) | 15 |
| Wakatipu transport | (443) | 6,467 | (6,877) | (854) |
| Clean Heat reserve | 217 | 5 | (146) | 76 |
| Wilding Pines | (63) | 209 | (211) | (65) |
| Dairy Monitoring | 53 | 190 | (167) | 76 |
| Rural Water Quality | 231 | 1,922 | (2,361) | (208) |
| Total | 643,119 | 48,944 | (44,219) | 647,844 |

Statement of Cashflows

| Long Term Plan 2018/19 \$000s | | Long Term Plan 2019/20 \$000s | Annual Plan 2019/20 \$000s |
|-------------------------------------|---|-------------------------------------|----------------------------------|
| | Cashflows from operating activities | | |
| | <i>Cash provided from:</i> | | |
| 23,174 | Rates receipts | 25,996 | 26,363 |
| 10,741 | Other receipts – non-exchange transactions | 11,140 | 11,391 |
| 9,790 | Grant income | 10,187 | 12,133 |
| 2,561 | Other receipts – exchange transactions | 2,745 | 2,678 |
| 8,450 | Dividends | 7,900 | 7,900 |
| 1,512 | Interest | 1,512 | 1,512 |
| 56,227 | Total income | 59,480 | 61,977 |
| | <i>Cash applied to:</i> | | |
| 57,582 | Payment to employees & suppliers | 59,372 | 62,057 |
| 2 | Interest expense | 2 | 2 |
| 57,584 | Total payments | 59,374 | 62,059 |
| (1,357) | Net cash from operating activities | 107 | (82) |
| | Cashflows from investing activities | | |
| | <i>Cash provided from:</i> | | |
| 500 | Property, plant & equipment sales | 410 | 419 |
| - | Deferred tax asset realised | - | - |
| 500 | Managed fund withdrawal | 5,000 | 5,000 |
| 1,000 | Total cash in | 5,410 | 5,410 |
| | <i>Cash applied to:</i> | | |
| 6,075 | Property, plant & equipment | 3,798 | 4,313 |
| 1,316 | Intangible assets | 949 | 960 |
| 7,391 | Total application of cash | 4,747 | 5,273 |
| (6,391) | Net cash from investing activities | 663 | 137 |
| | Cashflows from financing activities | | |
| | <i>Cash provided from:</i> | | |
| - | Borrowings | - | - |
| | <i>Cash applied to:</i> | | |
| - | Repayment of borrowings | - | - |
| - | Net cash from financing activities | - | - |
| (7,748) | Net increase/(decrease) in cash held | 770 | 55 |
| 7,896 | Cash at 1 July | 148 | 377 |
| 148 | Cash at 30 June | 918 | 432 |

Reconciliation of Net Surplus to Net Cash from Operating Activities

| Long Term Plan 2018/19 \$000s | | Long Term Plan 2019/20 \$000s | Annual Plan 2019/20 \$000s |
|-------------------------------------|---|-------------------------------------|----------------------------------|
| (3,430) | Net surplus(deficit) from activities | (2,070) | (2,275) |
| | <i>Add(deduct) non-cash items:</i> | | |
| 2,402 | Depreciation | 2,516 | 2,531 |
| (335) | Other (gains)/losses | (345) | (344) |
| 6 | Bad debts | 6 | 6 |
| (1,357) | Net cash from operating Activities | 107 | 2,191 |

Schedule of Capital Expenditure

| Long Term Plan 2018/19 \$000s | | Long Term Plan 2019/20 \$000s | Annual Plan 2019/20 \$000s |
|-------------------------------------|---|-------------------------------------|----------------------------------|
| | Environmental | | |
| 80 | - Air monitoring | 51 | 51 |
| 5 | - Pest management | 5 | 5 |
| 638 | -Water monitoring sites | 446 | 445 |
| | Transport | | |
| - | -Stock truck effluent disposal sites | - | - |
| | Flood protection & control works | | |
| 50 | - Alexandra flood | - | - |
| 217 | - Lower Clutha flood & drainage | 65 | 68 |
| 727 | - Lower Taieri flood protection | 699 | 802 |
| 294 | - West Taieri drainage | 19 | 450 |
| 225 | - East Taieri drainage | 337 | 339 |
| 51 | - Tokomairiro | 95 | 95 |
| 2,671 | - Leith flood protection | 1,195 | 1,202 |
| | Council | | |
| 60 | - Property | 62 | 50 |
| 810 | - Cars & station wagons | 677 | 677 |
| 1,371 | - Computers & software | 1,006 | 1,017 |
| 140 | - Plant | 42 | 21 |
| 50 | - Sundry | 51 | 51 |
| 7,391 | Total capital expenditure | 4,747 | 5,273 |

Accounting Policies

Overview

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.

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 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 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 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 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 via 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, excluding 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 it's 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 various reserves.

Reserves are a component of equity generally representing a 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 |
|---------|------------------------|
| 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 |

Prudence Disclosures

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 statement is contained in the Long-Term Plan 2018-28 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.

Rate Funding and Funding Impact Statements

Funding Impact Statement

| Long Term Plan 2018/19 \$000s | | Long Term Plan 2019/20 \$000s | Annual Plan 2019/20 \$000s |
|-------------------------------------|--|-------------------------------------|----------------------------------|
| | Sources of operating funding: | | |
| 8,808 | General rates, UAGC & rate penalties | 10,816 | 11,180 |
| 14,366 | Targeted rates | 15,180 | 15,183 |
| 9,790 | Subsidies & grants | 10,187 | 12,133 |
| 3,310 | Fees & charges | 3,415 | 3,570 |
| 9,962 | Interest & dividends from investments | 9,412 | 9,412 |
| 9,985 | Fines, infringement fees & other receipts | 10,465 | 10,493 |
| 56,221 | Total operating funding | 59,475 | 61,971 |
| | Applications of operating funding: | | |
| 56,998 | Payments to staff & suppliers | 59,023 | 61,670 |
| 124 | Finance costs | 127 | 104 |
| 58 | Other operating funding applications | 59 | 52 |
| 57,180 | Total applications of operating funding | 59,209 | 61,826 |
| (959) | Surplus(deficit) of operating funding | 266 | 145 |
| | Sources of capital funding: | | |
| - | Subsidies & grants for capital expenditure | - | - |
| - | Financial contributions | - | - |
| - | Increase(decrease) in debt | - | - |
| 500 | Gross proceeds from sale of assets | 410 | 410 |
| - | Lump sum contributions | - | - |
| - | Other dedicated capital funding | - | - |
| 500 | Total sources of capital funding | 410 | 410 |
| | Application of capital funding: | | |
| | <i>Capital expenditure:</i> | | |
| - | - to meet demand | - | - |
| 4,147 | - to improve level of service | 1,925 | 1,933 |
| 3,244 | - to replace existing assets | 2,822 | 3,341 |
| (7,850) | Increase(decrease) in reserves | (4,071) | (4,719) |
| - | Increase(decrease) in investments | - | - |
| (459) | Total applications of capital funding | (676) | 555 |
| 959 | Surplus(deficit) of capital funding | (266) | (145) |
| - | Funding balance | - | - |

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

| Long Term Plan 2018/19 \$000s | | Long Term Plan 2019/20 \$000s | Annual Plan 2019/20 \$000s |
|-------------------------------------|---|-------------------------------------|----------------------------------|
| (959) | Surplus(deficit) of operating funding per funding Impact statement | 266 | 145 |
| | <i>Add/(deduct):</i> | | |
| (2,402) | Depreciation | (2,516) | (2,531) |
| 335 | Other gains/(losses) | 345 | 344 |
| (404) | Other | (165) | (233) |
| (3,430) | Surplus/(Deficit) from activities per Statement of Comprehensive Revenue & Expense | (2,070) | (2,275) |

Funding Impact Statement – Calculation of Rates for the 2019/20 Financial Year

| Source of funding and activities | Valuation system and basis of calculation | Matters for differentiation | Est. Revenue sought for 2019/20 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. | \$9,642,000 allocated as: Central Otago \$994,000 Clutha \$934,000 Dunedin \$3,981,000 Queenstown \$2,991,000 Waitaki \$742,000 | \$26.27 \$29.12 \$43.13 \$22.73 \$30.48 | \$63.04 \$69.89 \$103.52 \$54.54 \$73.15 | \$420.28 \$465.92 \$690.12 \$363.60 \$487.68 |
| Uniform Annual General Charge - contributes to all activities of council | Fixed charge per rating unit. | | \$3,214,000 calculated as \$29.08 per rating unit. | \$29.08 | \$29.08 | \$29.08 |
| 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 \$503.96 per dairy shed. | \$503.96 | \$503.96 | \$503.96 |
| 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 | \$239.01 \$45.22 \$13.91 | \$573.63 \$108.52 \$33.38 | \$3,824.20 \$723.44 \$222.56 |

| Source of funding and activities | Valuation system and basis of calculation | Matters for differentiation | Est. Revenue sought for 2019/20 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. | \$805,000 allocated as: A \$58,000 B \$146,000 C \$290,000 D \$50,000 E \$44,000 F \$25,000 U1 \$2,700 U2 \$143,300 U3 \$8,000 U4 \$38,000 | \$1,430.03 \$567.81 \$536.26 \$336.48 \$178.76 \$21.03 \$567.80 \$189.27 \$42.06 \$31.55 | \$3,432.07 \$1,362.74 \$1,287.03 \$807.55 \$429.01 \$50.47 \$1,362.72 \$454.25 \$100.94 \$75.71 | \$22,880.48 \$9,084.92 \$8,580.20 \$5,383.64 \$2,860.08 \$336.48 \$9,084.80 \$3,028.32 \$672.92 \$504.72 |
| - Lower Taieri flood protection scheme | Capital value | Where the property is situated using approved classifications. | \$920,000 allocated as: WF1 \$454,000 WF2 \$362,000 WF3 \$200 WF4 \$200 WF5 \$1 WF6 \$5 WF7 \$2 WF8 \$900 WF9 \$2 EF1 \$23,000 EF2 \$33,940 EF3 \$1,100 EF4 \$9,000 EF5 \$1,500 EF6 \$1,100 EF7 \$550 | \$551.58 \$326.37 \$5.17 \$8.10 \$0.60 \$1.07 \$0.86 \$38.74 \$0.50 \$297.28 \$310.97 \$309.26 \$251.14 \$6.98 \$308.91 \$4.24 | \$1,323.79 \$783.29 \$12.40 \$19.44 \$1.44 \$2.57 \$2.07 \$92.98 \$1.19 \$713.46 \$746.32 \$742.21 \$602.73 \$16.74 \$741.39 \$10.18 | \$8,825.24 \$5,221.96 \$82.64 \$129.60 \$9.60 \$17.12 \$13.80 \$619.84 \$7.92 \$4,756.40 \$4,975.44 \$4,948.08 \$4,018.20 \$111.60 \$4,942.60 \$67.88 |

| | | | EF8 | \$24,500 | \$4.01 | \$9.62 | \$64.12 |
|----------------------------------|---|--|--|-----------|---------------------------------------|-------------------------|---------------------------|
| | | | EF9 | \$2,400 | \$1.86 | \$4.46 | \$29.72 |
| | | | EF10 | \$1,300 | \$2.31 | \$5.55 | \$37.00 |
| | | | EF12 | \$1,700 | \$364.99 | \$875.98 | \$5,839.84 |
| | | | EF13 | \$2,600 | \$364.95 | \$875.87 | \$5,839.16 |
| Source of funding and activities | Valuation system and basis of calculation | Matters for differentiation | Est. Revenue sought for 2019/20 including GST | | Estimated rates payable including GST | | |
| | | | | | Capital Value \$250,000 | Capital Value \$600,000 | Capital Value \$4,000,000 |
| - East Taieri drainage scheme | Fixed charge per hectare | Where the property is situated within the defined scheme area. | \$410,000 allocated as follows: | | | | |
| | | | ED1 | \$143,000 | \$168.43 | \$168.43 | \$168.43 |
| | | | ED2 | \$100,000 | \$128.51 | \$128.51 | \$128.51 |
| | | | ED4 | \$16,000 | \$142.01 | \$142.01 | \$142.01 |
| | | | ED5 | \$61,000 | \$64.06 | \$64.06 | \$64.06 |
| | | | ED7 | \$18,000 | \$218.40 | \$218.40 | \$218.40 |
| | | | ED8 | \$37,000 | \$42.50 | \$42.50 | \$42.50 |
| | | | ED9 | \$25,000 | \$36.86 | \$36.86 | \$36.86 |
| | | | ED10 | \$10,000 | \$32.75 | \$32.75 | \$32.75 |
| | Fixed charge per hectare | Where the property is situated within the defined scheme area. | \$136,000 allocated across ED1, ED2, ED4, ED5, ED8, ED9 and ED10 | | \$30.05 | \$30.05 | \$30.05 |
| - West Taieri drainage scheme | Fixed charge per hectare | Where the property is situated within the defined scheme area. | \$ 483,000 allocated as: | | \$91.42 | \$91.42 | \$91.42 |
| | | | WD1 | \$387,000 | \$25.12 | \$25.12 | \$25.12 |
| | | | WD2 | \$65,000 | \$68.21 | \$68.21 | \$68.21 |
| | | | WD3 | \$21,000 | \$91.42 | \$91.42 | \$91.42 |
| | | | WD4 | \$9,800 | \$0.37 | \$0.37 | \$0.37 |
| | | | WD5 | \$200 | | | |
| | Fixed charge per hectare | Where the property is situated within the defined scheme area. | \$207,000 allocated across WD1, WD2, WD3 and WD4. | | \$28.62 | \$28.62 | \$28.62 |
| - Tokomairiro drainage scheme | Capital value | Where the property is situated within the defined scheme area. | \$142,000 allocated as: | | | | |
| | | | A | \$8,490 | \$189.46 | \$454.70 | \$3,031.36 |
| | | | B | \$16,000 | \$142.10 | \$341.03 | \$2,273.52 |
| | | | C | \$20,000 | \$113.68 | \$272.82 | \$1,818.80 |
| | | | D | \$28,000 | \$85.26 | \$204.62 | \$1,364.12 |

| | | | | | | | |
|------------------|---------------|--|--------------|----------------------------------|-------------------------------|--------------------------------|----------------------------------|
| | | | E F U1 | \$15,000 \$22,000 \$33,000 | \$47.37 \$18.95 \$28.42 | \$113.68 \$45.47 \$68.21 | \$757.84 \$303.12 \$454.72 |
| - Shotover Delta | Capital Value | Where the property is situated within the defined scheme area. | | \$92,000 | \$1.19 | \$1.19 | \$1.19 |

| Source of funding and activities | Valuation system and basis of calculation | Matters for differentiation | Est. Revenue sought for 2019/20 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 | \$1,852,000 allocated as: Central Otago \$345,000 Clutha \$380,000 Dunedin \$287,000 Wakatipu \$173,000 Wanaka \$207,000 Waitaki \$460,000 | \$9.12 \$11.83 \$3.12 \$1.92 \$4.98 \$18.90 | \$21.88 \$28.39 \$7.48 \$4.60 \$11.95 \$45.36 | \$145.84 \$189.24 \$49.84 \$30.64 \$79.64 \$302.40 |
| - Lower Waitaki | Capital value | Where the property is situated within the defined scheme area | \$168,000 allocated as: A \$104,000 B \$64,000 | \$308.42 \$154.24 | \$740.21 \$370.18 | \$4,934.72 \$2,467.84 |
| 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 | \$1,309,000 Central Otago \$279,000 Clutha \$364,000 Dunedin \$199,000 Queenstown \$266,000 Waitaki \$201,000 | \$17.76 \$15.13 \$17.80 \$16.19 \$15.27 | \$42.62 \$36.32 \$42.72 \$38.86 \$36.64 | \$284.16 \$242.12 \$284.80 \$259.08 \$244.24 |
| Wilding trees | Fixed charge per rating unit | | \$240,000 allocated as \$2.18 per rating unit | \$2.18 | \$2.18 | \$2.18 |

| Source of funding and activities | Valuation system and basis of calculation | Matters for differentiation | Est. Revenue sought for 2019/20 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. | | \$2,788,000 allocated as \$25.23 per rating unit | \$25.23 | \$25.23 | \$25.23 |
| 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 | \$5,041,000 allocated as: Class A \$1,517,000 Class B - Dunedin \$3,503,000 - Waitaki \$21,000 | \$193.98 | \$465.55 | \$3,103.64 |
| - 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 | \$972,000 allocated as: Class A \$259,000 Class B \$713,000 | \$21.05 \$10.53 | \$50.52 \$25.26 | \$336.80 \$168.40 |

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

Effect of Rating

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

| Long Term Plan 2018/19 \$000s | | Long Term Plan 2019/20 \$000s | Annual Plan 2019/20 \$000s |
|-------------------------------------|--|-------------------------------------|----------------------------------|
| 8,808 | General rates | 10,816 | 11,180 |
| - | Targeted air quality rates | - | - |
| 1,104 | Rural water quality rate | 1,141 | 1,138 |
| 188 | Dairy inspection rate | 188 | 188 |
| | Targeted River Management rates: | | |
| 300 | - Central Otago District | 300 | 300 |
| 300 | - Clutha District | 330 | 330 |
| 200 | - Dunedin City | 250 | 250 |
| 142 | - Lower Waitaki River | 144 | 146 |
| 150 | - Wakatipu | 150 | 150 |
| 180 | - Wanaka | 180 | 180 |
| 400 | - Waitaki District | 400 | 400 |
| | Targeted Passenger Transport services rate: | | |
| 3,977 | - Dunedin | 4,384 | 4,384 |
| 718 | - Queenstown | 845 | 845 |
| | Targeted Catchment rates: | | |
| 450 | - East Taieri Drainage | 475 | 475 |
| 1,461 | - Leith Flood Protection | 1,461 | 1,461 |
| 650 | - Lower Clutha | 700 | 700 |
| 750 | - Lower Taieri | 800 | 800 |
| 80 | - Shotover Delta | 80 | 80 |
| 105 | - Tokomairiro | 122 | 124 |
| 550 | - West Taieri Drainage | 600 | 600 |
| | Targeted Wilding Tree rates: | | |
| 25 | - Central Otago District | 26 | 25 |
| 18 | - Clutha District | 18 | 18 |
| 100 | - Dunedin City | 102 | 100 |
| 46 | - Queenstown Lakes District | 47 | 46 |
| 20 | - Waitaki District | 20 | 20 |
| | Emergency Management rates: | | |
| 291 | - Central Otago District | 287 | 287 |
| 214 | - Clutha District | 211 | 211 |
| 1,173 | - Dunedin City | 1,155 | 1,163 |
| 537 | - Queenstown Lakes District | 528 | 528 |
| 239 | - Waitaki District | 236 | 236 |

Schedule of Fees and Charges

Scale of Charges

The following Scale of Charges is to be applied where indicated to activities includes in this Schedule of Fees and Charges:

| Charge | \$ |
|-----------------------------------|-----------|
| 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 |
| Exemptions from water metering regulations | 25 |

Review of Consent Conditions

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

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

Compliance Monitoring

Performance Monitoring

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

| | |
|--|-----|
| <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.

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

| | | |
|------------------------|--------------------------|----|
| <i>1.5 Photographs</i> | | \$ |
| | Provision of photographs | 65 |

1.6 Fees for Specific Consent Holders

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

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

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

Audit of Consents

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

Other Compliance Activities

The following activities will be charged at the actual cost incurred, using the Scale of Charges:

- Performance monitoring of permitted activities under a National Environmental Standard;
- 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. The 'Scale of Charges' applies.

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. The 'Scale of Charges' applies.

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 with the 'Scale of Charges' applying and 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. The 'Scale of Charges' applies.

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 | Go Card | | | 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 |

Fare zones are detailed on Councils website and 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 |

Fare zones are detailed on Councils website and defined in the Regional Public Transport Plan.

Disclaimer: Council may change fares during the year due to operational or other needs. Significant fare changes will be consulted on.

Summary of adjustments to the LTP

In reviewing the direction, proposed work and detailed 2019-20 (Year two) forecasts contained in the LTP, the following adjustments have been made and are currently reflected in the AP 2019/20.

The following table summarises the adjustments with the highlighted activities being Otago Regional Council key priority areas.

The adjustments below result in increased expenditure of \$3.7 million and additional rates funding of \$364,000 compared to that forecast in the LTP year 2. The change in expenditure and rates funding between the AP 2018/19 and AP 2019/20 is \$3.5 million and \$2.4 million respectively. The rates funding component equates to an average rate increase of 13.8%, made up of general rates (\$2.37 million) and targeted rates (\$0.82 million).

| Activity | Adjustment to Yr2 LTP | Funding impact |
|----------------------------|---|---|
| Regional Leadership | | |
| Planning (Freshwater) | <p>Council's approach to freshwater is shifting reflecting:</p> <ul style="list-style-type: none"> • The new government policy framework • A revised position on the compliance of our Regional Plan: Water, resulting in a commitment to a full plan review • A catchment or freshwater management unit approach | <p>\$185,000 additional expenditure</p> <p>General rates funded</p> |
| Urban Development Strategy | <p>Council has a partially operative Regional Policy Statement that includes policy direction for urban development. It does not however fully implement the National Policy Statement for Development Capacity.</p> <p>Urban development is arguably one of the biggest emerging issues for Council. In 2019-20 we need to:</p> <ul style="list-style-type: none"> • Address gaps in our Regional Policy Statement • Review capability • Determine shared responsibilities • Increase capacity to manage land use change and growth. | <p>\$344,000 additional expenditure</p> <p>General rates funded</p> |
| Environmental Incidents | Increase the team to better cope with the increasing number of incidents | <p>\$207,000 additional expenditure</p> <p>General rate funded</p> |
| Resource Consents | Meeting the trend and forecasted increase in consenting activity | Increase in budgeted recovery of costs |
| Compliance Monitoring | Meeting the trend and forecasted trend in compliance monitoring activity | Increase in budgeted recovery of costs |
| Environmental | | |
| Air Strategy Implementaton | <p>Council's Air Quality Strategy, which was adopted on 27 June 2018, and the launch of a new heating subsidy by EECA (as part of Warmer Kiwi Homes) created the need to review Council's Clean Heat Clean Air programme.</p> <p>This review will be done in stages, within the short-term, a strategic realignment of the subsidy, within the current LTP funding.</p> <p>A more comprehensive review of alternative types of subsidies, and future funding sources, will be undertaken in future years.</p> | <p>\$57,000 additional expenditure</p> <p>General rates funded</p> |

| | | |
|--|--|--|
| | A small increase in funding has been budgeted to enable a pilot programme related to community engagement on 'Clean Heat Clean Air'. | |
| Biosecurity & Biodiversity - Wilding Pines | Increase in the Wilding Pine Control programme | \$1.78m additional Grant Funding via Ministry Primary Industries |
| Flood & River Management: | | |
| Reviews and recent floods resulted in the following additional priority work being identified in the following flood and drainage protection schemes | | |
| Lower Clutha | The key project is flood forecasting & reassessment of the flood protection scheme, via hydraulic modelling | \$67,000 additional expenditure Reserve funded |
| Lower Taieri | Riverside Road Spillway | \$171,000 additional expenditure Reserve funded |
| West Taieri | Various engineering projects: <ul style="list-style-type: none"> • Bridge repair (contour drain) • Waipori Pump Station drives • Drainage or channel improvements | \$453,000 additional expenditure Reserve funded |
| River Management Dunedin | Provision for repairs and further assessment of Kaikorai Stream Infrastructure. Initial repairs are proposed for the Kaikorai Stilling Basin | \$600,000 additional reserve funding |
| Leith | Completion of the Dundas Bridge (August 2019) Complete approved Lower Leith amenity work Develop Upper Leith amenity proposals | \$304,000 additional expenditure Reserve funded |
| Safety & Hazards | | |
| Climate Change Adaptation | Fast-track completion of the existing LTP work programme including: <ul style="list-style-type: none"> • Risk assessment work • South Dunedin research This work will inform consideration of climate change matters for the next LTP. | \$316,000 additional expenditure General rates funded |
| Transport | | |
| Stock truck effluent disposal (STED) | Plan to install a STED State Highway 8 Tarris Lindis Peaks Straight | Grant & Reserve funded |

Annual Plan community feedback 2019

Comments from the community

Balclutha drop in

Wednesday 8 May

We spoke with around 15-20 people, mainly about the Clutha Flood and Drainage Scheme:

- Flood forecasting and warning
- Clutha Scheme – scheme review, channel condition, estuary mouth (largely positive discussion)
- Drainage performance
 - Barnegos
 - Paretai
 - Clutha/Split Lagoon, and associated issues
 - Weed screen clearance
- Walkway on floodbank in vicinity of Balclutha
- Biodiversity

Dunedin Farmers Market

Saturday 11 May

We spoke with around 20-30 people and the following comments were made:

- Possums: can we hire traps from the Otago Regional Council?
- Does the council still do TB spraying?
- University student – asking about our key projects and whether there could be opportunity for her to intern
- Support for biodiversity and biosecurity plans
- Opposition to unitary council
- Noise pollution from ship generators at Port Otago – can something be done?
- Question about the role of pollution hotline: neighbour burns plastic, ORC comes out and observes but doesn't appear to enter property
- Selling Port Otago – this should not be a consideration – we should be looking at further investment opportunities to help reduce our rates and increase revenue
- What is ORC management doing to improve staff culture?
- South Dunedin:
 - Will it eventually be under water?
 - Education required around importance of certain trees in South Dunedin, don't cut them down as they help reduce flood risk.
- General enquiry: Use of a water race at a Cromwell property to generate electricity – do they need consent?

Oamaru Farmers Market

Sunday 12 May

We spoke with around 20 people and the following comments were made:

- A Harbormaster query. In Canterbury the moorings are controlled by ECan, not the TAs. Mooring owners can't onsell their moorings – they go back to ECan, who has a waiting list. This avoids selling to the highest bidder or to friends. After five years, the mooring owner has to raise the mooring and ensure it's well designed (by a structural engineer).

- Rabbits. Vicky Bland from Queensbury has 200 acres and it's an issue they can't use semi-automatics on their property any more. She said the neighbours don't even like the sound of guns. They had been killing about 25 rabbits a day and now it's about four (passed on her details to Cr Bell at Cr Hope's suggestion). Her details are 021 678 354. 22 Akanaw Lane, Queensbury, RD 3, Cromwell 9383
vbla002@aucklanduni.ac.nz
- Wallabies. Have we considered a bounty?
- Dairy inspections. We spoke with a man who inspects dairy farms for a business each week to check for effluent compliance. He said when he has ORC turn up for dairy inspections it's staff up from Dunedin who aren't well trained, and who are green. His incentive is for the farmers to stay out of the environment court. His name is Mark Bradford and his number is 0275 641 213.
- We were asked about a consents query, which has been passed onto the consents team

Cromwell drop-in

Monday 20 May

We spoke with three people and the following comments were made:

- Air pollution: ORC needs to do more to prevent air pollution, there is a loophole in the air plan that allows people to get away with burning things they shouldn't.
- Request for more Civil Defence and Emergency Management education – they really liked the booklet from a while back informing of what to do and where to go for food and shelter in an emergency but would like to know who current local CDEM people are.
- Urban development: there is too much development in Cromwell to the detriment of the environment.
- What are we doing to prevent weeds in the lakes – especially at Wanaka.

Queenstown drop-in

Tuesday 21 May

Nobody from the community attended this drop in.

YourSay feedback

Environmental priorities

- Ensuring the money is spent wisely and on solutions that are effective. Biosecurity costs should mostly be recovered from rural residents outside Dunedin.
-

Public Transport priorities

- I think it would be good if the Regional Council would set up an agency at the Dunedin City Council. With no car and reliant on buses I find it hugely inconvenient to walk up the hill to attend council matters. If I wasn't reasonably fit it would be worse.
- 1) live data on bus whereabouts, 2) electric/hybrid buses, 3) subsidized (or free) bus fares for ORC staff, 4) no passenger trains in Otago
- I want to keep taking the bus, however the new bus hub last stop is now over 3 blocks away and I do not have time to wait for a transfer, is there a survey/comments area for this, can you please listen to the users!!!! The oldies, everyone. Survey needed
- Is it possible for bus stop seats to be designated non-smoking? In particular, I refer to Rattray St stop outside casino where workers regularly congregate for smoking breaks.

Social Media commentary

Responses to 3 April media release on facebook:

- 1337 people reached
- 152 engagements
- 1 person 'liked' it
- 13 comments (see below)



Wayne Myers Dene McDonald why do we have to put up with fool smells in Mosgiel for then ?

[Like](#) · [Reply](#) · [Message](#) · 6w



Matt Kerr Love to know who you consulted with? The orc is run by a bunch of children. No one can make a decision and just blame everyone else for any decision that does eventually get made. 26% increase is just a joke. You say it's for what is wanted done by rate payers but yet they have already been paying for these things for a long time. Maybe the orc should cut half the tape that stops decisions being made. It's no surprise to hear from one of your senior workers That the place is just toxic at the moment as people just keep leaving. Maybe abit of house keeping is in order.

[Like](#) · [Reply](#) · [Message](#) · 6w





Steve Cane Also what is the money exactly being spent on. Looked on your website and only can find general info. Seems to be mostly biodiversity, governance and regulation. What is that exactly???? Is some of that code for a spending money on consultants to recommend a fancy new building but never done anything about moving? Or if it just all for the fancy building and you have saved on the consultants this time?

[Like](#) · [Reply](#) · [Message](#) · 7w



Otago Regional Council Hi Steve, just going to try to answer all your questions in one fell swoop. The reason we've said that this increase is 'small' is because it's only for one section of your total rates. While 26.9% would be a huge increase if it was for your total rates bill, the increase that we've proposed actually works out to be around \$10 to \$25 per year for most households.

I know that a lot of people are asking the same question you are, and it's often a difficult question to answer. So, what are we doing with your money? We take care of regional issues: pest control, water quality, air quality, soil erosion, flood protection, etc.

'Regulation' involves administering and investigating thousands of consents per year in order to protect our environment.

'Governance' is probably poorly named, but it's all of the 'governing' aspects of the council, like public meetings and other ways that we consult with the public.

'Biodiversity' funds all of the work we do to protect native species and the ecosystems they rely on. This is pretty wide-reaching, from planting trees to funding local environmental groups.

I hope this answers some of your questions, but if not just let me know.

[Like](#) · [Reply](#) · Commented on by Manager [?] · 7w · Edited



Dene McDonald Otago Regional Council if you are taking care of air quality then why is the air thick with smoke and it's not even winter. Time to ban new fires and move to sustainable heating through subsidies



Lex Thom Ok be honest are there regular pay rises within the orc ? The average worker in nz cant remember the last pay rise that's a fact the flood control on the Taieri is a shambles typical council no accountability.....

[Like](#) · [Reply](#) · [Message](#) · 6w




Terry Broad The orc are currently doing a massive job on the pump station at Henley. It services the area nth east of the flood free. Essentially keeping the land of one farmer dry. So all us rate payers are paying for it. I suggest we, us rate payers, give the pump station to the farmer and he can pay for it. He is benefitting, not us. But currently we are paying. He must have some good friends on council.






[Like](#) · [Reply](#) · [Message](#) · 6w


 **Dene McDonald** Otago Regional Council if you are taking care of air quality then why is the air thick with smoke and it's not even winter. Time to ban new fires and move to sustainable heating through subsidies

[Like](#) · [Reply](#) · [Message](#) · 6w

 **Matt Kerr** Dene McDonald I love this. What do u call sustainable? Electric? What you guna do if there a power cut? New fires are better engineered to burn less wood and produce more heat from limiting losses. What more can u ask for? Subsidies only increase more rates which is exactly what original post is about

[Like](#) · [Reply](#) · [Message](#) · 6w


 Write a reply...    

 **Steve Cane** How can you put such a spin ("small increase") on a 25 % rate rise. That pisses me off even more than the huge rise!!!! If you believe in such increases don't try and minimise them. Get in front of it and own it!


[Like](#) · [Reply](#) · [Message](#) · 7w

 **Arneus Romano** Small increase? 27%??

[Like](#) · [Reply](#) · [Message](#) · 6w

 **Dene McDonald** Yep, apparently that's small. Based on similar increases last year and the year before we are looking at an increase of 100% in the current cycle of current elected members. Combine that with 60% over 10 years from the DCC... not to mention the large p... [See More](#)

[Like](#) · [Reply](#) · [Message](#) · 6w

 **Arneus Romano** Dene McDonald this is because NZ is a sheepish Society if this was France there will be riots etc happening!

[Like](#) · [Reply](#) · [Message](#) · 6w

Annual Plan public meeting in QT:

- 1.6K people reached
- 27 views
- 12 responses (9 interested, 3 going)

Annual Plan public meeting in Cromwell:

- 1.8K people reached
- 70 views
- 22 responses (20 interested, 2 going)

Public Meeting Oamaru:

- Unavailable number of people reached
- 4 'likes'

Otago Farmers Market meeting:

- 47 people reached
- 17 event page views
- 5 responses (4 interested, 1 going)
- 7 'likes'

Balclutha public meeting:

- 2.3K people reached
- 204 event page views
- 16 responses (3 going, 13 interested)
- 1 'like'

Other:

Ms Rachel Elder provided a short presentation on the NZTA Cycleways in her role as part of an interest group for cycling/walking advocates, noting with the new technology in bicycles, biking has changed to enable people of all ages and stages of life to enjoy biking long distances. The group believe that the Otago Regional Council should have jurisdiction to work with local councils and trusts to connect the network of cycle and walking tracks across the region.

3 May 2019

Draft Annual Plan
Otago Regional Council
70 Stafford Street
Dunedin 9054

annual.plan@orc.govt.nz

Tēnā koutou,

SUBMISSION ON THE OTAGO REGIONAL COUNCIL'S DRAFT ANNUAL PLAN 2019/20

1. The Dunedin City Council (DCC) welcomes the opportunity to submit on the Otago Regional Council's Draft Annual Plan 2019/20.
2. The DCC appreciates the support of the Otago Regional Council (ORC) on matters of shared responsibility and interest. We look forward to continuing to work closely with you for the benefit of Dunedin, its residents and ratepayers.
3. This submission outlines key strategic areas of focus for the DCC in the year ahead we think will benefit from close collaboration with the ORC. We are especially interested to ensure the ORC's Annual Plan 2019/20 allocates appropriate resources to facilitate collaboration in these areas.

Future growth of Dunedin

4. The DCC has recently identified a shortage of capacity for residential growth over the medium and long-term and is currently working on addressing this. As part of this project, the DCC would welcome input from the ORC on the impacts of growth options on environmental matters managed by the ORC. The DCC believes that the recent collaboration with the ORC on incorporating natural hazard risks into the 2GP was a good approach and this model would work well for the management of urban development capacity.
5. The DCC supports the ORC increase in funding for Urban Development strategic work, particularly where it will support the above. The DCC also supports collaboration around looking at infrastructure and services that ORC provide that may be necessary to support growth, for example public transportation services.

Transport for the city

6. The DCC's Annual Plan 2019/20 public transport focus, for which strong collaboration between the ORC and DCC is critical. (see Council Annual Plan minutes 29-30 January 2019):
 - **Central city bus loop** – Council resolved to work with the ORC to facilitate a trial of a free central city bus (low emission bus), and seek funding for this from ORC, NZTA and EECA. Council agreed that the proposal be included for consultation in the Annual Plan (including up to \$400,000 p.a. of Council funding, which might be recovered from parking revenue). Dunedin's Annual Plan 2019-20 information document asks: *Do you support a free central city bus loop service?*

- **Offsetting bus fares** – Council resolved to work with the ORC to develop options to offset bus fares in Dunedin, including funding through parking charges and/or DCC rates. Dunedin’s Annual Plan 2019-20 information document asks: *Would you support the idea of using money from rates or parking charges to make city bus fares cheaper?*
 - **Public transport governance** – Council resolved to work with central government and ORC to achieve greater flexibility in the Public Transport Operating Model, including the Farebox Recovery Rate and the obligation to accept ‘lowest bidder’ tenders.
7. The DCC notes there was resourcing included in the Annual Plan for this current year (2018/19) to produce a feasibility study for public transport links between the city and Dunedin Airport. The DCC requests the opportunity to discuss the findings of the study. If this work has not yet been commissioned, the DCC requests that this funding be carried forward to 2019/20 and be undertaken in that year.
 8. The DCC notes that NZTA has announced a review of the Farebox Recovery Rate system for public transport and intends to work with local councils to develop local patronage strategies better suited to their specific context. Encouraging greater use of public transport would contribute positively to many of Council's strategic objectives, and as such the DCC requests that the ORC and DCC work collaboratively and be actively involved in the review.
 9. There is also considerable opportunity for the DCC and ORC to achieve success working together in the transport space as major new developments arise in the city, such as the hospital rebuild and its effects on road usage and public transport systems.

Climate change and South Dunedin Future

10. The DCC acknowledges the progress made through partnerships between the ORC, DCC and others on work to prepare for climate change in Otago. The DCC is particularly grateful for the continued collaborative work on the South Dunedin Futures work programme and for the ORC’s work on monitoring and modelling of stormwater and groundwater in the South Dunedin area.
11. South Dunedin Future aims to develop and deliver a forward-looking programme that effectively responds to the climate-driven challenges facing South Dunedin in the context of wider climate change adaptation work.
12. The ORC is a crucial partner in this work and collaboration to date, for example on the installation of piezometers, has been invaluable in ensuring the best outcomes for residents are being achieved. The DCC welcomes the ORC’s focus on climate change adaptation work for South Dunedin and looks forward to future partnership work.
13. The DCC supports all work that will assist in planning for the effects of sea level rise and coastal hazards more generally. In particular, the DCC supports increased collaboration between the ORC and DCC on environmental data collection at critical sites such as South Dunedin and Ocean Beach. Ocean Beach provides protection against inundation of the greater South Dunedin area. Any works that help build understanding of sea level rise and its potential impacts on Ocean Beach and adjacent coastal communities are of critical importance. A range of opportunities exist for collaboration on environmental data collection at Ocean Beach, many of which will contribute to an improved understanding of inundation and erosion hazard and groundwater/flooding risk. The DCC welcomes further discussion on these opportunities through the South Dunedin Future and Ocean Beach Coastal Hazards and Community Engagement projects.

Water related issues

14. The Dunedin City Council (DCC) acknowledges the Otago Regional Council's continued work on water monitoring and management of urban water quality. Our submission on the ORC's draft Long Term Plan 2018-2028 supported expansion of the ORC's water monitoring programme and integration of urban water quality management approaches with rural water quality approaches to address contaminants according to risk rather than location. We reiterate our comments on these issues and continue to welcome a collaborative and constructive relationship between the ORC and DCC to achieve good water outcomes for Dunedin and Otago.

Harbour management

15. The DCC acknowledges and appreciates the collaboration from the ORC on the Dunedin Waterfront redevelopment and Provincial Growth Fund bid and seeks further collaboration with regards to joint planning for Otago's harbours and harbour access. The DCC would welcome the ORC's agreement to resourcing Harbourside Management Plans, focusing on joint planning for our adjoining jurisdictions around the edges of Otago's harbours.

Te Ao Tūroa

16. In 2018, the DCC submitted on the ORC's draft Biodiversity Strategy, and on the ORC's proposed Regional Pest Management Plan and Biosecurity Strategy. The DCC supports the ORC's proposed increase in funding for the Wildling Pine Control program to protect Dunedin and Otago's fragile biodiversity.
17. The DCC recommends the ORC should support the Tomahawk community with proactive management of the lagoon and undertake a management plan process that manages the lagoon for conservation, biodiversity, community safety and recreational values. The DCC requests that this is treated as a priority and adequate funding is allocated through direct regional council projects and an increase in the ECO funding for Tomahawk community groups.
18. Evidence presented to the DCC during panel hearings for the Second-Generation District Plan (2GP) raised concerns around the monitoring of wastewater discharges into Blueskin Bay. The DCC requests resourcing be included in the Annual Plan to ensure adequate monitoring, particularly to ensure compliance with relevant resource consents.

Ara Toi – arts and culture for Dunedin

19. The DCC adopted an Arts and Creativity in Infrastructure policy in 2017, to open engagement pathways for artists and designers to help deliver on the DCC goals to be a creative city. It is hoped this might become a model for other agencies within Dunedin when it comes to delivering infrastructure projects, and the DCC is also keen to explore opportunities where this can be done in partnership with the ORC.

Concluding remarks

20. The Council notes that the ORC is currently undertaking a review of its Pest Management Plan. The DCC welcomes this review. Please note that a number of our councillors have been lobbied by people asking for the ORC to reinstate rabbit management.
21. While the Triennial Agreement is not a matter for discussion as part of the Annual Plan, the DCC would like to engage with the ORC as early as possible regarding priorities for inclusion in the next iteration of the Triennial Agreement. While these recommendations would not bind future councils, they may provide a useful resource to inform the next agreement.

22. Thank you again for the opportunity to submit on the Draft Annual Plan 2019/20. Should the ORC wish to clarify any of the issues raised in the submission, please do not hesitate to get in touch.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Dave Cull', written in a cursive style.

Dave Cull
Mayor of Dunedin

Submission – Cycle/Walking Trails - Otago Regional Council

Background to submission.

NZTA’s Cycling objectives state:

Continued momentum and investment in the New Zealand cycling network is necessary to respond to customer expectations for safe, connected, and fit for purpose cycling facilities.

Analysis of the issues and opportunities associated with cycling shows that despite the progress made with the Urban Cycleways Programme, significant investment is still required to deliver fit for purpose networks in urban centres and improve safety on key rural routes that connect with the New Zealand Cycle Trail Great Rides.

Over a million people in New Zealand ride bikes, but research shows they want to use them more for getting around our towns and cities and exploring our regions. Transport and customer expectations are changing. Like many countries worldwide, New Zealand is looking to grow the contribution of cycling to our transport system to manage demand and provide genuine choices for people to get around. We have to find ways to optimise our existing networks to allow people to move more efficiently in a way that contributes to their quality of life.

We know the transport revolution is being driven by digital solutions and technology, but this is not just about apps and driverless cars. Bikes play a crucial part and we are already seeing e-bikes and bike share schemes changing the game in leading cities around the world.

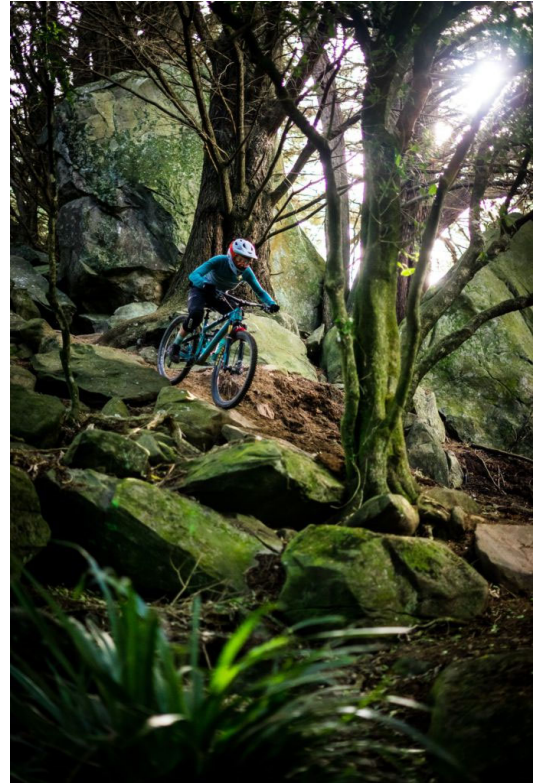
The NZ Transport Agency is partnering with government agencies like the Ministry of Business, Innovation and Employment, Accident Compensation Corporation, Ministry of Health, Sport NZ and Department of Conservation to impact benefits across a range of outcomes. These include economic development, tourism, safety, health, social wellbeing and environment.



We are taking an integrated approach that combines investment in network development with a programme of behaviour change activities that help us reframe cycling as an integral and valued part of the transport system.

The Urban Cycleways Programme has stimulated investment, created momentum, and built sector capability in planning and delivery, and will see construction of over 300km of new cycleways. However, cycling networks in main urban areas will typically only be between 25-50% complete by June 2018.

Continued investment over the next 10 years will be necessary to give our customers transport choices and respond to demand for high quality cycleways in urban centres, **improve rural routes, and continue to develop Nga Haerenga, the New Zealand Cycle Trail.** Over the next 10 years, the estimated investment required is approximately \$1.4 billion. The Transport Agency Board has recently endorsed investment priorities for the national cycling programme and development of the New Zealand



<https://static1.squarespace.com/static/59920399e58c627dad6742be/t/5a8b354f41920223d0dce629/1519072611617/dance-g-connecting-nz-by-bi->

There are exciting things happening in the cycling space all over the world including New Zealand.

Due to advancing bike technology you can now bike up and down steep hills and take on mountain tracks – the new gearing and suspension on bikes enables humans to take on feats never dreamed of.

Electric bikes are growing in their sophistication and capacities by the day – diminishing the barriers to biking and making biking accessible to millions more people worldwide. Those who thought they could not manage vicious head winds, steep hills and long distances can now dream of owning a bike and feeling the wind on their cheeks and the smell of adventure.

At the same time as this cycling revolution is happening there is a growing awareness that the carbon footprint of cars having a detrimental effect on our planet.

The time has come for the second cycle revolution.

Substance of submission to the Otago Regional Council

Given the NZTA's stance on developing cycling and walking across New Zealand and many of these are across territorial authorities and inter regional we would encourage the Otago Regional Council to support the development of tracks and trails across the Otago Region and also work with other regions and stakeholders to develop integrated strategies for a Southern Cycling/Walking Vision.

We believe the Otago Regional Council is well placed to take on such a role because:

1. The ORC umbrellas the Regional Transport plan
2. Facilitates integrated transport planning across the region
3. Facilitates integrated transport plans between regions
4. The ORC works across both urban and rural areas creating safe connections and linkages to enable all modes of transport.
5. Is concerned about cycling and walking safety
6. Tracks and trails can facilitate better access to enable pest control
7. Tracks and trails can facilitate access to enable the delivery and development of bio – diversity
8. Tracks and trails can lower the Carbon Footprint of travel
9. In developing a Regional Strategy for Economic Growth – cycling has a positive impact – people staying to enjoy their region, domestic tourists visiting our region (70% of riders are New Zealanders) and international tourists choosing Otago as a multi – faceted cycling (and walking) destination. Biking tourists stay longer and spread the load of tourist numbers.
10. The ORC is well placed as it already works with most of the stakeholder's needed to create such a strategy or vision

What would be needed:

1. A dedicated staff member to facilitate the vision through stakeholder meetings
2. This staff member would have a role in working with the various trail trust to support them through the various phases of implementation
3. Co -funding projects alongside other Stakeholders and Funding Organisations
4. Supporting tracks and trails through the Regional Transport Plan

An example of mission and objectives: Eastern Bay of Plenty Strategy

MISSION To develop new or improved cycle trail experiences in the Eastern Bay of Plenty, that build on existing recreational cycling infrastructure to promote, encourage, enhance and support: • Economic development and growth for Whakatāne, Ōpōtiki and Kawerau District Communities and the wider Bay of Plenty Region.

• Recreational opportunities • Connected communities • Environmental and cultural values • Improved safety for cyclists.

Network • Develop a sub-regional network • Link Eastern Bay of Plenty communities • Link the Eastern Bay of Plenty with neighbouring Districts • Provide community connections • Link and enhance existing and future trail networks • Investigate opportunities to enhance the cycle trail network and link to 'Great Rides' • Meet NZCT standards • All-weather trail.

Recreation and Environmental • Provide recreational opportunities for local residents and visitors • Celebrate and enhance the natural environment • Celebrate cultural heritage • Promote an active lifestyle and the health and well-being of our communities • Encourage public access to coast, rivers and lakes.

Economic Development • Deliver economic benefits by providing a range of opportunities, including a multi-day cycle experience • Identify, support and promote local business opportunities • Work collaboratively to achieve collective branding and marketing of a Cycle Trail network • Attract national and international visitors • Introduce value to local communities.

Safety • Provide a safe cycling experience • Provide off-road connections between communities • Improve the current cycling environment/ infrastructure.

Key Stakeholders and Users Key Stakeholders for implementing the Strategy include: • Local Territorial Authorities of Whakatāne, Kawerau and Ōpōtiki • Bay of Plenty Regional Council • Department of Conservation • Iwi and hapu • Affected private landowners • NZ Transport Agency Support is also anticipated from local community groups, clubs and Trusts. NZCT support will also be sought for a potential heartland ride.

This Strategy acknowledges the Mōtū Trails Charitable Trust and the stakeholders will work with the Trust, as appropriate, to develop the wider coastal trail. Key Users include: • Local communities • Recreational users including cyclists, walkers and joggers • Cycle Tourists • Business operators
Primary objectives of the cycle trail network

<https://www.odc.govt.nz/SiteCollectionDocuments/OUR%20COUNCIL/Policies%20Plans%20Bylaws/Strategies/Eastern%20Bay%20>

<https://www.wellingtonregionaltrails.com/assets/Trails/a2eb06731b/wellington-regional-trails-future.pdf>

<https://www.nrc.govt.nz/resource-library-summary/transport-publications/northland-walking-and-cycling-strategy/>

<https://icc.govt.nz/wp-content/uploads/2018/03/Southland-Cycling-Strategy-2018-04-16-Infrastructure-and-Services-Southland-Cycling-Strategy-Appendix-1.pdf>

<https://www.wcrc.govt.nz/repository/libraries/id:2459ikxj617q9ser65rr/hierarchy/Documents/Publications/Transport%20Plans/Regional%20>

<https://www.trc.govt.nz/assets/Documents/Plans-policies/Transport/walk-cycleways.pdf>

<https://queenstowntrail.co.nz/assets/Document-Files/Queenstown-Trails-for-the-future-2015-2025.pdf>

This submission is by the Tracks and Trails Interest group

Supported by Host Dunedin – Representing Tourist Operators in the Dunedin Area

Written by Rachel Elder

Presentation by Hamish Seaton and Rachel Elder