

# Council Meeting Agenda - 24 March 2021



Meeting will be held in the Waitaki District Council Chamber, 20 Thames Street, Oamaru

## Members:

Cr Andrew Noone, Chairperson	Cr Carmen Hope
Cr Michael Laws, Deputy Chairperson	Cr Gary Kelliher
Cr Hilary Calvert	Cr Kevin Malcolm
Cr Michael Deaker	Cr Gretchen Robertson
Cr Alexa Forbes	Cr Bryan Scott
Hon Cr Marian Hobbs	Cr Kate Wilson

Senior Officer: Sarah Gardner, Chief Executive

Meeting Support: Dianne Railton, Governance Support Officer

24 March 2021 01:00 PM

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2. PUBLIC FORUM Requests to speak should be made to the Governance Support team on 0800 474 082 or to <a href="mailto:governance@orc.govt.nz">governance@orc.govt.nz</a> at least 24 hours prior to the meeting; however, this requirement may be waived by the Chairperson at the time of the meeting. No requests were received prior to publication of the agenda.	
3. CONFIRMATION OF AGENDA Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.	
4. CONFLICT OF INTEREST Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.	
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Minutes of an ordinary meeting of Council held in the  
Council Chamber on  
Wednesday 24 February 2021 at 1:00 PM

**Membership**

Cr Andrew Noone *(Chairperson)*  
Cr Michael Laws *(Deputy Chairperson)*  
Cr Hilary Calvert  
Cr Alexa Forbes  
Cr Michael Deaker  
Hon Cr Marian Hobbs  
Cr Carmen Hope  
Cr Gary Kelliher  
Cr Kevin Malcolm  
Cr Gretchen Robertson  
Cr Bryan Scott  
Cr Kate Wilson

**Welcome**

Chairperson Noone welcomed Councillors, members of the public and staff to the meeting at 1:05pm. Staff present included Sarah Gardner (Chief Executive), Nick Donnelly (GM Corporate Services), Gwyneth Elsum (GM Strategy, Policy and Science), Gavin Palmer (GM Operations), Richard Saunders (GM Regulatory), Amanda Vercoe (Executive Advisor), Dianne Railton and Liz Spector (Governance Support), Anita Dawe (Manager Policy & Planning), Lisa Hawkins (Team Leader RPS, Air & Coast), James Adams (Senior Analyst RPS, Air & Coast), Eleanor Ross (Manager Communication Channels) and Ryan Tippet (Media Communications Lead).

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## **1. APOLOGIES**

No apologies were made. Cr Alexa Forbes and Cr Michael Laws (joined the meeting at 1:26pm) were present via electronic link.

## **2. CONFIRMATION OF AGENDA**

Chair Noone advised a change to the published agenda.

### **Resolution**

*That the report ORC Submission on Dunedin City District Plan be added to public excluded section of the agenda, LOGOIMA Sec 48(1)(a); 7(2).*

Moved: Cr Noone

Seconded: Cr Hope

CARRIED

## **3. CONFLICT OF INTEREST**

Chair Noone advised of a potential conflict of interest for item 8.5 Documents Signed Under Seal. Cr Kelliher Chaired this item.

## **4. PUBLIC FORUM**

No public forum was held.

## **5. PRESENTATIONS**

### **5.1. Yellow-eyed Penguin Trust Annual Report to Council**

Chair Noone welcomed Dr Trudi Webster (Science Advisor), Dr Eric Shelton (Trust Board Chair) and Sue Murray (General Manager) to the meeting, to present the Yellow-eyed Penguin Trust (YEPT) Annual Report to Council.

Ms Murray confirmed that Dr Webster's role is currently funded by ORC and YEPT will submit in the LTP process, seeking future funding as the current 3-year funding ends in September 2021. YEPT will send Council a link which lists their strategies.

On behalf of Council, Chair Noone acknowledged the good work they and their team are doing.

*Cr Laws joined the meeting at 1:26pm.*

## **6. CONFIRMATION OF MINUTES**

### **Resolution**

*That the minutes of the (public portion of the) Council meeting held on 9 December 2020 be received and confirmed as a true and accurate record.*

Moved: Cr Hobbs

Seconded: Cr Kelliher

CARRIED

## Resolution

*That the minutes of the (public portion of the) Extraordinary Council meeting held on 10 February 2021 be received and confirmed as a true and accurate record.*

Moved: Cr Hobbs  
Seconded: Cr Kelliher  
CARRIED

## 7. ACTIONS (STATUS OF COUNCIL RESOLUTIONS)

The outstanding Actions were reviewed.

## 8. MATTERS FOR CONSIDERATION

### 8.1. ORC participation in Dunedin City Zero Carbon 2030 Alliance

The report was provided for Council to consider whether to join the proposed Dunedin City Zero Carbon 2030 Alliance. Organisations currently involved in discussions are Otago Polytech, Otago University, Dunedin based rūnaka, and the Southern District Health Board. Amanda Vercoe (Executive Advisor) was present to speak to the report and respond to questions. Ms Vercoe advised that a draft Memorandum of Understanding is being developed and it would be included in a report back to Council for consideration, which would also include in more detail any disadvantages.

There was discussion regarding the Alliance having a zero-carbon date of 2030, and implications for Council as it does not have a set date for its goal of working towards a nett zero-carbon emission. Ms Vercoe said that all those in the Alliance would continue with their own emission reduction timeframes. ORC Corporate Service and Strategy teams would continue with their work and Alliance meetings would be additional to that work.

Crs Hobbs, Wilson and Forbes spoke in support of the motion, and Crs Calvert, Laws and Malcolm spoke against the motion, raising their concerns with the 2030 date and that the Alliance is for Dunedin City and not across the region.

Following discussion Cr Deaker moved:

## Resolution

*That the Council:*

- 1) **Notes** the ORC has been invited to become part of the proposed Dunedin City Zero Carbon 2030 Alliance.

Moved: Cr Deaker  
Seconded: Cr Hobbs  
CARRIED

Further recommendations were moved by Cr Deaker.

## Resolution

*That the Council:*

- 1) **Agrees** that the Chief Executive should write to the Dunedin City Council Chief Executive to confirm participation by the Otago Regional Council in the founding group developing the Memorandum of Understanding and Terms of Reference for the Alliance.
- 2) **Notes** that should Council agree to ORC participating in the founding group discussions, the MOU will be brought back to Council for approval to sign up and participate as a member.

Moved: Cr Deaker

Seconded: Cr Hobbs

CARRIED

A division was called:

**Vote**

For: Cr Deaker, Cr Forbes, Cr Hobbs, Cr Noone, Cr Robertson, Cr Scott, Cr Wilson

Against: Cr Calvert, Cr Hope, Cr Laws, Cr Kelliher, Cr Malcolm

Abstained: nil

**8.2. RPS Panel Recommendation Process**

The report was provided to confirm the process for selecting ORC nominated Freshwater Hearings Panel members to hear, consider and make recommendations to Council on the proposed Regional Policy Statement 2021 (RPS). Gwyneth Elsum (GM Strategy, Policy and Science) and Anita Dawe (Manager Policy & Planning) were present to speak to the report and respond to questions.

*Crs Robertson and Wilson left the meeting at 02:23 pm for decision on the motion.*

After general discussion Cr Noone moved:

**Resolution**

*That the Council:*

- 1) **Approves** the process to seek nominations for the Freshwater Planning process
- 2) **Appoints** Cr Robertson and Cr Wilson to sit on the shortlisting panel with one member of the Executive Leadership Team
- 3) **Notes** the steps in the process to follow, including interviews for candidates and formal recommendations for nominees to the Chief Freshwater Commissioner.

Moved: Cr Noone

Seconded: Cr Malcolm

CARRIED

Cr Hobbs requested her abstention to be noted in the minutes.

Cr Laws moved a new resolution that Council:

- 4) **Agreed** that Cr Noone be a replacement on the shortlisting panel if either Cr Robertson or Cr Wilson were unavailable.

Moved: Cr Laws  
Seconded: Cr Kelliher  
CARRIED

Cr Hobbs requested her abstention to be noted in the minutes.

Crs Robertson and Wilson returned to the meeting at 02:25 pm.

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

The report was provided to recommend making more of the proposed Otago Regional Policy Statement (pORPS) operative, by approving sections that have either been granted consent orders or finalised through appeals. Gwyneth Elsum (GM Strategy, Policy & Science), James Adams (Senior Analyst RPS, air and Coast) and Anita Dawe (Manager Policy & Planning) were present to speak to the report and respond to questions.

After general discussion Cr Wilson thanked staff, and moved:

#### **Resolution**

*That the Council:*

- 1) **Makes**, under clause 16(1) of the 1<sup>st</sup> Schedule of the Resource Management Act 1991 the amendments to the pORPS set out in Appendix 1, as directed by the Environment Court.
- 2) **Approves** under clause 17(2) of the 1<sup>st</sup> Schedule of the Resource Management Act 1991 the amended Partially Operative Otago Regional Policy Statement 2019 attached as Appendix 2.
- 3) **Approves**, under clauses 17 and 20 of the 1<sup>st</sup> Schedule of the Resource Management Act 1991 public notice being given on 5 March 2021 that part of the pORPS set out in Appendix 1 is being approved and becoming operative on 15 March 2021.
- 4) **Revokes** all remaining operative sections of the Regional Policy Statement for Otago 1998.
- 5) **Notes**, that due to the outstanding matter under appeal, part of the pORPS will remain.

Moved: Cr Wilson  
Seconded: Cr Malcolm  
CARRIED

### **8.4. Local Government Funding Agency Membership Proposal**

The report was provided to allow consideration of whether the Otago Regional Council should join the Local Government Funding Agency (LGFA) and to approve commencement of the process for that to occur. The Audit and Risk Subcommittee discussed this subject at its meeting on 17 February 2021 and endorsed Council commencing the process of joining the LGFA. Nick Donnelly (GM Corporate Services) was present to speak to this report and

respond to any questions. Mr Donnelly advised that the recommendation has come from the Audit & Risk Subcommittee to Council as it would take a further month to be brought to Council for decision if it went through the Finance Committee. He said the process of joining the LGFA would take a few months.

*Cr Scott left the meeting at 02:35 pm.*

After general discussion Cr Kelliher moved:

#### **Resolution**

*That Council:*

- 1) **Receives** this report and the attached LGFA Presentation to the Audit and Risk Committee from Bancorp Treasury Services.
- 2) **Approves** staff to commence the process of joining the LGFA including preparing a statement of proposal, amending the Treasury Management Policy and preparing a consultation plan and documentation to undertake a special consultative process (SCP).
- 3) **Notes** that Bancorp Treasury Services will assist Council with this process.

Moved: Cr Kelliher

Seconded: Cr Hope

CARRIED

#### **8.5. Documents Signed Under Council Seal**

*Cr Noone sat back for this item due to a potential conflict of interest.*

The report informs the Council of delegations which have been exercised during the period 28 October 2020 through 17 February 2021.

Cr Wilson moved:

#### **Resolution**

*That the Council:*

- 1) **Receives** this report.

Moved: Cr Wilson

Seconded: Cr Hope

CARRIED

*Cr Noone rejoined the meeting.*

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

#### **9.1. Recommendations of the Strategy and Planning Committee Resolutions of the 10 February 2021 Strategy and Planning Committee**

#### **Resolution**

*That the Council:*

- 1) **Adopts** the resolutions of the 10 February 2021 Strategy and Planning Committee

Moved: Cr Kelliher  
Seconded: Cr Hope  
CARRIED

## **9.2. Recommendations of the Governance, Communications and Engagement Committee Resolutions of the 10 February 2021 Governance, Communications and Engagement Committee**

### **Recommendation**

*That the Council*

- 1) **Adopts** the resolutions of the 10 February 2021 Governance, Communications and Engagement Committee.

Moved: Cr Kelliher  
Seconded: Cr Hope  
CARRIED

## **10. CHAIRPERSON'S AND CHIEF EXECUTIVE'S REPORTS**

### **10.1. Chairperson's Report Resolution**

*That the Chairperson's report be received.*

Moved: Cr Hope  
Seconded: Cr Hobbs  
CARRIED

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

*Cr Scott returned to the meeting at 02:45 pm.*

### **Resolution**

*That the Chief Executive's report be received.*

Moved: Cr Noone  
Seconded: Cr Hope  
CARRIED

## **11. REPORT BACK FROM COUNCILLORS**

Crs Hobbs, Wilson, Forbes and Scott updated the meeting on external business they have conducted since the previous meeting.

## **12. RESOLUTION TO EXCLUDE THE PUBLIC**

### **Resolution**

*That the Council excludes the public from the following part of the proceedings of this meeting (pursuant to the provision of the Local Government Official Information and Meetings Act 1987) Sec 48(1)(a) namely:*

- 1.1 Confirmation of Minutes of the public-excluded Council Meeting of 9 December 2020 7(2)(a), 7(2)(i) and 7(2)(j)*
- 1.2 Confirmation of Minutes of the public-excluded Extraordinary Council Meeting of 10 February 2021 7(2)(i)*
- 1.3 ORC Submission on Var 2 of Dunedin City District Plan 7(2)(c) and 7(2)(g)*

Moved: Cr Hobbs

Seconded: Cr Hope

CARRIED

## **13. CLOSURE**

There was no further business and Cr Noone declared the public meeting closed at 02:55 pm.

Chairperson

Council Meeting Agenda - 24 March 2021 - ACTIONS (Status of Council Resolutions)

Meeting Date	Document	Item No.	Item	Status	Action Required	Assignee/s	Action Taken	Due Date	Completed (Overdue)
09/12/2020	Council Meeting 2020.12.09	7.3	PT1916 Phase 2 Bus Fares for Dunedin and Queenstown	Completed	Provide a quarterly report to Council on SuperGold Bee Cardholders' usage with a view to understanding the choices we make including possible discussions with LGNZ to work with Central Govt towards increased funding.	General Manager Operations, Manager Transport	<p><b>17/03/2021 Committee Secretary</b></p> <p>Quarterly update provided to Data and Information Committee on 10 March 2021.</p>	24/03/2021	17/03/2021
26/08/2020	Council Meeting 2020.08.26	10.4	GOV1937 Electoral System for 2022 and 2025 Local Body Elections	In Progress	Work with Electoral Officer to include a poll asking for voter preference for STV/FPP alongside voting papers for the 2022 local elections.	Committee Secretary, Executive Advisor	<p><b>1/09/2020 Committee Secretary</b></p> <p>Contacted Electoral Officer Anthony Morton of Electionz for information. He will update our file, noting the request to conduct the poll with the 2022 election. He indicated additional cost of approx \$75,000, not including additional comms that will be necessary.</p> <p><b>14/09/2020 Committee Secretary</b></p> <p>Public Notice in ODT on 12/9/20 to meet legislative requirements and to advise ORC intends to conduct a poll on voting systems alongside the 2022 local body elections.</p>	01/01/2022	



### 7.1. Long-term Plan 2021-31 Consultation Document and Supporting Information

**Prepared for:** Council  
**Report No.** GOV2112  
**Activity:** Community: Governance & Community  
**Authors:** Mike Roesler, Manager Corporate Planning  
**Endorsed by:** Nick Donnelly, General Manager Corporate Services  
**Date:** 15 March 2021

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#### PURPOSE

[1] The purpose of this report is to seek Council's approval of the consultation document and supplementary information supporting the draft Long-term Plan 2021-31.

#### RECOMMENDATION

*That the Council:*

- 1) **Approves** the signing of the Audit representation letter by the Chair
- 2) **Receives** the independent auditor's report on the 'Have Your Say On Our Future – 2021-2031 Long-term Plan Consultation Document', prepared in accordance with section 93C (4) of the Local Government Act 2002
- 3) **Resolves**, on the basis of the independent auditor's report, that the 'Have Your Say On Our Future – 2021-2031 Long-term Plan Consultation Document' will achieve the purpose of providing an effective basis for public participation in deciding a Long-term Plan and in accordance with sections 93B and 93C of the Local Government Act 2002
- 4) **Adopts** the Draft Long-term Plan 2021-31 supplementary information that is relied on for the content of the 'Have Your Say On Our Future – 2021-2031 Long-term Plan Consultation Document' in accordance with section 93G of the Local Government Act 2002
- 5) **Notes** that revised Council 'Fees and charges' are attached and included as supplementary information to the 'Have Your Say On Our Future – 2021-2031 Long-term Plan Consultation Document'
- 6) **Adopts** for public consultation the Draft Revenue and Financing Policy and associated information summarising changes to this policy as provided in the 'Have your say on Our Future – 2021-2031 Long-term Plan Consultation Document'
- 7) **Adopts** the 'Have Your Say On Our Future – 2021-2031 Long-term Plan Consultation Document' for public consultation in accordance with section 93A of the Local Government Act 2002
- 8) **Approves** the inclusion of any final changes to the 'Have Your Say On Our Future – 2021-2031 Long-term Plan Consultation Document' as directed by the external audit process and as tabled separately to this report at the 24 March 2021 Council meeting.

## BACKGROUND

- [2] The long-term plan process decides what a Council will deliver to the community over the next 10 years, how much it will cost, how it will be funded and how Council will report progress on delivering its work.
- [3] Councils are required to adopt a long-term plan every 3 years. Our current Long-term Plan was adopted in June 2018 and we are currently implementing year 3 of that plan, being the 2020-21 annual budget.
- [4] We started our 2021-31 Long-term Plan (LTP) process in mid-2020 with the following deliverables required:
- Council endorsement of community outcomes and high-level statements on direction to help guide detailed work programme.
  - Revised understanding of Council approach to how we partner with mana whenua.
  - Specific strategic plans and policies required under the Local Government Act relating to financial direction, infrastructure requirements, and funding considerations (e.g. rating).
  - An activity structure to communicate what we do and our progress.
  - Draft LTP including information at the activity level on the work programme (years 1 to 3), measures and target, and financial estimates. Remaining seven years in less detail.
  - A consultation document to communicate the Council's proposed direction and plans.
  - An LTP available for adoption prior to 30 June 2021.
- [5] Over this entire process Councillors and staff have engaged in numerous workshops to develop these deliverables. The result of this work is now reflected in the draft consultation document.
- [6] Two recent Council committee meetings considered and recommended on important strategies that inform the consultation document they included:
- The 24 February 2021 Finance Committee meeting recommended on the Financial Strategy and specific funding proposals contained in the draft Revenue and Financing Policy and summarised in the Consultation Document.

### *Resolutions*

**Approves** the establishment of a targeted rate for Biosecurity and the preferred option for funding this activity outlined in the 'Biosecurity' section of this paper to be included in the Long-Term Plan 2021-31 Consultation Document.

**Approves** the establishment of a targeted rate for Lake Hayes Remediation (Option 1, preferred), and subsequent options including Option 2, establishment of a river and water management rate (Wakatipu and Wanaka) for Lake Hayes Remediation, and Option 3, establishment of Otago uniform targeted rate for Lake Hayes Remediation to be included in the Long-term Plan 2021-31 Consultation document.

**Notes** that the Financial Strategy will be finalised and presented to Council for approval alongside and as part of the Long-term Plan 2021-31 Consultation Document at its 24 March 2021 meeting.

- The 10 March 2021 Implementation Committee meeting recommended on the draft Infrastructure Strategy.

### *Resolution*

**Approves** the draft 2021-2051 Infrastructure Strategy to be included in the information available for community consultation in the Long-Term Plan 2021-31 process, subject to any minor editorial changes made by staff.

- [7] The process is now at the stage where the 'Have your say on Our Future – 2021-2031 Long-term Plan Consultation Document' (CD) has been completed. This is a key requirement that enables the Council to consult with the public. Importantly the Council's external auditors 'Deloitte', who act on behalf of the Office of the Auditor General (OAG), have completed their review on this 'pre-consultation' stage of the LTP process. The OAG are also directly involved in this review with consideration

## **DISCUSSION**

- [8] The attached CD is now provided for Council adoption and reflects the important elements of the Council's draft Long-term Plan 2021-31 and draft Revenue and Financing Policy. It is the principal means of providing the regional community with the means to engage and provide feedback to Council.
- [9] The attached supplementary information provides the basis for the CD and will also be available to those in the community that are interested in or wish to provide feedback on that detail as part of the consultation process. This information will form the final LTP following Council consideration of community submissions and final decisions in June.
- [10] The supplementary information for Council approval includes:
- Draft LTP - including the Draft Infrastructure Strategy.
  - Draft Financial Strategy.
  - Draft Revenue and Financing Policy.
  - Draft Council Fees and Charges.

### **Financial Strategy**

- [11] A working draft Financial Strategy was presented to the Finance Committee on 24 February 2021. The version now provided for Council approval remains unchanged in that it provides the same strategy and associated narrative. To support that strategy and narrative it now includes the detailed numbers and associated graphs that were not provided in the documentation seen by the Finance Committee on 24 February 2021.
- [12] Rates estimates have been updated and show total rates increases of 47.5%, 17.0% and 10.6% for years 1 to 3 respectively.
- [13] Rates limits have been set to align with the estimated rates increases. These are set at 48% for year 1, 18% for year 2, 12% for year 3 and 6% for the remaining years of the plan.
- [14] These numbers are reflected in the CD.

### **Revenue and Financing Policy**

- [15] The Revenue and Financing Policy has been revised to reflect the activity structure of the Long-term Plan which has simplified activities into 4 group activities. As a result, some significant or sub-activities have been moved or consolidated but the underlying funding policies largely remain unchanged.

- [16] Where changes or new funding mechanisms are proposed this has been noted in the attachment. Key changes to funding policy include:
- New targeted rate for Biosecurity.
  - New targeted rate for Lake Hayes Remediation.
  - Use of the River and Waterway Management rate to fund non-significant one-off water body improvement initiatives.
  - Catchment group activity is funded by the rural water quality targeted rate.
  - Centralisation of flood and drainage management and planning activity and funding this via an internal allocation to the underlying schemes.
- [17] Other minor changes include:
- Consolidation of all monitoring and science activity under each environmental activity and general rate funding all monitoring and science activity
  - Rural liaison and catchment group activity is funded by the rural water quality targeted rate
  - Centralisation of flood and drainage management and planning activity and funding this via an internal allocation to the underlying schemes.
- [18] These changes do not materially impact the amount or allocation of rates being collected for these activities or rates types.

#### ***Council Fees and Charges***

- [19] The current schedule of Fees and Charges has been updated for consultation as part of the LTP and is proposed to take effect from 1 July 2021. The schedule, as attached to this report, will be included on the Council's website LTP consultation page.
- [20] The key change is the updated scale of charges (hourly rates) and consents deposits and fixed fees. The current and proposed amounts for those charges are shown in the attachment. Performance monitoring fees and charges have not been reviewed for some time and these charges have been amended to reflect the type of monitoring and processing now undertaken and have been set to ensure 75% of this activity is recovered from fees and charges. This is consistent with the Revenue and Financing Policy.

### **CONSIDERATIONS**

#### **Policy Considerations**

- [21] The draft LTP reflects Council's consideration on how it gives effect to the range of its statutory obligations, planning and regulatory policies.

#### **Financial Considerations**

- [22] A Financial Summary for the 10 years of the LTP is attached. This includes:
- Revenue and Expenditure Summary.
  - Statement of Financial Position.
  - Statement of Cashflows.
- [23] This information along with further detailed financial information is included in the Draft Long-term Plan document.

#### **Significance and Engagement**

- [24] The Long-term Plan process is a significant activity and the Local Government Act 2002 requires Council to use the Section 83 special consultative procedure. This sets out the steps that must be taken to adopt Council's LTP.
- [25] Consultation on the LTP will start formally on Friday 9 April 2021 although this paper and its attachments are public and can be accessed publicly. The CD and supplementary information and the online portal to make submissions will be available on the Council website from Friday 9 April 2021. Hard copy CDs will be distributed to all households leading into this date with full delivery expected within the week 1 of the consultation period. Hard copies provide the option of hand-written /land-mail submissions.
- [26] The LTP Communication Plan, as previously reported to Council, is being implemented to inform the community about the process and their opportunity to inform Council decision-making prior to adopting the LTP.

#### **Legislative Considerations**

- [27] The attached documentation has been prepared in accordance with the Local Government Act 2002 requirements.

#### **Risk Considerations**

- [28] Compliance with the Local Government Act 2002 has been subject to external audit by Deloitte, on behalf of the Auditor General. The Deloitte audit report provides their opinion on, and will be included in, the CD.

#### **NEXT STEPS**

- [29] The next steps are:
- 9 April to 9 May 2021 – consultation period
  - 20 - 21 May 2021 – hearings for LTP submissions
  - 26 May 2021 – Council deliberations on community submissions
  - 23 June 2021 – Council adopts the LTP

#### **ATTACHMENTS**

1. Have your Say On Our Future - 2021-2031 Long-term Plan Consultation Document [7.1.1]
2. Otago Regional Council Draft Long-term Plan 2021-2031 [7.1.2 - 182 pages]
3. Otago Regional Council Draft Financial Strategy [7.1.3 - 16 pages]
4. Otago Regional Council Draft Revenue and Financing Policy [7.1.4 - 19 pages]
5. Otago Regional Council Schedule of Fees and Charges 2021 [7.1.5 - 4 pages]
6. LTP 2021-31 Financial Summary Report [7.1.6 - 5 pages]

# HAVE *YOUR SAY* ON *OUR* FUTURE

2021-2031 Long-term Plan  
Consultation Document



Otago  
Regional  
Council

[yoursay.orc.govt.nz/LTP](https://yoursay.orc.govt.nz/LTP)

Have your  
say before

**9** MAY  
2021



# Kia ora koutou





# Building a better future for you and for our environment

**What a year 2020 was. We're pleased to see the back of it so we can focus on our future and it's more important than ever that we get our next 10-year plan right.**

There are undoubtedly challenges ahead as central government responds to broader concerns of New Zealanders about the environment and climate change. In particular, the replacement of the Resource Management Act with three new pieces of legislation could have a large impact on us and how we work with you in the future.

This comes on top of last year's significant water quality policy changes as central government responded to increased community expectations of the quality of our cherished waterways. We have added staff and resources to support this and it accounts for an initial increase from your 2020-21 rates of about 35%. This is before we even look at other projects you told us were important to you.

We have attempted to balance your needs as a community with those projects we must undertake.

We plan to change the way we keep pests out and minimise the damage caused by established pests. We're also looking at the best way to balance our budget moving forward and how we prioritise the restoration of our treasured waterways.

One of Otago's undertakings will be around reducing carbon emissions to reduce the region's impact

on climate change. Our work to understand our emissions is an important start. The recent release of the Climate Change Commission's report confirmed for us that we must provide better public transport and work to get people out of their cars and onto buses and active forms of transport.

As your councillors, we understand this proposed Long-term Plan (LTP) includes a significant increase in the rates you could pay this year, with smaller increases in future years.

There's a lot of work to be done and we don't have enough money to do it all at once.

This document shows some of the ways we're looking at reducing the rates burden through using our investments and spreading costs over several years. This means we are not doing everything in year 1, but over time the important work will get done.

By doing things in this way we're helping ensure a sound and sustainable future for Otago.

**If you like what you see or you have another option, we'd like to hear from you. Make your submission to help make a difference to Otago's future.**




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⊕ **YOUR COUNCILLORS** Back row (L-R): Marian Hobbs, Carmen Hope, Bryan Scott, Michael Deaker, Kevin Malcolm, Gretchen Robertson, Kate Wilson. On couch (L-R): Alexa Forbes, Michael Laws (Deputy Chair), Andrew Noone (Chair), Hilary Calvert, Gary Kelliher.

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# Community outcomes - your vision for Otago



We asked you in July 2020 what your vision for Otago was; this is what you told us is important for you.



## Communities that connect with, and care for, Otago's environment

Otago's people are included in decisions made about the environment, and feel empowered to act for the environment, through a community group, or by themselves.

Our natural world and how we care for it contributes to how Otago's communities connect. All residents and visitors in Otago

have access to nature, and to Otago's outstanding landscapes, and to its rivers and lakes and coast, be it for fishing, swimming, boating, or for Kāi Tahu customary uses.

Otago's people have a deep appreciation of Otago's heritage, and its natural and cultural landscapes (wāhi tupuna).



## An environment that supports healthy people and ecosystems

All living things depend upon the health of the ecosystem they are a part of:

- Otago's ecosystems are diverse, healthy and resilient, and we protect and restore our threatened and indigenous species and ecosystems.
- The mauri (vitality, quality and wellbeing) of Otago's natural environment is restored.
- Otago people enjoy healthy air quality, good water quality, and all the other "ecosystem services" nature provides to enhance the community's health, and its social, cultural and economic wellbeing.

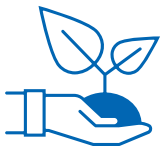


## Communities that are resilient in the face of natural hazards, climate change and other risks

Our communities are aware of climate change and are adapting to its effects on the region. Otago communities, like most of New Zealand, are exposed to the possibility of a wide range of natural hazards: floods, droughts, earthquakes and landslides. Vulnerability to those risks is reduced by building in low risk

areas or designing buildings and infrastructure to cater for these risks.

Otago's people and communities are well equipped to respond to emergency events, be they a pandemic, a natural disaster, or man-made emergencies.



### A sustainable way of life for everyone in Otago

Otago’s people enjoy quality of life, and make environmentally sustainable choices, so that future generations can also enjoy a healthy environment. As a community, we minimise, re-use and recycle waste effectively, and adopt "best" environmental practices to reduce our environmental footprint.

Our communities are built to accommodate environmentally sustainable choices, and our industries and economy are viable for the long term while taking responsibility for their environmental impacts. We all play our part in reducing our greenhouse gas emissions.



### Te Ao Māori and Mātauranga Kāi Tahu are embedded in Otago communities

Kāi Tahu whānui are the tangata whenua of and have mana whenua over Otago. Otago is whenua tūpuna (a cultural landscape), treasured for its wāhi tapu (sacred places), spiritual values, traditions, waterways, places and place names, mahinga kai, cultural values and associations and associated mātauranga.

As first peoples of the land the iwi established creation traditions and ancestral associations with land, water and sea, with rights to the resources being based on whakapapa and a kinship with the natural world. With rights came the responsibility to manage and maintain values and resources in a manner that future generations would enjoy the same benefits, responsibilities and knowledge. Mātauranga is the accumulated knowledge

and observations, codified for example in waiata, pepeha, customs and traditions transferred across the generations to inform and guide resource use and protection. In traditional times the kaitiaki were the Ātua (supernatural beings), the children of Rakinui and Papatūānuku. The advent of new people (settlers) to the land caused tangata whenua to take on the role of kaitiaki due to the rapid change and impacts that were occurring to the natural world.

Otago’s communities value the kaitiakitanga of Kāi Tahu for the region. They embrace Kāi Tahu’s worldview and perspectives, and the valuable knowledge they have developed on the region’s environment.



### Sustainable, safe and inclusive transport

People travel safely in Otago, on land and on water. Otago’s people transition away from fossil-fuelled private cars, and increasingly choose to travel by bus, on foot or on a bike.

Public transport is accessible, and offers a sustainable, safe and inclusive means of transport.

## OUR MISSION

Enriching all life  
in a way that  
ensures **positive  
connections**  
between  
environment,  
people and  
place, **now and  
for our future.**



# It's Otago's future; you can make a difference...

## Why are you receiving this document from us?

We're planning the next 10 years, based on what we've heard from you and also on what we must do to ensure we're compliant with central government legislation. We'd love to hear your feedback to make sure we've got it right.



**Helping you manage  
pests in Otago  
- biosecurity  
service levels..... p8**



**Balancing  
the budget ..... p12**



**Funding the  
rehabilitation  
of Lake Hayes..... p16**





WE WANT TO KNOW **YOUR THOUGHTS**  
ABOUT WHAT WE ARE PROPOSING FOR:

# Helping you manage pests

## Changing service level and how we fund it

Keeping pests out and minimising the damage caused by established pests is essential to protect Otago's diverse and internationally significant environment.

Pest management sits in our biodiversity activity. It supports Otago's ability to enable thriving biodiversity (the variety of life in a given habitat), maintain healthy ecosystems and maximise natural resources for economic gain.

Under the Biosecurity Act 1993, Otago's Regional Pest Management Plan (RPMP) identifies 51 species to be managed by land occupiers, with oversight from us.

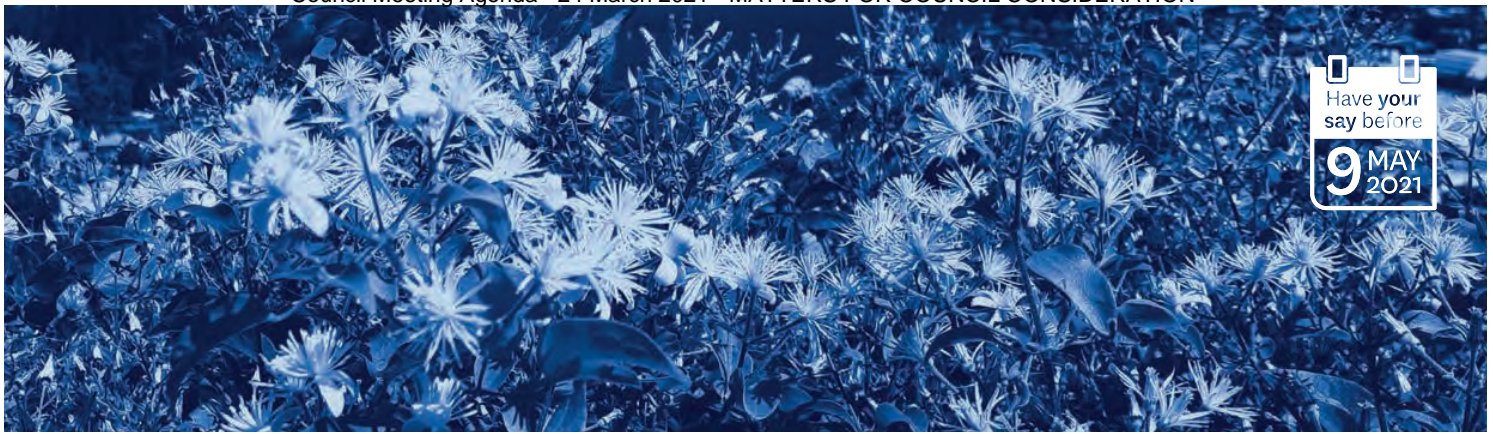
Pest management focuses on five activity areas: exclusion, eradication, containment, sustained control, and supporting the site-led community control of pest plants and animals.

### **STICKING WITH THE STATUS QUO IS NOT AN OPTION**

Our resourcing for pest management in biosecurity doesn't meet community expectations or achieve the Regional Pest Management Plan's (RPMP) intended outcomes. Inadequate resourcing limits opportunities to enhance biodiversity and support economic productivity.

**To achieve Otago's objectives in biosecurity and biodiversity, increased investment and increasing our resourcing capacity and capability is needed to undertake new areas of work and expand services.**





## What should we deliver?

We've prepared two service delivery options for you to choose from. Each represents a different level of investment in year 1 of the LTP and timeframe for implementation.

Each option spreads the impact of increased resourcing so that we can meet our legislative requirements, strategic goals and, most importantly, better meet community expectations.

### Option 1

**Cost: \$4.6 million from year 1 onwards**

**An immediate and significant increase in capacity and capability to manage pests.**

This enables us to rapidly plan and deliver a more comprehensive education, engagement and enforcement approach to manage pests identified in our RPMP. It features:

- More ORC team members covering a wider area and engaging directly with landowners and community groups
- More inspections and compliance checks, education for landowners on their responsibilities, facilitating landowner-led rabbit control operations, and monitoring and evaluating the environmental impact
- Support for community-led rabbit control, like rabbit control training and subsidies
- Continuing partnerships to maintain the gains already achieved by OSPRI's TBfree work and Predator Free Dunedin
- New areas of biosecurity focus, such as marine biosecurity and dedicated biosecurity advisers for wilding conifer control
- Provision of practical information and tools to assist landowners with biosecurity (including rabbit control)
- Risk assessment for non-established pests and pest pathways into Otago
- Development of a Regional Wilding Conifer Management Strategy, and Freshwater Lake Management Plan

### Option 2 (PREFERRED)

**Cost: \$3.3 million from year 1 onwards**

**A moderate increase in staff capacity to undertake more education, engagement and enforcement to manage pests.**

This option means building capacity and capability over three years. It's largely based on Option 1 but includes the following adjustments:

- Continuing partnerships to maintain the gains already achieved by OSPRI's TBfree work and Predator Free Dunedin, starting after 2022-23
- The increase in support for community-led rabbit management is less than for Option 1
- Facilitation of community rabbit management response spread across three years
- New areas of biosecurity focus – including marine biosecurity and dedicated biosecurity advisers for wilding conifer control, starting after 2022-23
- Development of a Regional Wilding Conifer Management Strategy, and Freshwater Lake Management Plan, starting after 2022-23



## How we will fund increased service for pest management?

To date, our biosecurity service has been funded via general rates. This means every ratepayer in Otago pays a share of the total spend based on the capital value of each property.

The issues associated with the status quo are:

- It isn't consistent with the Regional Pest Management Plan (RPMP), which reflects a principled approach based on equity between who benefits and who pays
- The capital value based general rate provides a disproportionate benefit to rural landowners
- It's difficult to establish reserve funds for biosecurity
- There is no transparency on the rating bill

### WE ARE PROPOSING THREE OPTIONS FOR FUNDING PEST MANAGEMENT FROM 1 JULY 2021:

#### Option A

Regional General Rate based on **capital value (CV)**

This option reflects how we currently fund biosecurity activities, where all property owners across the region pay a share of biosecurity costs based on the capital value of their property. In general, this sees urban areas with higher concentrations of capital and low demand for or low direct benefit from our biosecurity service, yet paying an equal share.

#### Option B (PREFERRED)

Regional Targeted Rate - biosecurity activity costs are shared across all ratepayers based on their **land value (LV)**

This option would change how we currently fund biosecurity activities and would see all property owners across the region paying a share of biosecurity costs based on the value of land owned. In general, the larger the land ownership the more benefit that is likely to be gained from our biosecurity service.

#### Option C

Mixed rating - biosecurity activity costs are split 50:50. Half is paid as a targeted rate by rural and lifestyle ratepayers via **land value**. The other half is applied to all ratepayers via the **general rate (capital value)**.

This option also changes how we currently fund biosecurity activities and aligns more closely with how we consider the benefits from our increased biosecurity service level match the cost for property owners. However, over time our work programme and priorities can change, along with the alignment of who benefits, which is why we're not recommending this option.





Have your say before  
**9** MAY 2021

## How will this impact your rates?

The following tables show how much each service delivery option would cost in future rates based on the different funding options. The key comparison is between **rural/lifestyle** properties and **other** properties (mainly residential) across a range of capital values.

The **average** column gives another perspective by showing the average capital value. As rural/lifestyle properties are on average higher value than other properties, they pay more under a CV general rate but this doesn't fairly reflect the additional benefits they receive from the activity. The two targeted rate options take this into account.

In both options 1 and 2, funding option A is higher as no targeted rate reserve is available.

### Option 1

\$4.6 million total spend from year 1 onwards

FUNDING OPTION		CAPITAL VALUE OF YOUR PROPERTY					TOTAL RATES COLLECTED
		\$350k	\$700k	\$1M	\$4M	Average	
Option A general rate (CV)	• RURAL/LIFESTYLE	\$19.21	\$38.41	\$54.88	\$219.51	\$79.96	\$4.4m
	• OTHER	\$19.21	\$38.41	\$54.88	\$219.51	\$36.66	
Option B (PREFERRED) regional targeted rate (LV)	• RURAL/LIFESTYLE	\$18.36	\$32.92	\$49.61	\$257.76	\$90.40	\$3.65m
	• OTHER	\$13.75	\$29.27	\$46.62	\$195.85	\$26.63	
Option C mixed rate	• RURAL/LIFESTYLE	\$34.36	\$63.24	\$94.05	\$461.50	\$163.09	\$3.65m
	• OTHER	\$7.97	\$15.93	\$22.76	\$91.05	\$15.21	

### Option 2 (PREFERRED)

\$3.3 million total spend from year 1 onwards

FUNDING OPTION		CAPITAL VALUE OF YOUR PROPERTY					TOTAL RATES COLLECTED
		\$350k	\$700k	\$1M	\$4M	Average	
Option A general rate (CV)	• RURAL/LIFESTYLE	\$13.75	\$27.50	\$39.29	\$157.15	\$57.24	\$3.15m
	• OTHER	\$13.75	\$27.50	\$39.29	\$157.15	\$26.25	
Option B (PREFERRED) regional targeted rate (LV)	• RURAL/LIFESTYLE	\$12.07	\$21.64	\$32.62	\$169.49	\$59.44	\$2.4m
	• OTHER	\$9.04	\$19.24	\$30.66	\$128.78	\$17.51	
Option C mixed rate	• RURAL/LIFESTYLE	\$22.59	\$41.58	\$61.84	\$303.45	\$107.23	\$2.4m
	• OTHER	\$5.24	\$10.48	\$14.97	\$59.87	\$10.00	



## HAVE YOUR SAY...

Tell us which option you prefer - or share your new ideas with us. Go to the form at the back of this booklet or jump online: [yoursay.orc.govt.nz/LTP](https://yoursay.orc.govt.nz/LTP)







WE WANT TO KNOW **YOUR THOUGHTS**  
ABOUT WHAT WE ARE PROPOSING FOR:

# Balancing the budget

## LET'S TALK MONEY

**We are continuing to grow as an organisation, to provide more for the community and our environment.** With growth comes increased funding requirements and this impacts on the next 10 years. It's essential that we have a clear and prudent approach to aligning our expenses with our income, which includes rates. This is called a balanced budget and looks out 10 years.

Our growth and the decision by our councillors, at your request, to defer a general rates increase during the national COVID-19 lockdown in 2020 has required us to carefully consider what is needed to achieve a balanced budget.

We need to check in with you on what you think about our preferred option for achieving a balanced budget.

## THE FUNDING CHALLENGES

We face a significant financial challenge over the next 10 years. Our planned expenditure has grown substantially compared to our previous Long-term Plan (LTP). The key reasons for this are highlighted on page 3.

Our operating expenditure is proposed to increase by \$20M in year 1 of the LTP in regional planning, environmental monitoring, science and regulatory activities. This includes an unplanned component of expenditure needed in 2020 to quickly respond to central government direction on freshwater management. It also builds on last year's expenditure increase of \$10M consulted publicly in the 2020-21 Annual Plan.

COVID-19 complicated matters and our councillors heard loudly from you and voted to fund \$4.9m of the above \$10m increase with a 'general reserve offset' (think of it as a loan). This means we used our financial reserves to avoid a general rates increase during the height of the crisis. The problem is that we can't keep using our reserves to subsidise our operational work – we need a sustainable and enduring source of funding.

**So, to break it down – to fund the unplanned work and the COVID-19 general reserve offset equates to a 44% increase to general rates. That's before any new LTP funding is even factored in.**



We've looked at other funding sources to reduce the rates requirement, including increased dividends from our investments, using reserves, and using external debt, which we haven't historically done.

Despite this, a significant increase in rates is still required in year 1 to meet the immediate increase in operating expenditure so that we have a balanced budget.

While the proposed increase in rates is large in percentage terms, the dollar amount of rates, particularly general rates collected, is relatively small. The average general rates paid in Otago is currently \$107 and the average total rates bill is \$259.

## So, how are we proposing to solve this funding issue? *There are two options to consider:*

### Option 1 (PREFERRED)

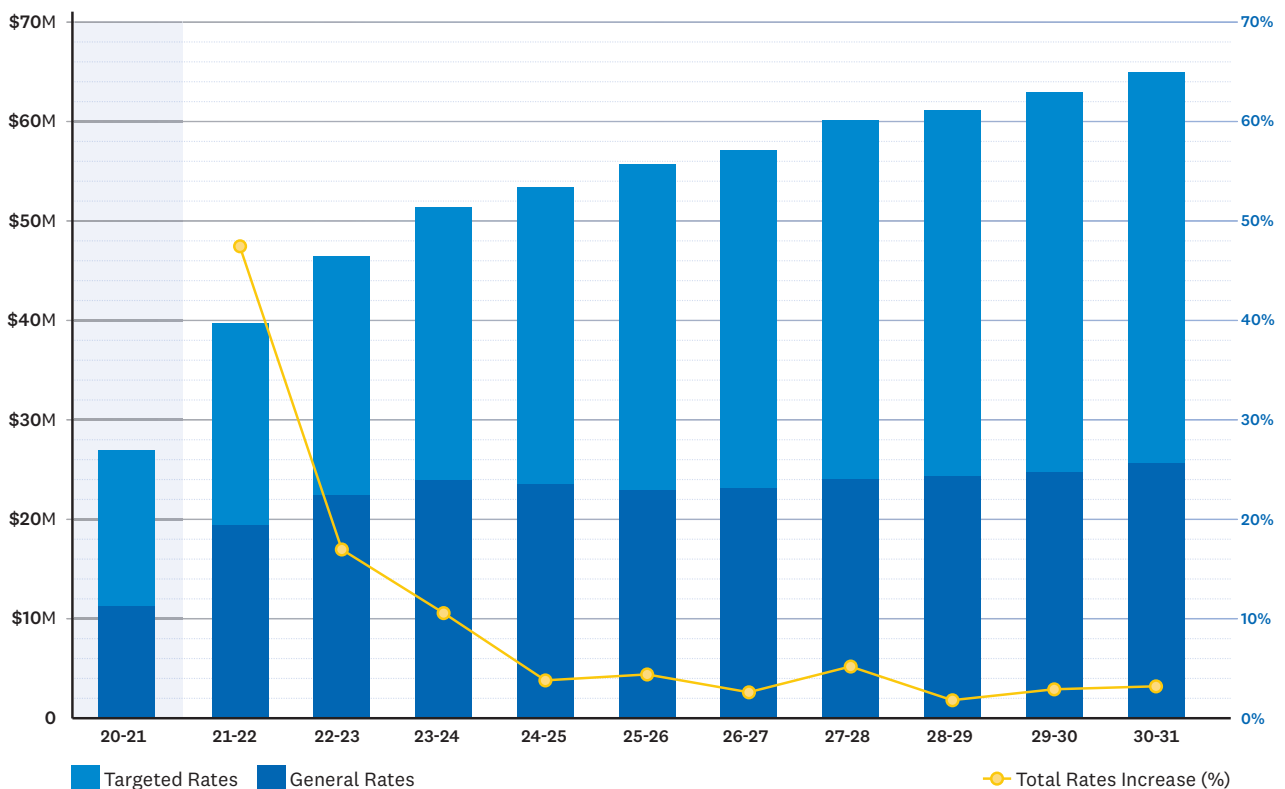
**Increase total rates to achieve an immediate and sustainable funding source for our operational expenditure.**

This is our preferred option. It would mean increasing total rates immediately in year 1 (47.5%) with smaller increases in years 2 (17.0%) and 3 (10.6%), before maintaining rates with minimal increases thereafter (an average of 3.5%).

The total rates increase comprises general rates increases of 73.2%, 15.7% and 6.8%, and targeted rates increases of 29.3%, 18.2% and 14.2% in years 1 to 3 respectively.

This ensures funding sources are increased to the sustainable level required by the time we fully review this Long-term Plan in three years and it doesn't continue into future LTPs.

#### Proposed total rates and increases over the next 10 years:



Total rates includes both general and targeted rates

For this option, the **general** rate component of the total rates bill in year 1 will increase on average from \$107 to \$186. This is an increase of \$79 for the year.

The **total** amount paid will vary across the region and increase as the capital value of your property increases.

If you'd like to find out what your rates are estimated to be in year 1, take a look at the rates estimator online, [yoursay.orc.govt.nz/LTP](https://yoursay.orc.govt.nz/LTP)

Examples of the general rates payable in year 1 under Option 1 are:

	CAPITAL VALUE OF YOUR PROPERTY				Median CV	Median Rate
	\$350k	\$700k	\$1M	\$4M		
CENTRAL OTAGO	\$103.30	\$157.67	\$204.27	\$670.33	\$550k	\$134.37
CLUTHA	\$105.54	\$162.16	\$210.69	\$696.00	\$300k	\$97.45
DUNEDIN	\$126.57	\$204.22	\$270.78	\$936.37	\$450k	\$148.76
QUEENSTOWN LAKES	\$101.69	\$154.46	\$199.69	\$652.00	\$900k	\$184.62
WAITAKI	\$102.25	\$155.58	\$201.28	\$658.37	\$350k	\$102.25

All the given examples in this table include a Uniform Annual General Charge of \$48.92 that applies to 25% of the regional general rate amount.

## Option 2

**Use a 'general reserve offset' (reserves), meaning smoother rates increases over the next 10 years to sustainably fund our operational expenditure. We'd need to borrow money to achieve this and then repay it; it's deferring the impact of our increased expenses.**

While this will reduce the immediate rates burden, it will defer the funding of current operating expenditure until later years.

Although this option avoids a large rates increase in year 1 (as per Option 1), it still requires the same amount of rates funding over the 10 years of the LTP.

It also means that a significant level of debt (associated with the general rate offset balance) is built up until rates increase to a point where this begins to be repaid. So, it's delaying the year 1 increase to a later period, a bit like ripping the sticky plaster off slowly.

**There is more risk to the community in this funding option.**

As we saw in the 2020-21 year, with COVID-19 and changes in central government requirements, future spending and funding requirements are uncertain and may change. If this happens, it may become challenging to repay the 'loan' and future service delivery may be seriously compromised.

Under this option, we wouldn't be able to permanently fund the 2020-21 general rates offset with our reserves as these are required to reduce future rates increases. Once our reserves eventually run out, we'd look to external sources to loan us the funds to carry out the work required of us.

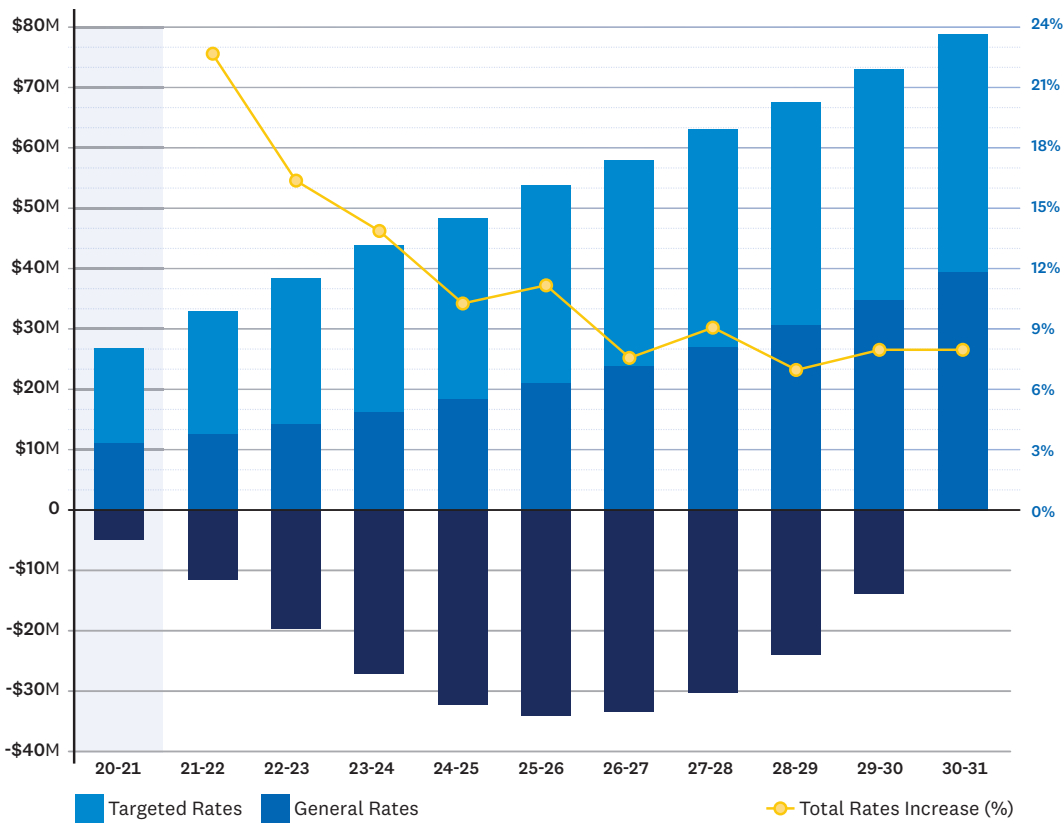
Over the 10 years of the LTP a general rates increase of 13.5% would be required every year.

Our deferred funding balance would increase over years 1-5 to a maximum of \$34M, at which point it would begin to be repaid.

Targeted rate increases remain the same as Option 1 so the total rate increase in year 1 drops to 22.7%. Years 2 (16.4%) and 3 (13.9%) are similar to Option 1 but increases thereafter are significantly higher than Option 1, with increases from 7.0% to 11.2%.



A summary of rates, increases and the deferred funding debt is shown below:



For this option the **general** rate component of the total rates bill in year 1 will increase on average from \$107 to \$122. This is an increase of \$15 for the year. The **total** amount paid will vary across the region and increase as the capital value of your property increases.

Examples of the general rates payable in year 1 under Option 2 are:

	CAPITAL VALUE OF YOUR PROPERTY				Median CV	Median Rate
	\$350k	\$700k	\$1M	\$4M		
CENTRAL OTAGO	\$65.90	\$99.75	\$128.77	\$418.95	\$550k	\$85.24
CLUTHA	\$69.62	\$107.20	\$139.41	\$461.52	\$300k	\$64.26
DUNEDIN	\$86.95	\$141.86	\$188.93	\$659.57	\$450k	\$102.64
QUEENSTOWN LAKES	\$63.59	\$95.14	\$122.18	\$392.60	\$900k	\$113.17
WAITAKI	\$66.60	\$101.16	\$130.78	\$426.99	\$350k	\$66.60

All the given examples include a Uniform Annual General Charge of \$32.04 that applies to 25% of the regional general rate amount.

Find out more about this proposal online, including our rates estimator, which indicates the impact of Option 1 on your rates.



## HAVE YOUR SAY...

Tell us which option you prefer - or share your new ideas with us. Go to the form at the back of this booklet or jump online: [yoursay.orc.govt.nz/LTP](https://yoursay.orc.govt.nz/LTP)





WE WANT TO KNOW **YOUR THOUGHTS**  
ABOUT WHAT WE ARE PROPOSING FOR:

# Funding the rehabilitation of Lake Hayes



## What's wrong with Lake Hayes?

Otago generally has good water quality in our lakes and rivers, however there are some waterbodies that have degraded. Over the next 10 years we plan to work closely with communities, at a water catchment level, to improve the quality of our precious waterways.

**Lake Hayes is one of these degraded waterbodies.** Located near Queenstown, it's a national treasure, known as one of the most photographed lakes in New Zealand. However, over the last 70 years this lake has suffered from a build-up of nutrients from human activity, including:

- Historic fertiliser application
- Industry development
- Septic tank effluent
- The removal of wetlands and riparian plantings

As a result, Lake Hayes now suffers from periodic algal blooms caused by the build-up of the nutrient phosphorous, which is in lakebed sediment.

We've been working with the local community to improve its water quality and have three options for how we propose to fund the work ahead.

Communities in Otago have also said they want to improve other degraded waterbodies, and we have prioritised Tomahawk Lagoon and Lake Tuakitoto to follow Lake Hayes. **It is important to note that this funding proposal only relates to Lake Hayes.**

## What do we need from you?

**We have a decision to make about how to fund the ongoing work to improve Lake Hayes.** We've put together three funding options and let you know our preferred option based on the factors outlined below. Your feedback is an important part of making this decision so let us know what you think.



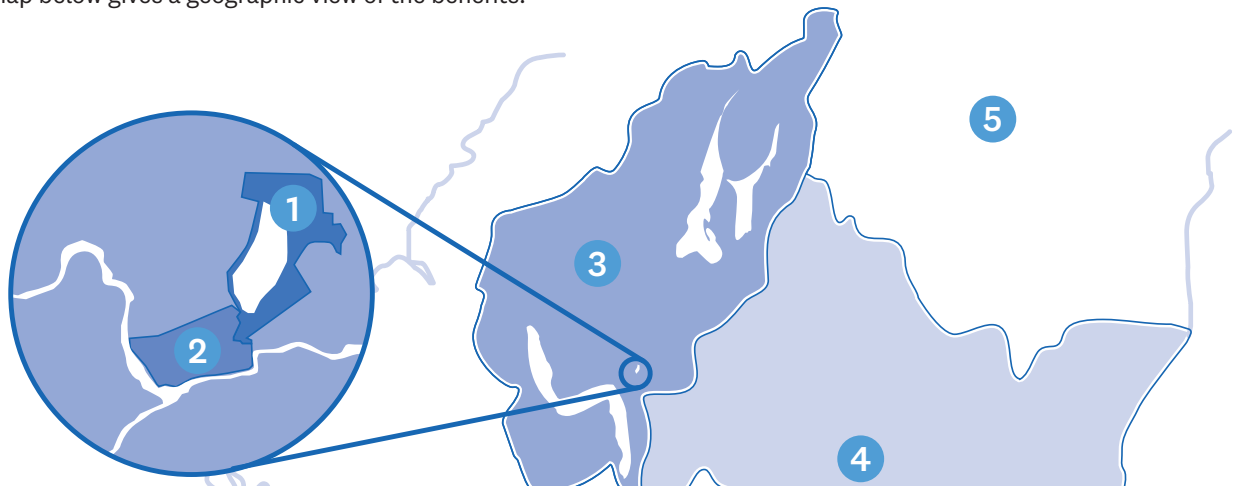


## FUNDING CONSIDERATIONS

There are some important considerations that we’ve made in developing this proposal. They include:

- Scale of work – it is likely to be large, involving infrastructure that requires ongoing maintenance (total spend is estimated at \$3.5M over the 10-year plan)
- Who benefits from the work? Is it the entire region, any identifiable part of the community, or individuals?
- When are the benefits expected to be seen?
- How we fund other infrastructure

To support the consideration of who benefits, an external company completed an economic benefits assessment for us. The map below gives a geographic view of the benefits.



### GEOGRAPHIC DISTRIBUTION OF BENEFITS OF IMPROVED WATER QUALITY

Area	Proportion of Benefits
1 Lake Hayes	40 PERCENT
2 Lake Hayes South (Lake Hayes Estate and Shotover Country)	30 PERCENT
3 The district (Queenstown Lakes district residents)	15 PERCENT
4 The Region (Otago residents)	7.5 PERCENT
5 Outside of the region (including national and foreign tourists)	7.5 PERCENT

## What are the options?

We've prepared three funding options for you to consider. Let us know which option you like best:

### Option 1 (PREFERRED)

**New targeted rate for Lake Hayes.**

**Create a new targeted rate for Lake Hayes. This is based on the economic benefits assessment. Under this option:**

- 70% of the funding will come from the benefit zones of Lake Hayes and nearby residents (Lake Hayes Estate and Shotover Country)
- The residents closer to Lake Hayes enjoy more benefit and therefore pay more of the funding requirement to rehabilitate the lake
- There are smaller benefits to and funds payable by the wider district and region

### Option 2

**Fund via existing river and water management targeted rate.**

**Use the existing river and water management targeted rate to fund this work. Key points to note include:**

- Funding is allocated across the entire Queenstown Lakes district and includes both the Wakatipu and Wanaka river and water management rating zones
- This option only includes the Queenstown Lakes district as this rating method is more suited for smaller operational funding requirements that generally do not need broader funding support from other districts and/ or the wider region
- This option reflects a benefit-based approach and is used for funding other service delivery and

implementation activities like flood protection and drainage schemes, biodiversity initiatives including Predator Free Dunedin, and harbour management, where the cost is funded by the district where that activity occurs

This is not our preferred option as the economic benefits assessment shows a district-wide approach is inequitable when there is a concentrated benefit to a defined localised area.

### Option 3

**New Annual Uniform Rate.**

**Create a new annual uniform rate, spreading the cost evenly across every ratepayer in Otago. Under this funding option:**

- Funding is allocated across the entire Otago region
- Under the annual uniform rate the cost of work is allocated evenly across every rating unit in the region – every property pays the same amount
- This option is inconsistent with the benefit-based approach we use for funding other service delivery and implementation activities
- While this appears similar to the Wilding Pine annual uniform rate, the benefits of wilding pine control are not localised to specific areas and control is undertaken to prevent further spread throughout all of Otago

This is not our preferred option as it is inconsistent with existing funding policies and will result in a disproportionate amount of funding burden placed on those who receive little benefit.







## How much will each option cost you?

RATEPAYER'S PROPERTY LOCATION	RATE UNITS	Option 1 (PREFERRED) New Targeted Rate (CV based)		Option 2 Existing Targeted Rate (CV based)		Option 3 New Annual Uniform Rate (Uniform)	
		ALLOCATION*	AVERAGE RATE	ALLOCATION	AVERAGE RATE	ALLOCATION	AVERAGE RATE
Lake Hayes	290	39.5%	\$334.86				
Lake Hayes South	1,569	28.9%	\$45.35				
Queenstown Lakes district	27,239	23.9%	\$2.16	100%	\$9.03		
Everyone in Otago	119,389	7.7%	\$0.16			100%	\$2.17

\*Lake Hayes and Lake Hayes South allocations adjusted to ensure total paid remains at 40% and 30% respectively.

**NOTE:** above numbers are average for Options 1 and 2 – actual will vary depending on CV. Option 3 is based on a uniform rate and will only apply to 113,000 contiguous rate units. For all three options the total rates amount is \$214,000 (for year 1).

### Find out more about this proposal online, including:

- Report to Finance Committee on 24 February 2021
- Economic benefits assessment report
- Rating map showing benefit zone for Option 1. This map will allow people to search their property in relation to the benefit zone.

## HAVE YOUR SAY...



Tell us which option you prefer - or share your new ideas with us. Go to the form at the back of this booklet or jump online: [yoursay.orc.govt.nz/LTP](https://yoursay.orc.govt.nz/LTP)



# Our must-do projects

## Climate change

**Climate change is an issue of international importance and is the subject of emerging national direction.**

Working together and being proactive are key to effective response. With the benefit of our Otago Climate Change Risk Assessment, and our region-wide and inhouse emission inventories underway or almost completed, we are progressing right across the organisation to plan and respond to climate change.

Our immediate priorities, particularly Otago's freshwater, means we have maintained our resource levels associated with climate change over the short-term, and there is an expectation the level of work will build over the long-term. Importantly, we would like to partner regionally on our approach to climate change.



**WE CONSIDER CLIMATE CHANGE IN EVERYTHING WE DO.**



## Environment



### LAND, WATER AND BIODIVERSITY

When it comes to managing water, land and our biodiversity priorities we need the best possible information. This means we need to invest more in our monitoring networks and environmental studies.



### AIR

We're pausing most of our air quality work – except for monitoring – over the next two years to reduce the rates increase in year 1.



## Safety and resilience

Risk management and building resilience is a key focus for ORC. The challenge is to support our communities to understand the implications of risk and to make informed decisions.



## Transport

Supporting economic growth and connecting communities and businesses.



## Regional leadership

We're investing more in partnering with Kāi Tahu, in community engagement, and in responding to regional issues such as urban development and climate change.

Our  
must-do  
projects

# Environment



## Land and water

### We need to understand Otago's environment better.

When it comes to managing water, land and our biodiversity priorities we need the best possible information. **This means we need to invest more in our monitoring networks and environmental studies.**

We're planning to:

- Establish new monitoring programmes, especially in estuaries and coastal waters
- Build a better understanding of the effect of land use on water
- Expand our current freshwater monitoring network to give effect to national legislation
- Work towards meeting the monitoring requirements for indigenous biodiversity

**Our communities also need easy access to reliable, comprehensive information about Otago's environment, including our catchments.** We'll be redesigning the way we share information about our environment to make sure that it's good quality, well communicated and well used.

### Everything is interconnected in nature. That's why we're transitioning towards integrated catchment management.

**From 2023-24, we'll begin to facilitate the preparation, implementation and review of integrated catchment action plans** in collaboration with local communities, catchment groups, mana whenua and other interested parties.

Integrated catchment action plans will mean:

- We have a set of compatible catchment objectives for freshwater, biodiversity, pest management, natural hazard risks and climate change adaptation in Otago's catchments
- The community, mana whenua, ORC, catchment groups, government bodies and non-governmental organisations (NGOs) will collaborate to develop a road map to achieve catchment objectives

- Environmental initiatives in Otago's catchments will be well-coordinated across all parties
- ORC's interventions in catchments will be well targeted

Over time these plans will drive ORC's work programme managing freshwater, biodiversity, biosecurity, natural hazards risks and climate change.

### In the meantime, we're strengthening our land and water management.

We recognise how important Otago's lakes, rivers, wetlands, aquifers and coast are to the region's identity and wellbeing.

**We're continuing our work programme to review and notify the *Regional Plan: Water* by 2023.** The plan sets out policies and rules to protect the important values of water. It will align Otago with national legislation on freshwater management. Our review process will continue to engage local communities, mana whenua and key stakeholders.

This LTP also consolidates our unplanned increase in capacity to regulate our current regional plans, particularly water. The increase occurred in 2020-21 following external and internal reviews that resulted in increasing our consenting and consent monitoring teams. The regulatory activity has also been supported by plan changes that improve direction and clarity for us and our consent holders.

The *Regional Plan: Coast*, which seeks to protect coastal values, will be reviewed and notified in 2025-2026.

While all of this is happening, **we'll continue to support catchment groups in their efforts to improve Otago's water.** Our ongoing support for the community will include advising land managers on best management practices and on how to comply with new national legislation (including obligations to prepare farm environment plans).



# Biodiversity

**We're listening to the community's concerns about biodiversity, our leadership role and level of service.**

**All aspects of our approach to biodiversity and biosecurity will be strengthened over the next 10 years.** This includes planning, science and monitoring, activities such as restoration and threat management, and community awareness and engagement.

We will:

- Facilitate a regional biodiversity hui and strategy
- Increase our knowledge and develop a monitoring framework and research programme
- Increase our commitment to and expenditure for pest management such as possums, and completion of a freshwater lakes management plan, and regional wilding pine management strategy
- Continue to and over time increase our support for local community biodiversity projects through the ECO Fund and support for Catchments Otago
- Progressively integrate biodiversity protection and restoration into farm support programmes and, in the longer term, into farm environment plans

# Air

**We're pausing most of our air quality work – except for monitoring - over the next two years.** Beyond that, we'll be striving to develop more effective solutions to manage air pollution in Otago.

Funding pressures and other priorities mean most of our air quality work (except for air quality monitoring and scientific analysis) will be paused from July 2021 to June 2023.

However, Otago faces significant air pollution challenges in winter, especially in Arrowtown, Clyde, Cromwell, Alexandra and Milton. Most emissions are from home heating.

In the past, we've addressed air pollution through an air quality programme that included providing subsidies for cleaner heating options. **Although emissions from home heating have significantly reduced, we have not met the national standards for air quality.**

As a result, we need to rethink our approach, review our policies and rules on air emissions, and implement a new, more effective air quality programme.

**From 2023-24, we'll swing into action to develop and implement an effective air quality programme that focuses on strengthening rules on air emissions, and on working with local communities and partners for better housing and cleaner air.**

## HOW MUCH

# \$25,425,000

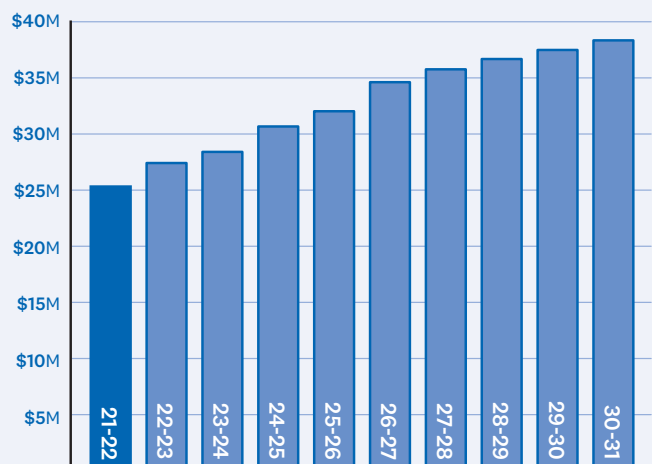
in the first year 2021-2022

## WHO PAYS

We propose to fund this work through:

General Rates	\$13,875,000
Targeted Rates	\$3,309,000
Fees & Charges	\$200,000
Grants	\$3,877,000
Other Income	\$964,000
Reserves	\$3,200,000

## THE SHAPE OF BUDGETED EXPENDITURE 2021-31



While we have budgeted for the workstreams we currently have planned, the scope of work identified through these projects may have an impact on future budgeting which will be addressed in the 2024-34 Long-term plan.



**Our  
must-do  
projects**

# Safety and resilience



**Risk management and building resilience is a key focus for ORC.** The challenge is to support our communities to understand the implications of risk and to make informed decisions.

**Our priority focus areas for the next 10 years in safety and hazards are flood protection, drainage control and river management. Climate change is a critical and related issue.** We'll develop a comprehensive spatial approach to natural hazard risks to inform future priorities, at the same time as undertaking specific projects for the risks we already know about.

Our proposed LTP contains an Infrastructure Strategy. It identifies the flood and drainage schemes that we manage and highlights six key issues that influence the services we provide. From these issues we understand that:

- There is complexity that needs to be better understood about how climate change and development impacts on catchments

- We need to improve our asset management planning to better understand how change impacts on our service and the decisions the community faces
- Our plan to maintain service levels is shadowed by uncertainty about our communities' expectations regarding managing changing risk (e.g. climate change impacts) and the associated costs

We work collaboratively on these issues with government, city and district councils, and technical advisory groups.

Our plan is to maintain current services and address the issues outlined above. Key components of work include:

- Climate change adaptation investigations
- Taieri and Clutha flood protection scheme reviews
- Flood damage repair programmes
- Asset management improvements
- Pump station infrastructure and technology improvements
- Fish passage adaptation investigations

## HOW MUCH

# \$17,500,000

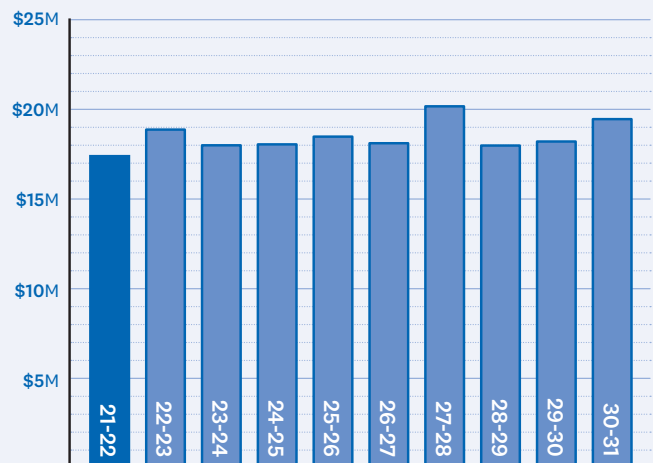
in the first year 2021-2022

## WHO PAYS

We propose to fund this work through:

General Rates	\$3,116,000
Targeted Rates	\$9,611,000
Fees & Charges	\$408,000
Grants	\$1,700,000
Other Income	\$736,000
Reserves	\$1,929,000

## THE SHAPE OF BUDGETED EXPENDITURE 2021-31



While we have budgeted for the workstreams we currently have planned, the scope of work identified through these projects may have an impact on future budgeting which will be addressed in the 2024-34 Long-term plan.

Our must-do projects



# Transport



Otago’s regional transport system, including public transport, aims to support economic growth and connect communities and businesses.

Our Regional Land Transport Plan (RLTP) shapes decisions and actions about Otago’s land transport system. The RLTP’s strategic direction reflects central government’s direction, who in addition want to:

- Improve accessibility to transport and create more choice in how we travel
- Reduce the impacts of transport on climate change
- Improve urban environments and public health
- Reduce deaths and serious injuries

We are engaged in a planning process with Waka Kotahi NZ Transport Agency that will influence future expenditure and funding decisions we make over the next 10 years. As part of this process we’re completing a new Regional Land Transport Plan (RLTP) 2021-31, which is required by 30 June 2021.

We’re responsible for providing sustainable, safe and inclusive transport that connects our community.

We contract operators to provide bus services in Dunedin, bus and water ferry services in Queenstown, and to provide the Total Mobility scheme. Orbus, our public transport network, is our largest work programme.

Our LTP supports this strategic direction by outlining how we will continue to improve Otago’s public passenger transport services. This includes planning, working with partners on the long-term vision for public transport across the region and on the delivery of infrastructure that supports public transport services in Dunedin and Queenstown, and renewing contracts (with service improvements) for Dunedin and Queenstown public transport services as required.

The next 10 years will be a challenging but exciting period for our public transport system as it responds to changes from population growth and movement, to shifting economic drivers due to COVID-19. Technology is improving and more accessible, at the same time we have national goals to lower carbon emissions. Public transport will need to be the preferred mode of travel for more people more often to support our economy and contribute positively to our environment and communities.

An example included in this LTP is the funding for a business case to significantly improve public transport

in Queenstown. It’s part of the Way To Go programme of integrated and complementary land transport projects supported by our councillors. They are designed to create an enduring, safe and affordable transport system that offers more accessible and convenient travel options.

We also need to be able to deliver a high-quality service whilst remaining financially sustainable for our customers, ratepayers and our funding partners. Investment in the network needs to be at a rate our communities can afford. The LTP assumes we’ll achieve existing funding levels from Waka Kotahi of 51%. If this funding support is not achieved it will impact on future services, bus fares, and/or rates.

**HOW MUCH** In the first year 2021-2022:

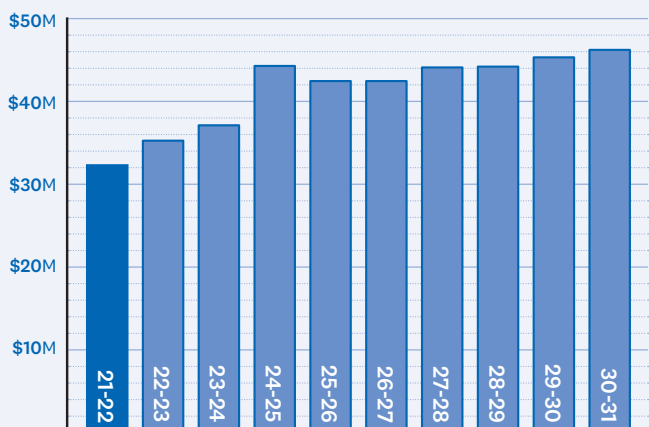
**\$32,451,000**

**WHO PAYS**

We propose to fund this work through:

General Rates	\$745,000
Targeted Rates	\$7,290,000
Fees & Charges	\$250,000
Grants	\$12,985,000
Fares/Other Income	\$8,517,000
Reserves	\$2,664,000

**THE SHAPE OF BUDGETED EXPENDITURE 2021-31**



While we have budgeted for the workstreams we currently have planned, the scope of work identified through these projects may have an impact on future budgeting which will be addressed in the 2024-34 Long-term plan.

Our  
must-do  
projects

# Regional leadership



**We're investing more in partnering with Kāi Tahu, in community engagement, and in responding to regional issues such as urban development and climate change.**

Supporting governance, good decision-making, and connecting and engaging with our communities are all aspects of our work.

We're investing in strengthening our partnership with Kāi Tahu and will be working to integrate Matauranga Kai Tahu into our way of working and decision making. We are also investing in improving our engagement approach and capability across the organisation, including partnering with our communities to develop plans for protecting and managing waterways, and rabbit control work.

We'll continue to support the Mayoral Forum and we'll do more to identify and develop our understanding of broader regional wellbeing issues. This will enable us to

respond in the best way possible to community needs. Wherever possible our responses will be developed in partnership with communities and stakeholders.

We provide direction on resource management to Otago's city and district councils. This includes continuing our review of the Regional Policy Statement. Meanwhile, we will increasingly be involved in urban development, as required by national legislation.

**As part of our role in regional leadership, we consider climate change in everything we do.**

Our immediate priorities, particularly Otago's freshwater, means we have maintained our resource levels associated with climate change over the short-term, and there is an expectation the level of work will build over the long-term. **Importantly, we would like to partner regionally on our approach to climate change.**

## HOW MUCH

# \$21,621,000

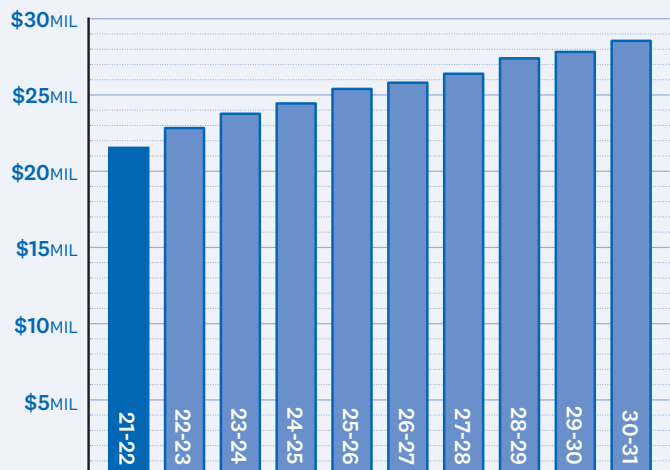
in the first year 2021-2022

## WHO PAYS

We propose to fund this work through:

General Rates	\$15,556,000
Targeted Rates	\$188,000
Fees & Charges	\$5,300,000
Grants	\$75,000
Other Income	\$270,000
Reserves	\$233,000

## THE SHAPE OF BUDGETED EXPENDITURE 2021-31



While we have budgeted for the workstreams we currently have planned, the scope of work identified through these projects may have an impact on future budgeting which will be addressed in the 2024-34 Long-term plan.



# What about the money?

➔ **How much and on what?**  
(Expenditure – 10 years, by activity)

➔ **Who's paying for it?**  
(Sources of funding and rate types)

➔ **How much do I pay?**  
(Rating examples)

➔ **Financial Strategy**  
(including Revenue and Financing Policy,  
and Fees and Charges)

➔ **Infrastructure Strategy**  
– 30 years

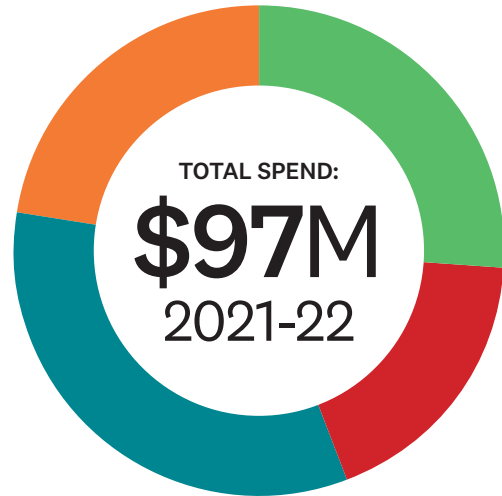




# How much & on what?

We are expecting our total spend in year 1 to be **just under \$97 million.**

Here's a breakdown by work area:



## Environment

This group of activities works to achieve the sustainable use of our water, land, air and coast. It also includes protecting our unique biodiversity and implementing our regional pest plan. The delivery of our land and water framework is a priority and this makes up the majority of the spend increase in year 1, with a focus on increasing our science and monitoring capacity. Our biosecurity proposal (page 8) and establishing a biodiversity monitoring programme accounts for further increases in this area. Wilding pine control spend has increased as well - this is covered by government grants.

⬆️ **\$9,864,992 increase from 2020-21 budget**

## Safety and resilience

To ensure our communities are kept safe, we identify and monitor natural hazards, manage flood protection and drainage schemes, provide harbourmaster services, and support Otago Civil Defence and Emergency Management. While our flood protection and drainage schemes make up most of the expenditure in this area, there is also increased expenditure in years 1 and 2 for identifying and monitoring natural hazards and for climate change adaptation studies.

⬆️ **\$1,339,643 increase from 2020-21 budget**

## Transport

We're responsible for public transport in Otago and provide services in Dunedin and Queenstown. We offer the Total Mobility scheme to meet the needs of people unable to use public transport. We also facilitate wider transport projects in Otago. The increased expenditure spans both Dunedin and Queenstown services, with the latter including funding for business case work for improving the future services and associated infrastructure.

⬆️ **\$3,642,410 increase from 2020-21 budget**

## Regional leadership

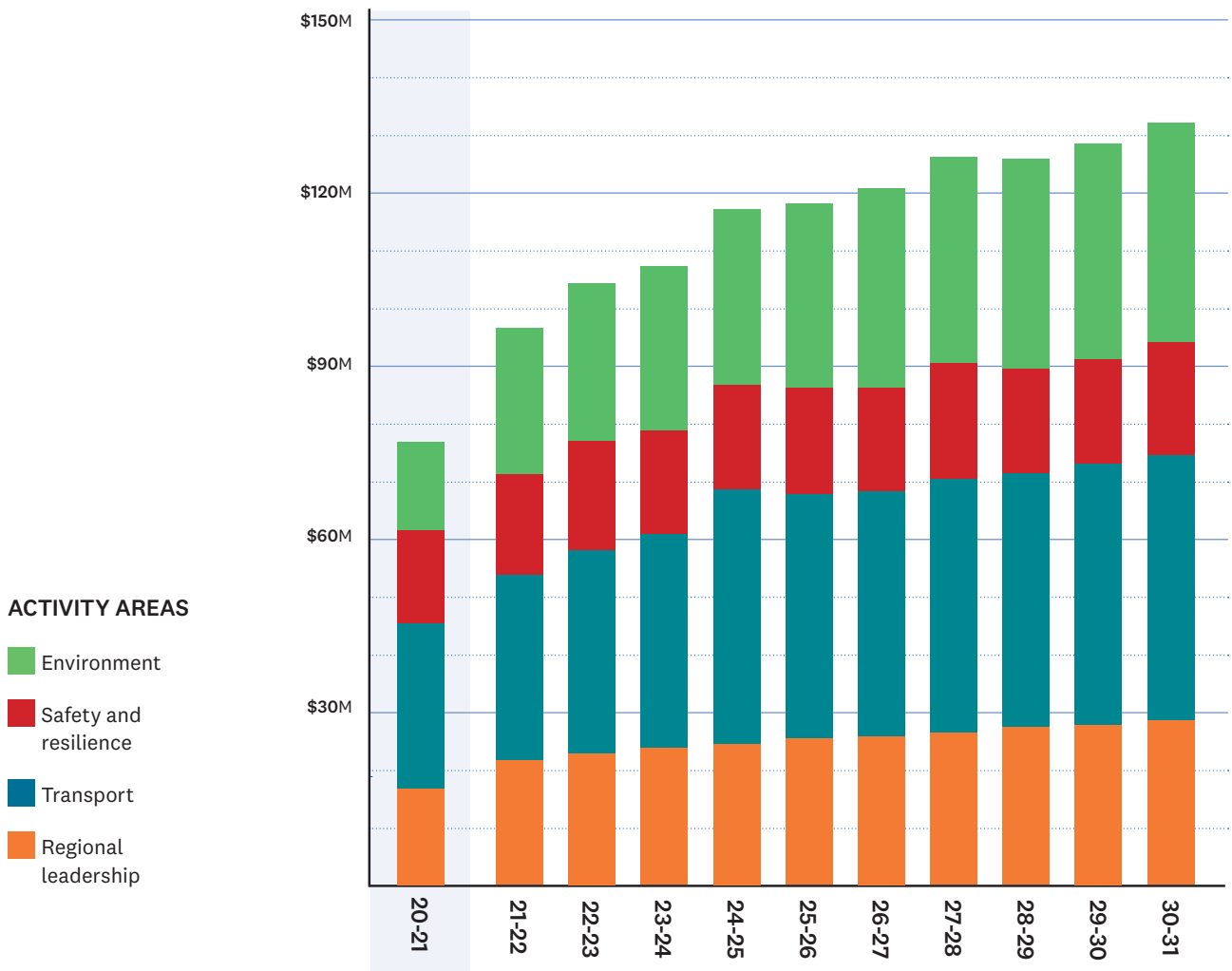
We have a responsibility to promote environmental, economic, social and cultural wellbeing across the region and engage and work in partnership with our partners and communities to do this. This group of activities also includes regional planning and regulatory service that provide elected leadership with an important lever to effect change in Otago. The increased spend is largely associated with a significant and required increase in staff to deliver a regulatory consenting activity that fits with Otago's needs. The increase also reflects more capacity for our regional planning activity.

⬆️ **\$4,871,856 increase from 2020-21 budget**

Further information about the activities and work programmes under these four areas is presented in PART 3 of our proposed Long-term Plan. This can be found online: [yoursay.orc.govt.nz/LTP](https://yoursay.orc.govt.nz/LTP)

**Here’s how it looks over the next 10 years.**  
We included the current year for comparison:

TOTAL IN \$000s	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30	30/31
Environment	15,560	25,425	27,512	28,501	30,756	32,107	34,687	35,829	36,743	37,548	38,399
Safety and resilience	16,161	17,500	18,976	18,103	18,155	18,585	18,218	20,269	18,090	18,314	19,557
Transport	28,808	32,451	35,406	37,255	44,393	42,575	42,575	44,215	44,312	45,428	46,328
Regional leadership	16,749	21,621	22,917	23,848	24,524	25,474	25,879	26,464	27,472	27,891	28,615
<b>TOTAL</b>	<b>77,278</b>	<b>96,997</b>	<b>104,811</b>	<b>107,708</b>	<b>117,829</b>	<b>118,741</b>	<b>121,360</b>	<b>126,776</b>	<b>126,617</b>	<b>129,181</b>	<b>132,899</b>





# Who's paying for it?

While your rates go a long way toward paying for the work we do, we don't expect you to pay for everything. Some of our funds come from other sources.

**This is how we expect to cover our costs in year 1 of our Long-term Plan:**

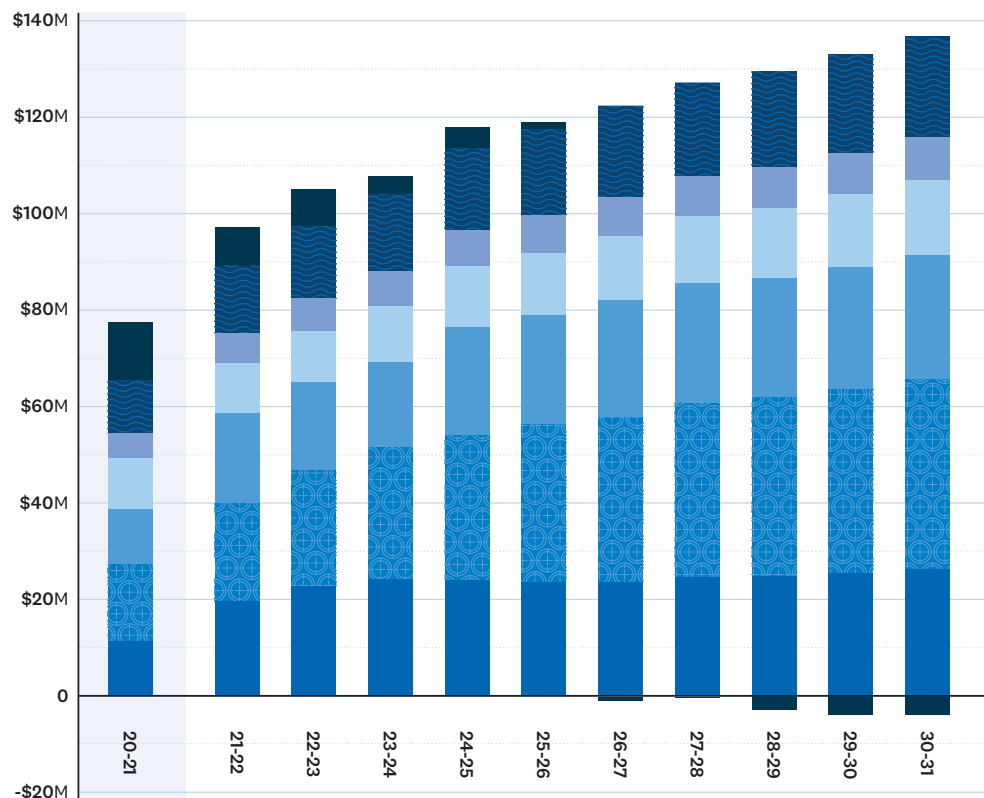
ACTIVITY AREA	2021-22
General Rates	\$19,365,000
Targeted Rates	\$20,398,000
Grants	\$18,637,000
Other income (e.g. bus fares)	\$10,488,000
Fees and Charges	\$6,158,000
Reserves	\$8,025,000
Dividends and Investments	\$13,928,000
<b>TOTAL INCOME IN YEAR 1</b>	<b>\$96,997,000</b>



**Here's how it looks over the next 10 years.** We included the current year for comparison:

**Activity Areas**

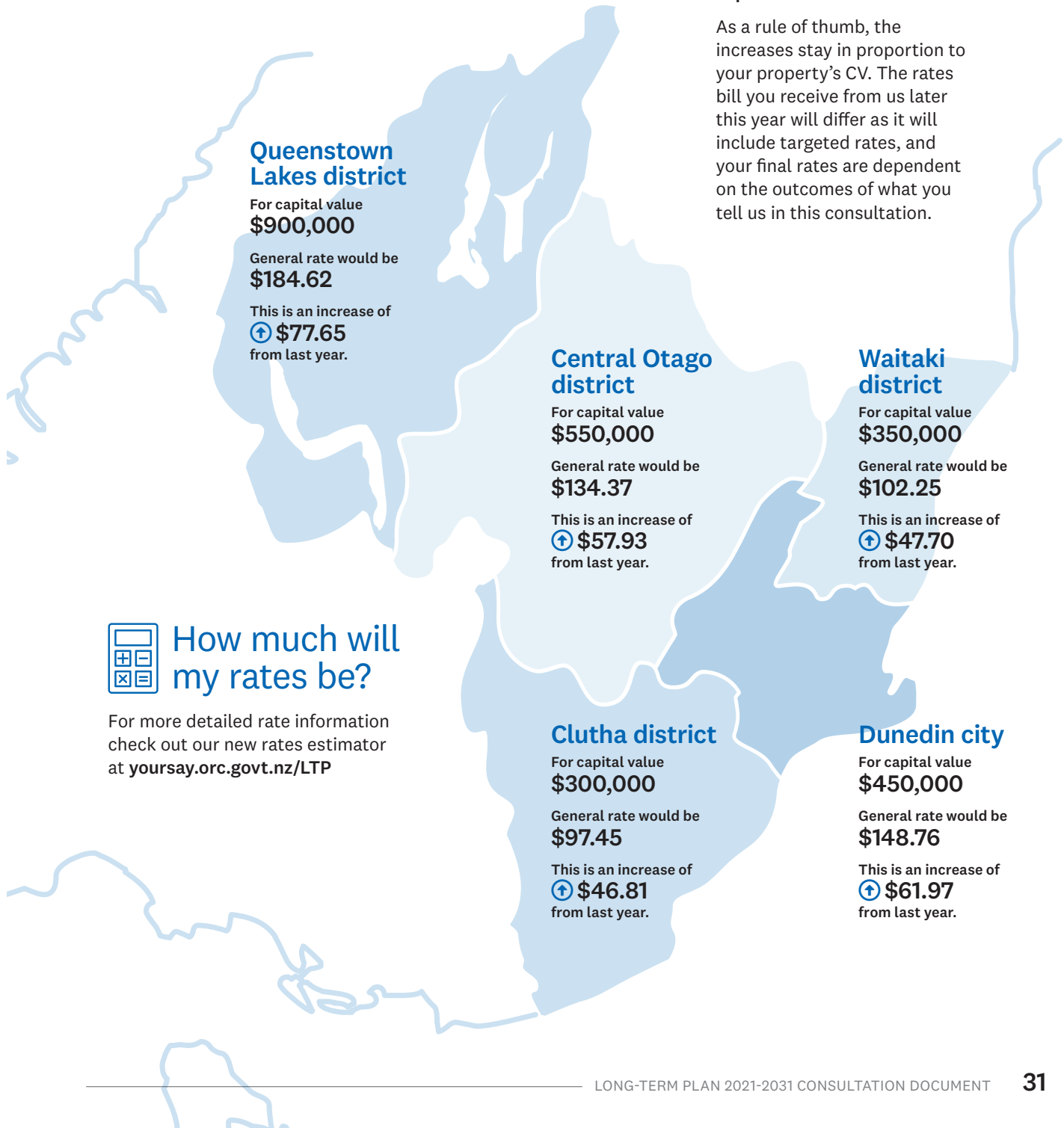
- Reserves
- Dividends and other investment income
- Fees and charges
- Other income (e.g. bus fares)
- Grants
- Targeted Rates
- General Rates



# How much do you pay?

You pay two different types of rates - general rates are charged to every property in Otago and then there are targeted rates which apply to specific locations or activities. These are much harder to compare so the map below shows proposed general rates only. These examples are for a property of mid-range capital value in each district.

As a rule of thumb, the increases stay in proportion to your property's CV. The rates bill you receive from us later this year will differ as it will include targeted rates, and your final rates are dependent on the outcomes of what you tell us in this consultation.



## How much will my rates be?

For more detailed rate information check out our new rates estimator at [yoursay.org.govt.nz/LTP](https://yoursay.org.govt.nz/LTP)



## Total rates:

Current year compared to 2021-22 year

Total Rates (\$000s)	20-21	21-22	CHANGE
General Rates	27,078	33,292	⬆️ 23%
Dividends/Interest/Investments	(15,898)	(13,928)	⬆️ -12%
<b>General Rates to Pay</b>	<b>11,180</b>	<b>19,365</b>	<b>⬆️ 73%</b>

UNIFORM TARGETED RATES			
Emergency Management	2,658	2,959	⬆️ 11%
Wilding Pines	210	200	⬆️ -5%
Dairy Monitoring	188	188	⬆️ 0%

TARGETED RATES - WATER			
Rural Water Quality	680	523	⬆️ -23%
Lake Hayes	-	150	☆ New

TARGETED RATES - RIVER MANAGEMENT			
Central Otago	300	320	⬆️ 7%
Clutha	330	360	⬆️ 9%
Dunedin	250	280	⬆️ 12%
Wakatipu	150	200	⬆️ 33%
Wanaka	180	200	⬆️ 11%
Waitaki	400	400	⬆️ 0%
Lower Waitaki	149	171	⬆️ 15%

TARGETED RATES - TRANSPORT			
Dunedin	4,862	6,000	⬆️ 23%
Wakatipu	990	1,290	⬆️ 30%

TARGETED RATES - FLOOD & DRAINAGE			
Leith	1,461	1,461	⬆️ 0%
Lower Clutha	750	850	⬆️ 13%
Lower Taieri	850	950	⬆️ 12%
West Taieri	650	730	⬆️ 12%
East Taieri	500	580	⬆️ 16%
Tokomairiro	140	150	⬆️ 7%
Shotover	80	-	-

TARGETED RATES - BIOSECURITY			
	-	2,436	☆ New
<b>TOTAL</b>	<b>26,957</b>	<b>39,762</b>	<b>⬆️ 48%</b>

## Examples of rates

by Capital Value for 2021-22

General Rates*	CAPITAL VALUE OF YOUR PROPERTY			
	\$350k	\$700k	\$1M	\$4M
Central Otago district	\$103.30	\$157.67	\$204.27	\$670.33
Clutha district	\$105.54	\$162.16	\$210.69	\$696.00
Dunedin city	\$126.57	\$204.22	\$270.78	\$936.37
Queenstown Lakes district	\$101.69	\$154.46	\$199.69	\$652.00
Waitaki district	\$102.25	\$155.58	\$201.28	\$658.37

\* includes Uniform Annual General Charge \$48.92

## Transport TARGETED

	\$350k	\$700k	\$1M	\$4M
Dunedin - Commercial	\$276.35	\$552.69	\$789.56	\$3,158.25
Dunedin - Residential	\$73.69	\$147.39	\$210.55	\$842.20
Wakatipu - Commercial	\$42.64	\$85.28	\$121.83	\$487.31
Wakatipu - Residential	\$21.32	\$42.64	\$60.91	\$243.66

## River Management Rates

TARGETED	\$350k	\$700k	\$1M	\$4M
Central Otago district	\$10.44	\$20.87	\$29.82	\$119.26
Clutha district	\$17.96	\$35.92	\$51.32	\$205.28
Dunedin city	\$3.62	\$7.23	\$10.33	\$41.34
Queenstown Lakes district - Wakatipu	\$3.38	\$6.76	\$9.65	\$38.60
Queenstown Lakes district - Wanaka	\$7.31	\$14.63	\$20.90	\$83.58
Waitaki district	\$25.96	\$51.92	\$74.17	\$296.68

## Uniform Targeted Rates

	\$350k	\$700k	\$1M	\$4M
Emergency Management	\$29.85	\$29.85	\$29.85	\$29.85
Wilding Pines	\$2.02	\$2.02	\$2.02	\$2.02



## How much will my rates be?

Check out how this might look for your property using our online rates estimator at: [yoursay.orc.govt.nz/LTP](https://yoursay.orc.govt.nz/LTP)

# Financial Strategy

This strategy is part of the proposed LTP and is available online. It sets out the financial direction for the next 10 years and includes matters such as:

- Levels of future rating
- Borrowings and investments
- Factors that influence the above

The strategy sets a path for prudent and sustainable funding of the LTP. This ensures the strategic priorities and associated work programmes can be delivered over the next 10 years.

Our Financial Strategy aims to ensure that each years' operating expenditure is funded from operating revenue in that same year. Council can however set operating revenue at a different level if it considers it financially prudent to do so. In the first three years of the LTP, operating revenue will not cover operating costs as we are proposing to use reserves to fund one-offs like climate change adaption and freshwater management unit water modeling. We also use reserves to smooth the impact of the initial rates increase in year 1 for work like pest management and Lake Hayes remediation.

A copy of the Financial Strategy is available on the LTP page of our website.

## RATES IMPACT

The key challenge addressed in the financial strategy is how to fund a significant increase in operating expenditure, especially in year 1.

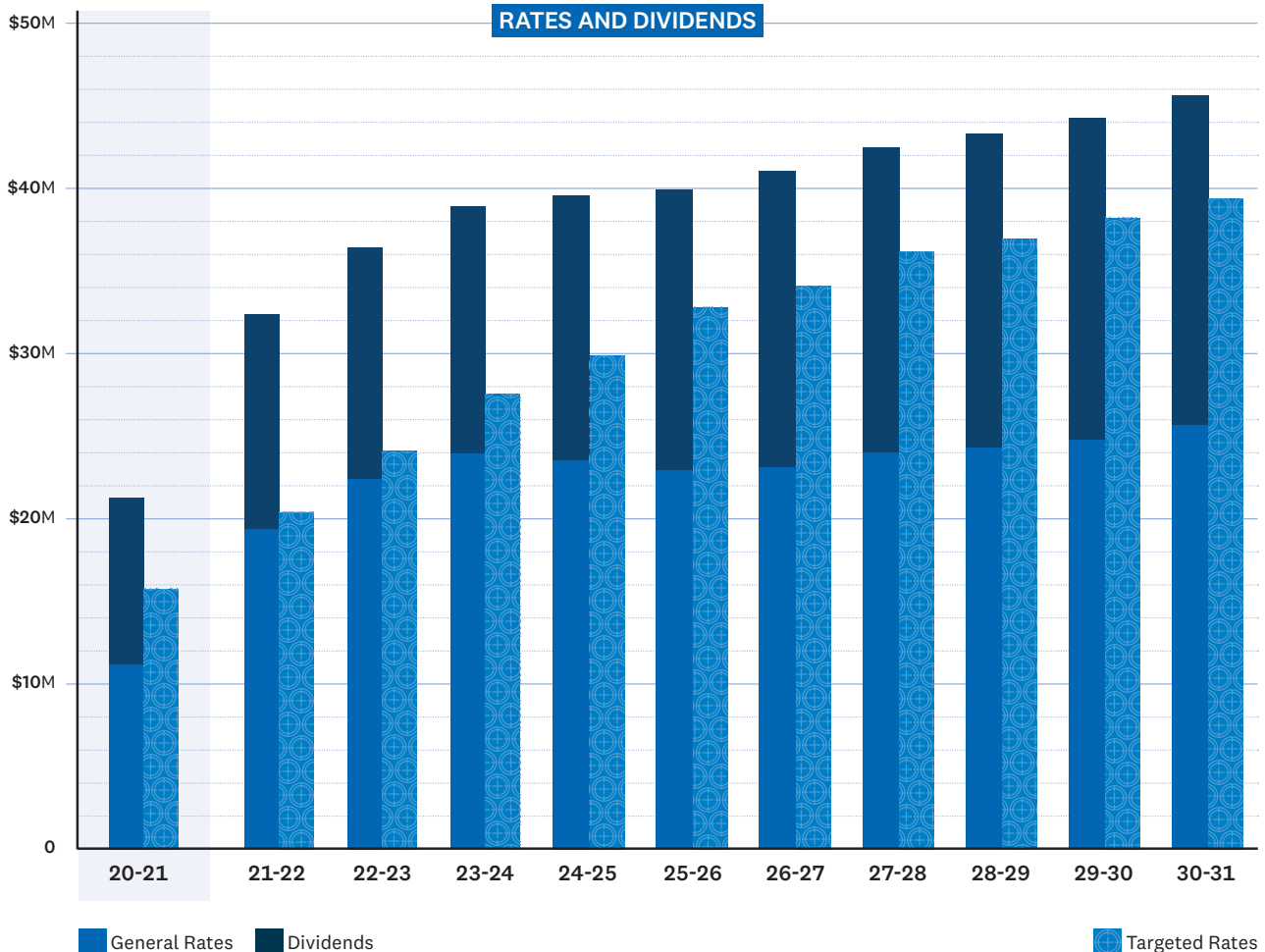
Our approach to meet this challenge is to:

- Increase the dividend requirements of Port Otago. Port Otago dividends are forecast to increase from current levels to provide \$13M in year 1, rising to \$20M in year 10
- Spread expenditure where possible over the first three years of the LTP. The significant increase in expenditure in year 1 is required immediately. We have however, been able to move some of the required funds into years 2 and 3

The graph below shows the proposed amount of general rates, dividends and targeted rates over the 10 years of the plan. General rates and dividends are shown together as dividends are used to offset the general rate requirement.

Total rates increases will be limited to 48% per annum in year 1 of this plan, 18% in year 2, 12% in year 3 and 6% for remaining years.

Further detail, including the proposed rates increases, is shown in the Balancing the Budget consultation section on page 12.





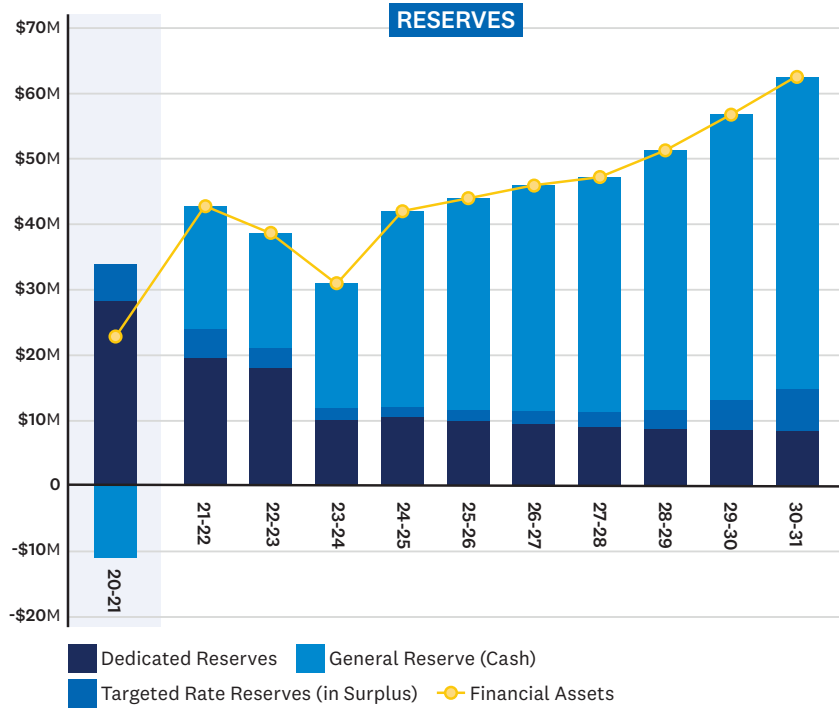


## Reserves

Where possible, we have used reserves to minimise the amount required through rates. The financial strategy assumes we will be required to spend approximately half of the building reserve in year 3 to facilitate a move to a new leased head office premise in Dunedin and to move, redevelop or expand premises elsewhere in the region. Setting aside this amount, the remainder of this reserve is being transferred back to general reserves where it will be used to fund the 2020-21 general rates offset due to COVID-19 and assist with funding other general rates activity.

The graph at right shows cash reserves over the next 10 years. Reserves are topped up in year 1 as external debt replaces internal debt which replenishes the general reserve.

Reserves are decreasing over the first three years of the LTP after which they are forecast to increase.



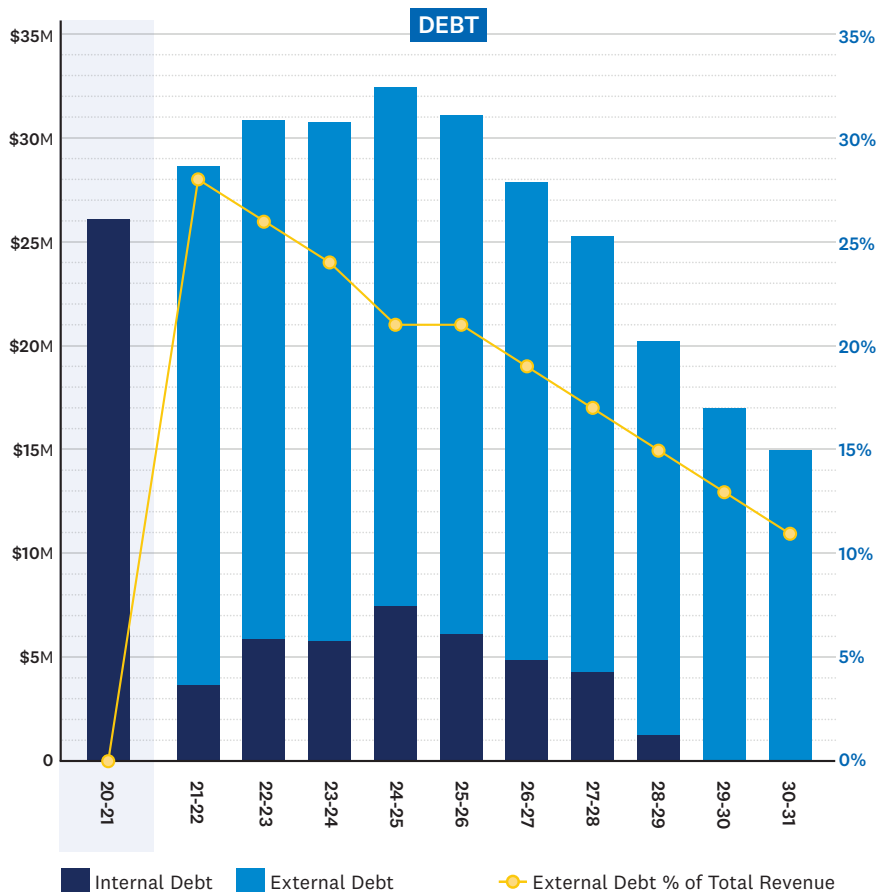
## Debt

Another significant issue the financial strategy deals with is the use of external borrowing. We currently have no external borrowing or debt, however this is proposed to change from year 1 of this LTP. Historically, we have preferred to borrow internally, by lending from our general reserves to fund certain activities.

While the total level of borrowing (internal and external combined) remains similar to current levels, by borrowing externally we will reduce interest costs for reserves that are in deficit and it allows cashflow to be managed more efficiently as total borrowing is forecast to exceed the level of our financial assets.

We have set a borrowing limit where total debt can not exceed 175% of total revenue. The graph at right shows the proposed level of debt is 28% of total revenue in year 1 and this decreases to 11% by year 10 of the plan.

As part of this strategy we're considering joining the Local Government Funding Agency (LGFA) to enable borrowing costs to be minimised. While the financial strategy identifies that internal debt funding will be insufficient and proposes the use of external debt, the decision to join the LGFA will be consulted on separately.



## Revenue and Financing Policy

Our Revenue and Financing Policy details how each of its activities should be funded, whether through rating, fees and charges, or other sources of income like government grants or contributions from other parties. In determining who pays, we have considered who benefits from each activity, how much they benefit and whether anyone else has played a part in causing the issue.

In this LTP, we've increased our implementation activity and we're proposing a change in how biosecurity and water improvement initiatives are funded.

New targeted rates are being introduced for implementation of the Regional Pest Management Plan (biosecurity - page 8) and for Lake Hayes (due to its scale and ongoing nature - page 16). For other less significant or one-off water body improvements we're proposing to fund these from each district's river and waterway management rate. Detail on the two new targeted rates is included in the proposals of this document.

In addition to the two new rates, some other rates and funding sources have been amended to better align with changes in the underlying activity structure of the LTP.

Full details on how we propose to fund activities is available in the Revenue and Financing Policy which is available online. This includes our schedule of fees and charges.

Our charges associated with performance monitoring have not been reviewed for some time and need to align to the cost of monitoring the conditions of consents. This affects a number of consent holders across the region; water consent monitoring in particular needs to increase to align with the revenue and financing policy. Changing our approach has been necessary because what we currently do reflects a complex historic charging regime which resulted in an inability to charge in a fair and reasonable way. This change also aligns Otago better with other regions.

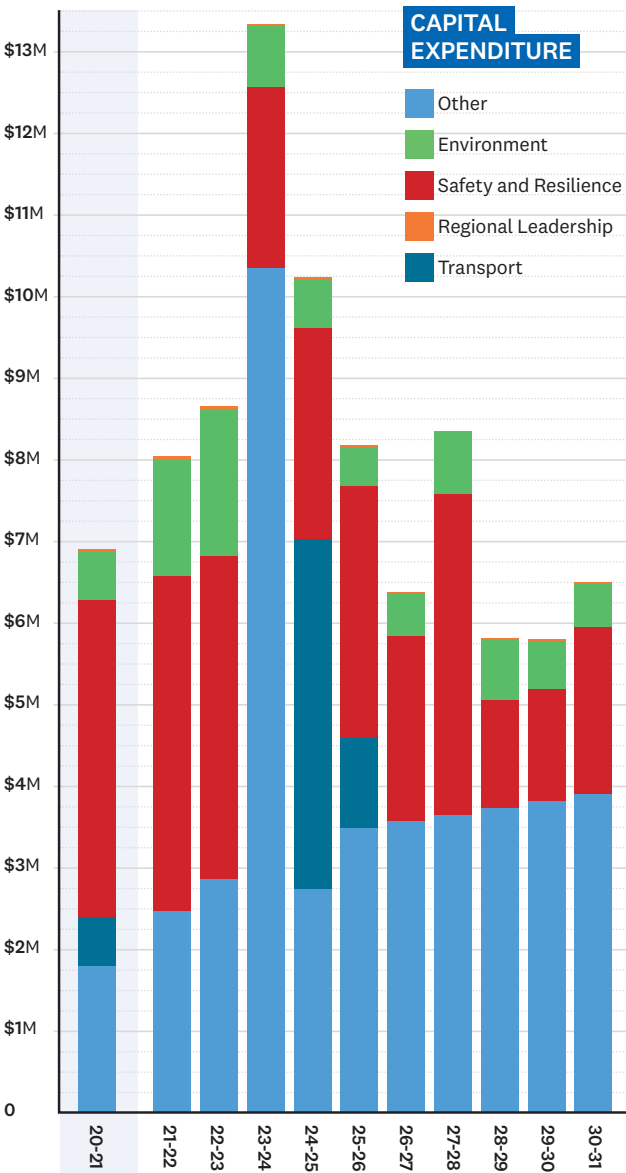
## Capital Expenditure

Total capital expenditure over the next 10 years is \$88M, ranging each year between \$6-8M.

Year 1 total capital expenditure is \$8M, of which \$3.6M is flood and drainage related.

Year 3 'other' includes \$7.3M to facilitate a move to a new leased head office premise in Dunedin and to move, redevelop or expand premises elsewhere in the region.

Year 4 'transport' includes \$3.2M for the move to a national public transport ticketing solution.



## Infrastructure Strategy

Our infrastructure strategy is focused on the provision and management of assets required to provide our flood protection and drainage scheme activity. Importantly, we identify key issues and our proposed approach for each. This strategy identifies assumptions, risks and uncertainty that underpin the proposed approach. This includes, for example, uncertainty about future service as a result of climate change, and the asset planning options for future consideration. This is raised in the Safety and Resilience section (page 24) of this consultation document.

Importantly, the Financial Strategy provides for the proposed approach outlined in the Infrastructure Strategy. It does not provide for any potential large scaled new/unplanned asset development associated with the future response to the effects of climate change. There is a focus on completing the scheme reviews and then developing future options and understanding community preferences.

While placeholder expenditure is flagged in year 5, the strategic financial considerations will not be known until the next LTP cycle.

A draft copy of the Infrastructure Strategy can be found on [yoursay.orc.govt.nz/LTP](https://yoursay.orc.govt.nz/LTP)



# Have *your* say

Thanks for taking the time to read through our proposal for the next 10 years. Now it's up to you to have your say. Jump online for a faster, more reliable way to let us know; it's also better for the environment.

## Tell us online

An easy step-by-step form has been provided for you to submit online: [yoursay.orc.govt.nz/LTP](https://yoursay.orc.govt.nz/LTP)



## Write to us

Included at the back of this booklet is a tear off submission form, it folds into a freepost envelope.

## Want to speak to your councillors?

*They are ready and willing to chat with you about the proposals in the Long-term Plan, so get in touch:*

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We've told you our proposed plans for the next 10 years. **Now, have your say and let us know what you think.**

# Have *your* say

NAME/ORGANISATION

---

STREET NO.

STREET NAME

POSTCODE

---

SUBURB

TOWN

---

I WOULD LIKE TO SPEAK WITH ORC ABOUT MY SUBMISSION  
If yes, please provide us with your contact phone number

YES  NO

PHONE

---

EMAIL

---

Your name and feedback will be made public as part of ORC's decision-making process (we will not make your phone or e-mail details public). Submission details will be included on papers for the public and media, but will only be used for the Long-term Plan process. For additional room, please include another sheet of paper and number your responses using the numbers we've used here.

## Proposal 1 – Pest management service level (1 & 2) and funding (A, B, C)

SERVICE DELIVERY	FUNDING	FURTHER COMMENTS:
<b>Option 1</b> \$4.6 million <input type="radio"/>	<b>Option A</b> General rate (CV) <input type="radio"/>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
<b>Option 2</b> \$3.3 million <input type="radio"/> <b>PREFERRED</b>	<b>Option B</b> Targeted rate (LV) <input type="radio"/> <b>PREFERRED</b>	
	<b>Option C</b> Mixed rating (CV and LV) <input type="radio"/>	

## Proposal 2 – Balancing the budget

<b>Option 1</b> increase rates in year 1 by 47.5% <input type="radio"/> <b>PREFERRED</b>	<b>FURTHER COMMENTS:</b> <hr/> <hr/> <hr/> <hr/>
<b>Option 2</b> use a general reserve offset <input type="radio"/>	

## Proposal 3 – Funding the rehabilitation of Lake Hayes

<b>Option 1</b> New targeted rate for Lake Hayes <input type="radio"/> <b>PREFERRED</b>	<b>FURTHER COMMENTS:</b> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
<b>Option 2</b> Fund via existing river and water management targeted rate <input type="radio"/>	
<b>Option 3</b> New Annual Uniform Rate <input type="radio"/>	

Do you have anything further to add?

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### Optional information

This is kept confidential for analysis only.

**YOUR AGE:**  <25  25-44  45-54  55-64  65+ **GENDER:**  MALE  FEMALE  OTHER

**TELL US HOW YOU HEARD ABOUT THIS DOCUMENT:**  
(select as many as apply)

Councillor  Website  Facebook  Orbus Advertising  Radio  
 Newspaper  Billboard  Online (where):  
 Other (where):

**ETHNICITY:** \_\_\_\_\_ **WHICH TOWN OR CITY DO YOU LIVE IN:** \_\_\_\_\_

**PLEASE PROVIDE YOUR EMAIL ADDRESS IF YOU'D LIKE TO SUBSCRIBE TO ON-STREAM, OUR E-NEWSLETTER:**

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BACK OF ENVELOPE

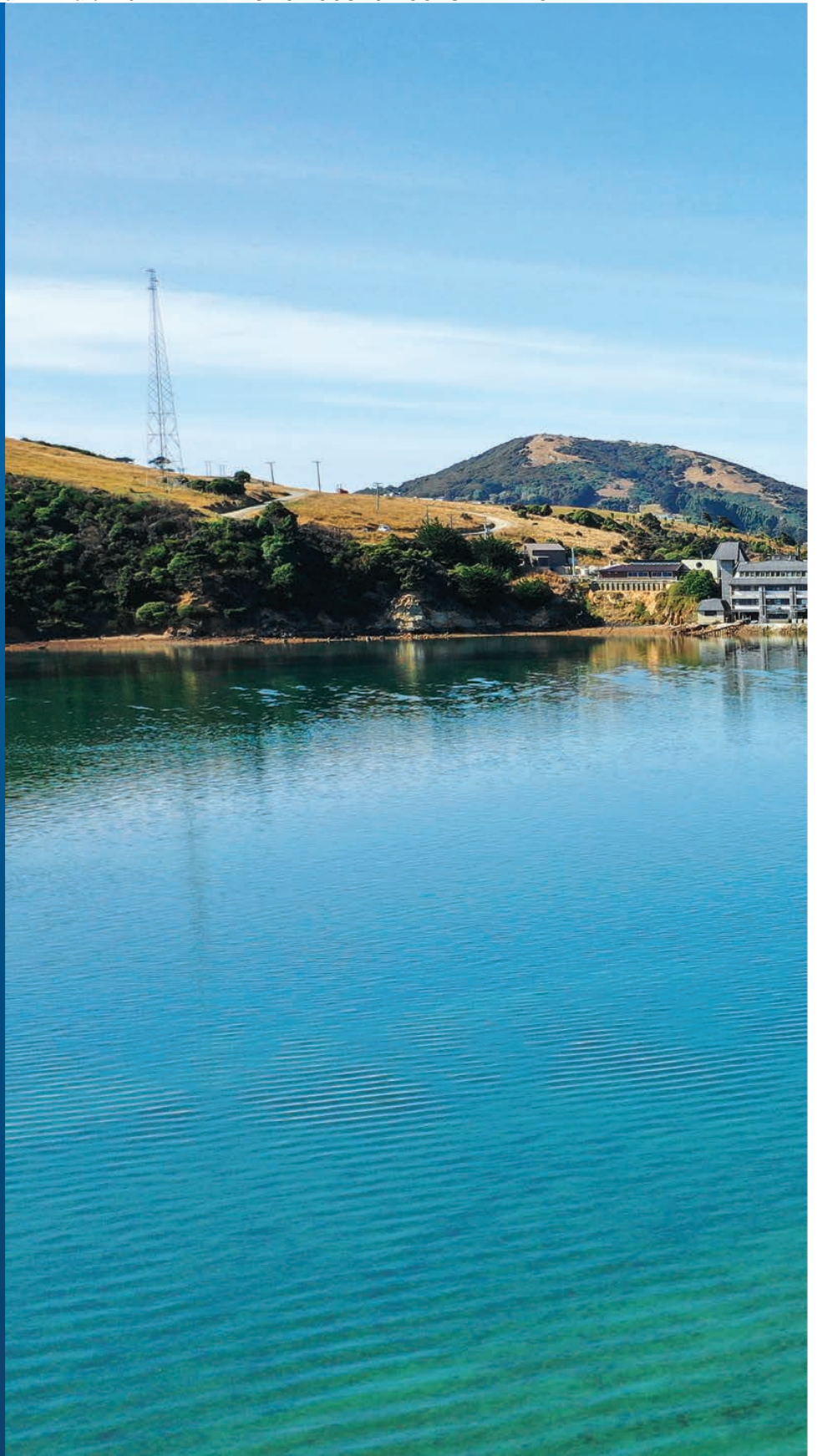
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Otago Regional Council  
For the Long-term Plan 2021-2031  
Freepost 497  
Private Bag 1954  
Dunedin 9054

**Auditor's report:**





[yoursay.orc.govt.nz/LTP](https://yoursay.orc.govt.nz/LTP)

0800 474 082

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- Draft Long-term Plan
- Financial strategy
- Infrastructure strategy
- Rates estimator for your property
- Easy, instant online submission form



# Otago Regional Council

## Draft Long-term Plan 2021-2031

*Supporting information to the*  
*'Have Your Say On Our Future - 2021-2031 Long-term Plan*  
*Consultation Document*

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DRAFT

Forward

See the LTP Consultation Document

DRAFT



Audit Report

See the LTP Consultation Document

DRAFT

## Part 1 Overview

### Why does this document matter?

The purpose of the Long-term Plan is to provide direction for Council decision-making and set Council priorities and a detailed work program for the first three years and in less detail to ten years and beyond for infrastructure. Importantly this document reflects the results of a process that considers community aspirations within our region and what is practical from a resource perspective. Being prudent with the resources provided by the community is crucial as is the ability to assess Council's delivery.

As a country we value democracy and associated principles of transparency, accountability and public participation and this document underpins our consultation document. Identifying and explaining to the people of Otago the issues and choices facing Council and the consequences is of value to us all.

In summary this document provides a framework that enables the Council to connect with and demonstrate important matters to the community, and for the community to participate and give feedback on these matters.

### The Otago Region

Otago is the second largest physical region in New Zealand, making up 12% of New Zealand's land mass. It spans from the eastern coastline, across the vast central plains, to the Southern Alps that border the western regional boundary. There are five territorial authorities in Otago: Dunedin City Council, Queenstown Lakes, Waitaki District, Central Otago and Clutha district councils.

Otago's population at the 2018 Census was 225,186,<sup>1</sup> a regional increase of 11% since the 2013 Census. Dunedin City has the largest population of the territorial authorities at 126,255, followed by Queenstown Lakes District at 39,153, Waitaki District at 22,308, Central Otago District at 21,558 and Clutha District at 17,667. The fastest growing district between 2013 and 2018 was Queenstown Lakes, increasing 28% from 28,224 people in 2013 to 39,153 in 2018, making it one of New Zealand's fastest growing urban areas.

Otago's economy centres around agriculture, tourism, historical gold and mineral mining, and education. Tourism usually contributes roughly a quarter of the region's gross domestic product. This is typically the highest of any region in New Zealand and primarily concentrated in the Queenstown Lakes District.

Hydroelectric dams and wind farms<sup>2</sup> provide a large portion of regional energy requirements. Additional secondary sources of power include steam, liquid fuel, biomass and solar. Substantial rivers with high flow periods make the region ideal for hydroelectric generation. Significant hydroelectric generation facilities are located in Central Otago, Clutha, and Queenstown Lakes districts. These facilities provide the national grid with significant renewable energy and have also altered the hydrology of the rivers in places, including the creation of large lakes such as Lake Dunstan and Lake Roxburgh. Additionally, Otago has three wind farms, in Dunedin, Clutha and Central Otago.

### Climate

The Otago region experiences two distinct climates due to the geographic variety between the temperate coastal areas, and the almost continental inland areas. The coastal settlements experience a cyclic weather pattern that alternates frequently between a warmer and drier climate, and a cooler, damper climate. Central Otago's climate in particular is famously characterised by hot, dry summers and contrastingly cold, frosty winters.

General temperature ranges for the entire Otago region fall between 18°C to 24°C on summer afternoons, and -2°C to 3°C during winter nights.<sup>3</sup> The average summer temperatures in Central Otago range between 10°C and 30°C,

<sup>1</sup> 2018 Census place summaries: Stats NZ. (n.d.). Retrieved June 29, 2020, from <https://www.stats.govt.nz/tools/2018-census-place-summaries/otago-region>

<sup>2</sup> Fitzgerald, W. (2019). *Dunedin Energy Study 2017-2018*. University of Otago.

<sup>3</sup> Macara, G. R. (2015). *The Climate and Weather of Otago*, Second Edition. *NIWA SCIENCE AND TECHNOLOGY SERIES*, 67th ser.

while the average winter temperatures range from -6°C to 15°C.<sup>4</sup> Central Otago has held national records for both New Zealand's hottest and coldest temperature readings.

The heaviest regional rainfalls occur typically over western areas of Otago such as around the Lakes District and the Southern Alps, averaging 2000 mm per year. In contrast, the average rainfall in Central Otago is the lowest in New Zealand averaging around 400-500 mm per year.

#### **Coast**

The Otago coastline stretches for 480 km and is extremely diverse – with environments ranging from pebble beaches, basalt formations, rolling farms, striking cliff heads and sandy beaches. Significant coastal settlements include Dunedin and Oamaru, with Otago's port based in Port Chalmers, Dunedin. Dunedin harbour is the region's only commercial freight handling harbour, however there are commercial fishing ramps in Oamaru, Moeraki, Karitane and Taieri Mouth. The ecology of the Otago coast is varied and diverse.

Coastal erosion and the steady decline of the regional coastline is well documented, posing a long-term threat to residential and commercial coastal developments. Additionally, the dumping of wastewater into the ocean, including pollution in Otago Harbour and sedimentation, is cause for concern.

#### **Water Bodies**

The Otago region has significant freshwater resources: surface water, natural and artificial lakes, groundwater, and wetlands. Otago's communities are reliant on these water resources for their social, cultural, national and economic wellbeing. Rivers and lakes make up most of the regional surface water. Otago's lakes constitute about 23% of New Zealand's total lake surface area. The primary catchments are Lakes Wanaka, Wakatipu and Hāwea, all of which feed into Otago's largest river, the Clutha River/Mata-Au. Underground geological formations, capable of trapping and holding water, create groundwater sources. Many of the regional groundwater sources contain useable water. Wetlands make up many significant landscape and ecosystem elements in Otago, including blanket and string bogs, saline areas, swamp forest remnants, shallow lake complexes, estuarine saltmarshes, and valley floor swamps.

#### **Natural Character and Landscapes**

Otago's environment captures the spiritual and cultural significance of water flowing from the mountains to the sea. Otago's natural character is diverse and reflects the region's striking natural, wild beauty and more modified yet rich cultural heritage. The character of the coast ranges from untouched imposing coastal cliffs to long stretches of sandy beaches; to river mouths, estuaries and inlets; to urbanised and developed pockets, and harbourside waterfronts such as in Oamaru and Dunedin. Moving inland, the natural character and landscapes change dramatically. Rolling plains in central Otago are separated by mountain block ranges, while steep hillsides of tussock, deep gorges and farmland feature in south and central Otago. This land is dissected by flowing bodies of water, towering mountains, and fascinating geological formations. The natural barrier of the Southern Alps forms Otago's western regional boundary.

#### **Urban Form**

Urbanised areas in Otago only cover about 1% of total land area, however 87% of the regional population resides in urban settlements. There are variations in the levels of urbanisation – 58% of Clutha's population is urbanised, compared with 95% in Dunedin.<sup>5</sup>

The Queenstown Lakes District urban population is roughly 91%, however the location's outstanding landscape has determined how the urban form has developed and will continue to restrict options for how it evolves and create challenges.

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<sup>4</sup> Central Otago Climate. (n.d.). Retrieved June 24, 2020, from <https://www.centralotagonz.com/living-here/central-otago-climate>

<sup>5</sup> The figures and rural/urban area definitions in this paragraph are taken from Statistics New Zealand Urban/Rural Classification at the SA2 geographic level from the 2018 Census.

In the remainder of the region, smaller urban settlements are geographically scattered, maintaining clear distinctions between rural and urban forms, and with significant variability in growth pressures and infrastructure capacity. Population growth is not the only driver of urban change pressures in Otago. Many areas face low or no growth, and all areas are expected to have an aging population. Maintaining infrastructure and services as well as accommodating changing needs and preferences will be a challenge for almost all urban areas.

### Elected Representation

Twelve Otago Regional Council members are elected to represent the region's four constituencies—Dunedin, Dunstan, Moeraki, and Molyneux. They in turn elect a chairperson who facilitates decisions about the committee structure that Council uses for decision-making, the appointment of a Chief Executive Officer, and chairing the Council meetings that sits over the recommending committees. Importantly the elected arm of Council employs a Chief Executive Officer (CEO) to lead the Council organization and its staff. The CEO is responsible for the delivery of advice to the elected arm and ultimately services to the community. An election is planned for late 2022 being year 2 (every three years) of this LTP along with the CEO's contract (initial 5 years).

The Dunedin Constituency is represented by six Councillors and is comprised of Central Dunedin and the Waikouaiti Coast, West Harbour, Otago Peninsula and Saddle Hill community board areas located within the Dunedin City territorial area.

The Dunstan Constituency is represented by three Councillors and is comprised of the Central Otago District and Queenstown Lakes District territorial areas.

The Moeraki Constituency is represented by one Councillor and is comprised of the Otago portion of Waitaki District territorial area (part of the Ahuriri and Corriedale wards) and the entirety of the Oamaru and Waihemo wards.

The Molyneux Constituency is represented by two Councillors and is comprised of the Clutha District territorial area and the Mosgiel-Taieri and Strath-Taieri community board areas located within the Dunedin territorial area.

### Partnering with Mana Whenua

The Otago Regional Council values its relationship with Kāi Tahu Papatipu Rūnaka. We continue to work with our iwi partners, to give effect to the Treaty of Waitangi partnership, strengthen it and acknowledge the unique, enduring relationship iwi have with this land.

For LTP 2021/31, the Otago Regional Council is committed to work in partnership with mana whenua to incorporate Te Ao Māori in our work. Working in partnership will deliver better outcomes for Otago, and fulfil on the principles and requirements for engaging with iwi under the Local Government Act and Resource Management Act i

For Council, these legislative requirements are considered a bottom line. We aspire to go beyond these statutory responsibilities to ensure meaningful engagement with Mana Whenua which recognises the principles of partnership of The Treaty. This also recognises the value that engagement with Māori adds through the sharing of their knowledge and wisdom as Mana Whenua.

Te Rūnanga o Ngāi Tahu is the tribal representative body of Ngāi Tahu Whānui, a body corporate established 24 April 1996. The takiwā (area) of Ngāi Tahu Whānui includes the entire area of Otago Region, as set out in section 5 of the Te Rūnanga o Ngāi Tahu Act 1996.

Te Rūnanga o Ngāi Tahu encourages consultation in the first instance with the Papatipu Rūnanga. There are four Kāi Tahu ki Otago Rūnaka being:

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

There are three Ngāi Tahu ki Murihiku rūnanga with interests in the region as well, which are:

- Awarua Rūnanga
- Waihopai Rūnanga
- Ōraka-Aparima Rūnanga

The Otago Regional Council has current processes and initiatives that give effect to the principles and requirements set out in national legislation. These facilitate participation and building of capacity of Kāi Tahu Papatipu Rūnaka. These include:

- Mana to Mana: Kāi Tahu ki Otago Rūnaka Chairs and Councillors meet to discuss governance related issues of interest to either side
- Two iwi representatives from Kāi Tahu ki Otago are members of the ORC Strategy and Planning Committee
- Memorandum of Understanding and Protocol (2003) between Otago Regional Council, Te Rūnanga Ngāi Tahu and Kāi Tahu ki Otago for Effective Consultation and Liaison
- Charter of Understanding (2016) signed with Te Ao Marama Inc. and Southland Rūnanga
- Co-Governance: Land and Water Regional Plan Governance Group, with two iwi representatives and two ORC councillors to guide the development of the Land and Water Regional Plan
- Partnership approach with iwi, Aukaha and Te Ao Marama in policy development to ensure that iwi views are being incorporated. The Papatipu Rūnaka consultancy services, Aukaha, representing Otago Rūnaka, and Te Ao Marama Inc, representing the Southland Rūnaka, provide a first point of contact and facilitate engagement in resource management processes.
- Partnership funding to support Aukaha to deliver and participate in Council processes.
- Regular liaison with Aukaha at a Council staff level.

#### **What we plan to do over LTP 2021/31**

Council is giving effect to the points above via our planned LTP work program, including:

- Otago Regional Council and Kāi Tahu ki Otago Rūnaka Chairs have agreed to commence discussions on establishing a Mana Whakahono Agreement under the Resource Management Act 1991 in the future (timing to be confirmed)
- Refresh ORC's Significance and Engagement Policy in 2021/22 to confirm how we work in partnership with iwi and to make the priority of the partnership more visible
- Give effect to the ORC 'Strategic Directions 2020', including working with mana whenua to establish a project to implement:
  - Our vision for Otago: Te Ao Māori and Mātauranga Kāi Tahu are embedded in Otago communities
  - Our commitments: Partner with mana whenua and make Mātauranga Kāi Tahu an integral part of our decision-making
- Commit to sustainable funding of Aukaha and Te Ao Marama to assist with business planning in both organisations

- Encourage a sense of connection, partnership, and engagement, by building the cultural competence of ORC staff and supporting diversity through Te Reo, Treaty of Waitangi and Tikanga workshops over 2021-2025
- Build cultural awareness and integration of Te Ao Māori (the Māori world view) into the ORC's work and culture.

### Financial and Infrastructure Strategies – overview

The Local government Act 2002 requires Council to adopt both a Financial Strategy and an Infrastructure Strategy (IS) as part of the LTP process. These strategies are included in the body of this document with this section providing the respective executive summaries.

They provide oversight to elected and executive leadership about how Council will deliver its services in a financially sustainable and prudent way.

#### Financial Strategy

##### *Purpose*

This strategy sets out how the Otago Regional Council will manage its finances over the next 10 years. It outlines the financial direction Council wishes to take on matters such as levels of future rating, borrowings and investments and discusses factors that influence those areas. These matters have a significant influence on Council's ability to deliver on its strategic priorities including: aligning with national direction on fresh water reform; strengthening our leadership on strategic issues such as climate change, urban development and community wellbeing; and ensuring our operational response to maintaining and improving Otago's natural environment and public transport is appropriate. Delivering on these priorities must be done in consideration of what is affordable to the community and this Financial Strategy sets out a path for the prudent and sustainable funding of this Long-Term Plan.

##### *Overview of the Strategy*

Council faces a significant financial challenge in this Long-term Plan. Central government requirements have increased as have community expectations. In the 2020-21 Annual Plan Council was required to respond to external reviews and increased its work programme by \$10M. Council was cognisant of the unplanned rates increase this would create and decided to fund \$3.9M of this increase from general reserves with a view to reviewing and accessing how this could be funded when the Long-term Plan was prepared.

Subsequent to that decision Council also decided to reserve fund a further \$1M to reduce rates increases further in light of Covid-19. Since the 2020-21 Annual Plan was adopted further legislative requirements has meant further unbudgeted expenditure has been necessary in the current year as additional staff and resources are added in regulatory, planning and environmental monitoring areas to meet Councils increased statutory obligations.

These increases and the funding shortfall in the current year means Council is facing a significant increase in rates before any new activity is even contemplated in the Long-Term Plan itself. On top of that many targeted rate reserves are already in deficit and increases as indicated in previous Long-Term Plans remain necessary to ensure those deficits are repaid.

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

- There is a significant increase in planned and unplanned expenditure occurring in the current 2020-21 year and that requires a corresponding increase in funding in year 1 of the Long-Term Plan. Where



possible expenditure has been phased over the first 3 years, but a lot of the increase is required immediately meaning there will be a significant step up in expenditure in year 1.

- To reduce the rates increase, Port Otago dividends are forecast to increase from current levels and provide \$13M in year 1 rising to \$20M in year 10.
- There will also be an increased use of reserves over the life of this plan including using general reserves to permanently fund the 2020-21 general rates offset rather than adding that amount to the rate requirement.
- New targeted are rates being introduced for biosecurity and Lake Hayes remediation which will allow the increases or up-front expenditure in these activities to be deficit funded and funding increases smoothed over following years.
- Council is proposing to rename and repurpose river management targeted rates to include other water body activity. This will now include funding certain lake and water body remediation initiatives within each river and water management within each district.
- The use of external borrowing is proposed in this 10-year plan. This will reduce the interest cost for reserves that are in deficit and will allow cashflow to be managed efficiently as internal borrowing is forecast to exceed the level of Council's financial assets.

### Infrastructure Strategy

This 10 year Long-term Plan provides for the delivery of flood protection and drainage schemes to protect people and property from flood events and to maintain the productive capability of land. It also provides a programme of river and waterway management to maintain river and stream channel capacity and stability.

Importantly these activities form the basis of the Otago Regional Council Infrastructure Strategy (IS) that provides the rationale for the 10 year programme of work described in the LTP. As a minimum it looks across the next 30 years focusing on issues of relevance to the community, the available options or requirements to manage those issues, and importantly the region's infrastructure assets.

Providing and maintaining infrastructure requires good asset management practices and strategic thinking. ORC regularly undertakes asset condition and performance monitoring of its flood protection and drainage infrastructure. Combined with modelling and other investigative activities, this informs asset maintenance, renewal and replacement programmes.

The IS identifies planning assumptions and uncertainties that underpin the work programme and associated projects included in the LTP. There is a higher degree of certainty about the expenditure forecast for the first three years. The level of certainty decreases over the planning horizon with projects and programmes identified in the subsequent two decades (years 11-30) likely to change in response to new information, changes in demand, and future needs.

The IS recognises the need and urgency to make better use of information systems and tools in managing assets, and to develop new thinking to assist in making decisions about what is required for the future.

#### **Critical infrastructure assets**

Most of Otago's flood protection schemes have been built to protect local communities and agriculture on adjacent floodplains. Their benefits also include providing access to key transport infrastructure and protecting critical lifeline networks such as electricity substations. The schemes are essential to managing communities' natural hazard risks, empowering economic prosperity and contributing to community resilience and well-being.

ORC's critical infrastructure assets (as identified in asset management plans) are:

- The flood banks that protect Outram, Mosgiel, Balclutha, Alexandra, the Silver Fern Farms Finegand Plant, and Dunedin International Airport.
- The Waipori Pump Station which drains 95% of the West Taieri Drainage Scheme.
- In the Leith Flood Protection Scheme, the protection works through the university area (Dundas St to Forth St). Failures in these assets would cause flooding in much of Dunedin's CBD, including State Highway 1.
- The Shotover Training Line is critical to the performance of the Shotover Delta infrastructure. If this did not function properly then Lake Wakatipu would be affected and there would be flooding in surrounding townships, including Queenstown's CBD.

ORC owns and manages three flood protection schemes and three drainage schemes as well as a combined flood protection and drainage scheme. They are the Alexandra Flood Protection Scheme, the Leith Flood Protection Scheme (mentioned above), the Lower Clutha Flood Protection and Drainage Scheme, the Lower Taieri Flood Protection Scheme, the West Taieri Drainage Scheme, the East Taieri Drainage Scheme and the Tokomairiro Drainage Scheme. ORC also owns but commissions external management for parts of the Lower Waitaki River Control Scheme.

#### **Key issues**

Six significant issues have emerged for ORC's infrastructure work programme over the next 10 years.

#### **Condition of Infrastructure**

ORC's infrastructure has been constructed over 150 years. As it ages, it can degrade, may need replacing or the technology it relies on may become redundant. This signals a bow wave of asset renewals, repairs and upgrades that will require investment and funding within the next 30 years. Improved asset condition information will be required to achieve this.

*Preferred management approach - to adopt a risk-based approach to prioritise and schedule asset renewals to proactively manage renewals and investment over the lifetime of this strategy.*

#### **Funding**

Flood protection and drainage infrastructure is fundamental to the continuing economic prosperity of Otago. It protects many residential, commercial, and agricultural assets. Significant investment is needed to maintain these infrastructure networks.

*Preferred management approach - to maintain the current funding policy but establish future reviews to align services with sustainable sources of funding.*

#### **Climate change**

If current and improved levels of service are to be delivered, significant investment will be required to address climate change impacts on scheme infrastructure.

*Preferred management approach - to adopt a more planned and integrated approach by providing for the efficient installation of increased flood capacity, incorporating resilience into the future design of new infrastructure or renewals, and investing in improved understanding of future climate change effects.*

### **Legislation and Regulatory**

Community values and central government's expectations for environmental outcomes have changed and continue to change at pace. Examples that will impact on ORC schemes are the national freshwater improvement programme, fish passage requirements, biodiversity opportunities, tracks and trails on or around assets, and co-benefits.

*Preferred management approach - to seek improved environmental performance and integrate asset diversification by achieving multiple outcomes wherever possible, including adopting a more natural and adaptable approach by integrating environmental enhancement. This will be progressed by continuing to actively manage scheme effects and working with local landowners to achieve full regulatory outcomes across activities, including those associated with biodiversity and recreational opportunities.*

### **Natural Hazards**

Otago's diverse landscape spans flat coastal lowlands and intensively used alluvial floodplains, to large sparsely populated and steep mountainous areas. Otago is exposed to a broad range of natural hazards that can include flooding, landside, seismic activity, coastal erosion, tsunami and storm surge. All are major hazards to flood protection and drainage infrastructure.

*Preferred management approach - to maintain and improve current practice around hazard readiness, response and recovery as ORC continues to learn from past events. This will include increased efforts to raise awareness and educate communities on local natural hazard risks. ORC will continue to increase understanding and plan for risks related to natural hazards.*

### **Growth and Development**

Changes to the RMA (Section 6) in 2017 highlighted the increasing level of natural hazard risk and the need to ensure growth and development does not increase these risks and associated costs. While household projections for Dunedin City are estimated to decelerate, some growth is proposed in areas of high or increasing natural risk, and there is a need for information to be available to assist in decision-making and managing community expectations. Over the longer term there is potential for some acceleration of land use change outside urban areas, placing additional pressures on flood protection and drainage services to provide protection. A better understanding is needed of the likely distribution of growth and the additional demands this could place on flood management services.

*Preferred management approach - to maintain current practice but to consider innovative approaches to address population growth or decline and to manage demand through land use controls. Collaboration with territorial authorities will need to continue to effectively mitigate the impact of increased runoff through land use change and development. This will include identifying areas of potential risk and may also include opportunities for innovative approaches to manage the impacts of development. There is an ongoing need to ensure sufficient information is available to assist in informing where there may be risks associated with development. Subject to further discussion and agreement with the relevant territorial authorities, ORC aspires to take an integrated, multi-agency approach to land use planning.*

*In addition to this ORC will seek to better understand the impact a failure of its assets and levels of service would have on other key infrastructure in an immediate and wider region. Work is required to develop a sound understanding of the strategic importance that these other key assets hold socially and economically, and how the performance of ORC schemes and assets may directly or indirectly affect their function.*

**Scheme Performance**

Each of the significant issues outlined above will have an impact on a scheme’s overall performance. Levels of service are currently based on a scheme’s existing design standards (related to an historical flood event).

*Preferred management approach - to maintain levels of service to current standards while noting there will be instances where intervention will be required, and standards will need to be increased. Scheme performance reviews of the Lower Taieri and Lower Clutha, which will include consultation with benefiting communities, landowners and other affected stakeholders, are due to begin within the first five years of this strategy. Options will look at increasing the level of service while allowing for climate change either now or in the future. Increasing levels of service, with or without climate change adaption, will result in increased costs for the beneficiaries and wider communities.*



## Part 2 Community Outcomes

This section reflects what outcomes the Council seeks to achieve and its approach to achieving these outcomes. More details are available in ORC's Strategic Directions, which are available online (*add link*).

### What ORC seeks to achieve

The purpose of local government under the Local Government Act (2002) is to:

- [1] Enable democratic local decision-making and action by, and on behalf of, communities and
- [2] Promote the social, economic, environmental, and cultural well-being of communities in the present and for the future.

The Council has identified these aspects of the four wellbeings it can most contribute to. The community outcomes below capture what Council seeks to achieve, through the range of its activities over the next 10 years. These community outcomes were developed in consultation with the community.



#### **Communities that connect with, and care for, Otago's environment**

Otago's people are included in decisions made about the environment, and feel empowered to act for the environment, through a community group, or by themselves.

Our natural world and how we care for it contributes to how Otago's communities connect. All residents and visitors in Otago have access to nature, and to Otago's outstanding landscapes, and to its rivers and lakes and coast, be it for fishing, swimming, boating, or for Kāi Tahu customary uses.

Otago's people have a deep appreciation of Otago's heritage, and its natural and cultural landscapes (wāhi tupuna).



#### **An environment that supports healthy people and ecosystems**

All living things depend upon the health of the ecosystem they are a part of:

- Otago's ecosystems are diverse, healthy and resilient, and we protect and restore our threatened and indigenous species and ecosystems.
- The mauri of Otago's natural environment is restored.
- Otago people enjoy healthy air quality, good water quality, and all the other "ecosystem services" nature provides to enhance the community's health, and its social, cultural, economic wellbeing.



#### **Communities that are resilient in the face of natural hazards & climate change and other risks**

Our communities are aware of climate change and are adapting to its effects on the region. Otago communities, like most of New Zealand, are exposed to the possibility of a wide range of natural hazards: floods, droughts, earthquakes and landslides. Vulnerability to those risks is reduced by building in low risk areas or designing buildings and infrastructure to cater for these risks.

Otago's people and communities are well equipped to respond to emergency events, be they a pandemic, a natural disaster, or other man-made emergencies.



#### **A sustainable way of life for everyone in Otago**

Otago's people enjoy quality of life, and make environmentally sustainable choices, so that future generations can also enjoy a healthy environment. As a community, we minimise, re-use and recycle waste effectively, and adopt 'best' environmental practices to reduce our environmental footprint.

Our communities are built to accommodate environmentally sustainable choices and our industries and economy are viable for the long term while taking responsibility for their environmental impacts. We all play our part in reducing our greenhouse gas emissions.



#### **Te Ao Māori and Mātauranga Kāi Tahu are embedded in Otago communities**

Kāi Tahu whānui are the tangata whenua of and have mana whenua over Otago. Otago is whenua tūpuna (a cultural landscape), treasured for its wāhi tapu (sacred places), spiritual values, traditions, waterways, places and place names, mahinga kai, cultural values and associations and associated mātauranga.

As first peoples of the land the iwi established creation traditions and ancestral associations with land, water and sea, with rights to the resources being based on whakapapa and a kinship with the natural world. With rights came the responsibility to manage and maintain values and resources in a manner that future generations would enjoy the same benefits, responsibilities and knowledge. Mātauranga is the accumulated knowledge and observations, codified for example in waiata, pepeha, customs and traditions transferred across the generations to inform and guide resource use and protection. In traditional times the kaitiaki were the Ātua (supernatural beings), the children of Rakinui and Papatūānuku, the advent of new people (settlers) to the land caused tangata whenua to take on the role of kaitiaki due to the rapid change and impacts that were occurring to the natural world.



#### **Sustainable, safe & inclusive transport**

People travel safely in Otago, on land and on water. Otago's people transition away of fossil-fuel private cars, and increasingly choose to travel by bus, on foot or on a bike.

Public transport is accessible, and offers a sustainable, safe and inclusive means of transport.

### **Achieving Community Outcomes**

Everything ORC does and will be doing in the next years contributes to achieving the six outcomes below. This is highlighted at the start of each section of Part 3 of this document.

It is the Council's intention to establish a community outcome monitoring and reporting approach. During year 1 of this LTP measures based on information available to Council and indeed its partners will be considered and where appropriate included in the approach.

It is hoped that over time the results of this approach will provide insight into Council's performance and assist future decision-making about priorities and allocation of resource.



## Part 3 – What we will deliver

In this section you'll find an outline of our work represented as ten activities grouped under four key headings:

Our work activities:

- Regional Leadership
  - Governance and Community Engagement
  - Regional Planning
  - Regulatory
- Environment
  - Land and Water
  - Biodiversity
  - Air
- Safety and Resilience
  - Climate Change and Hazards
  - Flood Protection, Drainage and River Management
  - Emergency Management
- Transport
  - Regional Land Transport
  - Public Transport

## Regional Leadership

This Group of Activities include the following council activities:

- Governance and Community Engagement
- Regional Planning
- Regulatory

Contribution to community outcomes



*The Regional Leadership group contributes to the achievement of all the community outcomes as described in Part 2. It provides direction and influence over all matters that Council is required and expected to be involved with. The Regional Planning and Regulatory activities provide important levers to elected regional councilors to establish high level direction on resource management for Otago and to influence how individuals and communities contribute.*

### Significant Negative Effects

The Council has not identified any significant negative effects associated with this group of activity.

### Group Revenue and Expenditure (10yrs) - Regional Leadership

Annual Plan 2020/21 \$000s		2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
5,920	Governance and Community Engagement	5,728	6,336	6,193	6,463	6,912	6,811	6,987	7,464	7,352	7,537
1,925	Regional Planning	3,581	3,300	3,808	3,476	3,570	3,664	3,758	3,856	3,955	4,055
8,904	Regulatory	12,313	13,280	13,847	14,585	14,992	15,405	15,719	16,152	16,584	17,023
<b>16,749</b>	<b>Expenditure</b>	<b>21,621</b>	<b>22,917</b>	<b>23,848</b>	<b>24,524</b>	<b>25,474</b>	<b>25,879</b>	<b>26,464</b>	<b>27,472</b>	<b>27,891</b>	<b>28,615</b>
11,589	General rates	15,556	16,115	17,038	17,370	17,847	18,329	18,713	19,217	19,722	20,234
188	Targeted Rates	188	200	210	220	230	240	250	260	270	280
4,554	Fees & Charges	5,300	5,818	6,269	6,593	6,776	6,961	7,146	7,340	7,535	7,731
75	Grants	75	75	75	75	75	75	75	75	75	75
296	Other Income	270	276	282	288	295	302	308	315	321	328
47	Reserves	233	433	(26)	(22)	251	(26)	(28)	265	(32)	(33)
<b>16,749</b>	<b>Revenue</b>	<b>21,621</b>	<b>22,917</b>	<b>23,848</b>	<b>24,524</b>	<b>25,474</b>	<b>25,879</b>	<b>26,464</b>	<b>27,472</b>	<b>27,891</b>	<b>28,615</b>

### Governance and Community Engagement

#### *What we do*

This activity includes work to support Otago's elected regional council representatives to complete their duties. It also ensures the council can enable and strengthen democracy at a regional level through our support of structures and process. Examples include:

- elected member committee structure, council meetings,
- secretariat support for the 'Otago Mayoral Forum'
- partnership with Kāi Tahu and Iwi liaison

- council communications and engagement capacity and expertise to assist with connecting council and the community

*Why we do it*

Supporting governance, good decision-making, and connecting and engaging with our communities are essential features of a civilized society. Connecting the community in a timely and accessible way to decision-making and the work of Council is critical. Legislation also enshrines principles, powers, duties and functions that underpin this activity and the need for it.

*Key work for years 1 to 3*

This LTP maintains the level of capacity associated with council’s activity to date, albeit with a modest increase associated with capacity to support partnership with Kāi Tahu and Iwi liaison. Planned projects are identified above in Part 2 ‘Partnering with Manu Whenua’.

*Level of Service Statements, Measures and Targets*

The service statements (LoS), measures and targets for this activity are defined in the table(s) below.

LOS: Provide and promote governance processes and democratic decision making that is robust and transparent for the community.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Percentage of council agendas that are publicly available two working days or more before a meeting	2019-20: <i>Achieved</i>	100%	100%	100%	100%
Attendance by elected members at council meetings, committee meetings and workshops.	<i>new measure</i>	Average of ≥90% attendance	Average of ≥90% attendance	Average of ≥90% attendance	Average of ≥90% attendance
Percentage of official information requests responded to within 20 working days of being logged.	2019-20 98.5%	100%	100%	100%	100%

LOS: Provide satisfactory support for the Otago Mayoral Forum through agreed provision of Secretariat services.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Feedback from Mayoral Forum Chair indicates the support provided, and the Secretariat’s contribution to progressing the Forum’s objectives.	<i>new measure</i>	Satisfactory feedback received by 30 June.	Satisfactory feedback received by 30 June.	Satisfactory feedback received by 30 June.	Satisfactory feedback received by 30 June.

LOS: Develop and deliver robust and effective corporate planning and reporting.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Work with our external auditor and independent Audit and Risk Chairperson to provide acceptable process and deliverables to decision-makers and the community.	<i>2019-20: Achieved</i>	Unmodified audit reports received	Unmodified audit reports received	Unmodified audit reports received	Unmodified audit reports received

LOS: Build mana whenua participation in Council decision making through a treaty-based partnership approach in our engagement.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Number of mana whenua representatives on ORC committees and governance groups.	<i>2020-21: Four</i>	Increase numbers	Increase numbers	Increase numbers	Maintain or increase
Implement programme to build the bicultural competency of ORC staff and councillors.	<i>new measure</i>	≥50 participants per year	≥50 participants per year	≥50 participants per year	≥30 participants per year

LOS: Provide relevant, timely and accessible communications and engagement activities which enable the community to understand and participate in ORC's programmes and decision making.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Survey is conducted to establish community satisfaction with ORC's public engagement.	<i>new measure</i>	Establish baselines	Increase engagement	Increase engagement	Increase engagement
Customer satisfaction survey is completed annually	<i>new measure</i>	Conduct customer survey and establish baseline	Increase customer satisfaction	Increase in customer satisfaction	Increase in customer satisfaction

## Regional Planning

### *What we do and why*

This activity includes work that provides overarching strategic direction and support across all Council activity and particularly work under the 'Environment' section of this LTP. It provides leadership with an important lever to effect change where needed.

The Regional Policy Statement (RPS) is a critical component of this activity that umbrella's the various plans required under the Resource Management Act. These plans include water (fresh water, land and coast), air, and waste.

There is also a requirement for strategic direction on non-RMA plans, such as biodiversity, and for issues that council deems important such as climate change and understanding community wellbeing to support better decisions impacting Otago communities.

As part of this activity we work with our partners to give effect to strategic direction. An important component is working with Otago's city and district councils on resource management matters and urban development. Foundational work to develop an efficient transition to integrated catchment action planning to form the basis of planning, engagement and operational investment, will also be undertaken as part of this activity.

Much of work under this activity is required by national legislation and also assist the council and Otago community to align with national direction, including various standards.

### *Key work for years 1 to 3*

This LTP reflects a stepped increase in capacity to provide direction on non-RMA plans, important regional issues, and urban development. We will do more to develop our understanding of broader regional wellbeing issues and what that means for Council and its partners. Leadership will be provided with better advice to make decisions and respond to community needs.

### *Level of Service Statements, Measures and Targets*

The service statements (LoS), measures and targets for this activity are defined in the table(s) below.

LOS: Collect information on Otago regional wellbeing (economic, social, cultural, and environmental) and identify significant issues.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Report on community wellbeing indicators (annual)	<i>new measure</i>	Develop baseline wellbeing indicators and report	Annual report on wellbeing indicators and issues	Annual report on wellbeing indicators and issues	Annual report on wellbeing indicators and issues

LOS: Develop and maintain an environmental planning framework that aligns with national directions and enables sustainable management of natural and physical resources.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Complete review of existing Regional Policy Statement (RPS), and variations to the RPS as required.	<i>2020-21: on track</i>	Respond to hearing recommendations within specified timeframes	Make RPS operative by 30 June 2023	no target	no target
Lead the development of Integrated Catchment Action Plans, in collaboration with iwi and community	<i>new measure</i>	no target	no target	Establish organisational capacity and capability to develop and deliver Integrated Catchment Action Plans.	Commence development of Integrated Catchment Action Plans

LOS: Support Otago's councils and communities to manage environmentally sustainable urban growth.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Develop an integrated planning framework that enables well managed urban growth across Otago	<i>new measure</i>	Establish partnership agreements with DCC and QLDC by 30 June	Develop draft regional Urban Development Strategy by 30 June	DCC and QLDC HBA* update completed and FDS** completed by 30 June	no target

\*Housing and Business Capacity Assessment (HBA)

\*\* Future development strategy (FDS)

LOS: Collect and make publicly available accurate, relevant and timely information on climate change in Otago.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Information on climate change impacts in Otago is shared with the community and stakeholders.	<i>new measure</i>	Otago Climate change risk assessment report is made available to public through ORC website.	TBC	TBC	TBC



LOS: Lead a regional approach to climate change in partnership with local councils and iwi.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Report on regional stakeholder engagement and collaboration on climate change	<i>new measure</i>	Develop baseline report on climate change collaboration	Annual report on regional climate change collaboration	Annual report on regional climate change collaboration	Regional partnership approach formalised by 30 June 2025. Regional climate change responses developed by 30 June 2026. Regional adaptation risk assessment updated by 30 June 2026

Regulatory

*What we do and why*

As a regulatory authority we provide services to ensure that activities in Otago are consistent with both national and regional rules. This activity gives effect to the Council’s Regional Plans under the Resource Management Act, and other specific requirements under Maritime Transport Act, and Building Act. Our regulatory work includes:

- Consent processing
- Compliance monitoring (with consents) and contaminated sites
- Incident response, investigations and enforcement
- Harbours and waterway management

A common theme across this work is our role of applying the rules developed under the various legal/ planning frameworks, and how we work with the communities and individuals to achieve desired results for Otago.

Judgement is required on what the appropriate balance is between enforcement (that can result in legal proceedings), and influencing via advice, education and sometimes support. It provides elected leadership with an important lever to effect change where needed and in an appropriate way. The desire for this dual approach is reflected in our regional plans and bylaws.

We have already taken significant steps with implementing an internal review that recommended substantive improvement in Council service. The steps have included additional staffing for: consent processing, increasing compliance audits, input into plan changes, and incident response coverage to better reflect the demand across the region. The focus of this additional capacity is on Land and Water and reflects Council’s broader priority to implement a freshwater framework that aligns Otago with national objectives on freshwater reform.

*Key work for years 1 to 3*

A significant step in capacity (staff) occurred in 2020/21 as a result of an internal review. This LTP is focused on completing the implementation of that review, and importantly delivering the desired and increased service

associated with the additional staff. Completing the internal review has involved including additional compliance staff in this LTP.

Service delivery over this LTP will reflect the Council’s desire to assist those involved in consent activity with understanding the changes, the requirements, and overarching reasons. There is clearly a lot of change that will continue to occur on how Otago manages its fresh water resource – this activity is crucial piece of the integrated delivery jigsaw.

*Level of Service Statements, Measures and Targets*

The service statements (LoS), measures and targets for this activity are defined in the table(s) below.

LOS: Provide effective, efficient and customer centric consenting processes under the Resource Management Act (RMA) 1991 to enable the lawful use of natural and physical resources.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Percentage of resource consent applications processed in accordance with Resource Management Act 1991 legislative timeframes.	2019-20: 98.9%	≥98%	≥98%	≥98%	≥98%
Percentage of public inquiries for consent information responded to within 7 working days.	<i>new measure</i>	establish baseline	maintain or increase	maintain or increase	maintain or increase

LOS: Provide effective and efficient compliance monitoring, investigations and enforcement services and take appropriate actions to ensure the lawful use of natural and physical resources.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Percentage of performance monitoring returns completed each year, as per the Compliance Plan.	<i>new measure</i>	≥90%	≥90%	≥90%	≥90%
Percentage of programmed inspections/audits completed each year, as per the Compliance Plan.	<i>new measure</i>	≥85%	≥90%	≥90%	≥90%
Percentage of significant non-compliance incidents identified where action is taken in accordance with Compliance Policy.	<i>new measure</i>	100%	100%	100%	100%

LOS: Provide effective and efficient environmental response services to pollution incidents or notifications of non-compliant activities.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Maintain 24-hour/7 day a week response for environmental incidents.	<i>2019-20: Achieved</i>	Pollution hotline staff available/on call 24/7	Pollution hotline staff available/on call 24/7	Pollution hotline staff available/on call 24/7	Pollution hotline staff available/on call 24/7
Maintain adequate numbers of appropriately trained responders for maritime oil pollution incidents.	<i>new measure</i>	20 responders attend 3 exercises per year	20 responders attend 3 exercises per year	20 responders attend 3 exercises per year	20 responders attend 3 exercises per year

LOS: Develop and maintain robust regulations and procedures to enable safe use and navigation of our region's ports, harbours, coastal areas and inland waterways.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Navigational bylaws are current and comply with national and local legislation.	<i>Bylaws reviewed and merged September 2020</i>	Achieved	Achieved	Achieved	Achieved

LOS: Promote and encourage safe use of ports, harbours, coastal areas and inland waterways and take appropriate action in response to non-compliance and incidents.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Major incidents on Otago's harbours and waterways will be responded to promptly and appropriately once notified.	<i>2020-21: On track YTD</i>	Major incidents and ORC's response are reported quarterly	Major incidents and ORC's response are reported quarterly	Major incidents and ORC's response are reported quarterly	Major incidents and ORC's response are reported quarterly

Funding Impact – Regional Leadership Group

Funding Impact Statement – Regional Leadership											
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	
<b>Sources of operating funding:</b>											
11,589	15,556	16,115	17,038	17,370	17,847	18,329	18,713	19,217	19,722	20,234	
	General rates, UAGC and rate penalties										
188	188	200	210	220	230	240	250	260	270	280	
	Targeted rates										
75	75	75	75	75	75	75	75	75	75	75	
	Subsidies and grants										
4,554	5,300	5,818	6,269	6,593	6,776	6,961	7,146	7,340	7,535	7,731	
	Fees and charges										
260	260	266	272	279	285	292	298	305	312	318	
	Fines, infringement fees and other receipts										
<b>16,667</b>	<b>21,379</b>	<b>22,474</b>	<b>23,864</b>	<b>24,537</b>	<b>25,213</b>	<b>25,896</b>	<b>26,482</b>	<b>27,197</b>	<b>27,913</b>	<b>28,638</b>	
	<b>Total operating funding</b>										
<b>Application of operating funding:</b>											
11,036	15,080	15,727	16,245	16,143	16,809	16,925	17,315	18,016	18,127	18,533	
	Payments to staff and suppliers										
5,386	6,352	6,994	7,435	8,212	8,494	8,780	9,072	9,376	9,686	10,000	
	Internal charges and overheads										
8	8	8	8	9	9	9	9	9	10	10	
	Other Operating funding applications										
<b>16,430</b>	<b>21,440</b>	<b>22,729</b>	<b>23,688</b>	<b>24,363</b>	<b>25,311</b>	<b>25,714</b>	<b>26,396</b>	<b>27,402</b>	<b>27,822</b>	<b>28,543</b>	
	<b>Total applications of operating funding</b>										
237	(61)	(255)	177	173	(98)	182	85	(205)	90	95	
	<b>Surplus (deficit) of operating funding</b>										
<b>Application of capital funding:</b>											
207	(111)	(306)	156	152	(120)	159	62	(228)	66	70	
	Increase/(decrease) in reserves										
0	30	0	0	0	0	0	0	0	0	0	
	Capital expenditure to improve level of service										
30	20	51	21	21	22	23	23	24	24	25	
	Capital expenditure to replace existing assets										
<b>237</b>	<b>(61)</b>	<b>(255)</b>	<b>177</b>	<b>173</b>	<b>(98)</b>	<b>182</b>	<b>85</b>	<b>(205)</b>	<b>90</b>	<b>95</b>	
	<b>Application of capital funding Total</b>										
<b>237</b>	<b>(61)</b>	<b>(255)</b>	<b>177</b>	<b>173</b>	<b>(98)</b>	<b>182</b>	<b>85</b>	<b>(205)</b>	<b>90</b>	<b>95</b>	
	<b>Surplus (deficit) of capital funding Total</b>										

## Environment

This Group of Activities include the following council activities:

- Land and Water
- Biodiversity and Biosecurity
- Air quality

### Contribution to Community Outcomes



*The Environment group contributes to the achievement of all the community outcomes as described in Part 2 with the exception 'sustainable, safe and inclusive transport'. Land and water is our priority with biodiversity woven into the outcome of 'a sustainable way of life for everyone on Otago'. Working to maintain and improve this priority aspect of the environment in a way that 'Mātauranga Kāi Tahu are inbedded' and 'connects communities' with Otago's environment is important.*

*The outcome 'an environment that supports healthy people and ecosystems' is also embodied in this activity group with pest management supporting people's livelihoods (eg. achieve productive land) and air quality having a direct link to people's health (eg. air emissions).*

### Overall direction

Environmental management is at the heart of what the regional council does. Our focus is to enhance the overall effectiveness of environmental management by:

- Increasing our science capacity with a focus on environmental monitoring to better inform our Regional Plan: Land and Water review, and to better understand Otago's environment
- Continuing the review of our regional plans (for water, air and coast), while still working with community groups, stakeholders and land managers to promote good environmental outcomes
- Transitioning towards integrated catchment management, to create synergies in our activities that seek to protect freshwater, land, the coastal environment, or ecosystems
- Increasing our level of work in biosecurity management
- Continuing to promote well-coordinated and cross-agency biodiversity initiatives across the region.

Due to funding pressures, we're pausing most of our air quality work – except for monitoring - over the next two years. Beyond that, we'll be striving to develop more effective solutions to manage air pollution in Otago.

### Significant negative effects

The Council has not identified any significant negative effects associated with this group of activity.

## Group Revenue and Expenditure (10yrs) - Environment

Annual Plan 2020/21 \$000s		2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
10,888	Land & Water	15,834	17,336	18,128	18,256	18,235	18,700	19,503	20,002	20,319	20,817
4,153	Biodiversity & Biosecurity	9,109	9,359	9,601	10,839	11,106	11,397	11,690	11,995	12,301	12,608
518	Air	482	816	772	1,662	2,767	4,590	4,636	4,746	4,928	4,974
<b>15,560</b>	<b>Expenditure</b>	<b>25,425</b>	<b>27,512</b>	<b>28,501</b>	<b>30,756</b>	<b>32,107</b>	<b>34,687</b>	<b>35,829</b>	<b>36,743</b>	<b>37,548</b>	<b>38,399</b>
11,793	General rates	13,875	16,593	17,873	18,400	18,474	18,993	19,525	20,074	20,624	21,151
890	Targeted Rates	3,309	5,149	6,351	6,735	6,964	7,195	7,428	7,668	7,909	8,152
5	Fees & Charges	200	205	210	215	220	225	230	236	241	247
905	Grants	3,877	2,536	2,179	4,218	5,420	7,237	7,404	7,577	7,751	7,924
629	Other Income	964	364	364	364	364	364	364	364	364	364
1,338	Reserves	3,200	2,664	1,524	825	665	672	877	823	658	561
<b>15,560</b>	<b>Revenue</b>	<b>25,425</b>	<b>27,512</b>	<b>28,501</b>	<b>30,756</b>	<b>32,107</b>	<b>34,687</b>	<b>35,829</b>	<b>36,743</b>	<b>37,548</b>	<b>38,399</b>

## Land and Water

*What we do*

- We assess and monitor the health of Otago's fresh- and coastal water and their ecosystems and investigate the risks and issues likely to affect their values;
- We prepare, assess, and review the Regional Plan: Water and Coast
- We carry out non-regulatory interventions that support sustainable land management practices and environmental initiatives that enhance Otago's water bodies and coast.

*Why we do it*

Otago's water bodies and its coast are highly valued by the community:

- 82%<sup>6</sup> of Otago's rivers and lakes are swimmable; and support a wide range of recreational activities
- Freshwater is a key resource for domestic use, agriculture and electricity;
- Otago's waters provide the habitats for 25 species of indigenous freshwater fish, of which 18 are classified as Threatened or At Risk; and for a large range of marine life and sea birds.

Water also plays a significant role in Kāi Tahu spiritual beliefs and cultural traditions. When the natural environment is strong and healthy, the people are strong and healthy and so too is their mana.

Degrading freshwater quality is a key community concern in the region. Although parts of the region have good or excellent water quality, some catchments have degraded water quality; and there have been a greater number of degrading water quality trends than improving trends across ORC's monitoring sites between 2006 and 2017. There have also been strong pressures on water allocation in some parts of the region.

ORC has a key role to play to ensure Otago's water bodies and coast support healthy ecosystems, and a healthy community:

- Only ORC has the power to control the use of water, land, and the coast under the Resource Management Act (1991)

<sup>6</sup> This estimate applies to larger rivers and lakes, defined as "rivers that are fourth order in the River Environment Classification system and lakes with a perimeter of 1.5km or more" – ORC Policy Committee Report – 29 Nov 2018 - PPRM1843



- It must engage with the region’s communities to define visions and objectives for the region’s freshwater bodies, and identify the methods to achieve these visions and objectives (National Policy Statement for Freshwater (2020))
- It has the technical expertise and knowledge to advise on the region’s environmental health, issues and risks, and to monitor the health of Otago’s water.

*Key projects*

While we will strengthen ORC’s state of the environment monitoring, and keep supporting catchment groups and land managers in delivering good environmental outcomes, we will also deliver key projects to support long-term improvements.

**Preparation of the Land and Water Regional Plan**

- Notified in 2023
- Will define clear and measurable freshwater objectives, as required by national legislation
- Will set policies and rules, for more transparent, effective and efficient decision-making

**Review of the Regional Plan: Coast for Otago**

- Notified by 2025-2026
- Update existing rules and policies based on latest information and legislation
- Will set policies and rules, for more transparent, effective and efficient decision-making

**Environmental Enhancement**

- From 2021 to 2024
- Focus on Lake Hayes, Tomahawk Lagoon and Lake Tuakitoto

**Preparation of Integrated Catchment Action Plans**

- From 2024-2025 onwards
- Integrates actions for water, ecosystems, biodiversity, and biosecurity, and natural hazards mitigation

*Level of Service Statements, Measures and Targets*

The service statements (LoS), measures and targets for this activity are defined in the table(s) below.

LOS: Monitor the state of Otago's freshwater resources and coastal environment and make accurate, relevant and timely information publicly available.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Percentage of data captured that is available to public through web portal.	<i>new measure</i>	95%	95%	95%	95%
Implement a regional coastal environment monitoring programme.	<i>Programme developed 2020-21</i>	Programme implemented by 30 June	TBC	TBC	TBC

LOS: Monitor Otago's land use and make accurate, relevant and timely information on sustainable land use publicly available.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Develop and implement a regional land use monitoring programme.	<i>new measure</i>	Develop regional monitoring programme	Implement regional monitoring programme	TBC	TBC
Percentage of data captured that is available to public through web portal.	<i>new measure</i>	no target	no target	95%	95%

LOS: Provide a robust and integrated environmental planning framework for Otago's land, water and coast resources.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Complete a review of the Land and Water Regional Plan (LWRP) and create any subsequent variations as required.	<i>new measure</i>	Commence development of region-wide Land and Water provisions	no target	Notify LWRP by 30 December	no target
Complete a review of the Regional Plan Coast and create any subsequent variations as required.	<i>new measure</i>	no target	Review commences with issues and options papers developed by 30 June	Community engagement for development of Regional Plan Coast completed by 30 June.	Notify Regional Coastal Plan for Otago by 30 June 2026

LOS: Support Catchment Groups in Otago to deliver their environmental outcomes and objectives.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
<i>Otago Catchment Communities</i> meets deliverables and targets of funding agreement.	<i>new measure</i>	Deliverables and targets achieved and reported by 30 June	Deliverables and targets achieved and reported by 30 June	Deliverables and targets achieved and reported by 30 June	Deliverables and targets achieved and reported by 30 June

LOS: Promote and enable best practice land management for soil conservation, water quality preservation, the efficient use of water and to enhance Otago's biodiversity and ecosystems.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Community projects promoting best practice land management for soil conservation, water quality and the efficient use of water are identified and delivered.	<i>new measure</i>	Three community projects delivered per year	Three community projects delivered per year	Three community projects delivered per year	Three community projects delivered per year

LOS: Collaborate with iwi, communities and landowners to develop and deliver a programme of actions to improve water quality and indigenous biodiversity in selected degraded waterbodies.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Site specific action plans are developed, prioritised, and implemented.	<i>new measure</i>	projects confirmed and priority actions identified by 30 September	projects confirmed and priority actions identified by 30 September	projects confirmed and priority actions identified by 30 September	projects confirmed and priority actions identified by 30 September
	<i>new measure</i>	90% of priority actions undertaken as scheduled	90% of priority actions undertaken as scheduled	90% of priority actions undertaken as scheduled	90% of priority actions undertaken as scheduled

### Biodiversity and Biosecurity

#### What we do

- We lead and facilitate collaboration on biodiversity programmes and initiatives in the region.
- We investigate, monitor and provide information about Otago’s biodiversity, including improving our understanding of its vulnerability to climate change
- We lead pest and biosecurity management in the region
- We promote and support community and farmer initiatives to protect and enhance Otago’s biodiversity and ecosystems

#### Why we do it

Otago’s biodiversity is under threat as a result of both past and current human activities. Recent mapping has shown that some ecosystem types are as low as 3% of their historical distribution and there are 10 ecosystems (of 62) with a distribution of less than 10 ha. At the species level, some 44% of Otago’s bird species are threatened or at risk; 88% of lizard species; and 72% of indigenous fish species. Current threats to biodiversity include invasive species (both weeds and predators), vegetation clearing, habitat fragmentation and grassland "improvement", poor water quality (nutrients and sediments), dredging and overfishing. Climate change adds significantly to the risks of continuing decline.

There are many agencies and stakeholders across different land tenures involved in and/or with an interest in biodiversity in Otago. Knowledge and data to inform development of programmes and initiatives for protection and restoration is not collated or coordinated across the region.

At a national level the 2020 *Te mana o te Taieo*, National Indigenous Biodiversity Strategy, articulated the urgency of addressing biodiversity decline in New Zealand and the draft National Policy Statement on Indigenous Biodiversity identified a key role for regional government in leading collaboration and coordinating efforts.

ORC is the only agency with a remit across all of Otago to promote biodiversity protection and enhancement. It has a key role in facilitating regional collaboration, including both developing a monitoring approach and seeking to partner in projects and initiatives. While ORC currently has its own Biodiversity Strategy and Action Plan, these need

to be refined and updated alongside development of the regional strategy, to reflect new knowledge about Otago's biodiversity values which is now available, and which can provide priorities to better target action.

*Key work for years 1 to 3*

- Development of a regional partnership approach to indigenous biodiversity

We are taking more of a leadership role in the region by facilitating and coordinating a regional biodiversity hui and working with TA's, other regional agencies and Kai Tahu to develop a regional strategy to inform partnerships and future regional investment in biodiversity protection, restoration and enhancement.

- Increase indigenous biodiversity knowledge and develop a monitoring approach

We will be investing more in our biodiversity knowledge base over the LTP. In the short term this will fuel the development of our monitoring framework for indigenous biodiversity and the longer term the focus will be on better understanding the vulnerability of Otago's biodiversity to climate change.

- Implementing the regional pest management strategy and the ORC biosecurity strategy

We will continue to lead the implementation of the regional pest management strategy and our biosecurity strategy. We will increase our investment in biosecurity data and information systems to ensure that progress is monitored and that actions are as effective and efficient as possible.

Our investment for economic outcomes through rabbit control will substantially increase. Increased inspections, monitoring and support of local rabbit control groups will provide a step-change in rabbit management for Otago. Management of other biosecurity threats, for example in marine ecosystems, will need to be progressively developed over time as resources permit.

Current regional-scale pest and predator projects addressing biodiversity threats, such as wilding conifer and possum control (e.g. Predator Free Dunedin) will continue to be supported and their coverage over time will increase. However, to improve the effectiveness and efficiency of these operations strategies will be progressively developed to inform on-ground investment for the future.

- Supporting on-ground biodiversity restoration, enhancement and protection initiatives

Investment in local on-ground restoration/enhancement and biodiversity protection initiatives such as the Yellow-Eyed Penguin, will continue. The Eco Fund grants programme will gradually expand over the LTP providing increasing opportunity for local groups to access support for their activities.

Otago Catchment groups and their environmental enhancement initiatives will continue to be supported and increasingly ORC will be looking to invest in landscape restoration and enhancement as an integrated part of our regional pest and predator control programmes.

Education and awareness about Otago's biodiversity and how to protect/restore it will be progressively integrated into our farm support programmes and in the longer term into our approach to farm plans.

*Level of Service Statements, Measures and Targets*

The service statements (LoS), measures and targets for this activity are defined in the table(s) below.

LOS: Monitor the state of Otago’s indigenous biodiversity ecosystems and make accurate, relevant and timely information publicly available					
Measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Develop and implement a regional indigenous biodiversity ecosystems monitoring programme	<i>new measure</i>	No target	Develop monitoring programme by 30 June	Implement regional monitoring programme in accordance with NPS IB*	TBC
Percentage of data captured that is available to public through web portal.	<i>new measure</i>	No target	No target	No target	95%

\*National Policy Statement on Indigenous Biodiversity

LOS: Collaborate with iwi, DOC and other key organisations to develop, coordinate and deliver a programme of actions to enhance indigenous biodiversity.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Priority actions listed in the Biodiversity Action Plan (BAP) are achieved as per schedule	TBC	Priority actions identified by 30 September	Priority actions identified by 30 September	Priority actions identified by 30 September	Priority actions identified by 30 September
		Priority actions achieved by 30 June	Priority actions achieved by 30 June	Priority actions achieved by 30 June	Priority actions achieved by 30 June
Partnerships established in line with the Biodiversity Action Plan and joint projects developed.	<i>new measure</i>	projects scoped and milestones identified	projects developed and progress against milestones publicised	projects developed and progress against milestones publicised	projects developed and progress against milestones publicised

LOS: Provide support and funding to selected initiatives and organisations across the region which deliver biosecurity, biodiversity and environmental outcomes that align with our strategic objectives.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Percentage of completed projects that have achieved their key deliverables.	<i>new measure</i>	80%	85%	90%	95%



LOS: Develop and deliver practices and programmes that give effect to the Regional Pest Management Plan (RPMP)					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Priority targets within the Biosecurity Operational Plan (BOP) are achieved as per schedule	TBC	Priority actions identified by 30 September	Priority actions identified by 30 September	Priority actions identified by 30 September	Priority actions identified by 30 September
		Priority actions achieved by 30 June	Priority actions achieved by 30 June	Priority actions achieved by 30 June	Priority actions achieved by 30 June

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## Air

### *What we do*

- We monitor air quality and pollutant emissions, and investigate emission sources;
- We prepare, assess, and review the Regional Plan: Air
- We carry out non-regulatory interventions that support clean heating and warm homes; and the reduction of other harmful emissions.

### *Why we do it*

Some of Otago's communities have among the worst air quality in New Zealand. Unlike in many other countries, air pollution in Otago is mostly driven by emissions from home heating, and thus is seasonal and mostly observed in winter. Arrowtown, Clyde, Cromwell, Alexandra and Milton are the pollution hotspots of the region. Outdoor burning is an additional factor to air pollution.

The link between air quality and human health has been well established. The pollutant of most concern in Otago is particulate matter (PM). Particulate matter can result in a range of health effects depending on where it ends up in the human body. Fine particles can penetrate deep into the lungs, and ultrafine particles can find their way into the bloodstream. The most vulnerable are the very young, the elderly, and people with pre-existing respiratory or cardiovascular disease.

Air pollution in Otago is closely linked to home heating and to the quality of Otago's housing.

ORC has a key role to play to protect Otago's people from the risks of air pollution. Only ORC has the power to control discharges of pollutants to air under the Resource Management Act (1991) and must implement the National Environmental Standards for Air Quality (2004);

### *Key projects*

While we will keep monitoring air quality over the next 10 years, we will pause our air quality activities over the first 2 years (2021-2022/2022-2023). From July 2023, we will swing back into actions and carry out the following projects:

#### Review of the Regional Plan: Air for Otago

- Notified by 30 June 2025
- Update existing rules and policies based on latest information and legislation

#### Air quality programmes

- Developed & implemented from 2023-2024
- Suite of actions that support clean heating and warm homes

*Level of Service Statements, Measures and Targets*

The service statements (LoS), measures and targets for this activity are defined in the table(s) below.

LOS: Monitor Otago's air quality and make accurate, relevant and timely information publicly available.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Monitor daily ambient air quality* at locations across the region.	<i>TBC</i>	Four continuous monitoring sites and four winter monitoring sites.	Four continuous monitoring sites and four winter monitoring sites.	Four continuous monitoring sites and four winter monitoring sites.	Four continuous monitoring sites and four winter monitoring sites.
Percentage of data captured that is available to public through web portal.	<i>new measure</i>	95%	95%	95%	95%

\*Monitoring of particulate matter PM2.5 and/or PM10

LOS: Provide a robust and integrated environmental planning framework for Otago's air resource.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Complete review of the Regional Plan Air and update as required.	<i>new measure</i>	no target	Review commences with issues and options papers developed by 30 June 2023.	Community engagement for development of Regional Plan - Air completed by 30 June 2024.	Regional Plan - Air notified by 30 June 2025.

LOS: Develop and implement partnerships and programmes to reduce harmful emissions and support clean heating, warm homes and clean air.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Clean heat, clean air implementation programme has a high level of local engagement in targeted air sheds.	<i>new measure</i>	no target	no target	Establish engagement levels in all targeted air sheds	Engagement levels improve in all targeted air sheds

Funding Impact – Environment Group

Funding Impact Statement – Environment											
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding:</b>											
11,793	13,875	16,593	17,873	18,400	18,474	18,993	19,525	20,074	20,624	21,151	
890	3,309	5,149	6,351	6,735	6,964	7,195	7,428	7,668	7,909	8,152	
905	3,877	2,536	2,179	4,218	5,420	7,237	7,404	7,577	7,751	7,924	
5	200	205	210	215	220	225	230	236	241	247	
364	964	364	364	364	364	364	364	364	364	364	
<b>13,958</b>	<b>22,225</b>	<b>24,847</b>	<b>26,977</b>	<b>29,931</b>	<b>31,442</b>	<b>34,015</b>	<b>34,952</b>	<b>35,920</b>	<b>36,890</b>	<b>37,838</b>	
<b>Application of operating funding:</b>											
10,894	19,232	19,925	21,045	22,776	24,020	26,277	26,884	27,514	28,144	28,774	
3,563	4,412	5,351	6,192	6,823	7,058	7,294	7,533	7,783	8,037	8,296	
<b>14,457</b>	<b>23,644</b>	<b>25,277</b>	<b>27,237</b>	<b>29,599</b>	<b>31,078</b>	<b>33,571</b>	<b>34,417</b>	<b>35,297</b>	<b>36,181</b>	<b>37,070</b>	
<b>(499)</b>	<b>(1,420)</b>	<b>(429)</b>	<b>(260)</b>	<b>332</b>	<b>364</b>	<b>444</b>	<b>535</b>	<b>623</b>	<b>708</b>	<b>769</b>	
<b>Application of capital funding:</b>											
<b>(1,089)</b>	<b>(2,850)</b>	<b>(2,209)</b>	<b>(1,017)</b>	<b>(276)</b>	<b>(116)</b>	<b>(73)</b>	<b>(220)</b>	<b>(108)</b>	<b>111</b>	<b>238</b>	
135	1,090	1,293	537	441	260	180	236	189	193	197	
	340	486	220	166	220	338	518	542	404	333	
<b>(499)</b>	<b>(1,420)</b>	<b>(429)</b>	<b>(260)</b>	<b>332</b>	<b>364</b>	<b>444</b>	<b>535</b>	<b>623</b>	<b>708</b>	<b>769</b>	
<b>(499)</b>	<b>(1,420)</b>	<b>(429)</b>	<b>(260)</b>	<b>332</b>	<b>364</b>	<b>444</b>	<b>535</b>	<b>623</b>	<b>708</b>	<b>769</b>	

## Safety and Resilience

This Group includes the following council activities:

- Natural Hazards and Climate Change
- Flood Protection, Drainage and River Management
- Emergency Management

## Contribution to Community Outcomes



*The Safety and Resilience group of activity contributes primarily to the achievement of the outcome ‘communities that are resilient in the face of natural hazards & climate change and other risks’ as described in Part 2.*

*The outcome of ‘a sustainable way of life for everyone in Otago’ is also shown because the choices our communities make about how they live with, and utilise the natural environment have consequences over the long term.*

## Overall Direction

This LTP further builds on the additional expenditure for natural hazards and climate change adaptation work program as included in the previous 2018 LTP. This growing program of work reflects government and community understanding of climate change and the need act.

Our draft Infrastructure Strategy explains the Council’s direction on its Flood Protection, Drainage and River Management activity. This LTP provides continuity to the existing planned program and includes work to understand and plan for issues including climate change. This LTP maintains the existing level of capacity for emergency management response.

## Significant Negative Effects

The Council has not identified any significant negative effects associated with this group of activity.

## Group Revenue and Expenditure (10yrs) – Safety & Resilience

Annual Plan 2020/21 \$000s		2021/2 2 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
2,131	Natural Hazards & Climate Change	2,732	3,766	3,491	3,282	3,575	3,694	3,616	3,732	3,614	3,715
11,371	Flood Protection, Drainage & River Management	12,010	12,409	11,744	11,864	11,920	11,351	13,396	11,015	11,269	12,322
2,658	Emergency Management	2,759	2,801	2,868	3,008	3,091	3,174	3,256	3,343	3,431	3,520
<b>16,161</b>	<b>Expenditure</b>	<b>17,500</b>	<b>18,976</b>	<b>18,103</b>	<b>18,155</b>	<b>18,585</b>	<b>18,218</b>	<b>20,269</b>	<b>18,090</b>	<b>18,314</b>	<b>19,557</b>
2,952	General rates	3,116	3,863	4,096	4,189	4,018	4,108	4,629	4,384	4,232	4,624
8,848	Targeted Rates	9,611	10,007	10,588	11,292	11,939	12,517	13,164	13,826	14,378	15,031
249	Fees & Charges	408	463	475	471	483	494	505	517	529	541
0	Grants	1,700	1,558	613	434	208	213	36	37	38	39
245	Other Income	736	833	857	893	917	941	965	990	1,015	1,040
3,866	Reserves	1,929	2,253	1,474	875	1,020	(54)	969	(1,663)	(1,878)	(1,718)
<b>16,161</b>	<b>Revenue</b>	<b>17,500</b>	<b>18,976</b>	<b>18,103</b>	<b>18,155</b>	<b>18,585</b>	<b>18,218</b>	<b>20,269</b>	<b>18,090</b>	<b>18,314</b>	<b>19,557</b>

## Natural Hazards and Climate Change

### *What we do*

- We set directions on the management of (lead?) natural hazard risks and support decision making for the mitigation of natural hazards, climate change and other risks.
- We provide information and warnings about natural hazards, climate change and other risks.
- We engage with people, communities, iwi partners, and other stakeholders in the region to develop partnerships and implement projects to address natural hazards, climate change and other risks and to increase awareness and understanding.

### *Why we do it*

The Otago region is exposed to a wide variety of natural hazards that impact on people, property, infrastructure and the wider environment. The natural hazards threats range from coastal erosion and flooding in lowland coastal areas to alluvial fan deposition, landslip, rock fall, and river breaches in alpine areas of the region. There is a need to consider all of these and their interactions as well as the additional risk and uncertainty created by climate change. The RMA requires that natural hazards risks and climate change are addressed as part of regional scale planning.

While high risk places have been identified there is a need to have comprehensive spatial mapping of the risks to provide clear direction for future planning and decision making. Within communities and businesses there also are different levels of awareness and risk tolerance to hazards, including the implications of climate change and the need for adaptation. Community engagement and communication, including as part of planning for natural hazards and climate change adaptation, is needed to inform the community, and facilitate the awareness and planning necessary to ensure resilient communities.

### *Key work for years 1 to 3*

- Develop comprehensive risk mapping of natural hazards across Otago
- Continue to lead the South Dunedin climate change adaptation project in partnership with DCC
- Planning and strategy development for managing flood risk for Lindsay Creek and Clutha Delta.
- Managing natural hazard and climate adaptation risk for Roxburgh and the Head of Lake Wakatipu in conjunction with District Councils
- Continue to monitor and provide information on natural hazards and events, including making improvements to the coastal hazard monitoring network.



*Level of Service Statements, Measures and Targets*

The service statements (LoS), measures and targets for this activity are defined in the table(s) below.

LOS: Provide information on natural hazards and risks, including the effects of climate change, so that communities and stakeholders can make informed decisions.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Relevant and up to date natural hazards information is available via the web-based Otago Natural Hazards Database	<i>2019-20: Achieved</i>	Database information is checked and updated monthly	Database information is checked and updated monthly	Database information is checked and updated monthly	Database information is checked and updated monthly
Percentage of flood warnings at pre-determined levels that are issued in accordance with the methods and timeframes specified in the flood warning manual.	<i>new measure</i>	100%	100%	100%	100%

LOS: Collaborate with communities and stakeholders to develop and deliver natural hazards adaptation strategies.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Develop the Otago natural hazards risks adaptation plan	<i>new measure</i>	no target	Systematic approach for natural hazards risks identification and adaptation is completed	TBC	Complete adaptation plan by 30 June 2025 and implement 2025-2031
The first Head of Lake Wakatipu natural hazards adaptation strategy is complete	<i>new measure</i>	no target	Adaptation strategy is completed by 30 June	Implement and update the adaptation strategy	Implement and update the adaptation strategy
Co-lead the South Dunedin and Harbourside natural hazards adaptation strategy	<i>new measure</i>	Collaboration framework with DCC is approved	no target	Adaptation strategy is completed by 30 June	Implement and update the adaptation strategy

## Flood Protection, Drainage and River Management

### *What we do*

Council operates and maintains seven flood protection and drainage schemes throughout Otago. The schemes, associated infrastructure assets and more specific detail such as the issues, service standards and work programmes are provided in our Infrastructure Strategy (IS).

Core functions include:

- Maintenance, renewal, and development of infrastructure
- Investigation, development and renewal of amenity projects
- Operation of flood protection and drainage schemes during floods
- Bylaw processing and monitoring of technical compliance with bylaws
- River management including the control of channel erosion, willow maintenance, vegetation control, removing obstructions, and repairing critical erosion works.
- Management of gravel extraction through third party consents.
- Processing of consents in conjunction with Council's Natural Hazards activity where consent applications may affect flood protections assets and/or rivers.

### *Why we do it*

While there is a relationship between the purpose of our flood protection and drainage work there is also a fundamental difference. Flood protection schemes are intended to protect people and property from flood events. Drainage schemes are designed to maintain the productive capability of land on an ongoing basis but within the limitation of the flood protection schemes.

River and waterway management works are carried out to maintain river and stream channel capacity, channel stability and environmental outcomes in scheduled rivers and waterways.

Council also has responsibilities under the Soil Conservation and Rivers Control Act 1941, and other requirements such as ensuring our infrastructure is appropriately managed, and the management and maintenance of Otago rivers.

### *Operational and Capital Work Programme - 10 years LTP, 30 years Infrastructure Strategy*

The Council has 'up to date' information on its Long-term Plan website page that details the proposed operational and capital works programme. The figures presented for years 1 to 3 represent a more detailed level of planning, years 4 to 10 is more indicative, and years 11 to 30 are more subject to changes in strategic direction. An example of the latter planning horizon is the impact completing the year 1-2 scheme performance reviews will have on future services.

*Level of Service Statements, Measures and Targets*

The service statements (LoS), measures and targets for this activity are defined in the table(s) below.

LOS: Provide the standard of flood protection and control agreed with communities.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents.	<i>new measure</i>	80% of planned maintenance programme completed	90% of planned maintenance programme completed	100% of planned maintenance programme completed	100% of planned maintenance programme completed
	<i>new measure</i>	Schemes function to their constructed design standards	Schemes function to their constructed design standards	Schemes function to their constructed design standards	Schemes function to their constructed design standards
	<i>new measure</i>	100% of renewals programme completed	100% of renewals programme completed	100% of renewals programme completed	100% of renewals programme completed

LOS: Respond efficiently and effectively to damage from natural hazard events.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Damage identified, prioritised and a repair programme communicated with affected communities in a timely manner.	<i>new measure</i>	Programme developed and communicated within 3 months of the event	Programme developed and communicated within 3 months of the event	Programme developed and communicated within 3 months of the event	Programme developed and communicated within 3 months of the event

LOS: Maintain channel capacity and stability, while balancing environmental outcomes and recognising mana whenua values in rivers.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Percentage of identified and reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days.	2019-20: 100%	100%	100%	100%	100%

Percentage of planned maintenance actions achieved each year	<i>new measure</i>	100%	100%	100%	100%
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## Emergency Management

### *What we do and why*

This activity is responsible for the co-ordination of hazard reduction, readiness, response and recovery for emergency events. It is provided in partnership with councils, emergency response organisations and other stakeholders of the Otago region.

The work of the Otago CDEM Group is administered and co-ordinated by the Otago Regional Council, while governance and operations are overseen by the Coordinating Executive Group (CEG) and the Otago CDEM Joint Committee.

This Committee has the statutory responsibility for civil defence emergency management in Otago. It is a statutory committee of Council under the Civil Defence Emergency Management Act 2002 (the Act) and the Local Government Act. Ultimately it is responsible for:

- Integrating and coordinating civil defence emergency management planning and activities
- Ensuring the response to and management of the adverse effects of emergencies within Otago
- Overseeing the coordination of the response and recovery activities across a range of agencies.

### *Key work for years 1 to 3*

In response to the COVID-19 pandemic Council included additional funding in the 2020-21 Annual Plan for a fixed term increase in emergency management staffing in the Queenstown area. The Council maintaining its staffing levels for this activity.

### *Level of Service Statements, Measures and Targets*

The service statements (LoS), measures and targets for this activity are defined in the table(s) below.

LOS: Support the Otago CDEM Group in improving the resilience of Otago to civil defence emergencies.					
Performance measure	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Support is provided to the Otago CDEM Group as per the CDEM Act and Otago CDEM Partnership Agreement	<i>new measure</i>	Fulfil all requirements of the Act and the Partnership Agreement	Fulfil all requirements of the Act and the Partnership Agreement	Fulfil all requirements of the Act and the Partnership Agreement	Fulfil all requirements of the Act and the Partnership Agreement

LOS: Provide resources to coordinate an efficient and effective region-wide response to a civil defence emergency.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
An adequate* Emergency Coordination Centre (ECC) facility and staffing are available	<i>new measure</i>	An ECC facility and staffing are ready and available for activation at all times	An ECC facility and staffing are ready and available for activation at all times	An ECC facility and staffing are ready and available for activation at all times	An ECC facility and staffing are ready and available for activation at all times
ECC activated in a timely manner	<i>new measure</i>	ECC activated within 1 hour of Group Controller's decision to activate	ECC activated within 1 hour of Group Controller's decision to activate	ECC activated within 1 hour of Group Controller's decision to activate	ECC activated within 1 hour of Group Controller's decision to activate

*\*An adequate ECC facility is an IL4 rated building (67% of building code) with power and communication contingencies. Adequate staffing consists of staff who are trained (two staff trained as leads across each of the six functions) and available (a minimum of four staff per function) for any activation of the ECC.*

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Funding Impact Statement – Safety and Resilience

Funding Impact Statement – Safety & Resilience										
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding:</b>										
2,952	3,116	3,863	4,096	4,189	4,018	4,108	4,629	4,384	4,232	4,624
General rates, UAGC and rate penalties										
8,848	9,611	10,007	10,588	11,292	11,939	12,517	13,164	13,826	14,378	15,031
Targeted rates										
249	1,700	1,558	613	434	208	213	36	37	38	39
Subsidies and grants										
	408	463	475	471	483	494	505	517	529	541
Fees and charges										
245	245	251	257	263	270	276	283	289	296	302
Fines, infringement fees and other receipts										
<b>11,347</b>	<b>15,081</b>	<b>16,142</b>	<b>16,029</b>	<b>16,650</b>	<b>16,918</b>	<b>17,608</b>	<b>18,617</b>	<b>19,053</b>	<b>19,473</b>	<b>20,538</b>
<b>Total operating funding</b>										
<b>Application of operating funding:</b>										
8,769	9,338	10,638	11,252	10,645	10,386	10,648	11,009	11,291	11,338	11,728
Payments to staff and suppliers										
2,579	2,565	2,733	2,926	3,209	3,317	3,427	3,538	3,655	3,773	3,893
Internal charges and overheads										
<b>11,347</b>	<b>11,903</b>	<b>13,371</b>	<b>14,178</b>	<b>13,854</b>	<b>13,703</b>	<b>14,075</b>	<b>14,548</b>	<b>14,946</b>	<b>15,112</b>	<b>15,621</b>
<b>Total applications of operating funding</b>										
<b>947</b>	<b>3,177</b>	<b>2,771</b>	<b>1,851</b>	<b>2,795</b>	<b>3,215</b>	<b>3,533</b>	<b>4,069</b>	<b>4,107</b>	<b>4,361</b>	<b>4,916</b>
<b>Surplus (deficit) of operating funding</b>										
<b>Application of capital funding:</b>										
(2,934)	(918)	(1,187)	(358)	216	129	1,258	141	2,786	3,000	2,880
Increase/(decrease) in reserves										
680	100	102	105	0	1,650	1,126	576	1,179	603	0
Capital expenditure to improve level of service										
3,201	3,995	3,855	2,104	2,580	1,436	1,149	3,352	141	759	2,037
Capital expenditure to replace existing assets										
<b>(947)</b>	<b>3,177</b>	<b>2,771</b>	<b>1,851</b>	<b>2,795</b>	<b>3,215</b>	<b>3,533</b>	<b>4,069</b>	<b>4,107</b>	<b>4,361</b>	<b>4,916</b>
<b>Application of capital funding Total</b>										
<b>(947)</b>	<b>3,177</b>	<b>2,771</b>	<b>1,851</b>	<b>2,795</b>	<b>3,215</b>	<b>3,533</b>	<b>4,069</b>	<b>4,107</b>	<b>4,361</b>	<b>4,916</b>
<b>Surplus (deficit) of capital funding Total</b>										

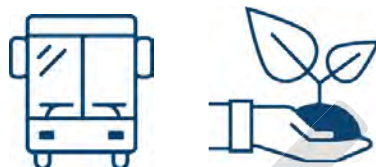


## Transport

The Transport Group includes the following council activities:

- Regional Land Transport
- Public Transport (Dunedin and Queenstown)

Contribution to community outcomes



*The Transport group contributes to the achievement of the community outcomes ‘Sustainable, safe & inclusive transport’ and ‘a sustainable way of life for everyone in Otago’ as described in Part 2. Council provides direction and influence over public transport matters within the central government strategic and investment framework. The decisions council takes about the services it provides, in particular to the Dunedin and Queenstown*

### Significant Negative Effects

The Council has not identified any significant negative effects associated with this group of activity.

### Group Revenue and Expenditure (10yrs) - Transport

Annual Plan 2020/21 \$000s		2021/2 2 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
403	Regional Land Transport	407	418	543	459	472	597	497	510	644	537
28,405	Public Transport	32,044	34,988	36,712	43,934	42,103	41,978	43,718	43,802	44,783	45,791
<b>28,808</b>	<b>Expenditure</b>	<b>32,451</b>	<b>35,406</b>	<b>37,255</b>	<b>44,393</b>	<b>42,575</b>	<b>42,575</b>	<b>44,215</b>	<b>44,312</b>	<b>45,428</b>	<b>46,328</b>
743	General rates	745	764	841	816	836	912	876	898	978	941
5,852	Targeted Rates	7,290	8,755	10,390	11,718	13,774	14,239	15,417	15,270	15,772	16,019
241	Fees & Charges	250	256	262	268	275	281	288	295	301	308
10,493	Grants	12,985	14,119	14,623	17,861	16,855	16,640	17,258	17,076	17,419	17,632
9,600	Fares & Other Income	8,517	9,294	10,203	10,955	11,409	11,875	12,355	12,860	13,379	13,914
1,879	Reserves	2,664	2,218	936	2,775	(574)	(1,374)	(1,980)	(2,087)	(2,422)	(2,486)
<b>28,808</b>	<b>Revenue</b>	<b>32,451</b>	<b>35,406</b>	<b>37,255</b>	<b>44,393</b>	<b>42,575</b>	<b>42,575</b>	<b>44,215</b>	<b>44,312</b>	<b>45,428</b>	<b>46,328</b>

### Regional Land Transport

#### *What we do and why*

Transport features strongly in our changing world, with climate change, technology and our expectations of lifestyle all in the mix. We are already seeing the opportunities of non-fossil fuelled and autonomous vehicles, along with the use of smart technology in the provision of transport services. Embracing change will require significant decisions about the transport network and how it's used and will provide positive benefits over the long run.

For ORC's part we need to be responsive to Government Policy Statement on Land Transport 2018, Government direction on climate change and urban development. Our regional transport system is an enabler of economic growth and social cohesion, connecting businesses, providing access to and between communities, and ensuring that we can import and export goods. The LTP provides for a Regional Land Transport Programme that co-

ordinates transport planning across the region. It enables a resilient, multi-modal transport system for the safe efficient and effective movement of people and goods around the region. The Otago and Southland Regional councils share this planning function through the support of a Regional Transport Committee.

*Key work for years 1 to 3*

By statute, the Committee is responsible for the preparation, review and implementation of the Regional Land Transport Plan. A new Regional Land Transport Plan must be developed every 6 years and the plan reviewed after 3 years of operation. A new plan must be prepared by 30 June 2021 for the period 2021-2031.

*Level of Service Statements, Measures and Targets*

The service statements (LoS), measures and targets for this activity are defined in the table(s) below.

LOS: Advocate for Otago's regional transport planning priorities and aspirations at a national level					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
The Regional Land Transport Plan (RLTP) is reviewed and submitted in line with the Land Transport Management Act 2003 and any guidance issued by the New Zealand Transport Agency (NZTA)	TBC	RLTP implementation progress reported annually to Regional Transport Committee	RLTP implementation progress reported annually to Regional Transport Committee	RLTP review completed and adopted by Council by 30 June 2024	RLTP completed and adopted by Council by 30 June 2027

Public Transport

*What we do and why*

This work programme covers the operation of the buses (Dunedin and Queenstown) and ferries (Queenstown), as well as the 'Total Mobility' scheme.

This programme faces challenges including:

- Patronage numbers for the Queenstown are not expected to return to pre-COVID levels in the short-term.
- A large number of residents are opting to use alternative modes of travel, largely single occupancy private car trips. This means the Otago region, particularly the areas paying the targeted transport rate, isn't benefiting from public transport to the degree possible. Higher patronage provides more funding for more public transport service improvement - a virtuous cycle that reduces traffic volumes, reduces greenhouse emissions, reduces the need for infrastructure to accommodate private vehicles (eg carparking, roading), improves safety, and encourages more active lifestyles.
- Funding of public transport over recent years has not been sustainable – with COVID being part of the reason. The service has been operating with a shortfall supported by reserve funds and additional one-off grants. The transport reserves are in deficit. Without the services making a positive contribution (via fares), there is reduced funds to invest in new technologies, routes and transport infrastructure. The Dunedin Public Transport Joint Committee - consisting of Otago Regional Council and Dunedin City Council and NZTA will need to consider funding, including fares over this LTP cycle.

While more patronage is desirable many people currently utilise and rely on the network for social and work travel and are satisfied with the service. Car ownership is relatively high albeit expensive as reflected in the average vehicle age of 14 years, the economy is stronger than expected, and parking is heavily utilised. The challenge

facing Otago Regional Council during this Long-Term Plan period is, in the short term, to agree a sustainable funding approach of Public Transport. This approach will underpin the regions ability to maintain service improvements and in particular implement longer-term visions on future services in Dunedin and Queenstown championed by the respective Joint Committees. Importantly this LTP signals, during this 10 year planning horizon, significant decisions on public transport infrastructure, particularly Queenstown. At this stage the Council is working with its partners to bring this vision to life for future community consideration.

*Key work for years 1 to 3*

Over the next three years the Otago Regional Council work programme has included:

- Dunedin bus service contract renewals in year 2 that will provide opportunity for further service improvements
- Assumptions on fare revenue for Dunedin services are based on pre-COVID levels
- Assumptions on Queenstown bus services are based on a delayed recovery of patronage due to COVID. Contract renewals with associated service improvements are planned in year 4 of this LTP and development of Queenstown public transport in Year 7 and 8.
- Assumptions on changes in the bus fleet to low greenhouse emission are based on the timing of contract renewals, Government funding and procurement process, and an open mind regarding the type of technology.
- Targeted rating (i.e. those in the areas where there is direct benefit for the services provided) has increased by \$1.5M in Year 1 LTP compared to the current year (from \$5.8M to \$7.3M).
- The maximum Total Mobility fare subsidy remains unchanged with Council currently subsidizing 50 percent of the total fare up to a maximum of \$25 per trip.

*Level of Service Statements, Measures and Targets*

The service statements (LoS), measures and targets for this activity are defined in the table(s) below.

LOS: Provide efficient, reliable and accessible public transport services that meet community needs.					
Performance measures	Baseline results	Targets			
		2021/22	2022/23	2023/24	2024-2031
Annual public transport boardings in Queenstown per capita	TBC	increase	increase	increase	increase
Annual public transport boardings in Dunedin per capita	TBC	increase	increase	increase	increase
Overall passenger satisfaction with Wakatipu Public Transport system at annual survey.	TBC	97%	97%	97%	97%
Percentage of Dunedin bus-users who are satisfied with their trip overall	TBC	91%	94%	97%	97%
Percentage of scheduled services delivered (reliability)	TBC	95%	95%	95%	95%
Percentage of scheduled services on-time (punctuality – to five minutes)	TBC	95%	95%	95%	95%
Percentage of users who are satisfied with the provision of timetable and services information	new measure	establish baseline	maintain or increase	maintain or increase	maintain or increase
Percentage of users who are satisfied with the overall service of the Total Mobility scheme	new measure	establish baseline	maintain or increase	maintain or increase	maintain or increase

Funding Impact Statement – Transport Group

Funding Impact Statement – Transport										
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>Sources of operating funding:</b>										
743	745	764	841	816	836	912	876	898	978	941
	General rates, UAGC and rate penalties									
5,852	7,290	8,755	10,390	11,718	13,774	14,239	15,417	15,270	15,772	16,019
	Targeted rates									
10,493	12,985	14,119	14,623	17,861	16,855	16,640	17,258	17,076	17,419	17,632
	Subsidies and grants									
241	250	256	262	268	275	281	288	295	301	308
	Fees and charges									
9,600	8,517	9,294	10,203	10,955	11,409	11,875	12,355	12,860	13,379	13,914
	Fines, infringement fees and other receipts									
<b>26,929</b>	<b>29,787</b>	<b>33,188</b>	<b>36,319</b>	<b>41,618</b>	<b>43,149</b>	<b>43,948</b>	<b>46,194</b>	<b>46,399</b>	<b>47,850</b>	<b>48,814</b>
	<b>Total operating funding</b>									
<b>Application of operating funding:</b>										
27,159	31,144	33,978	35,724	38,376	39,965	41,022	42,626	42,682	43,780	44,637
	Payments to staff and suppliers									
766	727	848	1,015	1,122	1,160	1,200	1,240	1,281	1,323	1,367
	Internal charges and overheads									
2	Finance Costs									
<b>27,926</b>	<b>31,871</b>	<b>34,827</b>	<b>36,740</b>	<b>39,498</b>	<b>41,125</b>	<b>42,222</b>	<b>43,865</b>	<b>43,963</b>	<b>45,103</b>	<b>46,003</b>
	<b>Total applications of operating funding</b>									
(996)	(2,084)	(1,639)	(420)	2,121	2,024	1,727	2,329	2,436	2,747	2,811
	<b>Surplus (deficit) of operating funding</b>									
<b>Application of capital funding:</b>										
(1,596)	(2,084)	(1,639)	(420)	(2,175)	924	1,727	2,329	2,436	2,747	2,811
	Increase/(decrease) in reserves									
600	0	0	0	1,074	1,100	0	0	0	0	0
	Capital expenditure to improve level of service									
0	0	0	0	3,222	0	0	0	0	0	0
	Capital expenditure to replace existing assets									
(996)	(2,084)	(1,639)	(420)	2,121	2,024	1,727	2,329	2,436	2,747	2,811
	<b>Application of capital funding Total</b>									
(996)	(2,084)	(1,639)	(420)	2,121	2,024	1,727	2,329	2,436	2,747	2,811
	<b>Surplus (deficit) of capital funding Total</b>									

## Part 4 – Financial Information (including planning assumptions)

### Planning Assumptions

This section includes the significant forecasting assumptions and the more detailed non-financial assumptions that the Council has used to inform the completion its draft financial estimates and work programmes.

### Significant Forecasting Assumptions

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

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

Sources of funds for the future replacement of significant assets are in accordance with Council's financing policy. For scheme related assets, these are funded through scheme depreciation, reserves, targeted rates from defined scheme areas, grants where possible and where necessary, borrowings. Council assets are funded from the asset replacement reserve and where necessary, general reserves and borrowings. 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 increased work on water management issues in this regard.

Population within certain areas of Otago is forecast to grow over the next 10 years, more significantly in the Queenstown Lakes and Central Otago.

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:

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Staff rates	-	2.4%	2.5%	2.5%	2.6%	2.6%	2.6%	2.7%	2.7%	2.7%
Other	-	2.4%	2.5%	2.5%	2.6%	2.6%	2.6%	2.7%	2.7%	2.7%

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

#### *NZ Transport Agency Subsidy Rates*

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

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

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

#### *Useful Lives of Significant Assets*

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

#### *Revaluation of Non-Current Assets*

The non-current assets that are revalued annually are Council's investment properties and its shareholding in Port Otago Limited. With respect to the Port Otago Limited investment, the actual results are dependent on factors outside the control of Council and the management of Port Otago Limited. 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 4% every year of the plan.

Investment properties are assumed to increase in value by 1%.

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

#### *Forecast Return on Investments*

Forecast returns used in the estimates are as follows:

- Rate of return of 2% per annum on cash balances and the managed fund.
- All Port Otago Limited dividends will be received fully imputed and accordingly no taxation liability will arise in respect of them.

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

#### *Capital Expenditure*

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

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. 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 the climate context over 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. The risk of this assumption being incorrect is low.

#### *Natural Disasters and Adverse events*

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.

#### *Fare Revenue*

Covid-19 has had an impact on patronage for both Dunedin and Queenstown public transport networks. Dunedin patronage is expected to reach pre-covid levels in year 1 and grow 2% per annum. The Queenstown network is impacted more so due to the tourism downturn, patronage to expected to be 70% of pre covid levels in year 1, 80% in year 2, 90% in year 3 and back to pre-covid levels in year 4. This assumption has a medium level of risk

Non Financial Assumptions

<b>Demographic change</b>	
An increasing and aging population	
What we know	<ul style="list-style-type: none"> <li>Statistics New Zealand subnational population estimates (as at 30 June 2020) suggested that Otago’s population in 2020 was 245,300.</li> <li>Between 2019 and 2020, Otago’s population grew by 5,600 people or 2.4%, which was the third highest growth rate amongst New Zealand’s regions and higher than New Zealand average of 2.1%.</li> <li>In terms of population by age group, Otago’s under-15 age group was estimated to be 15.8% of the total population, which was lower than the New Zealand average of 19% while Otago’s over-65 age group was estimated to be 16.5% of total population, which was higher than the New Zealand average of 15.6%;</li> <li>The annual peak numbers of visitors to the region in recent times has been estimated to be around 141,000, which is more than half of the resident population.</li> </ul>
Assumptions	<ul style="list-style-type: none"> <li>In the next 10 years (2020-2030), the region’s population is projected to increase by 10% (24,590 people) to reach 264,855 residential population under the most likely growth scenarios provided by the district councils.</li> <li>Otago’s districts are projected to continue to have different population growth rates. Queenstown-Lakes and Central Otago are projected to have the highest growth rates of 27% and 18% respectively; Clutha district is to have the lowest growth rate of 3%; while Waitaki and Dunedin’s population are to grow by 7% and 5% respectively.</li> </ul>
Uncertainty level	High
Sources of Uncertainty	<ul style="list-style-type: none"> <li>The regional population projection is based on district level projections done by the district councils via consultancy companies. There are some discrepancies between Statistics NZ and district council’s ‘base year (2020)’ data. The next official subnational population projection by Statistics NZ is due out in March 2021.</li> <li>The currently available projections may not reflect regional or district residential location choices due to unforeseeable international and domestic events/trends (such as COVID-19), and outcomes of future planning processes at the district or regional levels.</li> </ul> <p>The region’s population growth in the short (1-3 years) to medium term (3-5 years) faces uncertainty and could vary from the projections. In the longer term (5-10 years) population growth could recover due to pent-up demand.</p> <ul style="list-style-type: none"> <li>On one hand, the observed population growth might be lower than the projections due to a lack of international migration. The net international migrants for Otago in 2020 was 3,240 compared to the natural population increase of 590 (total birth numbers minus death numbers).</li> <li>On the other hand, the observed population growth in the region might be higher than the projection from stronger internal migration and attracting a high share of returning New Zealanders, as a result of the ease of remote working, Otago’s relative affordability, and a diverse range of well serviced and connected urban, semi-urban and rural living choices at an overall lower density than the rest of NZ.</li> <li>The net internal migrant number of Otago in 2020 was 1,860 people.</li> </ul> <p>The theme for visitor numbers is similar to that for the resident population.</p> <ul style="list-style-type: none"> <li>Visitor numbers also could be volatile in the short to medium term. While international visitor numbers are down, domestic visitors have made up for some gaps in some parts of the region.</li> </ul>

	<ul style="list-style-type: none"> <li>In the long term, visitor numbers are expected to recover due to New Zealand’s stable political environment as well as attractive outdoor activities.</li> </ul>
Potential impacts/ effects	<ul style="list-style-type: none"> <li>In the next 10-years, Otago’s population is projected to grow by 10%, i.e. 2,459 more people will be residing in the region every year on average. Almost half of this increase will be in the Queenstown-Lakes district, where its average annual population is projected to increase by 1,200.</li> <li>Accommodating increasing numbers of people will require greater use of and investment in infrastructure, public transport, and housing; and place greater demands on ecological services to meet those needs and dispose of waste.</li> <li>Depending on the locational choices (and the planning systems ability to modify these), impacts on air quality, public transport, water use and quality and coastal areas could occur in a minor or significant way.</li> <li>Population ageing related social and economic issues (e.g., decrease of labour supply, increase of health care and social assistance demand) may become increasingly prominent.</li> </ul>
Data sources	<ul style="list-style-type: none"> <li>Statistics NZ subnational population estimation: at 30 June 2020 <a href="https://www.stats.govt.nz/assets/Uploads/Subnational-population-estimates/Subnational-population-estimates-At-30-June-2020/Download-data/subnational-population-estimates-at-30-june-2020.xlsx">https://www.stats.govt.nz/assets/Uploads/Subnational-population-estimates/Subnational-population-estimates-At-30-June-2020/Download-data/subnational-population-estimates-at-30-june-2020.xlsx</a></li> <li>Statistics NZ population estimates <a href="http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7510#">http://nzdotstat.stats.govt.nz/wbos/Index.aspx?DataSetCode=TABLECODE7510#</a></li> <li>District council population and demand projections from various consultation companies.</li> </ul>
Challenges, Opportunities & Risks	<ul style="list-style-type: none"> <li>Population and visitor number growth will put pressure on housing provision, infrastructure, public transportation, amenities, services provision and the environment/natural resources.</li> <li>Rising house prices could have both negative and positive effects on the economy: <ul style="list-style-type: none"> <li>On the negative side, it becomes more difficult for non-homeowners to get in to the property market; increasing mortgage and rental payments could crowd out spending on goods and services (e.g., entertainment and holidays) for new homeowners; it can also impacts on social wellbeing and health though inducing higher hours worked, overcrowding and lack of options to move to more desirable locations;</li> <li>On the positive side, higher housing price promotes consumer confidence and encourages spending/borrowing/investing and hence encourages economic growth; In the very short term, homeowners are also taking advantage of historical low interest rates and enjoy having more disposable income.</li> </ul> </li> <li>Population ageing could affect productivity.</li> <li>Population growth could also provide growth opportunities for smaller rural communities.</li> </ul>
Implications for ORC	<p>In the short to medium term, international migration and tourism might still be slowly recovering.</p> <ul style="list-style-type: none"> <li><b>Public Transport:</b> lower public transport patronage growth, driven mainly by a moderate population increase and elderly population increase but which might be offset by the lack of international visitors and students. <ul style="list-style-type: none"> <li>Queenstown-Lakes District feedback suggested that the district could experience more public transport use due to the Council’s proposed plan to change behaviour.</li> </ul> </li> <li><b>Harbours:</b> Slowing population growth means that shipping movements might not increase in the next couple of years as international trade slowly recovers back to pre-COVID level for New Zealand.</li> </ul>

	<ul style="list-style-type: none"><li>• <b>Environment:</b> Growth in demand for environment monitoring, planning and compliance programs, such as for water, air and waste (especially those driven by residential development or increased use and exposure to particular environment.</li></ul> <p>In the longer term, international migration and tourism could recover to pre-COVID levels and put increased pressure on the region's natural and built environment.</p> <ul style="list-style-type: none"><li>• <b>Public transport:</b> There could be an increasing demand for public transport due to an increasing in ageing population and increasing awareness of need for emission reduction in daily lives.</li><li>• <b>Harbours:</b> investment in harbour facilities for increased shipping movements may be required to cope with increasing international trade.</li><li>• <b>Environment:</b> Growth in demand for environment monitoring, planning and compliance programmes continues. Population growth will put increasing pressure on the environment, such as increased demand for waste management and higher demand for water.</li></ul>
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Financial Statements

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Statement of Comprehensive Revenue and Expense

20/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
	<b>Revenue from non-exchange transactions</b>									
<b>26,957</b>	39,762	46,519	51,460	53,812	56,155	57,606	60,575	61,670	63,457	65,504
<b>11,474</b>	18,637	18,288	17,490	22,587	22,558	24,165	24,773	24,766	25,283	25,670
<b>14,074</b>	12,649	13,081	14,162	17,991	15,509	16,041	16,586	17,159	17,746	18,350
	<b>Revenue from exchange transactions</b>									
<b>10,100</b>	13,000	14,000	15,000	16,000	17,000	18,000	18,500	19,000	19,500	20,000
<b>1,000</b>	750	750	750	750	750	750	750	750	750	750
<b>2,678</b>	4,740	5,083	5,401	5,672	5,829	5,987	6,147	6,313	6,480	6,648
<b>66,282</b>	<b>89,538</b>	<b>97,721</b>	<b>104,263</b>	<b>116,812</b>	<b>117,801</b>	<b>122,549</b>	<b>127,330</b>	<b>129,657</b>	<b>133,216</b>	<b>136,922</b>
<b>22,743</b>	27,417	30,683	33,174	33,964	34,787	35,609	36,431	37,285	38,139	38,993
<b>2,967</b>	3,574	4,013	4,418	4,740	4,593	4,856	4,918	5,160	5,453	5,611
<b>2</b>	250	256	262	269	275	270	253	236	217	197
<b>46,156</b>	60,145	63,928	66,561	71,373	74,245	77,537	80,099	81,351	82,822	84,689
<b>71,868</b>	<b>91,387</b>	<b>98,880</b>	<b>104,416</b>	<b>110,346</b>	<b>113,900</b>	<b>118,271</b>	<b>121,701</b>	<b>124,032</b>	<b>126,631</b>	<b>129,489</b>
<b>417</b>	740	1,006	1,029	1,052	1,076	1,225	1,254	1,282	1,437	1,470
<b>(5,168)</b>	<b>(1,110)</b>	<b>(153)</b>	<b>875</b>	<b>7,518</b>	<b>4,977</b>	<b>5,503</b>	<b>6,882</b>	<b>6,907</b>	<b>8,022</b>	<b>8,903</b>
	<b>Other Comprehensive revenue and expenditure</b>									
<b>7,000</b>	20,935	21,772	22,643	23,549	24,490	25,470	26,489	27,548	28,650	29,796
<b>1,832</b>	<b>19,825</b>	<b>21,619</b>	<b>23,518</b>	<b>31,066</b>	<b>29,467</b>	<b>30,973</b>	<b>33,371</b>	<b>34,455</b>	<b>36,673</b>	<b>38,700</b>

Depreciation by Activity

20/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
<b>271</b>	Environment	375	480	533	576	626	673	730	785	815
<b>898</b>	Flood Protection	961	999	1,042	1,016	1,107	1,021	1,032	1,029	1,066
<b>13</b>	Safety & Hazards	25	42	47	49	71	74	76	78	80
<b>206</b>	Regulatory	121	126	129	129	133	34	36	34	37
<b>282</b>	Transport	580	580	516	600	353	349	349	324	325
<b>1,297</b>	Corporate	1,512	1,786	2,151	2,371	2,567	2,767	2,936	3,203	3,288
<b>2,967</b>	<b>Total</b>	<b>3,574</b>	<b>4,013</b>	<b>4,418</b>	<b>4,740</b>	<b>4,856</b>	<b>4,918</b>	<b>5,160</b>	<b>5,453</b>	<b>5,611</b>



Statement of Financial Position

20/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
	<b>Current assets:</b>									
(604)	8,789	3,830	(4,776)	5,865	2,413	3,844	4,550	3,051	7,825	12,921
23,436	34,022	34,872	35,744	36,638	42,554	43,618	44,708	50,826	52,096	53,399
9,405	11,398	12,390	13,383	13,375	13,367	13,359	13,351	13,343	13,334	13,325
-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
514	514	514	514	514	514	514	514	514	514	514
32,751	54,723	51,606	44,865	56,392	58,848	61,335	63,123	67,734	73,769	80,159
	<b>Non-current assets:</b>									
95,176	97,646	100,094	107,431	102,847	104,224	104,222	106,361	105,739	104,926	104,603
15,365	15,519	15,674	15,831	15,989	16,149	16,310	16,474	16,638	16,805	16,973
543,364	564,299	586,071	608,713	632,262	656,752	682,222	708,711	736,260	764,910	794,707
5,392	6,687	8,046	9,168	9,586	10,569	11,426	12,218	12,972	13,605	14,273
98	98	98	98	98	98	98	98	98	98	98
659,395	684,248	709,983	741,242	760,782	787,793	814,279	843,862	871,707	900,344	930,654
692,146	738,971	761,589	786,107	817,173	846,641	875,614	906,985	939,441	974,114	1,010,813
	<b>Current liabilities:</b>									
10,318	11,918	12,718	13,518	13,518	13,518	13,518	13,518	13,518	13,518	13,518
1,815	2,215	2,415	2,615	2,615	2,615	2,615	2,615	2,615	2,615	2,615
12,133	14,133	15,133	16,133	16,133	16,133	16,133	16,133	16,133	16,133	16,133
-	-	-	-	-	-	-	-	-	-	-
-	25,000	25,000	25,000	25,000	25,000	23,000	21,000	19,000	17,000	15,000
-	-	-	-	-	-	-	-	-	-	-
12,133	39,133	40,133	41,133	41,133	41,133	39,133	37,133	35,133	33,133	31,133
680,013	699,838	721,456	744,974	776,040	805,508	836,481	869,852	904,308	940,981	979,680
	<b>Equity:</b>									
115,015	122,468	123,656	132,306	139,369	144,721	150,463	157,691	164,826	172,782	181,566
523,364	544,299	566,071	588,713	612,262	636,752	662,222	688,711	716,260	744,910	774,707
3,309	2,316	1,060	828	1,316	974	770	459	267	371	527
13,776	7,235	7,343	0	0	0	0	0	0	0	0
8	0	0	0	0	0	0	0	0	0	0
3,999	4,059	4,119	4,181	4,244	4,308	4,372	4,438	4,504	4,572	4,640

<b>919</b>	Water management reserve	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>6,318</b>	Kuriwao endowment reserve	6,003	5,594	5,176	4,922	4,664	4,404	4,140	3,873	3,602	3,328	3,328
<b>13,304</b>	Asset revaluation reserve	13,458	13,613	13,770	13,928	14,088	14,249	14,413	14,577	14,744	14,912	14,912
<b>680,013</b>	<b>Total equity</b>	<b>699,838</b>	<b>721,456</b>	<b>744,974</b>	<b>776,040</b>	<b>805,508</b>	<b>836,481</b>	<b>869,852</b>	<b>904,308</b>	<b>940,981</b>	<b>979,680</b>	<b>979,680</b>

Statement of Changes in Net Assets/Equity

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	
<b>678,181</b>	Balance at 1 July	680,013	699,838	721,456	744,974	776,040	805,508	836,481	869,852	904,308	940,981
<b>1,832</b>	Net Comprehensive Income	19,825	21,619	23,518	31,066	29,467	30,973	33,371	34,455	36,673	38,700
<b>680,013</b>	<b>Balance at 30 June</b>	<b>699,838</b>	<b>721,456</b>	<b>744,974</b>	<b>776,040</b>	<b>805,508</b>	<b>836,481</b>	<b>869,852</b>	<b>904,308</b>	<b>940,981</b>	<b>979,680</b>
<b>Net Movements</b>											
<b>(5,586)</b>	Net surplus transferred to Public Equity	(1,849)	(1,159)	(153)	6,466	3,901	4,278	5,629	5,625	6,585	7,433
<b>69</b>	Public Equity	9,302	2,347	8,803	597	1,451	1,464	1,599	1,511	1,370	1,352
<b>7,000</b>	Available for Sale Revaluation Reserve	20,935	21,772	22,643	23,549	24,490	25,470	26,489	27,548	28,650	29,796
<b>(447)</b>	Asset Replacement Reserve	(993)	(1,257)	(232)	488	(342)	(204)	(311)	(193)	104	156
<b>98</b>	Emergency Response Reserve	60	61	62	63	64	65	66	67	68	69
<b>(79)</b>	Kuriwao Reserve	(315)	(409)	(419)	(254)	(257)	(261)	(264)	(267)	(271)	(274)
<b>417</b>	Asset Revaluation Reserve	154	155	157	158	160	161	163	165	166	168
<b>22</b>	Water Management Reserve	(920)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>336</b>	Building Reserve	(6,541)	109	(7,343)	0	0	0	0	0	0	0
<b>0</b>	Environmental Enhancement Reserve	(8)	0	0	0	0	0	0	0	0	0
<b>1,832</b>	<b>Net Comprehensive Income</b>	<b>19,825</b>	<b>21,619</b>	<b>23,518</b>	<b>31,066</b>	<b>29,467</b>	<b>30,973</b>	<b>33,371</b>	<b>34,455</b>	<b>36,673</b>	<b>38,700</b>
<b>680,013</b>	<b>Balance at 30 June</b>	<b>699,838</b>	<b>721,456</b>	<b>744,974</b>	<b>776,040</b>	<b>805,508</b>	<b>836,481</b>	<b>869,852</b>	<b>904,308</b>	<b>940,981</b>	<b>979,680</b>

## Statement of Reserves

Reserve	Opening Balance 1 July 2021 \$000s	Transfers in \$000s	Transfers Out 100s	Closing Balance 30 June 2031 \$000s
Public Equity	68,238	269,278	(233,116)	104,399
Available for Sale Revaluation Reserve	523,364	251,343	0	774,707
Asset Replacement Reserve	3,309	36,907	(39,690)	527
Emergency Response Reserve	3,999	642	0	4,640
Kuriwao Reserve	6,318	1,979	(4,969)	3,328
Asset Revaluation Reserve	13,304	1,608	0	14,912
Water Management Reserve	919	(20)	(900)	(0)
Building Reserve	13,776	(6,433)	(7,343)	0
Environmental Enhancement Reserve	8	2,778	(2,786)	0
River Management Dunedin	1,264	3,952	(4,847)	368
River Management Clutha	100	4,655	(4,702)	53
River Management Central Otago	373	4,053	(4,525)	(99)
River Management Wakatipu	571	3,514	(4,135)	(50)
River Management Wanaka	428	3,077	(3,581)	(76)
River Management Waitaki	536	4,101	(3,966)	671
Emergency Management	(666)	32,584	(31,234)	684
Alexandra Flood Protection	190	3,190	(2,706)	673
Leith Flood Protection	(15,185)	16,406	(6,455)	(5,234)
Lower Clutha Flood Protection & Drainage	(880)	18,953	(16,861)	1,211
Lower Taieri Flood Protection	(494)	18,017	(17,089)	434
West Taieri Drainage	(2,270)	17,016	(17,031)	(2,285)
East Taieri Drainage	161	11,203	(12,660)	(1,296)
Tokomairiro	197	1,954	(2,170)	(18)
Shotover Delta	223	2	(225)	0
Stoney Creek	154	1	(155)	0
Lower Waitaki Flood Protection & River Control	4	2,118	(2,117)	5
Public Transport Dunedin	(5,544)	258,913	(252,125)	1,244
Public Transport Wakatipu	(708)	127,932	(128,331)	(1,107)
Dairy Compliance	85	2,349	(2,707)	(273)
Lake Hayes Remediation	(169)	3,946	(3,306)	472
Biosecurity	0	45,311	(44,996)	315
Wilding Pines	(208)	2,229	(2,262)	(241)
Rural Water Quality	1,207	25,099	(26,272)	33
Infrastructure Assets	67,409	24,611	(10,337)	81,684
<b>Total</b>	<b>680,013</b>	<b>1,193,265</b>	<b>(893,598)</b>	<b>979,680</b>

Statement of Cashflows

2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
<b>Cashflows from Operating Activities</b>									
<i>Cash provided from:</i>									
26,957	46,519	51,460	53,812	56,155	57,606	60,575	61,670	63,457	65,504
16,759	18,172	19,571	23,670	21,346	22,036	22,741	23,480	24,235	25,006
11,474	18,288	17,490	22,587	22,558	24,165	24,773	24,766	25,283	25,670
10,100	14,000	15,000	16,000	17,000	18,000	18,500	19,000	19,500	20,000
1,000	750	750	750	750	750	750	750	750	750
<b>66,290</b>	<b>97,728</b>	<b>104,270</b>	<b>116,820</b>	<b>117,809</b>	<b>122,557</b>	<b>127,338</b>	<b>129,665</b>	<b>133,225</b>	<b>136,931</b>
<i>Cash Applied to:</i>									
68,899	94,610	99,735	105,337	109,031	113,145	116,530	118,636	120,961	123,682
2	256	262	269	275	270	253	236	217	197
68,901	94,866	99,997	105,606	109,306	113,416	116,783	118,872	121,178	123,879
<b>(2,611)</b>	<b>2,861</b>	<b>4,273</b>	<b>11,214</b>	<b>8,502</b>	<b>9,142</b>	<b>10,555</b>	<b>10,793</b>	<b>12,047</b>	<b>13,052</b>
<b>Cashflows From Investing Activities</b>									
<i>Cash provided from:</i>									
410	420	430	7,440	451	462	472	483	494	506
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
<b>410</b>	<b>420</b>	<b>430</b>	<b>7,440</b>	<b>451</b>	<b>462</b>	<b>472</b>	<b>483</b>	<b>494</b>	<b>506</b>
<i>Cash Applied to:</i>									
0	10,000	0	0	5,000	0	0	5,000	0	0
5,401	6,224	11,289	6,295	4,958	3,666	5,758	3,152	3,084	3,718
900	1,525	1,894	1,718	2,448	2,505	2,563	2,623	2,683	2,743
6,301	17,749	8,241	13,308	12,405	6,172	8,321	10,775	5,768	6,462
<b>(5,891)</b>	<b>(17,339)</b>	<b>(12,878)</b>	<b>(573)</b>	<b>(11,954)</b>	<b>(5,710)</b>	<b>(7,849)</b>	<b>(10,292)</b>	<b>(5,273)</b>	<b>(5,956)</b>
<b>Cashflows From Financing Activities</b>									
<i>Cash provided from:</i>									
0	25,000	0	0	0	0	0	0	0	0
<i>Cash Applied to:</i>									
0	0	0	0	0	2,000	2,000	2,000	2,000	2,000
<b>0</b>	<b>25,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>

<b>(8,502)</b>	<b>Net Increase/ (Decrease) in Cash Held</b>	<b>9,393</b>	<b>(4,960)</b>	<b>(8,605)</b>	<b>10,640</b>	<b>(3,452)</b>	<b>1,432</b>	<b>706</b>	<b>(1,499)</b>	<b>4,774</b>	<b>5,096</b>
<b>15,487</b>	<b>Cash at 1 July</b>	<b>(604)</b>	<b>8,789</b>	<b>3,830</b>	<b>(4,776)</b>	<b>5,865</b>	<b>2,413</b>	<b>3,844</b>	<b>4,550</b>	<b>3,051</b>	<b>7,825</b>
<b>6,985</b>	<b>Cash at 30 June</b>	<b>8,789</b>	<b>3,830</b>	<b>(4,776)</b>	<b>5,865</b>	<b>2,413</b>	<b>3,844</b>	<b>4,550</b>	<b>3,051</b>	<b>7,825</b>	<b>12,921</b>

Reconciliation of Net Surplus to Net Cash from Operating Activities

20/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
<b>(5,168)</b>	<b>(1,110)</b>	<b>(153)</b>	<b>875</b>	<b>7,518</b>	<b>4,977</b>	<b>5,503</b>	<b>6,882</b>	<b>6,907</b>	<b>8,022</b>	<b>8,903</b>
	<i>Add/(deduct) non-cash items:</i>									
<b>2,967</b>	3,574	4,013	4,418	4,740	4,593	4,856	4,918	5,160	5,453	5,611
<b>(417)</b>	(740)	(1,006)	(1,029)	(1,052)	(1,076)	(1,225)	(1,254)	(1,282)	(1,437)	(1,470)
<b>7</b>	7	7	7	8	8	8	8	8	9	9
<b>(2,611)</b>	<b>1,732</b>	<b>2,861</b>	<b>4,273</b>	<b>11,214</b>	<b>8,502</b>	<b>9,142</b>	<b>10,555</b>	<b>10,793</b>	<b>12,047</b>	<b>13,052</b>
	<b>Net Cash from Operating Activities</b>									

Schedule of Capital Expenditure

20/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
<b>Environmental</b>										
60	45	92	73	48	17	79	17	18	84	18
5	0	0	0	0	0	0	0	0	0	0
525	1,295	1,595	590	463	364	338	634	607	404	401
30	20	51	21	21	22	23	23	24	24	25
0	90	92	94	97	99	101	104	106	109	111
0	470	650	52	54	330	338	58	59	60	62
0	30	0	0	0	0	0	0	0	0	0
<b>Transport</b>										
600	0	0	0	4,296	1,100	0	0	0	0	0
<b>Flood Protection &amp; Control Works</b>										
0	0	20	21	0	0	0	0	0	0	0
680	0	154	105	0	385	0	576	0	603	0
740	1,000	799	336	118	83	84	52	0	41	46
1,600	1,020	973	157	1,611	0	0	2,304	0	0	1,850
563	1,195	1,157	1,234	709	1,100	1,216	52	1,238	30	55
218	380	184	178	67	1,166	614	864	0	603	0
80	30	20	21	21	22	23	23	24	24	25
0	0	0	105	0	0	0	0	0	0	0
<b>Council</b>										
100	100	102	7,448	107	110	113	115	118	121	123
675	675	691	708	725	743	760	778	796	814	832
955	1,625	1,997	2,124	1,826	2,558	2,618	2,678	2,741	2,804	2,867
20	20	20	21	21	22	23	23	24	24	25
50	50	51	52	54	55	56	58	59	60	62
6,901	8,045	8,651	13,341	10,238	8,174	6,384	8,358	5,812	5,806	6,500

## Summary of 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.



## Significant Accounting Policies

### Revenue Recognition

#### *Revenue from Exchange Transactions*

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

- Resource consent processing.
- Audits of resource consent conditions.
- Pest animal contract work.
- Grazing leases and licenses.
- Enforcement work.
- Dividends, interest and rental income.

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

#### *Rates Revenue*

Rates are recognised as income when levied.

#### *Other Revenue*

##### (a) Rendering of Services

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

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

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

##### (b) Interest Revenue

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

##### (c) Dividend Revenue

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

#### *Other Gains and Losses*

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

##### (b) Assets Acquired for Nil or Nominal Consideration

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

### Grant Expenditure

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

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

### Leasing

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

#### (a) Council as Lessor

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

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

#### (b) Council as Lessee

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

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

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

#### (c) Lease Incentives

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

### Goods and Services Tax

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

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

### Statement of Cash Flows

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

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

- Operating activities are the principal revenue producing activities of Council and other activities that are not investing or financing activities;

- Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents; and
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

### Financial Instruments

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

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

### Financial Assets

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

#### (a) Effective Interest Method

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

#### (b) Financial Assets at Fair Value through Surplus or Deficit

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

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

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

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

#### (c) Available-for-Sale Financial Assets

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

(d) Loans and Receivables

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

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

Deposits are included within this classification.

(e) Impairment of Financial Assets

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

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

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

*Financial Liabilities*

(a) Trade and Other Payables

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

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

(b) Borrowings

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

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

#### *Fair Value Estimation*

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

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

#### *Property Held for Sale*

Property classified as held for sale is measured at:

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

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

#### *Property, Plant and Equipment*

Property, plant and equipment consist of the following.

##### *Operational Assets*

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

##### *Infrastructural Assets*

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

##### *Restricted Assets*

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

##### *(a) Cost*

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

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

**(b) Depreciation**

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

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

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

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

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

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

**(c) Disposal**

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

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

*Investment Property*

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

## Intangible Assets

### *Computer Software*

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

### *Other Intangible Assets*

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

## Impairment of Non-Financial Assets

At each reporting date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

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

## Employee Benefits

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

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

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



## Superannuation Schemes

### *Defined Contribution Schemes*

Contributions to defined contribution superannuation schemes are expensed when incurred.

### *Defined Benefit Schemes*

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

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

## Equity

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

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

### Restricted and Council Created Reserves

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

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

### Allocation of Overheads

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

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

## Other Disclosures

### *Balancing of Budget*

The Council has resolved, under section 100(2) of the Local Government Act 2002, that it is financially prudent to not balance its operating budget in the first 3 years. The primary reason is to allow Council to use reserves to fund certain one-off operating expenditure.

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

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

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

*Rating base information*

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

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

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### Prudence Disclosures

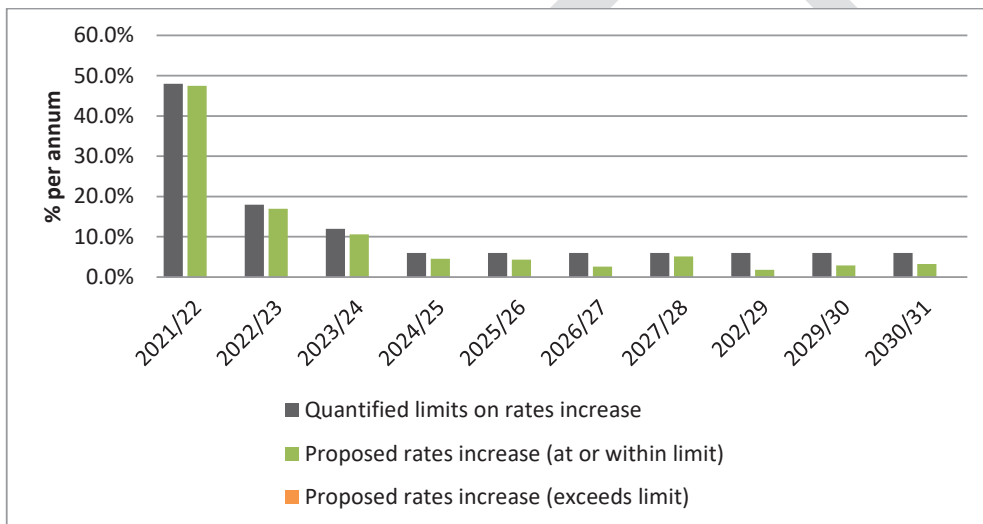
The purpose of this statement is to disclose the Council’s planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

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

### Rates (Increases) Affordability

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

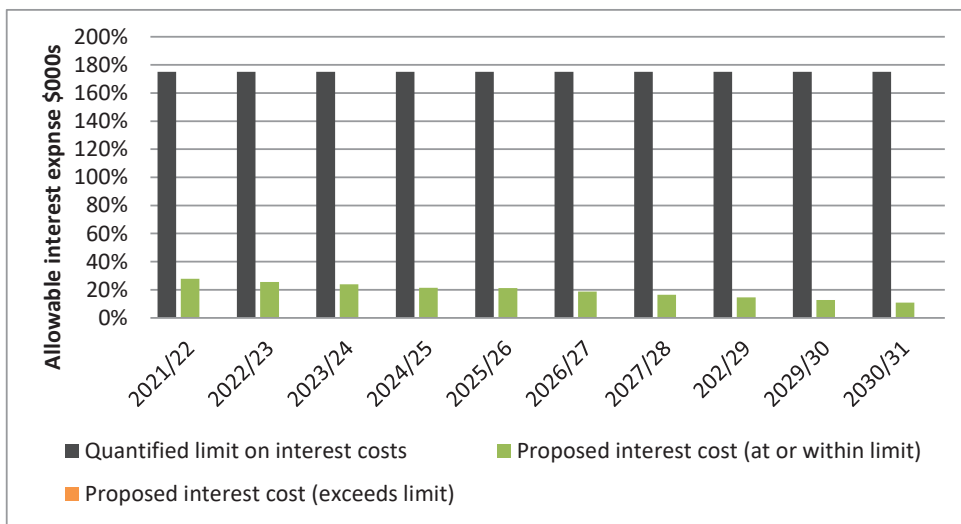
The quantified limit is 48% for 2021/22, 18% for 2022/23, 12% for 2023/24 and subsequently 6% in 2024/25 to 2030/31.



### Debt Affordability

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

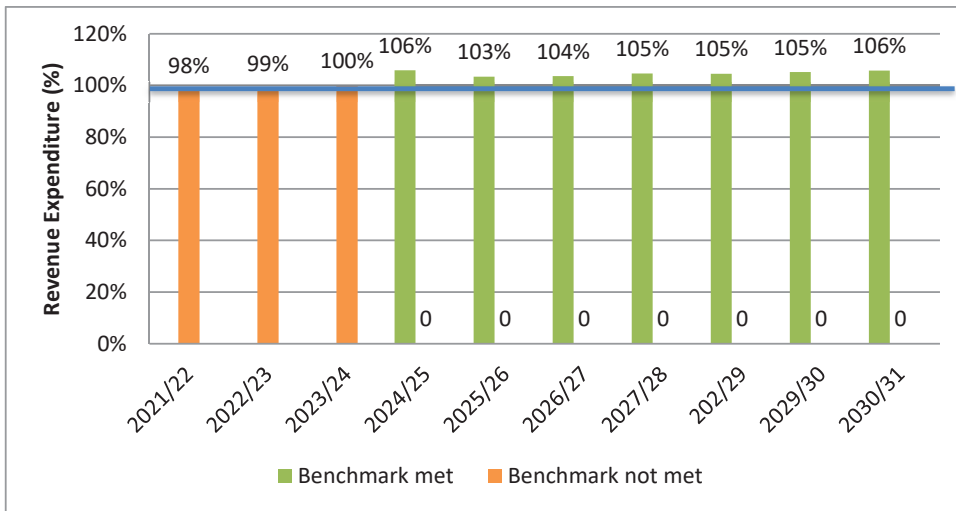
The following graph compares the Council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this Long Term Plan. The quantified limit is that debt cannot exceed 175% of the total revenue.



### Balanced Budget Benchmark

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

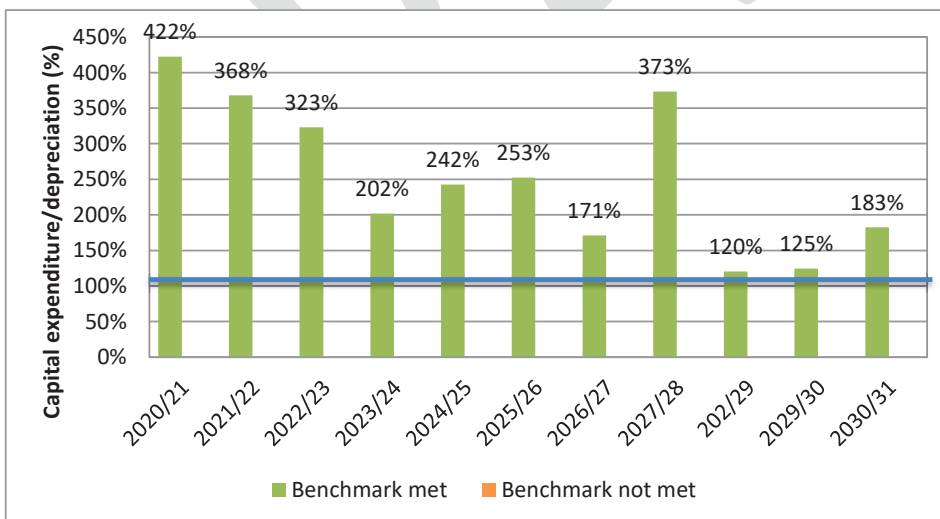
The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



#### Essential Services Benchmark

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

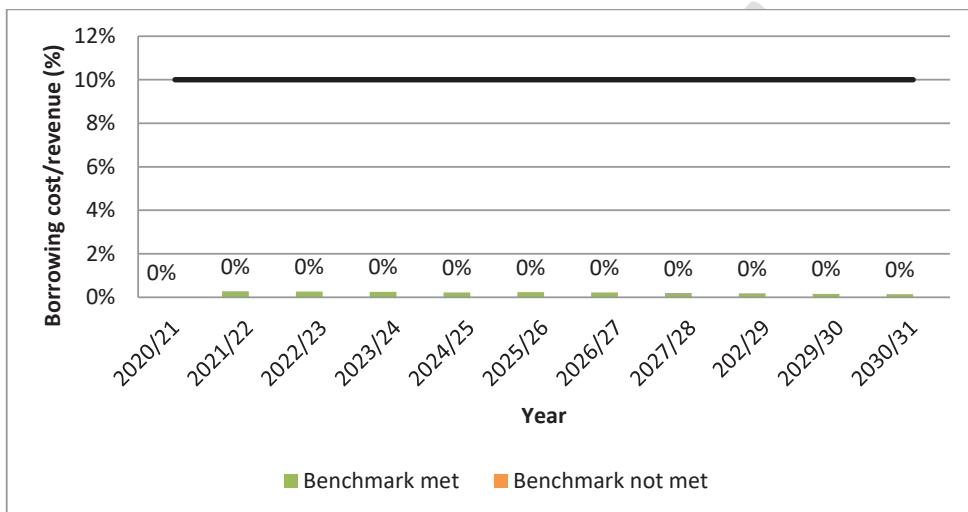
The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt Services Benchmark

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

Because Statistics New Zealand projects the Council’s population will grow more slowly that the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs are equal to or less than 10% of its planned revenue.



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Rate Funding and Funding Impact Statements  
Funding Impact Statement

20/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
	<b>Sources of operating funding:</b>									
<b>11,180</b>	General rates, UAGC and rate penalties	19,365	22,407	23,920	23,847	23,248	24,316	24,646	25,128	26,022
<b>15,777</b>	Targeted rates	20,398	24,112	27,539	29,965	32,908	34,191	37,024	38,329	39,483
<b>11,474</b>	Subsidies and grants	18,637	18,288	17,490	22,587	22,558	24,165	24,773	25,283	25,670
<b>11,702</b>	Fees and charges	11,231	11,423	12,347	16,115	13,584	14,067	15,084	15,620	16,170
<b>5,050</b>	Fines, infringement fees and other receipts	6,158	6,741	7,216	7,548	7,754	8,170	8,387	8,606	8,827
<b>11,100</b>	Interest & dividends from Investments	13,750	14,750	15,750	16,750	17,750	18,750	19,750	20,250	20,750
<b>66,282</b>	<b>Sources of operating funding: Total</b>	<b>89,538</b>	<b>97,721</b>	<b>104,263</b>	<b>116,812</b>	<b>117,801</b>	<b>127,330</b>	<b>129,657</b>	<b>133,216</b>	<b>136,922</b>
	<b>Application of operating funding:</b>									
<b>68,732</b>	Payments to Staff and suppliers	87,397	94,441	99,562	105,160	108,850	116,340	118,442	120,762	123,478
<b>104</b>	Finance Costs	350	358	367	376	385	369	354	338	321
<b>651</b>	Other Operating funding applications	465	494	546	212	284	490	673	773	1,070
<b>69,487</b>	<b>Application of operating funding: Total</b>	<b>88,213</b>	<b>95,294</b>	<b>100,475</b>	<b>105,748</b>	<b>109,519</b>	<b>117,198</b>	<b>119,468</b>	<b>121,873</b>	<b>124,868</b>
<b>(3,204)</b>	<b>Surplus (deficit) of operating funding Total</b>	<b>1,325</b>	<b>2,427</b>	<b>3,788</b>	<b>11,064</b>	<b>8,282</b>	<b>10,132</b>	<b>10,189</b>	<b>11,344</b>	<b>12,054</b>
	<b>Sources of capital funding:</b>									
<b>410</b>	Gross Proceeds from sale of assets	410	420	430	7,440	451	472	483	494	506
<b>410</b>	<b>Sources of Capital Funding total</b>	<b>410</b>	<b>420</b>	<b>430</b>	<b>7,440</b>	<b>451</b>	<b>472</b>	<b>483</b>	<b>494</b>	<b>506</b>
	<b>Application of capital funding:</b>									
<b>(9,695)</b>	Increase / (decrease) in reserves	(6,310)	(5,804)	(9,123)	8,266	559	2,247	4,860	6,032	6,059
<b>1,965</b>	Capital expenditure to improve level of service	1,995	2,676	1,901	2,321	4,495	2,826	2,959	2,424	1,862
<b>4,936</b>	Capital expenditure to replace existing assets	6,050	5,975	11,440	7,918	3,680	5,990	2,853	3,382	4,639
<b>(2,794)</b>	<b>Application of capital funding: Total</b>	<b>1,735</b>	<b>2,847</b>	<b>4,218</b>	<b>18,505</b>	<b>8,733</b>	<b>10,604</b>	<b>10,672</b>	<b>11,838</b>	<b>12,560</b>
<b>(3,204)</b>	<b>Surplus (deficit) of capital funding Total</b>	<b>1,325</b>	<b>2,427</b>	<b>3,788</b>	<b>11,064</b>	<b>8,282</b>	<b>10,132</b>	<b>10,189</b>	<b>11,344</b>	<b>12,054</b>



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

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
20/21										
<b>(3,204)</b>										
Surplus/(Deficit) of operating funding per funding impact statement	1,325	2,427	3,788	11,064	8,282	8,854	10,132	10,189	11,344	12,054
Add/(Deduct):										
<b>(2,967)</b>										
Depreciation	(3,574)	(4,013)	(4,418)	(4,740)	(4,593)	(4,856)	(4,918)	(5,160)	(5,453)	(5,611)
417	740	1,006	1,029	1,052	1,076	1,225	1,254	1,282	1,437	1,470
Other Gains/(Losses)										
586	400	427	477	142	212	280	415	596	695	989
<b>(5,168)</b>										
Surplus/(Deficit) from activities per Statement of Comprehensive Revenue and Expense	<b>(1,110)</b>	<b>(153)</b>	<b>875</b>	<b>7,518</b>	<b>4,977</b>	<b>5,503</b>	<b>6,882</b>	<b>6,907</b>	<b>8,022</b>	<b>8,903</b>

Funding Impact Statement – Calculation of Rates for the 2021/2022 Year

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Effect of Rating

20/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
<b>11,180</b>	<b>General Rates</b>	19,365	22,407	23,920	23,847	23,248	24,316	24,646	25,128	26,022
<b>680</b>	Rural Water Quality rate	523	1,268	1,781	2,104	2,163	2,283	2,345	2,408	2,472
	Air Quality rate			210						
<b>188</b>	Dairy Inspection rate	188	200	210	220	230	240	260	270	280
<b>2,658</b>	Emergency Management rate	2,959	3,001	3,068	3,108	3,191	3,274	3,443	3,531	3,620
<b>210</b>	Wilding Pines rate	200	205	210	215	220	225	236	241	247
	Biosecurity	2,436	3,393	3,864	4,266	4,431	4,597	4,937	5,110	5,284
	Lake Hayes	150	150	150	150	150	150	150	150	150
	<b>Targeted River Management rates:</b>									
<b>300</b>	Central Otago	320	340	360	380	400	420	440	460	460
<b>330</b>	Clutha	360	390	420	450	480	510	510	510	510
<b>250</b>	Dunedin	280	313	346	370	400	430	460	490	520
<b>150</b>	Wakatipu	200	220	240	270	300	330	360	400	500
<b>180</b>	Wanaka	200	220	240	260	280	300	340	360	380
<b>400</b>	Waitaki	400	400	400	400	400	400	400	400	400
<b>149</b>	Lower Waitaki river control	171	175	179	184	188	193	202	206	211
	<b>Targeted Transport rates:</b>									
<b>4,862</b>	Dunedin Public Transport	6,000	7,018	8,339	9,192	11,016	11,153	11,426	11,587	11,745
<b>990</b>	Wakatipu Public Transport	1,290	1,737	2,051	2,526	2,759	3,086	3,844	4,184	4,274
	<b>Targeted Catchment rates:</b>									
<b>1,461</b>	Leith Flood Protection	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461	1,461
<b>750</b>	Lower Clutha Flood Protection & Drainage	850	950	1,050	1,150	1,250	1,250	1,250	1,250	1,250
<b>850</b>	Lower Taieri Flood Protection	950	1,050	1,150	1,250	1,350	1,450	1,650	1,750	1,850
<b>650</b>	West Taieri Drainage	730	820	920	1,030	1,150	1,300	1,500	1,800	2,000
<b>500</b>	East Taieri Drainage	580	640	720	800	900	1,000	1,300	1,450	1,600
<b>140</b>	Tokomairiro Drainage	150	160	170	180	190	200	220	230	240
<b>80</b>	Shotover Delta									

## Schedule of Fees and Charges

See the Council website for the proposed schedule of Fees and Charges from 1 July 2021

## Part 5 – Policies and Strategy

### Financial Strategy

#### *Purpose*

This strategy sets out how the Otago Regional Council will manage its finances over the next 10 years. It outlines the financial direction Council wishes to take on matters such as levels of future rating, borrowings and investments and discusses factors that influence those areas. These matters have a significant influence on Council's ability to deliver on its strategic priorities including: aligning with national direction on fresh water reform; strengthening our leadership on strategic issues such as climate change, urban development and community wellbeing; and ensuring our operational response to maintaining and improving Otago's natural environment and public transport is appropriate. Delivering on these priorities must be done in consideration of what is affordable to the community and this Financial Strategy sets out a path for the prudent and sustainable funding of this Long-Term Plan.

#### *Executive Summary*

Council faces a significant financial challenge in this Long-term Plan. Central government requirements have increased as have community expectations. In the 2020-21 Annual Plan Council was required to respond to external reviews and increased its work programme by \$10M. Council was cognisant of the unplanned rates increase this would create and decided to fund \$3.9M of this increase from general reserves with a view to reviewing and accessing how this could be funded when the Long-term Plan was prepared.

Subsequent to that decision Council also decided to reserve fund a further \$1M to reduce rates increases further in light of Covid-19. Since the 2020-21 Annual Plan was adopted further legislative requirements has meant further unbudgeted expenditure has been necessary in the current year as additional staff and resources are added in regulatory, planning and environmental monitoring areas to meet Councils increased statutory obligations.

These increases and the funding shortfall in the current year means Council is facing a significant increase in rates before any new activity is even contemplated in the Long-Term Plan itself. On top of that many targeted rate reserves are already in deficit and increases as indicated in previous Long-Term Plans remain necessary to ensure those deficits are repaid.

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

- There is a significant increase in planned and unplanned expenditure occurring in the current 2020-21 year and that requires a corresponding increase in funding in year 1 of the Long-Term Plan. Where possible expenditure has been phased over the first 3 years, but a lot of the increase is required immediately meaning there will be a significant step up in expenditure in year 1.
- To reduce the rates increase, Port Otago dividends are forecast to increase from current levels and provide \$13M in year 1 rising to \$20M in year 10.
- There will also be an increased use of reserves over the life of this plan including using general reserves to permanently fund the 2020-21 general rates offset rather than adding that amount to the rate requirement.

- New targeted are rates being introduced for biosecurity and Lake Hayes remediation which will allow the increases or up-front expenditure in these activities to be deficit funded and funding increases smoothed over following years.
- Council is proposing to rename and repurpose river management targeted rates to include other water body activity. This will now include funding certain lake and water body remediation initiatives within each river and water management within each district.
- The use of external borrowing is proposed in this 10-year plan. This will reduce the interest cost for reserves that are in deficit and will allow cashflow to be managed efficiently as internal borrowing is forecast to exceed the level of Council's financial assets.

### *Background*

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

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

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

Council holds a number of investments and most of the income derived from those investments is used to contribute to the cost of our work. All ratepayers benefit from this income, as the contribution is used to reduce the general rate requirement each year. Council's Treasury Management Policy covers borrowing and investment terms, including a Statement of Investment Policy and Objectives for our financial investments.

Council has a strong balance sheet. Its aim is to use its balance sheet strategically to preserve the financial stability it currently enjoys. Historically Council has preferred to use internal borrowing, that is, to lend from its general reserves to fund certain activities, as the cost of internal borrowing has been lower to the ratepayers than if Council were to borrow externally. Over the next 10 years Council will use external borrowing where the cost of doing so is more cost effective and efficient than utilising internal borrowing.

### *Principles*

This financial strategy and the associated Revenue and Financing Policy are based on the following financial principles:

- **Prudence**  
Council will not take undue financial risks and aims to ensure spending and funding requirements are affordable and sustainable.
- **Fairness**  
Council will ensure spending reflects the needs of the community and that those who enjoy the benefit of that spending or are responsible for that spending occurring pay a fair share to fund that spending. That includes providing for intergenerational and community equity in both expenditure and funding decisions.

- **Value for money**  
Council will ensure that all expenditure provides the best possible value for money in terms of impact and effectiveness. That includes considering the lifetime cost and most efficient form of funding for that expenditure.
- **Transparency**  
Council aims to provide clear information to the community on its financial direction and decision-making framework Council is undertaking around that financial direction.

*Key issues that have a significant financial impact*

There are key issues associated with the Long-Term Plan 2021-31 that have significant financial impacts. They include:

- The tension between land use intensification, both rural and urban, and national direction to maintain and improve our fresh water resource.
- The need for a collaborative and inclusive approach for achieving acceptable environmental, economic and social outcomes in particular for land and water issues.
- Planning for and responding to the risk associated with providing flood protection and drainage schemes.
- Ensuring our operational response to maintaining and improving Otago's natural environment is appropriate.
- Meeting the need for effective public passenger transport services in Dunedin and the Wakatipu Basin.

Council is addressing these issues in the following ways:

- The Council's regional planning framework formed a critical component of a 2019 central government review of Council's approach to fresh water management. The recommendations of that review have already been acted on and this LTP further consolidates the provision for this on-going programme of work. It includes: Regional Policy Statement, Regional Land and Water Plan review, and increased capacity for consenting and consent monitoring activity. To support the delivery of the regional planning work this LTP makes further substantive provision for science and monitoring resource. This is largely staff who design, collect, manage, analyse and report information requirements for the planning process. A planning conversation that is based on relevant and quality science is more likely to result in a better result for the community.
- In conjunction with regional planning the Council is signalling support in this LTP for achieving desired results through working with community at a catchment level. While new funding provision is modest over years one to three, there is an expectation that over the medium-long term activity at the catchment level will increase.
- Our Infrastructure Strategy is an important component of deciding how Otago communities adapt to change and it signals a commitment to explore and communicate options relating to flood and drainage activity. While the achievement of fresh water outcomes is the top priority for Council, this LTP also includes immediate and substantive increase in the provision of core Biosecurity services.
- The LTP currently does not include provision for any substantive Air implementation programme. There is an expectation that over the medium-longer term that this will need to be addressed. Given the scale of the issue substantive funding may be required.
- Council has the expectation that national direction on climate change will continue to strengthen and that transport will be a significant part of achieving desired outcomes. As such this LTP, despite the COVID impact on Queenstown patronage, is investing to grow patronage and provide quality public passenger transport services over the long term. Sufficient provision is made in years one to three to complete business case work that will inform decisions in the medium-long term on substantive service development in Queenstown. It is anticipated that during years 1-3 consideration and decisions on

expenditure and funding will be required to achieve both service improvements and affordability for users and the community.

#### Other assumptions that have a financial impact

##### *Population growth*

Statistics New Zealand subnational population estimates (as at 30 June 2020) suggested that Otago's population in 2020 was 245,300. Between 2019 and 2020, Otago's population grew by 5,600 people or 2.4%, which was the third highest growth rate amongst New Zealand's regions and higher than New Zealand average of 2.1%.

In terms of population by age group, Otago's under-15 age group was estimated to be 15.8% of the total population, which was lower than the New Zealand average of 19% while Otago's over-65 age group was estimated to be 16.5% of total population, which was higher than the New Zealand average of 15.6%;

The annual peak numbers of visitors to the region in recent times has been estimated to be around 141,000, which is more than half of the resident population.

In the next 10 years (2020-2030), the region's population is projected to increase by 10% (24,590 people) to reach 264,855 residential population under the most likely growth scenarios provided by the district councils. Otago's districts are projected to continue to have different population growth rates. Queenstown-Lakes and Central Otago are projected to have the highest growth rates of 27% and 18% respectively; Clutha district is to have the lowest growth rate of 3%; while Waitaki and Dunedin's population are to grow by 7% and 5% respectively.

Currently there are approximately 120,000 ratepayers in Otago. The forecasted growth outlined above will translate into an increase in the ratepayer base. Over the ten period the population growth could translate to growth of the ratepayer base of 10,000 to 12,000 (ie approx. 10%). This level of growth will impact on the level of activity undertaken by Council over the 10-year period, including in the areas of public passenger transport and urban development, and management of natural resources such as fresh water and land. This LTP makes provision for a programme of work that builds into the requirements of growth alongside other non-growth related issues.

##### *Natural Hazards*

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

Otago will experience adverse events. For the purpose of this LTP, it is assumed that:

- There will be one flood event impacting on ORC's flood and drainage infrastructure every year;
- There will not be any droughts/low flows event – should one happen, it will likely lead to a reprioritisation of work and resources.

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



### *Land use change*

How land use may change in Otago is unknown. With population growth, there will be a need for more urban development, farming may change because of climate change effects, and there may a switch from intensive farming to more cropping. Whatever those changes may be, there will be likely impacts on the demand for water, and the need for greater efficiency in water use and changes in land use practice to achieve water quality objectives. Future decisions by the community about protecting property and maintaining land productivity from flooding and inundation will also be an important factor

### *Covid-19*

Council has been fortunate that Covid-19 has not had a material impact on its commercial revenue streams. Port Otago has been impacted but maintains diversified revenue streams and forecast dividends over the life of this plan are not expected to be impacted. Likewise, investment returns via the managed fund were impacted in the short term but have subsequently recovered and are not expected to be materially impacted in the financial forecasts.

Bus fare revenue was impacted in the short term however lost fare revenue was underwritten by NZTA. Decreased fare revenue is expected to continue in Queenstown in the early part of this 10-year plan. Council will maintain its existing levels of service and will continue to provide contracted public transport services. Any shortfall in fare revenue will be funded by increased NZTA grants and transport reserves.

## Expenditure

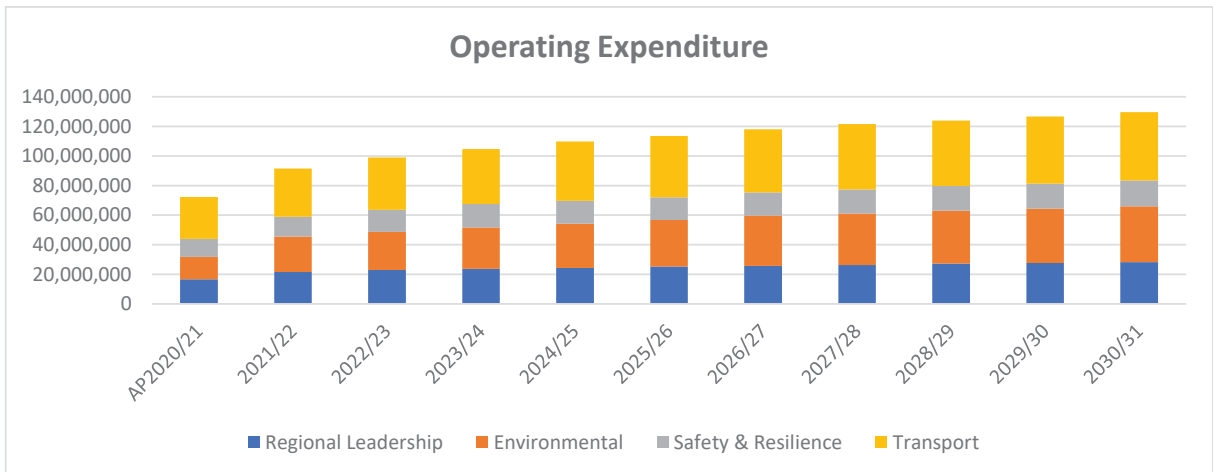
### *Operating expenditure*

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

In the 2020-21 Annual Plan Council decided to use general reserves to offset a significant increase in general rates with a view to recovering that amount over the early years in this 10-year plan. With significant additional expenditure now required in the next 10 years, Council has decided to fund the 2020-21 shortfall as a one-off from general reserves. Going forward over the next 10 years Council is not proposing to offset general rates in this way as the uncertainty that further expenditure increases may compound future year rates increases is too great.

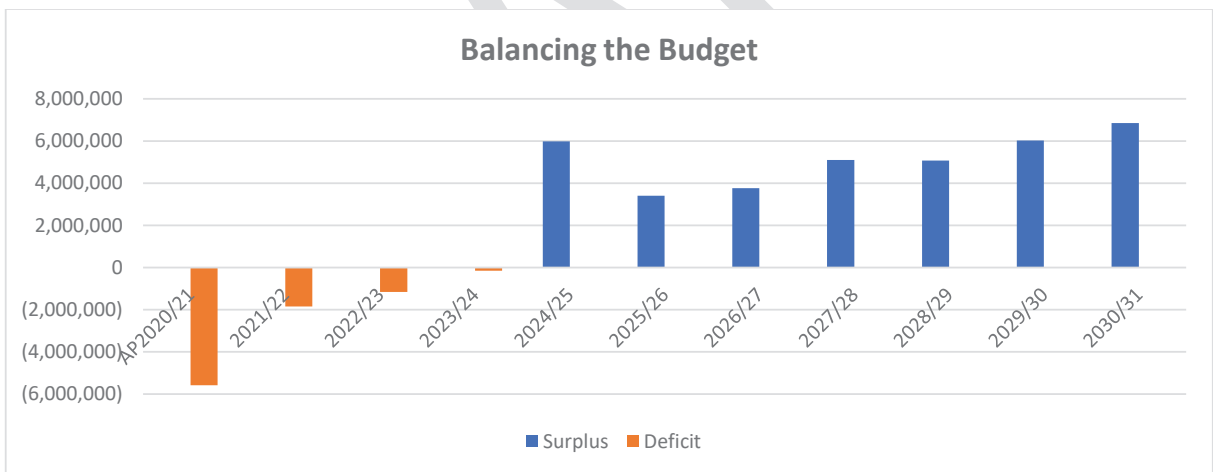
Council has a number of activities which are funded by targeted rates, such as public passenger transport, flood and drainage schemes, and river and water management. Reserves are maintained for activities funded by targeted rates. There are times when these reserves may be used to fund scheme operating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

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



*Operating surplus and balancing the budget*

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



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

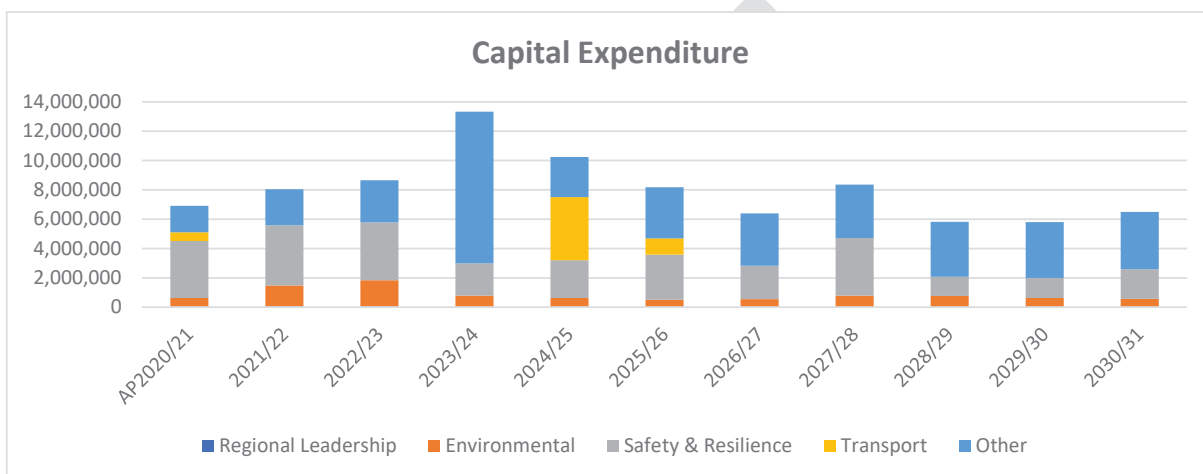
- Eco Fund;
- Climate Change Adaptation; and
- FMU water modelling.

The 2020-21 Annual Plan deficit includes the use of a general rates offset. This amount is not being recovered via rates in the Long-term Plan and will be permanently funded from general reserves.

*Capital expenditure*

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

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



*Scheme Infrastructure Asset Investment*

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

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

	Increase in Levels of Service \$000s	Renew / Replace \$000s	Total 10-Years to 2031 \$000s
Alexandra Flood	0	41	41
Leith Flood Protection	0	1,823	1,823
West Taieri Drainage	3,405	4,581	7,986
East Taieri Drainage	1,729	2,327	4,056
Lower Taieri Flood Protection	0	7,915	7,915
Lower Clutha Flood and Drainage	307	2,251	2,558
Tokomairiro	0	233	233
<b>Total</b>	<b>5,441</b>	<b>19,170</b>	<b>24,611</b>

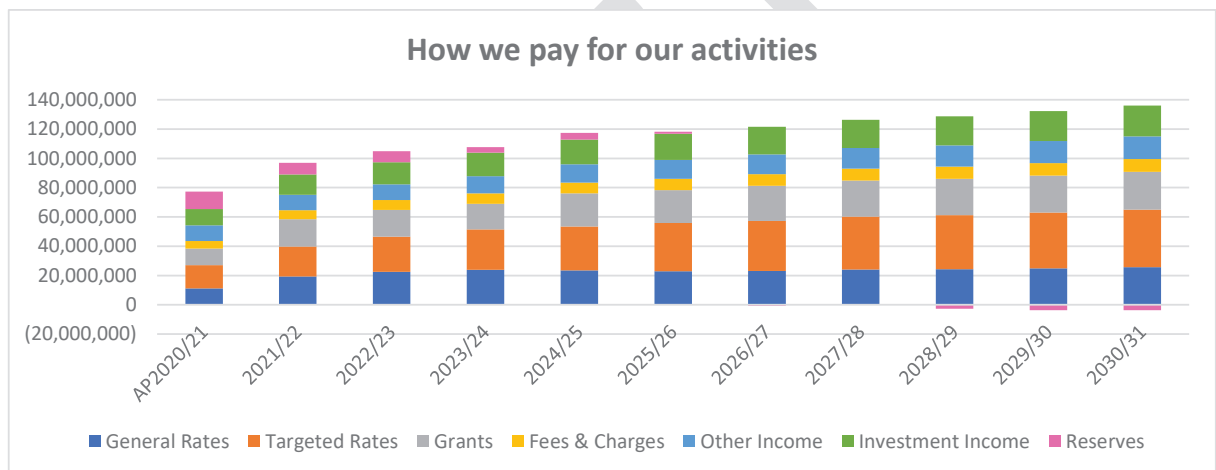
Each scheme has its designed level of service (or protection). Climate change risk assessment work for the Taieri Plain, Clutha Delta and South Dunedin continues within this LTP. This work will influence future decisions on infrastructure and associated levels of service for existing flood and drainage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

The expansion of Mosgiel and Wingatui within the boundaries of the Taieri Scheme will result in a need to address and manage the stormwater/land drainage interface.

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

### Revenue

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



### General Rates

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

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

The amount of general rates we collect is low, currently contributing around 14% towards Council's total expenditure although this will increase over this 10-year plan to around 20% of total expenditure. This low general rate means that any general rate increases, whilst small in monetary terms, are generally high in percentage terms. A 1% increase in general rates equates to approximately \$128,500 (including GST). This, spread across 120,000 ratepayers, averages out to an increase of around \$1.07 per annum, per ratepayer.

The average amount of general rates payable across the region is also low at \$107. The proposed increase in general rates will increase this by \$79 to \$186 on average.

Over the past few years, general rate increases have been higher than we have historically experienced. Council has recognised that with additional demands from central government and a growing work programme to meet

community expectations, we need to increase our general rates to a sustainable level. This will continue being done over the first three years of this Long-Term Plan.

To help us do this, our subsidiary company, Port Otago Limited, is increasing the forecast level of dividends significantly. Despite this, general rates will also need to increase significantly over the first three years of this Long-Term Plan to cover our estimated expenditure.

These increases will bring our general rates to around \$24 million at the end of year three. Any increases after 2024/25 in our general rates will be modest, generally taking account of inflation. The movement in general rates from year to year ranges from an average rate increase of 31.9% in the first three years of the plan, to an average increase of 1.0% for the remaining seven years of the plan.

This plan provides for inflation each year of between 2.4% and 2.7% over the 10-year period on its expenses.

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

If a specific project shows major fluctuations in the level of rate from year to year, council may smooth the impacts of those charges over a longer period of time, ensuring that the full contribution is achieved. It is not proposed to do this in the 10-years of this plan.

#### *Targeted Rates*

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

Council has around 23 targeted rates established for emergency management, air quality, wilding tree control, rural water quality, dairy inspections, river management works, flood and drainage schemes and public transport services provided in Dunedin and the Wakatipu Basin.

Each targeted rate has its own reserve. So, any unspent rating is allocated to the appropriate reserve and used to fund expenditure applicable to that targeted rate in future years.

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

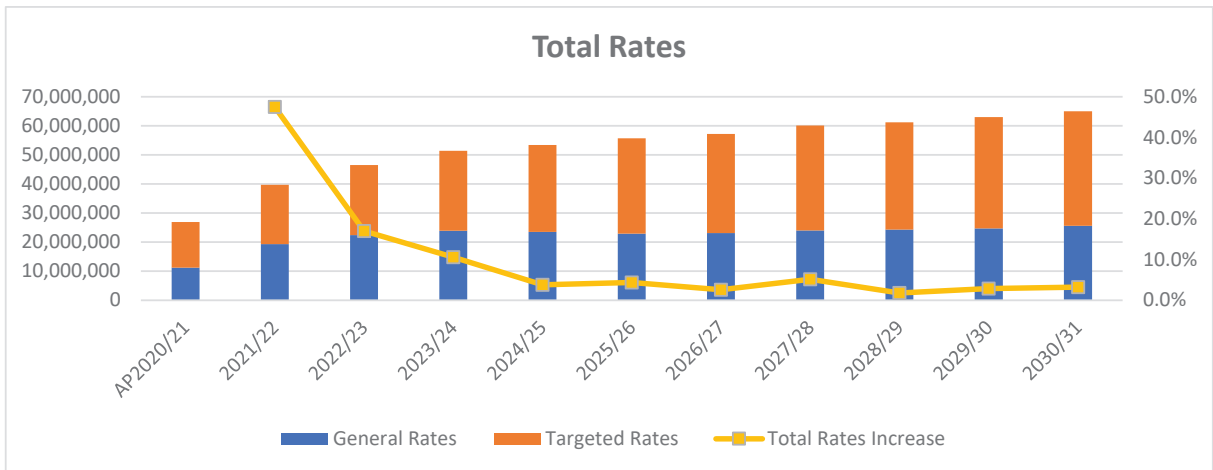
In this Long-term Plan Council is renaming and repurposing the river management rate and reserve to utilise that as the funding mechanism for river and water management generally. This will now include funding certain lake and other water body remediation initiatives within each river and water management district.

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

The movement in targeted rates from year to year ranges from an average rate increase of 20.6% in the first three years of the plan, to an average increase of 5.3% for the remaining seven years of the plan. These increases are required to ensure current deficits and operating expenditure is funded over the 10 years of this plan.

#### *Total Rates*

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



**Rate Limits**

Total rates increases will be limited to 48% in year 1, 18% in year 2, 12% in year 3 and 6% for years 4 to 10.

**Borrowing**

**External Borrowing**

Council currently has no external borrowing however this is proposed to change from year one of this Long-Term Plan.

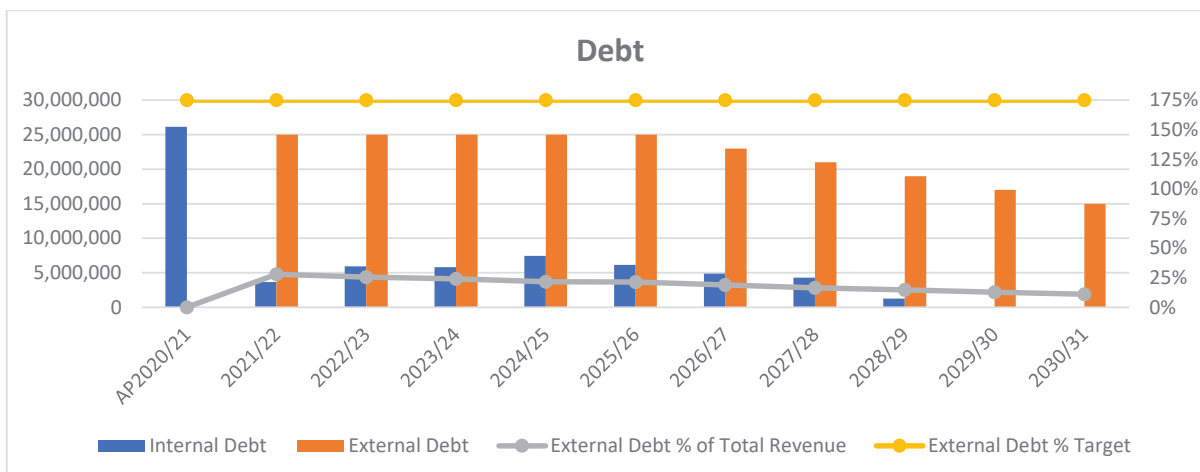
Council may borrow for the following primary purposes:

- To fund special one-off type projects.
- To fund expenditure for items of an intergenerational nature.
- Short term borrowing to manage timing differences between cash inflows and outflows.
- To replace an unexpected loss in dividend or investment income.

Borrowing limits are set as follows:

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

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



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

#### Internal Borrowing

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

- Interest is charged on the month end loan balances.
- The interest rate charged is equivalent what Council would earn if it had been invested.
- Reserves available for internal borrowing are limited to 50% of total reserves.

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

#### Investments

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

#### Port Otago Limited

Council holds 100% ownership of Port Otago Limited. Each year, dividends are received from Port Otago Limited that significantly reduce the general rate requirement. Council is of the view the this is a strategic asset held on behalf of the Otago community and through subsidising general rates, every ratepayer enjoys the benefit of that ownership. Port Otago’s dividend policy aims to provide a dividend of between 50-70% of normalised operating profit after tax. This allows Council to receive an acceptable and sustainable return while still allowing the Port to retain capital for reinvestment in the long-term future of the business.



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

From time to time, special dividends may be received from Port Otago Limited for specific purposes. Before requesting special dividends, Council will discuss with Port Otago its ability to pay such dividends, taking account of factors such as the company’s own programme of capital expenditure. No special dividends are proposed in the 10 years of this Long-term Plan.

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



#### Investment Property

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

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

#### Managed Funds

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

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

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

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

Our assumption in this plan is that the managed fund will achieve an overall return of 4.5% per annum. This income is used to pay interest on reserve balances that are in funds and the remaining balance is used to subsidise general rates.

## Reserves

### *Restricted and Council Created Reserves*

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

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

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

The majority of Council's reserves relate to the revaluation of assets and therefore do not represent cash reserves available for Council's use.

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

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

- **Water Management Reserve**

The purpose of this reserve is to provide funding for water management initiatives in Otago.

This reserve was established to provide funding for water management investigations including irrigation scheme feasibility. It has also been used to fund water allocation work. In year 1 of this plan it will be used to fund FMU water modelling work. This is expected to fully exhaust this reserve at which stage any remaining funds will be incorporated back into the general reserve and this this reserve will be closed.

- **Building Reserve**

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

Council has indicated it is unlikely to pursue investment in a new Council owned head office. Despite that the challenge of housing increasing levels of Council's staff both in Head Office and throughout the region remains. This financial strategy assumes Council will required to spend approximately half of the building reserve in year 3 to facilitate a move to new leased premises and or to redevelop and expand existing sites.

Setting aside this amount, the remainder of the reserve is being transferred back to general reserves where it will be used to fund the 2020-21 general rates offset and assist with funding other general rate activity.

- **Environmental Enhancement Reserve**

The purpose of this reserve is to provide funding for the maintenance or enhancement of areas of the natural environment within the Otago region.

- **General Reserve**

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

The general reserve will be replenished in year 1 of the LTP as internal borrowing is repaid and replaced by external borrowing. Further funds will be added to the general reserve following relocation to a new head office when any other surplus operational property will be sold.

### *Targeted Rate Reserves*

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

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

Repay, of operation

- **River and Water Management Reserves**

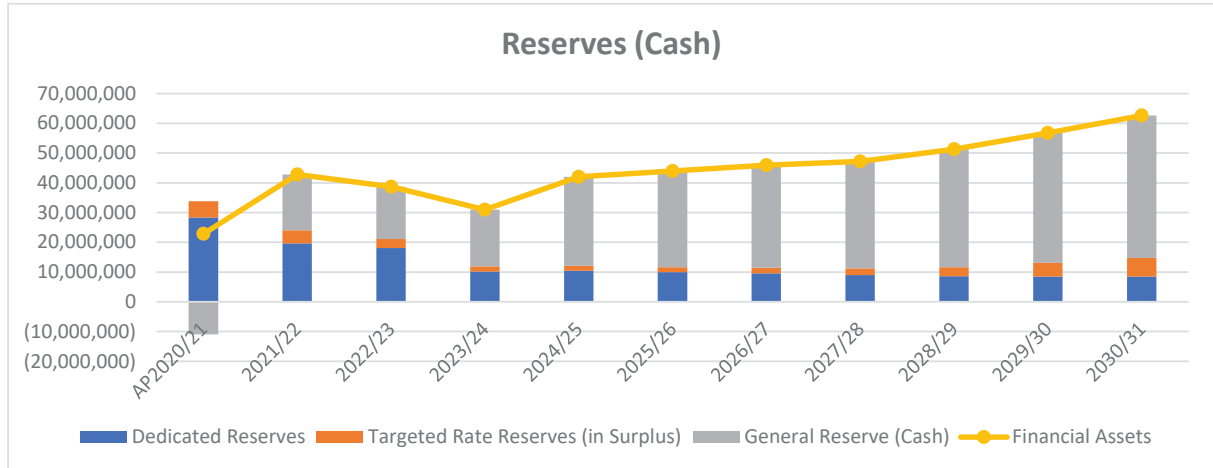
Targeted rating has been used to fund river management works across the city and districts within Otago. In this Long-term Plan this reserve will be extended and also used for other water management

implementation activities. That will include restoration and remediation initiatives of an operational nature including clearing, planting and smaller one-off works.

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

- **Flood and Drainage Scheme Reserves**  
Targeted rating is used to fund the costs associated with maintaining the level of flood protection and drainage provided by these schemes. This includes funding both operating and capital expenditure.
- **Transport Reserves**  
Targeted rating is used in Dunedin and Queenstown to fund the Council's costs associated with the provision of public transport services including buses, ferries and the associated infrastructure.
- **Clean Heat Clear Air Reserve**  
The purpose of this reserve is to fund costs associated with the provision of funding associated with the improvement of insulation and heating in homes located within the targeted rating district.
- **Rural Water Quality Reserve**  
The purpose of this reserve is to fund costs associated with rural liaison and integrated catchment functions within the water quality implementation activity.
- **Dairy Monitoring Reserve**  
This reserve is primarily used to smooth rates increases and reallocate any under or over spent funding to future years.
- **Wilding Pines Reserve**  
This reserve is primarily used to smooth rates increases and reallocate any under or over spent funding to future years.
- **Emergency Management Reserve**  
This reserve is primarily used to smooth rates increases and reallocate any under or over spent funding to future years.
- **Lake Hayes Remediation Reserve**  
The purpose of this reserve is to fund costs associated with the restoration of Lake Hayes.

The graph below shows Councils reserves of the 10-years of the Long-Term Plan. The General Reserve has been balanced to reflect the underlying reserve amount available in cash on hand an in the managed fund.



### Insurance

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

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

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

## Infrastructure Strategy

### Introduction

Otago is administered by the Otago Regional Council. Situated in the southern half of the South Island, and with an area of approximately 32,000 square kilometres, it is the second largest local government region in the country.

Council provides flood protection and land drainage to approximately 43,000ha of rural and urban land in Otago. This is achieved through managing infrastructural assets that include 218km of floodbanks, 12 pumping stations, 55 bridges, culverts, and various other assets, across the region's rivers and a total of seven flood protection and/or drainage schemes.

Different types of assets are situated within our rivers to maintain river and stream channel capacity, and bank stability in targeted areas, as well as satisfying environmental needs. These assets may include rock buttresses, groynes and floodbanks, outside of those within Council's flood protection and drainage schemes.

Council's flood protection schemes are designed to protect people, property and stock during a flood event. These schemes typically consist of floodbanks, flood pumps, ponding areas, gravity gates and floodways. Council's drainage schemes are designed to drain land so that it remains viable for farming activities. Drainage schemes are located on the low-lying plains in parts of Otago and typically consist of pump stations and a network of open drains.

The context within which Council's infrastructure must operate is ever-changing as influenced by several factors:

- Demographics – The Otago region has been experiencing very high growth and this is projected to remain strong into the future.
- Economy – Different economic structures across the Otago region with the economies of the Clutha and Waitaki districts focussed heavily on the primary sector and bigger manufacturing sector than other districts; Dunedin and Queenstown Lake economies heavily reliant on the tertiary sector (food and accommodation, retail, health and social services); and Central Otago reliant on both the primary and tertiary sectors.
- Physical environment – Management of infrastructure within an ever-changing physical environment brought about by the dynamic geomorphology of the Otago region e.g. over 2,000 alluvial fans across the region.
- Climate – Variable impact of climate change likely across the region, with sea level rise and shoreline retreat near our coasts, and more frequent and high intensity rainfall events across the region.

The community are dependent on the effective performance of Council's infrastructure for their safety and economic wellbeing. This infrastructure has a key role to play in the protection of non-Council assets and businesses, including KiwiRail, Waka Kotahi, Dunedin's Central Business District, University of Otago, Dunedin International Airport, Finagand Freezing Works, and the townships of Balclutha, Alexandra and Mosgiel. ORC acknowledges that collaborative working arrangements will be required with other asset owners to ensure synergies in infrastructural function is achieved.

Strategic planning positions council to make informed decisions about the management of assets. This enables council to optimise asset performance to meet the level of service to the customer, with consideration and a balance of expenditure and risk in the long term. This document describes that planning process and the resulting approaches that Council intends to pursue in managing its assets. This planning has a 30-year horizon which enables consideration of the entire lifecycle of assets as well as accounting for external factors and changes over time.

### Purpose

The purpose of this Infrastructure Strategy (Strategy) is to provide to Council and the Otago community with information about what significant issues the flood protection and drainage infrastructure face over the next 30 years and beyond, and to identify the principal options for managing those challenges, including the implications

of those options, before presenting the most likely scenarios for each issue and when any significant decisions will need to be made.

When setting out how the Otago Regional Council (Council) intends to manage the flood protection, land drainage, and river asset infrastructure in accordance with the requirements of the Local Government Act<sup>7</sup>, Council needs to consider how:

- To manage the renewal or replacement of existing assets over their lifetime;
- To respond to growth or decline in demand;
- Increases or decreases in levels of service will be planned for;
- Public health and environmental outcomes will be maintained; and
- Natural hazard risks and resilience will be addressed.

Each of these are discussed and addressed within the Strategy.

The high-level direction presented in this Strategy has formed the basis of infrastructure planning decisions included in the Long Term Plan 2021-2031. In doing so it links with the Council's Financial Strategy to provide an integrated approach to providing value for money for Otago communities.

The Strategy is a statement of current assumptions and thinking on what infrastructure is required to address the major issues facing the flood protection, land drainage and river management activities over the next 30 years. It presents a clear picture of where we are now, where we are going and how we intend to get there.

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<sup>7</sup> Local Government Act 2002 Amendment Act 2014



### Statutory Requirements

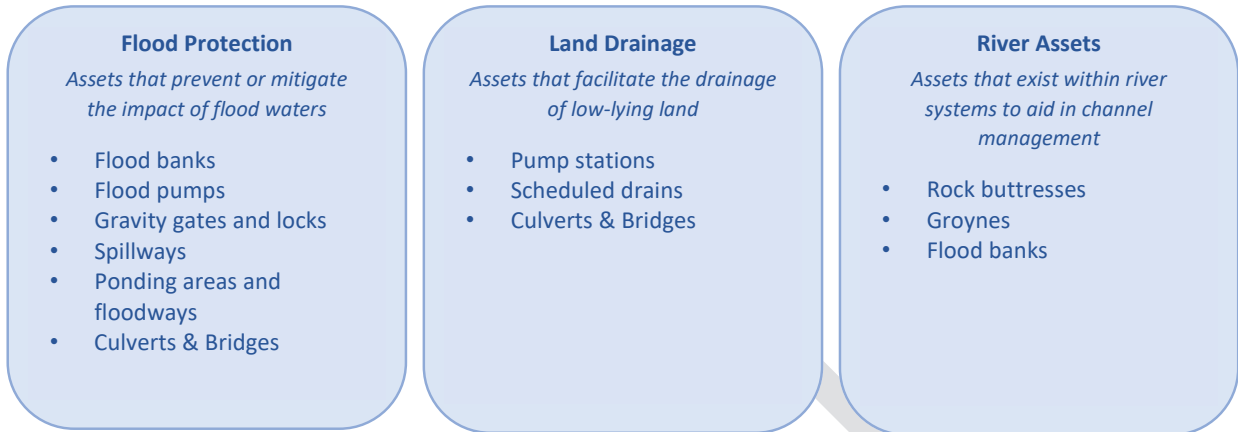
In August 2014, the Local Government Act introduced a new requirement for infrastructure strategies and asset management planning. *Table 1* below sets out the relevant requirements of this Act and outlines the corresponding section of this Strategy where it is addressed.

*Table 1. LGA 2002 Amendment Act 2014 requirements for Infrastructure Strategy.*

LGA 2002 Section 101B		Strategy Section
<b>1</b>	A local authority must, as part of its long-term plan, prepare and adopt an infrastructure strategy for a period of at least 30 consecutive financial years.	<b>1.3</b>
<b>2(a)</b>	The purpose of the infrastructure strategy is to identify significant infrastructure issues for the local authority over the period covered by the strategy.	<b>5</b>
<b>2(b)</b>	The purpose of the infrastructure strategy is to identify the principal options for managing those issues and the implications of those options	<b>5</b>
<b>3</b>	The infrastructure strategy must outline how the local authority intends to manage its infrastructure assets, considering the need to: <ul style="list-style-type: none"> <li>a. renew or replace existing assets;</li> <li>b. respond to growth/decline in the demand for services reliant on those assets;</li> <li>c. allow for planned increases or decreases in levels of service provided through those assets;</li> <li>d. maintain or improve public health and environmental outcomes or mitigate adverse effects on them;</li> <li>e. provide for the resilience of infrastructure assets by identifying and managing risks relating to natural hazards and by making appropriate financial provision for those risks.</li> </ul>	<b>5</b>
<b>4</b>	The infrastructure strategy must outline the most likely scenario for the management of the local authority's infrastructure assets over the period of the strategy and, in that context, must:	<b>5</b>
<b>4(a)</b>	show indicative estimates of the projected capital and operating expenditure associated with the management of those assets: <ul style="list-style-type: none"> <li>i. in each of the first 10 years covered by the strategy; and</li> <li>ii. in each subsequent period of 5 years covered by the strategy</li> </ul>	<b>6.3</b>
<b>4(b)</b>	identify: <ul style="list-style-type: none"> <li>i. the significant decisions about capital expenditure the local authority expects it will be required to make;</li> <li>ii. when the local authority expects those decisions will be required;</li> <li>iii. for each decision, the principal options the local authority expects to have to consider; and</li> <li>iv. the approximate scale or extent of the costs associated with each decision</li> </ul>	<b>5</b>
<b>4(c)</b>	Include the following assumptions on which the scenario is based: <ul style="list-style-type: none"> <li>i. the assumptions of the local authority about the life cycle of significant infrastructure assets;</li> <li>ii. the assumptions of the local authority about growth or decline in the demand for relevant services;</li> <li>iii. the assumptions of the local authority about increases or decreases in relevant levels of service</li> </ul>	<b>6.2</b>
<b>4(d)</b>	if assumptions referred to in paragraph (c) involve a high level of uncertainty: <ul style="list-style-type: none"> <li>i. identify the nature of that uncertainty; and</li> <li>ii. include an outline of the potential effects of that uncertainty</li> </ul>	<b>6.2</b>

### Strategy Scope

Providing and maintaining infrastructure requires good asset management practices and strategic thinking. This Strategy has been prepared for the flood protection, land drainage, and river asset infrastructure of ORC as required under the LGA 2002 Amendment 101B. It covers the following infrastructural assets:



This Strategy outlines the key issues, implications and most likely scenarios for how Council intends to manage its flood protection, land drainage and river asset infrastructure over the next 30 years.

The Infrastructure Strategy fits within a decision-making and operational framework that ultimately provides direction for the Long Term Plan (LTP). This is depicted in Figure 1.

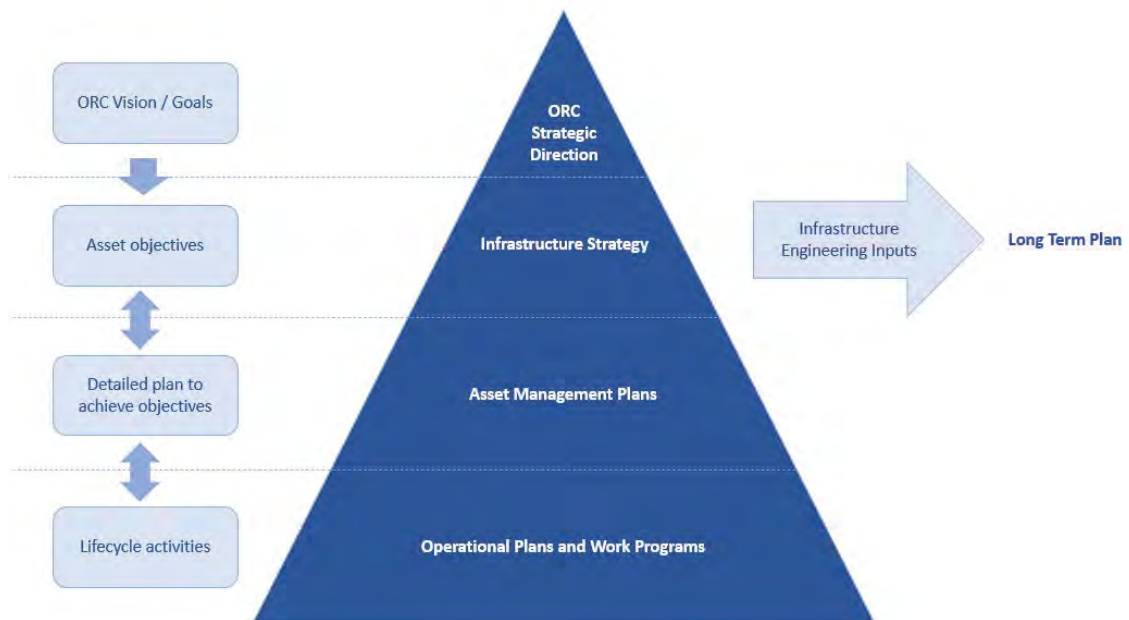


Figure 1 Linkages between the Infrastructure Strategy and other key Council documents.

This Strategy has a 30-year planning horizon and will be reviewed every three (3) years. The planning horizon extends well beyond the more detailed planning included in the Long-Term Plan as a longer time horizon is required to consider the whole life cycle of the infrastructural assets. This helps the Council and the community to see the longer-term approaches planned and what can be expected for Otago up to 2050, and beyond.

The Strategy is structured into the following six sections:

<p><b>Introduction</b></p>	<p>This section discusses the purpose of the Infrastructure Strategy, the minimum legislative requirements to meet, how the Infrastructure Strategy links with other key Council documents, and what progress has been made since 2015.</p>
<p><b>Setting the Context</b></p>	<p>This section provides the context across the 6 areas: geographic, demographic, economic, strategic, and environmental and climate. Council’s purpose, vision, and strategic objectives are presented, along with the various levels of service.</p>
<p><b>Infrastructure Overview</b></p>	<p>This section provides a summary of the flood protection and drainage activity and infrastructure asset portfolio including asset condition, performance, and criticality. A summary of data confidence in the asset information is provided.</p>
<p><b>Infrastructure management Approach</b></p>	<p>This section outlines Council’s approach to managing infrastructure in line with its strategic directions. This sets the scene for how Council applies these principles in response to the significant issues that follow.</p>
<p><b>Significant Issues &amp; Directions</b></p>	<p>Key significant issues are highlighted and discussed alongside various options considered to address the issues, the implications of each of those options, the most likely scenarios, and when any key decisions will need to be made.</p>
<p><b>Infrastructure Investment Programme</b></p>	<p>Infrastructure priorities and principles are outlined. Key projects are presented including which significant issues will be addressed. The funding and expenditure required for the projects and programmes are presented.</p>

### Progress and milestones between 2015 and 2021

The year 2021 marks the Council's third Infrastructure Strategy since the inaugural strategies were developed in 2015. Throughout this time various reviews and reports, outlined below, have disseminated best practice in infrastructure management in the Local Government Sector. As well as these reports, best practice has been pulled from other Local Authorities who have set great examples in developing their infrastructure strategies.

The main updates from Council's previous strategies include:

- Incorporating appropriate recommendations and learnings from Audit NZ's report "Asset management and long-term planning: Learnings from audit findings 2015 to 2017";
- Incorporating appropriate recommendations and learnings from the Office of the Auditor General's report, "Matters arising from the 2015-25 local authority long term plans"
- Major structural changes and development to the overall strategy document;
- Addition of asset information and current state of the flood and drainage infrastructure;
- Updates to asset and demographic data to reflect the most recent information available; and
- Addition of significant infrastructure issues, principal options, and their implications.

ORC understands that providing and maintaining the Council's infrastructure requires good asset management practices and strategic thinking. In response to this ORC have also:

- Updated the Flood Protection and Drainage Asset Management Plans (previously completed in 2014).
- Carried out an asset management maturity assessment of flood protection and drainage assets.



*Figure 2 River channel asset, Albert Town (Clutha River/ Mata-Au) Rock Buttress flood repair works completed in February 2021.*

## Setting the Context

### *Geographic Context*

The Otago region is located in the southern half of the South Island (Figure 3) and is the second largest region in New Zealand by land area; covering approximately 32,000 km<sup>2</sup>. The region incorporates the full extent of the coastline stretching approximately 470 km from the Waitaki River in the north to Wallace Beach in the south; the coastal marine area extends 22.2 km (12 nautical miles) out to sea. To the west the region is largely bounded by the high alpine mountains and catchment watersheds of the Clutha/Mata-Au River and its tributaries, and also the Taieri River which rises in the Lammerlaw Ranges.

The Otago region is made up of five territorial authorities:

- Queenstown Lakes District Council
- Central Otago District Council
- Clutha District Council
- Waitaki District Council
- Dunedin City Council

It should be noted that while Waitaki District lies across both the Otago and Canterbury regions (predominant river catchment area), around 90% of its population live within the Otago region.

Major centres include Dunedin, Oamaru, Balclutha, Alexandra, Cromwell, Wanaka and Queenstown.



Figure 3 Map of the Otago Region and territorial authorities

*Demographic Context*

The population of Otago is 245,300<sup>8</sup>, approximately 4.8% of New Zealand’s total population. The Otago region has been experiencing very high growth and the current population is already ahead of the growth projections based on the 2013 census (Figure 4). This figure also demonstrates that growth is projected to remain strong through until 2043 (no projections beyond this).

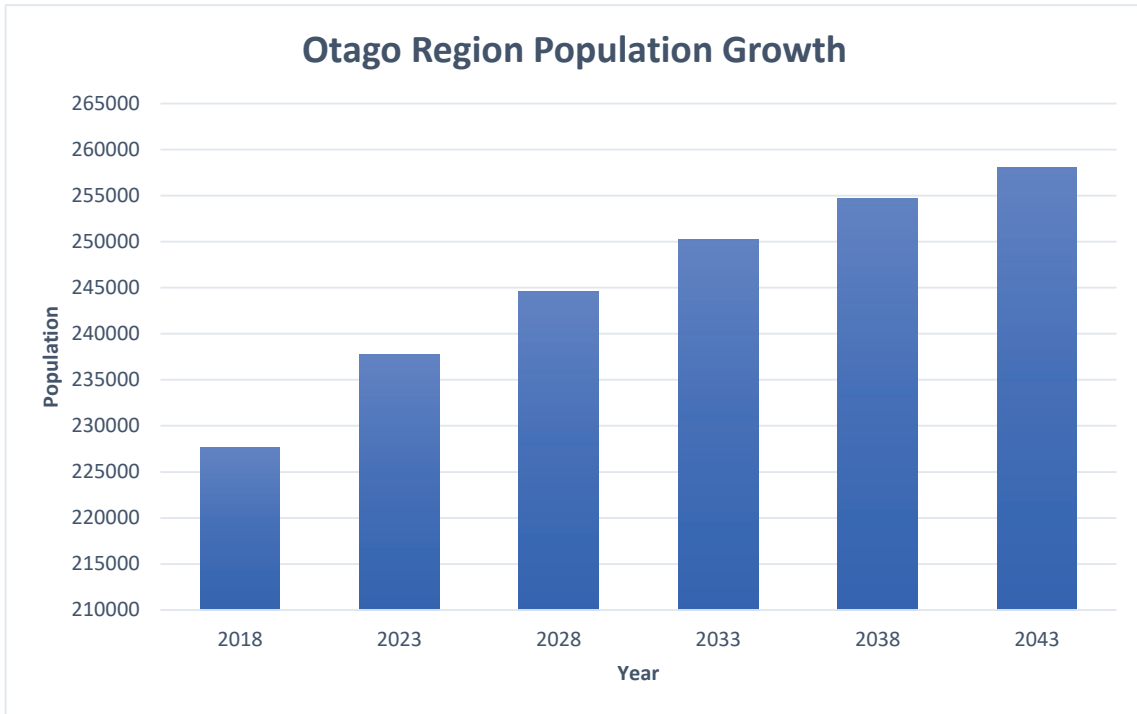


Figure 4 Projected population growth in Otago from 2018-2043<sup>9</sup>. n.b. 2013 consensus used as based figures. Projection figures using 2018 consensus not available. Population projection beyond 2043 not available.

Dunedin City (including Taieri) and Clutha districts contain the majority of flood protection and drainage schemes that the ORC manages and maintains. Changes in population are projected to differ in both areas as follows:

- Dunedin City – Population numbers are projected to increase from 2018 to 2028 by 6% and to 2048 by 10%, however the rate of change is projected to decrease<sup>10</sup>.
- Clutha District – Population numbers are projected to increase from 2021 to 2031 by 3% and to 2051 with no change of population<sup>11</sup>.

The Otago region also has an ageing population. In 2020 around 16.5% of the region’s population was aged 65 and over; this is above the national average of 15.6%. This population trend is projected to continue with the number of people aged 65 and over expected to more than double from 32,400 in 2013, to 65,800 in 2043. This projected figure will account for more than a quarter of the Otago population (25.7%) in 2043, which will remain higher than the national average of around 23%.

<sup>8</sup> <https://www.stats.govt.nz/assets/Uploads/Subnational-population-estimates/Subnational-population-estimates-At-30-June-2020/Download-data/subnational-population-estimates-at-30-june-2020.xlsx>

<sup>9</sup> <https://www.stats.govt.nz/assets/Uploads/Subnational-population-projections/Download-data/subnational-pop-projections-2013-43-update.xlsx>

<sup>10</sup> Dunedin City Council statistics

<sup>11</sup> Clutha District Council statistics



In developing this Strategy, it is important to consider population and demographic projections as they give insight into the future challenges, community drivers and desires that will influence the flood protection, drainage and river services provided.

*Economic Context*

While Otago region comprises the sixth largest regional economy in New Zealand, with the latest official estimates from Statistics New Zealand showing a regional gross domestic product (GDP) of approximately \$13.6 billion in the year to March 2019<sup>12</sup>, which is 4.5% of New Zealand’s national GDP, overall the income of residents across the Otago region is lower than for New Zealand. Otago’s regional GDP per capita was estimated at \$57,974, which is \$4,195 below the national average of \$62,165 per capita.

Otago districts have different economic structures. Clutha and Waitaki’s economies are focused heavily on the primary sector and bigger manufacturing sector than other districts; Dunedin’s economy is relatively concentrated on tertiary sectors (e.g., food and accommodation, retail and health and social services); Central Otago’s economy relies more on both the primary and the tertiary sector; and Queenstown-lake’s economy has the highest tertiary sector concentration in the region. This makes up for a diverse range of economies across the district, as demonstrated in Figure 5 below.

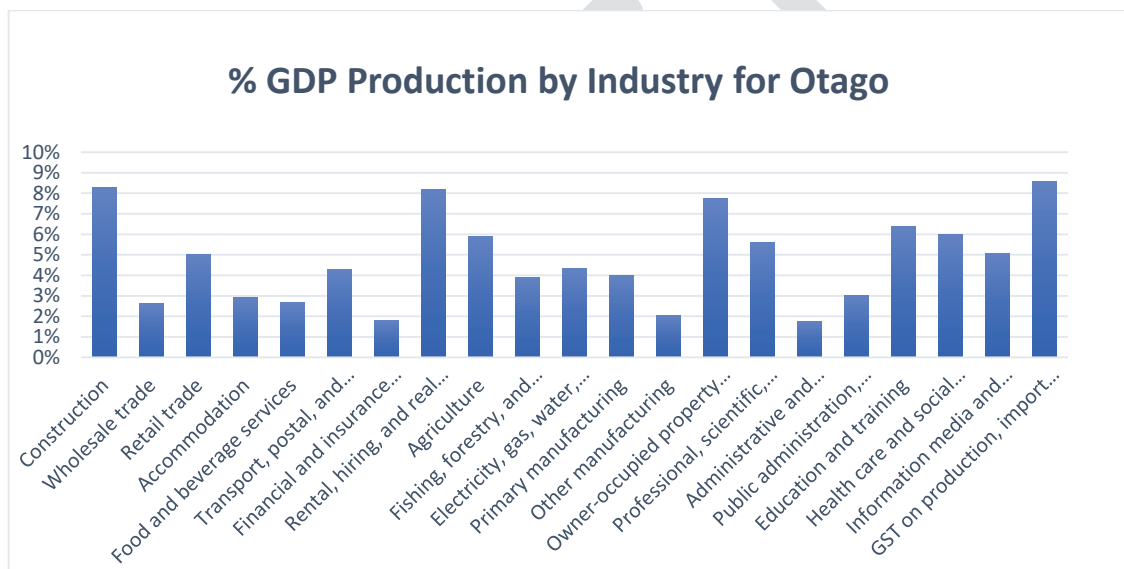


Figure 5 2018 percentage contribution to Otago GDP by Industry (Source: Statistics NZ 2019)

Whilst agriculture is one of the main sectors that benefits, the services provided by the flood protection and land drainage schemes have a variety of other quantifiable benefits which enables further contribution to the region’s economy, including but not limited to:

- Protection of land/property, which reduces potential damage and increases the productive value of the land;
- Protection of regionally and nationally important infrastructure associated with activities such as transport (e.g. roads including state highways) and Dunedin International Airport;
- Avoided costs from flood damage that would otherwise result if the schemes were not in place (or maintained to the necessary standard).

*Climate Context*

The effects of climate change will impact the environment regionally, nationally, and globally. There will be changes in sea level rise, wind and weather patterns, and the frequency of extreme weather events are anticipated to increase. Furthermore, these changes will occur to differing extents in different places. Significant

<sup>12</sup> Regional gross domestic product: Year ended March 2019. Statistics NZ



upgrades of infrastructure are expected as a result, to maintain the current and future level of security from flooding.

In October 2019, the ORC commissioned the National Institute of Water and Atmospheric Research (NIWA) to undertake a review of climate change projections for the Otago region over the 21<sup>st</sup> Century<sup>13</sup>. The study states that changes to Otago’s future climate are likely to be significant, with the key messages from this report being:

- Annual rainfall is projected to increase by between 0-10% for most of the region by 2040.
- Increases in winter and spring rainfall of between 5-20% are projected for many western and inland parts of Otago by 2040.
- Annual rainfall increases of 10-20% are projected for the majority of Otago by 2090 with smallest increases expected near Ranfurly (0-5%).
- Winter rainfall is projected to increase considerably by 2090, with 20-40% more rainfall projected for many parts of the region.
- Decreases in summer rainfall of 5-10% are projected around Ranfurly and Middlemarch by 2090.
- Mean annual flood is expected to become larger everywhere, with increases up to 100% in some locations by the end of the century.
- Extreme, rare rainfall events are likely to increase in intensity in Otago because a warmer atmosphere can hold more moisture.
- Short duration rainfall events have the largest relative increases.

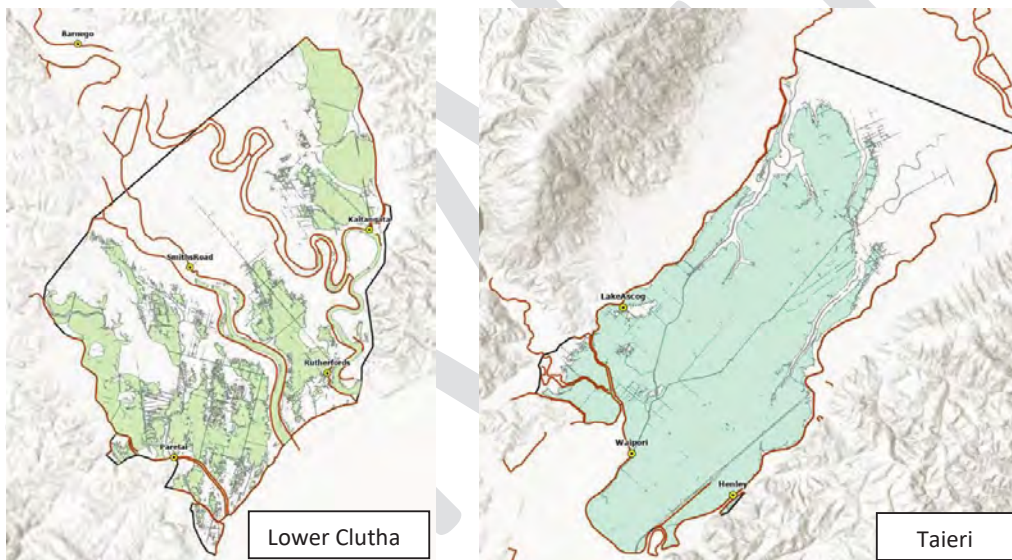


Figure 6 Lower Clutha & Taieri catchments, highlighting land areas less than 1 metre above mean sea level

Furthermore, other climate change studies and reports have indicated that New Zealand can expect sea levels to rise over the 21<sup>st</sup> Century. From 1899-2015 the annual mean sea level rise for Dunedin was 1.42mm (Ministry for the Environment, 2017), and this is predicted to not only continue throughout this century, but also increase.

Sea level rise has the potential to have a significant impact on the flood and drainage schemes. With 45,462 Ha of the land that relies on ORC’s flood protection and land drainage infrastructure less than one metre above current mean sea level. This is demonstrated in

Figure 6 above.

<sup>13</sup> [https://www.orc.govt.nz/media/7591/niwa\\_climatechangereport\\_2019\\_final.pdf](https://www.orc.govt.nz/media/7591/niwa_climatechangereport_2019_final.pdf)

Whilst the changes in climate are predicted to increase rainfall amounts/frequencies, coincided with sea level rise, this does not directly result in proportional increases in the peak flood flows. Relationships within and across catchments are complex, thus regular hydrodynamic modelling is required to assess changes in the performance of infrastructure and flood risk.

#### *Environmental Context*

Whilst there are a number of significant, positive contributions to social and economic outcomes from the flood protection and drainage activity, there are also a number of other consequences, such as:

- The construction of infrastructure assets, particularly flood banks and modified river channels, permanently alters the natural character and behaviour of a river, and may have adverse effects for the long-term character and quality of instream and riparian ecology and biodiversity;
- The provision of river infrastructure assets imposes on-going channel management works which have the potential to periodically disrupt recreational use, as well as instream and riparian ecology on an on-going basis; and
- The provision and management of river infrastructure assets has the potential to conflict with the traditional use of rivers and river margins by Mana Whenua.

Over recent times there has been a paradigm shift that has occurred in response to environmental regulation, community expectations, and an increasing awareness of the interrelationships between land use and water quality. Legislation such as the Resource Management Act (RMA) 1991 requires that any adverse effects of future modifications to the natural environment are avoided or mitigated, are pivotal elements of law driving parts of this change. The Local Government Amendment Act (May 2019) also reinstated the four aspects of community well-being – social, environmental, economic and environmental.



*Figure 7 River Channel Tree defence assets, Lower Clutha River, February 2021*

The National Policy Statement for Freshwater Management (2014) that came into effect in September 2020, provides local authorities with updated direction on how they should manage freshwater under the RMA 1991, including requirements such as:

- managing fresh water in a way that gives effect to the principles of Te Mana o te Wai;
- improving degraded water bodies, and maintaining or improving all others using minimum baselines; and
- working towards target outcomes for fish abundance, diversity and passage.

Otago's Regional Policy Statement (RPS) also sets the direction for future management of Otago's natural and physical resources. It provides the foundation for the development of regional plans and district plans. It also gives an overview of the significant resource management issues facing the region, sets out objectives, policies and methods to resolve those issues, and aims to achieve the integrated management of the natural and physical resources of Otago.

## Infrastructure Overview

### *Existing Flood Protection and Drainage Schemes*

Council owns and manages three flood protection schemes and three drainage schemes as well as a combined flood protection and drainage scheme. They are the Alexandra Flood Protection Scheme, the Leith Flood Protection Scheme, the Lower Clutha Flood Protection and Drainage Scheme, the Lower Taieri Flood Protection Scheme, the West Taieri Drainage Scheme, the East Taieri Drainage Scheme and the Tokomairiro Drainage Scheme. The council also owns but commissions external management for parts of the Lower Waitaki River Control Scheme.

The majority of the schemes were initially built to provide protection to local communities and agriculture on the adjacent floodplains. These benefits include access to key transport infrastructure such as Dunedin Airport and State Highways, and protection of critical lifeline networks such as electricity substations. The schemes are essential to managing risks to communities associated with natural hazards, empowering economic prosperity and contributing to community resilience and well-being.

Central Government investment into flood protection and drainage projects ceased after the 1989 local government reforms, leaving it up to local ratepayers to develop and maintain the schemes. The schemes developed and constructed prior to this were largely funded by central government. There remains an ongoing need to operate and maintain these assets, ensuring the benefits they provide remain to be utilised.

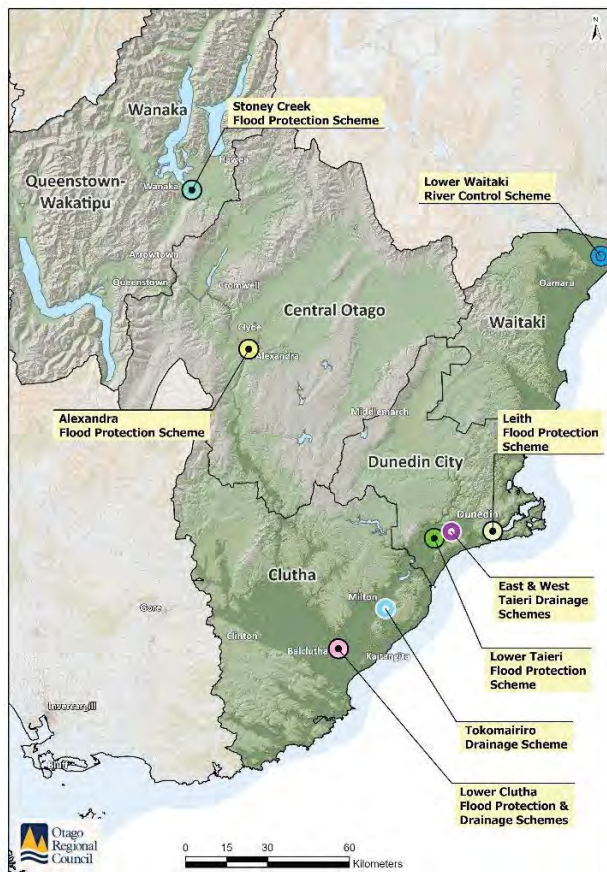


Figure 8 Location of Otago flood protection schemes.

#### Alexandra Flood Protection Scheme

The Alexandra Flood Protection Scheme was built in 2001 to protect Alexandra's central business area against flooding from the Clutha and Manuherikia Rivers. Stormwater drainage systems owned by the Central Otago District Council normally drain into the river by gravity, but in some events high river levels prevent the drains from discharging into the river. This is where the pumps in the flood protection scheme serve. The total length of floodbanks in this scheme is just over 1 km. Two roads penetrate the floodbanks, so the roads must be closed, and stoplogs installed, during severe floods.

#### Leith Flood Protection Scheme

The Water of Leith catchment is located to the north of (and includes) the Dunedin Central Business District (CBD), and has a catchment area of approximately 42 square kilometres. This scheme protects the area from the risk of steep headwaters overwhelming the shallower grade channels through the North Dunedin floodplain. Key Dunedin infrastructure such as the hospital, Otago University, Otago Polytechnic and stadium are protected by the scheme. Flood mitigation measures in the Water of the Leith include:

- Substantial lengths of concrete and stone wall to prevent bank erosion and facilitate urban development of the floodplain (e.g. University Campus);
- A boulder trap upstream of George Street (constructed in the 1950s) and a debris/boulder trap upstream of the Lower Malvern Street Bridge (constructed in 1963);
- Straightened channels including a high-velocity channel between George Street and Cumberland Street;
- Grade control weirs of varying heights along the Water of Leith;
- A double concrete-lined channel between Clyde Street and the Otago Harbour; and
- Channel enhancements downstream of Dundas St, constructed progressively since 2013.

#### Lower Clutha Flood Protection and Drainage Scheme

This scheme combines both flood protection and drainage works. Construction of this scheme started in 1960 and was completed in 1991. The area protected by the flood protection component is the Clutha Delta, which extends from 4km north of Balclutha to the sea. The Clutha is the second longest river in New Zealand, and the largest by mean flow. The Clutha's headwaters are in the Southern Alps above lakes Wakatipu, Wanaka, and Hawea. The Clutha River bifurcates (splits into two) just downstream of Balclutha. Between 60% and 70% of the flow goes down the Koau Branch and 30% to 40% down the Matau Branch. The island formed between the branches is called Inch Clutha. There is a floodway (area designed to carry floodwaters when the river level rises) at the top of Inch Clutha. As well as the Clutha River, water flows into the delta from several other sources including Lovells Stream and Lake Tuakitoto; Waitepeka River; Puerua River and Barrata Creek. Land drainage is provided by a network of 153 km of drains in four regions: Barnego; Stirling/Kaitangata; Inch Clutha; and Otanomomo/Paretai. Drainage in Balclutha and Finegand is not ORC's responsibility.

#### Tokomairiro Drainage Scheme

The Tokomairiro Drainage Scheme is located in the flat basin surrounding Milton, surrounded on three sides by inland hills, and by coastal hills to the southeast. It has no pumps or control structures. Many of the drains were originally creeks that have been realigned.

#### Lower Waitaki River Control Scheme

Some flood protection assets on the Waitaki river are owned by the council. This includes small floodways and river groynes within the Otago portion of the river. The management of these is contracted to Environment Canterbury as they manage other river assets in the area.

#### Lower Taieri Flood Protection Scheme

The Lower Taieri Flood Protection Scheme protects the Taieri Plain during flood events. It was the first to be developed, alongside the East and West Taieri Drainage Schemes, when works commence in 1870 (Figure 9). It is complex, with multiple rivers affecting the scheme. This means flows can increase dramatically in widespread and prolonged rainfall events. The Silver Stream is also a significant river in the scheme. It flows out of the Silverpeaks area and has a far quicker response time than the Taieri River. Other rivers managed in this scheme are Waipori River and Owhiro Stream.



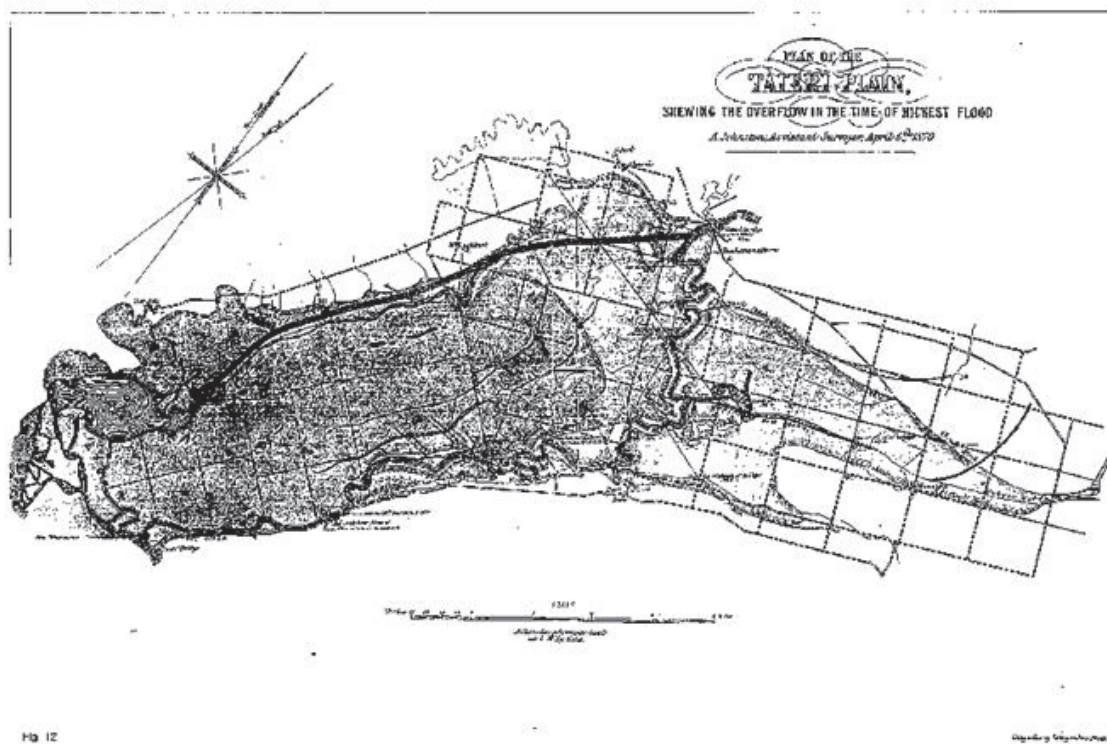


Figure 9 Early development of the Lower Taieri Flood Protection Scheme, showing the extent of a flood event in the late nineteenth century.

#### West Taieri Drainage Scheme

The West Taieri Drainage Scheme covers the area bounded by the Taieri River, Lake Waipori, and the West Taieri Contour Channel. A small part of the scheme lies in the Henley Floodway. The West Taieri area differs from the other drainage schemes in that water cannot drain out of the scheme under gravity: it must be pumped out. There are three pump stations in the West Taieri Drainage Scheme: Waipori; Henley; and Lake Ascog.

#### East Taieri Drainage Scheme

The East Taieri Drainage Scheme is physically divided into two areas by the Silver Stream, which flows across the Taieri Plain in a south-westerly direction. Drains on the northern side of the Silver Stream generally flow toward what is called the Upper Pond area. Drains on the Southern side of the Silver Stream flow toward the Lower Pond area. When the Taieri river is at low flow these drains flow out to the river by gravity, whereas when the Taieri is at high flows, gravity gates close and pumps must be used.

#### Stoney Creek Flood Protection Scheme

Stoney Creek has a steep alpine catchment that discharges into Lake Wanaka across an alluvial fan. Increased urban development of the alluvial fan in the early 2000's led to the need for infrastructure to be established to mitigate the risk of alluvial fan migration and flood risk. The work consisted of constructing debris traps and a rock drop structure. Some channel modifications were also made at the time.

*Asset Summary by Scheme*

The flood protection, river and drainage assets, and the schemes they make up, primarily consist of floodbanks, pump stations, floodgates and culverts. Table 2 provides a summary of the key flood protection and drainage infrastructural assets that are included within this strategy.

*Table 2 Asset portfolio summary for flood and drainage protection schemes across Otago.*

Scheme	Catchment Area (,000 ha)	Area Protected (,000 ha)	Assets				
			Length of floodbanks (km)	Length of drains (km)	No. of pump stations	No. of culverts	No. of bridges
Alexandra Flood Protection	1,511	0.01	1	-	3	-	-
Leith Flood Protection	4	0.2	-	-	-	-	-
Lower Clutha Flood Protection and Drainage	2,110	9.3	110	153	5	189	5
Lower Taieri Flood Protection	565	13	107	-	-	-	-
West Taieri Drainage	8	8.1	-	144	3	22	20
East Taieri Drainage	17	4.8	-	128	3	84	1
Tokomairiro Drainage	40	7.7	-	110	-	74	19
<b>Total</b>	<b>4,256</b>	<b>43</b>	<b>218</b>	<b>535</b>	<b>14</b>	<b>369</b>	<b>55</b>

**Key**

- Length of floodbanks (km)
- Length of drains (km)
- No. of pump stations
- No. of culverts
- No. of bridges

In addition to the assets in the above there are other assets that form part of Councils infrastructure including:

- The training line that guides the river and sediment in the Shotover River.
- Smaller floodways and river groynes that make up the Lower Waitaki River Control Scheme.
- Trees and vegetation which is planted and maintained along river channels and margins are a defence asset which reduce erosion to river channels and adjacent floodbanks.
- Rock buttress and placed rock within rivers and flood protection schemes, such as Albert Town rock buttress.

Some of these assets are not fully captured in the asset management database and work is required over the next three years to ensure all of these assets are accurately recorded in the database.

*Asset Infrastructure Condition*

The assessment of asset condition is an essential part of infrastructure management, where primarily the collection of data is used to support and inform:

- Scheme and asset performance assessments.
- Annual maintenance work programmes; and
- Asset renewals/replacement programmes.

Asset condition is determined by undertaking a site visit and visually inspecting each asset, and then grading the physical condition using a 1-5 rating system as detailed in *Table 3*.

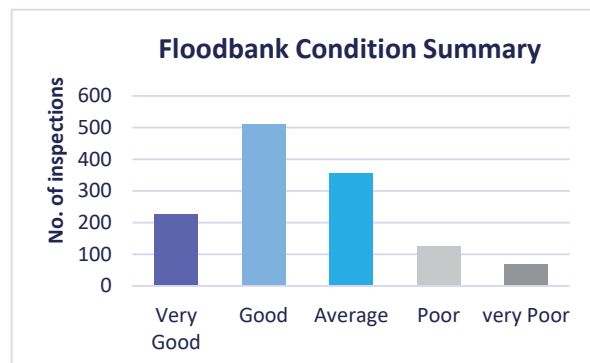
*Table 3. Asset condition grading scale.*

Condition Grading	Condition	Description for Floodbank
1	Very Good	Only planned maintenance required
2	Good	Minor maintenance required plus planned maintenance
3	Average	Significant maintenance required
4	Poor	Significant renewal/rehabilitation required
5	Very Poor	Physically unsound and/or beyond rehabilitation

In 2007 and 2017 an asset condition programme was undertaken across all floodbanks in the Lower Taieri, Lower Clutha, and Alexandra flood protection schemes. Historical and ongoing problems include stock damage, trees and features located in or adjacent to floodbanks, as well as minor erosion around culverts, and slumping on the outside of river bends. Of these, stock damage is considered to be the most common factor affecting condition of floodbanks, along with the quality of the initial construction.

A summary of floodbank condition is presented in Figure 10 below. There were 1288 floodbank inspections, 85% of those were in an Average to Very Good condition. A summary of floodbank condition is presented below.

Asset Condition	No. of Inspections	%	%
1 – Very Good	227	17.7	85
2- Good	511	39.8	
3- Average	354	27.5	
4 - Poor	125	9.7	15
5 – very Poor	68	5.3	
<b>Total</b>	<b>1288</b>	<b>100</b>	<b>100</b>



*Figure 10 Summary of floodbank condition by grade. Source T+T, 2018. N.b. Inspection frequency varies, average is one inspection every 170 metres of floodbank.*



*Data Confidence*

The foundation of all asset management activities is asset data information. Knowing exactly what assets exist, where they are, and in what physical condition they are in is fundamental to infrastructure planning. Good quality asset data is required to achieve good quality asset management. This in turn provides clarity over the robustness of plans and provides decision-makers with confidence.

ORCs current data reliability has been scored in Table 4 based on data confidence and reliability gradings adapted from the International Infrastructure Management Manual (Table 5).

Table 4. Data confidence and reliability across various asset management criteria in 2021.

Data	Unknown	Very Uncertain	Uncertain	Reliable	Highly reliable
<b>Asset Inventory:</b>					
Location				✓	
Quantity				✓	
Value <sup>14</sup>		✓			
<b>Condition:</b>					
Flood protection schemes				✓	
Drainage schemes				✓	
River Assets		✓			
<b>Performance:</b>					
Flood protection schemes				✓	
Drainage schemes				✓	
<b>Criticality:</b>					
Asset Criticality				✓	

Table 5. Data confidence and reliability gradings and descriptions.

Confidence Grade	Description
<b>Highly reliable</b>	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate ± 2%
<b>Reliable</b>	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate ± 10%
<b>Uncertain</b>	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated ± 25%
<b>Very Uncertain</b>	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy ± 40%
<b>Unknown</b>	None or very little data held.

<sup>14</sup> The ORC uses depreciated value.

In general, Council has a reliable understanding of its flood protection and drainage infrastructure, and regularly undertakes asset condition and performance monitoring, which in combination with modelling and other investigative activities, informs asset maintenance, renewal and replacement.

ORC is committed to working towards having a “highly reliable” asset management system in the next three years. Council acknowledges that it needs to make better use of asset management information systems and tools for managing its assets and in order to effectively deal with the extent of analysis required to support the size and complexity of its flood protection and drainage network and asset infrastructure. Furthermore, by better utilising information systems and tools, Council can make improvements to the optimised decision-making of asset renewals, maintenance and capital works programmes. As technology continues to advance, Council will need to be agile with changes but also be able to forecast when and how changes may impact on the way flood and drainage services are delivered, or any technology-related effects, positive or negative.

#### *Asset Criticality*

Central to managing risks, hazards and resilience is the criticality of assets. Critical assets are identified as those which have a high consequence of failure, such as a more significant financial, environmental and social cost to communities.

With regards to the flood protection and drainage schemes, critical assets are those that protect urban or high value areas or areas critical to effective operations of the schemes. The critical assets as identified in the asset management plans are:

- Flood banks that protect the towns and industrial areas of Outram, Mosgiel, Balclutha, Alexandra, the Silver Fern Farms Finegand Plant, and the Dunedin International Airport.
- The Waipori Pump Station - drains 95% of the West Taieri Drainage Scheme.
- In the Leith Flood Protection Scheme, the protection works through the university area (Dundas St to Forth St). Failures to these assets would result in flooding of much of the Dunedin CBD, including State Highway 1.
- The Shotover Training Line - critical to the performance of the Shotover Delta Infrastructure. If this did not function correctly then there would effects on to Lake Wakatipu and therefore flooding to the surrounding townships, including the Quesentown CBD.

## Levels of Service

### Overview

This section details the existing levels of service across Otago’s flood protection schemes, drainage schemes, and rivers. The existing levels of service for Flood Protection, Drainage and River assets are defined in Table 6.

Table 6 Flood Protection and River Management Levels of service.

Levels of Service	Performance Measures
Provide the standard of flood protection and control agreed with communities.	Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents.
Respond promptly and effectively to damage from natural hazard events.	Damage identified, prioritised and a repair programme communicated with affected communities in a timely manner.
Maintain channel capacity and stability, while balancing environmental outcomes and recognising mana whenua values in rivers.	Percentage of identified and reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days.
	Percentage of planned maintenance actions achieved each year.

Council will be looking to develop a strong line of sight from the corporate strategy, into asset management objectives, into level of service statements, into customer performance measures (customer experience based), into technical performance measures (asset based). These performance measures will then inform lifecycle decision making which will encompass capital, operating and maintenance works.

*Scheme Performance Issues*

ORC currently has the below known issues specific to a particular scheme and/or rivers that need decisions made in order to find a resolution. All of them are a consequence of one or more of the significant issues described in Section 5.1.

Scheme/Location	Issue
Clutha Delta	Flood protection and drainage schemes are in place. Natural Hazards are undertaking a risk assessment of climate change impacts to the Clutha Delta including consequences for levels of service. A Scheme performance review will follow the risk assessment which will assist in future infrastructure requirements of the flood and drainage schemes. This will help us to determine how, and when, to adapt the Lower Clutha Flood Protection and Drainage Scheme.
Dart/Rees Rivers	A collaborative project with QLDC, the current objective is to provide a framework to actively manage the risks associated with natural hazards for the long-term development of the area located at the head of Lake Wakatipu, including Glenorchy and Kinloch. This is in its early stages but will help determine whether and what form infrastructure is part of the adaptation options.
Roxburgh	Adequacy of the existing limited infrastructure on Reservoir Creek.
Lindsay Creek	Sections of the Lindsay Creek still have insufficient channel capacity to convey flood flows. A higher and more uniform standard of flood protection for these areas, to provide a standard of flood protection that is consistent with comparable urban areas across New Zealand, will need to be considered, again. The renewal of existing assets is necessary regardless of any enhanced standard of protection.
Water of Leith/Leith Flood Protection Scheme	Renewal of pre-existing assets (e.g. concrete-lined channel), completion of enhancement works downstream of Forth Street. Investigate options to increase the amenity value of the area downstream of Forth Street to the harbour.
Taieri Plains	Flood protection and drainage schemes are in place. Undertaking a risk assessment of climate change impacts to the Taieri Plain including consequences for levels of service and future infrastructure requirements of the flood and drainage schemes.  The expansion of Mosgiel and Wingatui within the boundaries of the Taieri Scheme will result in a need to address and manage the stormwater/land drainage interface.
Lower Waitaki River Control Scheme	Repeat floods. Very dynamic river. Managing funding of unplanned works.



Figure 11 Location of known scheme performance issues.

DRAFT



### Infrastructure Management Approach

While ORC's purpose, vision and strategic priorities provide an overarching framework to ensure Council are working on the things that matter, the following principles form how ORC manage infrastructural assets:

1. Decisions are aligned with the Council's strategic direction and priorities.
2. Partnership with Iwi.
3. Improving asset inventory data and information.
4. Maintaining existing and fit-for-purpose infrastructure.
5. Optimised decision-making on renewal and replacement of existing infrastructure.
6. Proactively monitoring the ever-changing physical environment and its consequential effects on levels of service.
7. Legislative requirements and consents.

These principles are applied in conjunction with community engagement and feedback, helping guide the infrastructural decisions, and ensures assets are managed in a consistent manner in alignment with the wider ORC strategic direction.

### *ORC Strategic Direction*

ORCs Vision for Otago sets the direction for improving the social, economic, environmental and cultural wellbeing for the Otago communities now and into the future, through six community outcomes:

- Communities that connect with, and care for, Otago's environment.
- An environment that supports healthy people and ecosystems.
- Communities that are resilient in the face of natural hazards and climate change and other risks.
- A sustainable way of life for everyone in Otago.
- Te Ao Māori and Mātauranga Kāi Tahu are embedded in Otago communities.
- Sustainable, safe and inclusive transport.

Council seeks to meet the needs of the community and support the delivery of the flood protection, drainage and river services set out in the Council's Long-Term Plan. ORC will ensure that infrastructural services are managed in alignment with Council's strategic direction.

### *Iwi Partnership*

Part of the ORCs vision is that Otago mana whenua have a strong voice in shaping Otago. ORC acknowledge the special position of tangata whenua within the region. Te Rūnanga o Ngāi Tahu is the tribal representative body for the entire area of the Otago Region. There are four Papatipu Rūnanga; Te Rūnanga o Moeraki; Kati Huirapa Rūnanga ki Puketeraki; Te Rūnanga o Ōtākou; and Hokonui Rūnaka. Otago's environment holds many values for Aukaha and Kāi Tahu, ranging from the spiritual to the practical. Its place-names are a record of the history, traditions, and customs. The region's coast is still a major source of food, livelihood, and recreation for many.

A 'Memorandum of Understanding and Protocol' is in place between Otago Regional Council and local iwi - Kāi Tahu and Aukaha. ORC are committed to the continuing process of consultation with Māori in the region, to try to achieve mutual understanding and agreement on those issues that concern us all.



### *Data and Information*

Knowing exactly what assets exist, where they are, and in what physical condition they are in is fundamental to all asset management activities, and sound decisions are dependent upon the ongoing collection and management of appropriate information. Asset information will be improved across all schemes through field-based data collection and office-based data analysis and processing. Council places high importance on regular river surveys, condition and performance assessments and modelling investigations to inform work programmes and associated activities. This also enables us to identify and ensure appropriate management of the most critical assets. Continuously improving the quality and accuracy of data is an ongoing activity Council is committed to.

### *Maintaining Infrastructure*

The existing flood protection and land drainage infrastructure has largely been developed over the last century and has contributed to regional economic growth and community wellbeing since 1870. This infrastructure underpins the regional economy by providing a level of protection from natural events. The operations and maintenance of infrastructure will continue throughout the lifetime of this Strategy.

The age of the flood banks means that in some areas there is some uncertainty associated with the risk posed by the construction methods that may have been employed at the time, the materials used, and the quality and availability of the documentation provided. This highlights the need for an ongoing improvement of ORC's data and information management capabilities, as well as continuous monitoring, maintenance and potential upgrade of this infrastructure as knowledge improves.

### *Renewal of Infrastructure*

Some assets will require renewal during the 30 year duration of this Strategy. These assets include:

- Pump stations, including ancillary plant and equipment.
- Gravity gates and locks.
- Culverts.
- Bridges.
- Concrete flood walls and retaining walls.

Operating these assets beyond the end of their useful lives can result in a reduction in performance of the asset or overall scheme, and increased risk of failure, and/or increased maintenance requirements. Undertaking asset renewals is an appropriate way to extend an asset's working life, and these are planned to deliver the most efficient use of expenditure. Improvements in the data is managed and information pertaining to these assets will also improve the way ORC plan and budget for this expenditure over time.

### *Changing Physical Environment*

Managing infrastructure within an ever-changing physical environment will continue to pose challenges and opportunities throughout the lifetime of this Strategy. ORC will proactively monitor the physical environment in order to adapt to the challenges and opportunities posed by:

- The dynamic geomorphology of the Otago region that contributes to the behaviour of the river catchments and ultimately how the flood and drainage schemes perform.
- The changing climate in Otago and the variable impact of climate change across the region, such as sea level rise, and more frequent and higher intensity rainfall events.

These changes and their consequences have the potential to compromise levels of service and will need to be understood and actively managed. The forward work programmes will therefore include monitoring and analysis to understand the impacts of the ever-changing physical environment on the infrastructure, including ongoing surveys to monitor channel morphology and participation in sea level rise studies to understand regional estimates and impacts. ORC will also continue the development of well-informed communication and adopt a consultative approach with the community as to the areas of natural risk and the measures in place to manage these risks.



Figure 12 Flood Protection asset, Waitepeka Floodbank during the February 2020 flood event

### Significant Issues and Directions

This section summarises the significant issues facing the flood protection, river assets and drainage activities for the Otago Regional Council and the corresponding actions that are in place over the next 30 years and beyond. These issues are presented diagrammatically in Figure 13. All significant issues are inextricably linked to one another, with one common denominator being ‘Scheme Performance’.



Figure 13 Significant issues and associated links.

The following pages in this section provide detail on why each issue has been identified, Council’s preferred approach to managing the issue and the alternative scenarios identified. While Council has a preferred approach to managing the issues, the alternative scenarios are sometimes dependent on external factors outside of Council’s control. Factors in the environment or economy can have unforeseen effects, such as Covid-19. However, the decision between the preferred approach and alternative scenarios often depends on the strategic direction the Otago Regional Council is heading. The Council needs to respond to some significant challenges, the status quo will not deliver the future the Otago region and communities are striving towards.

**Significant Issue No.1: Infrastructure Condition**



**Why is it an issue?**

ORC's infrastructure assets were constructed over a period of 150 years. As infrastructure ages the condition can degrade (flood banks), need replacement or the technology used become redundant. This signals a bow wave of asset renewals/repair/upgrade that will require investment, and funding of such, within the next 30 years.

Continuing to maintain assets beyond their intended life increases the risk of failure and will also increase the frequency and cost of operations and maintenance activities. Factors such as installation, operational environment and manufacturing defects can also reduce the useful lives of assets.

Council has good institutional knowledge of its assets, however, does rely on asset management systems and processes that are in some cases dated. This may reduce confidence in the data that informs operational and maintenance decisions, and the timing of renewal.

The age of an asset is only one indication of an asset's renewals and maintenance needs. Key to smart asset management is a sound understanding of asset condition, with regular and structured condition assessments of all assets. This allows asset renewals to be driven by the condition of the asset, not only its age.

It is imperative that Council has the confidence in its infrastructure to perform as designed. Allowing assets to decline would lead to reduced levels of service and increase the risk associated with their functioning as required.

**Council's preferred approach to manage this issue**

The preferred approach is to **adopt a risk management approach to prioritise and schedule asset renewals to proactively manage this program of renewals and investment over the lifetime of this Strategy.**

It is understood that improved asset management systems and processes, as well as undertaking effective planning to avoid/mitigate the effects of natural hazards, are necessary to understand risk and increase confidence in the decisions that are made in relation to operations, maintenance and renewal.

The implications of taking this approach are:

- Deferred renewals/maintenance.
- Decision making can be based on both asset condition and age
- Critical assets are maintained.
- Reduced level of service in low criticality areas.
- Short-term affordability.

The following option was considered as an alternative to the preferred approach identified above.

**Renew assets at point of failure**

Assets would be renewed before the end of their useful life.

The implications of this option are:

- Reduction of risk associated with continuing to operate assets beyond the end of their useful life.
- Level of service maintained.
- Increased capital costs as bow wave of asset renewals is struck within the period covered by this strategy.

Significant Issue No.2: Funding <span style="float: right; font-size: 2em;">\$</span>
<b>Why is it an issue?</b>
<p>The Otago region’s economic conditions have an impact on the ability of communities to pay for the services provided. There are increasing pressures on the current level of funding to deliver more. Furthermore, the affordability of levels of service are already being impacted by a number of the significant issues discussed earlier, such as changes to and effects of climate change, growth (or decline) of populations and development in surrounding floodplains, and increasing regulatory performance requiring higher operational and maintenance costs. Alternative funding mechanisms will need to be considered otherwise trade-offs in levels of service and risk will be necessary, the consequential effects of such being increased risk and reduced economic prosperity.</p> <p>The flood protection and drainage infrastructure is fundamental to the continuing economic prosperity of the Otago region as it provides protection to a significant number of residential, commercial, and agricultural assets, including lifeline utilities, the Dunedin International Airport and state highways. Significant investment is needed to maintain infrastructure networks with consideration for the other significant issues raised previously.</p>
<b>Council’s preferred approach to manage this issue</b>
<p>The preferred approach is to <b>maintain current practice while continuing to review and improve funding strategies</b>. Council will continue to engage through the Regional Council infrastructure sector to source Central Government funding.</p> <p>The implications of this approach are:</p> <ul style="list-style-type: none"> <li>• Risk that funding strategies do not come to fruition and there is a reduction in maintenance and decrease in level of service over time.</li> <li>• Impact on property valuations.</li> <li>• Increase in insurance costs.</li> </ul>

The following option was considered as an alternative to the preferred approach identified above.

<b>Reduced maintenance and decreased levels of service</b>
<p>Maintenance would be reduced and there would be a corresponding decrease in the level of service achieved by Council’s flood and drainage infrastructure.</p> <p>The implications of this option are:</p> <ul style="list-style-type: none"> <li>• Reduced level of service.</li> <li>• Increased risk and damage costs.</li> <li>• Reduced short-term costs.</li> <li>• Poor reputation.</li> </ul>

**Significant Issue No.3: Climate Change**



**Why is it an issue?**

If current and improved levels of service are to be delivered, significant investment is required to address climate change impacts on scheme infrastructure.

In October 2019, the ORC commissioned NIWA to undertake a review of climate change projections for the Otago region over the 21<sup>st</sup> Century. The study concluded that changes to Otago’s future climate are likely to be significant with increases in rainfall across the region, with subsequent increases in the scale of annual floods, means:

- The changes challenge the ability to achieve Levels of Service over time
- Changing climate in Otago
- Sea level rise in Otago
- Clutha shoreline retreat

The effects of climate change will impact the environment regionally and nationally. There will be changes in sea level rise, wind and weather patterns, higher water tables, and the frequency of extreme weather events. These climatic changes will put increased pressure on the schemes and challenge the Levels of service provided. Furthermore, climate change is likely to impact on the health and distribution of species, and pests will spread to new areas, habitats will change, and indigenous species may need to migrate.

**Council’s preferred approach to manage this issue**

The preferred approach is to **adopt a more planned and integrated approach** by:

- Making provision for the efficient installation of increased flood capacity.
- Incorporating resilience into future designs of new infrastructure or renewals.
- Invest in improved understanding of future climate change effects.

How Council responds operationally and strategically to climate change will continue to evolve in parallel with climate science and policy. Climate change is currently being factored into the design of schemes through scheme reviews and design decisions. The actual costs related to climate change will be subject to decisions made by individual communities when considering their appetite for risk, costs of risk mitigation, and the timing of interventions as risks increase gradually over time.

The implications of taking this approach are:

- More planned and substantial provision for climate change, and reduction in risk as a result.
- Improved understanding of climate change in Otago.
- Opportunity for environmental enhancement.
- Improved reputation.

The following options were also considered as an alternative to the preferred approach identified above.

Maintain current design flow (flood) standards	Increase design standards
<p>Maintain scheme levels of service to original design standards.</p> <p>The implications of this option are:</p> <ul style="list-style-type: none"> <li>• Avoiding increased costs in the short-term.</li> <li>• Accumulation of infrastructure debt.</li> <li>• Increased risks and costs to future generations.</li> <li>• Increased frequency of flood response and recovery.</li> </ul>	<p>Incrementally increase the capacity of floodbanks and pump stations to meet current climate change projections.</p> <p>The implications of this option are:</p> <ul style="list-style-type: none"> <li>• Reduced risks with some residual risks.</li> <li>• Increased costs and debt.</li> <li>• Land purchase may be required.</li> </ul>

**Significant Issue No.4: Legislation/Regulatory**



**Why is it an issue?**

The flood protection and drainage schemes were designed and built at various times over the past 150 years and reflect the values, knowledge and understanding of that time. The majority of these schemes were developed and constructed in an era when economic growth and development were the primary focus of the time. Flood protection and land clearance for drainage enabled farmland and agricultural initiatives to develop and prosper.

Community values and Central Government expectations in relation to environmental outcomes have changed and continue to change at a significant rate. The following are examples of such changes that will impact the schemes:

- Freshwater improvement programme
- Fish passage requirements
- Biodiversity opportunities
- Tracks and trails on/around assets
- Co-benefits

Public perceptions now seek multiple values in addition to the original purpose from the time most schemes were established: flood protection/drainage. Flood protection infrastructure is often located in areas of high environmental, recreational or conservational value and these values may be impacted by, or maintenance of, that infrastructure.

**Council’s preferred approach to manage this issue**

The preferred approach is to seek **improved environmental performance & integrate asset diversification** by achieving multiple outcomes wherever possible. Adopting a more natural and adaptable approach by integrating environmental enhancement wherever possible. This will be progressed by continuing to actively manage scheme effects and working with local landowners, to achieve full regulatory outcomes across a range of outcomes, including those associated with biodiversity and recreational opportunities.

There are a wide range of management options available for environmental enhancement. These include riparian planting, fish passage, and giving rivers and the ocean more room to behave naturally. The ORC will continue to endorse increased community and iwi engagement in improvement initiatives, as well as other stakeholder collaboration and partnership funding opportunities, wherever possible. There will inevitably be trade-offs between costs, risks and environmental performance.

The implications of taking this approach are:

- Sustainable long-term outcomes.
- Enhanced environment.
- Increased costs to meet standards.
- Improved reputation.

The following option was considered as an alternative to the preferred approach identified above.

**Maintain current practice**


Maintain current practice through the operation and maintenance of existing infrastructure while continuing to mitigate any adverse environmental effects of this infrastructure. There would be little to no improvement in environmental performance and outcomes.

The implications of this option are:

- Failure to meet public expectations.
- Declining environmental outcomes.




- Risk to reputation.

Significant Issue No.5: Natural Hazards 	
<b>Why is it an issue?</b>	
<p>The Otago region comprises a diverse landscape ranging from flat coastal lowlands and intensively used alluvial floodplains, to large sparsely populated and steep mountainous areas. Otago is exposed to a broad range of natural hazards such as:</p> <ul style="list-style-type: none"> <li>• Flooding.</li> <li>• Landslides.</li> <li>• Seismic activity.</li> <li>• Coastal erosion.</li> <li>• Tsunami.</li> <li>• Storm surge.</li> </ul> <p>These all present major hazards to flood protection and drainage infrastructure. For example, major earthquakes could result in cracking, slumping and/or settlement of flood banks.</p> <p>The potential effect of a natural disaster (including flood events) on the ORC's financial position is dependent upon the scale, duration and location of the event. Recovery/response reserves are being built up over time and (self) insurance cover is in place to fund up to 40% of qualifying expenditure in the event of a natural disaster/event, noting that the remaining 60% of funding is provided by the National Emergency management Agency (NEMA). Current LTP has no allowance for repairs to scheme assets resulting from flood events/natural disaster forecast in expenditure.</p>	
<b>Council's preferred approach to manage this issue</b>	
<p>The preferred approach is to <b>maintain and improve current practice around hazard readiness, response and recovery</b> throughout the lifetime of this Strategy as Council continues to learn from past events across the region and New Zealand. This will include increased efforts to raise awareness and educate communities around natural hazards they may be at risk from. Council will continue to undertake investigations to help understand and plan for risks related to natural hazards.</p> <p>Council aims to minimise damage to flood protection and drainage infrastructure and will continue to develop plans and processes that will:</p> <ul style="list-style-type: none"> <li>• Take a risk management approach.</li> <li>• Incorporate climate change impacts into asset management.</li> <li>• Seek to reduce the damage potential on the flood and drainage infrastructure.</li> <li>• Develop strategies to enable timely response following a natural disaster.</li> <li>• Ensure funding policies are robust and appropriate.</li> <li>• Integrate with Civil Defence and Emergency Management (CDEM) readiness and response planning.</li> </ul>	

The following options were considered in relation to this significant issue. It is noted that Council's preferred approach is to adopt a combination of these options.

<b>Maintain current practice</b>	<b>Build resilient infrastructure</b>
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<p>Maintain current practice by undertaking natural hazards investigations and carrying out effective planning to avoid/mitigate effects of natural hazards on flood and drainage infrastructure.</p> <p>The implications of this option are:</p> <ul style="list-style-type: none"> <li>• Localised damage and disruption.</li> <li>• Pressure on flood response plans to be effective.</li> <li>• Multi-agency collaboration.</li> <li>• Reserve funding reliance.</li> </ul>	<p>Design and upgrade infrastructure to be more resilient to natural hazards. This may include strengthening infrastructure, or in some cases designing for failure at suitable locations to mitigate the impact of the event on critical infrastructure.</p> <p>The implications of this option are:</p> <ul style="list-style-type: none"> <li>• Decreased risk.</li> <li>• Increased costs.</li> </ul>
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**Significant Issue No.6: Growth and Development**


**Why is it an issue?**

In April 2017 changes were made to the RMA (Section 6) highlighting the increasing level of natural hazard risk and the need to ensure growth and development does not increase these risks and associated costs. While household projections for Dunedin City are estimated to decelerate, some growth is proposed in areas of high or increasing natural risk, and there is a need for information to be available to assist in decision-making and managing community expectations. For example, intensification of urban development along the right bank of the Silver Stream and some sections of the Owhiro Stream are likely to affect the runoff to, and consequently design capacity of East Taieri and Lower Taieri Schemes. Furthermore, this rising urban development is changing the public’s expectations on the levels of service that should be provided.

Over the longer term there is potential to see some acceleration of land use change outside of urban areas, placing additional pressures on the flood protection and drainage services to provide protection. A better understanding is needed of the likely distribution of this growth and what additional demands this will likely place on flood management services.

**Council’s preferred approach to manage this issue**

The preferred approach is to **maintain current practice but consider innovative approaches to addressing population growth/decline and manage demand through land use controls**. Collaboration with territorial authorities will need to continue to effectively mitigate the impact of increased runoff through land use change and development. This will include identifying areas of potential risk and may also include opportunities for innovative approaches to managing the impacts of development. There is an ongoing need to ensure sufficient information is available to assist in informing where there may be risks associated with development. Subject to further discussion and agreement with the relevant territorial authorities, the ORC aspires to take an integrated, multi-agency approach to land use planning.

In addition to this ORC will look to better understand what impact a failure of its assets and levels of service will have on other key infrastructure in the immediate and wider region. While ORC understands what other infrastructure surrounds its own assets, work is required to develop a sound understanding of the strategic importance that these hold socially and economically and how the performance of ORC schemes/assets may directly or indirectly affect their function.

The following options were considered in relation to this significant issue. It is noted that Council’s preferred approach is to adopt a combination of these options.

Maintain current practice	Reactive response to demand as a result of development	Integrated multi-agency approach
Utilise existing planning controls to mitigate impact of development. Growth and development trends are monitored and forecasts incorporated into forward work programmes.	Levels of service will be increased to the current 100-year design level of protection (or standard otherwise agreed with the community). Climate change will not be allowed for.	Work with territorial authorities to take an integrated and multi-agency approach to land use planning and District Plan review.

<p>The implications of this option are:</p> <ul style="list-style-type: none"> <li>• Similar levels of expenditure.</li> <li>• Some reduced risks.</li> </ul>	<p>The implications of this option are:</p> <ul style="list-style-type: none"> <li>• Increased capital/operational costs.</li> <li>• Difficult to forecast costs.</li> <li>• Increased risks.</li> </ul>	<p>The implications of this option are:</p> <ul style="list-style-type: none"> <li>• Multi-agency collaboration.</li> <li>• Financial sustainability for schemes.</li> </ul>
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**Significant Issue No.7: Scheme Performance**

**Why is it an issue?**

Scheme performance is at the centre of all other significant issues. Each issue will ultimately have a flow on effect to the overall scheme performance parameters.

Levels of service are currently based on the existing design standards for each scheme. These design standards are most commonly based on an historical flood event. For example, the design standard for the Lower Taieri scheme is based on the 100-year flood (1% Annual Exceedance Probability) event as determined in 1980, with a set flow rate (measured in cumecs) and drainage moduli (measured in mm/day) being used to define the level of service provided by the infrastructure (pump stations, flood banks and spillways) that makes up the scheme.

Over time several factors may affect the ability of a scheme to meet the standards that it was designed to, including:

- Changes in the climate that impact on the intensity of rainfall events and their duration.
- Changes in community tolerance and vulnerability.
- Changes in the geomorphology of the landscape within river catchments that prompts changes in river behaviour, such as increased build-up of sediment in the lower lying reaches of the schemes, that in turn leads to a reduction in capacity of a flood protection scheme during a flood event.
- Improved hydrological analyses and understanding of the behaviour of the natural environment in response to the environmental and geomorphological changes outlined above.

**Council’s preferred approach to manage this issue**

The preferred approach is to **maintain levels of service to current standards whilst noting there will be instances where intervention will be required, and standards will need to be increased.** There are a number of options for improvement to levels of service and consideration will need to be given to other significant issues that are inextricably linked to the issue of scheme performance.

Scheme performance reviews of the Lower Taieri and Lower Clutha, which will include consultation with benefiting communities, landowners and other affected stakeholders, are due to commence within the first five years of this strategy. Options will look at increasing the level of service whilst providing allowance for climate change either now or in the future. Increasing levels of service, with or without climate change adaption, will result in increased costs for the beneficiaries and wider communities.

The following options were considered in relation to this significant issue. It is noted that Council’s preferred approach is to adopt a combination of these options.

Maintain current scheme performance	Increase scheme performance (no climate change allowance)	Increase scheme performance (with climate change allowance)
Schemes will be maintained to current design standards/performance.	Scheme performance increased to provide a greater level of protection	Scheme performance increased to provide a greater level of protection

<p>The implications of this option are:</p> <ul style="list-style-type: none"> <li>• Reduced expected levels of service.</li> <li>• Similar levels of current expenditure.</li> <li>• Increased risk from flood events.</li> </ul>	<p>(Climate change will not be allowed for.</p> <p>The implications of this option are:</p> <ul style="list-style-type: none"> <li>• Increased cost to implement.</li> <li>• Meet expected levels of service.</li> <li>• Reduced risks.</li> <li>• Reduced level of service over time.</li> </ul>	<p>(Climate change will not be allowed for.</p> <p>The implications of this option are:</p> <ul style="list-style-type: none"> <li>• Increased cost to implemented.</li> <li>• Meet expected levels of service.</li> <li>• Greater reduction in risk.</li> </ul>
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### Infrastructure Investment Programme

Key projects and programmes are presented including the significant issues that will be addressed, accompanied by estimated expenditure over the next 30 years to deliver these programmes and how they relate to significant issues and drivers for change.

While the major projects and programmes identified in this 30-year investment programme reflect current assumptions and uncertainties, there is a higher degree of certainty about the investment forecast for the first 10 years. Projects and programmes identified in the subsequent two decades (years 11-30) are likely to change in response to new information, change in demand, and future needs.

A summary of the key projects and programmes that address some of the specific significant issues addressed in this Strategy is provided in Figure 14.

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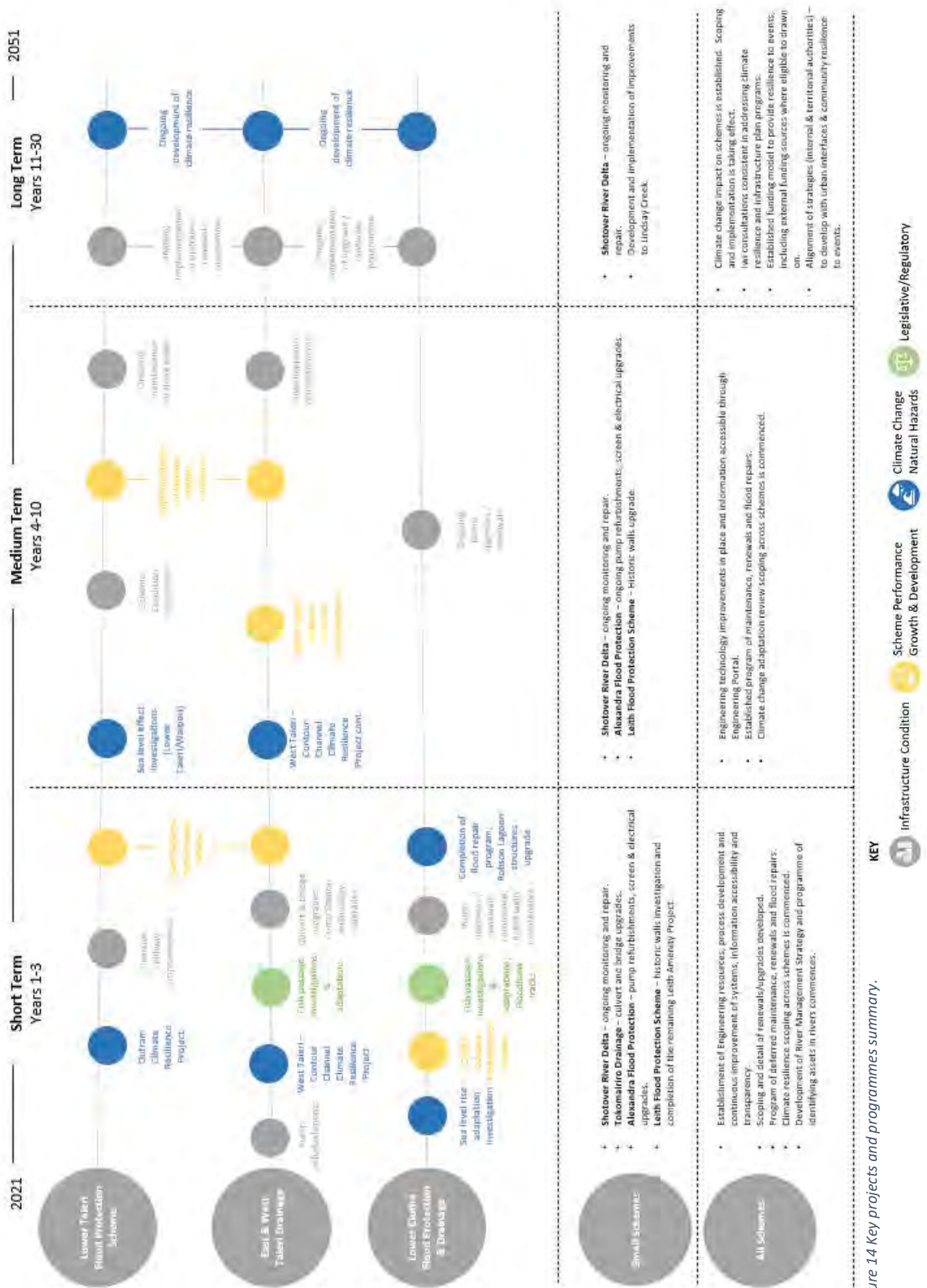


Figure 14 Key projects and programmes summary.

### Planning asset renewals

Council carries out routinely through its operations and maintenance program, cyclic inspections of all above ground assets, annually and as otherwise required. These inspections are required to ensure the resilience and performance of these assets are confirmed and not compromised with the assigned remaining life of the asset (asset lives are recorded in the management plans and in Councils information system, Conquest).

In addition to visual inspections Council has commenced a programme of structural audits. Those completed are summarised below:

- Structures on Water of Leith and Lindsay Creek, 2019
- Structures on Kaikorai Stream, 2020
- Rutherford Locks, 2019
- Alexandra Pump Stations, 2019
- Contour Channel Bridges, West Taieri, 2018
- Clutha and Taieri Floodbanks, 2018

These structural audits provide the Council with a detailed condition assessment of the above ground assets and contribute to setting asset renewals and risk management.

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Infrastructure expenditure assumptions and uncertainty

The Council’s Infrastructure expenditure programme is based on the following key assumptions and basis of assumption:

Infrastructure Category/Timeline	Key Assumption	Basis of Assumption
<p><b>General</b></p>	<ul style="list-style-type: none"> <li>• Asset valuation is based on a combination of depreciation value, and subject to impairment losses as well in some cases. The Financial Strategy will detail this.</li> <li>• Structures, and bridges are depreciated.</li> <li>• Floodbanks, drains and culverts are not depreciated.</li> <li>• Legislation changes may have an impact on the level of service, where changes in rules and requirements have an impact on planned expenditure programme.</li> <li>• Insured assets are limited to pump station infrastructure only.</li> <li>• Council does not self-insure all other above ground assets.</li> <li>• No allowance has been made in expenditure for repairs to scheme assets resulting from flood events or other natural disasters.</li> <li>• Responding to major weather events or other natural disasters is funded through insurance (where insurable) and scheme reserves in response to events.</li> <li>• Increased renewals or maintenance due to natural disasters will be funded through scheme reserves and Councils ability to raise debt.</li> <li>• Information contained in this Infrastructure Strategy is based on current known information which has been used to determine issues and understand the asset management requirement for a 30-year horizon.</li> <li>• Asset lifecycle costs are based on useful remaining lives, condition assessments and replacement values as at 31st December 2020, which has been drawn from known information<sup>15</sup> in Councils current systems.</li> <li>• All capital renewal expenditure is based on current levels of service.</li> <li>• Global crisis or pandemic, the Council has systems and procedures in place for staff to work remotely. The council may be required to drop many of its BAU activities to focus resources on essential services and any major civil defence response across the region</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Existing schemes remain economic at current level of service.</b></li> <li>• <b>Management, systems, and processes are fit for purpose</b></li> <li>• <b>Flood protection schemes have been designed and constructed to provide a level of protection accepted by communities which is supported by relevant funding models.</b></li> <li>• <b>There is a possibility that new schemes may need to be developed in areas where currently no flood protection or drainage services are provided. This demand may be triggered by a flood event or an increase in activity in a flood prone area. Council may undertake investigations to determine the feasibility during the 30 year period, if there is a demand.</b></li> </ul>

<sup>15</sup> “known information” is drawn from Councils databases which record; inventory of assets, assessments, inspections, reports pertaining to assets. Council uses a computerised maintenance management system, Conquest along with other databases of source information relating to the operation and maintenance of schemes.

Infrastructure Category/Timeline	Key Assumption	Basis of Assumption
Years 1 to 10	<ul style="list-style-type: none"> <li>• There is not expected to be an increase in demand that will significantly change the current level of design and service, as the overall projected population growth is not expected to exceed the scheme functionality.</li> <li>• There are no planned increases or changes to level of service in Years 1 through to 10.<sup>16</sup></li> <li>• The continued development of robust asset management systems including forecasting and modelling tools in Years 1 to 3 will provide Council an improved basis of determining capital renewals costs.</li> <li>• No new schemes are provisioned for in Years 1 through to 10.</li> <li>• Demand and vulnerability to managed through District Plan.</li> <li>• Known asset performance deficiencies are addressed to provide scheme resilience.</li> <li>• All future projects have been investigated, scoped and programmed into future LTPs (where projects exceed \$100,000 of renewal or replacement).</li> <li>• All asset gradings of 'very unreliable' are transitioned into 'reliable' grading.</li> <li>• Any health and safety deficiencies with operating infrastructure are identified by and addressed.</li> <li>• Scheme Performance reviews for Taieri and Lower Clutha have been completed, investigated, scoped and programmed into proceeding LTPs.</li> <li>• River channel assets are identified and updated on asset management system.</li> <li>• Completion of flood repair program of works and climate resilience (MBIE funded) program of works.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>No significant new schemes, investigations, scoping only.</b></li> <li>• <b>Major upgrades only if affordable and agreed with communities.</b></li> <li>• <b>Resilience restored in flood protection schemes through flood repair programs and climate resilience programs</b></li> </ul>

<sup>16</sup> The Scheme Performance reviews completed in Years 1 to 3 will provide an indication of any changes to levels of service which may be identified as a future requirement. This has been indicated in forecast expenditure in Years 4 to 10 as potential 'increased levels of service' resulting from scheme modifications, improvements and/or capacity increase.

Infrastructure Category/Timeline	Key Assumption	Basis of Assumption
Years 10 - 20	<ul style="list-style-type: none"> <li>Years 11 onwards show an indicative increase in levels of service required (land drainage New East Taieri Pump Station) and new works (Lindsay Creek).</li> <li>There is an anticipation for an increase on our flood protection and drainage scheme assets due to the increase of urban development on existing rural locations where the schemes are located. Consequently, a review of rating and development contribution may occur to contribute to the maintenance expenditure, and investigations around capacity of storm drainage impacts on existing land drainage infrastructure.</li> <li>Climate adaptation programmes developed and consulted with community.</li> </ul>	<ul style="list-style-type: none"> <li><b>Climate change impacts will become increasingly important over the 20 - 30-year period.</b></li> <li><b>Increase in cost and/or risk will become key consultation on resilience of existing schemes and/or new schemes.</b></li> </ul>
Years 20 -30	<ul style="list-style-type: none"> <li>Climate adaptation programmes scoped, designed and implemented per community consultation.</li> <li>Lindsay Creek upgrades proceed with community approval and appropriate funding.</li> </ul>	<ul style="list-style-type: none"> <li><b>Unqualified estimates have been indicated relating to climate resilience, assuming that the increased risks due to climate adaptation are not accepted and community requires investigation and/or adaption.</b></li> </ul>

Further details on the key assumptions, associated uncertainty and the potential implications are shown below in Table 7:

Table 7 Infrastructure assumptions and uncertainty

Key Assumption	Risk	Level of uncertainty	Expenditure implication	Reasons and expenditure effect of uncertainty
<b>Growth and Demand</b>				
There is expected to be a marginal increase in demand on the use of the flood protection and drainage scheme assets to convey stormwater drainage from urban development.	The increase in demand may significantly change the current level of design and service.	Low	Low	The scheme performance and capacity of existing flood protection and drainage assets will be assessed in the Taieri Scheme Review during Years 1 to 3.
This is predominately in the Taieri (Mosgiel and Outram) areas where urban development interfaces existing rural locations where the schemes are located.	The overall projected population growth in the Taieri areas exceeds the projected scheme functionality and capacity.			The current special rating districts do not include urban growth areas in the Taieri as rated areas that contribute the flood protection and drainage schemes.  Options to provide for urban development and reliance on Councils existing flood protection and drainage assets will be determined during Years 1 to 3 which may result in infrastructural changes to cater for increased capacity.  This may result in an increase of special rating districts to cater for an increased level of service and flood protection in the Taieri growth areas of Mosgiel and Outram.
<b>Asset Lifecycle</b>				
Sources of funds for future replacement of critical and significant assets are secure.	The Council has insufficient funds to replace significant assets at the end of their useful lives	Low	Low	

Key Assumption	Risk	Level of uncertainty	Expenditure implication	Reasons and expenditure effect of uncertainty
<p>Information contained in this Infrastructure Strategy is based on current known information which has been used to determine issues and understand the asset management requirement for a 30-year horizon.</p> <p>The continued development of asset management systems including forecasting and modelling tools will continue through Years 1 to 3. It is expected that maturity in asset management systems and consolidation of known information will provide Council an improved basis of determining capital renewals costs.</p> <p>Asset lifecycle costs are based on useful remaining lives, condition assessments and replacement values as at 31st December 2020, which has been drawn from known information in Councils current systems.</p>	<p>The Council has insufficient known information to support its asset lifecycle costs.</p>	Low	Low	
<b>Climate &amp; Hazards</b>				
<p>Increased significant weather events, or other natural hazard emergencies will occur.</p> <p>Infrastructure Strategy assumes there will be an average of (1) significant event<sup>17</sup> per financial year.</p>	<p>Council cannot accurately predict when and where large flood events will occur, or the damage that may result from any flood event. here will be increased frequency of weather events that cause damage to infrastructure assets.</p>	Medium	Medium	<p>The effects of increased weather events that cause damage and potential other natural hazard events, on Councils financial position is dependent on the scale, duration and location of the event.</p>

<sup>17</sup> Significant event is defined as flood protection trigger levels are reached in a scheme and the event reaches repair cost threshold in accordance with NEMA guidelines

Key Assumption	Risk	Level of uncertainty	Expenditure implication	Reasons and expenditure effect of uncertainty
				<p>The Council will manage the effect through its reserves to repair or replace infrastructural assets that are damaged and/or destroyed.</p> <p>The infrastructure strategy will focus on self-insurance reserves that are built up over time to ensure funding up to 40% of the expenditure is available across the schemes.<sup>18</sup></p> <p>Potential climate change impacts are being considered through scheme performance and detailed investigation as prediction and adaptation information becomes available.</p> <p>The infrastructure considers climate change and provides to investigate the impact on the management of flood protection and land drainage scheme assets.</p>
	<p>Climate change will be consistent with current national and regional projections. Future sea level rise does not exceed that projected by current climate science.</p>	Medium	Medium	
<b>Legislation/Regulatory</b>				
Resource Consents	<p>The necessary resource consents for infrastructural activities, including capital renewals/repairs, operations and maintenance will be obtained (and granted) as they are due or required.</p>	Medium	Medium	
Land acquisition – land can be purchased when and where needed.	<p>If land cannot be purchased as and when planned, projects would need to be deferred until land could be acquired. This may result in additional expenditure from damage prior to land acquisition.</p>	Medium	Medium	

<sup>18</sup> The Council has access to the National Emergency Management Agency (NEMA) which provides 60% funding of expenditure required to repair assets damage. This is dependent on the Council reaching its threshold which is 0.002% of the Rateable Value of Council infrastructure in the financial year in which the damage occurred.

Key Assumption	Risk	Level of uncertainty	Expenditure implication	Reasons and expenditure effect of uncertainty
Legislative changes will change marginally, however current forecast allows for adaptation.	There will be no major changes to key legislation that effects the ORC's strategy or has funding implications. Key legislation under this Infrastructure Strategy includes, Local Government Act 2002, Resource Management Act, and Soil Conservation and River Control Act 1941.	High	High	There is a high level of uncertainty because legislative change is likely over the next 30 years. The potential effect of any new changes environmental or resource management will be determined on the response required, and the timing to effect such changes. Legislative changes may result in additional required expenditure to comply with new standards.
<b>Cultural &amp; Community Values</b>				
Iwi and Maori expectations	Expectations and management of how infrastructural assets are managed in conjunction with Iwi and Maori values may require adjustment and implementation of key projects and programme.	Low	Low	
Community expectations	Level of community engagement and evolving expectations on current levels of service as urban and rural demographic's merge may cause for key projects and programmes of work to be adjusted.	Low – Short term (1 – 5 years)  Medium – Longer term (6 – 20 years)	Low – Short term (1 – 5 years)  Medium – Longer term (6 – 20 years)	Expectations and addressing outcomes into implementation plans, are largely included in the Short term.  Long term as detailed investigations around scheme performance and climate resilience / adaptations progresses may result in forecast adjustment to reflect community consultation and request for levels of service.
<b>Level of Service</b>				
All capital renewal expenditure is based on current levels of service. <sup>19</sup>	Levels of service are not adequate	Low	Low	

<sup>19</sup> Current levels of service are based on agreed flood management and land drainage infrastructure that has been developed and agreed to specifically with local communities when constructed (>50 years ago) as a defence. These levels of service remain relevant.



Key Assumption	Risk	Level of uncertainty	Expenditure implication	Reasons and expenditure effect of uncertainty
No new schemes are provisioned for in Years 1 through to 5. <sup>20</sup> Years 11 onwards indicate an increase in levels of service (land drainage) and new a scheme (Lindsay Creek).				
<b>Weather events and Natural disasters</b>				
No allowance has been made in expenditure for repairs to scheme assets resulting from flood events or other natural disasters.	Multiple weather event and natural disasters occur and exceeds forecast expenditure.	Medium	Low	<p>Responding to major weather events or other natural disasters is funded through insurance (where insurable) and scheme reserves in response to events.</p> <p>Increased renewals or maintenance due to natural disasters will be funded through reserves.</p> <p>Council also has the ability to raise funding for the cost of unexpected works in response to weather events and natural disasters such as floods or earthquakes.</p>

<sup>20</sup> Additional new schemes will likely to be identified over the next 30 years, they will be developed and included in revisions of this strategy.

### Total expenditure

Over the next 30 year period Council has forecast to spend a total of \$392 million. \$281 million will be invested in ongoing maintenance and operations of schemes, including an asset depreciation allowance. Capital investment will be \$111 million, this expenditure will enable periodic replacement of existing assets and provide asset upgrades or additions to address significant issues. Forecast expenditure by scheme/area is shown in Table 8. This is depicted graphically in Figure 15.

Table 8 Capital and operational expenditure by scheme area for the 30-year period 2021 - 2051

Scheme/Area	Capital Expenditure	Operational Expenditure	Total Expenditure
F 1 Alexandra Flood Protection Scheme	\$5M	\$9M	\$14M
F 2 Leith Flood Protection Scheme	\$33M	\$23M	\$53M
F 3 Lower Clutha Flood Protection and Drainage Scheme	\$17M	\$46M	\$62M
F 4 Lower Taieri Flood Protection Scheme	\$18M	\$29M	\$45M
F 5 West Taieri Drainage Scheme	\$33M	\$31M	\$62M
F 6 East Taieri Drainage Scheme	\$5M	\$25M	\$29M
F 7 Tokomairiro Drainage Scheme	\$1M	\$5M	\$6M
F 8 Shotover River SRA	-	-	-
F 9 Scheme Oversight & Bylaws	-	\$26M	\$26M
M 1 River Management - Dunedin	-	\$14M	\$14M
M 2 River Management - Clutha	-	\$15M	\$15M
M 3 River Management - Central	-	\$14M	\$14M
M 4 River Management - Wakatipu	-	\$13M	\$13M
M 5 River Management - Wanaka	\$0.105M	\$11M	\$11M
M 6 River Management - Waitaki	-	\$13M	\$13M
M 7 Lower Waitaki Flood Protection Scheme	-	\$7M	\$7M
M 8 Non Scheme Management	-	\$1M	\$1M
<b>Total</b>	<b>\$111M</b>	<b>\$281M</b>	<b>\$392M</b>

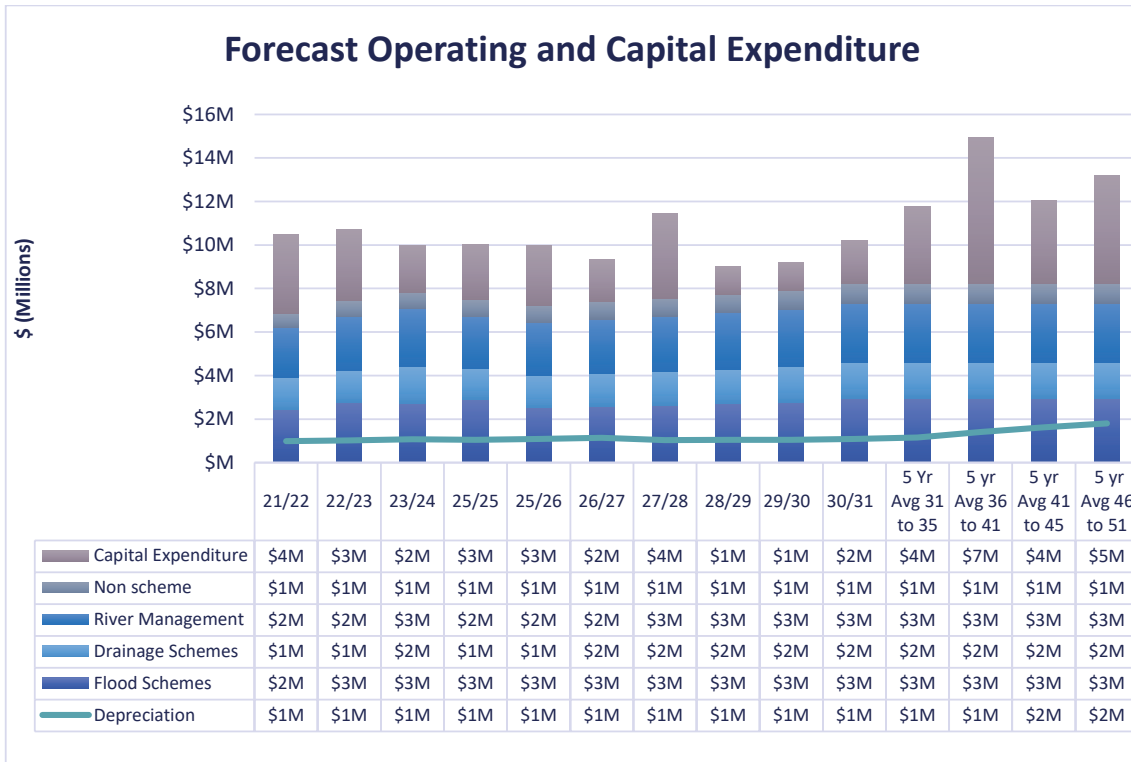


Figure 15 Forecasted operational and capital expenditure 30-year period 2021 – 2051. N.b units in table are rounded to the nearest million dollars.

#### Capital expenditure

The most significant driver of capital expenditure is the infrastructure renewals and replacement.

The four key drivers for making capital investment across the flood and drainage schemes are:

1. The need to renew/replace existing assets;
2. The need to adapt to changing environment to maintain (as a minimum) the level of service that the schemes currently provide;
3. The need to increase a level of service that the schemes currently provide in the areas required; and
4. The requirement to meet a new need or demand for flood or drainage scheme protection.

There will be an on-going requirement to make decisions including through consultation on renewals expenditure on a cyclical basis as part of the processes associated with the Councils LTP and Annual Plan processes.

Figure 16 shows the forecast renewal expenditure profile for the infrastructure assets associated with flood protection and land drainage. The expenditure forecast has been developed in line with the assumptions detailed in section 6.2.

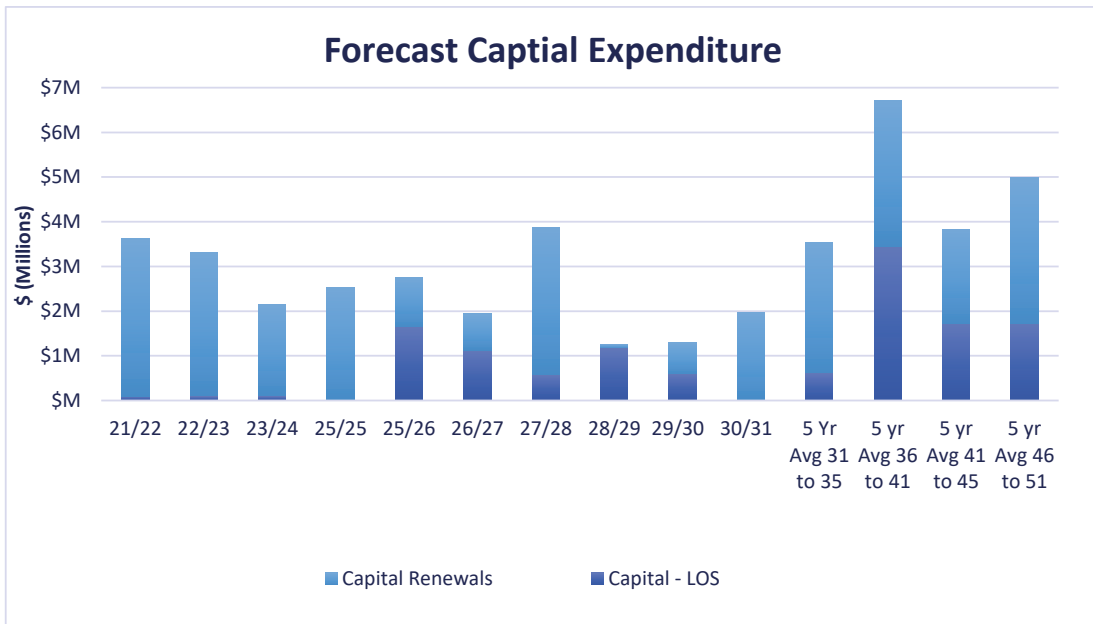


Figure 16 Forecast capital expenditure 2021 – 2051.

*Operational expenditure*

Operation expenditure provides for the maintenance and operations works associated with each scheme and includes depreciations and other running costs.

In years 1 to 4 a number of scheme reviews will be undertaken, otherwise operational expenditure remains relatively consistent with some increases for inflation accounted for. It is not anticipated that scheme reviews would have a significant impact on future operational costs/needs.

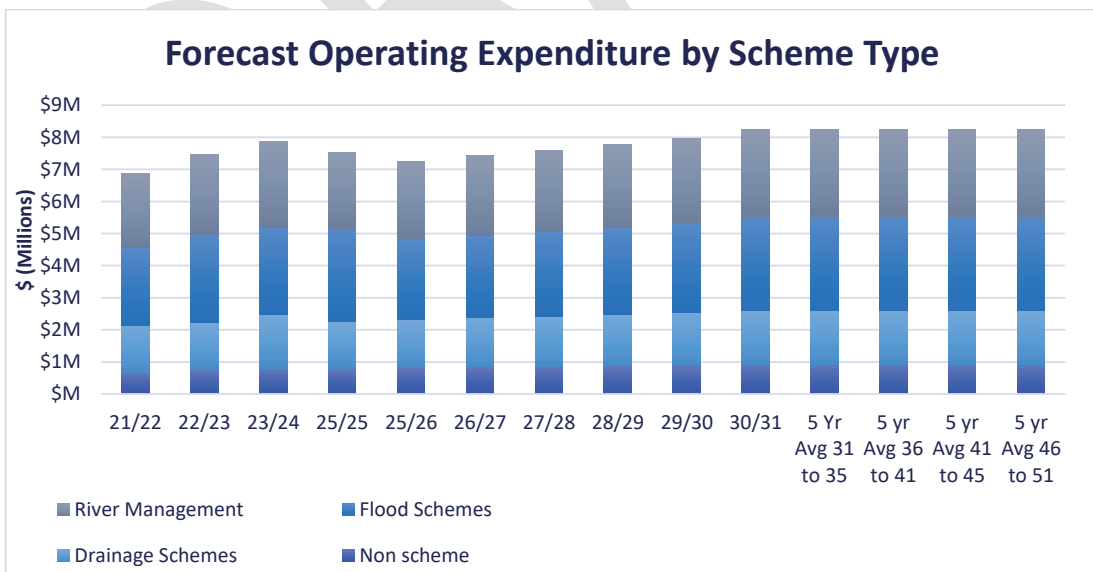














Figure 17 Forecast operating expenditure split by scheme

Key projects and programmes

A summary of the key projects and programmes that are planned over the next 3 years are presented in Table 9 below. A description for each is provided including the significant issues that will be addressed, the estimated expenditure required, and the timing for delivery. Key projects are defined where the project or programme of works exceeds \$100,000 in a financial year cycle.

Table 9 Key projects and programmes for flood protection and drainage services 2021 – 2051

Project/ Programme	Description	Addresses Significant Issue(s)			Timing
Taieri Scheme Performance Review	Assessment of performance and engineering options considered for scheme.				2021 -2024
Clutha Scheme Performance Review	Assessment of performance and engineering options considered for scheme.				2021 - 2022
Climate Change Adaptation investigation	Engineering options and resilience options developed.				2021 - 2023
Drainage Capacity investigations	Detailed assessment of drainage capacity, pump stations and drains.				2021 - 2022
Storm drainage assessment and principles	Development of storm drainage principles and effect of urban approach on rural land drainage assets.				2021 - 2022
Fish Passage adaptation investigations	Research and development for implementation of fit for purpose fish passage across pumping/outflow structures.				2021 - 2024
Asset Management improvements	System and technology assessment and implementation to coordinate critical assets data .				2021 - 2024
Investigation of use of ORC assets for trails	Investigation and development of design and standards to be constructed on ORC floodbanks.				2021 - 2022
Weed management of pump station inlets	Research and development of techniques to manage and remove weed blockages at pump stations.				2021 – 2023
Leith Historic Wall investigation	Detailed design and option for replacement program of historic channel walls.				2022 - 2024

The key used to represent the significant issues in this section is depicted below:



Infrastructure Condition



Natural Hazards



Scheme Performance



Growth and Development



Climate Change



Funding
























Legislative/Regulatory




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The following key projects (Table 10) are detailed in the long-term plan and reflect continued programs of work and projects resulting from key programmes of investigation and detailed design set out in this infrastructure strategy. The projects reflect the focus on on-going repairs to critical assets and the development of infrastructural renewals or upgrades because of identified issues for detailed design for solutions. Projects will be subject to community consultation and funding models where significant expenditure is signalled.

Table 10 Key projects, including capital renewals/repairs 2021 - 2051

Project/ Programme	Description	Addresses Significant Issue(s)			Timing
Flood Repair programs: February 2020 event and January 2021 event	Completion of flood damage repair programs				2021 onwards
Climate Resilience Program: Outram	Ministry (64%) funded resilience renewal of flood protection assets				2021 - 2023
Climate Resilience Program: Contour Channel	Ministry (64%) funded resilience renewal of flood protection assets				2021 -2024
Climate Resilience Program: Riverbank Road	Ministry (64%) funded resilience renewal of flood protection assets				2021 - 2022
Climate Resilience Program: Robson Lagoon	Ministry (64%) funded resilience renewal of flood protection assets				2021 - 2023
Leith Amenity Project	Completion of the remaining Leith Amenity Project				2021 - 2022
Construction of a Shared Use Path (SUP) on Lower Clutha Foodbank	Construction of a SUP on ORC asset to provide an amenity use for community				2022 - 2024
Gordon Road and Silverstream improvements	Channel improvements in Silverstream				2022 - 2024
Riverside Spillway improvement	Spillway upgrade / improvement				2021 - 2022
Pump Station Technology improvements	Implementation of SCADA and link to asset management data portals				2022 - 2025
Asset Management improvements through technology system improvements	System implementation of data and metric monitoring of critical assets				2022 - 2025
Stoney Creek Debris Flow development of options	Upgrade of Stoney Creek to provide debris flow				2022 - 2025












Project/ Programme	Description	Addresses Significant Issue(s)			Timing
Installation of increased monitoring for flows and levels across schemes and coastal mouths	Installation of monitors and link to asset management				2022 - 2025
Pump stations infrastructure upgrade	To meet safety, compliance and fit for purpose standards, including fish passage considerations and weed management				2023 - 2026

There are only three significant projects that are signalled in the Long Term Plan that are categorised as new capital expenditure.

These projects are signalled to support investigations in preceding years that address climate adaptation, levels of service and growth and development. Additional projects may result as the definition of the renewals are developed over the next 30 years.

These will be developed and included during respective infrastructure strategy and long term plan revisions and other relevant planning documents.

Table 11 Key renewals/repairs 2021 - 2051

Project/ Programme <sup>1</sup>	Description	Addresses Significant Issue(s)			Timing
Lindsay Creek	Development, consultation and implementation <sup>21</sup> of the Lindsay Creek Scheme				2031 onwards
Climate Adaptation infrastructure transition Lower Clutha	Development and preparation of infrastructure options for climate adaption analysis				2025 onwards
Climate Adaptation infrastructure transition Lower Clutha	Development and preparation of infrastructure options for climate adaption analysis				2025 onwards

<sup>1</sup> These projects and expenditure assume community support through consultation and adoption of a funding policy to enable them to proceed.

#### Expenditure Forecasts

It is expected that with each review of the; Infrastructure Strategy (every 3 years), Asset Management, Long Term Plan, and Annual Plans, the cost estimates will be updated, particularly at the three year review of the Infrastructure Strategy and Long Term Plan. This will enable the forecast to be updated to reflect more detailed design and understanding of costs associated with key projects and programmes of work along with community consultation and expectation.

<sup>21</sup> The viability of the Lindsay Creek Scheme will be determinate on Council and Community consultation.

Revenue and Financing Policy

GROUP ACTIVITY – REGIONAL LEADERSHIP				
Significant Activity – Governance and Community Engagement				
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
<b>Governance and Democracy</b>	<p>Run Council’s democratic functions including holding triannual elections.</p> <p>Partnering with mana whenua.</p> <p>Contribute funding to activities that benefit the entire Otago community.</p>	<p>The whole of the community benefits from these activities.</p>	<p>The benefits are ongoing.</p>	<p><b>Governance and democracy:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> <li>• Elections costs may be rated evenly over each 3-year election period.</li> </ul> <p><b>Partnership with mana whenua:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul> <p><b>Financial contributions:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Public Awareness, Communication and Engagement</b>	<p>Provide community information and advice through customer services, media, website, public events, brochures etc.</p> <p>Provide regional co-ordinator role for EnviroSchools in Otago.</p>	<p>The whole of the community benefits from these activities.</p> <p>Those requesting specific information from Council benefit from receiving that information.</p>	<p>The benefits are ongoing.</p>	<p><b>Information requests that require more than ½ hour response time:</b></p> <ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul> <p><b>Communication and engagement:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>

Significant Activity - Regional Planning and Strategy				
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
Regional Planning and Strategy	Development, adoption, appeals, review and audit of ORC's regional policies, plans, and strategies.	<p>The wider community benefits as these plans and strategies are developed to provide for the needs of the region as a whole.</p> <p>No individual or group benefits directly from this activity.</p>	Benefits are ongoing over the life of the plans.	<p><b>Regional Land Transport Plan:</b></p> <p>Receipt of NZTA grants. Remaining costs:</p> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul> <p><b>Plans, policies and strategies:</b></p> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>
	Respond to issues such as national policy and legislative proposals, and city and district plans.	The whole of the community benefits from work aimed to help protect the regions resources.	The benefits are ongoing.	<p><b>Response to external proposals:</b></p> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>
Private Plan Changes	Request of third parties to make a change to a Council plan, policy etc.	Individuals and groups requesting a plan change benefit from this work.		<p><b>Private plan changes:</b></p> <ul style="list-style-type: none"> <li>100% fees and charges.</li> </ul>

Significant Activity – Regulatory				
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
Consent Processing, Reviews and Appeals	Process consent applications (RMA and Building Act) and hold hearings, Issue certificates, permits and transfers.	The applicant is the primary beneficiary.	The benefits are ongoing.	<b>Processing consent applications:</b> <ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul>
	Appeals	This is determined by the courts.		<b>Appeals:</b> Recoveries will be awarded by the courts. <b>Other costs:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
	Administration	The community benefits from the database of information.		<b>Information requests that require more than ½ hour response time:</b> <ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul> <b>Administration:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
	Review of consents, e.g. variation to consent - consent holder-initiated, or Council may initiate, e.g. on introduction of a minimum flow.	Consent holder benefits from processing requested review of consent.  Wider community benefits from Council initiated review of consent.		<b>Consent holder-initiated review of consent:</b> <ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul> <b>Council initiated review:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>

Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
Compliance Monitoring	Process performance monitoring returns from consent holders.	Consent holders benefit from their ability to exercise consents.  Work arises from activities undertaken by identifiable consent holders.	The benefits are ongoing.	<b>Performance Monitoring:</b> <ul style="list-style-type: none"> <li>• 75% fees and charges from consent holders.</li> <li>• 25% general rates regional.</li> </ul>
	Undertake audits and compliance reviews to ensure compliance with consent conditions.	Public benefits arise from environmental protection gained through compliance.		<b>Audits and compliance reviews:</b> <ul style="list-style-type: none"> <li>• 100% fees and charges from consent holders.</li> </ul>
	Administration	The community benefits from environmental protection gained through compliance.		<b>Information requests that require more than ½ hour response time:</b> <ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul> <b>Administration:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
	Dairy inspections re permitted activity rules.	Council work arises from activities undertaken by identifiable landholders.		<b>Dairy Inspections:</b> <ul style="list-style-type: none"> <li>• 100% targeted rate on each dairy activity.</li> </ul>

Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
Harbour Management	Promote navigation and safety in harbours and waterways.	Those using the harbour and waterways benefit directly, but it is not possible to identify them. Note that QLDC and CODC administer their own bylaws under transfer of responsibility agreements.	The benefits are immediate and ongoing.	<b>Safety:</b> <ul style="list-style-type: none"> <li>100% general rate sub-regional from Clutha, Dunedin, Waitaki and Central Otago districts.</li> </ul>
	Administer bylaws, the primary focus being safety on our waterways.	The actions of individuals on our waterways may cause the need for enforcement of our bylaws		<b>Enforcement:</b> <ul style="list-style-type: none"> <li>100% fees and charges from those causing the incident.</li> <li>100% general rates from Clutha, Dunedin, Waitaki and Central Otago for remaining costs.</li> </ul>
	Be ready to and respond to oil spills.	Those creating the oil spill cause the need for this activity.		<b>Responding to incidents:</b> <ul style="list-style-type: none"> <li>Grants from Maritime NZ.</li> <li>100% general rates regional for remaining costs.</li> </ul> <b>Enforcement action:</b> <ul style="list-style-type: none"> <li>100% fees and charges where possible, from those causing the incidents.</li> <li>100% general rates regional for remaining costs.</li> </ul>

Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
Incident Response	Respond to pollution incidents and resource management complaints.	The wider community benefits from clean up and protection.	The benefits are immediate, at the time of responding to the incident.	<b>Responding to incidents:</b> <ul style="list-style-type: none"> <li>• Grants from central government agencies as available.</li> <li>• 100% general rates regional for remaining costs.</li> </ul>
	Undertake enforcement action as appropriate.	The actions of those creating pollution incidents, breaching resource consent conditions etc., cause the need for this activity.		<b>Enforcement action:</b> <ul style="list-style-type: none"> <li>• 100% fees and charges where possible, from those causing the incidents.</li> <li>• 100% general rates regional for remaining costs.</li> </ul>

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GROUP ACTIVITY - ENVIRONMENT				
Significant Activity – Land and Water (including Coast)				
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
<b>Land and Water Planning and Strategy</b>	Development, adoption, appeals, review and audit of ORC's Land and Water (including Coast) regional policies, plans, and strategies.	<p>The wider community benefits as these plans and strategies are developed to provide for the needs of the region as a whole.</p> <p>No individual or group benefits directly from this activity.</p>	Benefits are ongoing over the life of the plans.	<p><b>Plans, policies and strategies:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Land and Water Monitoring and Reporting</b>	<p>Monitor quality and quantity of surface and groundwater.</p> <p>Monitor quality of coastal and estuarine water.</p> <p>EMaR / LAWA.</p> <p>Trend forecasting for future changes to our environment.</p> <p>Social, economic and environmental effects of low flows.</p>	<p>The wider community benefits from understanding the state of the Otago environment.</p>	The benefits are ongoing.	<p><b>Monitoring and reporting:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul> <p><b>EMaR / LAWA:</b></p> <ul style="list-style-type: none"> <li>• Receipt of fees and grants from national office and other regional councils.</li> <li>• 100% general rates regional for remaining costs.</li> </ul>

Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
Land and Water Implementation	Awareness of provisions and understanding of responsibilities through education and promotion.	<p>The activities/practices of farmers, forestry and other rural landholders are the main contributors to degraded rural water quality.</p> <p>The wider community benefits from having good water quality.</p>		<p><b>Rural liaison and catchment groups:</b></p> <ul style="list-style-type: none"> <li>• 75% targeted rate on all rural land use properties (all sizes), and lifestyle blocks 2 ha or greater.</li> <li>• 25% general rates regional.</li> </ul> <p><b>All other awareness and education:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
	Water quality remediation and improvement initiatives	<p>Those living in the immediate area receive a greater benefit with lesser degrees of benefit accruing to the wider local community and across the region. Benefits diminish as proximity to the affected area increases.</p> <p>Activities of those in the local area are likely to have contributed to the degraded water quality.</p>	The benefits of improved water quality are ongoing.	<p><b>Significant on-going remediation activity:</b></p> <ul style="list-style-type: none"> <li>• Targeted rates on local benefit area (% to be determined on a case by case basis).</li> <li>• Remainder general rates regional and/or sub-regional.</li> </ul> <p><b>Non-significant one-off remediation activity:</b></p> <ul style="list-style-type: none"> <li>• 100% targeted rates (on local river and waterway management district).</li> </ul>
	Integrated catchment management	The wider community benefits from having good water quality.		<p><b>Integrated catchment management:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>

Significant Activity - Air				
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
<b>Air Quality Monitoring and Reporting</b>	Monitor and report on air quality in Otago.	The wider community benefits from understanding the state of the Otago environment.	The benefits are ongoing.	<b>Monitoring and reporting:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Air Strategy Implementation</b>	Promote and assist addressing air quality issues and improving air quality around the Otago region.	The whole community benefits from clean air.	The benefits of clean air are ongoing.	<b>Localised air programmes:</b> <ul style="list-style-type: none"> <li>• 100% targeted rate on local area.</li> </ul> <b>Regional air initiatives:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
	Advancing the use of cleaner heating technologies through the provision of subsidies for the replacement of non-compliant burners in Air Zone 1 and Milton.	There is benefit to those living in areas where clean heating appliances are being installed.		<b>Clean heat, clean air:</b> <ul style="list-style-type: none"> <li>• 100% targeted rates from Air Zone 1 and Milton.</li> </ul>

Significant Activity – Biodiversity and Biosecurity				
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
<b>Biodiversity Monitoring and Reporting</b>	Monitor and report on biodiversity in Otago.	The wider community benefits from understanding the state of the Otago environment.	The benefits are ongoing.	<b>Monitoring and reporting:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>
<b>Biodiversity Strategy Implementation</b>	Promote and support the protection of indigenous species and areas of biodiversity in Otago.	All of Otago benefits from protecting indigenous species and areas of biodiversity and enhancing the region.	The benefits are ongoing.	<b>Biodiversity strategy implementation:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>
	Administer a regional sustainability and environmental enhancement fund on agreed projects.	All of Otago benefits from protection areas of biodiversity and environmentally enhancing the region.	The benefits are ongoing.	<b>ECO Fund:</b> <ul style="list-style-type: none"> <li>100% reserves.</li> </ul>
	Promote and support the protection of areas of biodiversity in local communities.	Local communities benefit from protecting and enhancing biodiversity in their area.	The benefits are ongoing.	<b>Predator Free Dunedin:</b> <ul style="list-style-type: none"> <li>100% general rates sub regional.</li> </ul>
<b>Wilding Trees</b>	Actively support wilding conifer groups in Otago to control and reduce the spread of wilding conifers.	All of Otago benefits from the control of wilding trees in Otago.	The benefits of the work are immediate and ongoing when continued control is undertaken.	<b>Supporting groups:</b> <ul style="list-style-type: none"> <li>100% uniform targeted rates across the region</li> </ul>
	Administer the funding from MPI for the control of wilding trees.			<b>Administering MPI funding:</b> <ul style="list-style-type: none"> <li>100% grant funding from MPI</li> </ul>

Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
<b>Pest Management Plan Implementation</b>	Manage pest plants and animals through inspections, education and promotion of landowner led initiatives.  Undertaking control works for specified pests including rooks and wallabies.	The wider community benefits from the control of pest plants and animals.  Rural landowners receive a higher benefit than urban landowners.	The benefits are ongoing.	<b>Pest management plan implementation:</b> <ul style="list-style-type: none"> <li>• 100% targeted rates regional.</li> </ul>
	Undertake enforcement action as required.	Landowner's inaction has resulted in the need to undertake the activity.		<b>Enforcement:</b> <ul style="list-style-type: none"> <li>• Where possible, 100% fees and charges, remaining costs from general rates.</li> </ul>
	Research and development for new biocontrol agents for pest control, monitoring and applying.	All of Otago will benefit from new pest control tools.	The benefits are ongoing.	<b>Biocontrol of pests:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Pest Contracting</b>	Undertake rabbit contract work for third parties.	Landowners benefit directly from contract work undertaken on their private properties.	The benefits are ongoing.	<b>Pest contracting:</b> <ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul>

<b>GROUP ACTIVITY – SAFETY AND RESILIENCE</b>				
<b>Significant Activity – Flood Protection and Drainage Schemes</b>				
<b>Activity</b>	<b>Description</b>	<b>Distribution of benefits and Exacerbator Considerations</b>	<b>When do benefits occur?</b>	<b>Current funding sources</b>
<b>Alexandra Flood Protection</b>	Maintenance of flood protection scheme.	Those living within the flood protection area receive a direct benefit. Power generation has contributed to the need for having a flood protection scheme in this area.	The benefits are ongoing.	<ul style="list-style-type: none"> <li>• 2% general rates from the Central Otago District.</li> <li>• 98% fees and charges from dam owners.</li> </ul>
<b>Leith Flood Protection</b>	Construction and maintenance of the flood protection scheme.	Those living within flood protection area receive a direct benefit. The local community benefits from continued access to these areas. There is a regional benefit where continued access to regional services, e.g. hospital and CBD etc.		<ul style="list-style-type: none"> <li>• 5% general rates regional.</li> <li>• 2% general rates Dunedin City.</li> <li>• 46.5% targeted rates Indirect Benefit Zone.</li> <li>• 46.5% targeted rates Direct Benefit Zone.</li> </ul>
<b>Lower Clutha Flood and Drainage</b>	Maintenance of flood protection scheme.	Those living within the flood protection area receive a direct benefit. The local community benefits from continued access to the area. The wider community benefits from continued access to regional services.		<p>After receipt of rental income and contribution from Kuriwao reserve:</p> <ul style="list-style-type: none"> <li>• 4% general rates from the Clutha District.</li> <li>• 12% general rates regional.</li> <li>• 84% targeted rates on the scheme area.</li> </ul>
	Maintain the productive capability of land within each scheme area.	The landowners within the drainage scheme area receive a private benefit.	<p>After receipt of rental income and contribution from Kuriwao reserve:</p> <ul style="list-style-type: none"> <li>• 6% general rate Clutha District.</li> <li>• 94% targeted rates.</li> </ul>	

		The local community benefits from continued access to the area.		
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Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
<b>West &amp; East Taieri Drainage</b>	Maintain the productive capability of land within each scheme area.	Landowners within the drainage scheme area receive a private benefit. The local community benefits from continued access to the area.	The benefits are ongoing.	After receipt of rental income: <ul style="list-style-type: none"> <li>• 8% general rate Dunedin.</li> <li>• 92% targeted rates.</li> </ul>
<b>Tokomairiro Drainage</b>	Maintain the productive capability of land within each scheme area.	Landowners within the scheme area receive a private benefit.		<ul style="list-style-type: none"> <li>• 100% targeted rates.</li> </ul>
<b>Lower Taieri Flood</b>	Maintenance of the flood protection scheme.	Landowners within the scheme on area receive a direct benefit. The local community benefits from continued access to the area. The wider community benefits from continued access to regional services, e.g. airport.		After receipt of rental income: <ul style="list-style-type: none"> <li>• 4% general rates regional.</li> <li>• 13% general rates Dunedin City.</li> <li>• 83% targeted rates on scheme area.</li> </ul>
<b>Shotover Delta</b>	Construction of the flood protection scheme.	Landowners within the scheme on area receive a direct benefit. The wider community benefits from continued access to regional services, e.g. airport.		<ul style="list-style-type: none"> <li>• 2% general rates regional.</li> <li>• 98% targeted rate on scheme area.</li> </ul>



<b>Scheme Oversight and Bylaws</b>	General management and planning for all schemes including regional infrastructure strategy and designations.	Benefits arise to each scheme and therefore indirectly to the landowners and communities who benefit from each scheme.		<b>Scheme oversight:</b> <ul style="list-style-type: none"> <li>• 100% internal allocation to flood and drainage schemes.</li> </ul>
	Processing applications for works under bylaws.	Those applying to do works are the primary beneficiary.		<b>Bylaw processing:</b> <ul style="list-style-type: none"> <li>• 100% fees &amp; charges.</li> </ul>

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Significant Activity – Rivers and Waterway Management				
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
<b>River Management:</b> - Central Otago - Clutha - Dunedin - Waitaki - Wakatipu - Wanaka	Routine monitoring and maintenance to ensure adequate fairway width, enhancement work to improve access etc.  Monitor stability and alignment of rivers, through river cross section surveys, gravel surveys etc.	Communities within each district benefit from work completed in their areas.	The benefits are ongoing.	<ul style="list-style-type: none"> <li>100% targeted rates (district river and waterway management rate)</li> <li>Note Queenstown Lakes District Council has two rating areas – Wanaka and Wakatipu.</li> </ul>
	Contribute to cost of river erosion work on private properties where wider benefit generated.	Landholders benefit from work done on properties. Some benefit to wider community.		<ul style="list-style-type: none"> <li>100% general rates regional. Maximum contribution in place of \$25,000 per landowner within a 5-year period.</li> </ul>
	Monitor and inspect effects of Contact Energy consent.	Contact Energy consenting activities cause need for monitoring the effects of the consent.		<ul style="list-style-type: none"> <li>100% fees and charges from Contact Energy in accordance with consent conditions.</li> <li>Remainder general rates regional.</li> </ul>
<b>Lower Waitaki River Scheme</b>	Contribute funding to river management works undertaken by Environment Canterbury.	Local community benefits from work undertaken by ECan on the Lower Waitaki River.  The wider community benefits from continued access to regional services, e.g. roads.		<ul style="list-style-type: none"> <li>10% general rates regional.</li> <li>90% targeted rates on the scheme.</li> </ul>
<b>Non Scheme Waterways</b>	Investigating /maintain where appropriate, assets not belonging to flood and drainage schemes around	Communities within each district benefit from work completed in their areas.		<ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>

	the region – minor works.			
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Significant Activity – Emergency Management				
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
<b>Emergency Management</b>	Administer the Otago Civil Defence Emergency Management Group.	<p>The whole community benefits from Council’s readiness to deal with a Civil Defence emergency.</p> <p>If an event occurs, those affected will benefit directly from any assistance provided.</p>	The benefits are immediate at the time of an event occurring.	<p><b>Readiness</b></p> <ul style="list-style-type: none"> <li>100% uniform targeted rates.</li> </ul> <p><b>Response:</b></p> <ul style="list-style-type: none"> <li>For costs occurred in dealing with an event, recovery will be considered on a case by case basis.</li> </ul>
Significant Activity – Natural Hazards and Climate Change				
<b>Natural Hazards</b>	Investigate and provide information on the potential impacts of natural hazards and their mitigation.	<p>Investigations of identifying and understanding hazards benefits the wider community</p> <p>Investigation works for specific districts such as flood risk strategies will directly benefit those districts.</p>	The benefits are ongoing.	<p><b>Studies for districts:</b></p> <ul style="list-style-type: none"> <li>100% general rates sub regional.</li> </ul> <p><b>All other work:</b></p> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>
	Purchase of LiDAR information to assist assessment of hazards.	Whole community benefits from investigations of natural hazards.		<b>LiDAR:</b>
<b>Low Flow and Flood Risk Management</b>	Respond to flood events, issue flood warnings and take action to reduce effects of flooding.	The whole community benefits from Council’s readiness to respond to high and low flow situations	At the time of the event.	<b>Flood risk management:</b>
	Provide information on actual and expected rainfall, river flows and lake levels for low flow situations.			<b>Low flow management:</b>
				<ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>

<p><b>Climate Change Adaptation</b></p>	<p>Provide understanding of the effects of climate change to enable communities to make informed decisions about being prepared and adapting to those effects.</p>	<p>The whole community benefits from being informed about the effects of climate change.</p> <p>Investigation works for specific districts will directly benefit those districts.</p>	<p>The benefit would be ongoing.</p>	<p><b>South Dunedin Future:</b></p> <ul style="list-style-type: none"> <li>• 100% general rate Dunedin City.</li> </ul> <p><b>Shoreline retreat Clutha Delta:</b></p> <ul style="list-style-type: none"> <li>• 100% Kuriwao Reserve.</li> </ul> <p><b>Climate change other:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
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GROUP ACTIVITY – TRANSPORT				
Significant Activity – Transport				
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
<b>Public Passenger Transport</b>	Provide public passenger transport services in Dunedin and Queenstown, including associated infrastructure.	Those living in the areas where transport services are provided receive a direct benefit.	The benefits are immediate and ongoing.	<b>Bus services:</b> Receipt of fares and NZTA grants. <ul style="list-style-type: none"> <li>• Remaining costs: 100% targeted rates in areas where services are provided.</li> </ul>
	Public transport planning.	Those living in the areas where transport services are provided receive a direct benefit.		<b>Planning:</b> <ul style="list-style-type: none"> <li>• 100% targeted rates in areas where services are provided.</li> </ul>
	Administer the Total Mobility Scheme.	Total mobility users benefit from this; however the scheme is to provide more affordable transport for those who cannot use public transport because of a disability.		<b>Total mobility:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
	Register services under the Transport Licensing Act.	Service providers benefit from being able to legally operate.  Wider community benefits from information held.		<b>Registering services:</b> <ul style="list-style-type: none"> <li>• 50% fees and charges from service providers.</li> <li>• 50% general rates regional.</li> </ul>

Group Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources
<b>Stock Truck Effluent Disposal</b>	Investigation and planning of a regional stock truck effluent disposal network.	The wider community benefits from ensuring a region wide network is planned.  Those living in areas where new sites are proposed benefit from the planning and installation of those sites.	The benefits are immediate and ongoing.	<b>Planning and investigation, regional network:</b> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul> <b>Planning and investigation, districts:</b> <ul style="list-style-type: none"> <li>• 100% general rates sub regional.</li> </ul>
	Maintain stock truck effluent disposal sites in Central Otago.	The Central Otago district benefits from this work.		<b>Maintenance:</b> <ul style="list-style-type: none"> <li>• 100% general rates on Central Otago District.</li> </ul>

General rates are charged on a capital value basis.

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

## Finance Policy

### Financing the Purchase of Fixed Assets (Excluding Infrastructural Assets)

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

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

### Financing Capital Expenditure on Infrastructural Assets

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

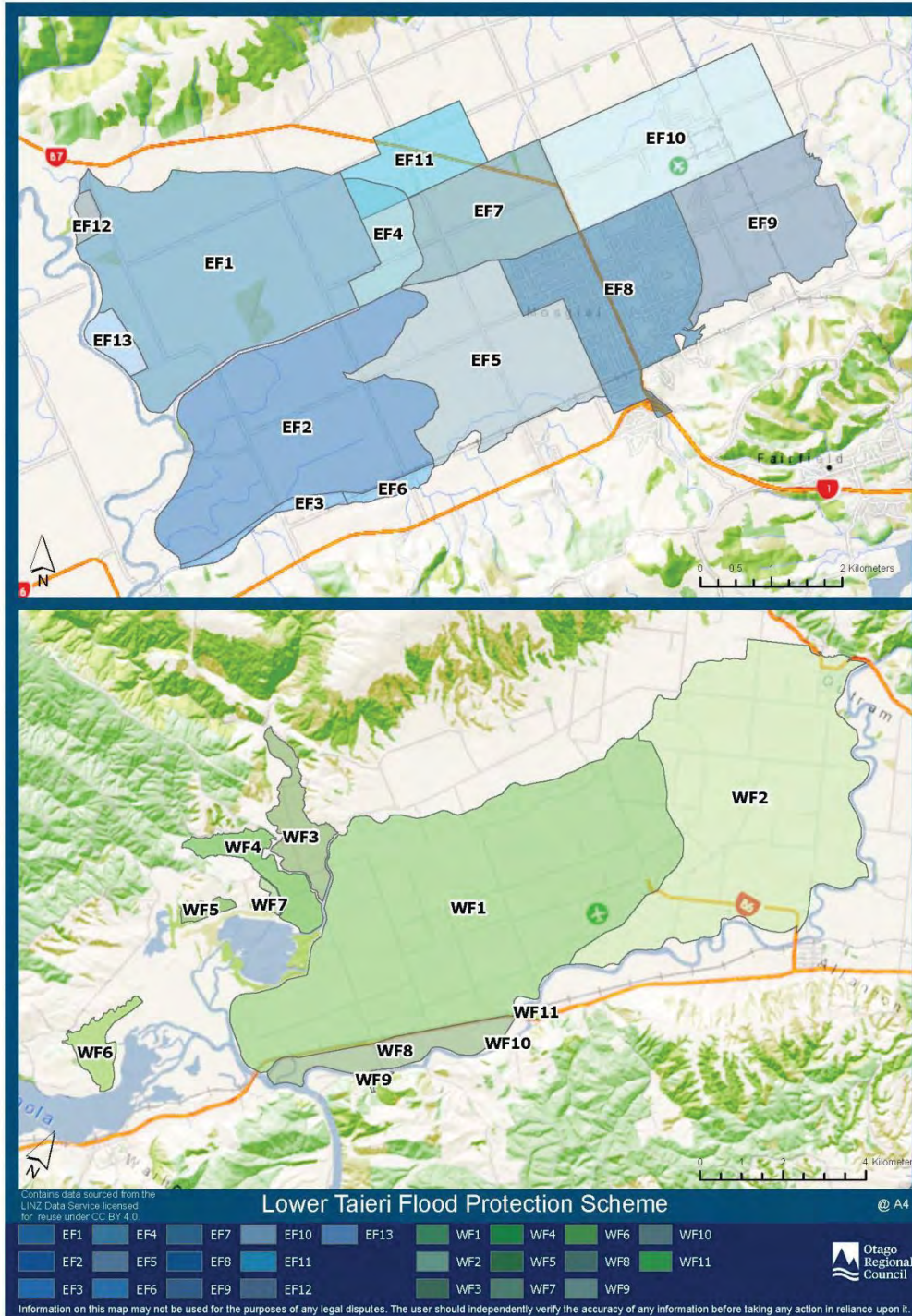
It is Council's policy that infrastructural assets be financed by the "Funded Depreciation Reserves", and if there are insufficient funds available in these reserves, borrowing (either internal or external) will be used.

### Financing Major Projects

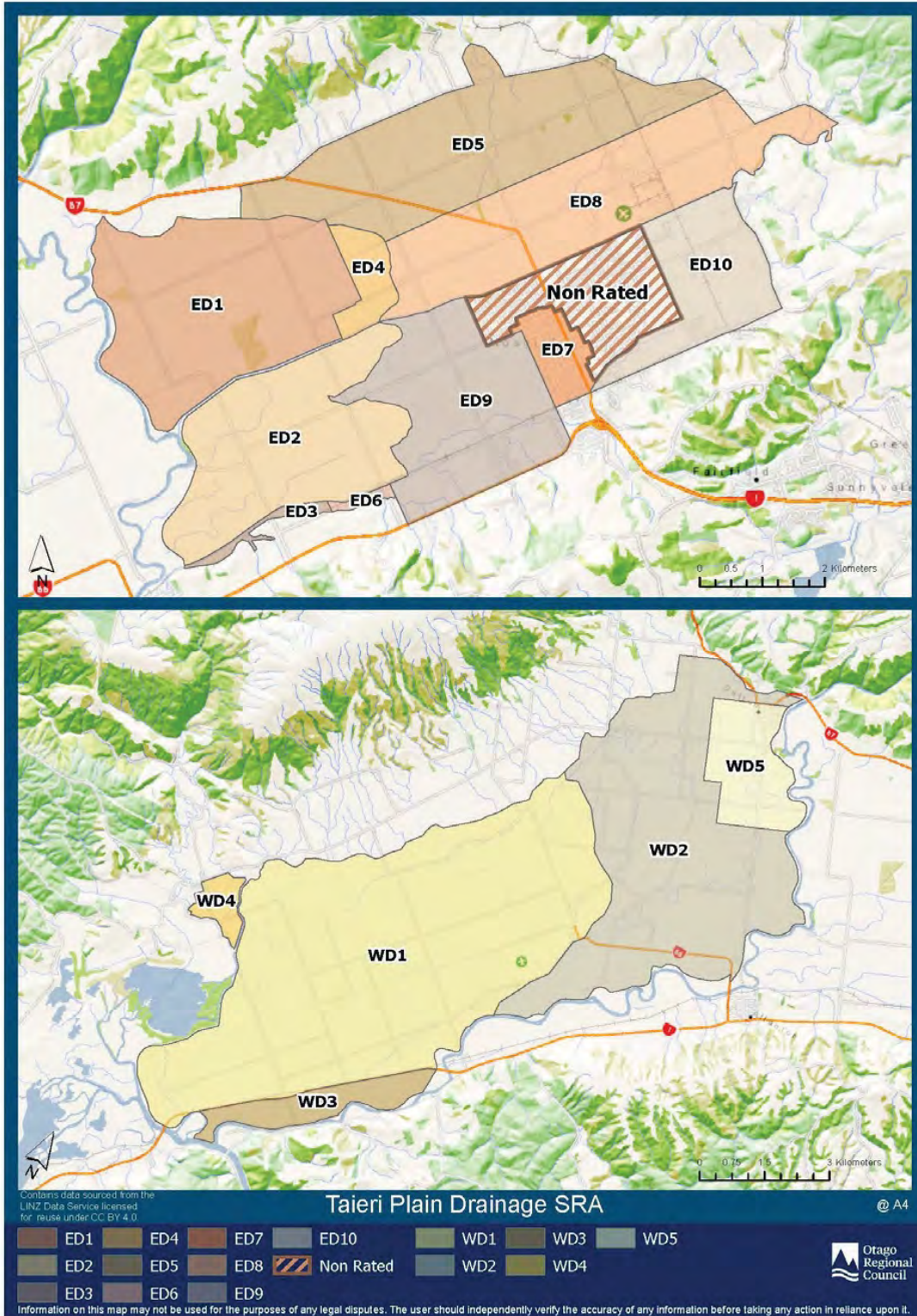
Tools to fund major capital projects will be considered on a case by case basis. Where necessary or appropriate, Council may borrow either internally or externally to fund a major project. Such projects (including the repayment of any associated borrowing) may be funded by any of the funding tools available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

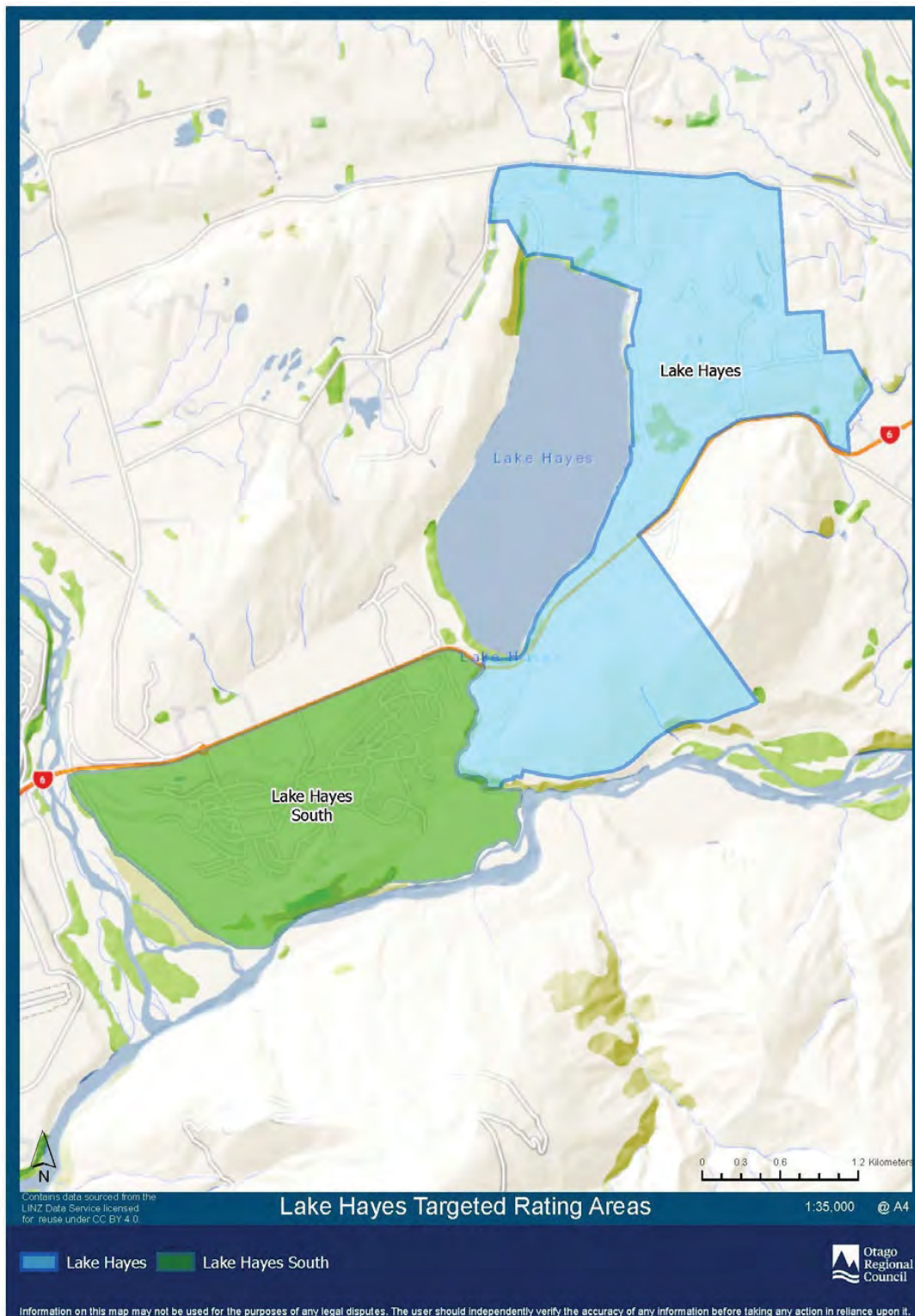


The following maps shows the geographic incidence of targeted rating

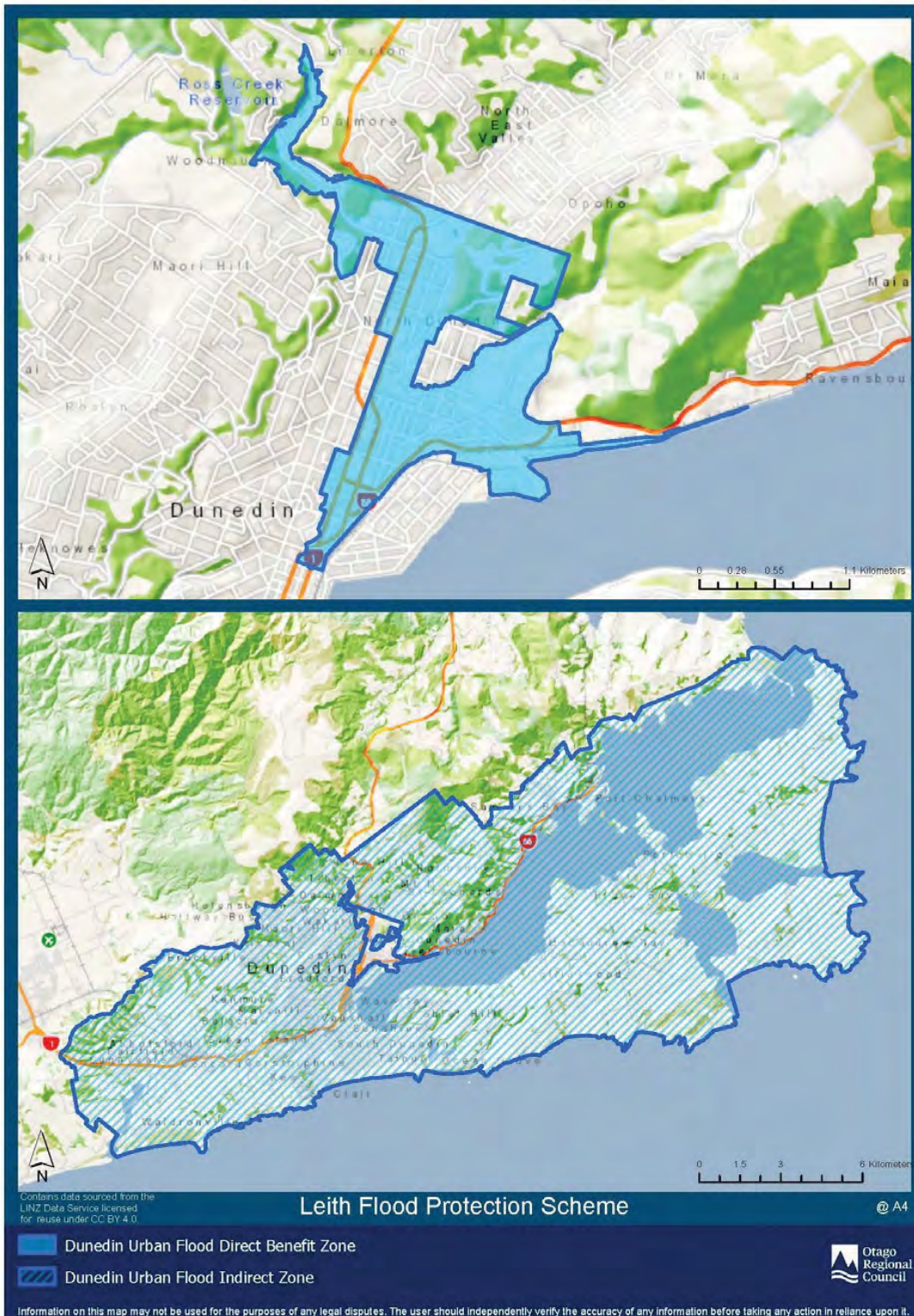




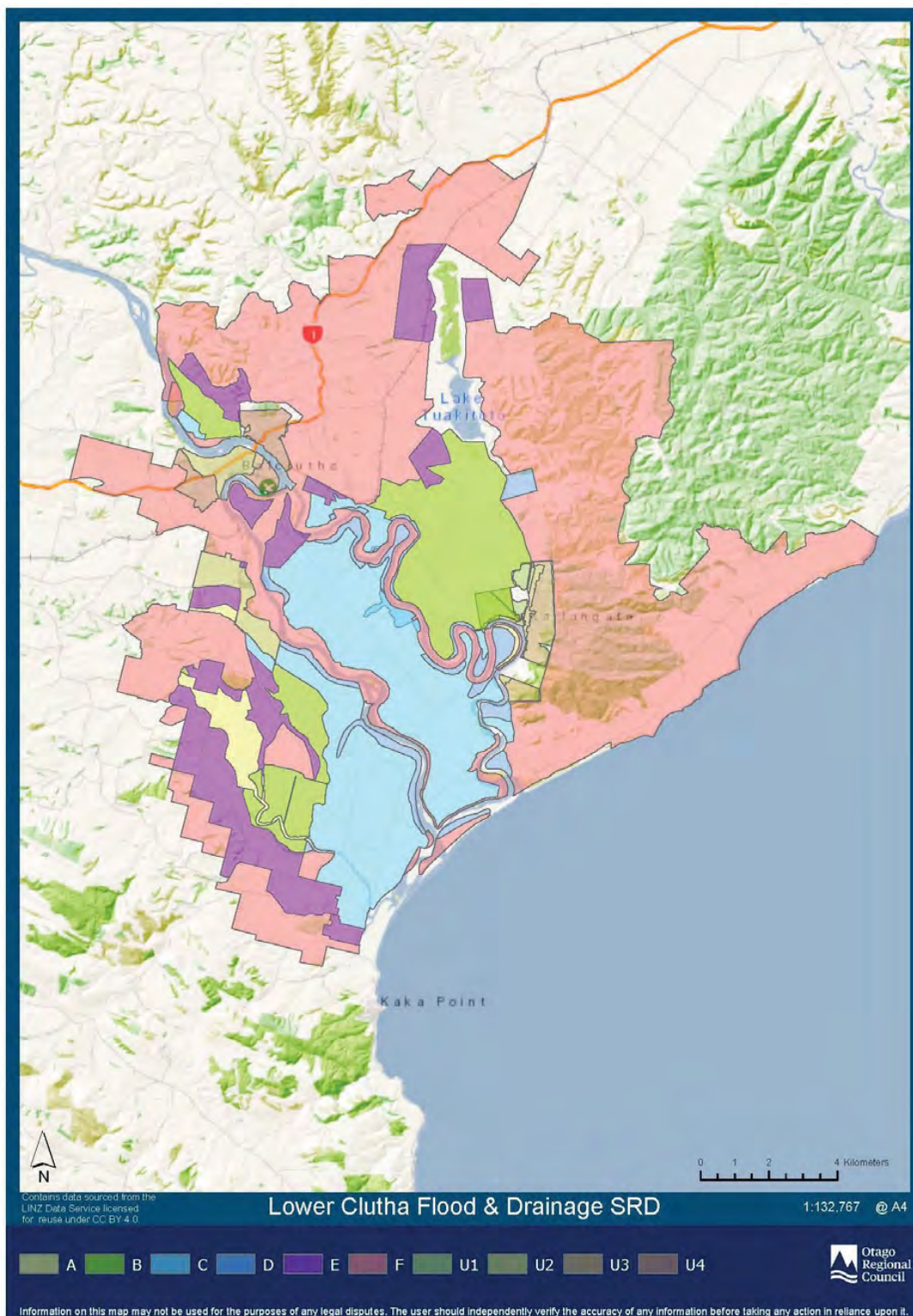




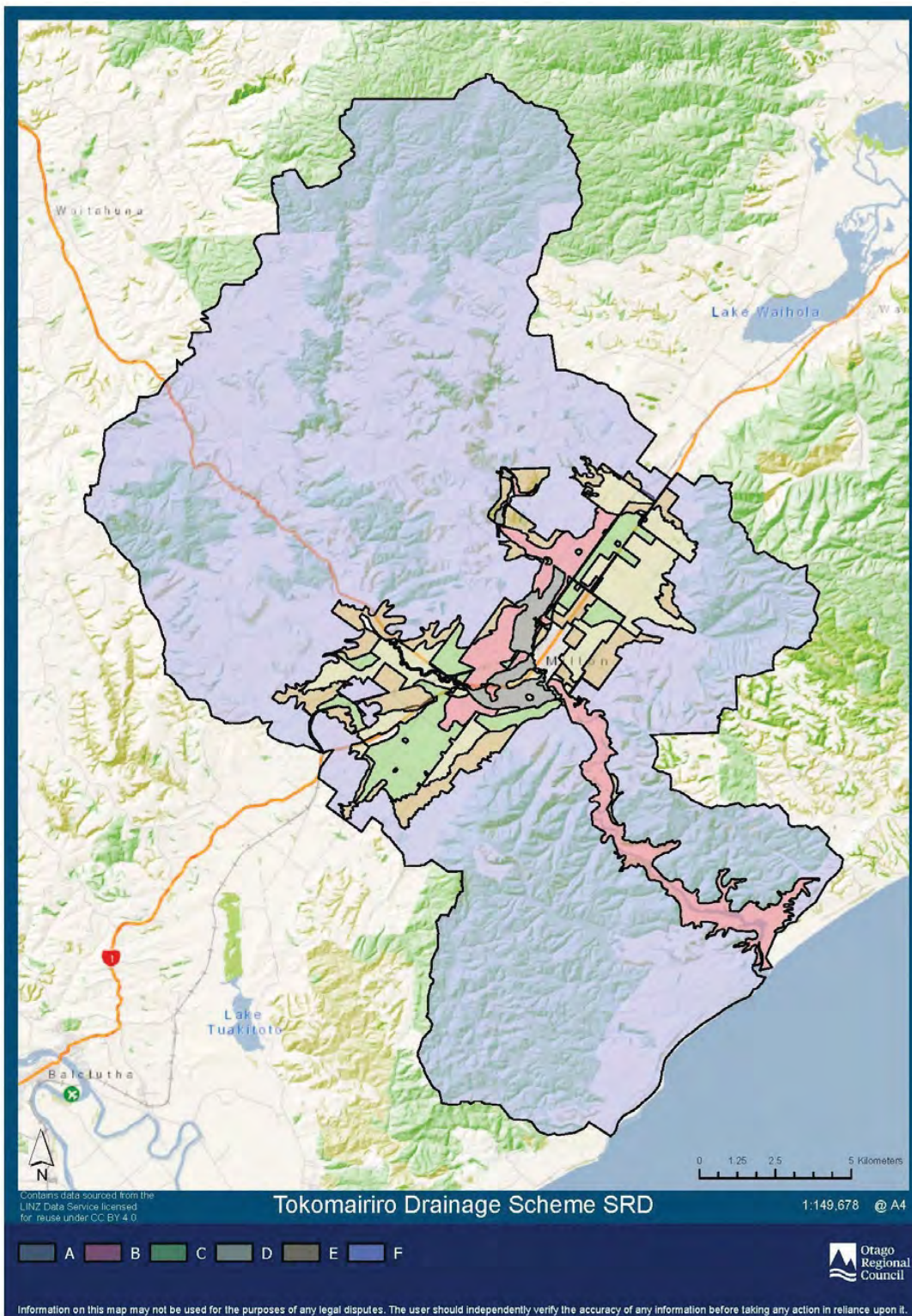




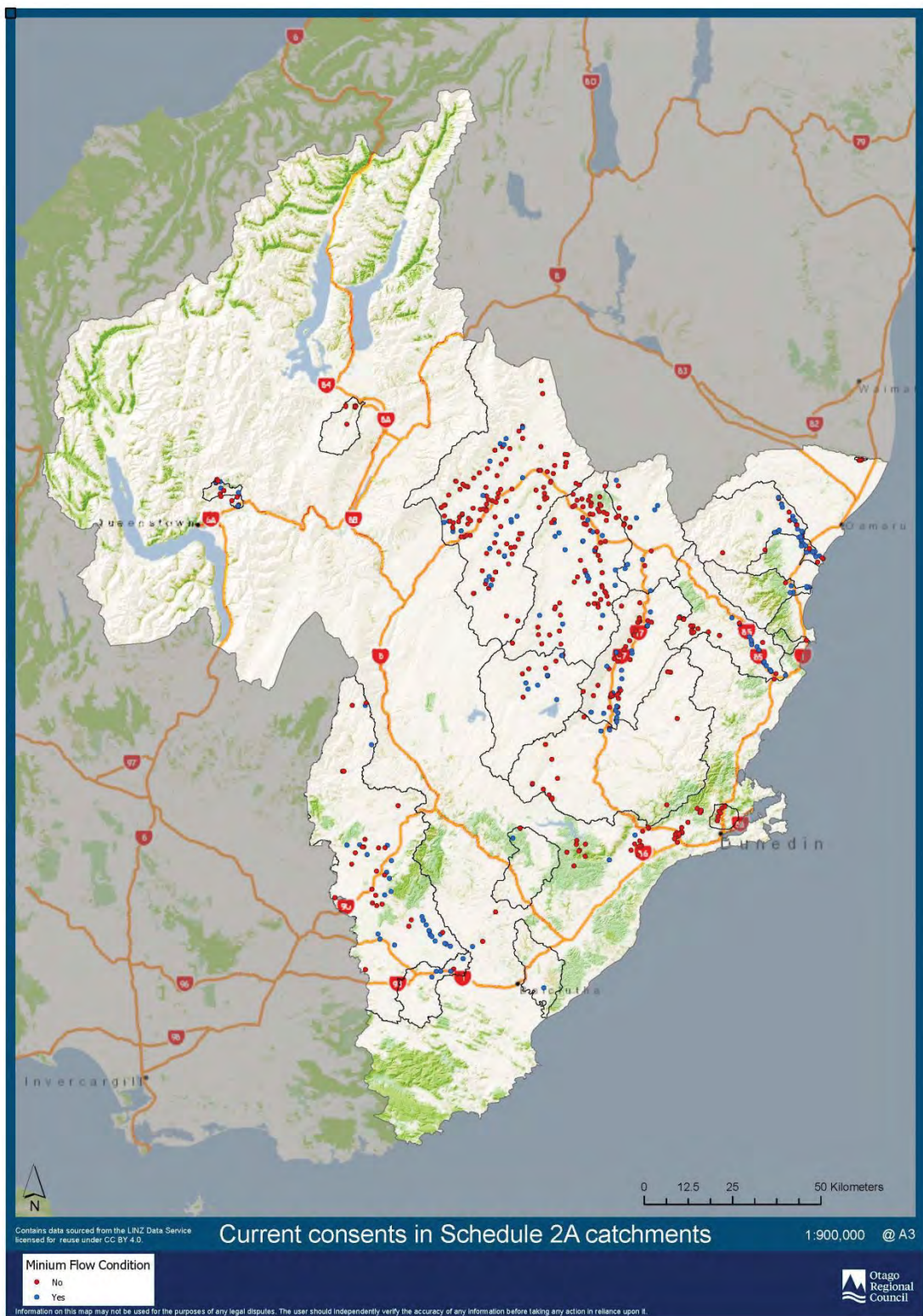












## Summary Significance and Engagement Policy

The current and full Policy is available on the Council's website. The completion of a review of this policy is planned for the end of 2021.

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

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

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

### Significance

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

### *Degree of significance*

When determining the degree of significance, Council will consider:

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

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

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

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

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

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

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



## Engagement

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

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

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

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

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

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

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

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

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

### *Consultation with Maori*

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

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

## Strategic Assets

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

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

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

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

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# Financial Strategy

## Purpose

This strategy sets out how the Otago Regional Council will manage its finances over the next 10 years. It outlines the financial direction Council wishes to take on matters such as levels of future rating, borrowings and investments and discusses factors that influence those areas. These matters have a significant influence on Council's ability to deliver on its strategic priorities including: aligning with national direction on fresh water reform; strengthening our leadership on strategic issues such as climate change, urban development and community wellbeing; and ensuring our operational response to maintaining and improving Otago's natural environment and public transport is appropriate. Delivering on these priorities must be done in consideration of what is affordable to the community and this Financial Strategy sets out a path for the prudent and sustainable funding of this Long-Term Plan.

## Executive Summary

Council faces a significant financial challenge in this Long-term Plan. Central government requirements have increased as have community expectations. In the 2020-21 Annual Plan Council was required to respond to external reviews and increased its work programme by \$10M. Council was cognisant of the unplanned rates increase this would create and decided to fund \$3.9M of this increase from general reserves with a view to reviewing and accessing how this could be funded when the Long-term Plan was prepared.

Subsequent to that decision Council also decided to reserve fund a further \$1M to reduce rates increases further in light of Covid-19. Since the 2020-21 Annual Plan was adopted further legislative requirements has meant further unbudgeted expenditure has been necessary in the current year as additional staff and resources are added in regulatory, planning and environmental monitoring areas to meet Councils increased statutory obligations.

These increases and the funding shortfall in the current year means Council is facing a significant increase in rates before any new activity is even contemplated in the Long-Term Plan itself. On top of that many targeted rate reserves are already in deficit and increases as indicated in previous Long-Term Plans remain necessary to ensure those deficits are repaid.

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

- There is a significant increase in planned and unplanned expenditure occurring in the current 2020-21 year and that requires a corresponding increase in funding in year 1 of the Long-Term Plan. Where possible expenditure has been phased over the first 3 years, but a lot of the increase is required immediately meaning there will be a significant step up in expenditure in year 1.
- To reduce the rates increase, Port Otago dividends are forecast to increase from current levels and provide \$13M in year 1 rising to \$20M in year 10.
- There will also be an increased use of reserves over the life of this plan including using general reserves to permanently fund the 2020-21 general rates offset rather than adding that amount to the rate requirement.
- New targeted are rates being introduced for biosecurity and Lake Hayes remediation which will allow the increases or up-front expenditure in these activities to be deficit funded and funding increases smoothed over following years.
- Council is proposing to rename and repurpose river management targeted rates to include other water body activity. This will now include funding certain lake and water body remediation initiatives within each river and water management within each district.
- The use of external borrowing is proposed in this 10-year plan. This will reduce the interest cost for reserves that are in deficit and will allow cashflow to be managed efficiently as internal borrowing is forecast to exceed the level of Council's financial assets.

## Background

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

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

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

Council holds a number of investments and most of the income derived from those investments is used to contribute to the cost of our work. All ratepayers benefit from this income, as the contribution is used to reduce the general rate requirement each year. Council's Treasury Management Policy covers borrowing and investment terms, including a Statement of Investment Policy and Objectives for our financial investments.

Council has a strong balance sheet. Its aim is to use its balance sheet strategically to preserve the financial stability it currently enjoys. Historically Council has preferred to use internal borrowing, that is, to lend from its general reserves to fund certain activities, as the cost of internal borrowing has been lower to the ratepayers than if Council were to borrow externally. Over the next 10 years Council will use external borrowing where the cost of doing so is more cost effective and efficient than utilising internal borrowing.

## Principles

This financial strategy and the associated Revenue and Financing Policy are based on the following financial principles:

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

## Key issues that have a significant financial impact

There are key issues associated with the Long-Term Plan 2021-31 that have significant financial impacts. They include:

- The tension between land use intensification, both rural and urban, and national direction to maintain and improve our fresh water resource.
- The need for a collaborative and inclusive approach for achieving acceptable environmental, economic and social outcomes in particular for land and water issues.
- Planning for and responding to the risk associated with providing flood protection and drainage schemes.
- Ensuring our operational response to maintaining and improving Otago's natural environment is appropriate.
- Meeting the need for effective public passenger transport services in Dunedin and the Wakatipu Basin.

Council is addressing these issues in the following ways:

- The Council's regional planning framework formed a critical component of a 2019 central government review of Council's approach to fresh water management. The recommendations of that review have already been acted on and this LTP further consolidates the provision for this on-going programme of work. It includes: Regional Policy Statement, Regional Land and Water Plan review, and increased capacity for consenting and consent monitoring activity. To support the delivery of the regional planning work this LTP makes further substantive provision for science and monitoring resource. This is largely staff who design, collect, manage, analyse and report information requirements for the planning process. A planning conversation that is based on relevant and quality science is more likely to result in a better result for the community.
- In conjunction with regional planning the Council is signalling support in this LTP for achieving desired results through working with community at a catchment level. While new funding provision is modest over years one to three, there is an expectation that over the medium-long term activity at the catchment level will increase.
- Our Infrastructure Strategy is an important component of deciding how Otago communities adapt to change and it signals a commitment to explore and communicate options relating to flood and drainage activity. While the achievement of fresh water outcomes is the top priority for Council, this LTP also includes immediate and substantive increase in the provision of core Biosecurity services.
- The LTP currently does not include provision for any substantive Air implementation programme. There is an expectation that over the medium-longer term that this will need to be addressed. Given the scale of the issue substantive funding may be required.
- Council has the expectation that national direction on climate change will continue to strengthen and that transport will be a significant part of achieving desired outcomes. As such this LTP, despite the COVID impact on Queenstown patronage, is investing to grow patronage and provide quality public passenger transport services over the long term. Sufficient provision is made in years one to three to complete business case work that will inform decisions in the medium-long term on substantive service development in Queenstown. It is anticipated that during years 1-3 consideration and decisions on expenditure and funding will be required to achieve both service improvements and affordability for users and the community.

## Other assumptions that have a financial impact

### Population growth

Statistics New Zealand subnational population estimates (as at 30 June 2020) suggested that Otago's population in 2020 was 245,300. Between 2019 and 2020, Otago's population grew by 5,600 people or 2.4%, which was the third highest growth rate amongst New Zealand's regions and higher than New Zealand average of 2.1%.

In terms of population by age group, Otago's under-15 age group was estimated to be 15.8% of the total population, which was lower than the New Zealand average of 19% while Otago's over-65 age group was estimated to be 16.5% of total population, which was higher than the New Zealand average of 15.6%;

The annual peak numbers of visitors to the region in recent times has been estimated to be around 141,000, which is more than half of the resident population.

In the next 10 years (2020-2030), the region's population is projected to increase by 10% (24,590 people) to reach 264,855 residential population under the most likely growth scenarios provided by the district councils. Otago's districts are projected to continue to have different population growth rates. Queenstown-Lakes and Central Otago are projected to have the highest growth rates of 27% and 18% respectively; Clutha district is to have the lowest growth rate of 3%; while Waitaki and Dunedin's population are to grow by 7% and 5% respectively.

Currently there are approximately 120,000 ratepayers in Otago. The forecasted growth outlined above will translate into an increase in the ratepayer base. Over the ten period the population growth could translate to growth of the ratepayer base of 10,000 to 12,000 (ie approx. 10%). This level of growth will impact on the level of activity undertaken by Council over the 10-year period, including in the areas of public passenger transport and urban development, and management of

natural resources such as fresh water and land. This LTP makes provision for a programme of work that builds into the requirements of growth alongside other non-growth related issues. .

#### **Natural Hazards**

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

Otago will experience adverse events. For the purpose of this LTP, it is assumed that:

- There will be one flood event impacting on ORC's flood and drainage infrastructure every year;
- There will not be any droughts/low flows event – should one happen, it will likely lead to a reprioritisation of work and resources.

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

#### **Land use change**

How land use may change in Otago is unknown. With population growth, there will be a need for more urban development, farming may change because of climate change effects, and there may a switch from intensive farming to more cropping. Whatever those changes may be, there will be likely impacts on the demand for water, and the need for greater efficiency in water use and changes in land use practice to achieve water quality objectives. . Future decisions by the community about protecting property and maintaining land productivity from flooding and inundation will also be an important factor

#### **Covid-19**

Council has been fortunate that Covid-19 has not had a material impact on its commercial revenue streams. Port Otago has been impacted but maintains diversified revenue streams and forecast dividends over the life of this plan are not expected to be impacted. Likewise, investment returns via the managed fund were impacted in the short term but have subsequently recovered and are not expected to be materially impacted in the financial forecasts.

Bus fare revenue was impacted in the short term however lost fare revenue was underwritten by NZTA. Decreased fare revenue is expected to continue in Queenstown in the early part of this 10-year plan. Council will maintain its existing levels of service and will continue to provide contracted public transport services. Any shortfall in fare revenue will be funded by increased NZTA grants and transport reserves.

## Expenditure

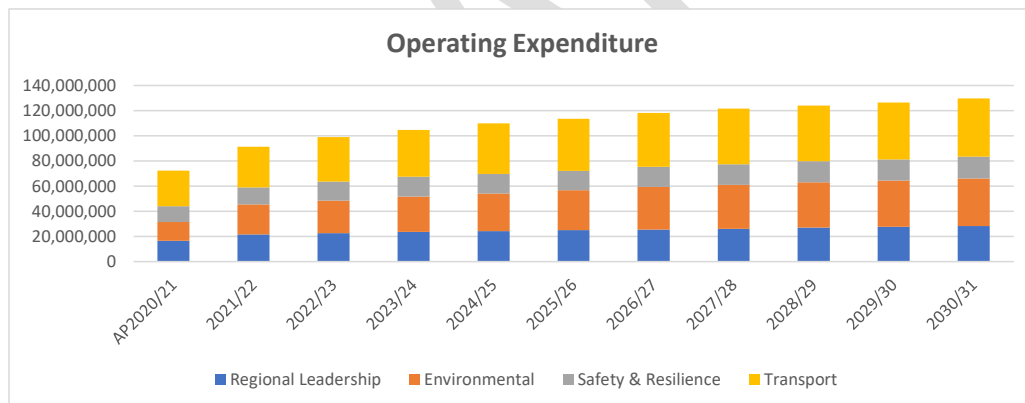
### Operating expenditure

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

In the 2020-21 Annual Plan Council decided to use general reserves to offset a significant increase in general rates with a view to recovering that amount over the early years in this 10-year plan. With significant additional expenditure now required in the next 10 years, Council has decided to fund the 2020-21 shortfall as a one-off from general reserves. Going forward over the next 10 years Council is not proposing to offset general rates in this way as the uncertainty that further expenditure increases may compound future year rates increases is too great.

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

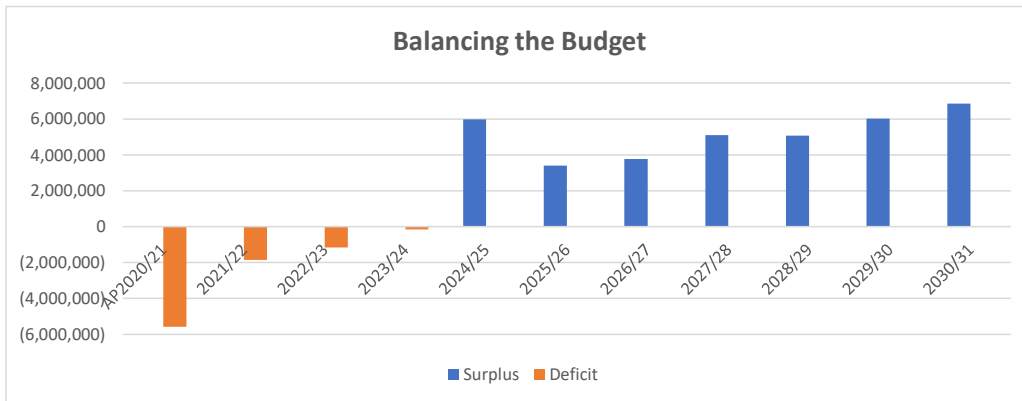
The graph below shows estimated operating expenditure over the 10-year period of the Long-Term Plan, by significant activity.



### Operating surplus and balancing the budget

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





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

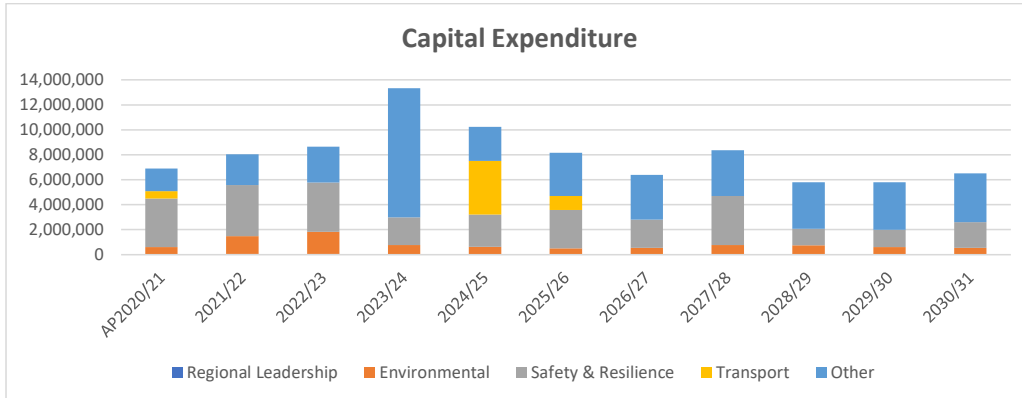
- Eco Fund;
- Climate Change Adaptation; and
- FMU water modelling.

The 2020-21 Annual Plan deficit includes the use of a general rates offset. This amount is not being recovered via rates in the Long-term Plan and will be permanently funded from general reserves.

**Capital expenditure**

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

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



**Scheme Infrastructure Asset Investment**

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

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

	Increase in Levels of Service \$000s	Renew / Replace \$000s	Total 10-Years to 2031 \$000s
Alexandra Flood	0	41	41
Leith Flood Protection	0	1,823	1,823
West Taieri Drainage	3,405	4,581	7,986
East Taieri Drainage	1,729	2,327	4,056
Lower Taieri Flood Protection	0	7,915	7,915
Lower Clutha Flood and Drainage	307	2,251	2,558
Tokomairiro	0	233	233
<b>Total</b>	<b>5,441</b>	<b>19,170</b>	<b>24,611</b>

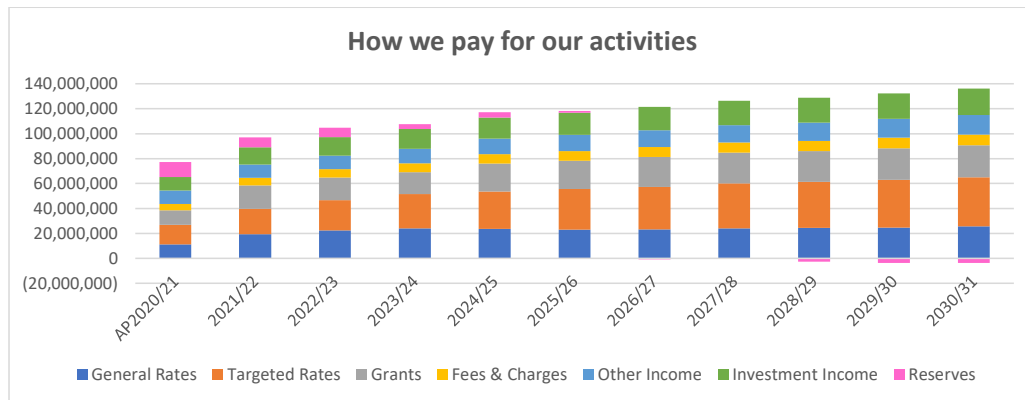
Each scheme has its designed level of service (or protection). Climate change risk assessment work for the Taieri Plain, Clutha Delta and South Dunedin continues within this LTP. This work will influence future decisions on infrastructure and associated levels of service for existing flood and drainage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

The expansion of Mosgiel and Wingatui within the boundaries of the Taieri Scheme will result in a need to address and manage the stormwater/land drainage interface.

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

## Revenue

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



### General Rates

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

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

The amount of general rates we collect is low, currently contributing around 14% towards Council's total expenditure although this will increase over this 10-year plan to around 20% of total expenditure. This low general rate means that any general rate increases, whilst small in monetary terms, are generally high in percentage terms. A 1% increase in general rates equates to approximately \$128,500 (including GST). This, spread across 120,000 ratepayers, averages out to an increase of around \$1.07 per annum, per ratepayer.

The average amount of general rates payable across the region is also low at \$107. The proposed increase in general rates will increase this by \$79 to \$186 on average.

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

To help us do this, our subsidiary company, Port Otago Limited, is increasing the forecast level of dividends significantly. Despite this general rates will also need to increase significantly over the first three years of this Long-Term Plan to cover our estimated expenditure.

These increases will bring our general rates to around \$24 million at the end of year three. Any increases after 2024/25 in our general rates will be modest, generally taking account of inflation. The movement in general rates from year to year ranges from an average rate increase of 31.9% in the first three years of the plan, to an average increase of 1.0% for the remaining seven years of the plan.

This plan provides for inflation each year of between 2.4% and 2.7% over the 10-year period on its expenses.

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

If a specific project shows major fluctuations in the level of rate from year to year, council may smooth the impacts of those charges over a longer period of time, ensuring that the full contribution is achieved. It is not proposed to do this in the 10-years of this plan.

#### **Targeted Rates**

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

Council has around 23 targeted rates established for emergency management, air quality, wilding tree control, rural water quality, dairy inspections, river management works, flood and drainage schemes and public transport services provided in Dunedin and the Wakatipu Basin.

Each targeted rate has its own reserve. So, any unspent rating is allocated to the appropriate reserve and used to fund expenditure applicable to that targeted rate in future years.

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

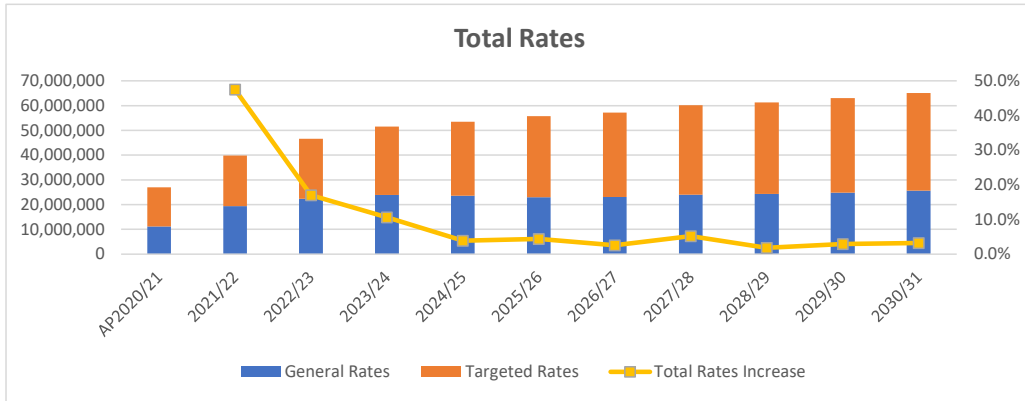
In this Long-term Plan Council is renaming and repurposing the river management rate and reserve to utilise that as the funding mechanism for river and water management generally. This will now include funding certain lake and other water body remediation initiatives within each river and water management district.

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

The movement in targeted rates from year to year ranges from an average rate increase of 20.6% in the first three years of the plan, to an average increase of 5.3% for the remaining seven years of the plan. These increases are required to ensure current deficits and operating expenditure is funded over the 10 years of this plan.

#### **Total Rates**

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



**Rate Limits**

Total rates increases will be limited to 48% in year 1, 18% in year 2, 12% in year 3 and 6% for years 4 to 10.

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## Borrowing

### External Borrowing

Council currently has no external borrowing however this is proposed to change from year one of this Long-Term Plan.

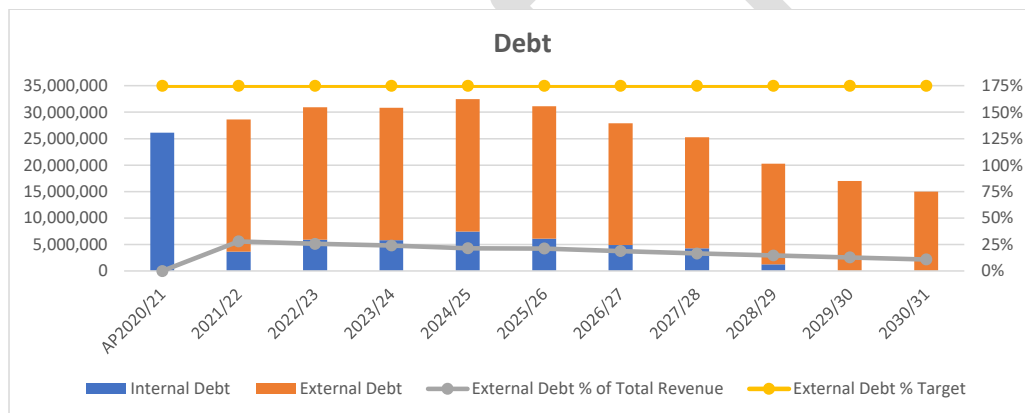
Council may borrow for the following primary purposes:

- To fund special one-off type projects.
- To fund expenditure for items of an intergenerational nature.
- Short term borrowing to manage timing differences between cash inflows and outflows.
- To replace an unexpected loss in dividend or investment income.

Borrowing limits are set as follows:

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

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



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

### Internal Borrowing

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

- Interest is charged on the month end loan balances.
- The interest rate charged is equivalent what Council would earn if it had been invested.
- Reserves available for internal borrowing are limited to 50% of total reserves.

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

## Investments

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

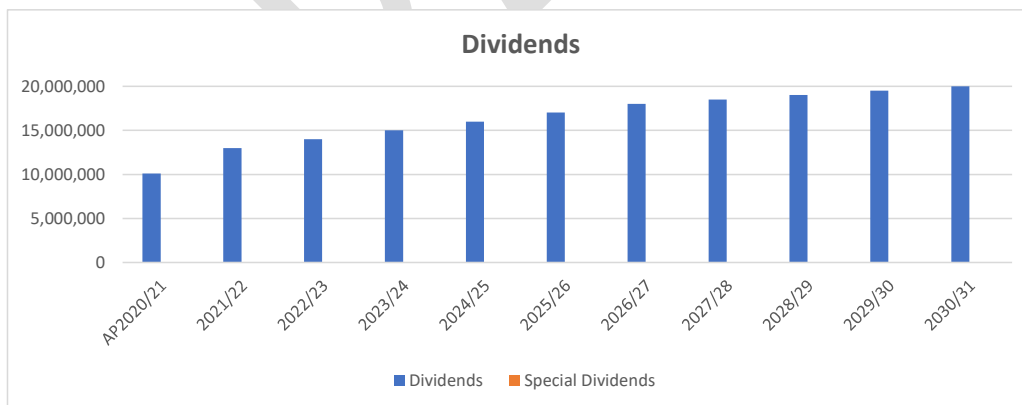
### Port Otago Limited

Council holds 100% ownership of Port Otago Limited. Each year, dividends are received from Port Otago Limited that significantly reduce the general rate requirement. Council is of the view that this is a strategic asset held on behalf of the Otago community and through subsidising general rates, every ratepayer enjoys the benefit of that ownership. Port Otago’s dividend policy aims to provide a dividend of between 50-70% of normalised operating profit after tax. This allows Council to receive an acceptable and sustainable return while still allowing the Port to retain capital for reinvestment in the long-term future of the business.

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

From time to time, special dividends may be received from Port Otago Limited for specific purposes. Before requesting special dividends, Council will discuss with Port Otago its ability to pay such dividends, taking account of factors such as the company’s own programme of capital expenditure. No special dividends are proposed in the 10 years of this Long-term Plan.

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



### Investment Property

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

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



### *Managed Funds*

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

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

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

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

Our assumption in this plan is that the managed fund will achieve an overall return of 4.5% per annum. This income is used to pay interest on reserve balances that are in funds and the remaining balance is used to subsidise general rates.

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## Reserves

### *Restricted and Council Created Reserves*

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

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

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

The majority of Council's reserves relate to the revaluation of assets and therefore do not represent cash reserves available for Council's use.

- **Available-for-Sale Revaluation Reserve**  
The available-for-sale revaluation reserve arises on the revaluation of the shares in Council's subsidiary company, Port Otago Limited. This is an unrealised non-cash reserve.
- **Asset Revaluation Reserve**  
This reserve arises on the revaluation of investment property. This is an unrealised non-cash reserve.
- **Kuriwao Endowment Reserve – Restricted**  
This reserve represents the accumulation of sale proceeds and net income from Kuriwao Endowment land less any distribution of that income. The reserve is available to fund works for the benefit of the Lower Clutha District.
- **Asset Replacement Reserve**  
This reserve represents funds held for the replacement of Council operational assets (excludes targeted rate scheme assets). It is funded by rating for depreciation on those operational assets.
- **Emergency Response Reserve**  
This is a contingency reserve to enable Council to respond appropriately to emergency situations. It was initially established to provide funds for assets that Council is self-insuring its terms of use have been expanded to cover any emergency event.  
  
The reserve was created from transfers from general reserves and accumulated interest income. If the reserve is used for any non-general rate activity it is expected that scheme will repay this reserve. If it is used for general rate funded activity, then it may be replenished through general rates or a transfer from general reserves.
- **Water Management Reserve**  
The purpose of this reserve is to provide funding for water management initiatives in Otago.  
  
This reserve was established to provide funding for water management investigations including irrigation scheme feasibility. It has also been used to fund water allocation work. In year 1 of this plan it will be used to fund FMU water modelling work. This is expected to fully exhaust this reserve at which stage any remaining funds will be incorporated back into the general reserve and this this reserve will be closed.
- **Building Reserve**  
The purpose of this reserve is to set aside funding for the development of a new head office for the Council.  
  
Council has indicated it is unlikely to pursue investment in a new Council owned head office. Despite that the challenge of housing increasing levels of Council's staff both in Head Office and throughout the region remains. This financial strategy assumes Council will be required to spend approximately half of the building reserve in year 3 to facilitate a move to new leased premises and or to redevelop and expand existing sites.

Setting aside this amount, the remainder of the reserve is being transferred back to general reserves where it will be used to fund the 2020-21 general rates offset and assist with funding other general rate activity.

- **Environmental Enhancement Reserve**  
The purpose of this reserve is to provide funding for the maintenance or enhancement of areas of the natural environment within the Otago region.
- **General Reserve**  
The balance of Council public equity after accounting for restricted reserves is the general reserve. This reserve can be used for the planned funding one-off activities. It also provides contingency funding for emergency events and a source of funding for essential unbudgeted expenditure.

The general reserve will be replenished in year 1 of the LTP as internal borrowing is repaid and replaced by external borrowing. Further funds will be added to the general reserve following relocation to a new head office when any other surplus operational property will be sold.

#### **Targeted Rate Reserves**

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

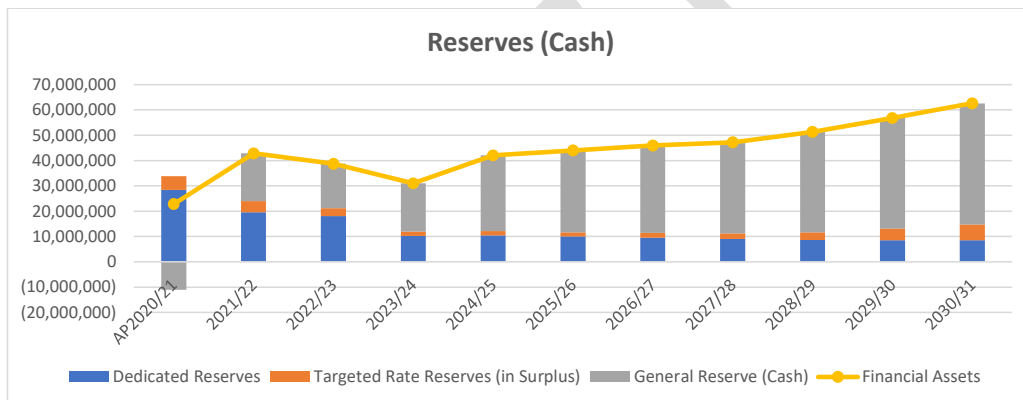
Targeted rate reserves may go into deficit to allow significant expenditure to occur immediately and rate funding to repay that expenditure over time. Where significant capital expenditure is required on flood and drainage schemes, Council will not support the repayment of scheme works over a period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

- **River and Water Management Reserves**  
Targeted rating has been used to fund river management works across the city and districts within Otago. In this Long-term Plan this reserve will be extended and also used for other water management implementation activities. That will include restoration and remediation initiatives of an operational nature including clearing, planting and smaller one-off works.  
  
Council aims to maintain these reserves in surplus equating to approximately one year's worth of operating costs. This provides some financial security, should a flood event occur, so that additional work can be undertaken as necessary without the need for a significant rate increase in any one year.
- **Flood and Drainage Scheme Reserves**  
Targeted rating is used to fund the costs associated with maintaining the level of flood protection and drainage provided by these schemes. This includes funding both operating and capital expenditure.
- **Transport Reserves**  
Targeted rating is used in Dunedin and Queenstown to fund the Council's costs associated with the provision of public transport services including buses, ferries and the associated infrastructure.
- **Clean Heat Clear Air Reserve**  
The purpose of this reserve is to fund costs associated with the provision of funding associated with the improvement of insulation and heating in homes located within the targeted rating district.
- **Rural Water Quality Reserve**  
The purpose of this reserve is to fund costs associated with rural liaison and integrated catchment functions within the water quality implementation activity.
- **Dairy Monitoring Reserve**

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

- Wilding Pines Reserve**  
 This reserve is primarily used to smooth rates increases and reallocate any under or over spent funding to future years.
- Emergency Management Reserve**  
 This reserve is primarily used to smooth rates increases and reallocate any under or over spent funding to future years.
- Lake Hayes Remediation Reserve**  
 The purpose of this reserve is to fund costs associated with the restoration of Lake Hayes.

The graph below shows Councils reserves of the 10-years of the Long-Term Plan. The General Reserve has been balanced to reflect the underlying reserve amount available in cash on hand an in the managed fund.



### Insurance

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

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

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

## Revenue and Financing Policy

GROUP ACTIVITY – REGIONAL LEADERSHIP					
Significant Activity – Governance and Community Engagement					
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
<b>Governance and Democracy</b>	<p>Run Council’s democratic functions including holding triannual elections.</p> <p>Partnering with mana whenua.</p> <p>Contribute funding to activities that benefit the entire Otago community.</p>	<p>The whole of the community benefits from these activities.</p>	<p>The benefits are ongoing.</p>	<p><b>Governance and democracy:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> <li>• Elections costs may be rated evenly over each 3-year election period.</li> </ul> <p><b>Partnership with mana whenua:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul> <p><b>Financial contributions:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>	<p>No change</p>
<b>Public Awareness, Communication and Engagement</b>	<p>, Provide community information and advice through customer services, media, website, public events, brochures etc.</p> <p>Provide regional co-ordinator role for EnviroSchools in Otago.</p>	<p>The whole of the community benefits from these activities.</p> <p>Those requesting specific information from Council benefit from receiving that information.</p>	<p>The benefits are ongoing.</p>	<p><b>Information requests that require more than ½ hour response time:</b></p> <ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul> <p><b>Communication and engagement:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>	<p>No change</p>

Significant Activity - Regional Planning and Strategy					
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
Regional Planning and Strategy	Development, adoption, appeals, review and audit of ORC's regional policies, plans, and strategies.	<p>The wider community benefits as these plans and strategies are developed to provide for the needs of the region as a whole.</p> <p>No individual or group benefits directly from this activity.</p>	Benefits are ongoing over the life of the plans.	<p><b>Regional Land Transport Plan:</b></p> <p>Receipt of NZTA grants. Remaining costs:</p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul> <p><b>Plans, policies and strategies:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>	No change
	Respond to issues such as national policy and legislative proposals, and city and district plans.	The whole of the community benefits from work aimed to help protect the regions resources.	The benefits are ongoing.	<p><b>Response to external proposals:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>	No change
Private Plan Changes	Request of third parties to make a change to a Council plan, policy etc.	Individuals and groups requesting a plan change benefit from this work.	Benefits are ongoing over the life of the plans.	<p><b>Private plan changes:</b></p> <ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul>	No change

Significant Activity – Regulatory					
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
Consent Processing, Reviews and Appeals	Process consent applications (RMA and Building Act) and hold hearings, Issue certificates, permits and transfers.	The applicant is the primary beneficiary.	The benefits are ongoing.	<b>Processing consent applications:</b> <ul style="list-style-type: none"> <li>100% fees and charges.</li> </ul>	No change
	Appeals	This is determined by the courts.		<b>Appeals:</b> Recoveries will be awarded by the courts. <b>Other costs:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change
	Administration	The community benefits from the database of information.		<b>Information requests that require more than ½ hour response time:</b> <ul style="list-style-type: none"> <li>100% fees and charges.</li> </ul> <b>Administration:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change
	Review of consents, e.g. variation to consent - consent holder-initiated, or Council may initiate, e.g. on introduction of a minimum flow.	Consent holder benefits from processing requested review of consent.  Wider community benefits from Council initiated review of consent.		<b>Consent holder-initiated review of consent:</b> <ul style="list-style-type: none"> <li>100% fees and charges.</li> </ul> <b>Council initiated review:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change



Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
<b>Compliance Monitoring</b>	Process performance monitoring returns from consent holders.	Consent holders benefit from their ability to exercise consents. Work arises from activities undertaken by identifiable consent holders.	The benefits are ongoing.	<b>Performance monitoring:</b> <ul style="list-style-type: none"> <li>75% fees and charges from consent holders.</li> <li>25% general rates regional.</li> </ul>	No change
	Undertake audits and compliance reviews to ensure compliance with consent conditions.	Public benefits arise from environmental protection gained through compliance.		<b>Audits and compliance reviews:</b> <ul style="list-style-type: none"> <li>100% fees and charges from consent holders.</li> </ul>	No change
	Administration	The community benefits from environmental protection gained through compliance.		<b>Information requests that require more than ½ hour response time:</b> <ul style="list-style-type: none"> <li>100% fees and charges.</li> </ul> <b>Administration:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change
	Develop and maintain a centralised contaminated sites database and assist with applications for funding remedial works.	The wider community benefits from improvement to the environment. Landowners will benefit from remedial and clean-up work.		<b>Remedial works:</b> <ul style="list-style-type: none"> <li>100% fees and charges where possible.</li> </ul> <b>All other contaminated sites work:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change
	Dairy inspections re permitted activity rules.	Council work arises from activities undertaken by identifiable landholders.		<b>Dairy inspections:</b> <ul style="list-style-type: none"> <li>100% targeted rate on each dairy activity.</li> </ul>	No change

Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
Harbour Management	Promote navigation and safety in harbours and waterways.	Those using the harbour and waterways benefit directly, but it is not possible to identify them. Note that QLDC and CODC administer their own bylaws under transfer of responsibility agreements.		<b>Safety:</b> <ul style="list-style-type: none"> <li>100% general rate sub-regional from Clutha, Dunedin, Waitaki and Central Otago districts.</li> </ul>	No change
	Administer bylaws, the primary focus being safety on our waterways.	The actions of individuals on our waterways may cause the need for enforcement of our bylaws	The benefits are immediate and ongoing.	<b>Enforcement:</b> <ul style="list-style-type: none"> <li>100% fees and charges from those causing the incident.</li> <li>100% general rates from Clutha, Dunedin, Waitaki and Central Otago for remaining costs.</li> </ul>	No change
	Be ready to and respond to oil spills.	Those creating the oil spill cause the need for this activity.		<b>Responding to incidents:</b> <ul style="list-style-type: none"> <li>Grants from Maritime NZ.</li> <li>100% general rates regional for remaining costs.</li> </ul> <b>Enforcement action:</b> <ul style="list-style-type: none"> <li>100% fees and charges where possible, from those causing the incidents.</li> <li>100% general rates regional for remaining costs.</li> </ul>	No change

Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
Incident Response	Respond to pollution incidents and resource management complaints.	The wider community benefits from clean up and protection.	The benefits are immediate, at the time of responding to the incident.	<b>Responding to incidents:</b> <ul style="list-style-type: none"> <li>Grants from central government agencies as available.</li> <li>100% general rates regional for remaining costs.</li> </ul>	No change
	Undertake enforcement action as appropriate.	The actions of those creating pollution incidents, breaching resource consent conditions etc., cause the need for this activity.		<b>Enforcement action:</b> <ul style="list-style-type: none"> <li>100% fees and charges where possible, from those causing the incidents.</li> <li>100% general rates regional for remaining costs.</li> </ul>	No change

GROUP ACTIVITY - ENVIRONMENT					
Significant Activity – Land and Water (including Coast)					
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
<b>Land and Water Planning and Strategy</b>	Development, adoption, appeals, review and audit of ORC's Land and Water (including Coast) regional policies, plans, and strategies.	The wider community benefits as these plans and strategies are developed to provide for the needs of the region as a whole.  No individual or group benefits directly from this activity.	Benefits are ongoing over the life of the plans.	<b>Plans, policies and strategies:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change
<b>Land and Water Monitoring and Reporting</b>	Monitor quality and quantity of surface and groundwater.  Monitor quality of coastal and estuarine water.  EMaR / LAWA.  Trend forecasting for future changes to our environment.  Social, economic and environmental effects of low flows.	The wider community benefits from understanding the state of the Otago environment.	The benefits are ongoing.	<b>Monitoring and reporting:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul> <b>EMaR / LAWA:</b> <ul style="list-style-type: none"> <li>Receipt of fees and grants from national office and other regional councils.</li> <li>100% general rates regional for remaining costs.</li> </ul>	No change <i>(All water monitoring and reporting now consolidated here)</i>  <i>Majority moved from previous SOE activity that was general rate funded so no change to underlying funding policy)</i>

Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
<b>Land and Water Implementation</b>	Awareness of provisions and understanding of responsibilities through education and promotion.	<p>The activities/practices of farmers, forestry and other rural landholders are the main contributors to degraded rural water quality.</p> <p>The wider community benefits from having good water quality.</p>		<p><b>Rural liaison and catchment groups:</b></p> <ul style="list-style-type: none"> <li>75% targeted rate on all rural land use properties (all sizes), and lifestyle blocks 2 ha or greater.</li> <li>25% general rates regional.</li> </ul> <p><b>All other awareness and education:</b></p> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	<p>No change</p> <p><i>(Existing rural water quality rate now used for rural liaison activity including working with and funding catchment groups)</i></p>
	Water quality remediation and improvement initiatives	<p>Those living in the immediate area receive a greater benefit with lesser degrees of benefit accruing to the wider local community and across the region. Benefits diminish as proximity to the affected area increases.</p> <p>Activities of those in the local area are likely to have contributed to the degraded water quality.</p>	The benefits of improved water quality are ongoing.	<p><b>Significant on-going remediation activity:</b></p> <ul style="list-style-type: none"> <li>Targeted rates on local benefit area (% to be determined on a case by case basis).</li> <li>Remainder general rates regional and/or sub-regional.</li> </ul> <p><b>Non-significant one-off remediation activity:</b></p> <ul style="list-style-type: none"> <li>100% targeted rates (on local river and waterway management district).</li> </ul>	<p><b>New activity and rate</b></p> <p><i>(Lakes Hayes proposal is being consulted on</i></p> <p><i>Non-significant one-off's includes Tomahawk and Tuakitoto)</i></p>
	Integrated catchment management	The wider community benefits from having good water quality.			<p><b>Integrated catchment management:</b></p> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>

Significant Activity - Air					
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
<b>Air Quality Monitoring and Reporting</b>	Monitor and report on air quality in Otago.	The wider community benefits from understanding the state of the Otago environment.	The benefits are ongoing.	<b>Monitoring and reporting:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change <i>(Moved from SOE)</i>
<b>Air Strategy Implementation</b>	Promote and assist addressing air quality issues and improving air quality around the Otago region.	The whole community benefits from clean air.	The benefits of clean air are ongoing.	<b>Localised air programmes:</b> <ul style="list-style-type: none"> <li>100% targeted rate on local area.</li> </ul> <b>Regional air initiatives:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change
	Advancing the use of cleaner heating technologies through the provision of subsidies for the replacement of non-compliant burners in Air Zone 1 and Milton.	There is benefit to those living in areas where clean heating appliances are being installed.		<b>Clean heat, clean air:</b> <ul style="list-style-type: none"> <li>100% targeted rates from Air Zone 1 and Milton.</li> </ul>	No change

Significant Activity – Biodiversity and Biosecurity					
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
<b>Biodiversity Monitoring and Reporting</b>	Monitor and report on biodiversity in Otago.	The wider community benefits from understanding the state of the Otago environment.	The benefits are ongoing.	<b>Monitoring and reporting:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change <i>(Moved from SOE)</i>
<b>Biodiversity Strategy Implementation</b>	Promote and support the protection of indigenous species and areas of biodiversity in Otago.	All of Otago benefits from protecting indigenous species and areas of biodiversity and enhancing the region.	The benefits are ongoing.	<b>Biodiversity strategy implementation:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change
	Administer a regional sustainability and environmental enhancement fund on agreed projects.	All of Otago benefits from protection areas of biodiversity and environmentally enhancing the region.	The benefits are ongoing.	<b>ECO Fund:</b> <ul style="list-style-type: none"> <li>100% reserves.</li> </ul>	No change
	Promote and support the protection of areas of biodiversity in local communities.	Local communities benefit from protecting and enhancing biodiversity in their area.	The benefits are ongoing.	<b>Predator Free Dunedin:</b> <ul style="list-style-type: none"> <li>100% general rates sub regional.</li> </ul>	No change
<b>Wilding Trees</b>	Actively support wilding conifer groups in Otago to control and reduce the spread of wilding conifers.	All of Otago benefits from the control of wilding trees in Otago.	The benefits of the work are immediate and ongoing when continued control is undertaken.	<b>Supporting groups:</b> <ul style="list-style-type: none"> <li>100% uniform targeted rates across the region</li> </ul>	No change
	Administer the funding from MPI for the control of wilding trees.			<b>Administering MPI funding:</b> <ul style="list-style-type: none"> <li>100% grant funding from MPI</li> </ul>	No change



Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
<b>Pest Management Plan Implementation</b>	Manage pest plants and animals through inspections, education and promotion of landowner led initiatives.  Undertaking control works for specified pests including rooks and wallabies.	The wider community benefits from the control of pest plants and animals.  Rural landowners receive a higher benefit than urban landowners.	The benefits are ongoing.	<b>Pest management plan implementation:</b> <ul style="list-style-type: none"><li>100% targeted rates regional.</li></ul>	<b>New targeted rate</b>
	Undertake enforcement action as required.	Landowner's inaction has resulted in the need to undertake the activity.		<b>Enforcement:</b> <ul style="list-style-type: none"><li>Where possible, 100% fees and charges, remaining costs from general rates.</li></ul>	No change
	Research and development for new biocontrol agents for pest control, monitoring and applying.	All of Otago will benefit from new pest control tools.	The benefits are ongoing.	<b>Biocontrol of pests:</b> <ul style="list-style-type: none"><li>100% general rates regional.</li></ul>	No change
<b>Pest Contracting</b>	Undertake rabbit contract work for third parties.	Landowners benefit directly from contract work undertaken on their private properties.	The benefits are ongoing.	<b>Pest contracting:</b> <ul style="list-style-type: none"><li>100% fees and charges.</li></ul>	No change

GROUP ACTIVITY – SAFETY AND RESILIENCE					
Significant Activity – Flood Protection and Drainage Schemes					
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
<b>Alexandra Flood Protection</b>	Maintenance of flood protection scheme.	Those living within the flood protection area receive a direct benefit. Power generation has contributed to the need for having a flood protection scheme in this area.	The benefits are ongoing.	<ul style="list-style-type: none"> <li>• 2% general rates from the Central Otago District.</li> <li>• 98% fees and charges from dam owners.</li> </ul>	No change
<b>Leith Flood Protection</b>	Construction and maintenance of the flood protection scheme.	Those living within flood protection area receive a direct benefit. The local community benefits from continued access to these areas. There is a regional benefit where continued access to regional services, e.g. hospital and CBD etc.		<ul style="list-style-type: none"> <li>• 5% general rates regional.</li> <li>• 2% general rates Dunedin City.</li> <li>• 46.5% targeted rates Indirect Benefit Zone.</li> <li>• 46.5% targeted rates Direct Benefit Zone.</li> </ul>	No change
<b>Lower Clutha Flood and Drainage</b>	Maintenance of flood protection scheme.	Those living within the flood protection area receive a direct benefit. The local community benefits from continued access to the area. The wider community benefits from continued access to regional services.		<ul style="list-style-type: none"> <li>• After receipt of rental income and contribution from Kuriwao reserve:</li> <li>• 4% general rates from the Clutha District.</li> <li>• 12% general rates regional.</li> <li>• 84% targeted rates on the scheme area.</li> </ul>	No change
	Maintain the productive capability of land within each scheme area.	The landowners within the drainage scheme area receive a private benefit. The local community benefits from continued access to the area.		<ul style="list-style-type: none"> <li>• After receipt of rental income and contribution from Kuriwao reserve:</li> <li>• 6% general rate Clutha District.</li> <li>• 94% targeted rates.</li> </ul>	No change

Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
<b>West &amp; East Taieri Drainage</b>	Maintain the productive capability of land within each scheme area.	Landowners within the drainage scheme area receive a private benefit.  The local community benefits from continued access to the area.	The benefits are ongoing.	After receipt of rental income: <ul style="list-style-type: none"> <li>• 8% general rate Dunedin.</li> <li>• 92% targeted rates.</li> </ul>	No change
<b>Tokomairiro Drainage</b>	Maintain the productive capability of land within each scheme area.	Landowners within the scheme area receive a private benefit.		<ul style="list-style-type: none"> <li>• 100% targeted rates.</li> </ul>	No change
<b>Lower Taieri Flood</b>	Maintenance of the flood protection scheme.	Landowners within the scheme on area receive a direct benefit.  The local community benefits from continued access to the area.  The wider community benefits from continued access to regional services, e.g. airport.		After receipt of rental income: <ul style="list-style-type: none"> <li>• 4% general rates regional.</li> <li>• 13% general rates Dunedin City.</li> <li>• 83% targeted rates on scheme area.</li> </ul>	No change
<b>Shotover Delta</b>	Construction of the flood protection scheme.	Landowners within the scheme on area receive a direct benefit.  The wider community benefits from continued access to regional services, e.g. airport.		<ul style="list-style-type: none"> <li>• 2% general rates regional.</li> <li>• 98% targeted rate on scheme area.</li> </ul>	No change
<b>Scheme Oversight and Bylaws</b>	General management and planning for all schemes including regional infrastructure strategy and designations.	Benefits arise to each scheme and therefore indirectly to the landowners and communities who benefit from each scheme.		<b>Scheme oversight:</b> <ul style="list-style-type: none"> <li>• 100% internal allocation to flood and drainage schemes.</li> </ul>	<b>Activity has centralised management and planning and funding changed to an internal allocation to other schemes</b>
	Processing applications for works under bylaws.	Those applying to do works are the primary beneficiary.	<b>Bylaw processing:</b> <ul style="list-style-type: none"> <li>• 100% fees &amp; charges.</li> </ul>	No change	

Significant Activity – Rivers and Waterway Management					
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
<b>River Management:</b> - Central Otago - Clutha - Dunedin - Waitaki - Wakatipu - Wanaka	Routine monitoring and maintenance to ensure adequate fairway width, enhancement work to improve access etc. Monitor stability and alignment of rivers, through river cross section surveys, gravel surveys etc.	Communities within each district benefit from work completed in their areas.	The benefits are ongoing.	<ul style="list-style-type: none"> <li>100% targeted rates (district river and waterway management rates – Queenstown Lakes District Council has two rating areas, Wanaka and Wakatipu).</li> </ul>	No change
	Contribute to cost of river erosion work on private properties where wider benefit generated.	Landholders benefit from work done on properties. Some benefit to wider community.		<ul style="list-style-type: none"> <li>100% general rates regional. Maximum contribution in place of \$25,000 per landowner within a 5-year period.</li> </ul>	No change
	Monitor and inspect effects of Contact Energy consent.	Contact Energy consenting activities cause need for monitoring the effects of the consent.		<ul style="list-style-type: none"> <li>100% fees and charges from Contact Energy in accordance with consent conditions.</li> <li>Remainder general rates regional.</li> </ul>	No change
<b>Lower Waitaki River Scheme</b>	Contribute funding to river management works undertaken by Environment Canterbury.	Local community benefits from work undertaken by ECan on the Lower Waitaki River.  The wider community benefits from continued access to regional services, e.g. roads.		<ul style="list-style-type: none"> <li>10% general rates regional.</li> <li>90% targeted rates on the scheme.</li> </ul>	No change
<b>Non Scheme Waterways</b>	Investigating /maintain where appropriate, assets not belonging to flood and drainage schemes around the region – minor works.	Communities within each district benefit from work completed in their areas.	<ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change	

Significant Activity – Emergency Management					
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
Emergency Management	Administer the Otago Civil Defence Emergency Management Group.	The whole community benefits from Council's readiness to deal with a Civil Defence emergency.  If an event occurs, those affected will benefit directly from any assistance provided.	The benefits are immediate at the time of an event occurring.	<b>Readiness</b> <ul style="list-style-type: none"> <li>100% uniform targeted rates.</li> </ul> <b>Response:</b> <ul style="list-style-type: none"> <li>For costs occurred in dealing with an event, recovery will be considered on a case by case basis.</li> </ul>	No change.
Significant Activity – Natural Hazards and Climate Change					
Natural Hazards	Investigate and provide information on the potential impacts of natural hazards and their mitigation.	Investigations of identifying and understanding hazards benefits the wider community  Investigation works for specific districts such as flood risk strategies will directly benefit those districts.	The benefits are ongoing.	<b>Studies for districts:</b> <ul style="list-style-type: none"> <li>100% general rates sub regional.</li> </ul> <b>All other work:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change
	Purchase of LiDAR information to assist assessment of hazards.	Whole community benefits from investigations of natural hazards.		<b>LiDAR:</b> <ul style="list-style-type: none"> <li>100% reserves.</li> </ul>	No change

Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
<p><b>Low Flow and Flood Risk Management</b></p>	<p>Respond to flood events, issue flood warnings and take action to reduce effects of flooding.</p>	<p>The whole community benefits from Council's readiness to respond to high and low flow situations</p>	<p>At the time of the event.</p>	<p><b>Flood risk management:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>	<p>No change</p>
	<p>Provide information on actual and expected rainfall, river flows and lake levels for low flow situations.</p>			<p><b>Low flow management:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>	<p>No change</p>
<p><b>Climate Change Adaptation</b></p>	<p>Provide understanding of the effects of climate change to enable communities to make informed decisions about being prepared and adapting to those effects.</p>	<p>The whole community benefits from being informed about the effects of climate change.</p> <p>Investigation works for specific districts will directly benefit those districts.</p>	<p>The benefit would be ongoing.</p>	<p><b>South Dunedin Future:</b></p> <ul style="list-style-type: none"> <li>• 100% general rate Dunedin City.</li> </ul> <p><b>Shoreline retreat Clutha Delta:</b></p> <ul style="list-style-type: none"> <li>• 100% Kuriwao Reserve.</li> </ul> <p><b>Climate change other:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>	<p>No change</p>

GROUP ACTIVITY – TRANSPORT					
Significant Activity – Transport					
Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
Public Passenger Transport	Provide public passenger transport services in Dunedin and Queenstown, including associated infrastructure.	Those living in the areas where transport services are provided receive a direct benefit.	The benefits are immediate and ongoing.	<b>Public passenger transport services:</b> Receipt of fares and NZTA grants. <ul style="list-style-type: none"> <li>Remaining costs: 100% targeted rates in areas where services are provided.</li> </ul>	No change
	Public transport planning.	Those living in the areas where transport services are provided receive a direct benefit.		<b>Planning:</b> <ul style="list-style-type: none"> <li>100% targeted rates in areas where services are provided.</li> </ul>	No change
	Administer the Total Mobility Scheme.	Total mobility users benefit from this; however the scheme is to provide more affordable transport for those who cannot use public transport because of a disability.		<b>Total mobility:</b> <ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>	No change
	Register services under the Transport Licensing Act.	Service providers benefit from being able to legally operate. Wider community benefits from information held.		<b>Registering services:</b> <ul style="list-style-type: none"> <li>50% fees and charges from service providers.</li> <li>50% general rates regional.</li> </ul>	No change



Group Activity	Description	Distribution of benefits and Exacerbator Considerations	When do benefits occur?	Current funding sources	Recommendation
Stock Truck Effluent Disposal	Investigation and planning of a regional stock truck effluent disposal network.	<p>The wider community benefits from ensuring a region wide network is planned.</p> <p>Those living in areas where new sites are proposed benefit from the planning and installation of those sites.</p>	The benefits are immediate and ongoing.	<p><b>Planning and investigation, regional network:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul> <p><b>Planning and investigation, districts:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates sub regional.</li> </ul>	<p>No change</p> <p>No change</p>
	Maintain stock truck effluent disposal sites in Central Otago.	The Central Otago district benefits from this work.		<p><b>Maintenance:</b></p> <ul style="list-style-type: none"> <li>• 100% general rates on Central Otago District.</li> </ul>	No change

General rates are charged on a capital value basis.

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

## Finance Policy

### Financing the Purchase of Fixed Assets (Excluding Infrastructural Assets)

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

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

### Financing Capital Expenditure on Infrastructural Assets

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

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

### Financing Major Projects

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

## 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	Current	Proposed
Staff time per hour:		
- Management	190	190
- Team Leader/Principle	170	170
- Senior Technical	135	150
- Technical	115	130
- Field staff	115	130
- Administration	85	100
Disbursements	Actual	Actual
Additional Site Notice	Actual	Actual
Advertisements	Actual	Actual
Vehicle use per kilometre	0.70	0.70
Travel and accommodation	Actual	Actual
Testing charges	Actual	Actual
Consultants	Actual	Actual
Commissioners	Actual	Actual
Photocopying and printing	Actual	Remove
Councillor Hearing fees per hour:		
- Chairperson	100	100
- Member	80	80
- Expenses	Actual	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 actual and reasonable 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.

		Current	Proposed
<b>Publicly Notified Applications Deposits:<sup>3</sup></b>	First application	5,000	10,000
<b>Non-Notified Applications and Limited Notification Applications Deposits: <sup>3</sup></b>	First application	1,750	1,750
	Multiple Applications	2,300	2,300
<b>Other Application Types</b>			
	Variation to Conditions – s127	1,750	1,750
	Administrative Variation – s127	1,750	1,750
	Multiple Bores		1,500

<b>Fixed Fees</b>			
Single Bore		600	750
Exemptions from water metering regulations		400	450
<b>Hearings</b>		Per Note 2 below	Per Note 2 below
	Payment for Commissioner request – s100A	Per Note 4 below	Per Note 4 below
<b>Objections</b>	Payment for Commissioner request – s357AB	Per Note 4 below	Per Note 4 below
<b>Transfer of Consent Holder and Certificates Deposits:</b>			
	Transfer of permits and consents	200	200
	Priority Table	200	200
	Section 417 Certificate	500	500
	Certificate of Compliance	1,750	1,750
	All Other Costs	As per Scale of Charges	As per Scale of Charges

**Notes:**

- For additional permits in respect of the same site, activity, applicant, time of application, and closely related effect as the first application.
- 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.

- Where actual and reasonable costs are less than the deposit paid, a refund will be given.
- 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.

**Review of Consent Conditions**

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

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

**Compliance Monitoring****Performance Monitoring**

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

<b>Resource Consent Monitoring and Annual Administration Charges</b>	
One off compliance administration fee to be charged on all new consents. Covers the cost of compliance monitoring systems.	150
Ongoing compliance administration fee to be charged on consents with Performance Monitoring requirements.	50
Late performance monitoring fee to be charged as required.	150
<b>Annual Consent Compliance Monitoring Charges</b>	
Compliance monitoring charge for each single minor item due during the current financial year (e.g. management plans, provision of photos, bore logs, notifications, record of complaints, annual reports)	70
Annual charge for the receipt and processing of telemetered water take data/information (including verifications returns)	175
Each additional water measuring device	50
Annual charge for the receipt and processing of manual and data logger water take data/information (including verification returns), excludes those who hold a WEX for the installation of telemetry.	225
Each additional water measuring device	100
Annual charge for the receipt and processing of all returns relating to small discharge consents (generally annual returns)	75
Annual charge for the receipt and processing of all returns relating to medium discharge consents (quarterly returns)	300
Annual charge for the receipt and processing of all returns relating to large discharge consents (generally monthly returns)	900
Inspection reports for small dams	145
Inspection reports for large dams	280
Structural integrity report	100
Low flow monitoring charge	
Kakanui at McCones	350
Unnamed Stream at Gemmels	1,550

**Fees for Specific Consent Holders**

Performance monitoring fees will be charged as 75% of actual costs to major consent holders. Major consent holders are those that hold a large number of individual consents or where a consent contains complex monitoring requirements where applying the fixed charges listed above do not represent a fair and reasonable charge.

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.

## Revenue and Expenditure (10yrs) – Total Council

Annual Plan 2020/21 \$000s		2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
5,920	Governance and Community Engagement	5,728	6,336	6,193	6,463	6,912	6,811	6,987	7,464	7,352	7,537
1,925	Regional Planning	3,581	3,300	3,808	3,476	3,570	3,664	3,758	3,856	3,955	4,055
8,904	Regulatory	12,313	13,280	13,847	14,585	14,992	15,405	15,719	16,152	16,584	17,023
<b>16,749</b>	<b>Total Regional Leadership</b>	<b>21,621</b>	<b>22,917</b>	<b>23,848</b>	<b>24,524</b>	<b>25,474</b>	<b>25,879</b>	<b>26,464</b>	<b>27,472</b>	<b>27,891</b>	<b>28,615</b>
10,888	Land & Water	15,834	17,336	18,128	18,256	18,235	18,700	19,503	20,002	20,319	20,817
4,153	Biodiversity & Biosecurity	9,109	9,359	9,601	10,839	11,106	11,397	11,690	11,995	12,301	12,608
518	Air	482	816	772	1,662	2,767	4,590	4,636	4,746	4,928	4,974
<b>15,560</b>	<b>Total Environment</b>	<b>25,425</b>	<b>27,512</b>	<b>28,501</b>	<b>30,756</b>	<b>32,107</b>	<b>34,687</b>	<b>35,829</b>	<b>36,743</b>	<b>37,548</b>	<b>38,399</b>
2,131	Natural Hazards & Climate Change	2,732	3,766	3,491	3,282	3,575	3,694	3,616	3,732	3,614	3,715
11,371	Flood Protection, Drainage & River Management	12,010	12,409	11,744	11,864	11,920	11,351	13,396	11,015	11,269	12,322
2,658	Emergency Management	2,759	2,801	2,868	3,008	3,091	3,174	3,256	3,343	3,431	3,520
<b>16,161</b>	<b>Total Safety &amp; Resilience</b>	<b>17,500</b>	<b>18,976</b>	<b>18,103</b>	<b>18,155</b>	<b>18,585</b>	<b>18,218</b>	<b>20,269</b>	<b>18,090</b>	<b>18,314</b>	<b>19,557</b>
403	Regional Land Transport	407	418	543	459	472	597	497	510	644	537
28,405	Public Transport	32,044	34,988	36,712	43,934	42,103	41,978	43,718	43,802	44,783	45,791
<b>28,808</b>	<b>Total Transport</b>	<b>32,451</b>	<b>35,406</b>	<b>37,255</b>	<b>44,393</b>	<b>42,575</b>	<b>42,575</b>	<b>44,215</b>	<b>44,312</b>	<b>45,428</b>	<b>46,328</b>
<b>77,278</b>	<b>Total Expenditure</b>	<b>96,997</b>	<b>104,811</b>	<b>107,707</b>	<b>117,828</b>	<b>118,741</b>	<b>121,359</b>	<b>126,777</b>	<b>126,617</b>	<b>129,181</b>	<b>132,899</b>
27,078	General rates	33,292	37,334	39,848	40,775	41,175	42,342	43,743	44,573	45,556	46,949
15,777	Targeted Rates	20,398	24,112	27,539	29,965	32,908	34,191	36,259	37,024	38,329	39,483
5,050	Fees & Charges	6,158	6,741	7,216	7,548	7,754	7,961	8,170	8,387	8,606	8,827
11,474	Grants	18,637	18,288	17,490	22,587	22,558	24,165	24,773	24,766	25,283	25,670
10,770	Other Income	10,488	10,767	11,707	12,501	12,985	13,482	13,993	14,529	15,080	15,646
7,129	Reserves	8,025	7,569	3,908	4,453	1,362	(782)	(161)	(2,662)	(3,674)	(3,676)
<b>77,278</b>	<b>Total Revenue</b>	<b>96,997</b>	<b>104,811</b>	<b>107,707</b>	<b>117,828</b>	<b>118,741</b>	<b>121,359</b>	<b>126,777</b>	<b>126,617</b>	<b>129,181</b>	<b>132,899</b>



Revenue and Expenditure (10yrs) - Regional Leadership

Annual Plan 2020/21 \$000s		2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
<b>5,920</b>	Governance and Community Engagement	5,728	6,336	6,193	6,463	6,912	6,811	6,987	7,464	7,352	7,537
<b>1,925</b>	Regional Planning	3,581	3,300	3,808	3,476	3,570	3,664	3,758	3,856	3,955	4,055
<b>8,904</b>	Regulatory	12,313	13,280	13,847	14,585	14,992	15,405	15,719	16,152	16,584	17,023
<b>16,749</b>	<b>Expenditure</b>	<b>21,621</b>	<b>22,917</b>	<b>23,848</b>	<b>24,524</b>	<b>25,474</b>	<b>25,879</b>	<b>26,464</b>	<b>27,472</b>	<b>27,891</b>	<b>28,615</b>
<b>11,589</b>	General rates	15,556	16,115	17,038	17,370	17,847	18,329	18,713	19,217	19,722	20,234
<b>188</b>	Targeted Rates	188	200	210	220	230	240	250	260	270	280
<b>4,554</b>	Fees & Charges	5,300	5,818	6,269	6,593	6,776	6,961	7,146	7,340	7,535	7,731
<b>75</b>	Grants	75	75	75	75	75	75	75	75	75	75
<b>296</b>	Other Income	270	276	282	288	295	302	308	315	321	328
<b>47</b>	Reserves	233	433	(26)	(22)	251	(26)	(28)	265	(32)	(33)
<b>16,749</b>	<b>Revenue</b>	<b>21,621</b>	<b>22,917</b>	<b>23,848</b>	<b>24,524</b>	<b>25,474</b>	<b>25,879</b>	<b>26,464</b>	<b>27,472</b>	<b>27,891</b>	<b>28,615</b>

Revenue and Expenditure (10yrs) - Environment

Annual Plan 2020/21 \$000s		2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
<b>10,888</b>	Land & Water	15,834	17,336	18,128	18,256	18,235	18,700	19,503	20,002	20,319	20,817
<b>4,153</b>	Biodiversity & Biosecurity	9,109	9,359	9,601	10,839	11,106	11,397	11,690	11,995	12,301	12,608
<b>18</b>	Air	482	816	772	1,662	2,767	4,590	4,636	4,746	4,928	4,974
<b>15,560</b>	<b>Expenditure</b>	<b>25,425</b>	<b>27,512</b>	<b>28,501</b>	<b>30,756</b>	<b>32,107</b>	<b>34,687</b>	<b>35,829</b>	<b>36,743</b>	<b>37,548</b>	<b>38,399</b>
<b>11,793</b>	General rates	13,875	16,593	17,873	18,400	18,474	18,993	19,525	20,074	20,624	21,151
<b>890</b>	Targeted Rates	3,309	5,149	6,351	6,735	6,964	7,195	7,428	7,668	7,909	8,152
<b>5</b>	Fees & Charges	200	205	210	215	220	225	230	236	241	247
<b>905</b>	Grants	3,877	2,536	2,179	4,218	5,420	7,237	7,404	7,577	7,751	7,924
<b>629</b>	Other Income	964	364	364	364	364	364	364	364	364	364
<b>1,338</b>	Reserves	3,200	2,664	1,524	825	665	672	877	823	658	561
<b>15,560</b>	<b>Revenue</b>	<b>25,425</b>	<b>27,512</b>	<b>28,501</b>	<b>30,756</b>	<b>32,107</b>	<b>34,687</b>	<b>35,829</b>	<b>36,743</b>	<b>37,548</b>	<b>38,399</b>

Revenue and Expenditure (10yrs) – Safety & Resilience

Annual Plan 2020/21 \$000s		2021/2 2 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
<b>2,131</b>	Natural Hazards & Climate Change	2,732	3,766	3,491	3,282	3,575	3,694	3,616	3,732	3,614	3,715
<b>11,371</b>	Flood Protection, Drainage & River Management	12,010	12,409	11,744	11,864	11,920	11,351	13,396	11,015	11,269	12,322
<b>2,658</b>	Emergency Management	2,759	2,801	2,868	3,008	3,091	3,174	3,256	3,343	3,431	3,520
<b>16,161</b>	<b>Expenditure</b>	<b>17,500</b>	<b>18,976</b>	<b>18,103</b>	<b>18,155</b>	<b>18,585</b>	<b>18,218</b>	<b>20,269</b>	<b>18,090</b>	<b>18,314</b>	<b>19,557</b>
<b>2,952</b>	General rates	3,116	3,863	4,096	4,189	4,018	4,108	4,629	4,384	4,232	4,624
<b>8,848</b>	Targeted Rates	9,611	10,007	10,588	11,292	11,939	12,517	13,164	13,826	14,378	15,031
<b>249</b>	Fees & Charges	408	463	475	471	483	494	505	517	529	541
<b>0</b>	Grants	1,700	1,558	613	434	208	213	36	37	38	39
<b>245</b>	Other Income	736	833	857	893	917	941	965	990	1,015	1,040
<b>3,866</b>	Reserves	1,929	2,253	1,474	875	1,020	(54)	969	(1,663)	(1,878)	(1,718)
<b>16,161</b>	<b>Revenue</b>	<b>17,500</b>	<b>18,976</b>	<b>18,103</b>	<b>18,155</b>	<b>18,585</b>	<b>18,218</b>	<b>20,269</b>	<b>18,090</b>	<b>18,314</b>	<b>19,557</b>

Revenue and Expenditure (10yrs) - Transport

Annual Plan 2020/21 \$000s		2021/2 2 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
<b>403</b>	Regional Land Transport	407	418	543	459	472	597	497	510	644	537
<b>28,405</b>	Public Transport	32,044	34,988	36,712	43,934	42,103	41,978	43,718	43,802	44,783	45,791
<b>28,808</b>	<b>Expenditure</b>	<b>32,451</b>	<b>35,406</b>	<b>37,255</b>	<b>44,393</b>	<b>42,575</b>	<b>42,575</b>	<b>44,215</b>	<b>44,312</b>	<b>45,428</b>	<b>46,328</b>
<b>743</b>	General rates	745	764	841	816	836	912	876	898	978	941
<b>5,852</b>	Targeted Rates	7,290	8,755	10,390	11,718	13,774	14,239	15,417	15,270	15,772	16,019
<b>241</b>	Fees & Charges	250	256	262	268	275	281	288	295	301	308
<b>10,493</b>	Grants	12,985	14,119	14,623	17,861	16,855	16,640	17,258	17,076	17,419	17,632
<b>9,600</b>	Fares & Other Income	8,517	9,294	10,203	10,955	11,409	11,875	12,355	12,860	13,379	13,914
<b>1,879</b>	Reserves	2,664	2,218	936	2,775	(574)	(1,374)	(1,980)	(2,087)	(2,422)	(2,486)
<b>28,808</b>	<b>Revenue</b>	<b>32,451</b>	<b>35,406</b>	<b>37,255</b>	<b>44,393</b>	<b>42,575</b>	<b>42,575</b>	<b>44,215</b>	<b>44,312</b>	<b>45,428</b>	<b>46,328</b>

Statement of Financial Position

20/21 \$000s		2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s
<b>Current assets:</b>											
<b>(604)</b>	Cash and cash equivalents	8,789	3,830	(4,776)	5,865	2,413	3,844	4,550	3,051	7,825	12,921
<b>23,436</b>	Other financial assets	34,022	34,872	35,744	36,638	42,554	43,618	44,708	50,826	52,096	53,399
<b>9,405</b>	Trade and other receivables	11,398	12,390	13,383	13,375	13,367	13,359	13,351	13,343	13,334	13,325
-	Inventories	-	-	-	-	-	-	-	-	-	-
-	Property intended for sale	-	-	-	-	-	-	-	-	-	-
<b>514</b>	Other current assets	514	514	514	514	514	514	514	514	514	514
<b>32,751</b>	<b>Total current assets</b>	<b>54,723</b>	<b>51,606</b>	<b>44,865</b>	<b>56,392</b>	<b>58,848</b>	<b>61,335</b>	<b>63,123</b>	<b>67,734</b>	<b>73,769</b>	<b>80,159</b>
<b>Non-current assets:</b>											
<b>95,176</b>	Property, plant and equipment	97,646	100,094	107,431	102,847	104,224	104,222	106,361	105,739	104,926	104,603
<b>15,365</b>	Investment property	15,519	15,674	15,831	15,989	16,149	16,310	16,474	16,638	16,805	16,973
<b>543,364</b>	Shares in Port Otago Ltd	564,299	586,071	608,713	632,262	656,752	682,222	708,711	736,260	764,910	794,707
<b>5,392</b>	Intangible assets	6,687	8,046	9,168	9,586	10,569	11,426	12,218	12,972	13,605	14,273
<b>98</b>	Deferred tax asset	98	98	98	98	98	98	98	98	98	98
<b>659,395</b>	<b>Total non-current assets</b>	<b>684,248</b>	<b>709,983</b>	<b>741,242</b>	<b>760,782</b>	<b>787,793</b>	<b>814,279</b>	<b>843,862</b>	<b>871,707</b>	<b>900,344</b>	<b>930,654</b>
<b>692,146</b>	<b>Total assets</b>	<b>738,971</b>	<b>761,589</b>	<b>786,107</b>	<b>817,173</b>	<b>846,641</b>	<b>875,614</b>	<b>906,985</b>	<b>939,441</b>	<b>974,114</b>	<b>1,010,813</b>
<b>Current liabilities:</b>											
<b>10,318</b>	Accounts payable	11,918	12,718	13,518	13,518	13,518	13,518	13,518	13,518	13,518	13,518
<b>1,815</b>	Employee entitlements	2,215	2,415	2,615	2,615	2,615	2,615	2,615	2,615	2,615	2,615
<b>12,133</b>	<b>Total current liabilities</b>	<b>14,133</b>	<b>15,133</b>	<b>16,133</b>	<b>16,133</b>	<b>16,133</b>	<b>16,133</b>	<b>16,133</b>	<b>16,133</b>	<b>16,133</b>	<b>16,133</b>
-	Non-current liabilities:	-	-	-	-	-	-	-	-	-	-
-	Other financial instruments	25,000	25,000	25,000	25,000	25,000	23,000	21,000	19,000	17,000	15,000
-	Total non-current liabilities	-	-	-	-	-	-	-	-	-	-
<b>12,133</b>	<b>Total liabilities</b>	<b>39,133</b>	<b>40,133</b>	<b>41,133</b>	<b>41,133</b>	<b>41,133</b>	<b>39,133</b>	<b>37,133</b>	<b>35,133</b>	<b>33,133</b>	<b>31,133</b>
<b>680,013</b>	<b>Net assets</b>	<b>699,838</b>	<b>721,456</b>	<b>744,974</b>	<b>776,040</b>	<b>805,508</b>	<b>836,481</b>	<b>869,852</b>	<b>904,308</b>	<b>940,981</b>	<b>979,680</b>
<b>Equity:</b>											
<b>115,015</b>	Public equity	122,468	123,656	132,306	139,369	144,721	150,463	157,691	164,826	172,782	181,566
<b>523,364</b>	Available for sale reserve	544,299	566,071	588,713	612,262	636,752	662,222	688,711	716,260	744,910	774,707
<b>3,309</b>	Asset replacement reserve	2,316	1,060	828	1,316	974	770	459	267	371	527
<b>13,776</b>	Building reserve	7,235	7,343	0	0	0	0	0	0	0	0
<b>8</b>	Environmental enhancement reserve	0	0	0	0	0	0	0	0	0	0
<b>3,999</b>	Emergency response reserve	4,059	4,119	4,181	4,244	4,308	4,372	4,438	4,504	4,572	4,640
<b>919</b>	Water management reserve	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)
<b>6,318</b>	Kuriwao endowment reserve	6,003	5,594	5,176	4,922	4,664	4,404	4,140	3,873	3,602	3,328
<b>13,304</b>	Asset revaluation reserve	13,458	13,613	13,770	13,928	14,088	14,249	14,413	14,577	14,744	14,912
<b>680,013</b>	<b>Total equity</b>	<b>699,838</b>	<b>721,456</b>	<b>744,974</b>	<b>776,040</b>	<b>805,508</b>	<b>836,481</b>	<b>869,852</b>	<b>904,308</b>	<b>940,981</b>	<b>979,680</b>

Statement of Cashflows

20/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s	2025/26 \$000s	2026/27 \$000s	2027/28 \$000s	2028/29 \$000s	2029/30 \$000s	2030/31 \$000s	
<b>Cashflows from Operating Activities</b>											
<i>Cash provided from:</i>											
<b>26,957</b>	Rate Receipts	39,762	46,519	51,460	53,812	56,155	57,606	60,575	61,670	63,457	65,504
<b>16,759</b>	Other Receipts	17,396	18,172	19,571	23,670	21,346	22,036	22,741	23,480	24,235	25,006
<b>11,474</b>	Grant Income	18,637	18,288	17,490	22,587	22,558	24,165	24,773	24,766	25,283	25,670
<b>10,100</b>	Dividends	13,000	14,000	15,000	16,000	17,000	18,000	18,500	19,000	19,500	20,000
<b>1,000</b>	Interest	750	750	750	750	750	750	750	750	750	750
<b>66,290</b>	<b>Total Income</b>	<b>89,545</b>	<b>97,728</b>	<b>104,270</b>	<b>116,820</b>	<b>117,809</b>	<b>122,557</b>	<b>127,338</b>	<b>129,665</b>	<b>133,225</b>	<b>136,931</b>
<i>Cash Applied to:</i>											
<b>68,899</b>	Payments to Employees & Suppliers	87,563	94,610	99,735	105,337	109,031	113,145	116,530	118,636	120,961	123,682
<b>2</b>	Interest	250	256	262	269	275	270	253	236	217	197
<b>68,901</b>	<b>Total Expenditure</b>	<b>87,813</b>	<b>94,866</b>	<b>99,997</b>	<b>105,606</b>	<b>109,306</b>	<b>113,416</b>	<b>116,783</b>	<b>118,872</b>	<b>121,178</b>	<b>123,879</b>
<b>(2,611)</b>	<b>Net Cash from Operating Activities</b>	<b>1,732</b>	<b>2,861</b>	<b>4,273</b>	<b>11,214</b>	<b>8,502</b>	<b>9,142</b>	<b>10,555</b>	<b>10,793</b>	<b>12,047</b>	<b>13,052</b>
<b>Cashflows From Investing Activities</b>											
<i>Cash provided from:</i>											
<b>410</b>	Property, Plant & Equipment Sales	410	420	430	7,440	451	462	472	483	494	506
-	Term Investment Maturity	-	-	-	-	-	-	-	-	-	-
-	Deferred Tax Asset realised	-	-	-	-	-	-	-	-	-	-
-	Managed Fund Withdrawal	-	-	-	-	-	-	-	-	-	-
<b>410</b>	<b>Total Cash</b>	<b>410</b>	<b>420</b>	<b>430</b>	<b>7,440</b>	<b>451</b>	<b>462</b>	<b>472</b>	<b>483</b>	<b>494</b>	<b>506</b>
<i>Cash Applied to:</i>											
<b>0</b>	Managed Fund	10,000	0	0	0	5,000	0	0	5,000	0	0
<b>5,401</b>	Property, Plant & Equipment	6,224	6,347	11,289	6,295	4,958	3,666	5,758	3,152	3,084	3,718
<b>900</b>	Intangible Assets	1,525	1,894	2,019	1,718	2,448	2,505	2,563	2,623	2,683	2,743
<b>6,301</b>	<b>Total</b>	<b>17,749</b>	<b>8,241</b>	<b>13,308</b>	<b>8,014</b>	<b>12,405</b>	<b>6,172</b>	<b>8,321</b>	<b>10,775</b>	<b>5,768</b>	<b>6,462</b>
<b>(5,891)</b>	<b>Net Cash from Investing Activities</b>	<b>(17,339)</b>	<b>(7,821)</b>	<b>(12,878)</b>	<b>(573)</b>	<b>(11,954)</b>	<b>(5,710)</b>	<b>(7,849)</b>	<b>(10,292)</b>	<b>(5,273)</b>	<b>(5,956)</b>
<b>Cashflows From Financing Activities</b>											
<i>Cash provided from:</i>											
<b>0</b>	Borrowings	25,000	0	0	0	0	0	0	0	0	0
<i>Cash Applied to:</i>											
<b>0</b>	Repayment of Borrowings	0	0	0	0	0	2,000	2,000	2,000	2,000	2,000
<b>0</b>	<b>Net Cash from Investing Activities</b>	<b>25,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>	<b>(2,000)</b>
<b>(8,502)</b>	<b>Net Increase/ (Decrease) in Cash Held</b>	<b>9,393</b>	<b>(4,960)</b>	<b>(8,605)</b>	<b>10,640</b>	<b>(3,452)</b>	<b>1,432</b>	<b>706</b>	<b>(1,499)</b>	<b>4,774</b>	<b>5,096</b>
<b>15,487</b>	<b>Cash at 1 July</b>	<b>(604)</b>	<b>8,789</b>	<b>3,830</b>	<b>(4,776)</b>	<b>5,865</b>	<b>2,413</b>	<b>3,844</b>	<b>4,550</b>	<b>3,051</b>	<b>7,825</b>
<b>6,985</b>	<b>Cash at 30 June</b>	<b>8,789</b>	<b>3,830</b>	<b>(4,776)</b>	<b>5,865</b>	<b>2,413</b>	<b>3,844</b>	<b>4,550</b>	<b>3,051</b>	<b>7,825</b>	<b>12,921</b>

## 7.2. Port Otago Constitution

<b>Prepared for:</b>	Council
<b>Report No.</b>	CS2117
<b>Activity:</b>	Governance Report
<b>Author:</b>	Nick Donnelly, General Manager Corporate Services
<b>Endorsed by:</b>	Nick Donnelly, General Manager Corporate Services
<b>Date:</b>	15 March 2020

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### PURPOSE

- [1] For Council to approve the Constitution of Port Otago Limited and revised Guidelines for the Appointment of Directors to Port Otago Limited.

### EXECUTIVE SUMMARY

- [2] Council approved a revised version of the Constitution of Port Otago Limited at its meeting on 30 September 2020.
- [3] Prior to this, the Governance, Communications and Engagement Committee approved the Recruitment and Appointment Policy (Governance) at its meeting on 10 September 2020. This Policy includes Guidelines for the Appointment of Directors to Port Otago Limited.
- [4] The approved Constitution excluded a residency clause as this was included in the Guidelines.
- [5] Following approval by Council the revised Constitution required approval by the Minister of Transport. The Minister has requested that the Constitution include a residency clause and that clause has now been reinstated into the Constitution and the Guideline amended to reflect this change.
- [6] As a result, the requirement for at least three Directors to be ordinarily resident in New Zealand has been added to clause 9.3 of the Constitution and the amended Constitution now requires Council approval.
- [7] The residency requirement that reflected this in the Guideline, that at least 3 directors should be ordinarily resident in New Zealand, has also been removed from that document.

### RECOMMENDATION

*That the Council:*

*That the Council:*

- 1) **Receives** this report.
  - 2) **Approves** the attached Constitution of Port Otago Limited.
  - 3) **Approves** the attached Guidelines for Appointment of Directors to Port Otago Limited.
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## BACKGROUND

- [8] At its 11 December 2019 meeting, Council resolved:  
*“That the Finance Committee review the Port Otago constitution and rules to ensure the director appointments procedure reflects best practice and report back to Council on options”.*
- [9] At its meeting on 26 February 2020, the Finance Committee resolved that the Chief Executive request the Board of Port Otago Limited undertake a review of the Constitution. They noted the current Constitution had been in place in its current form since 1997 and indicated specific areas they would like to be considered (but not limited to) are:
- a. 70-year-old age limitation for board members.
  - b. Ensure the Constitution is current and fit for purpose.
  - c. Consider staggering board member terms.
  - d. Consider a maximum term for board members.
  - e. Have a critical look at clause 10.1(c).
- [10] At its meeting of 26 August 2020, the Finance Committee received a revised Constitution and considered that document. The Committee was generally in agreement with the form and content of that document.
- [11] Two actions were required following that meeting:
- a. The Committee requested clarification for the reasoning behind the removal of the requirement for at least three directors to be ordinarily resident in New Zealand.
  - b. It was noted a recruitment process guideline for external appointments would be developed and this would incorporate matters relating to Director appointments that would lie outside of the Constitution itself.
- [12] Following that meeting the Port confirmed that it considered the residency requirement was better placed in the policy / guideline rather than the Constitution itself.
- [13] At its meeting on 10 September 2020, the Governance, Communications and Engagement Committee approved a Recruitment and Appointment Policy (Governance). This Policy included Guidelines for the Appointment of Directors to Port Otago Limited. Those guidelines covered the following items not included in the Constitution:
- a. Maximum term - 3 terms (9 years) recommended.
  - b. Residency - at least 3 directors should be ordinarily resident in New Zealand.
- [14] Based on residency requirement being included in the approved Guideline, the revised Constitution was approved by Council at its meeting on 30 September 2020.
- [15] Following this the Constitution was submitted for approval by the Minister of Transport as required under the Port Companies Act 1988. The Minister has requested that the residency requirement is included in the Constitution.
- [16] As moving the residency requirement into the Constitution itself aligns with the what was previously approved in the Guideline, it is recommended that the Constitution is now approved by Council as the shareholder of Port Otago Limited and that the guideline is also amended to reflect this change.

- [17] Note the Guideline still retains a residency consideration that indicates a preference that the Board includes representatives who are resident or have business dealings / experience in the Otago Southland area.

## **CONSIDERATIONS**

### **Policy Considerations**

- [18] There are no policy considerations.

### **Financial Considerations**

- [19] There are no financial considerations.

### **Significance and Engagement**

- [20] There are no significance and engagement considerations.

### **Legislative Considerations**

- [21] Compliance is required with the requirements of the Port Companies Act 1988 and the Companies Act 1993.

### **Risk Considerations**

- [22] There are no risk considerations.

## **NEXT STEPS**

- [23] The Chief Executive will advise the Board of Port Otago on the outcome of this meeting. Assuming the Constitution is approved, the Port will file the document with the Companies Office.

## **ATTACHMENTS**

1. Port Otago - Constitution - Final - 26 Feb 2021 [7.2.1 - 12 pages]
2. Appendix B Guidelines for the Appointment of Directors to Port Otago Limited - Revised - March 2021 [7.2.2 - 2 pages]



# Constitution of Port Otago Limited



11. A reputation as an effective contributor around the Board table and across the business on all governance matters.
12. A diversity of relevant commercial experience - may have been a senior executive in a commercial business.
13. A strong customer and business development focus, relationship building and communications skills, and an affinity for technology.
14. An appreciation of the Port and wider logistics sector; specialist sector expertise is not required.
15. Be articulate, able to convey thoughts in a clear and concise manner.
16. Have clear commitment to the responsibilities of a directorship.
17. Unimpeachable business ethics.
18. A positive attitude toward public ownership and the principles of good corporate citizenship.

## Constitution – Port Otago Limited

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### 1. Interpretation

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1.1 In this Constitution the following terms shall have the following meanings (unless the context requires otherwise):

<b>Act</b>	means the Companies Act 1993.
<b>Board</b>	means Directors who number not less than the required quorum, acting together as a board of Directors.
<b>Chair</b>	means the chair of the Board appointed in accordance with clauses 10.1 to 10.3.
<b>Company</b>	means Port Otago Limited.
<b>Constitution</b>	means this constitution of the Company as amended from time to time.
<b>Council</b>	means the Otago Regional Council.
<b>Deputy Chair</b>	means the deputy chair of the Board appointed in accordance with clauses 10.1 to 10.3.
<b>Director</b>	means a person appointed as a director of the Company in accordance with this Constitution.
<b>Interested</b>	in relation to a Director, has the meaning set out in section 139 of the Act.
<b>Ordinary Resolution</b>	means a resolution that is approved by the Shareholder.
<b>Schedules</b>	means Schedules 1 and 2.
<b>Shareholder</b>	means the Council.
<b>Special Resolution</b>	means a resolution that is approved by the Shareholder.
<b>Subsidiary</b>	has the meaning set out in the Act.

1.2 In this Constitution (unless the context requires otherwise):

- (a) the singular includes the plural and the reverse;
- (b) a reference to any party includes that party's executors, administrators or permitted assigns, or if a company, its successors or permitted assigns or both;
- (c) reference to any statutory provision includes any provision which amends or replaces it and any legislation made under it;
- (d) words in this Constitution have the same meaning as in the Act unless inconsistent with the context;
- (e) a reference to a clause means a clause in this Constitution and a reference to a rule means a rule in the relevant Schedule; and

(f) clause headings are for reference purposes only.

1.3 If there is any conflict:

(a) between a provision in this Constitution and a mandatory provision in the Act or the Port Companies Act 1988, then the mandatory provision in the Act or the Port Companies Act 1988 will prevail; and

(b) between:

(i) a provision in this Constitution and a provision in the Act which is expressly permitted to be altered by this Constitution; or

(ii) a word or expression defined or explained in the Act and a word or expression defined or explained in this Constitution,

then the provision, word or expression in this Constitution will prevail.

## **2. Capacity**

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2.1 The Company is formed and registered as a port company, as defined in the Port Companies Act 1988.

2.2 Subject to this Constitution, the Act and the Port Companies Act 1988, the Company has full capacity, rights, powers and privileges to carry on or undertake any business or activity, do any act, or enter into any transaction.

## **3. Shares**

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3.1 The Company's sole shareholder is the Council. As at the date of adoption of this Constitution there are 20,000,000 fully paid ordinary shares in the Company held by the Council.

3.2 Under the Local Government Act 2002 the shares in the Company are a strategic asset of the Council. Under section 97 of Local Government Act 2002 the Council must not make a decision to transfer the ownership or control of the Shares to or from the Council unless:

(a) the decision is explicitly provided for in its long-term plan; and

(b) the proposal to provide for the decision was included in a consultation document in accordance with section 93E of the Local Government Act 2002.

## **4. Issue of shares**

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4.1 The Board may not issue shares to any person other than the Council, without prior Shareholder approval.

4.2 The Company may issue redeemable shares, which may be redeemed:

(a) at the option of the Company;

(b) at the option of the holder of the share; or

(c) on a date specified in this Constitution,

for a consideration that is specified or to be calculated by reference to a formula or required to be fixed by a suitably qualified person who is not associated with or interested in the Company.

4.3 The Board may with the approval of Shareholder by Special Resolution:

- (a) consolidate and divide the Shares or any class; and
- (b) subdivide the Shares or any class,

in each case in proportion to those Shares or the Shares in that class, as the case may be.

## **5. Calls on shares**

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- 5.1 The Board may make calls on the Shareholder in respect of any money unpaid on their shares and not previously made payable at a fixed time by prior written notice to the Shareholder specifying the time and date for payment. The Shareholder must comply with the terms of any call made by the Board. A call may be payable by instalments. The Board may revoke or postpone a call.
- 5.2 A person who fails to pay a call on the due date must pay:
  - (a) interest on that money from the day payment was due to the day of actual payment at a rate fixed by the Board; and
  - (b) all expenses which the Company has incurred or may incur because of non-payment.
- 5.3 The Board may waive payment of all or part of that interest or those expenses.

## **6. Distributions**

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- 6.1 The Board may authorise a distribution by the Company to the Shareholder in accordance with the Act and this Constitution.
- 6.2 All dividends on shares that are not fully paid up must be authorised and paid in proportion to the amount paid up.
- 6.3 Any money payable in cash in respect of shares may be paid to the Shareholder in such manner as the Board determines, or to such other person and in such manner as the Shareholder may direct in writing.
- 6.4 No interest is payable by the Company on any dividend.

## **7. Company may acquire its own shares**

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- 7.1 The Company may purchase or otherwise acquire shares issued by it which, subject to clause 7.2, shall be deemed to be cancelled immediately on acquisition.
- 7.2 The Company may hold its own shares uncanceled but only in accordance with sections 67A, 67B and 67C of the Act.

## **8. Shareholder meetings**

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- 8.1 The Board must hold an annual shareholder meeting in accordance with section 120 of the Act unless in the case of any annual meeting, everything required to be done at that meeting (whether by way of resolution or otherwise) is done by written resolution in accordance with section 122 of the Act.
- 8.2 A special shareholder meeting:
  - (a) may be called at any time by the Board; and
  - (b) must be called by the Board on the written request of the Shareholder.

8.3 The rules set out in Schedule 1 govern proceedings at shareholder meetings.

## **9. Directors**

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- 9.1 Subject to clauses 9.2 - 9.6, a person may be appointed and removed as a Director at any time by Ordinary Resolution.
- 9.2 The number of Directors shall not at any time be more than eight. Under section 6(1)(a) of the Port Companies Act 1988 the number of Directors shall not at any time be less than six.
- 9.3 As required by the Port Companies Act 1988 the Directors shall be persons who, in the opinion of those appointing them, will assist the Company to achieve its principal objective of operating as a successful business. At least three Directors shall be ordinarily resident in New Zealand.
- 9.4 At least one third of the Directors (or, if their number is not a multiple of three, then the number nearest to one third) shall retire from office at each annual meeting, but shall be eligible for re-appointment at that meeting. Those to retire shall be those who have been longest in office since their last appointment. As between persons who became Directors on the same day, those to retire shall (unless they otherwise agree) be determined by lot.
- 9.5 If a casual vacancy arises which results in the number of Directors falling below the minimum number required under clause 9.2 then the Board shall give notice of the vacancy to the Shareholder. The Shareholder may fill that vacancy by appointing another person as Director in accordance with clause 9.1. If the Shareholder fails to appoint another Director within 7 days of receiving the Board's notice, the Board may appoint a person to be a Director to fill that casual vacancy to ensure the minimum number of Directors is met. Any Director appointed by the Board under this clause may only hold office until the next annual meeting but is eligible for re-appointment at that meeting.
- 9.6 Not more than two members or employees of the Shareholder or any other council that holds any equity securities in the Company of any class that confer rights to vote at any meeting of the Company may hold office as Directors at the same time.
- 9.7 A person will be disqualified from holding the office of Director if he or she:
- (a) is or becomes disqualified from being a Director under any provision of the Act;
  - (b) dies; or
  - (c) is an undischarged bankrupt.
- 9.8 The Board may not authorise any form of remuneration to be paid to a Director without approval by Special Resolution and unless such payment is made and authorised in accordance with the provisions of the Act.

## **10. Proceedings of the Board**

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- 10.1 The Board may by Ordinary Resolution appoint a Chair and a Deputy Chair of the Board. The Chair and Deputy Chair will hold office until:
- (a) they cease to be a Director of the Company; or
  - (b) they are removed from the office of Chair or Deputy Chair (as applicable) by an Ordinary Resolution.
- 10.2 If the Chair ceases to hold office, the Deputy Chair (if any) will hold office as Chair until such time as a new Chair is appointed by Ordinary Resolution.

10.3 In the event that no Chair or Deputy Chair is appointed under clause 10.1, the Board may appoint such of the Directors as it thinks fit to act as Chair and Deputy Chair (as applicable) until such time as new office holders are appointed.

10.4 The rules set out in Schedule 2 govern proceedings at meetings of Directors.

## **11. Directors' duties**

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11.1 In addition to the duties set out in the Act, the Directors must assist the Company to meet its objectives and any other requirements set out in the Port Companies Act 1988.

## **12. Interested Directors**

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12.1 A Director must disclose particulars or any interest in a transaction or proposed transaction of the Company in accordance with section 140 of the Act.

12.2 A Director who is interested in a transaction entered into, or to be entered into, by the Company must not do any of the following:

- (a) vote on any matter relating to that transaction;
- (b) sign a document relating to that transaction on behalf of the Company; or
- (c) do any other thing in their capacity as a Director in relation to that transaction,

provided that a Director may vote, sign documents and otherwise do any other thing in their capacity as a Director with regard to any matter relating to the following:

- (d) any payment or other benefit of the kind referred to in section 161 of the Act in respect of that Director in accordance with clause 9.8;
- (e) the entry into an indemnity or insurance arrangement in respect of that Director in their capacity as a director of the Company in accordance with clause 13.1; or
- (f) transactions in which a Director is interested solely in their capacity as a director of a Subsidiary of the Company.

12.3 No prohibition under this clause 12 will prevent the attendance of a Director at a Board meeting from counting for quorum purposes.

## **13. Indemnity and insurance of Directors and employees**

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13.1 The Company may indemnify and effect insurance in accordance with any part or all of section 162 of the Act provided that:

- (a) the Board must ensure that particulars of any indemnity given to, or insurance taken out for, any director, or employee of the Company are immediately entered in the interests register; and
- (b) the Board may impose any conditions in relation to any indemnity or insurance if the conditions do not contravene the Act.

13.2 For the purposes of clause 13.1 "director" includes any former director, "employee" includes any former employee and "Company" includes any related company.

## **14. Liquidation**

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- 14.1 If the Company is liquidated, the liquidator may, with the approval of the Shareholder and any other approval required by the Act:
- (a) distribute to the Shareholder in kind the whole or any part of the assets of the Company; and
  - (b) vest the whole or any part of any such assets in trustees upon such trusts for the benefit of the persons so entitled as the liquidator thinks fit, but so that the Shareholder is not compelled to accept any shares or other securities on which there is any liability.

## **15. Methods of Contracting**

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- 15.1 A deed which is to be entered into by the Company may be signed on behalf of the Company by:
- (a) two or more Directors;
  - (b) a Director, and any person authorised by the Board, whose signatures must be witnessed; or
  - (c) one or more attorneys appointed by the Company.
- 15.2 An obligation or contract which is required by law to be in writing, and any other written obligation or contract which is to be entered into by the Company, may be signed on behalf of the Company by a person acting under the express or implied authority of the Company.
- 15.3 Any other obligation or contract may be entered into on behalf of the Company in writing or orally by a person acting under the express or implied authority of the Company.

## **16. Notices**

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- 16.1 Notices may be served by the Company upon any Director or Shareholder, either by personal delivery, by electronic means or by posting it in a prepaid envelope or package addressed to the recipient at his or her last known address (or, in the case of a company, its registered office).
- 16.2 Notices are deemed served at the following times:
- (a) when given personally, on delivery;
  - (b) when sent by post (other than airmail) or document exchange, 3 business days after (but exclusive of) posting;
  - (c) when sent by email, at the time of transmission (subject to clause 16.4).
- 16.3 Any notice which has been served on a Saturday, Sunday or public holiday is deemed to be served on the first business day after that day.
- 16.4 A notice given by email, is not deemed received unless (if receipt is disputed) the sender produces a printed copy of the email which evidences that the email was sent to the email address of the recipient.



## Schedule 1 – Proceedings at Shareholder meeting

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### 1. Chair

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- 1.1 If the Chair is present at the meeting, he or she must chair the meeting.
- 1.2 If there is no Chair or if the Chair is not present at the meeting within 15 minutes of the start time the Deputy Chair if present at the meeting will chair the meeting.
- 1.3 If there is no Deputy Chair, the Directors present may elect a chair for that meeting, failing which, the Shareholder present may elect a chair for that meeting.

### 2. Notice of meetings

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- 2.1 The Shareholder and every Director and the auditor of the Company must be sent written notice of the time and place of the meeting at least 10 working days before the meeting.
- 2.2 The notice must state:
  - (a) the nature of the business to be discussed at the meeting in sufficient detail to enable the Shareholder to form a reasoned judgment in relation to it; and
  - (b) the text of any special resolution to be put to the meeting.
- 2.3 An irregularity in a notice of a meeting is waived if:
  - (a) the Shareholder attends the meeting without protest as to the irregularity; or
  - (b) if the Shareholder agrees to the waiver.
- 2.4 The accidental omission to give a notice of a meeting to, or the non-receipt of a notice of a meeting by, any person entitled to receive notice does not invalidate the proceedings at that meeting.
- 2.5 If a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of an original meeting. It is not otherwise necessary to give any new notice for an adjourned meeting.

### 3. Methods of holding meetings

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- 3.1 A shareholder meeting may be held by a quorum:
  - (a) being assembled together at the place, date and time appointed for the meeting;
  - (b) by means of audio, or audio and visual, or electronic communication; or
  - (c) by a combination of both of the methods described in paragraphs (a) and (b).

### 4. Quorum

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- 4.1 No business may be transacted at a shareholder meeting if a quorum is not present.
- 4.2 A quorum for a shareholder meeting is present if the Shareholder or its proxy:
  - (a) is present; or

(b) have completed postal votes (where permitted).

4.3 If a quorum is not present within the 30 minutes after the start time for the meeting:

(a) if the meeting is called under section 121(b) of the Act, the meeting is dissolved;

(b) for any other meeting, the meeting is adjourned to:

(i) the same day in the following week at the same time and place; or

(ii) to a date, time and place to be fixed by the Directors.

4.4 To avoid doubt, a Shareholder participating in a meeting by means of audio, audio and visual, or electronic communication is present at the meeting and part of the quorum.

## **5. Adjournments**

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5.1 The Chair:

(a) may adjourn the meeting from time to time and from place to place, but no business can be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(b) must adjourn the meeting as above if directed to do so by the meeting.

## **6. Voting**

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6.1 If a shareholder meeting is held under rule 3.1(a), unless a poll is demanded, voting at the meeting will be by:

(a) voting by voice; or

(b) voting by show of hands.

The Chair will decide which method is used.

6.2 If a shareholder meeting is held under rule 3.1(b) or (c), unless a poll is demanded, voting at the meeting will be by the Shareholder signifying its assent or dissent by voice.

6.3 A declaration by the Chair of the meeting that a resolution is carried by the necessary majority is conclusive evidence of that fact unless a poll is demanded.

## **7. Proxies and Postal Votes**

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7.1 The Shareholder has the right to appoint a Council representative as its proxy to attend and vote at shareholder meetings on its behalf. Any Council representative so appointed is entitled to attend and be heard at shareholder meetings and to demand or join in demanding a poll, as if that Council representative was the Shareholder.

7.2 The Shareholder may not cast a postal vote at a Shareholders meeting unless the Board has previously authorised postal votes for that meeting in which case:

(a) the notice of that meeting must state whether postal votes are authorised; and

(b) postal voting must be carried out in accordance with clause 7 of the First Schedule to the Act.

## **8. Minutes**

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- 8.1 The Board must ensure that minutes are kept of all proceedings at shareholder meetings.
- 8.2 Minutes which have been signed correct by the Chair of the meeting are prima facie evidence of the proceedings.

## **9. Shareholder proposals**

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- 9.1 The Shareholder may give written notice to the Board of a matter the Shareholder proposes to raise for discussion or resolution at the next shareholder meeting. The provisions of clause 9 of the First Schedule of the Act apply to any notice given under this rule 9.1.
- 9.2 The Chair of a shareholder meeting will allow a reasonable opportunity for the Shareholder to question, discuss or comment on the management of the Company.

## **10. Other proceedings**

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- 10.1 Except as provided in this Schedule 1, and subject to this Constitution, a shareholder meeting may regulate its own procedure.

## Schedule 2 – Proceedings of the Board

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### 1. Notice of meeting

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- 1.1 A Director or, if requested by a Director to do so, an employee of the Company may convene a meeting of the Board by giving notice in accordance with this clause.
- 1.2 At least 2 days' notice of a meeting of the Board must be given to every Director who is in New Zealand. The notice must include the date, time and place of the meeting and the matters to be discussed.
- 1.3 An irregularity in the notice of the meeting is waived if all Directors attend the meeting without protest as to the irregularity or if all Directors entitled to receive notice of the meeting agree to the waiver.
- 1.4 Notice of a meeting may be given by any means, including by email, telephone, or audio and visual communication. Notice given by a letter addressed to a Director at his or her last known residential address in New Zealand or emailed to his or her last known email address will be deemed to have been given on the next day after the letter is posted or emailed.

### 2. Method of holding meetings

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- 2.1 A meeting of the Board may be held either:
  - (a) by a quorum of Directors gathered together at the place, date and time appointed for the meeting; or
  - (b) by means of audio, or audio and visual communication. The Directors participating must constitute a quorum and must all be able simultaneously hear each other throughout the meeting.

### 3. Quorum

---

- 3.1 A quorum for a meeting of the Board is a majority of the Directors.
- 3.2 No business may be transacted at a meeting of Directors if a quorum is not present.

### 4. Voting

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- 4.1 Every Director has one vote.
- 4.2 The Chair does not have a casting vote.
- 4.3 A resolution of the Board is passed if it is agreed to by all Directors present without dissent or if a majority of the votes cast on it are in favour of it.
- 4.4 A Director present at a meeting of the Board is presumed to have agreed to, or have voted in favour of, a resolution of the board unless he or she expressly dissents from or votes against the resolution at the meeting.

### 5. Minutes

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- 5.1 The Board must ensure minutes are kept of all proceedings at meetings of the Board.

**6. Unanimous resolutions**

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- 6.1 A resolution in writing, signed or assented to by all Directors then entitled to receive notice of a Board meeting, is as valid and effective as if it had been passed at a meeting of the Board duly convened and held.
- 6.2 A resolution may consist of several documents (including facsimile or other similar means of communication) in like form each signed or assented to by one or more Directors.
- 6.3 A copy of all resolutions must be entered in the minute book of Board proceedings.

**7. No notice to Directors outside New Zealand**

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- 7.1 It is not necessary to give notice of a meeting of the Board to any Director temporarily absent from New Zealand.

**8. Other proceedings**

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- 8.1 Except as provided in this Schedule 2 and this Constitution, the Board may regulate its own procedure.

## **Appendix B: Guidelines for the Appointment of Directors to Port Otago Limited**

### **Introduction**

1. This guideline outlines the process to be undertaken to appoint Directors of Port Otago Limited. It is intended to compliment and provide further guidance to the Recruitment and Appointment Policy (Governance) and Port Otago's Constitution.

### **Port Companies Act**

2. The Port Companies Act 1988 states that Directors of port companies shall be persons who, in the opinion of those appointing them, will assist the port company to achieve its principle objective to operate a successful business.

### **Appointment Panel**

3. The selection and appointment of Directors will be undertaken by Council's Port Liaison Working Group. The Port Liaison Working Group will determine the selection criteria for each appointment.
4. The Board of Port Otago will advise Council of any vacancy or upcoming retirement and indicate the specific skills they require in an appointment. Council will forward this information on to the Chair of the Port Liaison Working Group who will then initiate the recruitment process in line with the Recruitment and Appointment Policy (Governance) and this guideline.
5. It is recommended that an external recruitment agency is used. The Port Liaison Working Group may decide to not use an external recruitment agency. If this occurs the reasons for doing so should be clearly documented.

### **Specific Considerations**

6. Maximum term
  - A maximum of 3 terms (9 years) is recommended.
  - The Port Liaison Working Group may choose to allow a longer term. Reasons for doing this may include:
    - To retain specific knowledge and experience
    - The make-up and average tenure of the rest of the Board
    - Previous terms being shorter than 3 years due to other retirements
7. Residency
  - There is a preference that the Board includes representatives who are resident or have business dealings / experience in the Otago Southland area.
8. Diversity
  - The appointment process will actively support Council's commitment to diversity, inclusion and equal opportunities.
9. Skills matrix
  - A skills matrix will be maintained to summarise the skills of the existing Board members and identify gaps and specific skills desired in each new appointment.

### **General Attributes of Directors**

10. Commercial astuteness, governance experience and a strong strategic orientation.

#### 7.4. ORC Submission on Climate Change Commission's Report

<b>Prepared for:</b>	Council
<b>Report No.</b>	SPS2114
<b>Activity:</b>	Governance Report
<b>Author:</b>	Warren Hanley, Senior Resource Planner Liaison
<b>Endorsed by:</b>	Gwyneth Elsum, General Manager Strategy, Policy and Science
<b>Date:</b>	1 March 2021

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#### PURPOSE

- [1] To request that Council approve a submission from Otago Regional Council (ORC) on He Pou a Rangī/the Climate Change Commission's (the Commission) '2021 Draft Advice for Consultation' document (the draft advice).

#### EXECUTIVE SUMMARY

- [2] The Commission has released a consultation document on its first draft advice to Government on how the nation should respond to the challenges of climate change. A workshop to inform Councillors on the draft advice was held on 9 March 2021, with the outcome that Councillors agreed to staff drafting a submission for consideration at the full Council meeting on 24 March 2021.
- [3] The closing date for submissions is 28 March 2021.

#### RECOMMENDATION

*That the Committee:*

- 1) **Notes** the record of the direction for a submission resulting from the workshop on 9 March 2021 is accurate.
- 2) **Notes** the draft submission reflects that direction.
- 3) **Approves that** a finalised version of the submission on the draft advice is, subject to any changes required by Council, signed under delegation by the ORC Chairman and lodged.

#### DISCUSSION

- [4] The Climate Change Commission ('the Commission') released a consultation document on its first draft advice to Government which has been considered by staff. The potential impact of the draft advice on both regional councils and Otago is considered significant enough such that it warrants both Governance awareness and direction, to enable ORC to lodge a submission.
- [5] Staff held a workshop with Council on 9 March 2021 to inform and discuss the draft advice, and implications for Otago.

- [6] Staff provided advice on what is currently known about Otago Green House Gas (GHG) emissions based on the national level inventory. This inventory indicated that GHG emissions for Otago were among the highest in the nation and had an increasing trend.
- [7] Staff further advised that a GHG inventory for Otago was underway with reporting to Council planned for May 2021. Until this inventory for Otago is completed it was suggested that ORC was not able to make detailed analysis of the Commission's proposed emission budgets and their implications for Otago.
- [8] In this context, Councillors discussed their initial thoughts on the advice, including what the proposed emission budgets might mean for Otago. Several Councillors noted the potential for ORC to contribute to the mitigation of emissions, in accordance with the budgets, through an increased emphasis on public transport and planting (sequestration) activities, both of which have been identified in the emission budgets as areas for acceleration. The potential role of ORC, for example in setting a regional budget in support of the national emissions budget was also noted, but it was acknowledged that further information and analysis was required.
- [9] Councillors agreed that the direction signalled in draft advice could be supported by ORC, but that there was insufficient information to address implications for ORC and Otago and provide detailed feedback.
- [10] The agreed outcome of the workshop was a direction to staff that ORC should:
- a. Submit on the draft advice, in broad support.
  - b. Note there are still information gaps and further analysis required before ORC can consider in detail what the advice might mean for Otago.
  - c. Acknowledge ORC has a leadership role and responsibilities in responding to climate change challenges and opportunities in Otago, including undertaking further work to fill Otago's information gaps.

## **CONSIDERATIONS**

### **Policy Considerations**

- [11] The draft advice has implications for most functions of Council, and staff across many departments have been briefed. Staff consider that the draft advice appears to align favourably with ORC's Strategic Directions, the new draft Regional Policy Statement being developed, and ORC's current and planned work programme (identified in the LTP) relating to climate change.

### **Financial Considerations**

- [12] The process for considering and submitting on national consultation documents is provided for within existing budgets.

### **Significance and Engagement**

- [13] While ORC's consideration and submission on the draft advice does not commit it or Otago's communities to any particular action currently, it is subject to full public consultation and therefore satisfies the S&E Policy.



### **Legislative Considerations**

- [14] The high-level submission from ORC has been developed having consideration to its role and responsibilities under the Resource Management Act 1991 and the Local Government Act 2002 as well the Climate Change Response Act 2002 and its subsequent 2019 amendment (Zero Carbon Act).

### **Risk Considerations**

- [15] Not lodging a submission to acknowledge the draft advice would be contrary to ORC's previous position of supporting the formation of the Climate Change Commission and its mandate. ORC avoids this reputational risk by lodging a submission as recommended, supporting the high-level direction that the draft advice sets.
- [16] ORC has carefully considered whether it can commit to taking a more detailed position on how the draft advice might be implemented at this time within Otago. However, given there are still information gaps and further analysis required, this is not considered appropriate at this time. This position avoids a risk of prematurely signalling actions and commitments by ORC that would first need to go through the appropriate annual and long-term planning processes. The submission will also clarify that ORC is active in reducing information gaps in relation to climate change issues within Otago.

### **NEXT STEPS**

- [17] Staff lodge an ORC submission, if approved by Council on 24 March 2021, by 28 March 2021.
- [18] Presentation of Otago GHG Inventory to Strategy and Policy Committee on 12 May 2021.

### **ATTACHMENTS**

1. Attachment ORC submission on CCC 2021 Draft Advice for Consultation [7.4.1 - 3 pages]

**Otago Regional Council Submission**  
**to the**  
**He Pou a Rangi/**  
**the Climate Change Commission**  
**on the**  
**2021 Draft Advice for Consultation document**

This is a submission to He Pou a Rangi/the Climate Change Commission on its *2021 Draft Advice for Consultation* document.

The Otago Regional Council wishes to be heard in support of this submission if the opportunity arises.

Signature of submitter (or person authorised to sign on behalf of submitter):

Cr Andrew Noone  
**Chair, Otago Regional Council**

28 March 2021

Address for service:	Otago Regional Council Private Bag 1954 DUNEDIN 9054
Telephone:	03 474 0827
Fax:	03 479 0015
Email:	warren.hanley@orc.govt.nz
Contact person:	Warren Hanley, Senior Resource Planner – Liaison

ORC Submission: *He Pou a Rangi Climate Change Commission 2021 Draft Advice for Consultation*

**1 Climate Change and Otago**

- 1.1 Thank you for providing the Otago Regional Council (ORC) the opportunity to comment on *He pou a Rangi/the Climate Change Commission's* (the Commission) 2021 Draft Advice for Consultation (the Draft Advice).
- 1.2 The ORC continues to recognise climate change as an issue requiring leadership and an effective response - not only as part of ORC's functions as a regional authority but also in contributing to a national approach.
- 1.3 ORC has considered the Draft Advice document and supports the direction it sets out.
- 1.4 ORC finds that more information and analysis, spatially and at a regional level, is required to understand how the draft advice, including emission budgets, could be implemented and any implications for Otago.
- 1.5 ORC acknowledges that there are currently information gaps in relation to climate change activities and issues within Otago. It is progressing work to address this, such as developing Otago's emissions inventory (soon to be completed) and responding to its recently completed Climate Change Adaptation Risk Assessment.
- 1.6 Furthermore, detailed information is also required from the Commission/Central Government as to what, if any, role regional councils have in implementing the draft advice. In particular, what role local government has in climate mitigation and achieving the emissions budgets set out by the Commission.
- 1.7 ORC notes that one of the enabling recommendations of the Draft Advice was for the Commission and/or Central Government to facilitate a partnership approach between Local and Central Government. ORC supports this approach and remains open to exploring implementation options with a focus on local and regionally appropriate solutions.
- 1.8 ORC and other regional councils across New Zealand will, to varying degrees, have information about the natural resources in their respective regions that may assist in (1) identifying the most efficient and effective means to implement mitigation measures at a regional scale (such as advice on suitable location of native and exotic plantings) and (2) monitoring the desired outcomes of emissions reductions are being achieved and potentially monitoring of emissions themselves.

*ORC Submission: He Pou a Rangi Climate Change Commission 2021 Draft Advice for Consultation*

- 1.9** Regional councils have an existing role through Regional Policy Statements to address trade-offs between environmental outcomes (including climate change adaptation and mitigation) and could also have a role in evaluating co-benefit outcomes as well (such as sequestration, water quality and indigenous biodiversity benefits of native riparian plantings).
- 1.10** The ORC is committed in taking a leadership role to assist its communities to prepare for, and adapt to, the effects of climate change. ORC also recognises that Otago has role as a region in contributing to New Zealand's reduction in emissions.
- 1.11** However, ORC notes that it is also important our communities are led by a well-informed and considered process to ensure they can continue to prosper over during the period of transition. ORC is committed to take a leadership position in Otago for this transition.
- 1.12** ORC proposes it will be important that, however the draft advice is to be implemented, it communicates clearly to New Zealanders as individuals how they might contribute to positive climate change solutions within their own lives. 'Buy-in' at this individual level will support broader community level behavioural change initiatives led by local government with responsibilities under climate change policy and regulations.

End.

### 7.3. RMA s27 Six Monthly Report to the Minister

<b>Prepared for:</b>	Council
<b>Report No.</b>	SPS2115
<b>Activity:</b>	Governance Report
<b>Author:</b>	Anita Dawe, Policy and Planning Manager
<b>Endorsed by:</b>	Gwyneth Elsum, General Manager Strategy, Policy and Science
<b>Date:</b>	12 March 2021

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#### PURPOSE

- [1] To present, for adoption by Council, the third progress report to the Minister for the Environment, in accordance with section 27 of the Resource Management Act 1991 in relation to the recommendations made under section 24A of the Resource Management Act 1991.

#### EXECUTIVE SUMMARY

- [2] The Minister for the Environment wrote to the Otago Regional Council on 18 November 2019, setting out several recommendations regarding the development of a fit for purpose planning framework for Otago. One of the requirements outlined in the letter was a formal report, every six months, on progress against three measures. The first two reports were provided to the Minister by 30 April and 31 October 2020 respectively.

#### RECOMMENDATION

*That the Council:*

- 1) **Receives** this report.
- 2) **Approves** the third report to the Minister for the Environment, that reports on progress against the recommendations contained in his letter of 18 November 2019; and
- 3) **Notes** that the next report will be required to be provided by 30 September 2021.

#### BACKGROUND

- [3] In December 2019, ORC agreed to the work programme as set out by the Minister, in response to the Skelton Review under Section 24A of the Resource Management Act. Part of that work programme requires 6-monthly progress reports.
- [4] The first two progress reports were approved and provided to the Minister, in April and October last year. The reports address the recommendations of the Minister, which are to:
1. *Take all necessary steps to develop a fit for purpose freshwater management planning regime that gives effect to the relevant national instruments and sets a coherent framework for assessing all water consent applications, including those that are to replace any deemed permits;*
  2. *Develop and adopt a programme of work to achieve the following*

- i. *By November 2020, a complete review of the current RPS that is publicly notified, with the intention that it is made operative before the review of its LWRP is notified;*
    - ii. *By 31 December 2023, a new LWRP for Otago that includes region wide objectives, strategic policies, region-wide activity policies, and provisions for each of the Freshwater Management Units, covering all catchments within the region.*
  3. *Prepare a Plan Change by 31 March 2020 that will provide an adequate interim planning and consenting framework to manage freshwater up until the time that new discharge and allocation limits are set, in line with the requirements in the National Policy Statement for Freshwater Management.*
- [5] In addition, the following matters were to be included as part of the 6-monthly updates:
  - *Progress made in developing science, planning, consenting, monitoring and enforcement, and land management organisational capability and capacity;*
  - *Progress in achieving the [above] recommendations 1, 2 and 3; and*
  - *A summary of freshwater resource consenting activity for the reporting period.*
- [6] The third report is due by 30 April 2021 however due to Council meeting schedules, is presented to you today.

#### **ISSUE and DISCUSSION**

- [7] Since the first two reports last year, staff have continued to work to implement the agreed work programme.
- [8] A full report is appended but in summary, against the formal request above, the following has been undertaken:
  - Progress continues to be made across the organisation to develop and improve organisational capacity and capability across planning, science, environmental monitoring, consents and compliance monitoring. This includes appointments to the newly restructured Science and Environmental Monitoring teams, recruitment to fill the new roles created in those teams, and additional recruitment ongoing. New staff have been employed in the Regulatory Team, including six new Consent Officers.
  - Training sessions have been held for staff in the Regulatory Group on the provisions in the NES-FW and how to implement the new NPS in decision making. To support this resource to support consent applicants has been developed.
  - Consideration of Plan Change 7 continues in decision making on deemed and water permits, with some applications proceeding to hearings during this reporting period.
  - Progress on development of a fit for purpose planning framework is still moving ahead. Plan Change 7 hearings commenced on 8 March 2021, and mediation on Plan Change 8 to the Water Plan and Plan Change 1 to the Waste Plan is set to run concurrently with Plan Change 7 hearings.
  - The proposed RPS 2021 (pRPS 2021) is in formal pre notification consultation, with the Clause 3 consultation due to close on 12 March 2021. Notification is on track for late June 2021.
  - The pRPS 2021 will include Freshwater Visions for each Freshwater Management Unit, and rohe, as required by the NPSFM 2020. This has been a significant piece of

work with iwi, and communities and will provide a good foundation for the Land and Water Regional Plan.

- Work has continued in the Arrow, Cardrona and Manuherehia Freshwater Management Unit (FMU) and community meetings to present limits for Arrow and Cardrona are scheduled for late March. Consultation on the Manuherehia flow and allocation preferences is scheduled to occur shortly after.
- A summary of freshwater consenting has been prepared and is included in the attached report.

## **CONSIDERATIONS**

### **Policy Considerations**

- [9] There are no particular policy considerations as a result of this paper. The policy considerations relate to the planning work programme and will be considered on a case by case basis, as the work programme is implemented.

### **Financial Considerations**

- [10] There are no particular financial considerations in relation to this paper. The report to the Minister can be accommodated within existing budgets and/or approved budget variations.

### **Significance and Engagement**

- [11] This paper does not trigger the Significance and Engagement threshold.

### **Legislative Considerations**

- [12] The Minister has requested a formal response under section 27 of the Resource Management Act 1991. Section 27 *Minister May Require Local Authorities to Provide Certain Information* outlines the circumstances under which the Minister may request information and the criteria for local authorities to provide it. There are no particular additional legislative requirements to consider in relation to this reporting.

### **Risk Considerations**

- [13] There are no particular risks associated with the report.

## **NEXT STEPS**

- [14] The next steps are to continue to implement the work programme and prepare for the report due 30 September 2021.

## **ATTACHMENTS**

1. Report to Minister for the Environment - 12 March 2021 - final draft [7.3.1 - 10 pages]

12 March 2021

Minister for the Environment  
Private Bag 18041  
Parliament Buildings  
Wellington 6160

BY EMAIL

Dear Minister

**Report under Section 27 of the Resource Management Act 1991**

In accordance with your letter of 18 November 2019 and following on from our first two reports in April and October 2020, the following comprises the Otago Regional Council's third report, in accordance with Section 27 of the Resource Management Act 1991 (the Act) and the recommendations pursuant to Section 24 of the Act.

This report will address the following:

- *Progress made in developing science, planning, consenting, monitoring and enforcement, and land management organisational capability and capacity; and*
- *Progress in achieving the [above] recommendations 1, 2 and 3 (copied below for ease of reference):*
  1. *Take all necessary steps to develop a fit for purpose freshwater management planning regime that gives effect to the relevant national instruments and sets a coherent framework for assessing all water consent applications, including those that are to replace any deemed permits;*
  2. *Develop and adopt a programme of work to achieve the following*
    - i. *By November 2020, a complete review of the current RPS that is publicly notified, with the intention that it is made operative before the review of its LWRP is notified;*
    - ii. *By 31 December 2023, a new LWRP for Otago that includes region wide objectives, strategic policies, region-wide activity policies, and provisions for each of the Freshwater Management Units, covering all catchments within the region.*
  3. *Prepare a Plan Change by 31 March 2020 that will provide an adequate interim planning and consenting framework to manage freshwater up until the time that new discharge and allocation limits are set, in line with the requirements in the National Policy Statement for Freshwater Management; and;*
- *A summary of freshwater resource consenting activity for the reporting period.*

Page 1



**Progress Made in Developing Science, Planning, Consenting, Monitoring and Enforcement, and Land Management Organisational Capability and Capacity**

The following table outlines the particular improvements in each of the areas specifically identified in your report.

<b>Area</b>	<b>What we advised in October</b>	<b>Latest Update</b>
Science	<p>In Science, Team Leader roles have been created to enable three teams – Land, Freshwater, and Biodiversity. All roles have been filled.</p> <p>Recruiting is almost complete for a number of new technical roles in the Science Team, with a particular focus on land management roles.</p> <p>A Manager, Environmental Monitoring has been recruited as well as additional monitoring staff, including dedicated air and biodiversity monitoring role.</p> <p>The Environmental Monitoring team also now has a larger number of people based in Central Otago.</p> <p>Our new environmental data management system is due to ‘go live’ in November 2020.</p>	<p>The new team structure has been implemented, with all new Team Leaders now on board.</p> <p>Key roles in Catchment Hydrology and Terrestrial Biodiversity now filled. Vacancies in hydrology and land management/agriculture are proving hard to fill.</p> <p>The Environmental Monitoring Manager is in place, with new roles filled in Dunedin and Alexandra.</p> <p>The new environmental data management system is now due to go live in early April 2021.</p>
Planning	<p>Plan Changes 7 &amp; 8 to the Regional Plan: Water and Plan Change 1 to the Regional Plan: Waste were prepared, and then called in. The Key Issues Reports as directed by section 149 of the Act have been filed with the Environment Court.</p> <p>Senior analysts in the RPS, Air and Coast team, and the Freshwater and Land team are now on board, and recruitment for a graduate role is underway. ORC has also recruited a new member of staff to lead external engagement for the Land and Water Regional Plan and to support a cross-organisational approach to delivery.</p>	<p>Prior to Plan Change 7 hearings commencing in March 2021, training (including holding a mock hearing) was provided to staff involved.</p> <p>A principal advisory role for the planning team has been formalised out to 2023. This specifically includes mentoring less experienced staff.</p> <p>Recruitment for a new Senior Analyst in the Urban Development team has been completed. A graduate role has been filled with a permanent policy analyst, and a second junior analyst to support completion of the RPS including the new requirement for freshwater visions.</p> <p>The Policy and Planning Team have also commenced sharing their experiences of developing the latest RPS with other regional councils. Of particular interest so far has been Otago’s experience as the first RPS to Nelson City Council, and Environment Canterbury.</p>

<p>Consenting</p>	<p>Sixteen new positions are currently being recruited across the consents, compliance and consents data teams to enable better responses to the NPSFM 2020. The first six staff will start in November 2020.</p> <p>Staff training has been held on the new NPS and NES and how these relate to water takes.</p> <p>Development of five practice notes to be shared with external technical professionals and resource management consultants. These practice notes are to outline our expectations on certain topics and our interpretation of provisions.</p> <p>Update of report templates based on feedback from stakeholders.</p> <p>Establishment of a project team to handle the processing of the deemed and water permits in the Manuherehia has occurred. Pre-application meetings have been held with the various schemes and a site visit is planned for late 2020.</p> <p>Since the Essential Freshwater package landed, ORC staff have attended approximately 12 roadshows throughout Otago to discuss the new National Environmental Standards and Plan Change 8 rules with the farming community. The roadshows were hosted by a mixture of industry groups and catchment groups and aimed to provide information to assist farmers in meeting the new regulatory requirements. A number of these sessions had a particular focus on intensive winter grazing and the new rules to manage this activity. The roadshows were well received by the farming community and staff will continue to attend similar sessions as required.</p>	<p>Six new Consents Officers have started since November 2020. These Officers are spread throughout Otago to ensure that we are able to support the community. The new staff are in Oamaru (x2), Balclutha (x1), Queenstown (x1) and Dunedin.</p> <p>An additional Public Enquiries Consents Officer has started in the team. The focus of this role is on providing advice and support to consent applicants. Workload consists of responding to question about deemed and water permits, the requirements of the NES-FW and also Plan Change 8.</p> <p>Further training has been held on the NPS and NES-FW. The focus has been on intensive winter grazing, wetlands and intensification. As part of this work and training links with other Regional Councils have been established and used.</p> <p>Stakeholders have been provided with copies of the 'standard' conditions that are used for permits under the NES and when any large updates are made to the conditions. This is to ensure they are aware of the conditions to be used and are supportive of them.</p> <p>Work on the Manuherehia consents has continued by the project team set up to process the permits. Work to date includes the development of practices notes (supplied to consultants and stakeholders and up on our website), pre-application reviews of documents and now consideration of the applications.</p> <p>Practice notes have been uploaded to the website about our interpretation of matters relating to water permits and also the NES-FW. Work continues on developing other ones relating to topics such as wetlands and winter grazing. The practice notes are largely for practitioners and are supported by the development of a regular newsletter from the Regulatory Group.</p>
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		<p>Work has been undertaken on being as prepared as possible for any consents required for intensive winter grazing. This work has included the preparation of draft application forms, conditions and reports. Work preparing these has been supported by stakeholders and other regional councils. This material will be revisited and finalised once any changes to the NES-FW are made.</p> <p>Staff have attended another 4 catchment group meetings to discuss the new National Environmental Standards and Plan Change 8 rules with the farming community. A number of these sessions had a particular focus on intensive winter grazing and the new rules to manage this activity. The meetings were well received by the farming community.</p>
<p>Monitoring &amp; Enforcement</p>	<p>Training has been held on the new NPS and NES and how these relate to water takes.</p> <p>A review of our business support function across the regulatory group who assist in the delivery of our day to day operations to ensure we meet our statutory responsibilities is complete. Additional staff for business support and water take data have been appointed.</p> <p>Compliance Manager position recruited and filled.</p> <p>Development of a Compliance Plan to prioritise the compliance, monitoring and enforcement activities that we will focus our resources on over 2020-22 was approved by the Regulatory Committee in October 2020. Key priority is to monitor deemed permits and work proactively with permit holders to replace deemed permits.</p>	<p>Two new Environmental Officers have been recruited, based in Oamaru and Balclutha.</p> <p>Further training has been held on the NPSFM and NES-FW. The focus has been on intensive winter grazing, wetlands, and intensification. As part of this work training links with other regional councils have been established and used, such as collaboration on wetland definition. Compliance staff have attended community and stakeholder group meetings with consents staff.</p> <p>The 2020/21 dairy project has had a particular focus on the storage of effluent pond solids and stone trap clearings, the distances that these have been kept away from waterways and monitoring their potential to discharge to the environment through ponding and overland flow. Emphasis has also been placed on the monitoring of silage leachate ponding and the lack of silage leachate collection facilities on many farms. There has also been a strong focus on providing awareness and engaging with farmers on the new requirements with the NES for Freshwater, the Stock Exclusion</p>

		<p>Regulations, Water Measuring Regulations and Plan Changes 7 and 8.</p> <p>A flyover of the North and South Otago regions in December 2020 identified a number of sites of interest. All have been followed up and where non-compliance was identified, appropriate action has been taken.</p> <p>The ORC Compliance Plan 2020-22 was endorsed by the Regulatory Committee in October 2020. The Compliance Plan sets out the priorities for compliance activities across the Otago region and supports a responsive and risk-based approach to the allocation of resources for proactive compliance monitoring as well as reactive response to environmental incidents. The Compliance Plan is consistent with the principles of the Regional Sector.</p> <p>Strategic Compliance Framework 2019-24 and the MfE Best Practice Guidelines.</p> <p>Ongoing work is to monitor deemed permits and work proactively with permit holders to replace deemed permits.</p>
<p>Land Management</p>	<p>The ORC has strengthened strategic linkages with Catchment Groups over the past 10 months. ORC established a Catchment Support Advisory Group and worked with representatives from the region's groups to determine how best to support their water quality objectives. ORC agreed to fund the establishment of an umbrella entity that will support the sustainability and 'on ground' efforts of existing groups and create new catchment groups where there is a need.</p> <p>The newly formed Biosecurity and Rural Liaison Team has recruited four new staff since the last update and are now recruiting three additional environmental officers. Further strategic work to define Council's non-regulatory role in land management is underway, supported by 'business as</p>	<p>ORC has funded and supported the establishment of a new incorporated society, Otago Catchment Communities. This umbrella organisation has a vision to "create and support an Otago wide network of catchment groups that are addressing environmental issues now and for generations to come."</p> <p>The Otago Catchment Community aims to encourage a thriving Catchment Group network by:</p> <ol style="list-style-type: none"> <li>1. Providing organisational support for Catchment Groups and volunteers.</li> <li>2. Assisting with the formation and direction setting of new and emerging groups.</li> <li>3. Assisting individual groups with identifying funding sources and writing applications.</li> <li>4. Providing administration support to help create and run groups.</li> </ol>

	<p>usual' good management practice advice and partnerships with industry.</p>	<ol style="list-style-type: none"> <li>5. Providing communication support to help design, write and distribute information.</li> <li>6. Facilitating access to experts, information, and technology.</li> <li>7. Establishing enduring funding pipelines to support changing needs.</li> <li>8. Acting as a conduit between government, regional authorities, and stakeholders.</li> </ol> <p>In addition to the above, ORC land management staff (Rural Liaison Team) are currently developing options for implementing non-regulatory approaches to best practice land management. This involves a mix of passive educational information and active one-on-one/group engagement and advice with landowners on good management practices on areas such as nutrient management, soil health, land drainage, greenhouse gas emissions and more.</p> <p>Staff are due to participate in specialist training including:</p> <ul style="list-style-type: none"> <li>• Land resource inventory - Inventory of physical factors (e.g. rock, soil, slope, erosion type and severity, and vegetation). The inventory is the basis of assessing land resources.</li> <li>• Land use capability (suitability for productive use or uses after considering the physical limitations of the land) to inform catchment and farm scale planning.</li> <li>• Sustainable nutrient management (assessment of nutrient requirements of a range of agricultural systems, including a consideration of best practices) for environmental protection.</li> </ul> <p>These expertise development opportunities will enable the team to provide landowners with specific expertise and advice and a wider range of options when considering land use capabilities and best practice land management. This supports the deliberate shift to ORC staff taking a</p>
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		<p>more proactive approach to providing advice on intervention methods.</p> <p>Further information is available here: <a href="https://www.orc.govt.nz/media/9638/agenda-implementation-20210310.pdf">https://www.orc.govt.nz/media/9638/agenda-implementation-20210310.pdf</a></p>
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**Progress in Achieving the specified recommendations**

The particular recommendations as outlined in the original letter, and ORC’s response, to date, is detailed below:

<b>Action</b>	<b>What we advised in October 2020</b>	<b>Latest Update</b>
<p>Take all necessary steps to develop a fit for purpose freshwater management planning regime that gives effect to the relevant national instruments and sets a coherent framework for assessing all water consent applications, including those that are to replace any deemed permits.</p>	<p>Plan Change 6AA is operative, and Plan Changes 7 &amp; 8 to the Regional Plan: Water and Plan Change 1 to the Regional Plan: Waste have completed the further submissions process with the Environmental Protection Authority. In October 2020, the Environmental Protection Agency advised that the plan changes have now been handed over to the Environment Court. Further submissions closed on 2 October and hearing scheduling is anticipated to be undertaken between November 2020 and February 2021.</p> <p>Staff have completed Key Issues Reports as directed by Section 149 of the Act. ORC have, at the request of the Environment Court, engaged two hearings administrators to directly support the hearings. One of these administration resources is a consultant, with direct experience of working for the EPA, and the second is a planner from the Consents Team.</p> <p>A review of the Waste and Water Plan is also now underway, as part of reviewing the existing planning framework to support the development of the proposed Land and Water Regional Plan.</p>	<p>Plan Change 7 hearings commenced on Monday 8 March 2021, with around 8 weeks set down across Dunedin and Cromwell.</p> <p>Mediation is due to run concurrently with the hearings on PC7, for Plan Change 8 to the Regional Plan: Water, and Plan Change 1 to the Regional Plan: Waste. Any matters not suitable for mediation, or unable to be mediated will be set down for hearing immediately following the hearing for Plan Change 7.</p> <p>The review of the Waste Plan is now complete, and the review of the Water Plan is significantly completed.</p>
<p><i>By November 2020, a complete review of the current RPS that is publicly notified, with</i></p>	<p>The RPS programme is on track, and a draft RPS is nearly complete. The notification has been delayed until June 2021, with Ministerial approval, in order to allow development of FMU scale freshwater visions introduced with the Essential Freshwater Package.</p>	<p>The first phase of pre-notification consultation (Clause 3 consultation) for the proposed Otago Regional Policy Statement 2021 (pORPS 2021) has been completed. This consultation finished on 12 March 2021 and as well as involving the mandatory parties, has</p>

<p><i>the intention that it be made operative before the review of the LWRP is notified</i></p>	<p>The Stakeholder Reference Groups met in June and July this year. These groups were extremely successful, and the requirement for online sessions due to COVID-19 meant that we were able to attract and engage with people that wouldn't normally be able to participate, including from all around the country.</p> <p>The Freshwater Visions programme is developed, with some consultation having occurred this month and the remainder in November.</p>	<p>included all members of the 2020 Stakeholder Reference Groups, and a wide range of key stakeholders.</p> <p>The 2020 Reference Groups reconvened during the Clause 3 consultation to discuss the chapter that they were involved in. Bringing these groups back together has been incredibly valuable and resulted in a positive engagement and improvements to the provisions in the pORPS 2021.</p> <p>Clause 4 consultation with iwi is set down for April 2021.</p> <p>ORC intends to ask that the RPS, as a whole, be heard by the newly created Freshwater Hearing Panel (FHP), as we consider it to be a freshwater planning instrument. In order to be heard by the FHP, ORC is required to nominate two (2) Commissioners to sit and hear and make recommendations on the pORPS 2021. Staff have commenced an Expression of Interest process to identify suitable Commissioners, with a formal recommendation for two Commissioners to go to Council in May 2021.</p> <p>The ORC will be asked to formally approve the section 32 for the pOPRS 2021 and approve the document for notification at a Council meeting in June 2021.</p> <p>As advised last time, the Freshwater Visions workshop were held across October and November 2020, with 23 workshops across 18 locations throughout the region. In addition, an online survey was also available for people to respond to, either in lieu of attending a workshop, or as well as attending.</p> <p>In addition to progressing the draft RPS 2021, Council has approved making more of the 2019 partially operative RPS, operative from 15 March 2021. The only outstanding provisions are those relating to the appeal on Ports, which is set down to be heard by the</p>
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		Court of Appeal, in Wellington, in July 2021.
<p><i>By 31 December 2023, a new LWRP for Otago that includes objectives, strategic policies, region-wide activity policies, &amp; provisions for each of the FMU's, covering all catchments within the region</i></p>	<p>As noted above, the review of both the Water and the Waste Plan have commenced. An internal working group has been established to work through issues with the existing plan framework and identify gaps.</p> <p>A new governance structure has been approved by Council and put in place for the delivery of the Land and Water Regional Plan. This governance structure supports a partnership approach with iwi representation from governance and officer level.</p> <p>The extent and scope of the land component of the Land and Water Regional Plan is being refined with the LWRP Governance Group.</p>	<p>The Waste Plan review is now complete. Water Plan review is significantly advanced and is expected to be complete by June 2021.</p> <p>The RPS process of establishing freshwater visions for each FMU and rohe has provided the outcomes for each FMU. This will direct the proposed Land and Water Regional Plan. Work on the FMU's will commence in the middle of this year, once the Manuherekia, Arrow and Cardrona are completed.</p> <p>Work has continued in the Arrow, Cardrona and Manuherekia catchments, with community meetings to present quantity limits for Arrow and Cardrona scheduled for late March 2021. Consultation on the Manuherekia flow and allocation preferences is scheduled to occur shortly after.</p>
<p>Prepare a Plan Change by 31 March 2020 that will provide an adequate interim planning &amp; consenting framework to manage freshwater up until the time that new discharge and allocation limits are set, in line with requirements in the NPSFM.</p>	<p>As noted above, Plan Change 7 has completed the submissions process with the Environmental Protection Authority and is now with the Environment Court. Further submissions closed on 2 October and scheduling of hearings dates and evidence exchange is expected soon.</p>	<p>As noted above, Plan Change 7 hearings commenced on Monday 8 March 2021.</p>



**Summary of Freshwater Resource Consenting Activity – for the period 1 October 2020 – 8 March 2021**

The following is a summary of the freshwater resource consenting activity for the reporting period:

- Between 1 October 2020 and 8 March 2021, the Otago Regional Council received 71 applications for water take consents. These applications are being processed as 107 separate resource consents, with 20 for taking groundwater and 87 for taking surface water. Of the 71 applications, 29 relate to the replacement of Deemed Permits.
- From the 45 applications lodged between 1 October 2020 and 8 March 2021, Council issued 13 resource consents, 8 for taking groundwater and 5 for taking surface water. Of the remaining 42 resource consents, 24 are currently being processed and 18 have been rejected or withdrawn. The Council also issued a further 22 resource consents relating to applications lodged before 1 October 2020. These include 5 resource consent for taking groundwater and 17 for taking surface water. Of the 22 resource consents issued, 11 related to the replacement of 24 Deemed Permits.
- In total, the Council is currently processing 113 applications for water take consents. These applications are being processed as 202 Resource Consents, with 15 for taking groundwater and 187 for taking surface water. Of the 113 Applications, 62 relate to the replacement of Deemed Permits.
- Between 1 October 2020 and 8 March 2021 one application relating to taking water was publicly notified, and 8 applications were limited notified.
- There are currently 332 active Deemed Permits in the Otago Region including 18 that have been replaced but not surrendered.
- One appeal, to a decision on an application for a new water permit relating to a deemed permit, has been lodged with the Environment Court.

**Next Steps**

ORC will continue with pre-notification consultation on the proposed RPS 2021 and seek notification in June 2021. The development of the LWRP will also continue. Our next report back to you will be by 30 September 2021.

In the interim, if you have any questions or need further clarification, please don't hesitate to get in touch with Anita Dawe ([anita.dawe@orc.govt.nz](mailto:anita.dawe@orc.govt.nz); or 021 445 993).

Yours sincerely

Sarah Gardner  
Chief Executive Officer

### 7.5. Proposed Deed for Building Consent Authority Transfer

**Prepared for:** Council  
**Report No.** REG2101  
**Activity:** Building Consent Authority Transfer Agreement  
**Author:** Charles Horrell, Contractor - Consents  
**Endorsed by:** Richard Saunders, General Manager Regulatory  
**Date:** 12 March 2021

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#### PURPOSE

- [1] To approve the Agreement transferring the Building Consent Authority functions in relation to 'large dams' to Environment Canterbury.

#### EXECUTIVE SUMMARY

- [2] On 28 October 2020, Council approved the transfer of Building Consent Authority ("BCA") functions to Environment Canterbury.
- [3] Following this decision, Council Officers have liaised with Environment Canterbury to develop an appropriate draft Transfer Agreement to authorise the transfer of functions and responsibilities under the Building Act.
- [4] A proposed Transfer Agreement has been appended to this report for Council's consideration and approval.
- [5] To ensure an alignment with current transfer agreements with Southland and West Coast, a recommended variation to those Transfer Agreements is also appended for Council's consideration and approval.

#### RECOMMENDATION

*That the Council:*

- 1) **Receives** this report.
- 2) **Approves** the affixing of the common seal to the transfer agreement subject to Environment Canterbury executing the Transfer Agreement.
- 3) **Approves** the variations to the existing transfer agreements with Southland and West Coast Regional Councils to ensure consistency with the transfer of functions to Environment Canterbury.
- 4) **Approves** the affixing of the common seal to the variation to the transfer agreements subject to Environment Southland and West Coast Regional Council executing the Transfer Agreements.

#### BACKGROUND

- [6] In 2007, Otago Regional Council ("ORC") accepted the transfer of Building Consent Authority ("BCA") functions under the Act for 'Large Dams' from West Coast Regional
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Council and Environment Southland. ORC has remained an accredited BCA since.

- [7] The current transfer agreements between West Coast and Southland end on 30 June 2021. These agreements currently authorize ORC to undertake the BCA functions in relation to large dams as well as some additional functions including the processing and issuing of Certificate of Acceptance applications.
- [8] Following a review of costs and benefits associated with ORC remaining a BCA, Council commenced the special consultative process under the Local Government Act 2002 to consider a proposal to transfer BCA functions to Environment Canterbury.
- [9] Following a consultation period, hearing and a recommendation made by the appointed Hearing Panel, Council made the decision to transfer its BCA functions to Environment Canterbury on 28 October 2020.

## **DISCUSSION**

- [10] ORC Officers have liaised with Environment Canterbury, Environment Southland and West Coast Regional Council to develop a Deed which provides for the transfer of BCA functions and responsibilities under the Building Act 2004.
- [11] As part of these discussions, independent legal advice was sought by all parties. Advice was also sought from Council's insurers.
- [12] While there is a degree of risk associated with the transfer on Council, this is an acceptable level based on the functions that Environment Canterbury would be taking. This risk is also no greater than what was currently agreed to under the existing Transfer Agreements with Southland and West Coast, albeit ORC has until now been the Transferee and had been indemnified for providing the service.
- [13] The proposed Deed reflects the same conditions as existing Transfer Agreements with Environment Southland and West Coast Regional Council in relation to BCA functions and is attached as Appendix 1.
- [14] It is noted that the past transfer agreements also provided for the processing and issuing of Certificate of Acceptance applications which is not provided for in the attached Deed. As these are not a BCA function and rather a regional authority responsibility under the Building Act, Environment Canterbury were not willing to accept the transfer of that function. Should ORC require assistance in processing a Certificate of Acceptance in future, this would need to be provided for via a contractual agreement. Discussions with Environment Canterbury will continue to agree to any contract to cover this service.
- [15] The proposed Deed requires ORC to continue to process any applications that are currently in progress and received before the commencement date of the Transfer Agreement being 1 June 2021. This is to ensure administrative efficiency in completing those processes and ensure that statutory timeframes are not impacted upon. These transitional provisions are outlined in Part C of Appendix 1 of the Deed. There are two current applications in progress which staff anticipate will be completed within the coming months.

- [16] To enable the ORC to continue to process current applications from outside of Otago, the current transfer agreements with Southland and West Coast must be varied to include a similar clause to ensure alignment.
- [17] The proposed variation to the existing Transfer Agreements with Environment Southland and West Coast Regional Council is attached as Appendix 2.

## **OPTIONS**

- [18] The recommended option is:
- (a) To accept the terms and conditions of the Transfer Agreement attached as Appendix 1 and to execute the Deed under the Council's common seal.
  - (b) To accept the changes to the existing Transfer Agreement with Environment Southland and West Coast Regional Council attached as Appendix 2 and to execute the Deeds under the Council's common seal.
- [19] An alternative option is to propose alternative terms and conditions for the Transfer Agreement. For this option, it is noted that the same Deed will be considered by the three other Councils and should changes be proposed to the terms and conditions, agreement will be required by all three Councils.

## **CONSIDERATIONS**

### **Policy Considerations**

- [20] There are no policy considerations relevant to this.

### **Financial Considerations**

- [21] The Transfer Agreement with Environment Canterbury requires a service establishment fee and an annual fee to be paid.
- [22] The service establishment fee is based on the actual and reasonable costs incurred by Environment Canterbury in setting up the offer for service, negotiating the deed and accepting the transfer. This fee is \$8,333.33 which is based on an overall cost of \$25,000 split evenly between the three receiving Councils. This is a one-off cost that must be paid before the commencement of the Transfer Agreement. This fee is based on actual and reasonable cost for a service that ORC will benefit from and is reasonable.
- [23] The annual fee is to cover overhead costs associated with operating as a BCA. This cost will be \$26,000 per annum. This cost is reasonable and based on equitable cost sharing between the four Councils. The figure has been based on the current overhead cost of operating as a BCA and split into portions based on rateable base and demand for Large Dams (ORC's fee accounts for 20%). It is noted that this cost is much less than the ongoing cost that the ORC has incurred while maintaining its current BCA functions.

### **Significance and Engagement**

- [24] Consultation has been carried out in accordance with the Local Government Act 2002.

### **Legislative Considerations**

- [25] The Council has met its obligations under the Local Government Act 2002 and Building Act 2004.

### **Risk Considerations**

- [26] There is a degree of liability that the Council will accept by entering into the Transfer Agreement. As outlined in clauses 10.1 and 10.2 of the agreement, ORC fully indemnifies Environment Canterbury in undertaking this work. This liability reflects what is existing under the current Transfer Agreements with Environment Southland and West Coast. Advice has been sought from Council's insurers who have advised that this additional risk would be covered by their insurance. It is noted that ORC has until now been the Transferee and therefore has been indemnified. While there is a liability risk to the ORC, this is an appropriate level of risk based on the role that Environment Canterbury will be providing.

### **NEXT STEPS**

- [27] Both the proposed Transfer Agreement and the variation to the existing Transfer Agreements are also being considered by each of the three other Regional Councils and are subject to the approval of other participating Councils.
- [28] Staff will report to Council if any other council does not approve the current version of the agreements or there are any other changes in circumstances.
- [29] If approved, ORC will complete processing of remaining applications and following this will only be responsible for non-Building Consent Authority functions under the Building Act 2004. These functions will include:
- Granting of exemptions under Schedule 1 of the Building Act 2004.
  - Project information memorandum (PIM) functions.
  - The processing and issue of Certificate of Acceptances.
  - Issue of Notice to Fix on dams that do not comply with the building code or any other parts of the Building Act not related to the building consent.
  - Functions related to the dam register, Dangerous Dams Policy, classification of dams, dam safety assurance, dam compliance certificate.
- [30] The proposed Transfer Agreement has a duration of 10 years; therefore, the Council will reconsider this arrangement at that time. It is also noted that the Council may at any stage choose to terminate the Transfer Agreement, provided BCA accreditation is obtained.

### **ATTACHMENTS**

1. Appendix 1 Deed of Transfer of Building Act Functions [7.5.1 - 16 pages]
2. Appendix 2 Deed of Variation of Transfer West Coast Regional Council [7.5.2 - 4 pages]
3. Appendix 2 Deed of Variation of Transfer Southland Regional Council [7.5.3 - 4 pages]

**Dated**

2021

**DEED OF TRANSFER OF BUILDING  
ACT FUNCTIONS**

**OTAGO REGIONAL COUNCIL**

**CANTERBURY REGIONAL COUNCIL**

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## DEED OF TRANSFER OF BUILDING ACT FUNCTIONS

DATED

2021

### PARTIES

- A. **OTAGO REGIONAL COUNCIL** (a regional council under the Local Government Act 2002) ("**ORC**")
- B. **CANTERBURY REGIONAL COUNCIL** (a regional council under the Local Government Act 2002) ("**ECAN**")

### BACKGROUND

1. ORC is the regional council for the Otago region and is a regional authority under the Building Act.
2. ECAN is the regional council for the Canterbury region and is a regional authority under the Building Act.
3. The Building Act confers on regional authorities functions, duties and powers in relation to dams.
4. Section 244 of the Building Act enables a regional authority to transfer one or more of its functions, duties or powers under that Act to another regional authority.
5. ORC wishes to transfer to ECAN certain functions, duties and powers of a regional authority under the Building Act in respect of dams in the Otago region (being the "Scheduled Functions", as defined).
6. Before entering into this Deed, ORC has used the special consultative procedure in section 83 of the Local Government Act 2002 and served notice on the Minister for Building and Construction of the proposal to transfer the Scheduled Functions.
7. ORC has agreed to transfer to ECAN and ECAN has agreed to accept the transfer of the Scheduled Functions of ORC as a regional authority under the Building Act.
8. ORC and ECAN have agreed that the transfer of the Scheduled Functions is desirable on the grounds of efficiency, technical and special capability, and expertise.
9. ORC and ECAN have agreed that the transfer should be on the terms and conditions set out in this Deed.

### TERMS OF THIS DEED

#### 1. DEFINITIONS

##### 1.1 In this Deed:

"**Building Act**" means the Building Act 2004, including any amendments or any enactment made in substitution for the Building Act 2004; and

"**Cancellation Date**" means the date the transfer comes to an end pursuant to clause 12.2, 12.3 or 12.4; and



“**Commencement Date**” means the date set out in clause 3.1; and

“**End Date**” means the date set out in clause 12.1; and

“**Scheduled Functions**” means the functions, duties and powers of a regional authority under the Building Act shown with the status "Transferred" in Part A of Schedule 1.

## **2. TRANSFER**

- 2.1 ORC transfers to ECAN the Scheduled Functions.
- 2.2 ECAN accepts the transfer made by clause 2.1.
- 2.3 ORC retains all functions, duties and powers of a regional authority under the Building Act in relation to dams that are marked with the status "Not Transferred" in Part A of Schedule 1 (or are otherwise not explicitly shown with the status "transferred" in that Part). ECAN may at its discretion provide assistance to ORC in relation to ORC's exercise of those functions, duties and powers which are not transferred to ECAN under this Deed. That assistance shall in each particular instance be undertaken pursuant to a separate contract for services only. The scope and terms of any assistance shall be strictly on the basis that the exercise of those functions, duties and powers shall remain with ORC (and accordingly shall not, for the avoidance of doubt, be deemed to have transferred to ECAN), and that ECAN shall not under any circumstances be liable to ORC in any way in respect of such assistance, except to the extent liability is caused by or contributed to by the negligence of ECAN.
- 2.4 The transfer made by clause 2.1 is on the terms and conditions set out in this Deed and is subject to the provisions of the Building Act.

## **3. COMMENCEMENT OF TRANSFER**

- 3.1 The transfer of Scheduled Functions effected by this Deed commences on 1 June 2021, subject to the transitional provisions set out in Part C of Schedule 1.

## **4. SERVICE RESPONSIBILITIES**

- 4.1 Each party must diligently fully and promptly carry out its respective service responsibilities as set out in Part B of Schedule 1, and must otherwise do all things reasonably necessary for the proper and complete performance of the arrangements recorded in this Deed.

## **5. ACCREDITATION AND REGISTRATION**

- 5.1 ECAN must for the purposes of performing the Scheduled Functions use reasonable endeavours to maintain at all times its:
  - (a) accreditation under sub-part 4 of Part 3 of the Building Act; and
  - (b) registration as a building consent authority under Part 3 of the Building Act.
- 5.2 The transfer of functions, duties and powers which require accreditation under sub-part 4 of Part 3 of the Building Act made by this Deed will become void if ECAN fails to retain its accreditation under sub-part 4 of Part 2 of the Building Act.

- 5.3 The transfer of functions, duties and powers which require registration under Part 3 of the Building Act made by this Deed becomes void if ECAN fails to retain its registration as a building consent authority under Part 3 of the Building Act.
- 5.4 If under clauses 5.2 or 5.3 part of the transfer of the Scheduled Functions becomes void;
- (a) the transfer of all other Scheduled Functions will not be affected but remain in full force and effect; and
  - (b) ECAN shall repay to ORC part of the Annual Fee paid in advance. Such payment to be calculated on a pro-rata basis.
- 5.5 Subject to clause 5.4(b), ECAN will not be liable in any way whatsoever to ORC if it fails to retain accreditation or registration

## **6. FEES AND CHARGES**

- 6.1 ECAN may impose fees and charges and collect them under section 243 of the Building Act for carrying out the Scheduled Functions.
- 6.2 ORC shall exercise its responsibilities under this Deed at its own cost. For the avoidance of doubt, ECAN shall not be liable for any costs incurred by ORC in ORC exercising its responsibilities under this Deed.

## **7. SERVICE ESTABLISHMENT FEE**

- 7.1 ORC shall pay a service establishment fee to ECAN.
- 7.2 The service establishment fee shall be paid before the commencement date.
- 7.3 The service establishment fee shall be \$8,333.33 plus GST.

## **8. ANNUAL FEE**

- 8.1 ORC shall pay an annual fee to ECAN.
- 8.2 The annual fee shall be paid yearly in advance i.e. before 1 June in each year.
- 8.3 The annual fee for each year to 31 May 2031 shall be \$26,000 plus GST.
- 8.4 For the three years subsequent to the year ending 31 May 2022, and for every three years thereafter, the annual fee will be adjusted by ECAN having regard to the actual and anticipated costs of system and procedure development, documentation and maintenance, the building consent authority accreditation and registration fees, insurance premiums and any costs arising from changes to legislation relating to the Scheduled Functions or ECAN's service responsibilities set out in Part B of Schedule 1.
- 8.5 ECAN shall advise ORC of the adjusted annual fee by 1 January in respect of each three-year period commencing the following 1 July. ECAN shall provide evidence in support of such adjustment, but shall not, for the avoidance of doubt, be required to obtain ORC's consent or approval to the adjusted annual fee.

**9. SERVICE DISESTABLISHMENT FEE**

9.1 ORC shall pay a service disestablishment fee to ECAN if the transfer effected by this Deed:

- (a) is revoked by ORC under clause 12.2; or
  - (b) otherwise comes to an end on 31 May 2031,
- whichever is the sooner.

9.2 The service disestablishment fee due in clause 9.1(a) shall be paid by the 20th of the month following the date of written notice served by ORC.

9.3 The service disestablishment fee shall be the amount specified in the written notice under clause 9.2, being the fair, reasonable and actual costs to ECAN of disestablishment plus GST.

**10. INDEMNITY**

10.1 ORC fully indemnifies ECAN for all liability including all damages, losses, costs and expenses of any kind in relation to any actions, claims, proceedings and demands of any kind made by any third party in respect of ECAN's performance and/or non-performance of the Scheduled Functions or any of ECAN's service responsibilities set out in Part B of Schedule 1, except to the extent liability is caused by or contributed to by the negligence of ECAN.

10.2 ORC must not:

- (a) bring or make any actions, claims, proceedings and demands of any kind against ECAN in respect of the Scheduled Functions or any of ECAN's service responsibilities set out in Part B of Schedule 1; or
- (b) join ECAN as a party to any actions, claims or proceedings of any kind brought against ORC in respect of the Scheduled Functions or any of ECAN's service responsibilities set out in Part B of Schedule 1.

**11. INSURANCE**

11.1 ORC must at its own cost take out and keep current at all material times appropriate insurance cover of a kind and level acceptable in all respects to ECAN from time to time (but being to a value of not less than [NZ\$100 million]) in the names of both ORC and ECAN for claims by third persons against ECAN in carrying out the Scheduled Functions and ECAN's service responsibilities set out in Part B of Schedule 1. ORC shall produce to ECAN on demand from time to time a copy of the policy and/or evidence that the same is current and the dates the same is paid up to. ORC shall do nothing to render such insurance void or voidable.

**12. DURATION**

12.1 The transfer effected by this Deed ends on 31 May 2031.

12.2 ORC may at any time change or revoke the transfer effected by this Deed by twelve (12) months' written notice to ECAN.

- 12.3 If ORC gives written notice to change the transfer effected by this Deed, ECAN may cancel the transfer by six (6) months' written notice to ORC.
- 12.4 ECAN may at any other time cancel the transfer effected by this Deed by twelve (12) months' written notice to the ORC.
- 12.5 The effect of this clause 12 is subject to the transitional provisions set out in Part C of Schedule 1.

**13. REPORTING**

- 13.1 ECAN must report to ORC at twelve (12) monthly intervals on the exercise of the Scheduled Functions.
- 13.2 ORC may at any other time request from ECAN other information it may reasonably require concerning the exercise of the Scheduled Functions.

**14. INTELLECTUAL PROPERTY**

- 14.1 Ownership of intellectual property rights relating to any systems and processes developed by ECAN and/or its consultants for the purpose of undertaking the functions, duties and powers relating to this Deed shall remain solely with ECAN (and/or its consultants as applicable) and shall not be passed to or shared with any other party unless expressly approved by ECAN in writing.

**15. COSTS**

- 15.1 ECAN, ORC, and all other Regional Councils who enter into a deed substantially similar to this Deed within six months of the date of this Deed, shall each pay an equal share of ECAN's costs of and incidental to the preparation and negotiation of this Deed. Each party shall otherwise pay their own costs in relation to this Deed and any variation or renewal.

**16. DISPUTES**

- 16.1 If any dispute arises between ORC and ECAN, the Chief Executives of ORC and ECAN must meet and try to resolve the dispute.
- 16.2 Failing resolution, the dispute shall be submitted to a single arbitrator for determination under the Arbitration Act 1996.
- 16.3 The arbitrator shall be appointed jointly by ORC and ECAN. If no appointment is made within fourteen (14) days of the Chief Executives failing to resolve the dispute, then either party may request the President of the New Zealand Law Society to appoint the arbitrator.
- 16.4 The arbitrator's decision shall be final and binding on the parties.

**17. INVALIDITY**

- 17.1 If any part of this Deed is held by any Court to be contrary to the Building Act or any other law then that part, and that part only, shall be severed with the balance of the Deed remaining in full force and effect.

**18. ENTIRE AGREEMENT**

- 18.1 This Deed embodies the entire understanding and the whole agreement between the parties.

**19. AMENDMENTS**

19.1 This Deed including any attached Schedules may be amended from time to time by agreement in writing signed for and on behalf of both parties.

**EXECUTION**

**THE COMMON SEAL of** )  
**OTAGO REGIONAL COUNCIL** )  
was hereto affixed by in the )  
presence of: )

\_\_\_\_\_ Chairperson / Councillor

\_\_\_\_\_ Councillor

**THE COMMON SEAL of** )  
**CANTERBURY REGIONAL COUNCIL** )  
was hereto affixed by in the )  
presence of: )

\_\_\_\_\_ Chairperson / Councillor

\_\_\_\_\_ Councillor

**SCHEDULE 1**

**Functions transferred and service responsibilities in the exercise of those functions**

This schedule details:

- Part A - The Building Act functions transferred to ECAN from ORC.
- Part B - Each parties' service responsibilities. These are the obligations each party has to the other, over and above the transfer of Building Act functions that enable efficient and effective exercise of the transferred functions.
- Part C - Transitional provisions. These detail when ECAN will take over responsibility for, and when ORC will resume responsibility for, each of the Building Act functions transferred.

For the avoidance of doubt:

- For each section of the Building Act described in Part A as being transferred, the transfer shall be of all functions, duties and powers of ORC under that section (including all subsections thereof) except where and to the extent such transfer is expressly limited.
- Only functions, duties and powers actually held by ORC and capable of transfer are so transferred.
- In the event of any inconsistency between Part A and Part B, Part A prevails.

**PART A – FUNCTIONS TRANSFERRED**

Description of function (and any limitation on transfer)	Status	Section of the Building Act
<b>Issue of building consent</b>		
Check content of application and vet plans	Transferred	45
Deal with minor variation to building consents	Transferred	45A
Provide copy of application to FENZ, if required	Transferred	46
Determine application without FENZ memorandum	Transferred	47
Process application for building consent	Transferred	48
Calculate amount of levy payable, advise applicant and received payment	Transferred	53, 54
Grant or refuse building consent, notify applicant and requirement payment of levy/fees	Transferred	49, 50
Assess compliance of alterations to existing buildings and allowing alterations without compliance	Transferred	112
Determine conditions for alterations to buildings with specified intended life	Transferred	113

<b>Description of function (and any limitation on transfer)</b>	<b>Status</b>	<b>Section of the Building Act</b>
Receive, consider and grant/refuse request for extension of specified intended life	Transferred	116
Issue building consent	Transferred	51
Receive, consider and grant/refuse request for extension of building consent lapse period	Transferred	52
Payment of levy to MBIE, with retention of 3%	Transferred	59, 60
Recovery of unpaid levy from applicant	Transferred	62
Provision of information about estimated value of building work to MBIE, on demand	Transferred	63
Keep records of building consents granted within region	Transferred	64
<b>Grant of waiver/modification of building code</b>		
Receive, consider and grant conditions in relation to a request for waiver or modification	Transferred	67
Applications relating to energy works	Transferred	70
Notify DHB of any waiver or modification granted	Transferred	68
<b>Building on land subject to natural hazards</b>		
Refusing to grant building consents relating to natural hazards	Transferred	71
Granting building consents relating to natural hazards	Transferred	72, 73
Determining that entry is no longer required and notifying accordingly	Transferred	74
<b>Buildings on 2 or more allotments</b>		
Issuing, signing and lodging a certificate imposing condition on transfer of specified allotments, and noting such condition on the consent	Transferred	75,77
<b>Inspection of building work</b>		
Plan and carry out system of inspections so that all reasonable steps are taken to ensure that building work is carried out in accordance with a building consent	Transferred	90, 222
<b>Grant of Schedule 1 exemption</b>		

Description of function (and any limitation on transfer)	Status	Section of the Building Act
Receive, consider, grant or refuse request for Schedule 1 exemption relating to any dam which is a 'large dam'	Transferred	12(2)(c), 41, Schedule 1 Clause 22
Receive, consider, grant or refuse request for Schedule 1 exemption relating to any building work, except a dam which is not a 'large dam'	Not Transferred	12(2)(c), 41, Schedule 1
<b>Issue of NTF (expressly limited to building work subject to a building consent granted by ECAN or an application for a Code Compliance Certificate lodged with ECAN or in relation to any dam warrant of fitness or any compliance schedule)</b>		
Consider whether a NTF may be issued, issue notice, and notify other responsible authority it appropriate	Transferred	164, 165
Special provisions for NTF from a building consent authority	Transferred	166
Inspect building work carried out in accordance with NTF, confirm/refuse NTF has been completed, issue further NTF is required	Transferred	167
<b>Issue of CCC</b>		
Require further information in respect of CCC application, and consider granting CCC on expiry of 2 years after date of granting building consent	Transferred	93
Consider whether building work complies with building consent, check development contributions have been addressed, issue or refuse CCC in prescribed form and receive fees	Transferred	94, 95, 91
Give applicant written notice of reason for refusal	Transferred	95A
Receive, consider and grant/refuse request for certificate of public use	Transferred	363A
<b>Issue or amendment of compliance schedule</b>		
Issue compliance schedule with CCC or CoA if building has any specified systems and calculate, charge and receive fee	Transferred	102
Receive and consider application/recommendation for amendment to compliance schedule, agree to	Transferred	106,109



Description of function (and any limitation on transfer)	Status	Section of the Building Act
amend/not amend compliance schedule, advise applicant		
Notify territorial authority of issue of compliance schedule and provide copy	Transferred	104
Amend the compliance schedule on its own initiative, advise the owner of such, consider submissions if any, give written notice to the owner	Transferred	107
<b>Administration of building warrants of fitness</b>		
Receive annual building warrants of fitness from building owner	Transferred	108
Inspect building for which compliance schedule has been issued	Transferred	111
<b>Miscellaneous</b>		
Keep required information in respect of functions, powers and duties transferred in this Schedule	Transferred	216
Give required access to the information held	Transferred	217
Provide required information to the chief executive	Transferred	218
<b>Issue of Certification of Acceptance</b>		
Receive, process and grant or refuse applications for CoA	Not Transferred	96, 97, 98, 99, 99A
<b>PIM functions</b>		
Receive, process and issue PIM applications	Not Transferred	31, 33, 34, 35, 36, 37, 38, 39
<b>Miscellaneous functions</b>		
Dam Register	Not Transferred	151, 152
Dangerous Dams policy, earthquake-prone and flood-prone dams policy, enforcement and follow-up	Not Transferred	154, 156, 157, 158, 159, 160, 161, 162
Classification of Dams, Dam Safety Assurance Programme, Dam Compliance Certificate	Not Transferred	134, 134A, 134C, 135, 135A, 136, 138, 142, 143, 145, 146, 148, 150

**PART B – SERVICE RESPONSIBILITIES**

**Core processing of building consents, Code Compliance Certificates, exemptions, waivers, etc.**

<p>ECAN service responsibilities:</p>	<ul style="list-style-type: none"> <li>• Provide information about building consent process (as applicable to dams) to potential applicants.</li> <li>• Maintain all master records of its Building Act activities.</li> <li>• Keep ORC informed at the critical milestones as defined in ECAN processes (e.g. requesting additional information etc.).</li> <li>• Liaison where requested by ORC in terms of condition setting linked to matters under control of ORC e.g. development contributions, resource consent conditions.</li> </ul>
<p>ORC service responsibilities:</p>	<ul style="list-style-type: none"> <li>• Redirect any customer enquiries about existing building consents and Certificates (granted by ECAN) to ECAN.</li> <li>• Notify ECAN in a timely manner of any new information relevant to the processing of its BCA functions (e.g. such as may arise during the processing of a resource consent or PIM or monitoring activity or updating of ORC's Register of Dams).</li> <li>• Maintain copies of all relevant information to a Building Consent in a systematic manner.</li> <li>• Process ORC's PIM and forward a copy to ECAN.</li> <li>• Pass on the TA's PIM to ECAN.</li> <li>• Update ORC's Register of Dams based on the processing milestones.</li> <li>• Carry out its own assessment against ORC's policies on dangerous dams, earthquake-prone dams and flood-prone dams and advise all relevant parties of the outcome.</li> </ul>

**Customer enquiries, public information, complaints**

<p>ECAN service responsibilities:</p>	<ul style="list-style-type: none"> <li>• Maintaining good communication channels with ORC. For example, ECAN will notify ORC about customer enquiries that will probably lead to building consent applications.</li> <li>• Receive and manage inquiries and complaints about building control functions in respect of functions, powers and duties transferred.</li> </ul>
<p>ORC service responsibilities:</p>	<ul style="list-style-type: none"> <li>• Maintaining good communication channels with ECAN. For example, ORC will notify ECAN about customer enquiries that will possibly lead to applications or requests under the Building Act.</li> <li>• Lodging an application within their own customer systems.</li> <li>• Forwarding all applications to ECAN within 24 hours of receipt.</li> </ul>

	<ul style="list-style-type: none"> <li>• Updating Register of Dams where applicable.</li> <li>• Notifying applicants and enquirers about PIM and RMA requirements.</li> <li>• Directing enquiries about building consent requirements and how to apply for a building consent to ECAN.</li> <li>• Investigating complaints and reports of unlawful building work in relation to dams and their appurtenant structures, and reporting the outcome to complainants and enquirers and ECAN.</li> <li>• Responding to enquiries regarding the building consent status and compliance of dams and their appurtenant structures.</li> </ul>
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**Inspection, monitoring and enforcement**

ECAN service responsibilities:	<ul style="list-style-type: none"> <li>• Notifying ORC and relevant Territorial Authority 2 working days prior to the issue of a Notice to Fix to any dam within the Region of the ORC.</li> <li>• Liaising with ORC on matters where joint co-ordination may be appropriate on inspections, non-conforming building work, illegal building work, etc.</li> <li>• Liaising with ORC in regard to illegal building work as to determination of who will exercise enforcement powers.</li> <li>• Maintaining all appropriate records relating to ECAN's Building Act responsibilities.</li> </ul>
ORC service responsibilities:	<ul style="list-style-type: none"> <li>• Providing warrants (if and where required) to ECAN and its agents to enable ECAN to carry out inspection, Notice to Fix and enforcement functions.</li> <li>• Carry out inspections on behalf of the BCA (where determined by ECAN as part of the inspection programme as being practical and feasible)</li> <li>• Accompanying ECAN on inspections where this is agreed as appropriate.</li> <li>• Notifying ECAN of unlawful building work known to ORC.</li> </ul>

**Non BCA Functions Transferred**

ECAN Service Responsibilities:	<ul style="list-style-type: none"> <li>• Maintain appropriate records relating to ECAN's Building Act responsibilities.</li> <li>• Annual report to ORC about the performance of ECAN's BCA functions.</li> </ul>
ORC service responsibilities:	<ul style="list-style-type: none"> <li>• Liaison on any Notice to Fix or enforcement action resulting from the above functions.</li> </ul>

	<ul style="list-style-type: none"> <li>• Assist ECAN as required in the preparation of ECANs annual report to MBIE.</li> <li>• Ensure ECAN has an up to date and complete and accurate copy of ORC's Register of Dams.</li> <li>• Advise ECAN upon each change made to ORCs Register of Dams.</li> </ul>
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**Functions Not Transferred**

ECAN Service responsibilities:	<ul style="list-style-type: none"> <li>• Taking into account PIM information provided by ORC in the processing of Building Consents.</li> </ul>
ORC service responsibilities:	<ul style="list-style-type: none"> <li>• Timely and accurate preparation of PIM and forwarding this to ECAN to enable timely processing of building consent application.</li> <li>• Advice on the above functions to ECAN where they impact on current building consent applications.</li> </ul>

**PART C – TRANSITIONAL PROVISIONS**

For the avoidance of doubt, the following provisions shall be interpreted on the basis that in no event is the same function intended to be held by more than one regional authority at the same time in respect of the same matter.

Description of function	Transitional provisions
<b>Issue of building consents (including related grant of waiver/modification of building code, building on land subject to natural hazards, buildings on 2 or more allotments) and grant of Schedule 1 exemptions</b>	<b>Commencement:</b> ORC has responsibility for any building consent and exemption application accepted by ORC before the Commencement Date.
	<b>End/Cancellation:</b> ECAN has responsibility for any building consent and exemption applications accepted by ECAN before the Cancellation Date or End Date.
<b>Issue of CCCs, CPUs and compliance schedules</b>	<b>Commencement:</b> ORC has responsibility for any CCC, CPU and compliance schedule application accepted by ORC prior to the Commencement Date.
	<b>End/Cancellation:</b> ECAN's responsibility for the issue of CCCs and compliance schedules accepted by ECAN before the Cancellation Date or End Date, irrespective of when the application was received or whether the relevant building consent was issued by ECAN.
<b>Inspection of building work and</b>	<b>Commencement:</b> ORC has responsibility for inspection of building work required for processing an application for the issue

Description of function	Transitional provisions
<p><b>issue of NTF</b></p>	<p>of any CCC, CPU or compliance schedule for which responsibility is retained by ORC.</p>
	<p><b>End/Cancellation:</b> ECAN's responsibility for the inspection of building work and the issue of NTFs ends on the End Date or Cancellation Date (as applicable), irrespective of whether the applicable building consent was issued by ECAN.</p>
<p><b>Amendment of compliance schedule and administration of building warrants of fitness</b></p>	<p><b>Commencement:</b> ORC has responsibility for any application for amendment to a compliance schedule or annual building warrant of fitness accepted by ORC prior to the Commencement Date set out in clause <b>Error! Reference source not found.</b></p>
	<p><b>End/Cancellation:</b> ECAN's responsibility for any application for amendment to a compliance schedule or annual building warrant of fitness ends on the Cancellation Date or the End Date, irrespective of when the application was received or whether the relevant building consent was issued by ECAN</p>
<p><b>Keeping and giving access to information</b></p>	<p><b>Commencement:</b> ORC must keep and give access to information on all matters within its responsibility prior to the Commencement Date.</p>
	<p><b>End/Cancellation:</b> ECAN must keep and give access to information on all matters within its responsibility prior to the End Date.</p>

DATED

2021

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**BETWEEN**

**WEST COAST REGIONAL COUNCIL**

**AND**

**OTAGO REGIONAL COUNCIL**

---

**DEED OF VARIATION OF TRANSFER OF BUILDING ACT FUNCTIONS**

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AJL-266090-785-966-V2

**THIS DEED** is made the                      day of                      2021

**PARTIES**

1. **WEST COAST REGIONAL COUNCIL**, a Body Corporate under the Local Government Act 2002 (“WCRC”)
2. **OTAGO REGIONAL COUNCIL**, a Body Corporate under the Local Government Act 2002 (“ORC”)

**BACKGROUND**

- A. WCRC is the regional council for the West Coast region and is a regional authority under the Building Act 2004 (“the Act”).
- B. ORC is the regional council for the Otago region and is a regional authority under the Act.
- C. The Act confers on regional authorities functions, duties and powers in relation to dams.
- D. Section 244 of the Act enables a regional authority to transfer one or more of its functions, duties and powers under the Act to another regional authority.
- E. In 2008, pursuant to a Deed of Transfer of Building Act Functions (the “Transfer Deed”) WCRC transferred to ORC and ORC accepted the transfer of scheduled functions of WCRC as a regional authority under the Act in respect of dams in the West Coast region.
- F. Under the Transfer Deed the transfer was to end on 30 June 2018.
- G. On 29 June 2018, WCRC and ORC entered into a “Deed of Extension of Transfer of Building Act Functions” and extended the end date of the Transfer Deed from 30 June 2018 to 30 November 2018.
- H. On 1 November 2018, WCRC and ORC entered into a “Deed of Extension of Transfer of Building Act Functions” and extended the end date of the Transfer Deed from 30 November 2018 to 30 June 2019.
- I. On 28 June 2019, WCRC and ORC entered into a “Deed of Extension of Transfer of Building Act Functions” and extended the end date of the Transfer Deed from 30 June 2019 to 30 June 2021.

- J. WCRC and ORC have agreed that the Transfer Deed should be varied on the terms and conditions set out in this Deed.

**THIS DEED THEREFORE RECORDS:**

**Variation**

1. WCRC and ORC vary the transfer to ORC of all the functions, duties and powers of a regional authority under the Act transferred under the Transfer Deed so that the transfer ends on the Cessation Date.
2. This variation is otherwise on the terms and conditions set out in the Transfer Deed and is subject to the provisions of the Act.

**Cessation Date**

3. The cessation date will be the later of:
  - 3.1. 31 May 2021; or
  - 3.2. The completion by ORC of all the functions, powers and duties listed in Schedule 1.

**EXECUTED** as a deed

THE COMMON SEAL of the **WEST COAST REGIONAL COUNCIL** was \_\_\_\_\_  
affixed in the presence of:

Councillor \_\_\_\_\_

Councillor \_\_\_\_\_

THE COMMON SEAL of the **OTAGO REGIONAL COUNCIL** was affixed in the \_\_\_\_\_  
presence of:

Councillor \_\_\_\_\_

Councillor \_\_\_\_\_



### **SCHEDULE 1**

For the purpose of clause 3.2 of the deed the functions, powers and duties under the Act are:

1. Applications for building consents accepted by ORC before 1 June 2021.
2. Applications for exemptions from building consents sought under Schedule 1 of the Act received by ORC before 1 June 2021.
3. Applications for code compliance certificates, certificates of public use and compliance schedules accepted by ORC before 1 June 2021.
4. Applications for amendments of compliance schedules accepted by ORC before 1 June 2021.
5. Applications to amend building warrants of fitness accepted by ORC before 1 June 2021.
6. All inspections for the purpose of carrying out 1 to 5 above.
7. All enforcement processes under the Act arising out of performance of the functions, powers and duties in 1 to 5 above.
8. All administrative functions, powers and duties including record keeping and providing access to information relating to 1 to 5 above.
9. All other functions, powers and duties necessary or expedient for the purposes of carrying out and completing 1 to 5 above.

DATED

2021

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**BETWEEN**

**SOUTHLAND REGIONAL COUNCIL**

**AND**

**OTAGO REGIONAL COUNCIL**

---

**DEED OF VARIATION OF TRANSFER OF BUILDING ACT FUNCTIONS**

---

AJL-266090-785-968-V2



- J. Environment Southland and ORC have agreed that the Transfer Deed should be varied on the terms and conditions set out in this Deed.

**THIS DEED THEREFORE RECORDS:**

**Variation**

1. Environment Southland and ORC vary the transfer to ORC of all the functions, duties and powers of a regional authority under the Act transferred under the Transfer Deed so that the transfer ends on the Cessation Date.
2. This variation is otherwise on the terms and conditions set out in the Transfer Deed and is subject to the provisions of the Act.

**Cessation Date**

3. The cessation date will be the later of:
  - 3.1. 31 May 2021; or
  - 3.2. The completion by ORC of all the functions, powers and duties listed in Schedule 1.

**EXECUTED** as a deed

THE COMMON SEAL of the **SOUTHLAND REGIONAL COUNCIL** was \_\_\_\_\_  
affixed in the presence of:

Councillor \_\_\_\_\_

Councillor \_\_\_\_\_

THE COMMON SEAL of the **OTAGO REGIONAL COUNCIL** was affixed in the \_\_\_\_\_  
presence of:

Councillor \_\_\_\_\_

Councillor \_\_\_\_\_

### **SCHEDULE 1**

For the purpose of clause 3.2 of the deed the functions, powers and duties under the Act are:

1. Applications for building consents accepted by ORC before 1 June 2021.
2. Applications for exemptions from building consents sought under Schedule 1 of the Act received by ORC before 1 June 2021.
3. Applications for code compliance certificates, certificates of public use and compliance schedules accepted by ORC before 1 June 2021.
4. Applications for amendments of compliance schedules accepted by ORC before 1 June 2021.
5. Applications to amend building warrants of fitness accepted by ORC before 1 June 2021.
6. All inspections for the purpose of carrying out 1 to 5 above.
7. All enforcement processes under the Act arising out of performance of the functions, powers and duties in 1 to 5 above.
8. All administrative functions, powers and duties including record keeping and providing access to information relating to 1 to 5 above.
9. All other functions, powers and duties necessary or expedient for the purposes of carrying out and completing 1 to 5 above.

## 8.6. Local Government New Zealand Annual Conference 2021 Attendance

**Prepared for:** Council  
**Report No.** GOV2113  
**Activity:** Governance Report  
**Author:** Amanda Vercoe, Executive Advisor  
**Endorsed by:** Andrew Noone, Chairperson  
**Date:** 15 March 2021

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### PURPOSE

- [1] To determine ORC representation at the Local Government New Zealand 2021 conference.

### EXECUTIVE SUMMARY

- [2] The Local Government New Zealand annual conference is to be held from Thursday 15 to Saturday 17 July 2021 in Blenheim. The theme for the 2021 conference is “Reimagining Aotearoa from community up”. The conference will be preceded by the regional sector tour from Monday 12 – Wednesday 14 July 2021.
- [3] ORC has traditionally been represented at the Conference by the Chairperson and two Councillors.

### RECOMMENDATION

*That the Council:*

- 1) **Receives** this report.
- 2) **Nominates** ORC Councillor representatives to attend the 2021 LGNZ conference.

### BACKGROUND

- [4] Nil.

### ISSUE

- [5] Nil.

### DISCUSSION

- [6] Nil.

### OPTIONS

- [7] Nil.

### CONSIDERATIONS

#### Policy Considerations

- [8] Nil.

#### Financial Considerations

- [9] The travel costs associated with attending the conference will be met out of the governance budget, and will include flights, accommodation and meal expenses.

**Significance and Engagement**

- [10] Nil.

**Legislative Considerations**

- [11] Nil.

**Risk Considerations**

- [12] Nil.

**NEXT STEPS**

- [13] Once ORC representatives are confirmed, registration will be confirmed and travel arrangements will be made.

**ATTACHMENTS**

Nil

#### **8.4. Recommendations of the Finance Committee**

*That the Council adopt the resolutions of the 24 February 2021 Finance Committee.*

#### **8.1. Activity Review 2020-21, 1 July to 31 December 2020**

##### **Resolution**

*That the Finance Committee:*

- 1) *Receives*** the Council Activity Performance Report for the period 1 July to 31 December 2020 (Q2).

Moved: Cr Noone

Seconded: Cr Hope

CARRIED

#### **8.2. Finance Quarterly Report - December 2020**

##### **Resolution**

*That the Finance Committee:*

- 1) *Receives*** this paper and the Financial Reports for December 2020.

Moved: Cr Hobbs

Seconded: Cr Calvert

CARRIED

#### **8.3. Financial Strategy**

##### **Resolution**

*That the Finance Committee:*

- 1) *Receives*** this report.

Moved: Cr Hobbs

Seconded: Cr Hope

CARRIED

##### **Resolution**

*That the Finance Committee:*

- 1) *Endorses*** the financial direction and key messaging outlined in the attached draft Financial Strategy.

Moved: Cr Wilson

Seconded: Cr Scott

CARRIED

##### **Resolution**

*That the Finance Committee:*

- 1) *Approves*** the establishment of a targeted rate for Biosecurity and the preferred option for funding this activity outlined in the 'Biosecurity' section of this paper to be included in the Long-Term Plan 2021-31 Consultation Document.

Moved: Cr Robertson

Seconded: Cr Hobbs

CARRIED

##### **Resolution**

*That the Finance Committee:*



- 1) Approves** the establishment of a targeted rate for Lake Hayes Remediation (Option 1, preferred), and subsequent options including Option 2, establishment of a river and water management rate (Wakatipu and Wanaka) for Lake Hayes Remediation, and Option 3, establishment of Otago uniform targeted rate for Lake Hayes Remediation to be included in the Long Term Plan 2021-31 Consultation document.

Moved: Cr Calvert

Seconded: Cr Hobbs

CARRIED

#### **Resolution**

*That the Finance Committee:*

- 1) Notes** that the Financial Strategy will be finalised and presented to Council for approval alongside and as part of the Long Term Plan 2021-31 Consultation Document at its 24 March 2021 meeting.

Moved: Cr Noone

Seconded: Cr Scott

CARRIED

#### **8.4. Significance & Engagement Policy**

##### **Resolution**

*That the Finance Committee:*

- 1) Receives** this report.
- 2) Notes** that the current ORC Significance and Engagement Policy will be included in the Long-term Plan 2021-31.
- 3) Notes** that Council have programmed a review of the current ORC Significance and Engagement Policy as reported to 10 February 2021 Governance, Communications and Engagement Committee.
- 4) Notes** the programmed review of the current ORC Significance and Engagement Policy will be consulted upon and approved following the adoption of the Long Term Plan in June 2021.

Moved: Cr Wilson

Seconded: Cr Calvert

CARRIED

#### **8.5. Draft Rates Remissions and Postponements Policy**

##### **Resolution**

*That the Finance Committee:*

- 1) Approves** the attached Rates Remission and Postponement Policy.

Moved: Cr Hobbs

Seconded: Cr Hope

CARRIED

#### **9.1 Notice of Motion on Queenstown Business Case**

##### **Resolution**

That Committee:

- 1) Acknowledges** the Queenstown Business Case (QBC) work to date and the need for the public transport portion to be further developed.
- 2) Supports** the need for the Council to work alongside Waka Kotahi in other pieces of the transport network.
- 3) Notes** that the work required will be substantial burden to a small number of ratepayers, many substantially affected by COVID restrictions.
- 4) Requests** that the Chair write to Minister David Parker and Minister of Transport Michael Wood to seek Government support for the balance of the cost of the next step of the QBC, to the effect that the Government would fully fund the next step.

Moved: Cr Calvert

Seconded: Cr Wilson

CARRIED

Cr Scott asked that his vote against the motion be recorded.

### **8.3. Recommendations of the Data and Information Committee**

*That the Council adopts the resolutions of the 10 March 2021 Data and Information Committee.*

#### **7.1. Otago Climate Change Risk Assessment**

##### **Resolution**

*That the Committee:*

- 1) **Receives** this report.
- 2) **Notes** the data set and information the first Otago Climate Change Risk Assessment provides for the region for building understanding, further investigation, and preparation for adaptation.
- 3) **Notes** the changes expected to occur in Otago's climate.
- 4) **Endorses** the data set and report and the proactive presentation and dissemination of this information to the public and stakeholders.

Moved: Cr Forbes

Seconded: Cr Wilson

CARRIED

#### **7.2. Overview of Groundwater Quality State of Environment for Otago**

##### **Resolution**

*That the Committee:*

- 1) **Receives** this report.

Moved: Cr Noone

Seconded: Cr Hobbs

CARRIED

#### **7.3. Queenstown and Dunedin 2020/21 Quarter 1 and 2 Patronage Report**

##### **Resolution**

*That the Committee:*

- 1) **Receives** this report.

Moved: Cr Hobbs

Seconded: Cr Malcolm

CARRIED

#### **7.4. SoE Monitoring Bi-annual Update**

##### **Resolution**

*That the Committee:*

- 1) **Receives** this report.

Moved: Cr Hope

Seconded: Cr Noone

CARRIED

### **7.5. Annual Air Quality Report 2020**

#### **Resolution**

*That the Council:*

- 1) **Receives** this report.

Moved: Cr Malcolm

Seconded: Cr Hope

CARRIED

### **7.6. Emissions Inventory and Low Emissions Technology Review**

#### **Resolution**

*That the Committee:*

- 1) **Receives** this report.

Moved: Cr Laws

Seconded: Cr Calvert

CARRIED

### **7.7. Urban Monitoring Quarterly Update**

#### **Resolution**

*That the Committee:*

- 1) **Receives** this report.

Moved: Cr Forbes

Seconded: Cr Hope

CARRIED

## 8.5. Recommendations of the Implementation Committee

*That the Council adopts the resolutions of the 10 March 2021 Implementation Committee.*

### 7.1. Infrastructure Strategy for LTP 2021-31

#### Resolution

*That the Committee:*

- 1) **Receives** this report.
- 2) **Approves** the draft 2021-2051 Infrastructure Strategy to be included in the information available for community consultation in the Long-Term Plan 2021-31 process, subject to any minor editorial changes made by staff.
- 3) **Notes** that the Infrastructure Strategy is to provide the framework (direction) for managing current assets and making future decisions that are identified by the significant issues.

Moved: Cr Scott

Seconded: Cr Deaker

CARRIED

### 7.2. Environmental Implementation Update

#### Resolution

*That the Committee:*

- 1) **Receives** this report.
- 2) **Notes** the range of standard business and transformational activities being undertaken to maintain and improve Otago Regional Council's delivery of environmental implementation activities.

Moved: Cr Hope

Seconded: Cr Malcolm

CARRIED

### 7.3. Tomahawk Lagoon Enhancement Project Update

#### Resolution

*That the Committee:*

- 1) **Receives** the report.
- 2) **Approves** that the draft outline management plan is the basis of further community consultation and the prioritisation of projects in 2021/22, managed within existing budgets.
- 3) **Notes** that the implementation of projects would proceed in 2022/23, subject to Long Term Plan decisions.
- 4) **Approves** implementation of "quick win" actions, where funding allows, in the current financial year.

Moved: Cr Malcolm

Seconded: Cr Hope

CARRIED



## **8.2. Recommendations of the Regulatory Committee**

*That the Council adopts the resolutions of the 11 March 2021 Regulatory Committee.*

### **7.1. RMA Compliance and Enforcement Policy Resolution**

*That the Committee:*

- 1. *Receives*** this report.
- 2. *Adopts*** the RMA Compliance and Enforcement Policy 2021.
- 3. *Authorises*** staff to make any minor editorial changes resulting from quality checks prior to the final publication of the RMA Compliance and Enforcement Policy.

Moved: Cr Malcolm  
Seconded: Cr Wilson  
CARRIED

### **7.2. Regulatory Group - Quarterly Activity Report Resolution**

*That the Committee:*

- 1. *Receives*** this report.
- 2. *Notes*** the update report from the Regulatory Group for the period 1 July 2020 to 30 September 2020.

Moved: Cr Noone  
Seconded: Cr Wilson  
CARRIED

### **7.3. Harbourmaster Summer Activity Update Resolution**

*That the Committee:*

- 1. *Receives*** this report.

Moved: Cr Robertson  
Seconded: Cr Laws  
CARRIED

### **8.6. Recommendations of the Otago and Southland Transport Committee**

*That the Council adopts the resolutions of the 22 February 2021 Otago and Southland Transport Committee.*

#### **7.1 Prioritisation Projects for Inclusion in the Otago Southland Regional Land Transport Plan 2021-2031**

##### **Resolution**

*It is recommended that the Regional Transport Committees resolve to:*

- 1) **Note** the report
- 2) **Confirm** the priorities to be assigned to improvement projects in the draft Regional Land Transport Programme

Moved: Cr Kate Wilson

Seconded: Cr Jim O'Malley

CARRIED

#### **7.2 Final Review of the Draft Otago Southland Regional Land Transport Plan Prior to Consultation**

##### **Resolution**

*It is recommended that the Regional Transport Committees resolve to:*

- 1) **Note** the report
- 2) **Provide** comment or request any further changes to be included in the Draft RLTP prior to release for consultation

Moved: Cr Kate Wilson

Seconded: Cr Allan Baird

CARRIED

#### **7.3 Adoption of the Draft Otago Southland Regional Land Transport Plan 2021-2031 for Public Consultation**

##### **Resolution**

*It is recommended that the Regional Transport Committees resolve to:*

- 1) **Approve** the draft Regional Land Transport Plans for public consultation to be notified on 5 March 2021;
- 2) **Authorise** the Chairs to approve minor editorial changes prior to consultation;
- 3) **Recommend** to their respective regional council, the proposed composition of the Joint Hearing Committee on the draft Regional Land Transport plans;
- 4) *The hearing panel will consist of the respective chairs, Cr Lloyd McCallum and Cr Alexa Forbes; Cr Allan Baird, Southland Representative; Cr Jim O'Malley, Otago Representative; NZTA will nominate their person once known. The Chairs can bring in an alternative if necessary.*

Moved: Cr Stuart Duncan

Seconded: Cr Jim O'Malley

CARRIED

#### **7.4 Southland Regional Public Transport Plan Consultation**



**Resolution**

*It is recommended that the Regional Transport Committees resolve to:*

1) **Note** the report

Moved: Cr Kate Wilson

Seconded: Cr Allan Baird

CARRIED

**7.5 Waka Kotahi NZ Transport Agency Update**

**Resolution**

*It is recommended that the Regional Transport Committees resolve to:*

1) **Note** the report and provide any feedback to the Waka Kotahi NZ Transport Agency on the topics included in the presentation.

Moved: Cr Jim O'Malley

Seconded: Mr Jim Harland

CARRIED

## 9.1. Chairperson's Report

**Prepared for:** Council  
**Activity:** Governance Report  
**Author:** Cr Andrew Noone, Chairperson  
**Date:** 15 March 2021

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### REGIONAL SECTOR GROUP

#### *Three Waters Reform – moving to the next stage*

- [1] DIA meeting on 17 March with Otago/Southland Mayors and Chairs; an opportunity to seek the best outcome for the region, particularly in relation to entity design and geographical boundaries. The same opportunity for Canterbury/West Coast will be held on 23 March. At the conclusion of similar workshops throughout the country, the Minister for Local Government will take a paper to Cabinet.
- [2] Low population spread over a large geographic area such as Otago/Southland doesn't help when trying to deliver water services in terms of affordability, capital works programmes, and meeting current and future regulatory standards.
- [3] I am presenting an oral submission on the Water Services Bill to the Health Select Committee on Wednesday 24 March.

### MEETING WITH MINISTER PARKER

- [4] Sarah and I met with the Hon David Parker, Minister for the Environment, on Thursday 4 March, where we provided an update on progress on the RPS, LWRP and the AP/LTP processes.

### OTHER MEETINGS

- [5] I attended a follow-up meeting on the future of South Dunedin, organised and facilitated by MP Ingrid Leary.
  - [6] GM Richard Saunders and I attended the second meeting held about the water quality issues associated with the Waikouaiti water scheme. It is still not clear what caused the spikes in lead levels, however, the following are some of the mitigation measures being undertaken by the DCC:
    - (a) Replacement of 6.5km of the old cast-iron pipe.
    - (b) Tonkin Taylor undertaking a catchment investigation.
    - (c) About to install a new imported real-time water quality testing system.
  - [7] Spent the afternoon of Monday 8 March with the Mayor of Clutha District catching up on matters of mutual interest.
  - [8] Attended the Wanaka Show on Saturday 13 March with Councillors Wilson, Hobbs and Laws, along with a number of staff from a number of departments, including Biosecurity, Strategy and Communications. The ORC stall was far better located, in terms of
-

visibility, than in previous years, and QLDC was close by which proved handy on occasion. Good numbers of the public took up the opportunity to engage with the Otago Regional Council. The most common issues raised were rabbits, wilding conifers, and the new freshwater regulations.

- [9] On Friday 12 March I attended the CDEM Otago Joint Committee meeting (via Zoom) with Sarah Gardner, and Matt Alley (Acting Director Emergency Management). To help provide assurances to the Joint Committee, an external review has been undertaken to determine how effective and efficient the group is operating. A summary report was presented by the Acting Director with the findings already acted upon by the Coordinating Executive Group.
- [10] Cr Forbes and I met with Wakatipu Wildlife Trust Executive Officer Leslie Van Gelder to discuss the Southern Lakes Sanctuary proposal.

### **RECOMMENDATION**

*That the Council:*

- 1) **Receives** this report.

### **ATTACHMENTS**

1. Hon Michael Wood - funding for Queenstown Public Transport Business Case alias [9.1.1 - 2 pages]
2. Hon David Parker - funding for Queenstown Public Transport Business Case [9.1.2 - 2 pages]
3. Letter of Support - Te Nukuroa o Matamata - Jobs for Nature Fund #2 [9.1.3 - 1 page]
4. Letter of support Upper Taieri Wai Inc G Crutchley [9.1.4 - 1 page]



Our Ref: A1453902

9 March 2021

Hon Michael Wood  
Minister for Transport  
Private Bag 18888  
Parliament Buildings  
Wellington 6160  
Email: [Michael.Wood@parliament.govt.nz](mailto:Michael.Wood@parliament.govt.nz)

Dear Minister

**Seeking Government Assistance to Fund Queenstown Public Transport Business Case**

The Otago Regional Council (ORC) has recently endorsed in principle, the Queenstown (Transport) Business Case. To address the problems and unlock the benefits identified in the business case, requires subsequent actions from Council and partners. Those actions have funding implications.

To that end, Council is seeking \$0.735 million from central government towards its local share cost to undertake the next level of investigation – prepare a public transport detailed business case in the 2021/22 and 2022/23 financial years. The total cost of the PTDBC has been estimated at \$1.5 million and Council is also seeking co-investment from Waka Kotahi NZ Transport Agency for its share (\$0.765 million).

Council believes the full cost of the PTDBC should be borne by central government and its agencies because:

- significant benefits will accrue to the State Highway system; and
- the financial imposition on the current residents of the Wakatipu Basin arising from Council funding its share of the PTDBC is untenable, given the economic impact the Covid-19 pandemic has had on the area.

The ORC resolved on 24 February 2021, that I write to you to put our case for investment.

According to Infometrics' quarterly economic monitor, the district's gross domestic product decreased by 8.4% between December 2019 and 2020, compared with the national average of -2.6%. For the same period, consumer spending fell 14% compared to -3.2% nationally, while tourism expenditure fell 26.8% versus 15.6%. In addition, the annual change in jobseeker support for Queenstown was 310% and 36% nationally. As a predominantly international visitor destination, Queenstown has taken a significant economic and social hit compared with the vast majority of the country.

To place the \$0.735 million in context, for the current financial year, ORC will collect \$0.99 million from Wakatipu Basin ratepayers towards meeting the costs of delivering to them a public transport system. As the PTDBC will run across two years, the additional rates required per year is \$0.368 million – a 37% increase in the targeted rate. That 37% increase will not deliver extra bus services in the short term.

*For our future*

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The PTDBC is required to achieve the level of detail necessary for subsequent investment decisions currently estimated to cost just under \$200 million.

Providing more and better public transport in the future is a significant part of the recommended solution required to achieve high levels of mode share – 40% in 2028 (up from 17% currently) and to reduce transport emissions (15% between 2018 and 2048 despite a near doubling of the population), particularly on State Highway 6 and 6A.

Should Queenstown not be invested in, the Queenstown (Transport) Business Case concludes there will be between a \$670 million to \$1.2 billion loss to the local economy, over a 40 year period.

That is because there is a transport problem and the scale of the problem is significant. For example, parts of the network are already at capacity. State Highway 6A practical capacity was exceeded on 140 days in 2019. Without remedy, the level of service will further decline.

The Queenstown (Transport) Business Case was prepared for the Way to Go transport collaboration and covers the Wakatipu Basin – Queenstown Town Centre, Frankton to Queenstown corridor (State highway 6A) and Frankton and Ladies Mile (State highway 6).

Way to Go comprises ORC, Queenstown Lakes District Council and Waka Kotahi New Zealand Transport Agency.

In summary:

1. The urgent work towards reduced carbon from more use of public transport could happen earlier.
2. It would show compassion from the Government for Queenstown since they have a far greater 'COVID hit' than the vast majority of the country.
3. It would allow some breathing space for Queenstown residents to recover while the detailed business case is undertaken without requesting they put their hands in their increasingly bare pockets to fund this in the next two years.
4. If the Government takes responsibility for all of this next stage business case, the outcome achieved may better align with the Government's wishes for the future of passenger transport and mode shift in general.

I am contacting both yourself and the Minister of Transport. Please consider which Ministry is the most appropriate to consider this proposal.

If you have any questions, please do not hesitate to contact me.

Yours sincerely



Cr Andrew Noone  
Chairperson



Our Ref: A1451355

4 March 2021

Hon David Parker  
Minister for the Environment  
Parliament Buildings 18 888  
Wellington 6160  
Email: [d.parker@ministers.govt.nz](mailto:d.parker@ministers.govt.nz)

Dear Minister

#### **Seeking Government Assistance to Fund Queenstown Public Transport Business Case**

The Otago Regional Council (ORC) has recently endorsed in principle, the Queenstown (Transport) Business Case. To address the problems and unlock the benefits identified in the business case, requires subsequent actions from Council and partners. Those actions have funding implications.

To that end, Council is seeking \$0.735 million from central government towards its local share cost to undertake the next level of investigation – prepare a public transport detailed business case in the 2021/22 and 2022/23 financial years. The total cost of the PTDBC has been estimated at \$1.5 million and Council is also seeking co-investment from Waka Kotahi NZ Transport Agency for its share (\$0.765 million).

Council believes the full cost of the PTDBC should be borne by central government and its agencies because:

- significant benefits will accrue to the State Highway system; and
- the financial imposition on the current residents of the Wakatipu Basin arising from Council funding its share of the PTDBC is untenable, given the economic impact the Covid-19 pandemic has had on the area.

The ORC resolved on 24 February 2021, that I write to you to put our case for investment.

According to Infometrics' quarterly economic monitor, the district's gross domestic product decreased by 8.4% between December 2019 and 2020, compared with the national average of -2.6%. For the same period, consumer spending fell 14% compared to -3.2% nationally, while tourism expenditure fell 26.8% versus 15.6%. In addition, the annual change in jobseeker support for Queenstown was 310% and 36% nationally. As a predominantly international visitor destination, Queenstown has taken a significant economic and social hit compared with the vast majority of the country.

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Way to Go comprises ORC, Queenstown Lakes District Council and Waka Kotahi New Zealand Transport Agency.

In summary:

1. The urgent work towards reduced carbon from more use of public transport could happen earlier.
2. It would show compassion from the Government for Queenstown since they have a far greater 'COVID hit' than the vast majority of the country.
3. It would allow some breathing space for Queenstown residents to recover while the detailed business case is undertaken without requesting they put their hands in their increasingly bare pockets to fund this in the next two years.
4. If the Government takes responsibility for all of this next stage business case, the outcome achieved may better align with the Government's wishes for the future of passenger transport and mode shift in general.

I am contacting both yourself and the Minister of Transport. Please consider which Ministry is the most appropriate to consider this proposal.

If you have any questions, please do not hesitate to contact me.

Yours sincerely



Cr Andrew Noone  
Chairperson



***From the Office of the Chairperson***

Our Ref: A1453778

9 March 2021

TO WHOM IT MAY CONCERN

**Re: Te Nukuroa o Matamata – Jobs for Nature Fund**

Otago Regional Council (ORC) would like to provide this letter of support for Te Nukuroa o Matamata through the Jobs for Nature Fund.

The proposed project aims to improve biodiversity through a range of wetland, river and riparian habitat restoration and protection works. The project area contains habitat for the nationally threatened Australasian Bittern, giant kokopu and banded kokopu, swamp nettle and tufted hair-grass. The area is also internationally significant as a water bird habitat and nationally important for fish habitat. The area is the best lowland wetland remaining in Otago and one of the largest and most significant remaining in New Zealand. It therefore represents an immense opportunity to improve an area of national importance and enhance a locally unique ecosystem.

The project will create jobs and training opportunities through the restoration and protection works which will contribute to recovery from COVID-19 as there are opportunities for displaced workers. The project will also enable employment and development opportunities for local Māori workers across a broad range of roles. It is likely that economic benefits from this project will also flow through to the wider region as a result of local purchasing and potential use of specialist contractors.

ORC place great value on the opportunity to strengthen connections with our iwi partners as well as improve collaboration between stakeholders. Te Nukuroa o Matamata provides an opportunity to enact these aspirations in a tangible and meaningful way.

Environmental enhancement projects are vital to improving water quality and to restore ecosystems. Empowering kaitiaki and connecting people to their traditional waterways and resources will ensure that these ecosystems are protected appropriately in the long term, for future generations.

In summary, we support this proposal and would warmly welcome the opportunity to work collaboratively, and further strengthen our partnership, with Te Rūnanga o Ōtākou.

Regards

A handwritten signature in black ink, appearing to read "Andrew Noone".

Cr Andrew Noone  
Chairperson

*For our future*

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***From the Office of the Chairperson***

Our Ref: A1451054

3 March 2021

Upper Taieri Wai Inc.  
C/- Joanne Paterson (Secretary)  
17 Paerau Road  
RD 4  
Ranfurly 9398

Dear Geoff Crutchley

Please pass on our congratulations to the Upper Taieri Wai project team for proceeding to Stage 2 of MfE's Freshwater Improvement Fund application process.

ORC wishes to support your Maniototo Tiaki project. We believe we can best do this by undertaking a review of the wetland boundary for the Scroll Plains. The ORC Science team will engage wetlands expertise (including lidar mapping) to provide the scientific knowledge and understanding required to support the Maniototo Tiaki project and inform the new ORC Land and Water Plan (LWRP) due to be notified in December 2023. This work will also support compliance with the NPS-FM 2020. On this note, farmer investment decisions to permanently fence the wetlands need to carefully consider any future and potential changes to the boundaries under the new LWRP. ORC is required to map inland natural wetlands and must have regard to the Wetland Delineation Protocols referenced in the NPS-FM 2020.

Wes Patrick (MfE) have advised us that they are unable to support the wetland grazing study. We discussed with MfE how we can best support your project and MfE encouraged us to provide in-kind support in areas of governance and scientific knowledge. Once wetland boundaries have been confirmed, a further discussion about compliance with the freshwater rules in the Regional Plan would be useful. We note that you are not seeking to breach the rules.

ORC is currently working through the Long Term Planning process, and at this time is unable to provide direct financial support. We can provide in-kind support, in the way of science, regulatory and planning advice where this aligns with our long-term plan work programme in terms of both resources and timing. If needed, we can also provide an ORC representative for the Maniototo Tiaki project.

We look forward to ongoing dialogue and collaboration with Upper Taieri Wai Incorporated.

Kind regards

A handwritten signature in black ink that reads "Andrew Noone".

Cr Andrew Noone  
**Chairperson**

*For our future*

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## 9.2. Chief Executive's Report

**Prepared for:** Council  
**Activity:** Governance Report  
**Author:** Sarah Gardner, Chief Executive  
**Date:** 17 March 2021

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### KEY MEETINGS ATTENDED

- 25 February – Aaron Fleming, Department of Conservation
- 25 February – Meeting with Aaron Fleming, Department of Conservation and Wai Wanaka re Kai mahi for nature proposal
- 25 February – Manuherehia workshop technical details
- 26 February – Regional Sector Group meeting in Wellington
- 1 March – Joint Otago Southland Three Waters meeting (Zoom)
- 1 March – Steering Committee Communications sub-group of the Three Waters Steering Committee meeting (Zoom)
- 2 March – Environment Southland and ORC joint executive team meeting (Zoom)
- 4 March – Met with Minister David Parker and Chair Noone to discuss freshwater, transport, and resource management reform
- 8 March – Plan Change 7 hearings in Dunedin (day 1)
- 9 March – Briefing from QLDC Mayor and CE on Spatial Plan consultation document (Zoom)
- 9 March – Workshop on LTP levels of service
- 9 March – Workshop on Climate Change Commission Report
- 10 March – Implementation Committee
- 10 March – Data and Information Committee
- 11 March – Regulatory Committee
- 11 March – Workshop on Community Satisfaction Survey
- 11 March – Workshop on RPTP update
- 11 March – CDEM Joint Committee meeting (Zoom)
- 12 March – Otago Mayoral Forum: Three Waters session with the Southland Mayoral Forum (Zoom)
- 16 March – Murihiku Regeneration – Environmental Pou Workshop in Queenstown
- 17 March – Three Waters Roadshow in Wanaka
- 18 March – All staff Zoom session on LTP
- 22 March – Steering Committee Comms sub-group of the Three Waters Steering Committee meeting (Zoom)

- 23 March – Leading Safety with Philip Voss and ELT
- 23 March – Kai Mahi for Nature Regional Partnership Group monthly meeting (Zoom)

#### **Environment Southland and Otago Regional Council Executive meeting**

- Following on from broader discussions with West Coast Regional Council, Environment Canterbury, and Environment Southland, a meeting was held to discuss shared priorities and opportunities for joint effort or shared services. The intent is that where resource savings or collaboration can be employed to meet obligations or progress work, opportunities to work together will be considered. Second tier staff are meeting and holding follow-up discussions to find synergies and programmes of common interest that might be ready to engage on. This is in addition to areas like regional transport planning where we already work together.

#### **Intensive Winter Grazing**

- On Wednesday 17 March 2021 Ministers Parker and O'Connor announced the deferral of the Intensive Winter Grazing provisions of the NES for one year except where expansion of grazing areas is proposed. This means the provisions will apply in May 2022. Ministers have made this decision based on agreed improvements to be made to winter grazing practice by the primary sector and on the back of the substantial work on this matter led by Environment Southland. The one year deferral will allow a bespoke farm plan module to be developed for winter grazing.
- Council has previously approved additional staff to support the implementation of the Freshwater NPS and regulations. This deferral is likely to mean we do not receive the significant numbers of consents that we might have this year for winter grazing. Even without this work however, our consenting workload is substantial with deemed permit replacement applications now lodged or close to lodgement.

#### **Plan Change 7 Hearing**

- The Plan Change hearing has been progressing over the past fortnight with ORC witnesses taking the stand after opening submissions from our Counsel. As is usual, over the course of the hearing, the Court has made various requests, including for new evidence from our consents staff to understand our process for deemed permit or water permit replacement, and how the plan change works in practice and for marked up revisions in the plan change. Conferencing on matters related to data sets and the calculation or model used for calculating take volumes and rates is programmed. This is where all those who have proposed a model in evidence, or have presented expert evidence on the proposed data approach, will come together to answer questions posed by the Court during witness evidence, and look to narrow the gap between points of view. The Hearing is set to continue for several further weeks both in Dunedin and Cromwell.

#### **RECOMMENDATION**

*That the Council:*

- 1) ***Receives this report.***

**10.1. Notice of Motion - Investigate resource needs and timeline for possible collaborative development of an Otago Harbour Plan with ORC, DCC, Port Otago and Community Input**

In accordance with Standing Order 27.1, Cr Bryan Scott has submitted the following Notice of Motion for inclusion on the agenda of the Council Meeting held on 24 March 2021.

**Recommendation**

That the Council:

- 1) **Request** staff to report back before completion of the LTP process on timeline and resourcing needs for collaborative development of an Otago Harbour Plan with ORC, DCC, Port Otago and community input.



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*Cr Bryan Scott, Mover*

24 February 2021

*Date*