



Otago  
Regional  
Council

# Long-Term Plan 2024-2034



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# Chairpersons Foreword

Tokatā / Nugget Point, Catlins

# Building a strong future for Otago: Resilience and connectivity

**The Otago Regional Council’s Long-Term Plan reflects our community’s aspirations and priorities – what was identified as important when we asked for feedback on our draft plan for the future.**

It is an honour to present this plan which charts a course for the next decade, outlining key work programmes and rates implications. Our goal is to build a strong, resilient future for Otago, ensuring our communities thrive amidst upcoming opportunities and challenges. Central to this vision is connectivity – linking people to each other and to the unique environments that make Otago special.

Our vision, **for our environment and communities to be healthy and connected ki uta ki tai (from the mountains to the sea)**, shapes every proposal in this plan. This vision captures the essence of Otago’s natural and productive environments and the vital connections that sustain our communities. The plan focuses on six key areas: partnership, communities, environment, resilience, climate, and transport, each crucial for shaping our future work.

Public transport and large-scale environmental projects are central to our strategy. We recognise the need to improve public transport in Dunedin and Queenstown and are exploring new services for Ōamaru, Alexandra, Clyde, Cromwell, Balclutha, and Wānaka. Enhancing public transport connects communities by providing reliable and affordable options and helps preserve our environment by reducing emissions and congestion.

A significant highlight of our plan is new funding for large-scale environmental projects across the region. This investment supports community-led environmental

work, achieving on-the-ground enhancement and fostering strong, connected communities.

Community input has deeply influenced our decisions. Submissions and events across Otago provided invaluable feedback, especially regarding cost of living pressures. This feedback shaped our investment priorities in essential services like public transport, civil defence, biosecurity, hazards, water and air quality, navigational safety and 24-hour pollution response. Balancing these needs with our commitment to environmental stewardship was central to our decision-making process. While a proposed rates increase is necessary to fund these initiatives, we have carefully considered ways to minimise impact and ensure fairness.

Reflecting on community feedback, we have made changes to some proposals while others will proceed as planned. In some areas, like flood and drainage schemes, we will undertake further work to understand the impacts of rating changes more comprehensively.

We appreciate the community’s engagement and the many ideas and submissions that have helped shape this plan. Together, we can ensure Otago remains a connected, vibrant, productive and resilient region from the mountains to the sea.



**Gretchen Robertson**  
Chair, Otago Regional Council

A handwritten signature in blue ink, appearing to read 'Gretchen Robertson'.



*To the reader:*

## **INDEPENDENT AUDITOR'S REPORT ON OTAGO REGIONAL COUNCIL'S 2024-34 LONG-TERM PLAN**

I am the Auditor-General's appointed auditor for Otago Regional Council (the Council). The Local Government Act 2002 (the Act) requires the Council's long-term plan (plan) to include the information in Part 1 of Schedule 10 of the Act. Section 94 of the Act requires an audit report on the Council's plan. Section 259C of the Act requires a report on disclosures made under certain regulations. I have carried out this work using the staff and resources of Deloitte Limited. We completed our report on 26 June 2024.

### ***Opinion***

In our opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and co-ordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 99 to 101 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

### ***Emphasis of Matters***

Without modifying our opinion, we draw attention to the following disclosures.

#### *Uncertainty over the delivery of the infrastructure capital programme*

Page 18 outlines that the Council is proposing a significant increase in its infrastructure capital programme over the next 10 years, mostly for flood protection, drainage and river management. While the Council has put initiatives in place, there is a level of uncertainty over delivery of the programme, due to constraints such as contractor availability and the impacts of weather events on completing planned work. If the Council is unable to deliver on a planned project, it could affect levels of service.

#### *Uncertainty over receipt of Waka Kotahi Funding for improved passenger transport services*

Page 67 outline that the Council is proposing increased levels of service for passenger transport services in Dunedin and Queenstown that are dependent on co-funding from Waka Kotahi NZ Transport Agency (the Agency). Page 82 describes that there is a high risk over the expected funding. If the Agency does not provide funding or provides less funding than assumed, the additional services will need to be reconsidered, which could affect intended levels of service.



### ***Basis of opinion***

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

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the Council's forecasts to replace existing assets are consistent with its approach to replace its assets, and reasonably take into account the Council's knowledge of the assets' condition and performance;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

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

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.



We are responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. We do not express an opinion on the merits of the plan's policy content.

*Independence and quality management*

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the requirements of Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* (PES 1) issued by the New Zealand Auditing and Assurance Standards Board. PES 1 is founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.; and
- quality management requirements, which incorporate the requirements of Professional and Ethical Standard 3 *Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements* (PES 3) issued by the New Zealand Auditing and Assurance Standards Board. PES 3 requires our firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council or any of its subsidiaries.

A handwritten signature in blue ink, appearing to read "H Rautjoki".

Heidi Rautjoki, for Deloitte Limited  
On behalf of the Auditor-General, Dunedin, New Zealand



# Part 1 Overview



Koekohe Beach

# Why does this document matter?

## About us

ORC's core role is to protect the natural environment while enabling economic and social activity. To do that, we are responsible for a wide range of activities that contribute to the overall wellbeing of the region.

ORC is guided by legislation, including the Local Government Act 2002 (LGA), which directs local authorities to meet the current and future needs of communities for good-quality infrastructure, services, and performance of regulatory functions in a way that is most cost effective for households and businesses. The LGA also requires local authorities to be accountable and to ensure that their decision-making processes are open to the influence and scrutiny of their communities.

ORC has roles in the following areas:

- Setting a plan framework on which Otago's water, land and air can be managed. This requires plans with policies and rules that enable sustainable management.
- Sustainable management of natural and physical resources involving: a lead role or oversight on the control of animal and plant pests, a lead role or oversight on environmental enhancement including support to community groups, monitoring the environment, and completing necessary compliance and response work.
- Taking a lead role in responding to issues that affect Otago, such as climate change, biodiversity loss and urban development.
- Provision and management of regional infrastructure and services, including flood protection and drainage assets to protect urban populations and productive rural land.
- Improving safety through an active role in understanding and minimising risks from natural hazards, providing an emergency management and civil defence function, and implementing the navigation and safety bylaw via our Harbourmaster.
- Delivery of public transport services.
- Strategic planning for the region delivered through statutory instruments, such as the Regional Policy Statement, the Regional Transport Plans [Land and Public Transport] and the Regional Pest Management Plan. We also utilise non-statutory instruments such as Climate Change Strategy, and Biodiversity Strategy.
- Working in partnership with mana whenua across our work.

## About the Long-Term Plan

The Long-Term Plan 2024-2034 (LTP) prioritises and allocates Council resource over the next 10 years to achieve broader overarching goals. The plan provides a framework for aligning these goals, detailed in Council's 'Strategic Directions' document, with the planned activity. It also establishes a framework for continual review of the planned work and reporting against progress.

The process of completing the LTP required decision making on the part of the elected regional councillors and provided opportunity for community input and involvement.

This document was completed after public input about our priority work, its timing, and how it is funded. Over the proceeding three years, the Annual Plan process is then used to confirm and/or adjust the LTP. At the end of the three years, the LTP is, again, substantively reviewed.

In this document you will find information on:

- The strategic context we have used to direct our planning and ensure our partnerships and programmes are aligned with our priorities and community outcomes.
- The assumptions we are making about non-financial and financial events that help us guide our planning.
- The activities of Council and how they contribute to the outcomes we want for the Otago region.
- How we fund each activity.
- 10-year Financial Strategy that sets out all the financial information.
- 30-year Infrastructure Strategy that describes our assets, the services they provide and how we intend to manage them.

You will also find the following supporting policies:

- Revenue and Financing Policy.
- Schedule of Council Fees and charges.
- Significance and Engagement Policy.

# Summary of Changes

The Long-Term Plan consultation document was adopted for consultation on 20 March 2024, with formal consultation taking place from 28 March to 28 April.

The public were invited to provide feedback, and over 400 submissions were received.

The Council deliberated on feedback at public meetings, making decisions on what was proposed and other things raised in consultation.

The key proposals and decisions are outlined below.

Consulted Proposal	What Council decided
<b>Funding the work</b>	
The work proposed in the proposed plan meant average rate increases of 18.6% in 2024/25, 11.2% in 2025/26 and 9.4% in 2026/27.	Total average rates increases of 16.3% in 2024/25, 13.8% in 2025/26 and 8.7% in 2026/27.
<b>Challenges, opportunities and focus areas</b>	
Council's proposed focus areas and outcomes for the next 10 years were outlined: environment, resilience, climate, transport, communities, and partnership.	The focus areas and outcomes will go ahead, with some changes to wording based on feedback.
<b>Investing in our environment</b>	
\$500,000 funding a year for large-scale environmental projects from 2025/26 with a targeted rate for each of the five areas in Otago.	\$2 million a year funding for large-scale environmental projects from 2025/26, funded by an Otago-wide rate.
<b>Public transport</b>	
<b>Dunedin bus services</b>	
Extra services on popular routes (Pine Hill, Calton Hill, Ōpoho and Shiel Hill) and upgrading the bus fleet to electric by 2035.	The proposal will go ahead with a minor improvement change to timetables for Palmerston-Dunedin weekend services.  Many submitters provided detailed suggestions on desired improvements. This will be used in ongoing/future business case development.
<b>Queenstown bus services</b>	
A range of service improvements, including: <ul style="list-style-type: none"> <li>extended timetable (earlier and later buses)</li> <li>increased frequency over 10 years – aiming for buses every 15 minutes</li> <li>retained ferry service</li> <li>upgrading the bus fleet to electric by 2045</li> <li>on-demand service for some hard-to-reach places like Queenstown Hill and Quail Rise.</li> </ul>	The proposal will go ahead.
<b>Regional public transport trials</b>	
Investigating and trialling public transport in Ōamaru; Alexandra, Clyde Cromwell to Queenstown; Balclutha to Dunedin (including airport); and Wānaka.	The proposed programme will go ahead with the following changes: <ul style="list-style-type: none"> <li>An Upper Clutha business case instead of the proposed Wānaka trial. The cost of the business case will be brought forward to year 1 and funded by an Otago-wide rate.</li> <li>Investigate the feasibility of incorporating an Ōamaru-Dunedin trial service within the planned (year 2 and 3) Ōamaru on-demand service trial.</li> </ul>

<b>Public transport rating approach</b>	
<p>Public transport is funded by a mix of government subsidy, fare box and rates.</p> <p>The proposal was to introduce a 20% Otago-wide general rate and 80% targeted funding allocation for public transport.</p> <p>The proposal was to charge the 80% as a uniform rate, i.e. all properties in the rated area pay the same amount.</p> <p>The proposal also included expanding the areas of the 80% targeted portion to include all properties in the Dunedin territorial area and the Queenstown Lakes District.</p>	<p>The proposal was approved in part:</p> <ul style="list-style-type: none"> <li>• The 20% - 80% split was approved.</li> <li>• The uniform rate will not go ahead for the 80% allocation. Instead, this rate will continue to be based on a property’s capital value basis with commercial differential.</li> <li>• Expansion of the areas where the 80% is applied will not go ahead. The status quo will remain for how the targeted rate is allocated.</li> </ul> <p>A review of options for the allocation of public transport targeted rates will be prepared ahead of the 25/26 annual plan.</p>
<p>Repay existing transport deficits over the next five years through the existing targeted transport rate area.</p>	<p>The proposal will go ahead.</p>
<b>Flood protection, drainage and river management rating</b>	
<p>A consistent split between the costs funded by general rates and targeted rates was proposed for flood protection and drainage activity. A split of 20% general rate and 80% targeted rate was proposed for flood protection schemes, and 10% general rate and 90% targeted rate for drainage schemes.</p> <p>In addition, the proposal was to fund the 20% and 10% general rate components across the Otago Region.</p>	<p>The proposal will go ahead.</p>
<p>Rationalise scheme areas – this simplified target rated areas to fewer zones within the encompassing scheme areas.</p>	<p>The proposal will go ahead, except for the Lower Clutha flood and drainage scheme where zones won’t change.</p> <p>The proposal to apply the ‘Leith indirect’ rate across the whole Dunedin district was approved.</p> <p>Council requested further rating policy review work for all flood and drainage schemes. Terms of reference and timing for this review will be prepared for Council.</p>
<b>Catchment management rating</b>	
<p>Create Otago-wide catchment management rate to fund work that had been funded by river management scheme rates.</p>	<p>The proposal will go ahead.</p>
<b>Navigational safety rates</b>	
<p>Create a new navigational safety rate to replace sub-regional general rates for all of Otago, except Queenstown-Lakes (provided by QLDC).</p>	<p>The proposal will go ahead.</p>
<b>Wilding conifer control rate</b>	
<p>Discontinue the wilding tree rate and fund through biosecurity rate.</p>	<p>The proposal will not go ahead. The wilding tree rate will remain.</p>
<b>Infrastructure Strategy</b>	
<p>Increased spending for flood, drainage and river control activity.</p> <p>This change was proposed largely to reduce risk to people, property and businesses.</p>	<p>The proposal will go ahead, although the timing of some of the earlier planned work will start later.</p>

	<p>This better reflects the contracting capacity risks of delivering the work, reduces immediate cost and funding pressure, and potentially enables more time and scope for input from affected communities.</p> <p>A draft terms of reference and process to work with the community to establish a Taieri Flood and Drainage Schemes liaison group will be presented to councillors in August 2024.</p>
<b>Dunedin Trails Network Trust</b>	
	<p>Following a submission for funding, Council agreed to contribute \$50,000 to the Dunedin Trails Network Trust for pre-build design and consenting work for parts of the Coastal Communities Cycle Connection.</p>

# The Otago Region

## Our environment

Making up 12% of Aotearoa New Zealand's land mass, Otago is the third-largest, and arguably the most geographically diverse, region in the country. With a population density of only 8.16 people per square kilometre, we have a lot of rolling open country and striking expansive landscapes.

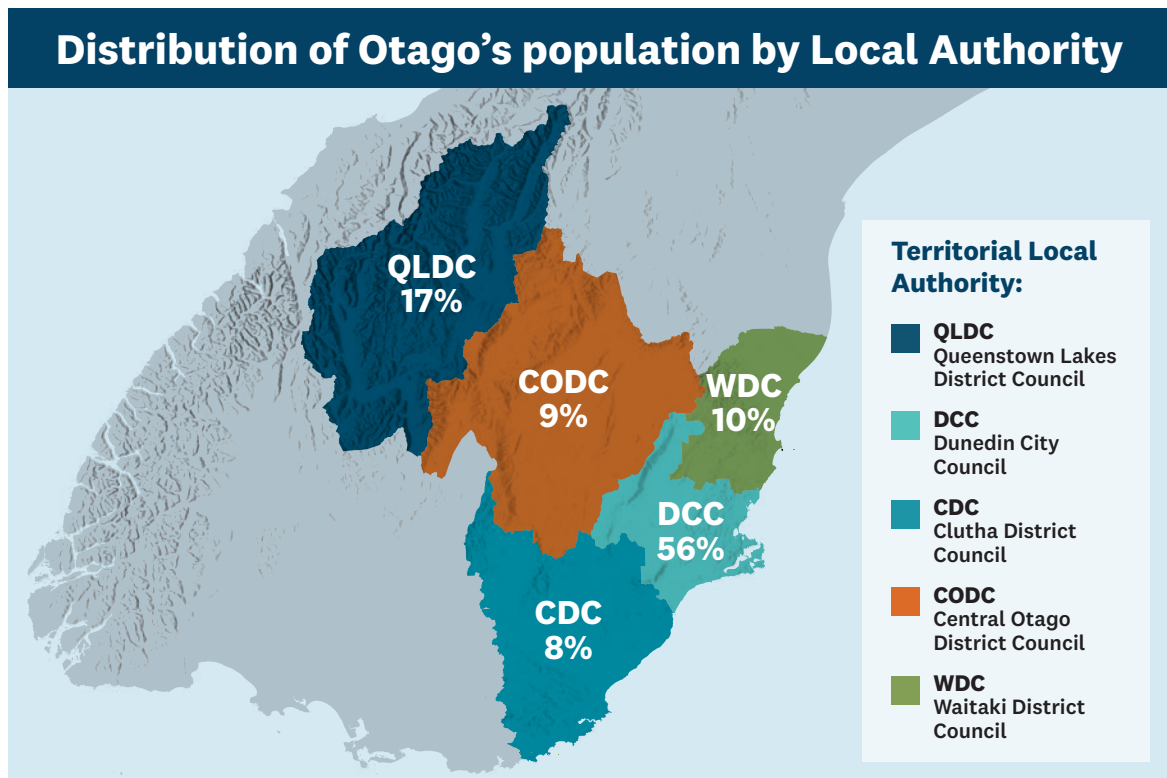
Otago is known for its abundant wildlife, be that the albatrosses and yellow-eyed penguins on the Otago Peninsula, the endangered skinks of Central Otago, the cheeky kea of the Southern Alps, the sea lions basking on our beaches, endemic galaxiids inhabiting creeks in the upper reaches of our catchments, or the orca that occasionally visit Otago Harbour. Otago also has a wide range of lizards and birds under protection at the Orokonui Ecosanctuary. We also boast some pretty unique habitats, such as the remnant beech forest at the head of Lake Whakatipu, inland saline wetlands near Middlemarch, and the relatively untouched Tautuku Estuary and Tahakopa Marsh Complex in The Catlins, to name but a few.

Otago is home to some of the country's largest rivers and lakes. The Clutha River/Mata-Au, for example, is the country's biggest river by volume, and lakes Whakatipu, Wānaka and Hāwea are each over 310 m deep. These, plus thousands of other lakes, creeks, wetlands, swamps, estuaries and salt marshes are home to an abundance of native and exotic biodiversity. Otago's indigenous species and water bodies are also ngā taoka to Kāi Tahu, and form a strong part of their cultural identity.

Our communities also rely on these water bodies for their social, cultural, and economic wellbeing. Around half of the region's population (225,186 according to census 2018) can be found living in Ōtepoti Dunedin, 11% live in Queenstown, and smaller population hotspots exist around Mosgiel, Ōamaru, Wānaka, Cromwell, Alexandra, Balclutha, Arrowtown, Milton, Waikouaiti, Clyde, and other geographically scattered smaller towns.

## Our people

There are five territorial authorities in Otago: Dunedin City Council (DCC), Queenstown Lakes District Council (QLDC), Waitaki District Council (WDC), Central Otago District Council (CODC) and Clutha District Council (CDC).



## Our economy

Otago's economy is centered around agriculture, forestry, tourism, construction, mineral extraction, professional services and education. The rate of GDP growth in the year ending March 2023 was 3.2%, which is higher than the national average of 2.8%. In the year end March 2023, some of the top contributors to Otago's GDP were as follows:

Industry sector	% of Otago's GDP
Construction	8.73
Professional, scientific and technical services	7.18
Health care and social assistance	6.89
Agriculture, forestry and fishing	6.65
Rental, hiring and real estate services	6.43
Retail trade	5.59
Accommodation and food services	5.58
Property operators and real estate services	5.3
Education and training	5.26
Manufacturing	4.91

**Table 1: Otago gross domestic product by industry, 2023 (source: Infometrics.co.nz)**

## Our climate

The Otago region experiences two distinct climates: temperate coastal areas and almost continental inland areas. Weather on the coast tends to alternate between warm and dry, and cool and damp. Central Otago's climate, on the other hand, is famously characterised by hot, dry summers and very cold, frosty winters. Queenstown's climate (especially the head of the lake) can be influenced by wetter weather from the West Coast.

	Annual Rainfall (mm)	Mean max temp January (degrees Celsius)	Mean min temp July (degrees Celsius)	Mean annual sunshine hours	Mean annual ground frost days
Dunedin	809	18.9	3.1	1590	60
Alexandra	356	23.5	-1.8	2042	148
Queenstown	900	22.5	1	1913	105

**Table 2: Climatic variations across the region (source: Metservice.com)**

The weather extremes of the region present both challenges and opportunities for our food producers, who need to be prepared to adapt to our rapidly changing climate.

Otago Regional Council plays a core role in the management of our natural resources whilst also maintaining our indigenous biodiversity. It is also our role to provide regional transport services and help build more resilient communities in the face of our changing climate and natural hazards including sea level rise. The diverse nature of our region, our changing population demographics, and climate change are just some of the many variables that we need to consider in all of our decision making.

## 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 and chairs the Council meetings, which in turn sits over the recommending committees. Importantly, the elected arm of Council employs a Chief Executive (CE) to lead the Council organisation and its staff. The CE is responsible for the delivery of Council services to the community and associated advice to the elected arm. An election is planned for late 2025, being year 2 (and every three years) of this LTP.

The Dunedin Constituency is represented by six Councillors and comprises 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 comprises the Central Otago District and Queenstown Lakes District territorial areas.

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

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

\*NB Council is required to undertake a membership representation review in 2024. This may result in changes to the above constituencies.



Back row, left to right: Cr Andrew Noone, Cr Alan Somerville, Cr Bryan Scott, Cr Elliot Weir, Cr Tim Mephram, Cr Michael Laws. Insert: Cr Gary Kelliher. Front row, left to right: Cr Alexa Forbes, Cr Kevin Malcolm, Cr Gretchen Robertson (Chair), Cr Lloyd McCall (Deputy Chair), Cr Kate Wilson.



# Partnering with mana whenua

## What does this mean?

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

For LTP 2024-34, 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 the principles and requirements for engaging with iwi under the Local Government Act and Resource Management Act.

For Council, these legislative requirements are a bottom line. We aspire to go beyond these statutory responsibilities to ensure meaningful engagement with mana whenua, which recognises Te Tiriti principles of partnership. 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 Rūnaka. There are four Kāi Tahu ki Otago Rūnaka, being:

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

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

- Awarua Rūnanga;
- Waihōpai Rūnanga; and
- Ōraka-Aparima Rūnaka.

## Steps to achieve this

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 capacity of Kāi Tahu Papatipu Rūnaka. They include:

- Mana to Mana: Kāi Tahu ki Otago Rūnaka Chairs and Councillors meet to discuss governance related issues of interest to either side.
- An Iwi representative as Co-Chair of the Environmental Science and Policy Committee.

- Two iwi representatives from Kāi Tahu ki Otago are members of the Environmental Science and Policy 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 Mārama Inc. and Southland Rūnanga.
  - 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 Mārama Inc. in policy development to ensure that iwi views are being incorporated. The Papatipu Rūnaka consultancy services, Aukaha, representing Otago Rūnaka, and Te Ao Mārama 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.
- ORC is giving effect to these processes and initiatives via our planned LTP work programme that includes:
- Dedicated internal resourcing for a Senior Iwi Partnerships and Engagement role.
  - Implementing recommendations from a Te Tiriti o Waitangi audit undertaken by Te Kura Taka Pini.
  - Committing to sustainable funding of Aukaha and Te Ao Mārama Inc. to assist with business planning in both organisations.
  - Encouraging a sense of connection, partnership, and engagement, by building the cultural confidence of ORC staff.
  - Building cultural awareness and integration of te ao Māori (the Māori world view) into ORC's work and culture.
  - Reviewing the effectiveness of He Mahi Rau Rika: Otago Regional Council Significance, Engagement and Māori Participation Policy.
  - Giving effect to the revised ORC 'Strategic Directions' to ensure that ORC has effective and meaningful partnerships with mana whenua, creating better outcomes for our region.

# Financial and Infrastructure strategies – overview

## Financial Strategy

### Purpose

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

### Overview of the Strategy

Over the previous Long-Term Plan period (2021-2031), Council increased its work programme to reflect increased Central Government requirements and community expectations. This resulted in significant rates increases over the last three years. This Long-Term Plan (2024-34) reflects that increased work programme and also has identified areas that still require further investment, especially in public transport and infrastructure activities.

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

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

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

- There is a significant increase in planned expenditure occurring in the Infrastructure Strategy 2024-2054 and in public transport. That requires a corresponding increase in funding in the Long-Term Plan.
- There will be an increased use of debt and reserves over the life of this plan. This reflects a change to extend repayment of capital expenditure to better reflect the life of those assets. Capital repayment is now assumed to occur over a 30-year period. External debt is forecast to increase from \$25M to \$95M to fund the resulting reserve deficits.
- Existing public transport deficits are proposed to be repaid over the first five years of the plan. This will be done on the existing rating basis and, going forward, public transport operating costs will be fully funded in the year they occur.
- Uncertainty about funding from Waka Kotahi regarding Council's planned transport means there is a high risk that planned/assumed levels may not be available. In that event, Council would need to reconsider whether the extra services would proceed and, if they did, how grant funding would be replaced.
- An extensive review of Council's Revenue and Financing Policy (RFP) has been undertaken. This included establishing a set of funding principles and completing funding needs analysis for all of Council's activities. As a result, a number of new and amended rates are proposed. This reflects changes in those activities over time and the need to ensure funding is sustainable, consistent and transparent. **The key rates changes (outlined in the Revenue and Financing Policy) are:**
  - A new catchment management rate has been introduced. This will fund biosecurity and catchment activity including integrated catchment management and liaison group activity across the region. These activities were previously funded by a mix of general rates, general reserves, river and waterway management targeted rates and the rural water quality rate (which has been disestablished).

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

# Infrastructure Strategy

Our Infrastructure Strategy outlines how we intend to manage our flood protection, drainage, and river management infrastructure in response to the significant issues we expect that to face over the 30-year lifetime of the strategy. This also will highlight options of managing those issues and the implications of those options. This is a requirement of the Local Government Act 2002.

We provide flood protection and land drainage to around 43,000 hectares of rural and urban land in Otago, through 218 km of floodbanks, 14 pumping stations, 42 bridges, 535 km of drains, 369 culverts and various river management infrastructure. We own and maintain:

- Four flood protection schemes in Alexandra, Leith, Lower Taieri, Stoney Creek and Lower Clutha [being combined flood and drainage].
- Three drainage schemes in East Taieri, West Taieri, and Tokomairiro.
- One river control scheme in Lower Waitaki (portion within Otago).
- River management infrastructure located across Otago.

Our Infrastructure Strategy 2024-2054 identifies seven significant issues facing our flood protection and drainage infrastructure across the region: infrastructure condition, natural hazards, climate change, settlement trends and land use change, legislation and regulatory changes, funding and risk exposure.



Our Infrastructure Strategy outlines the proposed investment programme for managing, maintaining and renewing our infrastructure over a 30-year period.

There is \$318.5 million of capital expenditure estimated over the 30-year lifetime of the Infrastructure Strategy, 19% of which falls within the 10-year lifetime of the Long-Term Plan. The Council acknowledges there are risks associated with this proposed expenditure programme, including the impacts of severe weather events and contractor availability. If such events occur there may be an impact on levels of service due to the delays. Further information can be found in the Infrastructure Strategy.

# Strategic Directions

Routeburn River

# Strategic Directions 2024-2034

In 2023, Councillors and mana whenua participated in a programme of work to revise the organisation's strategic directions. Both global and local trends, as well as existing enduring priorities, were taken into consideration as part of the process. As a result, our vision for Otago has been defined as:

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

The diagram outlines the focus areas and the outcomes we want to achieve for each focus area.



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

The goals we have set for each focus area are as follows:

### Partnership

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

### Communities

- 1 Our communities trust us, and they are satisfied with us and the outcomes that we are delivering.
- 2 Our communities are supported and empowered to achieve better environmental outcomes.
- 3 The social, cultural, economic, and environmental wellbeing of Otago is consistently improving.

### Environment

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

### Progress

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

Over the next 10 years, we will monitor progress towards achieving our goals and adjusting our work programmes accordingly. Being agile in our approach will be important to ensure we can respond to changing circumstances and/or new challenges and opportunities. We are developing a broader framework for defining, measuring and reporting ORC's performance. This includes developing a suite of indicators to monitor progress against each goal.

### Resilience

- 1 Plans are in place to ensure that the region's most vulnerable communities (geographic and demographic) and ecosystems are resilient in the face of natural hazards.
- 2 Our infrastructure is designed and built to accommodate variability and uncertainty associated with changing weather patterns and sea level rise.
- 3 Our Regional Policy Statement and regional plans control development in areas that are vulnerable to natural hazards.

### Climate

- 1 The carbon footprint of our organisation is reduced in line with our Climate Change Strategy, and we are supporting and collaborating with others to do the same.
- 2 Climate change mitigation and adaptation are key considerations in all our decisions.
- 3 Our agriculture and horticulture systems are more climate resilient in the face of changing weather patterns, water availability and consumer choice.

### Transport

- 1 Congestion is reduced and connection is increased throughout the region.
- 2 Carbon emissions are reduced and air quality is improved across the region, supported by our efficient and affordable public transport services.
- 3 Active transport is the preferred mode for short journeys in urban areas.

# Aspirations

Embedding our Strategic Directions throughout our work programmes and achieving the goals we have set should ensure that our aspirations — or community outcomes — are fulfilled over the next 10 years.

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

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

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

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

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

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

## Opportunities and challenges

As Otago Regional Council prepares to begin its next long-term planning cycle, it does so in the context of continued and rapid change. This environmental scan draws on workshops with the Council and mana whenua, highlighting some of the significant trends that offer both challenges and opportunities for Otago.

### Partnership

In recent years, there has been increased recognition and emphasis of the role of Te Tiriti o Waitangi in shaping Aotearoa New Zealand's past, present and future. Strengthening and deepening our partnership with mana whenua will help embed our shared aspiration of using multi-generational, holistic systems thinking to create positive outcomes for Otago's environment and communities. It also provides the ability to address complex challenges, share responsibilities, access expertise and resources, foster community engagement and implement coordinated approaches to governance and decision making.

### Communities

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

### Technological change

Technology is changing many aspects of daily life, including enabling remote work and education, instant access to more information, allowing freer communication, and changing the way people shop. Technological innovation is also improving our ability to plan, mitigate, and respond to natural hazard events, and predict and address emerging environmental issues before they arise.

Technology has the potential to significantly change the job market, including creating, changing and replacing jobs. We may see higher skill requirements for employment, and, consequently, more barriers to employment for disadvantaged groups.



### Climate change

Climate change is one of the greatest threats to Aotearoa New Zealand's security, prosperity, and wellbeing, and Otago will continue to be impacted by the effects of climate change. Our region is particularly vulnerable to flooding, coastal erosion, water quality and quantity issues, wildfire and droughts. Resulting issues are wide ranging:

- Changes to the climate are impacting how land can be used and what crops can be grown.
- Hydrological system changes are putting pressure on our communities.
- Native biodiversity is at risk.
- Natural hazard events are increasing in frequency and intensity.
- Consumer choices are changing, affecting our businesses. This also creates opportunities for our businesses to adapt to changing consumer preferences.

No two communities will experience climate change in the same way, and climate change may exacerbate current inequities as well as create new ones. Food production may be an area of significant change in coming years, with food producers needing to be more agile and adapt innovative practices. There will be some new opportunities with fewer frosts, but increased threat of new pest incursions and less water availability. This will impact our region's food growers and their supporting communities.

Climate change is a worldwide issue requiring action at regional and local levels. We know that we can't fix climate change, but we can reduce its impacts and we have a responsibility to do so for the future generations.

There will also be some new opportunities. The Council will need to become adept at dynamic adaptive planning, and be proactive and flexible to ensure best infrastructure investment.

### Environment

Otago's environment is facing challenges around water quality and availability, soil and air quality, soil erosion and runoff, biodiversity loss, biosecurity threats and impacts on the coastal environment. Changes to our land and water have impacted how mana whenua carry out cultural practices, such as mahika kai and mātauraka. A healthy environment is also important for our economy. We need to protect, manage and use our natural resources in a planned and considered way, and operate more within the biophysical limitations of our natural environment.

### Government reform

There is significant government reform underway that will impact the role of local government, our communities and how we manage environmental outcomes. The Government has announced it will retain the Resource Management Act 1991 in the short term, develop a permanent fast-track consenting regime, and change the RMA to make it easier to develop housing and infrastructure and enable primary industry. The Government is also repealing and replacing various policies that ORC has been working under, and we need to be ready to respond to new legislation that is introduced in its place.

### Cost of living

Geopolitical instability, overseas conflicts, diminishing natural resources, a tight labour market, persisting global supply chain challenges, and rising global energy prices are all driving high inflation. This is increasing the cost of living, and households across Aotearoa New Zealand are facing increasing financial pressure. It also reduces consumer purchasing power, which will likely result in declining visitors and discretionary spending in the short term. These pressures are causing disruption and uncertainty for businesses, communities, and households throughout Otago, especially those on lower incomes less able to accommodate increased costs.

# What we will deliver

**Our work is structured into five portfolios, which are aligned to our strategic directions.**

We describe each portfolio in the following sections, including an overview of the work we do, why we do it and planned activities. We have also included levels of service, measures and targets for each portfolio, which we report against quarterly:

## **Regional Leadership**

- Governance and Community Engagement
- Regional Planning
- Regulatory

## **Environment**

- Land and Water
- Biodiversity and Biosecurity
- Air

## **Climate Change and Resilience**

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

## **Transport**

- Transport (including Regional Land Transport and Public Transport)

## **Council Organisation**

- Internal Services
- Port Otago

# REGIONAL LEADERSHIP

Otago Harbour

Our Regional Leadership work supports both the elected body of Council and the organisation in its role of decision making, partnering with mana whenua, and engaging with the community across the specific legislative responsibilities and other matters important to the Otago community.

We have three activities supporting our Regional Leadership work. They are:

## **Governance and Community Engagement**

This activity supports the structure (e.g. partnership agreements, committees) and running (e.g. meetings, recording decisions) of Otago's regional democracy. It enables the elected regional councillors to conduct the representation of duties required of them.

Communication and engagement work is an important aspect that seeks to connect communities to the proposals, decisions of governance and the work of the regional council.

## **Regional Planning**

This activity ensures Otago has an effective and compliant regional planning framework under the Resource Management Act (RMA). The Regional Policy Statement (RPS) sits over the detailed plans (e.g. land and water, air and coast) with objectives, policies and rules for the sustainable use of natural and physical resources in Otago.

## **Regulatory**

This activity gives effect to (e.g. consents, enforcement, information and education) the guidance and rules from regional planning and the Resource Management Act. It enables the Council to manage natural resources (water, land, air and coast) in Otago.

## Strategic Directions and Aspirations

This activity is influenced by the focus areas defined in our Strategic Directions 2024–2034, in particular the 'Partnership' and 'Communities' focus areas.



### Partnership

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



### Communities

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



### Environment

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

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

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

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

Annual Plan	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>\$000s</b>											
Governance and Community											
8,649 Engagement	13,343	15,165	15,187	15,323	16,239	16,196	16,061	17,212	17,223	17,089	
3,071 Regional Planning	2,925	3,066	2,304	2,460	2,511	2,566	2,616	2,666	2,718	2,771	
14,214 Regulatory	12,568	13,846	14,525	15,505	15,868	16,331	16,690	17,068	17,469	17,873	
<b>25,934 Expenditure</b>	<b>28,836</b>	<b>32,077</b>	<b>32,017</b>	<b>33,289</b>	<b>34,619</b>	<b>35,093</b>	<b>35,366</b>	<b>36,946</b>	<b>37,410</b>	<b>37,732</b>	
20,064 General Rates	23,346	25,948	26,193	27,130	27,725	28,518	28,628	29,423	30,289	30,419	
210 Targeted Rates	1,049	1,184	1,220	1,416	1,442	1,526	1,557	1,589	1,627	1,654	
4,971 Fees & Charges	3,909	4,258	4,445	4,595	4,741	4,902	5,047	5,199	5,359	5,524	
225 Grants	225	75	75	75	75	75	75	75	75	75	
260 Other Income	260	260	260	260	260	260	260	260	260	260	
203 Reserves	47	353	(176)	(188)	376	(188)	(200)	399	(200)	(200)	
<b>25,934 Revenue</b>	<b>28,836</b>	<b>32,077</b>	<b>32,017</b>	<b>33,289</b>	<b>34,619</b>	<b>35,093</b>	<b>35,366</b>	<b>36,946</b>	<b>37,410</b>	<b>37,732</b>	

# Governance and Community Engagement

## What we do

Connecting our communities in a timely and meaningful way to the work of the regional council is vital.

Through our elected representatives and communication and engagement activities, the many diverse voices from around Otago can be heard and be part of our decision-making process. In turn, we share the stories about our work, to raise awareness of the results of the investment Otago people make in us.

We aim to provide quality leadership that benefits our region and our work in this activity supports Otago's elected Regional Council representatives to carry out their duties.

The key programmes that make up this activity are:

- Communications and Marketing
- Governance and Democracy

## Why we do it

Supporting governance, good decision making, and connecting and engaging with our communities in a timely way are essential features of a civilised society. Legislation also enshrines principles, powers, duties and functions that underpin this activity and the need for it.

## Key work for years 1 to 3

The table below outlines key aspects of Council's planned work programme over three years from 1 July 2024.

PLANNED WORK	
Existing work [no change]	Elected member committee structure, council meetings.
	Partnership with Kāi Tahu and iwi liaison.
	Engaging with partners, organisations and community groups on key work initiatives.
	Council communications and marketing to assist with connecting council and the community.
	Advice, support and information to develop and give effect to Council's Strategic Directions 2024-34.
	Secretariat support for the 'Otago Mayoral Forum'.
New or revised work [change]	Provision for 3–4 regional meetings a year {increase}.
	Governance advice / projects — additional FTE to support decision making structures, remuneration, voting systems, Māori wards, membership representation reviews, Standing Orders, Code of Conduct, Conflict of Interest, strategy, legal, CE performance management, Ombudsman report/recommendations.
Key Projects [one off]	None to report

### 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 to the community.**

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Percentage of council agendas that are publicly available two working days or more before a meeting.	2022-2023: 100%	100%	100%	100%	100%
Percentage of official information requests responded to within 20 working days of being logged.	2022-2023: 98.5%	100%	100%	100%	100%

**LoS: Develop and deliver robust and effective corporate planning and reporting.**

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Deliver our Long-Term Plan, annual reviews of the LTP, and reporting of performance against plan as per the statutory requirements.	Plans & reports delivered to statutory requirements over previous LTP	Annual Plan [Yr2] adopted by council prior to 30 June 2025.  Council financial and activity performance against the Year 3 LTP 2021-31 reported to Council by October 2024.	Annual Plan [Yr3 LTP] adopted by council prior to 30 June 2026.  Council financial and activity performance against the Year 1 LTP 2024-34 reported to Council by October 2025.	LTP 2027-37 adopted by Council prior to 30 June 2027  Council financial and activity performance against the Year 2 LTP 2024-34 reported to Council by October 2026.	Annual Plan adopted by council prior to 30 June each year.  Council financial and activity performance reported to Council by October each year.

**LoS: Represent the diverse views and interest of the region in a fair and equitable way through engagement, communication and partnership.**

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Increase opportunities for engagement with diverse groups across Otago to lift awareness and understanding of the work of the regional council and seek feedback on performance.	New measure	Create and implement engagement plan and establish engagement data.	Maintain or increase numbers.	Maintain or increase numbers.	Maintain or increase numbers.

LoS: Provide relevant, timely and accessible communications which enable the community to understand and participate in ORC's programmes and decision making.

<b>PERFORMANCE MEASURES</b>	<b>BASELINE RESULTS</b>	<b>2024/2025 TARGET</b>	<b>2025/2026 TARGET</b>	<b>2026/2027 TARGET</b>	<b>2027-34 TARGET</b>
Biannual survey is conducted to understand and improve community awareness, perceptions and expectations of ORC.	2022-2023: Survey completed	Report against the action plan to Council by March 2025.	Survey and action plan completed March 2026.	Report against the action plan to Council by March 2027.	Survey and action plan completed by March 2028.
Customers express high levels of satisfaction with customer service provision.	2022-2023: Determined methodology and agreed base of survey in FY2022/23	Develop Customer Policy to determine satisfaction levels.	Meet or exceed satisfaction targets.	Meet or exceed satisfaction targets.	Meet or exceed satisfaction targets.

# Regional Planning

## What we do and why

This activity sets strategic direction for Otago's natural resources through a resource planning framework and programme that guides how people interact with the environment. In this framework, the Regional Policy Statement (RPS) sits over the various regional plans, including water, land, air, and the coast. They set out objectives, policies and rules for sustainably using natural and physical resources in Otago.

Other strategies and plans are also needed to support regulation, on-the-ground action, and community capacity building. Strategic direction and collaboration on important regional issues, such as climate change and community wellbeing, help support better outcomes for Otago communities.

Another important component of this activity is working with Otago's city and district councils on resource management and urban development. An integrated approach is sought via liaison with other ORC functions, such as engineering, hazards management, and transport planning.

The key programmes that make up this activity are:

- Regional planning programme [including the RPS]
- Urban development
- Response to policy Issues
- Strategy [non Resource Management Act]

## Key work for years 1 to 3

The table below outlines key aspects of Council's planned work programme over three years from 1 July 2024.

PLANNED WORK	
Existing work [no change]	Implement Regional Planning Programme.
	Work with Otago's other councils to implement the RPS.
	Respond to national legislative processes to advocate for Otago.
	Development, monitoring and review of the Regional Climate Change Strategy.
	Regional Greenhouse gas inventory (biannually); Report on wellbeing indicators (annually); Report on regional climate change collaboration (annually).
New or revised work [change]	Reviewing Air Plan to notify proposed Plan by 30 June 2025 [additional FTE].
	Jointly delivering National Policy Statement (NPS) Urban Development. Statutory requirements with Tier 2 district councils – via future development strategies. Additional LTP funding.
	Review of the Otago climate change risk assessment and dissemination of information (FYE27).
	Lead the implementation of initiatives identified in the Climate Change Strategy.
Key Projects [one off]	None to report



## 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 Otago's councils and communities to manage environmentally sustainable urban growth.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Support integrated and well managed urban growth across Otago.	New measure	Joint Queenstown future development strategy completed by 30 June 2025.	No target	Review of joint Dunedin Future Development Strategy completed by 30 June 2027.  Review of joint Queenstown Future Development Strategy completed by 30 June 2027.	No target
Support integrated and well managed urban growth across Otago.	New measure	Consultation on maps of highly productive land completed by 31 December 2024.	RPS change to insert maps of highly productive land ready for notification by 17 October 2025.  Hearing panel for RPS change appointed by 30 June 2026.	No target	No target

LoS: Lead a regional approach to biodiversity management in collaboration with mana whenua, local councils, and other stakeholders.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Develop a regional biodiversity strategy and implement ORC actions.	New measure	Draft regional biodiversity strategy is made available for public consultation by 30 June 2025.	Regional biodiversity strategy is adopted by 30 June 2026.	ORC actions from the regional biodiversity strategy are implemented, and the effectiveness of the strategy is monitored and reported to Council annually.	ORC actions from the regional biodiversity strategy are implemented, the effectiveness of the strategy is monitored and reported to Council annually, and the strategy is reviewed every three years.

LoS: Lead a regional approach to climate change in collaboration with mana whenua, local councils, and other stakeholders.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Develop a Regional Climate Change Strategy and implement ORC actions.	New measure	ORC actions from the Regional Climate Change Strategy are implemented, and the effectiveness of the strategy is monitored and reported to Council annually.	ORC actions from the Regional Climate Change Strategy are implemented, and the effectiveness of the strategy is monitored and reported to Council annually.	ORC actions from the Regional Climate Change Strategy are implemented, and the effectiveness of the strategy is monitored and reported to Council annually.	ORC actions from the Regional Climate Change Strategy are implemented, the effectiveness of the strategy is monitored and reported to Council annually, and the strategy is reviewed every three years.

LoS: Lead a regional approach to air quality improvement in collaboration with mana whenua, local councils, and other stakeholders

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Develop a Regional Air Quality Strategy and implement ORC actions.	New measure	Draft Regional Air Quality Strategy is made available for public consultation along with the revised Air Plan by 30 June 2025.	Regional Air Quality Strategy is adopted by 30 June 2026.	ORC actions from the Regional Air Quality Strategy are implemented, and the effectiveness of the strategy is monitored and reported to Council annually.	ORC actions from the Regional Air Quality Strategy are implemented, the effectiveness of the strategy is monitored and reported to Council annually, and the strategy is reviewed every three years.

# Regulatory

## What we do and why

The key programmes that make up this activity are:

- Consent processing
- Compliance monitoring
- Incident response, investigation and enforcement
- Harbours and waterway management

These programmes ensure the ORC can fulfil its role as a regulatory authority supporting the sustainable management of water, land, air and the coast. We process resource consents, develop rules for how natural resources are used and managed, monitoring them and ensuring the rules are applied. We investigate activities that don't comply, providing services to ensure activities in Otago are consistent with both national and regional rules in the Resource Management Act.

As well as undertaking consent processing and monitoring compliance with consents, RMA and Regional Plans, ORC has an educational and awareness-raising role. The regulatory teams collaborate with Otago communities to increase knowledge and understanding of environmental matters.

We are also responsible for maritime activity and navigational safety on lakes, rivers and harbours and for the regulation of ports under the Maritime Transport Act. In Queenstown and Wānaka, navigational safety is delegated to the Queenstown Lakes District Council. This work has a mix of achieving environmental (e.g. oil spill response) and 'people safety' (e.g. navigation) outcomes.

## Key work for years 1 to 3

The table below outlines key aspects of Council's planned work programme over three years from 1 July 2024.

PLANNED WORK	
Existing work [no change]	Consent processing [cost recoverable]: Processing consents under regional plans and national regulations is a mandatory activity with mandatory timeframes.
	Implementation of national regulations and regional plans - Implementation and providing regional context to national regulation and standards is a discretionary activity with discretionary timeframes
	Consent fund: Providing consent processing costs to community and catchment groups for environmental enhancement projects is a discretionary activity with discretionary levels of service and timeframes.
	Incident response: Maintaining a 24/7 pollution hotline response to environmental complaints. Supporting behaviour change and compliance education activities.
	Investigations and enforcement: Investigating environmental incidents; Taking appropriate enforcement action and legal proceedings; Investigating dam construction breaches.
	Compliance monitoring - undertaking audits and compliance inspections for RMA consents, NES-CF forestry and dairy activities; undertaking appropriate follow-ups to ensure compliance with conditions.
New or revised work [change]	Reduce response times for following service supporting the above mandatory activities. <ul style="list-style-type: none"> <li>• Supporting regulatory implementation and understanding the process, rules and promoting the best environmental outcomes.</li> </ul>

	<ul style="list-style-type: none"> <li>• Business improvement initiatives.</li> <li>• Responding to customer enquiries on phone, email, in person and attending site meeting.</li> </ul>
Key Projects [one off]	None to report

### 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	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Percentage of resource consents application processed within Resource Management Act 1991 legislative timeframes.	2022-2023: 100%	≥ 98%	≥ 98%	≥ 98%	≥ 98%
Percentage of public inquiries for consent information responded to within 10 working days.	2022-2023: 100%	Maintain or increase  Note: Year 1 establish a measurement baseline	Target to be determined	Target to be determined	Target to be determined

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	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Percentage of performance monitoring returns completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets.	2022-2023: 178%	≥ 90%	≥ 90%	≥ 90%	≥ 90%
Percentage of programmed inspection/audits completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets.	2022-2023: 139%	≥ 90%	≥ 90%	≥ 90%	≥ 90%
Percentage of significant non-compliance incidents identified where action is taken in accordance with Compliance policy.	2022-2023: 100%	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	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Maintain 24-hour/7 day a week response for environmental incidents.	2022-2023: 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.	Pollution hotline staff available/ on call 24/7.
Maintain 20 appropriately trained responders for maritime oil pollution incidents.	2022-2023: 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.	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 MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Maintain compliance with Port and Harbour Marine Safety Code.	2022-2023: Annual self review was completed by ORC and POL Chief Executives	External review is completed and deemed to be code consistent.	Annual self review is completed by ORC and POL and signed off by the Chief Executives.	Annual self review is completed by ORC and POL and signed off by the Chief Executives.	Annual self review is completed by ORC and POL and signed off by the Chief Executives.

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 MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
The safety campaign for recreational 'boaters' is delivered.	New measure	80% achieved	80% achieved	80% achieved	80% achieved

## Funding Impact Statement - Regional Leadership Group

<b>Annual Plan</b>		<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>	<b>2031/32</b>	<b>2032/33</b>	<b>2033/34</b>
<b>2023/24</b>	<b>\$000s</b>										
	<b>Sources of Operating Funding</b>										
20,064	General rates, uniform annual general charge, rates penalties	23,346	25,948	26,193	27,130	27,725	28,518	28,628	29,423	30,289	30,419
210	Targeted rates	1,049	1,184	1,220	1,416	1,442	1,526	1,557	1,589	1,627	1,654
225	Subsidies and grants for operating purposes	225	75	75	75	75	75	75	75	75	75
4,971	Fees and charges	3,909	4,258	4,445	4,595	4,741	4,902	5,047	5,199	5,359	5,524
0	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
260	Local authorities fuel tax, fines, infringement fees and other receipts	260	260	260	260	260	260	260	260	260	260
<b>25,731</b>	<b>Total Sources of Operating Funding ( A )</b>	<b>28,789</b>	<b>31,724</b>	<b>32,193</b>	<b>33,476</b>	<b>34,243</b>	<b>35,281</b>	<b>35,566</b>	<b>36,546</b>	<b>37,610</b>	<b>37,932</b>
	<b>Applications of Operating Funding</b>										
17,839	Payments to staff and suppliers	22,272	24,070	23,602	24,613	25,810	26,063	26,229	27,656	27,943	28,063
0	Finance costs	0	0	0	0	0	0	0	0	0	0
7,908	Internal charges and overheads applied	6,428	7,851	8,286	8,613	8,743	8,963	9,064	9,211	9,377	9,579
5	Other operating funding applications	5	5	5	5	5	6	6	6	6	6
<b>25,752</b>	<b>Total Applications of Operating Funding ( B )</b>	<b>28,705</b>	<b>31,927</b>	<b>31,893</b>	<b>33,232</b>	<b>34,559</b>	<b>35,032</b>	<b>35,299</b>	<b>36,872</b>	<b>37,325</b>	<b>37,648</b>
<b>(21)</b>	<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>84</b>	<b>(202)</b>	<b>300</b>	<b>244</b>	<b>(316)</b>	<b>249</b>	<b>267</b>	<b>(326)</b>	<b>284</b>	<b>284</b>
	<b>Sources of Capital Funding</b>										
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
<b>0</b>	<b>Total Sources of Capital Funding ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Applications of Capital Funding</b>										

Capital Expenditure - To meet 0 additional demand	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - To 0 improve level of service	175	54	32	26	26	27	27	28	28	29
Capital Expenditure - To 21 replace existing assets	38	29	30	30	31	32	32	33	34	34
Increase / (Decrease) in (42) reserves	(130)	(286)	238	188	(373)	191	207	(387)	222	220
Increase / (Decrease) in 0 investments	0	0	0	0	0	0	0	0	0	0
<b>Total Applications of (21) Capital Funding ( D )</b>	<b>84</b>	<b>(202)</b>	<b>300</b>	<b>244</b>	<b>(316)</b>	<b>249</b>	<b>267</b>	<b>(326)</b>	<b>284</b>	<b>284</b>
<b>Surplus / (Deficit) of Capital 21 Funding ( C - D )</b>	<b>(84)</b>	<b>202</b>	<b>(300)</b>	<b>(244)</b>	<b>316</b>	<b>(249)</b>	<b>(267)</b>	<b>326</b>	<b>(284)</b>	<b>(284)</b>
<b>Funding Balance ((A - B) + 0 (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# ENVIRONMENT

McLean Falls, Catlins

Our environment portfolio is diverse and is aimed at supporting Otago to have a healthy environment, including thriving ecosystems and communities and flourishing biodiversity. It also encompasses both the completion and implementation of plans relating to Otago’s natural environment [e.g. Land and Water Regional Plan, Regional Pest Plan, Biodiversity Strategy].

Over the previous LTP, the scale of expenditure and work for the implementation component increased materially. The LTP 2024–34 reflects ORC’s growing understanding of implementation including; partnering and collaboration, community aspirations, and approaches to achieve desired results. The following three activities underpin ‘Environment’:

## **Land and Water**

This activity provides the Land and Water Regional Plan (LWRP) and a range of implementation work to conserve soils, improve the quality and/or use (i.e. underground, rivers, lakes). The Council works alongside communities and land owners on ‘water body’ remediation projects, advisory and engagement support across catchments, and funding support to catchment groups. Extensive science and monitoring work is completed to support the above work. Understanding Otago’s natural water resource to inform both planning and implementation is critical.

## **Biodiversity and Biosecurity**

This activity delivers two different but related workstreams where Biodiversity focuses on preserving ecosystems that support indigenous flora and fauna, while Biosecurity seeks to eliminate or manage plant and animal pests.

It provides both planning [i.e. Biodiversity Action Plan: Te Mahi hei Tiaki i te Koiora (2019-2024); Otago Regional Pest Management Plan] and Operational Plan and implementation work (e.g. Biosecurity work programme; support and funding to partnering groups/organisations for work to maintain and enhance Otago biodiversity).

The Biodiversity workstream also includes a science-based monitoring programme and a catchment planning and advisory work programme. The latter takes an ‘ecosystem’ perspective and integrates across all ‘Environment’ activity.

## **Air**

This activity provides the Air Regional Plan (ARP) which is a science-based monitoring programme.



## Strategic Directions and Aspirations

This activity is influenced by the focus areas defined by our Strategic Directions 2024-2034, in particular the 'Environment' focus area.



### Environment

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

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

Our role as a regional council includes:

- Promoting and supporting positive environmental management practices across the region to ensure we pass on a healthy environment to future generations.
- Developing and implementing policies and legislation that focus on managing the effects of using freshwater, land, air and coastal water.
- Providing regulatory activities that protect Otago's environment and communities.
- Collecting, analysing and reporting on a range of environmental data, and making that data publicly accessible.
- Enabling healthy biodiversity through collaboration with landowners, communities and industry.
- Assisting our region's district councils and City Council to achieve well-functioning urban environments.
- Providing advocacy, education and collaboration to support improved environmental management.

## Group Revenue and Expenditure (10 yrs) – Environmental

Annual Plan		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
2023/24	<b>\$000s</b>										
19,713	Land & Water	20,140	21,875	22,834	23,391	23,955	24,111	24,300	24,691	25,138	25,732
10,436	Biodiversity & Biosecurity	8,955	12,013	12,993	13,509	15,189	14,018	14,321	14,627	14,942	15,257
894	Air	1,377	1,792	1,808	1,862	1,919	1,983	2,043	2,105	2,186	2,237
<b>31,042</b>	<b>Expenditure</b>	<b>30,472</b>	<b>35,680</b>	<b>37,636</b>	<b>38,762</b>	<b>41,062</b>	<b>40,112</b>	<b>40,664</b>	<b>41,423</b>	<b>42,266</b>	<b>43,225</b>
19,455	General Rates	17,003	18,346	19,681	20,236	20,886	21,428	21,895	22,287	22,751	23,332
6,320	Targeted Rates	10,498	14,400	15,479	15,995	17,591	16,043	16,074	16,388	16,712	17,036
0	Fees & Charges	0	0	0	0	0	0	0	0	0	0
3,841	Grants	2,886	2,831	2,371	2,423	2,476	2,529	2,581	2,632	2,684	2,736
0	Other Income	0	0	0	0	0	0	0	0	0	0
1,427	Reserves	85	103	105	107	109	112	114	116	119	121
<b>31,042</b>	<b>Revenue</b>	<b>30,472</b>	<b>35,680</b>	<b>37,636</b>	<b>38,762</b>	<b>41,062</b>	<b>40,112</b>	<b>40,664</b>	<b>41,423</b>	<b>42,266</b>	<b>43,225</b>

# Land and Water

## What we do

Our role involves working with Otago communities to manage activities that impact on health and well-being of water bodies and freshwater ecosystems. To do this well, we need robust, integrated and consistent regional plans and strategies. We have drafted a new Land and Water Plan (LWRP), with mana whenua Kāi Tahu. The Plan will give comprehensive direction for managing land and water resources in the region. The Plan replaces an outdated Otago Regional Council planning framework that is no longer fit for purpose. At the time of adopting this LTP Council was on track to deliver its LWRP programme of work as planned under the previous LTP cycle.

We also assess water quality and quantity through our network of monitoring sites across the region, and this data informs planning and future decision-making. Our water monitoring and science programmes have expanded to include monitoring estuaries, the coast, groundwater, biomonitoring, land-use and soil monitoring.

We collaborate with communities to protect Otago's water and land resources through education, engagement and action. Our implementation programme includes education and support for landowners and catchment groups, as well as involvement in community-led projects and remediation works.

The key programmes which make up this activity are:

- Land and Water Planning
- Land and Water Implementation
- Land and Water Science and Monitoring

## Why we do it

Protecting our high quality freshwater and improving degraded freshwater is a key community concern in the region. Although some parts of the region, such as the lakes, river and stream reaches are located at high elevations, typically they have good or excellent water quality. Other parts, such as urban or more intensively farmed catchments, often have poorer water quality. Specific catchments or Freshwater Management Units will have distinctive characteristics that create unique challenges that require different solutions to improve water quality that is degraded. Additionally there is pressure on water allocation in some drier inland parts of the region.

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

- ORC has powers to control the use of water, land and the coast under the Resource Management Act 1991.
- ORC must engage with the region's communities to define visions and objectives for the region's freshwater bodies, and develop regulatory methods and non-regulatory responses to achieve these visions and objectives (National Policy Statement for Freshwater).
- It has the technical expertise and knowledge to advise on the region's environmental health, issues and risks, and to monitor water resources.

Importantly, 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.

## Key work for years 1 to 3

The table below outlines key aspects of Council's planned work programme over three years from 1 July 2024.

PLANNED WORK	
Existing work [no change]	Land and Water Regional Plan: At the point of adopting the LTP the work programme reflected direction from Council to: complete a hearing on a proposed Land and Water Regional Plan in 2024/25 and 2025/26; Responding to any appeals on Land and Water Regional Plan in 2026/27; Plan Changes notified by June 2028.
	Review of Coast Plan: Reviewing Coast Plan to notify proposed Plan by 30 June 2028.
New or revised work [change]	Freshwater Implementation: a key consultation proposal to increase the level of funding support to community-based groups to improve water quality; priority project delivery; support for best practice land use and regulatory change.

	Science and monitoring: Land and Water - Annual and 'State of Environment' (SoE) land and water monitoring and reporting (Annual and ongoing); Bespoke studies (ongoing); Water Quality Monitoring Network Review (Y1); Water allocation Reviews; Highly Allocated Catchment Assessments; Threatened species mapping (Y1 onwards); Scroll Plain Management Plan development (Y1); Wetland Delineation and Mapping (ongoing); Scientific advice and support for catchment management planning and environmental projects (ongoing); Hazardous Activities and Industries List (HAIL) Mapping and analysis (Y3 onwards).
	Science and monitoring: Enhanced science programme transparency (including publishing the science programme framework (Y2)); Review and enhance science programme; Citizen Science Strategy (Y2) and implementation (Y3); Science Communication Work Plan (Y1).
Key Projects [one off]	Science and monitoring: Biodiversity: Develop and implement a regional indigenous biodiversity ecosystem monitoring programme consistent with the NPS-IB (underway and ongoing).
	Science and monitoring: Ambient Air Quality – installing monitoring sites/assets.

## 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: Implement environmental monitoring programmes across the region which provide accurate, relevant and timely information to decision-makers and the Otago public.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Report the results of environmental monitoring for freshwater, land use, estuarine, and regional coastal environments.	2022-2023: Achieved	Annual report for each of the 4 environments to Council prior to 30 June 2025.  [4 reports = achieved]	Annual report for each of the 4 environments to Council prior to 30 June 2026.  [4 reports = achieved]	Annual report for each of the 4 environments to Council prior to 30 June 2027.  [4 reports = achieved]	Annual report for each of the 4 environments to Council prior to 30 June each year.  [4 reports = achieved]

LoS: Provide a robust and integrated environmental planning framework for Otago’s land, water and coast resources.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Complete the Land and Water Regional Plan (LWRP).	2022-2023: In progress	Freshwater hearing panel nominations and required documents submitted to Chief Freshwater Commissioner by 30 June 2025.	No target	Proposed LWRP ready for council decisions by 30 October 2026.	No target
Complete a review of the Regional Plan Coast.	New measure	No target	Issues and options papers developed and reported to Council by 30 June 2026.	No target	Council approves Coast Plan for notification by 30 June 2028.
Initiate plan changes to the Land and Water Regional Plan.	New measure	No target	No target	New target TBC <i>Assumption: notification 2024 FY</i>	New target TBC

LoS: Promote and enable best practice land management for soil conservation, water quality preservation and the efficient use of water.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
ORC led and community/landowner supported workshops and events are delivered which promote best practice land management for soil conservation, water quality and/or the efficient use of water.	2022-2023: 3	At least 12 ORC led workshops or events are delivered annually.	At least 12 ORC led workshops or events are delivered annually.	At least 12 ORC led workshops or events are delivered annually.	At least 12 ORC led workshops or events are delivered annually.

LoS: Partner with iwi and collaborate with communities and landowners to develop and implement projects which enhance water quality and indigenous biodiversity in selected degraded water bodies.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Site specific projects are developed for selected degraded waterbodies.	2022-2023: Achieved	New projects and associated milestones are developed and reported to Council.	New projects and associated milestones are developed and reported to Council.	New projects and associated milestones are developed and reported to Council.	New projects and associated milestones are developed and reported to Council.
Site specific projects are developed for selected degraded waterbodies.	2022-2023: Achieved	Project actions have been progressed as scheduled.  <i>Note:</i> [>80% = achieved]	Project actions have been progressed as scheduled.  <i>Note:</i> [>80% = achieved]	Project actions have been progressed as scheduled.  <i>Note:</i> [>80% = achieved]	Project actions have been progressed as scheduled.  <i>Note:</i> [>80% = achieved]

LoS: Develop and maintain an integrated catchment management programme that aligns with national directions and enables sustainable environmental management.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Catchment Action Plans (CAPs) give effect to the ICM programme and are developed in partnership with iwi and in collaboration with the community.	2022-2023: Not achieved	One Catchment Action Plan (CAP) to be presented to Council for approval by 30 June 2025.	One Catchment Action Plan (CAP) to be presented to Council for approval by 30 June 2026.	One Catchment Action Plan (CAP) to be presented to Council for approval by 30 June 2027.	One Catchment Action Plan (CAP) to be presented to Council for approval by 30 June each year.

# Biodiversity and biosecurity

## What we do

### Biodiversity

The ORC's Biodiversity Action Plan: Te Mahi hei Tiaki i te Koiora (2019-2024) sets out a framework and work programme to maintain and enhance biodiversity in Otago. This programme centres on five components:

- Increase active management for the protection and improvement of indigenous biodiversity.
- Engage in regional and national collaborations.
- Better information and sharing for improved biodiversity management.
- Provide advice and support for good management practices for indigenous biodiversity.
- Strengthen biodiversity outcomes through regulatory plans.

Our biodiversity work programme supports these components via:

- Contestable funding from council to community groups for actions they determine and lead. We consulted on a proposal to provide community groups and other organisations with funding to deliver large scale environmental projects. Projects would include those that deliver environmental benefits across multiple environmental domains, and protect and restore threatened ecosystems, catchments and landscapes. They would align with Otago Regional Council strategy and operations. Funding these projects will raise awareness and encourage and empower the community to participate in environmental initiatives across the region. Funding is also required to maintain the gains made through projects previously funded by ORC or central government. A dedicated minimum fund of \$2 million pa will be available from 2025-26.
- Collaboration and partnership.
  - Support to community groups and partners for joint projects.
  - Project delivery — support and advice to joint projects with partners and community.
  - Administration and support associated with grant funding.
  - QEII covenant incentive and partnership funding.
  - OSPRI transition initiatives.
- Technical advice and management.
  - Management plans for high biodiversity sites.
  - Education material.
  - Catchment and operational planning (to implement strategy).
- Science-based monitoring.

### Biosecurity

Our Regional Pest Management Plan 2019-2029 (RPMP) sets out the framework for how pest plants and animals will be managed in Otago. It is supported by our Biosecurity Strategy 2019 that looks at how we will work with organisations and communities to achieve the goals set out in the RPMP.

Our biosecurity work supports the control of prolific pests, such as feral rabbits. We do this by educating our communities, facilitating compliance and through funding projects. Council also plays a lead role in facilitating government funding and overseeing projects such as wilding conifer removal and wallaby eradication.

The key programmes which make up this activity are:

- Biodiversity implementation.
- Biodiversity monitoring.
- Catchment planning and advice.
- Biosecurity (Pest Management).

### Why we do it

At a national level, the Te Mana o te Taiao — Aotearoa New Zealand Biodiversity Strategy 2020 articulated the urgency of addressing biodiversity decline in New Zealand, and the National Policy Statement for Indigenous Biodiversity 2023 identified a key role for regional government in leading collaboration and coordinating efforts.

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.

There are many agencies and stakeholders across different land tenures involved in and/or with an interest in biodiversity in Otago. ORC has a remit across all 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.

## Key work for years 1 to 3

The table below outlines key aspects of Council's planned work programme over three years from 1 July 2024.

PLANNED WORK	
Existing work [no change]	Biosecurity: Delivery of the Regional Pest Management Plan (RPMP); review of the RPMP with Council to confirm its timing; surveillance of biosecurity issues and threats; development and implementation of Marine Biosecurity programme; community programmes support and delivery; National programme delivery.
	Biodiversity: EcoFund applications and administration; Partnership/Incentive Funding QEII; OSPRI transition; Education materials; High biodiversity site management plans; mana whenua engagement.
New or revised work [change]	Biosecurity programme – modest additional funding and FTE in Yr2.
	Science and monitoring: Biodiversity – publish regional threat status reports (2-4 reports per annum); Advise on the review of the Biodiversity Strategy (Y1); Advise and support plan review consistent with the NPS-IB (Y2 onwards).
	Scaled environmental funding support [i.e. the LTP consultation proposal].
Key Projects [one off]	Joint stakeholder and partner project delivery.
	Biodiversity Strategy (Year 2).

## 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: Implement an indigenous biodiversity monitoring programme across the region which provides accurate, relevant and timely information to decision-makers and the Otago public.**

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Report the results of environmental monitoring for regional indigenous biodiversity ecosystems.	2022-2023: Developed monitoring programme	Annual report completed prior to 30 June 2025. <i>Note: at the time of Council reporting underlying data capture; 95-100% = fully achieved; 85 - 95% =partial ; &lt;85 = not achieved].</i>	Annual report on monitoring programme completed and reported to Council on 30 June 2026. <i>Note: at the time of Council reporting underlying data capture; 95-100% = fully achieved; 85 - 95% =partial ; &lt;85 = not achieved].</i>	Annual report on monitoring programme completed and reported to Council on 30 June 2027. <i>Note: at the time of Council reporting underlying data capture; 95-100% = fully achieved; 85 - 95% =partial ; &lt;85 = not achieved].</i>	Annual report on monitoring programme completed and reported to Council on 30 June each year. <i>Note: at the time of Council reporting underlying data capture; 95-100% = fully achieved; 85 - 95% =partial ; &lt;85 = not achieved].</i>

LoS: Collaborate with iwi, DOC and other key organisations through leading the Otago Biodiversity Forum and develop, coordinate and deliver a programme of actions to enhance indigenous biodiversity.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Biodiversity Forum-based joint projects to enhance indigenous biodiversity are developed.	New measure	New projects and associated milestones are developed and reported to Council and forum partners.	New projects and associated milestones are developed and reported to Council and forum partners.	New projects and associated milestones are developed and reported to Council and forum partners.	New projects and associated milestones are developed and reported to Council and forum partners.
Joint projects are implemented against milestones.	New measure	Project actions have been progressed as scheduled. <i>[&gt;80%= achieved]</i>	Project actions have been progressed as scheduled. <i>[&gt;80%= achieved]</i>	Project actions have been progressed as scheduled. <i>[&gt;80%= achieved]</i>	Project actions have been progressed as scheduled. <i>[&gt;80%= achieved]</i>

LoS: Provide support and funding to selected initiatives and organisations across the region which deliver environmental outcomes that align with our strategic objectives.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Alignment between *initiatives and deliverables receiving Council funding, and Council's strategic biodiversity strategic objectives. * Initiatives and deliverables provided by non-council groups and organisations.	New measure	80% alignment <i>[80-100% = achieved]</i>	80% alignment <i>[80-100% = achieved]</i>	80% alignment <i>[80-100% = achieved]</i>	80% alignment <i>[80-100% = achieved]</i>



LoS: Develop and deliver practices and programmes that give effect to the Regional Pest Management Plan.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Actions within the Biosecurity Operational Plan (BOP) are progressed.	2022-2023: 62.9%	90% of actions progressed within time frames specified.  100% of targets for priority pests are delivered.	90% of actions progressed within time frames specified.  100% of targets for priority pests are delivered.	90% of actions progressed within time frames specified.  100% of targets for priority pests are delivered.	90% of actions progressed within time frames specified.  100% of targets for priority pests are delivered.

LoS: Ensure that ORC's externally funded biosecurity programmes (such as wilding conifers, wallabies and Check, Clean, Dry) are delivered as per the agreement.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Externally funded biosecurity projects/programmes are implemented as per their agreements.	2022-2023: Achieved	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.

LoS: Ensure that ORC's externally funded Freshwater programmes (such as Essential Freshwater Hill Country Erosion Funding) are delivered as per the agreement.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Externally funded freshwater projects/programmes are delivered as per their agreements.	2022-2023: Achieved	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.	90% of deliverables in the agreements with Central Government are progressing as scheduled.

# Air

## What we do and why

Good air quality is necessary for health and wellbeing. We are responsible for making sure our region complies with the government's National Environmental Standard for Air Quality 2004 and, under the Resource Management Act 1991, for controlling the discharge of contaminants into the air.

Meeting air quality standards is especially challenging in areas with extremely cold winter weather and temperature inversions. Otago's air quality often degrades during winter when domestic heating emissions increase with cold and calm weather and inversion layers occur.

We monitor air quality at sites across Otago, including Milton, Mosgiel, Dunedin, Alexandra, Clyde, Cromwell and Arrowtown. These sites measure the concentration of particles in the air and capture a mixture of pollutants.

Key programmes which make up this activity are:

- Regional Plan: Air
- Air Monitoring

## Key works from year 1 to 3

The table below outlines key aspects of Council's planned work programme over three years from 1 July 2024.

PLANNED WORK	
Existing work [no change]	See Regional Planning Activity: develop a Regional Plan Air; Air Quality Strategy [yr2] Science and monitoring: Ambient Air Quality – Annual and SoE air quality monitoring and reporting (Annual and ongoing); Bespoke studies (ongoing); Advise Air Plan Review and Implementation (ongoing). Additional funding and FTE.
Key Projects [one off]	None to report

## 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 MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Implement regional air monitoring programme.	2022-2023: Achieved	Annual report on monitoring programme completed and reported to Council.	Annual report on monitoring programme completed and reported to Council.	Annual report on monitoring programme completed and reported to Council.	Annual report on monitoring programme completed and reported to Council.
Report the results of environmental monitoring for air.	New measure	Annual report for air monitoring for previous financial year reported to Council by 30 Sept 2024.  <i>Note: &gt;95% = achieved</i>	Annual report for air monitoring for previous financial year reported to Council by 30 Sept 2025.  <i>Note: &gt;95%= achieved</i>	Annual report for air monitoring for previous financial year reported to Council by 30 Sept 2026.  <i>Note: &gt;95%= achieved</i>	Annual report for air monitoring for previous financial year reported to Council by 30 Sept each year.  <i>Note: &gt;95%= achieved</i>

LoS: Provide a robust and integrated environmental planning framework for Otago’s air resource.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Complete the review of the Regional Plan - Air	New measure	Council approves Regional Plan Air for notification by 30 June 2025.	Hearing panel for Regional Plan Air appointed by 31 December 2026.	Proposed Regional Plan Air ready for Council decisions by 30 June 2027.	No target

## Funding Impact Statement - Environmental Group

Annual Plan		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
2023/24	<b>\$000s</b>										
	<b>Sources of Operating Funding</b>										
19,455	General rates, uniform annual general charge, rates penalties	17,003	18,346	19,681	20,236	20,886	21,428	21,895	22,287	22,751	23,332
6,320	Targeted rates	10,498	14,400	15,479	15,995	17,591	16,043	16,074	16,388	16,712	17,036
3,841	Subsidies and grants for operating purposes	2,886	2,831	2,371	2,423	2,476	2,529	2,581	2,632	2,684	2,736
0	Fees and charges	0	0	0	0	0	0	0	0	0	0
0	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
0	Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0
<b>29,616</b>	<b>Total Sources of Operating Funding ( A )</b>	<b>30,387</b>	<b>35,577</b>	<b>37,531</b>	<b>38,655</b>	<b>40,953</b>	<b>40,000</b>	<b>40,550</b>	<b>41,307</b>	<b>42,147</b>	<b>43,104</b>
	<b>Applications of Operating Funding</b>										
23,496	Payments to staff and suppliers	24,957	28,991	30,507	31,418	33,511	32,509	32,889	33,446	34,127	34,788
0	Finance costs	0	0	0	0	0	0	0	0	0	0
7,107	Internal charges and overheads applied	5,123	6,237	6,604	6,788	6,931	6,902	6,987	7,105	7,236	7,394
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>30,602</b>	<b>Total Applications of Operating Funding ( B )</b>	<b>30,081</b>	<b>35,229</b>	<b>37,112</b>	<b>38,206</b>	<b>40,442</b>	<b>39,411</b>	<b>39,876</b>	<b>40,551</b>	<b>41,363</b>	<b>42,182</b>
<b>(986)</b>	<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>306</b>	<b>348</b>	<b>419</b>	<b>448</b>	<b>511</b>	<b>589</b>	<b>674</b>	<b>756</b>	<b>784</b>	<b>923</b>
	<b>Sources of Capital Funding</b>										
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
<b>0</b>	<b>Total Sources of Capital Funding ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Applications of Capital Funding</b>										

Capital Expenditure - To 0 meet additional demand	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - To 325 improve level of service	355	519	529	541	553	564	576	588	599	611
Capital Expenditure - To 424 replace existing assets	425	436	445	455	465	475	485	494	504	514
Increase / (Decrease) in (1,735) reserves	(474)	(607)	(555)	(547)	(507)	(450)	(387)	(326)	(319)	(202)
Increase / (Decrease) in 0 investments	0	0	0	0	0	0	0	0	0	0
<b>Total Applications of (986) Capital Funding ( D )</b>	<b>306</b>	<b>348</b>	<b>419</b>	<b>448</b>	<b>511</b>	<b>589</b>	<b>674</b>	<b>756</b>	<b>784</b>	<b>923</b>
<b>Surplus / (Deficit) of Capital 986 Funding ( C - D )</b>	<b>(306)</b>	<b>(348)</b>	<b>(419)</b>	<b>(448)</b>	<b>(511)</b>	<b>(589)</b>	<b>(674)</b>	<b>(756)</b>	<b>(784)</b>	<b>(923)</b>
<b>Funding Balance ((A – B) + 0 (C – D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# CLIMATE CHANGE AND RESILIENCE

Bushy Beach, Ōamaru

Our climate change and resilience work is aimed at supporting the region to adapt to the effects of climate change and to manage and reduce the risks of natural hazards. Integration of work within the activity is clear and present including:

- Our science and knowledge-based work advising and supporting our 'on the ground' management of risk.
- Our ownership, planning and management of infrastructure-based flood protection services.
- Our work to understand the implications of climate change and the implication for our Infrastructure Strategy [IS]. Climate change has implications beyond our IS because the Council is working to better understand the broader issues, risks and challenges. This informs adaptation planning.
- Our preparedness for natural risk events that embody our understanding of the events, their potential severity, and the nature impact and response.

The following activities underpin 'Climate Change and Resilience':

## **Natural hazards and climate change**

This activity sets direction on the management of natural hazard risks in Otago. We support decision making to mitigate, or reduce the effects of natural hazards, climate change and other risks.

## **Flood protection, drainage and river management**

This activity owns, operates and maintains flood protection and drainage schemes throughout Otago. It also provides river management including the control of channel erosion, willow maintenance, vegetation control, removing obstructions, and repairing critical erosion works.

## **Emergency management**

This activity coordinates emergency events focusing on hazard reduction, readiness, response and recovery for emergency events. It works in partnership with council, emergency response organisations and other stakeholders of Otago.

## Strategic Directions and Aspirations

Our resilience and climate change work is influenced by the focus areas defined by our Strategic Directions 2024-2034, in particular the 'Resilience' and 'Climate Change' focus areas.



### Resilience

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



### Climate

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

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

## Group Revenue and Expenditure (10 yrs) – Climate Change and Resilience

Annual Plan 2023/24	\$000s									
	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
Natural Hazards & Climate Change	3,524	3,454	4,339	4,618	4,562	4,526	3,790	3,982	4,048	4,137
Flood Protection, Drainage & River Management	11,191	13,579	13,609	13,715	14,331	14,270	14,291	15,833	15,230	16,330
Emergency Management	3,730	4,018	4,076	4,128	4,091	4,175	4,252	4,334	4,390	4,502
<b>17,489 Expenditure</b>	<b>18,445</b>	<b>21,052</b>	<b>22,024</b>	<b>22,460</b>	<b>22,984</b>	<b>22,971</b>	<b>22,334</b>	<b>24,149</b>	<b>23,669</b>	<b>24,969</b>
General Rates	4,420	4,885	4,907	5,327	5,851	5,367	5,304	6,157	5,795	6,056
Targeted Rates	10,984	11,692	12,464	13,582	14,801	16,375	18,239	20,420	23,041	26,260
Fees & Charges	326	340	349	356	364	372	379	387	395	402
Grants	35	36	498	509	520	531	39	40	41	41
Other Income	256	256	256	256	256	256	256	256	256	256
Reserves	2,424	3,842	3,550	2,429	1,192	70	(1,884)	(3,111)	(5,858)	(8,046)
<b>17,489 Revenue</b>	<b>18,445</b>	<b>21,052</b>	<b>22,024</b>	<b>22,460</b>	<b>22,984</b>	<b>22,971</b>	<b>22,334</b>	<b>24,149</b>	<b>23,669</b>	<b>24,969</b>

# Natural Hazards and Climate Change

## What we do and why

The key programmes within this activity are:

- Natural hazards
- Adaptation – natural hazards and climate change
- Flood planning and forecasting

These work programmes combine to both set direction on the management of natural hazard risks in Otago and provide advice on managing related risk. Our role is to:

- Monitor and investigate natural hazards to inform our understanding of risk and opportunity relevant to community resilience.
- Communicate our understanding of risk and, where appropriate, options for managing it. This is both internally to Council and externally to a wide range of organisations, groups and affected communities.
- Developing a comprehensive spatial approach to natural hazards to inform future priorities, at the same time as undertaking projects for the risks we already know about.
- Lead and collaborate on key projects to prepare and adapt to natural hazards and climate change.
- Support other activity, particularly Emergency Management and ORC's Engineering team, to understand impacts of flood events. This is provided in a planned way [e.g. potential scenarios] and in 'real time' via assessing actual events prior to and as they occur.

While there is legislation that directs ORC to address natural hazards risk and climate change as part of regional scale planning, our experience, knowledge and community tell us that we need to be active regarding the wide variety of substantive natural hazards present in Otago. They impact people, property, infrastructure and the wider environment, so we should at least be aware and ideally manage risk where practicable.

## Key work for years 1 to 3

The table below outlines key aspects of Council's planned work programme over three years from 1 July 2024.

PLANNED WORK	
Existing work [no change]	See regional planning activity: climate change planning and leadership work.
	Otago natural hazards risk assessment.
	Flood hazard assessments (including Lindsay Creek, Alexandra, Middlemarch).
	Topographical data capture (LiDAR) [funding increase yr3 and yr6].
	Otago Natural Hazards Database.
	Assist territorial authorities with natural hazards and risk information (e.g. District Plan reviews, plan changes).
	Natural hazards adaptation: Clutha Delta, Head of Lake Whakatipu, South Dunedin.
	Roxburgh Natural Hazards management investigations.
New or revised work [change]	See Regional planning activity: Climate Change work.
	Natural hazards management and adaptation programmes based on Otago natural hazard risk assessment – Scoping Yrs 1-2 and programme start Yr3 with phased delivery over time.
	Harbourside natural hazards management: confirmed approach in year 1.
Key Projects [one off]	None to report.



### 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	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Natural hazards information is available via the web-based Otago Natural Hazards Database.	2022-2023: Achieved	Database is accessible and up-to-date 100% of the time.	Database is accessible and up-to-date 100% of the time.	Database is accessible and up-to-date 100% of the time.	Database is accessible and up-to-date 100% of the time.
Percentage of flood warnings that are issued in accordance with the flood warning manual.	2022-2023: 100%	100%	100%	100%	100%

**LoS: Collaborate with communities and stakeholders to develop and deliver natural hazards adaptation strategies.**

<b>PERFORMANCE MEASURES</b>	<b>BASELINE RESULTS</b>	<b>2024/2025 TARGET</b>	<b>2025/2026 TARGET</b>	<b>2026/2027 TARGET</b>	<b>2027-34 TARGET</b>
Implement the findings of the regional natural hazards risk assessment and inform adaptation planning and implementation.	New measure	Implementation and additional assessments of natural hazards and risks based on the findings of the Otago Natural Hazards Risk Assessment. Phased delivery Yr 1 to 10.	Implementation and additional assessments of natural hazards and risks based on the findings of the Otago Natural Hazards Risk Assessment.	Implementation and additional assessments of natural hazards and risks based on the findings of the Otago Natural Hazards Risk Assessment.	Implementation and additional assessments of natural hazards and risks based on the findings of the Otago Natural Hazards Risk Assessment.
Implement prioritised* natural hazard risks adaptation works.	2022-2023: Achieved	The first Head of Lake Whakatipu natural hazards adaptation strategy completed by 31 December 2024;  Actions developed, implemented and reviewed, as per Head of Lake Whakatipu natural hazard adaptation strategy.	Actions developed, implemented and reviewed, as per Head of Lake Whakatipu natural hazard adaptation strategy.	Actions developed, implemented and reviewed, as per Head of Lake Whakatipu natural hazard adaptation strategy.	Actions developed, implemented and reviewed, as per Head of Lake Whakatipu natural hazard adaptation strategy.
Implement prioritised* natural hazard risks adaptation works.	2022-2023: In Progress	Support the South Dunedin Future Programme - South Dunedin Future natural hazards adaptation plan progresses as per annual work plan.	Support the South Dunedin Future Programme - South Dunedin Future natural hazards adaptation plan progresses as per annual work plan.	Support the South Dunedin Future Programme - South Dunedin Future natural hazards adaptation plan progresses as per annual work plan.	Support the South Dunedin Future Programme - South Dunedin Future natural hazards adaptation plan progresses as per annual work plan.
Implement prioritised* natural hazard risks adaptation works.	2022-2023: Achieved	No target	The first Clutha Delta natural hazards adaptation strategy completed by 30 June 2026; Actions developed, implemented and reviewed, as per Head of Clutha Delta natural hazard adaptation strategy.	Actions developed, implemented and reviewed, as per Clutha Delta natural hazards adaptation strategy.	Actions developed, implemented and reviewed, as per Clutha Delta natural hazards adaptation strategy.

# Flood Protection, Drainage and River Management

## What we do and why

The Council has a range of flood Protection and Drainage Schemes and River Schemes which make up this activity. They are:

### Flood Protection and drainage

Alexandra flood protection  
Leith flood protection  
Lower Clutha flood and drainage  
West Taieri drainage  
East Taieri drainage  
Lower Taieri Flood Protection Scheme  
Tokomairiro drainage

### River Management

Designations and bylaws  
Dunedin rivers and waterways  
Clutha rivers and waterways  
Central Otago rivers and waterways  
Queenstown-Lakes' rivers and waterways  
Waitaki rivers and waterways  
Lower Waitaki river control scheme (Environment Canterbury)

The ORC owns and is responsible for operating and maintaining the above Otago schemes. The only exception is the Lower Waitaki River Control Scheme that we own but commission external management for parts of. So around 43,000 ha of rural and urban land is serviced by infrastructure associated with these schemes. The schemes, associated infrastructure assets and more specific detail such as why we provide the service, 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.
- Operation of drainage schemes 24/7 to support activity on land associated with the scheme.
- Bylaw processing and monitoring technical compliance with bylaws.
- River management including the control of channel erosion, willow maintenance, vegetation control, removing obstruction, and repairing critical erosion works.
- Input to consent applications for gravel extraction with a focus on flood protection, river health.

## Key work for years 1 to 3

The work programme for this Activity is identified in the ORC Infrastructure Strategy (IS). During this LTP cycle, the detailed work programme is reviewed during the Annual Plan processes and the full IS work programme updated and reported.

## 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: Protect communities, their livelihoods and infrastructure from the impacts of flood events.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Percentage of scheme maintenance programme: Major flood protection drainage and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents.	2022-2023: 94%	≥ 85% of planned maintenance programme completed.	≥ 85% of planned maintenance programme completed.	≥ 85% of planned maintenance programme completed.	≥ 85% of planned maintenance programme completed.
Percentage of scheme renewals programme: Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents.	2022-2023: 87%	≥ 85% of renewal programmes completed.	≥ 85% of renewal programmes completed.	≥ 85% of renewal programmes completed.	≥ 85% of renewal programmes completed.

LoS: Respond efficiently and effectively to community issues relating to rivers, schemes and flood events.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Respond within defined timelines for reported issues and to flood events in a timely manner.	2022-2023: not able to be measured as no flood event.	Flood repair programme: Damage identified, prioritised and a repair programme is made available to affected communities within 3 months of the event/100%.  Reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days.	Flood repair programme: Damage identified, prioritised and a repair programme is made available to affected communities within 3 months of the event/100%.  Reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days.	Flood repair programme: Damage identified, prioritised and a repair programme is made available to affected communities within 3 months of the event/100%.  Reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days.	Flood repair programme: Damage identified, prioritised and a repair programme is made available to affected communities within 3 months of the event/100%.  Reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days.

LoS: Maintain channel capacity and stability, while balancing environmental outcomes and recognising mana whenua values in rivers.

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Percentage of planned maintenance programme: Channel works are maintained, repaired, and renewed to the key standards defined in relevant planning documents.	2022-2023: 80.4%	≥ 85% of planned maintenance programme completed.	≥ 85% of planned maintenance programme completed.	≥ 85% of planned maintenance programme completed.	≥ 85% of planned maintenance programme completed.

# Emergency Management

## What we do and why

This activity is responsible for the coordination 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 coordinated 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

The table below outlines key aspects of Council's planned work programme over three years from 1 July 2024.

PLANNED WORK	
Existing work [no change]	Lifelines: defines regional critical infrastructure risk and identifies priorities for resilient infrastructure investment.
	Community Resilience: Clued Up Kids programme.
	ORC ECC Training and Capability: ORC Staff are trained and capable.
New or revised work [change]	Group Plan - Delivered, operable Group Plan (Year 1).
	Warning system: integrated within the ORC (CDEM/ Flood Team) for critical messaging with stakeholders and the community (Year 1).
	Mana whenua EM Facilitator: marae and mana whenua networks that are resilient in the face of emergencies.
Key Projects [one off]	Integrative projects with Hazards Activity: Flood Modelling, Tsunami modelling.

## 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 MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Support is provided to Emergency Management Otago to fulfil Otago CDEM Group requirements as defined in the CDEM Act and CDEM.	2022-2023: Achieved	Fulfil all requirements as the administering authority and the Otago CDEM Partnership Agreement.	Fulfil all requirements as the administering authority and the Otago CDEM Partnership Agreement.	Fulfil all requirements as the administering authority and the Otago CDEM Partnership Agreement.	Fulfil all requirements as the administering authority and the Otago CDEM Partnership Agreement.

### LoS: Provide resources to coordinate a region-wide response to a Civil Defence emergency

PERFORMANCE MEASURES	BASELINE RESULTS	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Provide a regional coordination facility (ECC) capable of coordinating a region-wide emergency.	2022-2023: Achieved	An appropriate facility as defined in the CDEM Partnership Agreement is available for immediate activation.  Adequate staff (as defined in the Group Training and Capability Strategy) are trained and capable to coordinate a region wide response.	An appropriate facility as defined in the CDEM Partnership Agreement is available for immediate activation.  Adequate staff (as defined in the Group Training and Capability Strategy) are trained and capable to coordinate a region wide response.	An appropriate facility as defined in the CDEM Partnership Agreement is available for immediate activation.  Adequate staff (as defined in the Group Training and Capability Strategy) are trained and capable to coordinate a region wide response.	An appropriate facility as defined in the CDEM Partnership Agreement is available for immediate activation.  Adequate staff (as defined in the Group Training and Capability Strategy) are trained and capable to coordinate a region wide response.
Emergency Management Otago staff are available to respond 24/7 to a Civil Defence emergency.	2022-2023: Achieved	Maintain a duty roster for 24/7 – 365 coverage for initial responses to Civil Defence emergencies.	Maintain a duty roster for 24/7 – 365 coverage for initial responses to Civil Defence emergencies.	Maintain a duty roster for 24/7 – 365 coverage for initial responses to Civil Defence emergencies.	Maintain a duty roster for 24/7 – 365 coverage for initial responses to Civil Defence emergencies.

## Funding Impact Statement — Resilience and Climate Change

Annual Plan 2023/24	\$000s	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>Sources of Operating Funding</b>											
4,354	General rates, uniform annual general charge, rates penalties	4,420	4,885	4,907	5,327	5,851	5,367	5,304	6,157	5,795	6,056
10,577	Targeted rates	10,984	11,692	12,464	13,582	14,801	16,375	18,239	20,420	23,041	26,260
582	Subsidies and grants for operating purposes	35	36	498	509	520	531	39	40	41	41
580	Fees and charges	326	340	349	356	364	372	379	387	395	402
0	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
257	Local authorities fuel tax, fines, infringement fees and other receipts	256	256	256	256	256	256	256	256	256	256
<b>16,349</b>	<b>Total Sources of Operating Funding ( A )</b>	<b>16,021</b>	<b>17,209</b>	<b>18,474</b>	<b>20,031</b>	<b>21,792</b>	<b>22,901</b>	<b>24,217</b>	<b>27,260</b>	<b>29,527</b>	<b>33,016</b>
<b>Applications of Operating Funding</b>											
12,707	Payments to staff and suppliers	14,637	16,606	17,421	17,755	18,116	17,943	17,156	18,754	18,132	19,232
0	Finance costs	0	0	0	0	0	0	0	0	0	0
3,781	Internal charges and overheads applied	2,892	3,445	3,608	3,641	3,681	3,760	3,808	3,872	3,945	4,031
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>16,488</b>	<b>Total Applications of Operating Funding ( B )</b>	<b>17,529</b>	<b>20,051</b>	<b>21,029</b>	<b>21,396</b>	<b>21,796</b>	<b>21,703</b>	<b>20,964</b>	<b>22,627</b>	<b>22,077</b>	<b>23,263</b>
<b>(139)</b>	<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>(1,508)</b>	<b>(2,842)</b>	<b>(2,555)</b>	<b>(1,365)</b>	<b>(5)</b>	<b>1,198</b>	<b>3,254</b>	<b>4,633</b>	<b>7,450</b>	<b>9,753</b>
<b>Sources of Capital Funding</b>											
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
<b>0</b>	<b>Total Sources of Capital Funding ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Applications of Capital Funding</b>											
0	Capital Expenditure - To meet additional demand	0	0	0	0	0	0	0	0	0	0
100	Capital Expenditure - To improve level of service	1,265	385	419	54	383	614	684	524	1,187	1,270



Capital Expenditure - To replace 1,776 existing assets	3,360	6,470	8,066	7,762	6,291	5,753	4,448	5,293	3,679	2,479
(2,015) Increase / (Decrease) in reserves	(6,133)	(9,697)	(11,040)	(9,180)	(6,679)	(5,170)	(1,879)	(1,184)	2,584	6,004
Increase / (Decrease) in 0 investments	0	0	0	0	0	0	0	0	0	0
<b>Total Applications of Capital (139) Funding ( D )</b>	<b>(1,508)</b>	<b>(2,842)</b>	<b>(2,555)</b>	<b>(1,365)</b>	<b>(5)</b>	<b>1,198</b>	<b>3,254</b>	<b>4,633</b>	<b>7,450</b>	<b>9,753</b>
<b>Surplus / (Deficit) of Capital 139 Funding ( C - D )</b>	<b>1,508</b>	<b>2,842</b>	<b>2,555</b>	<b>1,365</b>	<b>5</b>	<b>(1,198)</b>	<b>(3,254)</b>	<b>(4,633)</b>	<b>(7,450)</b>	<b>(9,753)</b>
<b>Funding Balance ((A – B) + (C – 0 D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# TRANSPORT



The Council is responsible for Otago's Regional Land Transport Plan and Regional Passenger Transport Plan (RPTP). The Land Transport Plan outlines proposed transport network improvements for the next six years, and forms the basis of funding applications to the National Land Transport Fund on a three-yearly cycle. It is developed under a legislative process with the lead government agency Waka Kotahi. We collaborate with the Southland Regional Council (Environment Southland) on this process. Under these plans, there are specific projects and services that the Council co-funds and facilitates.

Under the RPTP, the Council has a role to deliver Public Passenger Transport in the region. We provide public bus services in Dunedin and Queenstown through contracting to private operators. We provide the government funded region-wide 'Total Mobility Service' to assist eligible people who are unable to use public transport. Council also services and maintains three of Otago's nine stock truck effluent disposals (STEDs) under arrangement with Local District Councils.

The transport activity is made up of four key work programmes.

<b>Regional Land Transport Plan</b>	This programme delivers our two foundational transport plans.
<b>Public Transport Dunedin</b>	This programme delivers public passenger transport services [buses] within Dunedin.
<b>Public Transport Queenstown</b>	This programme delivers public passenger transport services [buses and ferries] within the Queenstown Lakes District.
<b>Regional Total Mobility Services</b>	This programme provides the government funded region-wide 'Total Mobility Service' to assist eligible people who are unable to use public transport.

## Strategic Directions and Aspirations

This activity is influenced by the focus areas defined by our Strategic Directions 2024 - 2034, in particular the 'Transport' focus area.



### Transport

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

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

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

Annual Plan 2023/24	\$000s	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
36,118	Transport	41,950	45,995	54,111	53,554	55,045	56,927	58,324	59,832	61,628	63,136
<b>36,118</b>	<b>Expenditure</b>	<b>41,950</b>	<b>45,995</b>	<b>54,111</b>	<b>53,554</b>	<b>55,045</b>	<b>56,927</b>	<b>58,324</b>	<b>59,832</b>	<b>61,628</b>	<b>63,136</b>
767	General Rates	3,808	4,495	5,187	5,004	5,074	5,378	5,443	5,512	5,752	5,828
10,408	Targeted Rates	13,315	14,404	16,668	16,813	17,191	15,213	15,596	15,981	16,336	16,770
400	Fees & Charges	129	130	80	0	0	0	0	0	0	0
15,849	Grants	18,845	20,873	24,124	23,772	24,262	24,909	25,399	25,895	26,538	27,092
7,200	Other Income	7,472	8,116	10,179	10,091	10,649	11,306	11,764	12,322	12,880	13,338
1,494	Reserves	(1,619)	(2,022)	(2,127)	(2,127)	(2,131)	122	122	122	122	108
<b>36,118</b>	<b>Revenue</b>	<b>41,950</b>	<b>45,995</b>	<b>54,111</b>	<b>53,554</b>	<b>55,045</b>	<b>56,927</b>	<b>58,324</b>	<b>59,832</b>	<b>61,628</b>	<b>63,136</b>

# Regional Land Transport Plan (work programme)

## What we do and why

The LTP provides for a Regional Land Transport Programme that coordinates 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.

A new Regional Land Transport Plan must be developed every six years and the plan reviewed after three years of operation – with 2024 being a review completion year. The plan was reviewed for the period 2021-2031 and outlines proposed transport network improvements over six years. This informs the detailed funding applications from the National Land Transport Fund over the first three years. The RLTP influences decisions taken throughout the LTP cycle and potentially beyond.

## Key work for years 1 to 3

The table below outlines key aspects of Council's planned work programme over three years from 1 July 2024.

PLANNED WORK	
Existing work [no change]	Transport Planning – Support the Regional Transport Committee and Regional Transport Plans.
	Transport Planning – Prepare bid, submit and report Council’s transport budget in Transport Investment Online (TIO).
New or revised work [change]	Transport Planning – Regional Public and Active Transport Connectivity Strategy. A staged approach to the development of regional public and active transport connectivity.
Key Projects [one off]	None to report

## 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	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
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).	2022-2023: progress on RLTP implementation reported to Regional Transport Committee.	No target	No target	RLTP review completed and adopted by Council by 30 June 2027.	No target

# Public Transport Dunedin and Queenstown (programmes)

## What we do and why

The ORC contracts private operators to provide bus services in Dunedin, bus and water ferry services in Queenstown, and the 'Total Mobility Scheme' across the region.

Importantly, this LTP includes work and funding to continue the improvement of Otago's public passenger transport services. This includes planning, working with partners on the long-term vision for public transport across the region, including 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.

This programme faces challenges including:

- Financial sustainability — delivering a service that attracts desired levels of patronage while remaining financially sustainable for our customers, ratepayers and our funding partners is an important issue. Expenditure on public transport needs to be at a level our communities can afford. Over the previous LTP, services had been operating with a funding shortfall, even with the NZTA 51% contribution. The new LTP addresses the funding shortfall of operating costs and the historical debt created by the shortfall. The council agreed, following community consultation, on a five-year payback period funded by the relevant target transport rated areas of Dunedin City and Queenstown.
- Uptake of public transport because many people still want to use private motor vehicles.
- Use of local roading infrastructure — there are policy and investment challenges for both central government and local authorities around the provision and operation of infrastructure that serves multiple needs (e.g. private motor vehicles, public transport, and active transport such as cycling and walking).

## Key work for years 1 to 3

The table below outlines key aspects of Council's planned work programme over three years from 1 July 2024.

PLANNED WORK	
Existing work [no change]	Dunedin Public Transport Network Operations — maintain delivery of existing public transport operations serving Dunedin/Mosgiel/Palmerston.
	Whakatipu Public Transport Network Operations — maintain delivery of existing public transport, bus and ferry, operations serving the Whakatipu Basin.
	Regional Total Mobility Service.
New or revised work [change]	Dunedin Fares & Frequencies Business Case — this was part of a key LTP consultation proposal and Council confirmed inclusion of the preferred Dunedin service improvement option in this LTP.
	This means extra services on popular routes (i.e. Pine Hill, Calton Hill, Ōpoho and Shiel Hill) will be implemented by year 3, and the upgrading of the bus fleet to be zero emission by 2035 will commence. Following LTP consultation, Council decided on a minor change to the business case being an improvement to weekend timetabling for Palmerston–Dunedin services.
	This additional work is budgeted to be funded via a mix of bus fares, general rates and targeted rates. Council is assuming that Waka Kotahi will contribute funding over the period of the LTP.
	Queenstown Public Transport Services Business Case — this was part of a key LTP consultation proposal and Council confirmed inclusion of the preferred Queenstown service improvement option in this LTP.

	<p>Service improvements include:</p> <ul style="list-style-type: none"> <li>● Extended timetable [earlier &amp; later]</li> <li>● Increased frequency introduced over the LTP period – targeting 15 mins</li> <li>● Upgrading the bus fleet to be carbon neutral by 2035</li> <li>● On-demand service for some hard-to-reach places like Queenstown Hill and Quail Rise.</li> </ul> <p>Exploring local public transport service trials and business cases - this LTP provides for the consideration of services that would support district councils and communities. These are:</p> <ul style="list-style-type: none"> <li>● An Ōamaru on-demand service trial and investigate the feasibility of incorporating an Ōamaru–Dunedin trial service within the planned (year 2 and 3) Ōamaru on-demand service trial.</li> <li>● An Alexandra, Clyde, Cromwell to Queenstown bus service trial.</li> <li>● A Balclutha to Dunedin, including Airport, bus service trial.</li> <li>● Completion of a Wānaka public transport business case instead of the previously proposed trial.</li> </ul>
Key Projects [one off]	None to report.

## 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	2024/2025 TARGET	2025/2026 TARGET	2026/2027 TARGET	2027-34 TARGET
Annual public transport boardings in Queenstown.	2022-2023: 1,252,952	Increase	Increase	Increase	Increase
Annual public transport boardings in Dunedin.	2022-2023: 2,797,300	Increase	Increase	Increase	Increase
Overall passenger satisfaction with Whakatipu public transport system at annual survey.	2022-2023: 92%	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%	Maintain or increase 3yr rolling average >=90%
Overall passenger satisfaction with Dunedin Public Transport system at annual survey.	2022-2023: 89%	Maintain or increase 3 yr rolling average >=90%	Maintain or increase 3 yr rolling average >=90%	Maintain or increase 3 yr rolling average >=90%	Maintain or increase 3 yr rolling average >=90%
Percentage of scheduled services delivered (reliability).	2022-2023: 96% (DN); 86% (QTN)	95%	95%	95%	95%
Percentage of scheduled services on-time (punctuality – to five minutes*).	To be established YE 2023/24	95%	95%	95%	95%
Percentage of users who are satisfied with the provision of timetable and services information.	2022-2023: 64% -DN 81%-QTN	Maintain or increase 3 yr rolling average >=90%	Maintain or increase 3 yr rolling average >=90%	Maintain or increase 3 yr rolling average >=90%	Maintain or increase 3 yr rolling average >=90%
Percentage of users who are satisfied with the overall service of the Total Mobility scheme.	2022-2023: 99%	Maintain or increase 3 yr rolling average >=90%	Maintain or increase 3 yr rolling average >=90%	Maintain or increase 3 yr rolling average >=90%	Maintain or increase 3 yr rolling average >=90%

## Funding Impact Statement – Transport Group

Annual Plan		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
2023/24	<b>\$000s</b>										
	<b>Sources of Operating Funding</b>										
767	General rates, uniform annual general charge, rates penalties	3,808	4,495	5,187	5,004	5,074	5,378	5,443	5,512	5,752	5,828
10,408	Targeted rates	13,315	14,404	16,668	16,813	17,191	15,213	15,596	15,981	16,336	16,770
15,849	Subsidies and grants for operating purposes	18,845	20,873	24,124	23,772	24,262	24,909	25,399	25,895	26,538	27,092
6,500	Fees and charges	7,098	7,671	9,688	9,993	10,551	11,208	11,666	12,224	12,782	13,240
0	Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0
1,100	Local authorities fuel tax, fines, infringement fees and other receipts	502	576	571	98	98	98	98	98	98	98
<b>34,624</b>	<b>Total Sources of Operating Funding ( A )</b>	<b>43,569</b>	<b>48,017</b>	<b>56,238</b>	<b>55,680</b>	<b>57,176</b>	<b>56,806</b>	<b>58,202</b>	<b>59,710</b>	<b>61,506</b>	<b>63,029</b>
	<b>Applications of Operating Funding</b>										
34,292	Payments to staff and suppliers	40,347	44,585	52,746	52,242	53,719	55,529	56,912	58,399	60,172	61,666
0	Finance costs	0	0	0	0	0	0	0	0	0	0
1,102	Internal charges and overheads applied	930	1,141	1,201	1,155	1,174	1,266	1,280	1,301	1,324	1,352
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
<b>35,394</b>	<b>Total Applications of Operating Funding ( B )</b>	<b>41,277</b>	<b>45,726</b>	<b>53,947</b>	<b>53,397</b>	<b>54,893</b>	<b>56,795</b>	<b>58,192</b>	<b>59,700</b>	<b>61,496</b>	<b>63,018</b>
<b>(769)</b>	<b>Surplus (deficit) of operating funding ( A - B )</b>	<b>2,292</b>	<b>2,292</b>	<b>2,291</b>	<b>2,284</b>	<b>2,284</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
	<b>Sources of Capital Funding</b>										
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
<b>0</b>	<b>Total Sources of Capital Funding ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Applications of Capital Funding</b>										
0	Capital Expenditure - To meet additional demand	0	0	0	0	0	0	0	0	0	0



Capital Expenditure - To improve level of service	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - To replace existing assets	0	0	0	0	0	0	0	0	0	0
Increase / (Decrease) in (769) reserves	2,292	2,292	2,291	2,284	2,284	10	10	10	10	10
Increase / (Decrease) in investments	0	0	0	0	0	0	0	0	0	0
<b>Total Applications of Capital (769) Funding ( D )</b>	<b>2,292</b>	<b>2,292</b>	<b>2,291</b>	<b>2,284</b>	<b>2,284</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>	<b>10</b>
<b>Surplus / (Deficit) of Capital 769 Funding ( C - D )</b>	<b>(2,292)</b>	<b>(2,292)</b>	<b>(2,291)</b>	<b>(2,284)</b>	<b>(2,284)</b>	<b>(10)</b>	<b>(10)</b>	<b>(10)</b>	<b>(10)</b>	<b>(10)</b>
<b>Funding Balance ((A - B) + (C - D))</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# COUNCIL ORGANISATION



'Council Organisation' discloses a balance of activity that is not included in the four activity groups reported in part three of this document. When read in conjunction with the financial information of the other four groups, it provides a consolidated view of council's revenue and expenses.

The following activities are included in 'Council Organisation':

## **Internal Services**

This activity includes programmes of work that provide business support to all other activities of council — enabling them to deliver their work more efficiently and effectively. The business support work relates to: information services and records management; financial management and reporting, operational buildings and accommodation, human resources and health and safety, and the vehicle fleet.

## **Port Otago**

This activity relates to specific financial management matters between council and Port Otago — matters that ensure the investment returns or dividends received, and the transactions associated with the council debt facility are accounted for appropriately.

## **Strategic Directions and Community Outcomes**

Our 'Council Organisation' activity ensures that all other external facing Council activity has support for specific business needs that ensure they can deliver their work efficiently and effectively. Therefore, it contributes indirectly to the achievement of desired results across all the strategic focus areas defined by our Strategic Directions 2024-2034.

## Group Revenue and Expenditure (10 yrs) – Council Organisation

Annual Plan		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
2023/24	\$000s										
10,738	Internal	11,357	9,154	8,930	8,741	9,213	9,561	9,887	10,219	10,471	10,673
<b>10,738</b>	<b>Expenditure</b>	<b>11,357</b>	<b>9,154</b>	<b>8,930</b>	<b>8,741</b>	<b>9,213</b>	<b>9,561</b>	<b>9,887</b>	<b>10,219</b>	<b>10,471</b>	<b>10,673</b>
(16,378)	General Rates	(19,531)	(21,531)	(21,531)	(21,531)	(21,531)	(21,531)	(21,531)	(21,531)	(21,531)	(21,531)
0	Targeted Rates	0	0	0	0	0	0	0	0	0	0
0	Fees & Charges	0	0	0	0	0	0	0	0	0	0
0	Grants	0	0	0	0	0	0	0	0	0	0
32,195	Other Income	31,237	34,385	30,019	29,507	29,778	29,915	30,110	30,378	30,656	30,952
(5,079)	Reserves	(349)	(3,700)	442	764	965	1,177	1,307	1,371	1,346	1,251
<b>10,738</b>	<b>Revenue</b>	<b>11,357</b>	<b>9,154</b>	<b>8,930</b>	<b>8,741</b>	<b>9,213</b>	<b>9,561</b>	<b>9,887</b>	<b>10,219</b>	<b>10,471</b>	<b>10,673</b>

## Funding Impact Statement – Council Organisation Group

Annual Plan	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
2023/24 <b>\$000s</b>										
<b>Sources of Operating Funding</b>										
(15,878) General rates, uniform annual general charge, rates penalties	(18,312)	(20,123)	(19,923)	(19,937)	(19,804)	(19,759)	(19,694)	(19,583)	(19,464)	(19,341)
0 Targeted rates	0	0	0	0	0	0	0	0	0	0
0 Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
0 Fees and charges	0	0	0	0	0	0	0	0	0	0
20,002 Internal charges and overheads recovered	15,495	18,794	19,822	20,319	20,647	21,007	21,259	21,611	22,007	22,485
25,250 Interest and dividends from investments	27,765	27,635	26,472	25,972	26,014	26,004	26,028	26,073	26,114	26,162
5,350 Local authorities fuel tax, fines, infringement fees and other receipts	931	4,240	935	938	940	942	945	947	949	951
<b>34,724 Total Sources of Operating Funding ( A )</b>	<b>25,878</b>	<b>30,546</b>	<b>27,306</b>	<b>27,292</b>	<b>27,797</b>	<b>28,195</b>	<b>28,538</b>	<b>29,048</b>	<b>29,606</b>	<b>30,258</b>
<b>Applications of Operating Funding</b>										
19,165 Payments to staff and suppliers	16,077	18,913	20,508	20,996	21,458	21,908	22,368	22,816	23,272	23,714
9,700 Finance costs	9,574	7,517	6,603	6,395	6,699	6,965	7,193	7,384	7,500	7,541
12 Other operating funding applications	10	10	10	11	11	11	11	12	12	12
<b>28,877 Total Applications of Operating Funding ( B )</b>	<b>25,661</b>	<b>26,440</b>	<b>27,122</b>	<b>27,402</b>	<b>28,167</b>	<b>28,884</b>	<b>29,573</b>	<b>30,211</b>	<b>30,784</b>	<b>31,267</b>
<b>5,847 Surplus (deficit) of operating funding ( A - B )</b>	<b>216</b>	<b>4,106</b>	<b>185</b>	<b>(110)</b>	<b>(371)</b>	<b>(689)</b>	<b>(1,035)</b>	<b>(1,164)</b>	<b>(1,178)</b>	<b>(1,009)</b>
<b>Sources of Capital Funding</b>										
0 Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0 Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0 Increase (decrease) in debt	5,000	7,500	15,000	10,000	10,000	7,500	7,500	5,000	2,500	0
4,000 Gross proceeds from sale of assets	500	2,567	524	535	547	559	570	582	593	605
0 Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0 Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0
<b>4,000 Total Sources of Capital Funding ( C )</b>	<b>5,500</b>	<b>10,068</b>	<b>15,524</b>	<b>10,535</b>	<b>10,547</b>	<b>8,059</b>	<b>8,070</b>	<b>5,582</b>	<b>3,093</b>	<b>605</b>
<b>Applications of Capital Funding</b>										

Capital Expenditure - To 0 meet additional demand	0	0	0	0	0	0	0	0	0	0
Capital Expenditure - To 450 improve level of service	830	801	791	701	717	732	747	762	777	792
Capital Expenditure - To 6,970 replace existing assets	12,545	3,707	3,478	1,895	1,937	1,977	2,019	2,059	2,100	2,140
Increase / (Decrease) in 2,427 reserves	(7,659)	9,665	11,440	7,829	7,523	4,660	4,269	1,597	(962)	(3,337)
Increase / (Decrease) in 0 investments	0	0	0	0	0	0	0	0	0	0
<b>Total Applications of 9,847 Capital Funding ( D )</b>	<b>5,716</b>	<b>14,173</b>	<b>15,709</b>	<b>10,425</b>	<b>10,176</b>	<b>7,369</b>	<b>7,035</b>	<b>4,418</b>	<b>1,916</b>	<b>(404)</b>
<b>Surplus / (Deficit) of (5,847) Capital Funding ( C - D )</b>	<b>(216)</b>	<b>(4,106)</b>	<b>(185)</b>	<b>110</b>	<b>371</b>	<b>689</b>	<b>1,035</b>	<b>1,164</b>	<b>1,178</b>	<b>1,009</b>
<b>Funding Balance ((A - B) 0 + (C - D))</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

# Financial Information

Including Planning Assumptions

Smails Beach, Ōtepoti/Dunedin

# Planning assumptions

## Significant forecasting assumptions

This section sets out the assumptions, risks, uncertainty and impacts that council has noted as part of the completion of this LTP. This information forms part of our considerations on the type and level of service we provide and the associated financial forecasts.

## Non-financial assumptions

### People and Government

#### Population growth and demographic change

*An increasing and ageing population with different rates of population increase in different parts of the region.*

<b>Assumption</b>	In the next 10 years (2023-2033), the region's population will increase by a projected 6% (16,100 people) each year to reach 264,700 (Source: Statistics New Zealand subnational population estimates). Population within the Queenstown Lakes and Central Otago districts is forecast to grow significantly over the next 10 years, with much smaller increases in Clutha, Waitaki and Dunedin. Otago's median age is forecast to increase, with fewer in the under 15 age group and more in the over 65 age group than the New Zealand average.
<b>Risk</b>	There is a risk that population growth forecasts are incorrect. Changes in population may impact 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.
<b>Uncertainty</b>	High. Population growth might be lower than the projections if there is a lack of international migration. Population growth might be higher than the projections if there is stronger migration driven by larger numbers of returning New Zealanders, Otago's relative affordability in an international context, 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 New Zealand.
<b>Impact</b>	Accommodating increasing numbers of people will require greater use of and investment in infrastructure, public transport, housing, and waste disposal services (to name but a few); and places greater demands on ecological services to meet those needs. An ageing population may see the demands on health care and social assistance increase and the labour supply proportionately decrease.

## Role of Local Government

*New legislation, changing regulation and policy reform provide a dynamic context for local government in New Zealand.*

<b>Assumption</b>	Changes in Government policy will directly impact the roles and responsibilities of council. This plan assumes that there will be changes in the legislation that will impact on council's work programmes over the next 10 years. Implementing new legislative requirements has been considered in the development of our work programme. It is assumed that any further legislative changes will include a transition period to understand and implement these changes. Council is anticipating reform and policy change in the areas of: resource management (at system level), water services, freshwater and land management (including the National Planning Framework), climate change, public transport and more.
<b>Risk</b>	Further significant local government reform occurs in the next three years. New requirements are greater than expected.
<b>Uncertainty</b>	Medium to high.
<b>Impact</b>	The National Planning Framework and its components will require significant implementation efforts from regional councils. Changes to the resource management system will also be significant, however, it is not likely that Otago's transition to the new system will occur in the short-medium term.

## Te Tiriti o Waitangi and iwi partnerships

*There is a strong expectation that local government will work in genuine partnership with mana whenua.*

<b>Assumption</b>	Council will provide for increasing Kāi Tahu participation in decision making, especially around natural resource use and protection and to protect Treaty rights. National directions are also increasingly requiring consideration of mātauraka Māori in decision making and monitoring/reporting.
<b>Risk</b>	Council and mana whenua do not partner with each other as anticipated.
<b>Uncertainty</b>	Low.
<b>Impact</b>	The whole of the organisation is responsible for ensuring adequate level of mana whenua involvement and integrating mātauraka Kāi Tahu in monitoring, reporting and decision making processes.



## Collaboration

*Through effective collaboration, organisations can identify shared goals, pool resources and reduce duplication.*

<b>Assumption</b>	Third parties are willing to work in collaboration with council and can contribute to key projects in the timeframes underpinning this Long-Term Plan. Local authorities in Otago, the lower South Island and nationally will work together to establish and maintain collaborative relationships and mechanisms where appropriate.
<b>Risk</b>	That collaborative relationships are not fit for purpose, limiting effective collaboration.
<b>Uncertainty</b>	Medium.
<b>Impact</b>	Collaboration with third parties is a key factor in the successful delivery of environmental projects and other services. There is scope to strengthen collaborative links with other agencies, including in such areas as air quality, biodiversity and environmental science.

## Economy and technology

### Economic growth

*A diverse regional economy, facing national and global economic uncertainty.*

<b>Assumption</b>	<p>In 2022, Otago's regional GDP was valued at NZ \$15,901 million. This reflects an annual increase of 6.3%, which was higher than the national average of 5.3%. The top three industries in terms of GDP were construction; professional, scientific and technical services; and agriculture, forestry and fishing. Available economic modelling suggests that Otago's GDP growth in the 10 years from 2020–2030 will be around 14% in total, which is lower than in the prior 10 years (30%). This may constrain resources and funding.</p> <p>Otago districts have different economic structures. Clutha and Waitaki's economies are focused heavily on the primary sector and have a bigger manufacturing sector than other districts. Dunedin's economy is relatively concentrated on tertiary sectors (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-Lakes' economy has the highest tertiary sector concentration in the region.</p>
<b>Risk</b>	Economic growth is lower than predicted. Tourism, primary production and education may be impacted more than expected by global trends, such as a decline in visitors and environmental pressures.
<b>Uncertainty</b>	Medium.
<b>Impact</b>	A substantive downturn in Otago's economy would impact on all aspects of council's operations, industry in the region and, in the longer term, protection of natural resources.

## Employment

*Economic forecasts signal lower employment growth overall with significant variation across the region.*

<b>Assumption</b>	The region's employment growth in the 10 years to 2030 is estimated to be 13% (or 1,700 people per year on average), which is lower than the previous 10 years (22%). The construction; health care and social assistance; and accommodation and food services sectors are estimated to be the top three sectors in the region by employment by 2030. The prominence of these sectors varies significantly across the region.
<b>Risk</b>	Employment growth is lower than predicted, impacting on businesses' ability to deliver services, such as housing and health care and employers' ability to attract and secure talent.
<b>Uncertainty</b>	Medium.
<b>Impact</b>	Otago's employment rate is an important indicator of wellbeing in the region, as well as impacting on council's ability to operate.

## Inflation and cost of living

*A period of high inflation is impacting on households, industry, businesses and organisations.*

<b>Assumption</b>	Inflation rates will remain high for several years which will increase costs and wages. This will result in reduced consumer purchasing power and increase financial pressure on households as prices rise. High inflation rates will impact on the cost of delivering council services.
<b>Risk</b>	Inflation remains persistently high for longer than expected. Businesses, communities, and households throughout Otago will be affected, especially those on lower incomes who are less able to accommodate increased costs.
<b>Uncertainty</b>	Medium. The Reserve Bank is increasing interest rates to reduce inflation.
<b>Impact</b>	As stated, high inflation rates will impact on the cost of delivering council services and increase financial pressure on households, industry and businesses alike.

## Technology

*Increasing innovation that may facilitate more efficient and sustainable uses of natural resources and public transport systems.*

<b>Assumption</b>	Technology advances will have to have a profound impact on environmental management (for both council and primary producers), consumer expectations and transport systems. Technological innovation will continue to transform the economy and the way people live and work in Otago. Demands will increase for new public transport models to reduce emissions and meet communities' needs.
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<b>Risk</b>	Technology replaces more jobs than it creates. Adoption of new technology is uneven, resulting in digital inequality. Technology jobs have higher skill requirements for employment and increase barriers to employment for disadvantaged groups.
<b>Uncertainty</b>	High.
<b>Impact</b>	Council can expect to see increasing demand for reliable, accessible and up-to-date environmental information. The public transport offer may need to be reshaped as needs and expectations change.

## Environment and climate

### Environment

*Parts of the region are facing pressures through changing land use and its environmental impacts.*

<b>Assumption</b>	That environmental loss and pressure on natural resources will increase over the planning period. Otago faces environmental challenges associated with land use, affecting air and soil quality, ocean and coastal areas. Climate change and biodiversity loss both exacerbate these concerns. Food production may be an area of significant change over the next three years
<b>Risk</b>	Greater than expected environmental loss and/or pressure on natural resources in the next three years. Large-scale land use change and/or drastic change in direction for current land use trends in the next three years.
<b>Uncertainty</b>	Low.
<b>Impact</b>	Council can expect greater involvement in the planning and management of urban growth, land use intensification and land use change.

### Climate change

*Increasing exposure to climate change effects, including those from natural hazards.*

<b>Assumption</b>	<p>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.</p> <p>Climate change will increase the severity and frequency of the natural hazards that we experience in New Zealand, including flooding, heatwaves, drought and wildfire. Otago will experience adverse events. For the purpose of this LTP, it is assumed that:</p> <ul style="list-style-type: none"> <li>• There will be one significant flood event impacting on ORC's flood and drainage infrastructure every year.</li> <li>• There will not be any significant droughts/low flows event — should one happen, it will likely lead to a reprioritisation of work and resources.</li> </ul>
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<b>Risk</b>	The severity of natural hazard events may be greater or happen sooner than anticipated. Some groups and communities may be disproportionately affected by financial impacts or the lack of the resources to adapt.
<b>Uncertainty</b>	Medium. Though the overall impacts of climate change on the region's climate are well known, there is uncertainty over specific impacts at a local/catchment level.
<b>Impact</b>	Impacts of climate change include risk to terrestrial and wetland ecosystems, water quantity and quality, coastal communities and infrastructure such as flood management schemes. Climate change will also impact Otago's economy (via the primary sector and tourism especially), community cohesion, public health and cultural identity. Adverse events can have large impacts on community wellbeing and may result in loss of lives, injuries and property damage.

## Financial Assumptions

### Sources of funds for future replacement of significant assets

<b>Assumption</b>	Sources of funds for the future replacement of significant assets are in accordance with council's Revenue and Financing Policy. For infrastructure assets, these are funded through scheme reserves and/or borrowing (either internal or external). Reserves are then repaid through depreciation, targeted rates from the defined scheme areas and grants where possible. Council's non-infrastructure assets are funded from the asset replacement reserve and where necessary, general reserves and/or borrowings.
<b>Risk</b>	Low. There is a risk that council won't be able access the funding required to replace significant assets. Council has the ability to borrow the forecast levels of expenditure over the 10 years of this plan and will remain compliant with council's and the Local Government Funding Agency's borrowing limits.
<b>Uncertainty</b>	Medium. The level of infrastructure expenditure included in this is a significant increase from current levels and previous Long-Term Plans.

### Waka Kotahi NZ Transport Agency subsidy rates

<b>Assumption</b>	The following subsidy rates are as currently advised by Waka Kotahi NZ Transport Agency: <ul style="list-style-type: none"> <li>• Transport planning and public passenger transport to receive 51% subsidy;</li> <li>• Total Mobility to receive 60% subsidy;</li> <li>• Total Mobility flat rate payments to receive 100% subsidy.</li> </ul>
<b>Risk</b>	High. Waka Kotahi funds a significant amount of council's transport programme and should this funding be withdrawn or reduced significantly this would require a corresponding significant reduction in service and/or increase in rates.

**Uncertainty**

Low. Waka Kotahi NZ Transport Agency has given no indication that the rates may change during the LTP 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, fares and/or the scope of services.

**Useful lives of significant assets****Assumption**

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.

**Risk**

Low.

**Uncertainty**

Low.

**Revaluation of non-current assets****Assumption**

The non-current assets that are revalued annually are council's investment properties and its shareholding in 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 4% every year of the plan. Investment properties are assumed to increase in value by 1% every year of the plan.

**Risk**

Low. The revaluation of non-current assets does not directly impact rates.

**Uncertainty**

High. Actual revaluations may differ significantly from the assumptions in the plan. The valuation of Port Otago Limited is based on a number of factors including current and forecast operating performance, asset revaluations and the cost of capital. Any or all of these factors can vary making revaluation forecasting inherently uncertain.

**Forecast return on investments****Assumption**

	24/25	25/26	26/27	27/28	28/29	29/30	30/31	31/32	32/33	33/34
<b>Cash / Term Deposits</b>	4.90%	3.60%	2.90%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%	2.60%
<b>Managed Fund *</b>	7.65%	6.35%	5.65%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%	5.35%
<b>Port Otago Dividends **</b>	\$18M	\$20M	\$20M	\$20M	\$20M	\$20M	\$20M	\$20M	\$20M	\$20M

\* Managed fund is total return including capital movement and gross income.

\*\* All Port Otago Limited dividends will be received fully imputed and accordingly no taxation liability will arise.

**Risk**

Medium. The cash and managed fund returns are based on underlying interest rate forecasts. Port Otago dividends are reliant on the underlying performance of the Port and its ability to pay those dividends. 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 2.3%–3.1% 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.

**Uncertainty**

Low to medium. Port Otago Limited has a stable trade base. Port operating and property performance over past years have been consistent, as are predictions for future trade which should allow for stable dividend payments over the life of this plan. Investment returns are subject to movements in the underlying financial markets and could differ significantly from the rates assumed in the estimates.

**Forecast borrowing rates**

<b>Assumption</b>	<b>24/25</b>	<b>25/26</b>	<b>26/27</b>	<b>27/28</b>	<b>28/29</b>	<b>29/30</b>	<b>30/31</b>	<b>31/32</b>	<b>32/33</b>	<b>33/34</b>
<b>External</b>	5.30%	4.00%	3.30%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%
<b>Internal</b>	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%

**Risk**

Medium. The interest rates are based on underlying interest rate forecasts which are subject to market forces and fluctuations. Council’s Treasury Management Policy includes parameters to manage interest rate risk.

**Uncertainty**

Medium. Interest rates are subject to movements in the underlying financial markets and could differ significantly from the rates assumed in the estimates.

**Capital expenditure**

**Assumption**

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.

**Risk**

Medium. There is risk that actual costs will differ from the estimates and that this difference may be significant. Capital purchases in respect of flood and drainage schemes are funded by those schemes and any variation in costs will impact on their depreciation and reserves. Variations in other capital expenditure will impact on council’s Asset Replacement Reserve.

**Uncertainty**

Medium. The risk is market dependent and outside of council’s direct control, such as the cost of construction materials and freight.

**Investment properties**

**Assumption**

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

**Risk**

Low.

# Financial statements

## Statement of comprehensive revenue and expense

Annual Plan		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
2023/24	\$000s										
<b>REVENUE FROM NON-EXCHANGE TRANSACTIONS</b>											
55,778	Rates revenue	64,893	73,823	80,269	83,974	89,031	88,317	91,205	96,226	100,772	105,826
20,497	Grant and subsidies revenue	21,991	23,814	27,068	26,779	27,333	28,044	28,094	28,642	29,338	29,944
15,202	Other revenue	10,856	15,105	14,086	13,934	14,652	15,385	15,934	16,631	17,336	17,947
<b>REVENUE FROM EXCHANGE TRANSACTIONS</b>											
15,000	Dividends	18,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
10,250	Investment revenue	9,765	7,635	6,472	5,972	6,014	6,004	6,028	6,073	6,114	6,162
4,317	Other revenue	3,644	3,903	4,025	4,157	4,285	4,425	4,553	4,688	4,829	4,974
<b>121,043</b>	<b>TOTAL REVENUE</b>	<b>129,149</b>	<b>144,280</b>	<b>151,920</b>	<b>154,815</b>	<b>161,314</b>	<b>162,175</b>	<b>165,814</b>	<b>172,259</b>	<b>178,389</b>	<b>184,854</b>
<b>EXPENDITURE</b>											
35,823	Employee Benefits	39,454	41,355	42,765	44,525	45,630	46,372	47,346	48,293	49,259	50,195
4,211	Depreciation and amortisation	3,302	3,380	3,436	3,491	3,712	3,847	3,930	4,218	4,405	4,843
9,500	Finance Costs	9,424	7,363	6,445	6,234	6,534	6,797	7,022	7,209	7,322	7,359
71,789	Other operating expenses	78,879	91,860	102,071	102,554	107,047	107,648	108,277	112,848	114,457	117,339
<b>121,323</b>	<b>TOTAL EXPENDITURE</b>	<b>131,060</b>	<b>143,958</b>	<b>154,717</b>	<b>156,805</b>	<b>162,923</b>	<b>164,664</b>	<b>166,575</b>	<b>172,568</b>	<b>175,444</b>	<b>179,736</b>
1,265	Other Gains/Losses	1,493	1,274	1,176	1,179	1,274	1,375	1,481	1,593	1,710	1,834
<b>984</b>	<b>SURPLUS/(DEFICIT)</b>	<b>(418)</b>	<b>1,596</b>	<b>(1,621)</b>	<b>(811)</b>	<b>(335)</b>	<b>(1,115)</b>	<b>721</b>	<b>1,284</b>	<b>4,655</b>	<b>6,952</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENDITURE</b>											
28,193	Fair value gain/loss on shares in subsidiary	28,156	29,283	30,410	31,581	32,797	34,060	35,372	36,735	38,150	39,619
<b>29,177</b>	<b>TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENDITURE</b>	<b>27,738</b>	<b>30,880</b>	<b>28,789</b>	<b>30,770</b>	<b>32,463</b>	<b>32,946</b>	<b>36,093</b>	<b>38,019</b>	<b>42,805</b>	<b>46,571</b>

This statement should be read in conjunction with accompanying policies and notes

## Depreciation by activity

Annual Plan		2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
2023/24	\$000s										
182	Regional Leadership	131	151	123	57	60	61	67	73	85	84
440	Environmental	391	451	524	556	620	701	788	872	903	1,044
	Resilience & Climate										
971	Change - Flood	877	965	960	1,039	1,164	1,245	1,350	1,500	1,610	1,691
	Resilience & Climate										
30	Change - Hazards	39	36	35	25	23	23	20	22	(18)	16
724	Transport	673	269	164	157	152	132	132	132	132	118
1,863	Corporate	1,191	1,508	1,630	1,658	1,693	1,684	1,573	1,618	1,694	1,890
<b>4,211</b>	<b>TOTAL</b>	<b>3,302</b>	<b>3,380</b>	<b>3,436</b>	<b>3,491</b>	<b>3,712</b>	<b>3,847</b>	<b>3,930</b>	<b>4,218</b>	<b>4,405</b>	<b>4,843</b>

## Statement of Financial Position

Annual Plan 2023/24	\$000s	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>CURRENT ASSETS:</b>											
15,303	Cash and cash equivalents	2,455	3,077	4,705	4,534	6,037	4,535	6,012	4,977	5,769	7,722
27,107	Other financial assets	29,181	31,034	32,787	34,541	36,389	38,336	40,387	42,547	44,824	47,222
18,185	Trade and other receivables	18,180	18,175	18,170	18,164	18,159	18,153	18,148	18,142	18,136	18,130
0	Inventories	0	0	0	0	0	0	0	0	0	0
0	Property intended for sale	0	0	0	0	0	0	0	0	0	0
1,433	Other current assets	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433	1,433
<b>62,027</b>	<b>TOTAL CURRENT ASSETS</b>	<b>51,248</b>	<b>53,718</b>	<b>57,095</b>	<b>58,672</b>	<b>62,018</b>	<b>62,457</b>	<b>65,979</b>	<b>67,100</b>	<b>70,161</b>	<b>74,506</b>
<b>NON-CURRENT ASSETS:</b>											
95,891	Property, plant and equipment	109,835	116,365	126,626	134,495	141,069	147,175	151,753	156,734	160,644	163,065
16,965	Investment property	17,134	17,306	17,479	17,653	17,830	18,008	18,188	18,370	18,554	18,739
752,083	Shares in Port Otago Ltd	780,239	809,522	839,931	871,512	904,310	938,370	973,742	1,010,477	1,048,627	1,088,246
778	Intangible assets	2,025	1,951	1,519	1,087	655	319	259	259	259	259
150,088	Related Party Receivables	150,088	150,088	150,088	150,088	150,088	150,088	150,088	150,088	150,088	150,088
500	Borrower Notes	500	500	500	500	500	500	500	500	500	500
0	Deferred tax asset	0	0	0	0	0	0	0	0	0	0
<b>1,016,304</b>	<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,059,821</b>	<b>1,095,731</b>	<b>1,136,143</b>	<b>1,175,335</b>	<b>1,214,452</b>	<b>1,254,460</b>	<b>1,294,531</b>	<b>1,336,429</b>	<b>1,378,672</b>	<b>1,420,898</b>
<b>1,078,331</b>	<b>TOTAL ASSETS</b>	<b>1,111,069</b>	<b>1,149,449</b>	<b>1,193,238</b>	<b>1,234,008</b>	<b>1,276,471</b>	<b>1,316,917</b>	<b>1,360,510</b>	<b>1,403,528</b>	<b>1,448,833</b>	<b>1,495,404</b>
<b>CURRENT LIABILITIES:</b>											
22,594	Accounts payable	22,594	22,594	22,594	22,594	22,594	22,594	22,594	22,594	22,594	22,594
68,878	Borrowings (secured)	69,878	71,378	74,378	76,378	78,378	79,878	81,378	82,378	82,878	82,878
2,716	Employee entitlements	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716	2,716
<b>94,188</b>	<b>TOTAL CURRENT LIABILITIES</b>	<b>95,188</b>	<b>96,688</b>	<b>99,688</b>	<b>101,688</b>	<b>103,688</b>	<b>105,188</b>	<b>106,688</b>	<b>107,688</b>	<b>108,188</b>	<b>108,188</b>
<b>NON-CURRENT LIABILITIES:</b>											
106,438	Borrowings (secured)	110,438	116,438	128,438	136,438	144,438	150,438	156,438	160,438	162,438	162,438
<b>106,438</b>	<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>110,438</b>	<b>116,438</b>	<b>128,438</b>	<b>136,438</b>	<b>144,438</b>	<b>150,438</b>	<b>156,438</b>	<b>160,438</b>	<b>162,438</b>	<b>162,438</b>
<b>200,626</b>	<b>TOTAL LIABILITIES</b>	<b>205,626</b>	<b>213,126</b>	<b>228,126</b>	<b>238,126</b>	<b>248,126</b>	<b>255,626</b>	<b>263,126</b>	<b>268,126</b>	<b>270,626</b>	<b>270,626</b>
<b>877,705</b>	<b>NET ASSETS</b>	<b>905,443</b>	<b>936,323</b>	<b>965,112</b>	<b>995,882</b>	<b>1,028,345</b>	<b>1,061,291</b>	<b>1,097,384</b>	<b>1,135,402</b>	<b>1,178,207</b>	<b>1,224,778</b>
<b>EQUITY:</b>											
105,882	Public equity	120,576	124,965	125,803	125,831	126,348	126,138	127,891	130,169	135,821	143,531
732,083	Port Otago Limited Revaluation Reserve	760,239	789,522	819,931	851,512	884,310	918,370	953,742	990,477	1,028,627	1,068,246
4,170	Asset replacement reserve	(1,705)	(4,365)	(6,726)	(7,460)	(8,188)	(8,951)	(9,822)	(10,636)	(11,432)	(11,969)
8,609	Building reserve	0	0	0	0	0	0	0	0	0	0
13	Environmental enhancement reserve	0	0	0	0	0	0	0	0	0	0
4,750	Emergency response reserve	4,869	4,991	5,115	5,243	5,374	5,509	5,646	5,788	5,932	6,081



<b>Annual Plan</b>											
<b>2023/24</b>	<b>\$000s</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>	<b>2031/32</b>	<b>2032/33</b>	<b>2033/34</b>
479	Water management reserve	0	0	0	0	0	0	0	0	0	0
6,820	Kuriwao endowment reserve	6,396	5,970	5,574	5,167	4,736	4,282	3,803	3,299	2,770	2,215
14,900	Asset revaluation reserve	15,069	15,241	15,414	15,588	15,765	15,943	16,123	16,305	16,489	16,674
<b>877,705</b>	<b>TOTAL EQUITY</b>	<b>905,443</b>	<b>936,323</b>	<b>965,112</b>	<b>995,882</b>	<b>1,028,345</b>	<b>1,061,291</b>	<b>1,097,384</b>	<b>1,135,402</b>	<b>1,178,207</b>	<b>1,224,778</b>

*This statement should be read in conjunction with accompanying policies and notes*

## Statement of changes in net assets/equity

<b>Annual Plan</b>											
<b>2023/24</b>	<b>\$000s</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/31</b>	<b>2031/32</b>	<b>2032/33</b>	<b>2033/34</b>
848,528	Balance at 1 July	877,705	905,443	936,323	965,112	995,882	1,028,345	1,061,291	1,097,384	1,135,402	1,178,207
29,177	Net Comprehensive Income	27,738	30,880	28,789	30,770	32,463	32,946	36,093	38,019	42,805	46,571
<b>877,705</b>	<b>BALANCE AT 30 JUNE</b>	<b>905,443</b>	<b>936,323</b>	<b>965,112</b>	<b>995,882</b>	<b>1,028,345</b>	<b>1,061,291</b>	<b>1,097,384</b>	<b>1,135,402</b>	<b>1,178,207</b>	<b>1,224,778</b>
	<b>NET MOVEMENTS</b>										
(280)	Net surplus transferred to Public Equity	(1,911)	322	(2,797)	(1,990)	(1,609)	(2,490)	(760)	(309)	2,945	5,118
5,628	Public Equity	16,606	4,067	3,634	2,018	2,126	2,280	2,513	2,587	2,706	2,593
28,193	Port Otago Limited Revaluation Reserve	28,156	29,283	30,410	31,581	32,797	34,060	35,372	36,735	38,150	39,619
1,271	Asset Replacement Reserve	(5,875)	(2,660)	(2,360)	(734)	(728)	(763)	(871)	(814)	(795)	(538)
70	Emergency Response Reserve	119	122	125	128	131	134	138	141	145	148
(408)	Kuriwao Reserve	(424)	(426)	(395)	(407)	(431)	(454)	(479)	(504)	(529)	(555)
170	Asset Revaluation Reserve	170	171	173	175	177	178	180	182	184	186
7	Water Management Reserve	(479)	0	0	0	0	0	0	0	0	0
(5,473)	Building Reserve	(8,609)	0	0	0	0	0	0	0	0	0
0	Environmental Enhancement Reserve	(13)	0	0	0	0	0	0	0	0	0
29,177	Net Comprehensive Income	27,738	30,880	28,789	30,770	32,463	32,946	36,093	38,019	42,805	46,571
<b>877,705</b>	<b>BALANCE AT 30 JUNE</b>	<b>905,443</b>	<b>936,323</b>	<b>965,112</b>	<b>995,882</b>	<b>1,028,345</b>	<b>1,061,291</b>	<b>1,097,384</b>	<b>1,135,402</b>	<b>1,178,207</b>	<b>1,224,778</b>

*This statement should be read in conjunction with accompanying policies and notes*

## Statement of reserves

<b>RESERVE</b>	<b>Opening Balance 1 July 2024 \$000s</b>	<b>Transfers in \$000s</b>	<b>Transfers Out \$000s</b>	<b>Closing Balance 30 June 2024 \$000s</b>
Public Equity	64,150	345,506	(309,423)	100,232
Port Otago Limited Revaluation Reserve	732,083	336,163	0	1,068,246
Asset Replacement Reserve	4,170	26,161	(42,300)	(11,969)
Emergency Response Reserve	4,750	1,330	0	6,081
Kuriwao Reserve	6,820	1,578	(6,183)	2,215
Asset Revaluation Reserve	14,900	1,775	0	16,674
Water Management Reserve	479	0	(479)	0
Building Reserve	8,609	0	(8,609)	0
Environmental Enhancement Reserve	13	(13)	0	0
River & Waterway Management Dunedin	639	10,203	(18,390)	(7,548)
River & Waterway Management Clutha	(451)	11,005	(11,045)	(491)
River & Waterway Management Central Otago	269	8,330	(8,768)	(169)
River & Waterway Management Whakatipu	(118)	7,649	(7,853)	(322)
River & Waterway Management Wānaka	(467)	6,686	(6,783)	(565)
River & Waterway Management Waitaki	1,012	7,026	(8,002)	36
Emergency Management	(51)	41,703	(41,604)	48
Alexandra Flood Protection	61	3,765	(3,748)	78
Leith Flood Protection	(12,635)	15,705	(11,404)	(8,335)
Lower Clutha Flood Protection & Drainage	(682)	26,147	(38,720)	(13,256)
Lower Taieri Flood Protection	2,934	20,072	(43,544)	(20,539)
West Taieri Drainage	(2,634)	14,307	(16,835)	(5,162)
East Taieri Drainage	(451)	11,536	(15,687)	(4,602)
Tokomairiro	43	3,790	(5,770)	(1,937)
Lower Waitaki Flood Protection & River Control	(48)	2,546	(2,560)	(61)
Public Transport Dunedin	(9,049)	322,319	(313,956)	(686)
Public Transport Whakatipu	(2,317)	195,592	(193,450)	(175)
Dairy Compliance	(79)	210	(308)	(177)
Lake Hayes Remediation	0	564	(553)	11
Biosecurity	(1,494)	77,202	(77,615)	(1,907)
Wilding Pines	(514)	2,764	(2,908)	(657)
Rural Water Quality	219	19,529	(18,679)	1,069
Infrastructure Assets	67,547	52,407	(11,308)	108,646
<b>TOTAL</b>	<b>877,705</b>	<b>1,573,558</b>	<b>(1,226,485)</b>	<b>1,224,778</b>

*This statement should be read in conjunction with accompanying policies and notes*

## Statement of cashflows

### Annual Plan

2023/24	\$000s	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>											
<b>Receipts from non-exchange transactions</b>											
55,778	Rates Receipts	64,893	73,823	80,269	83,974	89,031	88,317	91,205	96,226	100,772	105,826
20,497	Grant income and subsidies	21,991	23,814	27,068	26,779	27,333	28,044	28,094	28,642	29,338	29,944
15,202	Other receipts	10,856	15,105	14,086	13,934	14,652	15,385	15,934	16,631	17,336	17,947
<b>Receipts from exchange transactions</b>											
10,250	Interest and investment income	9,765	7,635	6,472	5,972	6,014	6,004	6,028	6,073	6,114	6,162
15,000	Dividends	18,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
4,324	Other receipts	3,649	3,908	4,030	4,162	4,290	4,430	4,559	4,694	4,835	4,980
(107,611)	Payments to suppliers and employees	(118,334)	(133,215)	(144,836)	(147,079)	(152,677)	(154,021)	(155,623)	(161,141)	(163,716)	(167,534)
(9,500)	Interest and other costs of finance paid	(9,424)	(7,363)	(6,445)	(6,234)	(6,534)	(6,797)	(7,022)	(7,209)	(7,322)	(7,359)
<b>3,938</b>	<b>NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>1,396</b>	<b>3,707</b>	<b>644</b>	<b>1,507</b>	<b>2,109</b>	<b>1,363</b>	<b>3,175</b>	<b>3,915</b>	<b>7,357</b>	<b>9,967</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
4,000	Proceeds from sale of Property, Plant and Equipment	500	2,567	524	535	547	559	570	582	593	605
3,350	Property Held for Sale	0	0	0	0	0	0	0	0	0	0
(750)	Managed Fund	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)
(9,666)	Purchase of Property, Plant and Equipment	(17,643)	(12,105)	(13,790)	(11,463)	(10,402)	(10,174)	(9,019)	(9,781)	(8,909)	(7,869)
(400)	Purchase of intangible assets	(1,350)	(298)	0	0	0	0	0	0	0	0
<b>(3,466)</b>	<b>NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES</b>	<b>(19,243)</b>	<b>(10,585)</b>	<b>(14,016)</b>	<b>(11,678)</b>	<b>(10,605)</b>	<b>(10,365)</b>	<b>(9,199)</b>	<b>(9,949)</b>	<b>(9,065)</b>	<b>(8,014)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
25,000	Proceeds from borrowings	5,000	7,500	15,000	10,000	10,000	7,500	7,500	5,000	2,500	0
(25,000)	Repayment of borrowings	0	0	0	0	0	0	0	0	0	0
<b>0</b>	<b>NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES</b>	<b>5,000</b>	<b>7,500</b>	<b>15,000</b>	<b>10,000</b>	<b>10,000</b>	<b>7,500</b>	<b>7,500</b>	<b>5,000</b>	<b>2,500</b>	<b>0</b>
<b>473</b>	<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(12,848)</b>	<b>622</b>	<b>1,628</b>	<b>(171)</b>	<b>1,503</b>	<b>(1,503)</b>	<b>1,477</b>	<b>(1,034)</b>	<b>792</b>	<b>1,953</b>
<b>14,830</b>	<b>CASH AND CASH EQUIVALENTS AS AT 1 JULY</b>	<b>15,303</b>	<b>2,455</b>	<b>3,077</b>	<b>4,705</b>	<b>4,534</b>	<b>6,037</b>	<b>4,535</b>	<b>6,012</b>	<b>4,977</b>	<b>5,769</b>
<b>15,303</b>	<b>CASH AND CASH EQUIVALENTS AS AT 30 JUNE</b>	<b>2,455</b>	<b>3,077</b>	<b>4,705</b>	<b>4,534</b>	<b>6,037</b>	<b>4,535</b>	<b>6,012</b>	<b>4,977</b>	<b>5,769</b>	<b>7,722</b>

*This statement should be read in conjunction with accompanying policies and notes*

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 the Group 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.

## Reconciliation of net surplus to net cash from operating activities

Annual Plan											
2023/24	\$000s	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>NET SURPLUS(DEFICIT)</b>											
<b>984</b>	<b>FROM ACTIVITIES</b>	<b>(418)</b>	<b>1,596</b>	<b>(1,621)</b>	<b>(811)</b>	<b>(335)</b>	<b>(1,115)</b>	<b>721</b>	<b>1,284</b>	<b>4,655</b>	<b>6,952</b>
<b>ADD(DEDUCT) NON CASH ITEMS:</b>											
4,211	Depreciation and amortisation	3,302	3,380	3,436	3,491	3,712	3,847	3,930	4,218	4,405	4,843
(1,265)	Other (gains)/losses	(1,493)	(1,274)	(1,176)	(1,179)	(1,274)	(1,375)	(1,481)	(1,593)	(1,710)	(1,834)
7	Bad Debts	5	5	5	5	5	6	6	6	6	6
<b>NET CASH FROM OPERATING ACTIVITIES</b>											
<b>3,938</b>		<b>1,396</b>	<b>3,707</b>	<b>644</b>	<b>1,507</b>	<b>2,109</b>	<b>1,363</b>	<b>3,175</b>	<b>3,915</b>	<b>7,357</b>	<b>9,967</b>

## Schedule of capital expenditure

Annual Plan											
2023/24	\$000s	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>ENVIRONMENTAL</b>											
74	Air Monitoring	150	154	157	161	164	168	171	175	178	181
0	Public Awareness	35	0	0	0	0	0	0	0	0	0
530	Water Monitoring Sites	530	544	555	567	580	592	605	617	629	641
21	Harbour Mgt	21	22	22	22	23	23	24	24	25	25
95	Biodiversity	100	257	262	268	274	279	285	291	297	302
52	Hazards	0	0	0	0	0	0	0	0	0	0
0	Compliance	158	62	40	34	34	35	36	36	37	38
<b>TRANSPORT</b>											
0	Transport	0	0	0	0	0	0	0	0	0	0
<b>FLOOD PROTECTION &amp; CONTROL WORKS</b>											
20	Alexandra Flood Protection	0	0	0	0	0	0	0	0	0	0
100	Leith Flood Protection	150	205	262	910	1,368	1,117	570	0	0	0
325	Lower Clutha Flood & Drainage	300	822	1,571	1,285	1,204	2,123	1,597	1,629	1,721	1,451
850	Lower Taieri Flood Protection	1,650	2,465	2,462	3,372	3,228	2,402	2,167	2,385	1,602	665
283	West Taieri Drainage	930	1,664	890	803	164	112	114	116	119	121
125	East Taieri Drainage	100	411	1,257	1,071	109	112	114	1,280	119	121
20	Tokomairiro	100	359	419	321	219	112	114	116	119	121
0	Dunedin River Mgmt	1,395	909	1,550	0	383	391	399	291	1,187	1,209
0	Clutha River Mgmt	0	21	21	0	0	0	0	0	0	0
100	Wānaka River Mgmt	0	0	52	54	0	0	57	0	0	60
<b>COUNCIL</b>											
6,100	Property	9,650	2,182	2,200	535	547	559	570	582	593	605
750	Vehicles	800	822	838	856	875	894	912	931	949	967
500	Computers & Software	2,625	1,196	917	883	903	922	941	960	979	998
20	Plant	250	257	262	268	274	279	285	291	297	302
50	Sundry	50	51	52	54	55	56	57	58	59	60
10,016	<b>TOTAL</b>	18,993	12,402	13,790	11,463	10,402	10,174	9,019	9,781	8,909	7,869

# 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 26 June 2024.

### 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 results achieved for any given financial year are likely to vary from the information presented and may vary materially depending upon the circumstances that arise during the period. The prospective financial information is prepared in accordance with Section 93 of the Local Government Act 2002. The information may not be suitable for use in any other capacity. 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.

### Standards and interpretations issued but not yet adopted

PBE Standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the Long-Term Plan 2024-34 are outlined below:

- Amendments to PBE IPSAS 1 – Disclosure of fee for audit firm's services; effective for periods commencing 30 June 2024
- PBE IPSAS 46 – Measurement; effective for periods commencing 1 January 2025
- PBE IPSAS 47 – Revenue; effective for periods commencing 1 January 2026
- PBE IPSAS 48 – Transfer Expenses; effective for periods commencing 1 January 2026

Council expects to adopt the above standard in the period in which it becomes mandatory. Council anticipates that the above standard is not expected to have a material impact on the financial statements in the period of initial application; however, a detailed assessment has yet to be performed.

# Significant Accounting Policies

## Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue from non-exchange Transactions	
TYPE	RECOGNITION AND MEASUREMENT
<b>Rates revenue</b>	Rates revenue is recognised as income when levied. Council levies general rates for those functions that are assessed as providing benefits to all ratepayers within each of the constituent districts and city, and levies targeted rates where functions benefit a defined group of ratepayers.
<b>Grants and subsidies</b>	Grants and subsidies are recognised upon entitlement, as conditions pertaining to expenditure have been fulfilled.
<b>Other fee income</b>	Other fee income from non-exchange transactions is recognised when the supplies and services have been rendered.
Revenue from exchange Transactions	
TYPE	RECOGNITION AND MEASUREMENT
<b>Dividend income</b>	Dividend income is recognised on the date of the dividend declaration.
<b>Interest revenue</b>	Interest revenue is recognised on a time proportionate basis using the effective interest method
<b>Revenue from port services</b>	Revenue from port services is recognised in the accounting period in which the actual service is provided.
<b>Revenue from the rendering of services</b>	Revenue from the rendering of services, including relating to contracts and consent application that are in progress at balance date, 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.
<b>Rental income from operating leases</b>	Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.
<b>Fees and charges</b>	Fees and charges are recognised as income when supplies and services have been rendered. Fees received from the following activities are recognised as revenue from exchange transactions: resource consent processing, pest animal and plant contract work, grazing leases and licenses and enforcement work.

## Other gains and losses

Gains and losses on the sale of investment property, property, plant and equipment 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.

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.

## Trade and other receivables

Trade and other receivables are recorded at the amount due, less an allowance for expected credit losses (ECL).

The Council and Group apply the simplified ECL model of recognising lifetime ECL for short-term receivables.

In measuring ECLs, receivable have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and economic environment.

Rates are "written off"

- When remitted in accordance with the Council's rates remission policy and
- In accordance with the write-off criteria of sections 90A (where rates cannot be reasonable recovered) and 90B (in relation to Maori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation or the receivable being more than two years overdue.

## Intangible assets

### Computer Software

Computer software assets are stated at cost, less accumulated amortisation and impairment. The amortisation periods range from 1 to 5 years.

Impairment

At each reporting date, Council reviews the carrying amounts of 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 in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

## 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 floodbanks, protection works, structures, drains, bridges, culverts, bus hubs and shelters.

Transport infrastructure assets and hardware deliver benefits to the transport bus network in Whakatipu and Dunedin.

## 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 is 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 floodbanks, 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:

Operational Assets	Life
Buildings- Council	10- 50 years
Plant and vehicles- Council	3 -20 years
Buildings and improvements- Port	10- 50 years
Whaves- Port	15- 70 years
Vessels and floating plant- Port	5 -30 years
Plant, equipment and vehicles- Port	3 - 30 years
Infrastructural Assets	Life
Floodbanks	Unlimited
Protection works	Unlimited
Drains	Unlimited
Culverts	Unlimited
Structures	8- 100 years
Bridges	33- 100 years
Transport infrastrucutre and hardware	5 -15 years

## (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.

## Critical judgements and assumptions

The council owns a number of properties that are held for service delivery objectives as part of the council's various flood protection schemes. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are accounted for as property, plant and equipment.

## Investment property

Investment property is property held to earn rentals and/or for capital appreciation. Investment property is measured initially at cost and subsequently at fair value. 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.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The fair value of investment property reflects the director's assessment of the highest and best use of each property and, amongst other things, rental income, from current leases and assumptions about rental income from future leases in light of current market conditions. The fair value also reflects the cash outflows that could be expected in respect of the property.

No depreciation or amortisation is provided for on investment properties. However, for tax purposes, depreciation is claimed on building fit-out and a deferred tax liability is recognised where the building component of the registered building exceeds the tax book value of the building. The deferred tax liability is capped at the amount of depreciation that has been claimed on each building. Gains or losses on the disposal of investment properties are recognised in the surplus/deficit in the period in which the risks and rewards of the investment property have been fully transferred to the purchaser.

Borrowing costs are capitalised if they are directly attributable to the acquisition or construction of a qualifying property. Capitalisation of borrowing costs will continue until the asset is substantially ready for its intended use. The rate at which borrowing costs are capitalised is determined by reference to the weighted average borrowing costs and the average level of borrowings.

## **Fair value of property portfolio assets (includes investment property, property held for sale and property in development)**

The fair value was determined using valuation techniques via a combination of the following approaches:

- Direct capitalisation: The subject property rental is divided by a market derived capitalisation rate to assess the market value of the asset. Further adjustments are then made to the market value to reflect under or over renting, additional revenue and required capital expenditure.
- Discounted cash flow: Discounted cash flow projections for the subject property are based on estimates of future cash flows, supported by the terms of any existing lease and by external evidence such as market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.
- Sales comparison: The subject property is related at a rate per square metre as a means of comparing evidence. In applying this approach a number of factors are taken into account, such as but not limited to, size, location, zoning, contour, access, development potential / end use, availability of services, profile and exposure, current use of surrounding properties, geotechnical and topographical constraints.

## **Financial instruments**

### **Financial risk management objectives**

The council has established a Treasury Management Policy, which combines the Local Government Act 2002 requirement for local authorities to adopt a Liability Management Policy and an Investment Policy. These provide a framework for prudent debt management and the management of financial resources in an efficient and effective way. The council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

### **Significant accounting policies for financial instruments**

Financial assets and financial liabilities are recognised in 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 surplus or deficit which are initially valued at fair value.

Financial assets are classified into the following specified categories: financial assets 'at fair value through other comprehensive revenue and expenses', and 'amortised cost'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

## Impairment of financial assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that as a result 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.

## Derivative financial instruments

The council enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts and interest rate swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The council designates hedges of highly probable forecast transactions as cash flow hedges. Changes in the fair value of derivatives qualifying as cash flow hedges are recognised in other comprehensive revenue and expense and transferred to the cash flow hedge reserve in equity. The ineffective component of the fair value changes on the hedging instrument is recorded directly in the surplus/deficit.

When a hedging instrument expires or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the surplus/(deficit). When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the surplus or deficit. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the surplus/deficit.

For qualifying hedge relationships, the council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective. The council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items

The net differential paid or received on interest rate swaps is recognised as a component of interest expense over the period of the swap agreement.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

## Employee entitlements

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 council in respect of services provided by employees up to reporting date.

## 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 council and which may not be revised by 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.

## Other disclosures

### Balancing of budget

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 years 1, and 3-6. The primary reason is to allow council to use reserves to fund certain one-off operating expenditure.

### Rating base information

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

FINANCIAL YEAR	PROJECTED RATING UNITS
2023/24	124,394
2024/25	126,260
2025/26	128,154
2026/27	130,076
2027/28	132,027
2028/29	134,008
2029/30	136,018
2030/31	138,058
2031/32	140,129
2032/33	142,231
2033/34	144,364

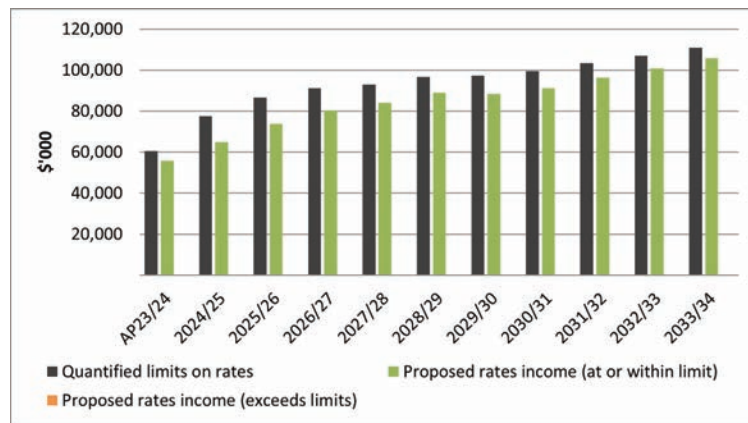
# Prudence disclosures

The purpose of this statement is to disclose council’s planned financial performance in relation to various benchmarks to enable the assessment of whether 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 (Income) Affordability Benchmark

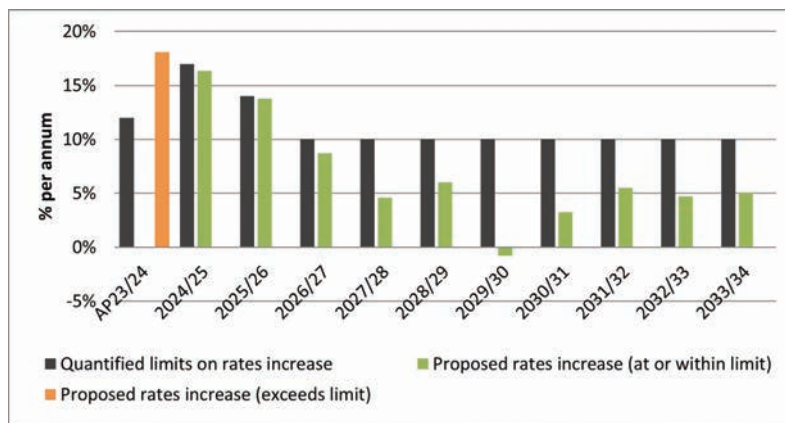
The following graph compares the Council’s actual rate income with a quantified limit on rate contained in the financial strategy included in the Council’s Long-Term Plan. The quantified limit is set in the Council financial summary statement and measured in thousands of dollars.



## Rates (increases) affordability

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

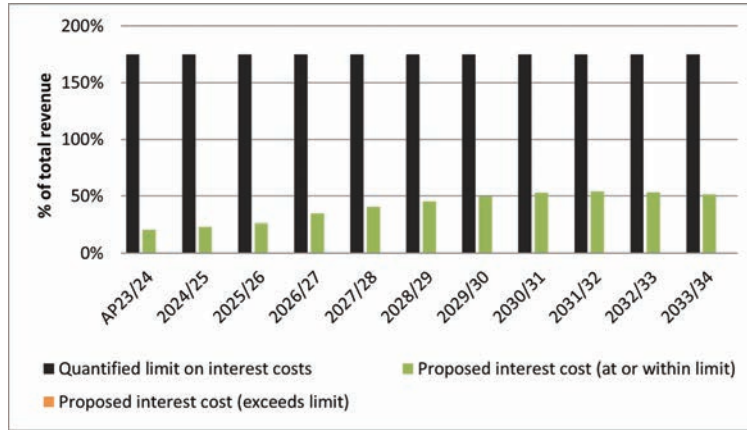
The quantified limit is 17% for 2024/25, 14% for 2025/26, 10% for 2026/27 and subsequently 10% in 2027/28 to 2033/34.



## Debt affordability

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

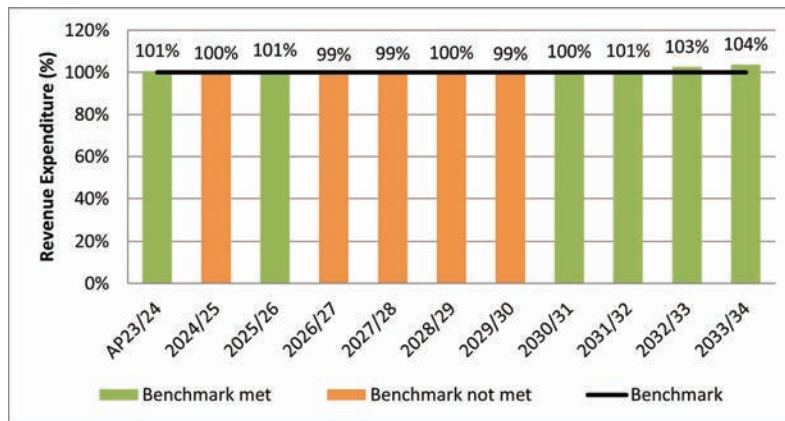
The following graph compares council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this Long-Term Plan. The quantified limit is that debt cannot exceed 175% of the total revenue.



### Balanced budget benchmark

The following graph displays 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).

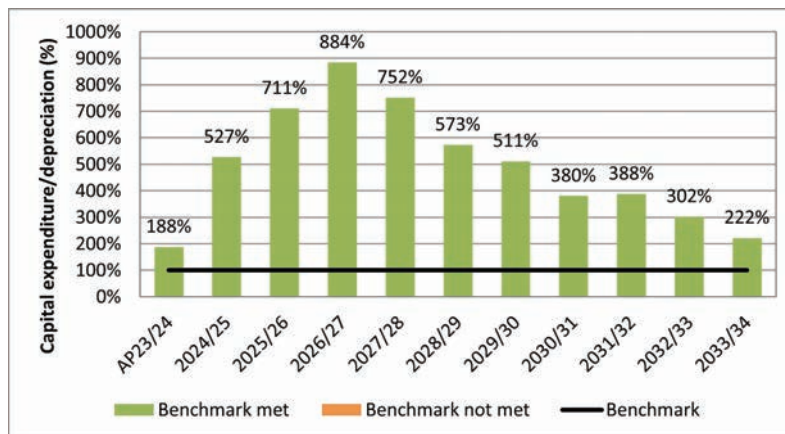
Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



### Essential services benchmark

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

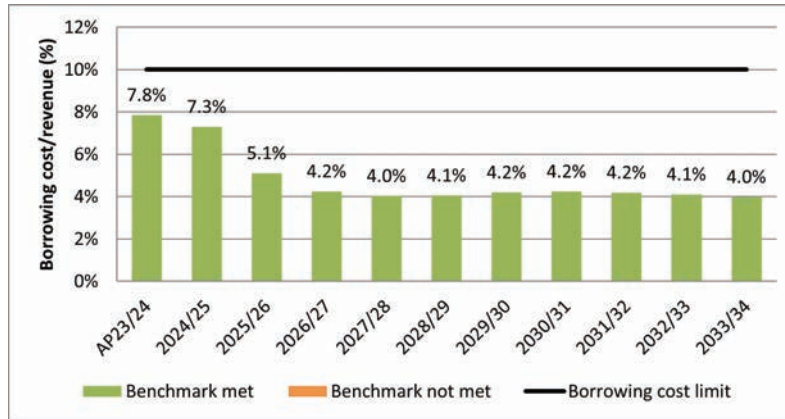
Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



## Debt servicing benchmark

The following graph displays 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 Otago’s population will grow more slowly than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs are equal to or less than 10% of its planned revenue.



# Rate funding and funding impact statements

## Funding impact statement

Annual Plan	2023/24	\$000s	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>SOURCES OF OPERATING FUNDING</b>												
General rates, UAGC, and rates	28,263	penalties	29,046	32,143	34,438	36,167	38,005	39,160	39,739	41,849	43,057	44,105
27,515	Targeted rates	35,846	41,680	45,832	47,807	51,025	49,157	51,466	54,377	57,716	61,721	
Subsidies and grants for operating purposes	20,497	21,991	23,814	27,068	26,779	27,333	28,044	28,094	28,642	29,338	29,944	
5,951	Fees and charges	4,364	4,729	4,873	4,952	5,105	5,274	5,426	5,586	5,753	5,926	
Interest and dividends from investments	25,250	27,765	27,635	26,472	25,972	26,014	26,004	26,028	26,073	26,114	26,162	
Local authorities fuel tax, fines, infringement fees, and other receipts	13,568	10,136	14,279	13,238	13,139	13,831	14,536	15,061	15,733	16,411	16,995	
<b>121,043</b>	<b>Total operating funding (A)</b>	<b>129,149</b>	<b>144,280</b>	<b>151,920</b>	<b>154,815</b>	<b>161,314</b>	<b>162,175</b>	<b>165,814</b>	<b>172,259</b>	<b>178,389</b>	<b>184,854</b>	
<b>APPLICATIONS OF OPERATING FUNDING</b>												
107,334	Payments to staff and suppliers	118,109	132,984	144,600	146,838	152,430	153,769	155,366	160,879	163,449	167,262	
9,700	Finance costs	9,574	7,517	6,603	6,395	6,699	6,965	7,193	7,384	7,500	7,541	
77	Other operating funding applications	75	77	79	80	82	84	86	87	89	91	
<b>117,111</b>	<b>Total applications of operating funding (B)</b>	<b>127,758</b>	<b>140,578</b>	<b>151,281</b>	<b>153,314</b>	<b>159,211</b>	<b>160,818</b>	<b>162,645</b>	<b>168,350</b>	<b>171,038</b>	<b>174,893</b>	
<b>3,931</b>	<b>Surplus (deficit) of operating funding (A – B)</b>	<b>1,391</b>	<b>3,702</b>	<b>639</b>	<b>1,501</b>	<b>2,103</b>	<b>1,357</b>	<b>3,170</b>	<b>3,909</b>	<b>7,351</b>	<b>9,961</b>	
<b>SOURCES OF CAPITAL FUNDING</b>												
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
0	Increase (decrease) in debt	5,000	7,500	15,000	10,000	10,000	7,500	7,500	5,000	2,500	0	0
4,000	Gross proceeds from sale of assets	500	2,567	524	535	547	559	570	582	593	605	
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
0	Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
<b>4,000</b>	<b>Total sources of capital funding (C)</b>	<b>5,500</b>	<b>10,068</b>	<b>15,524</b>	<b>10,535</b>	<b>10,547</b>	<b>8,059</b>	<b>8,070</b>	<b>5,582</b>	<b>3,093</b>	<b>605</b>	
<b>APPLICATION OF CAPITAL FUNDING</b>												
0	Capital expenditure	0	0	0	0	0	0	0	0	0	0	0
0	• to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
875	• to improve the level of service	2,625	1,759	1,771	1,321	1,678	1,937	2,035	1,901	2,591	2,701	
9,191	• to replace existing assets	16,368	10,643	12,019	10,142	8,724	8,237	6,984	7,880	6,317	5,167	
(2,134)	Increase (decrease) in reserves	(12,103)	1,367	2,373	573	2,248	(758)	2,221	(290)	1,536	2,697	
0	Increase (decrease) of investments	0	0	0	0	0	0	0	0	0	0	0
<b>7,931</b>	<b>Total applications of capital funding (D)</b>	<b>6,891</b>	<b>13,769</b>	<b>16,163</b>	<b>12,037</b>	<b>12,650</b>	<b>9,416</b>	<b>11,240</b>	<b>9,491</b>	<b>10,444</b>	<b>10,565</b>	
<b>(3,931)</b>	<b>Surplus (deficit) of capital funding (C – D)</b>	<b>(1,391)</b>	<b>(3,702)</b>	<b>(639)</b>	<b>(1,501)</b>	<b>(2,103)</b>	<b>(1,357)</b>	<b>(3,170)</b>	<b>(3,909)</b>	<b>(7,351)</b>	<b>(9,961)</b>	
<b>(0)</b>	<b>Funding balance ((A – B) + (C – D))</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>0</b>	<b>(0)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(0)</b>



## Reconciliation of funding impact statement to statement of comprehensive revenue and expense

Annual Plan												
2023/24	\$000s	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	
<b>Surplus/(Deficit) of operating funding per funding impact statement</b>		<b>3,931</b>	<b>1,391</b>	<b>3,702</b>	<b>639</b>	<b>1,501</b>	<b>2,103</b>	<b>1,357</b>	<b>3,170</b>	<b>3,909</b>	<b>7,351</b>	<b>9,961</b>
<b>ADD/(DEDUCT)</b>												
(4,211)	Depreciation	(3,302)	(3,380)	(3,436)	(3,491)	(3,712)	(3,847)	(3,930)	(4,218)	(4,405)	(4,843)	
1,265	Other Gains/(Losses)	1,493	1,274	1,176	1,179	1,274	1,375	1,481	1,593	1,710	1,834	
0	Other	0	0	0	0	0	0	0	0	0	0	0
<b>Surplus/(Deficit) from activities per Statement of Comprehensive Revenue and Expense</b>		<b>984</b>	<b>(418)</b>	<b>1,596</b>	<b>(1,621)</b>	<b>(811)</b>	<b>(335)</b>	<b>(1,115)</b>	<b>721</b>	<b>1,284</b>	<b>4,655</b>	<b>6,952</b>

## Funding impact statement – calculation of rates for the 2024/2025 year

Rates charged on a capital value basis							
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2024-25 including GST	Estimated rates payable including GST			
				Capital Value \$500,000	Capital Value \$1,000,000	Capital Value \$5,000,000	
<b>General rates</b>							
Contributes to all activities of council	Capital value	Where the property is situated	<b>Allocated as:</b>	<b>\$25,052,424</b>			
			Central Otago	\$3,166,664	\$86.56	\$173.11	\$865.55
			Clutha	\$1,779,469	\$85.04	\$170.09	\$850.45
			Dunedin	\$7,144,797	\$80.40	\$160.80	\$804.00
			Queenstown	\$11,441,966	\$97.52	\$195.05	\$975.25
			Waitaki	\$1,519,528	\$85.04	\$170.09	\$850.45
<b>Targeted rates - refer to maps of targeted rating areas</b>							
<b>Flood protection and control works</b>							
Leith flood protection scheme	Capital value	Where the property is situated within the defined scheme area	<b>Allocated as:</b>	<b>\$1,444,846</b>			
			Direct benefit zone	\$722,423	\$197.24	\$394.49	\$1,972.45
			Indirect benefit zone	\$722,423	\$8.48	\$16.96	\$84.80
Lower Taieri flood protection scheme	Capital value	Where the property is situated using approved classifications	<b>Allocated as:</b>	<b>\$1,200,659</b>			
			Lower Taieri Flood Protection WF1	\$343,223	\$695.94	\$1,391.88	\$6,959.42
			Lower Taieri Flood Protection WF2	\$722,962	\$695.94	\$1,391.88	\$6,959.42
			Lower Taieri Flood Protection EF1	\$742	\$15.40	\$30.80	N/A
			Lower Taieri Flood Protection EF2	\$992	\$15.40	\$30.80	\$154.00
			Lower Taieri Flood Protection EF3	\$20	\$15.40	N/A	N/A

Rates charged on a capital value basis							
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2024-25 including GST	Estimated rates payable including GST			
				Capital Value \$500,000	Capital Value \$1,000,000	Capital Value \$5,000,000	
			Lower Taieri Flood Protection EF4	\$447	\$15.40	\$30.80	N/A
			Lower Taieri Flood Protection EF5	\$3,572	\$15.40	\$30.80	\$154.00
			Lower Taieri Flood Protection EF6	\$39	\$15.40	N/A	N/A
			Lower Taieri Flood Protection EF7	\$1,722	\$15.40	\$30.80	N/A
			Lower Taieri Flood Protection EF8	\$98,374	\$15.40	\$30.80	\$154.00
			Lower Taieri Flood Protection EF9	\$20,587	\$15.40	\$30.80	N/A
			Lower Taieri Flood Protection EF10	\$7,839	\$15.40	\$30.80	\$154.00
			Lower Taieri Flood Protection EF12	\$55	\$15.40	\$30.80	N/A
			Lower Taieri Flood Protection EF13	\$85	\$15.40	\$30.80	N/A
Lower Clutha flood and drainage scheme	Capital value	Where the property is situated using approved classifications	<b>Allocated as:</b>	<b>\$1,189,523</b>			
			Flood Protection & Drainage A	\$47,687	\$3,632.68	\$7,265.37	N/A
			Flood Protection & Drainage B	\$196,832	\$1,442.39	\$2,884.78	\$14,423.90
			Flood Protection & Drainage C	\$366,397	\$1,362.25	\$2,724.51	\$13,622.55
			Flood Protection & Drainage D	\$67,015	\$854.75	\$1,709.50	N/A
			Flood Protection & Drainage E	\$61,975	\$454.09	\$908.17	\$4,540.85
			Flood Protection & Drainage F	\$44,290	\$53.42	\$106.84	\$534.20
			Flood Protection & Drainage U1	\$5,299	\$1,442.39	N/A	N/A
			Flood Protection & Drainage U2	\$291,086	\$480.80	\$961.59	\$4,807.95

Rates charged on a capital value basis							
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2024-25 including GST	Estimated rates payable including GST			
				Capital Value \$500,000	Capital Value \$1,000,000	Capital Value \$5,000,000	
			Flood Protection & Drainage U3	\$23,426	\$106.84	\$213.69	N/A
			Flood Protection & Drainage U4	\$85,516	\$80.14	\$160.27	\$801.35
Tokomairiro drainage scheme	Capital value	Where the property is situated within the defined scheme area	<b>Allocated as:</b>	<b>\$161,346</b>			
			Tokomairiro Drainage A	\$1,813	\$80.64	\$161.28	N/A
			Tokomairiro Drainage B	\$4,825	\$80.64	\$161.28	N/A
			Tokomairiro Drainage C	\$8,027	\$80.64	\$161.28	\$806.40
			Tokomairiro Drainage D	\$17,297	\$80.64	\$161.28	\$806.40
			Tokomairiro Drainage E	\$19,274	\$80.64	\$161.28	\$806.40
			Tokomairiro Drainage F	\$64,933	\$80.64	\$161.28	\$806.40
			Tokomairiro Drainage U1	\$45,177	\$44.46	\$88.91	\$444.55
<b>River and waterway management</b>							
City and district waterway and river management	Capital value	Where the property is situated	<b>Allocated as:</b>	<b>\$2,651,244</b>			
			Central Otago	\$572,295	\$15.64	\$31.28	\$156.40
			Clutha	\$509,312	\$24.34	\$48.68	\$243.40
			Dunedin	\$262,627	\$2.96	\$5.91	\$29.55
			Waitaki	\$721,128	\$40.36	\$80.72	\$403.60
			Queenstown Lakes	\$585,882	\$4.99	\$9.99	\$49.95
<b>Catchment management rate</b>							
	Capital value	Where the property is situated	<b>Allocated as:</b>	<b>\$6,803,742</b>			
			Central Otago	\$860,003	\$23.50	\$47.01	\$235.05
			Clutha	\$483,268	\$23.10	\$46.19	\$230.95
			Dunedin	\$1,940,385	\$21.84	\$43.67	\$218.35

Rates charged on a capital value basis							
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2024-25 including GST	Estimated rates payable including GST			
				Capital Value \$500,000	Capital Value \$1,000,000	Capital Value \$5,000,000	
			Waitaki	\$3,107,412	\$23.10	\$46.19	\$230.95
			Queenstown Lakes	\$412,674	\$26.49	\$52.97	\$264.85
<b>Transport</b>							
Dunedin passenger transport	Capital value	Where the property is situated within the defined scheme area, and differentiated on basis of land use: Class A – non-residential Class B – others	<b>Allocated as:</b>	<b>\$10,992,882</b>			
			Class A	\$2,869,388	\$443.10	\$886.20	\$4,431.00
			Class B				
			* Dunedin	\$8,063,884	\$118.16	\$236.32	\$1,181.60
			* Waitaki	\$59,610	\$124.98	\$249.96	\$1,249.80
Whakatipu passenger transport	Capital value	Where the property is situated within the defined scheme area, and differentiated on basis of land use: Class A – non-residential Class B – others	<b>Allocated as:</b>	<b>\$4,263,263</b>			
			Class A	\$1,078,296	\$108.38	\$216.76	\$1,083.80
			Class B	\$3,184,967	\$54.19	\$108.38	\$541.90

Rates charged in a fixed rate basis (per property)							
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2024-25 including GST	Estimated rates payable including GST			
<b>Uniform Annual General Charge</b>							
Contributes to all activities of council	Fixed charge per rating unit		Calculated as \$69.36 per rating unit	<b>\$8,350,809</b>	\$69.36	\$69.36	\$69.36
<b>Wilding trees</b>	Fixed charge per rating unit		Calculated as \$2.39 per rating unit	<b>\$287,495</b>	\$2.39	\$2.39	\$2.39
<b>Emergency management</b>	Fixed charge per rating unit		Calculated as \$35.63 per rating unit	<b>\$4,289,646</b>	\$35.63	\$35.63	\$35.63
<b>Navigational safety</b>	Fixed charge per rating unit	Charged to all district excluding Queenstown Lakes who have a separate harbourmaster service.	Calculated as \$10.68 per rating unit	<b>\$964,494</b>	\$10.68	\$10.68	\$10.68
<b>Oamaru passenger transport</b>	Fixed charge per rating unit	Charged to all properties in the Waitaki district that are not charged a Class B transport rate	Calculated as \$5.45 per rating unit	<b>\$56,350</b>	\$5.45	\$5.45	\$5.45
<b>Dairy monitoring</b>	Fixed charge per rating unit	The activity of being a dairy farm shed	Calculated as \$561.63 per dairy shed	<b>\$241,500</b>	\$561.63	\$561.63	\$561.63

Rates charged on a land value basis						
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2024-25 including GST	Estimated rates payable including GST		
				Land Value	Land Value	Land Value
				\$350,000	\$750,000	\$2,000,000
<b>Biosecurity</b>						
City and district pest management plan	Land value	Where the property is situated	<b>Allocated as:</b>	<b>\$4,981,642</b>		
			Central Otago	\$609,154	\$21.17	\$45.37
			Clutha	\$395,097	\$20.75	\$44.46
			Dunedin	\$1,346,404	\$19.75	\$42.33
			Queenstown	\$2,343,180	\$23.66	\$50.70
			Waitaki	\$287,807	\$20.75	\$44.46

Rates charged on a land area basis							
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2024-25 including GST	Estimated rates payable including GST			
				Land Area	Land Area	Land Area	
				0.5 hectares	2 hectare	5 hectares	
East Taieri drainage scheme	Fixed charge per hectare	Where the property is situated within the defined scheme area	<b>Allocated as:</b>	<b>\$742,768</b>			
			East Taieri Drainage - ED1	\$143,850	\$79.12	\$316.47	\$791.19
			East Taieri Drainage - ED2	\$124,873	\$79.12	\$316.47	\$791.19
			East Taieri Drainage - ED4	\$17,828	\$79.12	\$316.47	\$791.19
			East Taieri Drainage - ED5	\$154,701	\$79.12	\$316.47	\$791.19
			East Taieri Drainage - ED7	\$12,890	\$79.12	\$316.47	\$791.19
			East Taieri Drainage - ED8	\$133,300	\$79.12	\$316.47	\$791.19
			East Taieri Drainage - ED9	\$105,879	\$79.12	\$316.47	\$791.19
			East Taieri Drainage - ED10	\$49,447	\$79.12	\$316.47	\$791.19
			West Taieri drainage scheme	Fixed charge per hectare	Where the property is situated within the defined scheme area	<b>Allocated as:</b>	<b>\$951,671</b>
West Taieri Drainage - WD1	\$522,379	\$61.74				\$246.96	\$617.39
West Taieri Drainage - WD2	\$319,410	\$61.74				\$246.96	\$617.39
West Taieri Drainage - WD3	\$37,596	\$61.74				\$246.96	\$617.39
West Taieri Drainage - WD4	\$13,302	\$61.74				\$246.96	\$617.39
West Taieri Drainage - WD5	\$58,985	\$61.74				\$246.96	\$617.39

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



## Effect of rating

Annual Plan											
2023/24	\$000s	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34
<b>28,263 General Rates</b>		<b>29,046</b>	<b>32,143</b>	<b>34,438</b>	<b>36,167</b>	<b>38,005</b>	<b>39,160</b>	<b>39,739</b>	<b>41,849</b>	<b>43,057</b>	<b>44,105</b>
<b>Targeted Rates</b>											
Rural Water Quality											
1,752 rate		0	0	0	0	0	0	0	0	0	0
Catchment											
0 Management Rate		5,916	9,272	10,040	10,281	10,389	10,206	10,125	10,323	10,528	10,731
210 Farm Monitoring rate		210	291	302	480	489	499	508	518	528	539
Emergency											
3,336 Management rate		3,730	4,018	4,076	4,128	4,091	4,175	4,252	4,334	4,390	4,502
200 Wilding Pines rate		250	257	262	268	274	279	285	291	297	302
3,978 Biosecurity		4,332	4,871	5,178	5,447	6,929	5,557	5,664	5,774	5,888	6,003
0 Harbour Management		839	892	918	936	953	1,027	1,048	1,071	1,099	1,115
<b>Targeted River Management rates</b>											
360 Central Otago		498	516	585	680	789	919	1,082	1,265	1,481	1,740
420 Clutha		443	491	571	696	848	1,032	1,257	1,531	1,865	2,271
350 Dunedin		228	268	339	457	617	833	1,125	1,518	2,050	2,767
415 Whakatipu		256	289	345	435	548	690	870	1,096	1,381	1,740
315 Wānaka		254	283	332	409	504	620	763	940	1,157	1,424
400 Waitaki		627	666	718	792	872	962	1,063	1,144	1,269	1,408
Lower Waitaki river											
180 control		0	0	0	0	0	0	0	0	0	0
<b>Targeted Transport rates</b>											
2,058 Dunedin Public Transport		9,559	10,727	10,905	11,287	11,450	9,798	9,998	10,192	10,391	10,583
0 Whakatipu Public Transport		3,707	3,572	5,568	5,526	5,741	5,415	5,598	5,789	5,945	6,187
0 Ōamaru Public Transport		49	105	195	0	0	0	0	0	0	0
<b>Targeted Catchment rates</b>											
1,461 Leith Flood Protection		1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256	1,256
1,050 Lower Clutha Flood Protection & Drainage		1,034	1,100	1,204	1,356	1,528	1,721	1,939	2,184	2,461	2,772
1,050 Lower Taieri Flood Protection		1,044	1,099	1,187	1,313	1,452	1,606	1,776	1,964	2,173	2,403
820 West Taieri Drainage		828	868	931	1,022	1,122	1,232	1,352	1,484	1,629	1,788
640 East Taieri Drainage		646	684	744	831	928	1,036	1,157	1,293	1,444	1,613
170 Tokomairiro Drainage		140	153	175	207	246	292	346	410	486	577

# Schedule of fees and charges

## Scale of charges

The following scale of charges is to be applied where indicated to activities included in this schedule of fees and charges.

Charge	From 1 July 2023	From 1 July 2024
Staff time per hour:		
• Management	\$215	\$215
• Team Leader/Principal	\$195	\$195
• Senior Technical	\$175	\$175
• Technical	\$150	\$150
• Field Staff	\$150	\$150
• Administration	\$115	\$115
• Specialist Expert Services. For example: Science, Hazards or Engineering time.	\$175	\$175
Disbursements	Actual	Actual
Additional Site Notice	Actual	Actual
Advertisements	Actual	Actual
Vehicle use per kilometre	As per IRD Published Rates	As per IRD Published Rates
Harbourmaster vessel per hour	\$395	\$395
Travel and accommodation	Actual	Actual
Testing charges	Actual	Actual
Consultants	Actual	Actual
Commissioners	Actual	Actual
Councillor Hearing fees per hour:		
• Chairperson	\$100	\$100
• Members	\$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 (RMA).

### 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. Costs for applications are typically invoiced at the end of process.

#### Pre-application work

We offer a pre-application service to help customers. The first 30 minutes of pre-application advice or review of application documents is free of charge. We will always advise before we start charging for application advice. For larger pre-application projects we may invoice before, during, and after the process is complete. 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.

Deposits	From 1 July 2023	From 1 July 2024
<b>Publicly Notified Deposits:<sup>3</sup></b>	\$15,000	\$25,000
<b>Non-Notified and Limited Notification Deposits:<sup>3</sup></b>		
First consent	\$1,750	\$3,000
Subsequent consents	NEW	\$100
<b>Other Application Types</b>		
Variation to Conditions – s127	\$1,750	\$3,000
<b>Fixed Fees</b>		
Single Bore	\$1,365	\$1,365
Exemption under regulation 7A of the Water Metering Regulations	\$150	\$250
Exemption under regulations 9 or 10 of the Water Metering Regulations	\$450	\$600
Intensive Winter Grazing Consent	\$1,600	\$1,600
Transfer consent holder and certificate	Scale of Charges	\$200
<b>Hearings</b>		
Hearings	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>		
Priority Table	\$200	\$200
Certificate of Compliance	\$1,750	\$2,000
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).

## Use of consultants for resource consents

If ORC uses an external consultant for the processing of a consent, or to provide technical input into the application, then the full actual and reasonable costs of the consultant are charged to the applicant. This may include instances where the applicant makes a request for urgency, the application involves complex and/or technical matters or a peer review is necessary. ORC will also charge the applicant for time spent managing the consultant. ORC will advise the applicant before engaging a consultant.

If ORC uses a consultant to commission a report under section 92(2) of the RMA, the full cost of the consultant is charged to the applicant.

## 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 on previous pages.

# Compliance monitoring

## Performance monitoring

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

Resource Consent Monitoring and Annual Administration Charges	From 1 July 2023	From 1 July 2024
One-off compliance administration fee to be charged on all new applications. Covers the cost of compliance monitoring systems.	\$150	\$180
One off compliance set up fee to be charged on all new applications (subsequent consents) covers the cost of compliance monitoring systems.	New	\$100
Ongoing compliance administration fee to be charged on consents with Performance Monitoring requirements.	\$50	\$60
Late performance monitoring fee to be charged as required.	\$150	\$180
Annual Consent Compliance Monitoring Charges		
Compliance monitoring charge for each other item due during the financial year (unless covered by one of the fees below). Examples include management plans, provision of photos, bore logs, notifications, record of complaints, annual reports.	\$70	\$85
Annual charge for the receipt and processing of telemetered water take data/information (including verifications returns).	\$175	\$220
Each additional telemetered water measuring device.	\$50	\$60
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	\$280
Each additional non telemetered water measuring device	\$100	\$120
Annual charge for the receipt and processing of all returns relating to small/simple discharge consents.	\$75	\$100
Annual charge for the receipt and processing of all returns relating to medium/moderately complex discharge consents.	\$300	\$375
Annual charge for the receipt and processing of all returns relating to large/complex discharge consents.	\$900	\$1,100

Annual charge for the receipt and processing of all returns relating to simple/small earthworks consents.	\$300	\$325
Annual charge for the receipt and processing of all returns relating to standard/medium earthworks consents.	\$1,000	\$1,050
Annual charge for the receipt and processing of all returns relating to complex/large earthworks consents. Very large developments may be set up as major clients.	\$2,500	\$2,200
Inspection reports for small dams	\$145	\$175
Inspection reports for large dams	\$280	\$340
Structural integrity report	\$100	\$120
CMA Structure Permit (Annual Charge)	New	\$30
<b>Low Flow Monitoring Charges</b>		
Kakanui at McCones	\$350	\$400

### Fees for specific consent holders

Performance monitoring will be charged as 100% of actual costs where applying the fixed charges listed above do not represent a fair and reasonable charge.

This includes major consent holders who hold a large number of individual consents and/or consents which contain complex monitoring requirements. It also includes consents where data or information is consistently submitted in a way which generates significant extra costs for council.

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

# Resource Consent Monitoring

## Resource consent audits

Audits and site inspections for monitoring consents will be as follows:

Resource Consent Monitoring audit fee	Current	Proposed
Coastal permit – structure	Scale of charges	\$250
Coastal permit – mooring	Scale of charges	\$200
Bore inspection	Scale of charges	\$350
Small/simple on-site waste water discharge consent	Scale of charges	\$350

All other audits of resource consents will be charged at the actual and reasonable cost incurred using the scale of charges. This includes, but is not limited to:

- Staff time to carry out an inspection (including travel), assess any information provided by consent holders, report back to consent holders and follow up any non-compliance (if required).  
Any disbursements related to the monitoring, including sampling and testing costs and any specialist or technical advice needed.

## Resource consent non-compliance

Where non-compliance with resource consent conditions is identified, all follow-up work and enforcement action related to the consent non-compliance will be charged at the scale of charges. For clarification, these costs are additional to the 'resource consent audit' costs above.

This includes, but is not limited to:

- Staff time to consider the non-compliance, prepare reports and correspondence, and any disbursements (e.g. sampling services, technical advice) related to consent non-compliance
- Costs for generating and issuing enforcement notices
- Inspections to determine compliance with an enforcement order or abatement notice to confirm that the required action has been taken and full compliance with the notice is achieved
- Reactive site visits as a result of an incident notification (e.g. a complaint about water pollution or odour discharge), the consent holder is only charged if the consent is breached and non-compliance is observed
- Costs for external consultants/contractors (actual charges).

## Other compliance activities

The following activities will be charged at the actual and reasonable cost incurred, using the scale of charges:

- Performance and compliance monitoring of permitted activities under a National Environmental Standard, including but not limited to freshwater, plantation forestry and storing tyres outdoors
- Monitoring compliance of farm operators with freshwater farm plan regulations and receiving notifications and audit reports of freshwater farm plans
- Monitoring compliance certificates.

## Non-compliance, incidents and complaints

### Pollution Incidents and non-compliance with permitted activity rules

Where non-compliance with the RMA or permitted activity rules in regional plans or National Environment Standards is identified, the actual and reasonable costs and expenses incurred may be charged at the scale of charges. This includes, but is not limited to:

- Dealing with initial response to the pollution incident such as initial enquiries and site visit
- Enforcement work including staff time for investigating, monitoring and reporting and any disbursements (e.g. sampling services and technical advice) related to the non-compliance
- Costs of any actions required to avoid, remedy, or mitigate the adverse environmental effect, including the remediation and clean-up.

### Gravel inspection and management

Gravel extraction fee – \$0.66 per cubic metre (incl. GST).

**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.

**Building Act 2004 — Section 243 charges****Dam safety and building control**

The following table of charges and deposits will apply to the dam safety and building control activity.

Activity	Description	Deposit	2024/25 Fees
Issue of Certification of Acceptance (CoA)	Receive, process and grant or refuse applications for CoA	\$2,000	Scale of Charges plus MBIE/BRANZ levies where applicable*
Project Information Memorandum (PIM) for a Dam	Receive, process and issue PIM applications	-	Scale of Charges
Dam Safety	Dangerous dams, earthquake-prone dams, and flood-prone dams – inspections and enforcement	-	Scale of Charges
	Consider and approve (or refuse) dam classifications	-	Fixed Fee - \$115
	Approve or refuse dam safety assurance programmes	-	Fixed Fee - \$285
	Receive annual dam safety assurance programme compliance certificates	-	Fixed Fee - \$60
Notices to Fix (NTF)	Issue of NTF	-	Scale of Charges
	Inspection(s) of building work under NTF	-	Scale of Charges
Any other activity under the Building Act			Scale of Charges

\*Ministry of Business, Innovation and Employment (MBIE) and Building Research Association of New Zealand (BRANZ) levies apply to CoA applications where the estimated value of building work is greater than \$20,000. The Otago Regional Council is required to collect these levies from the applicant on behalf of MBIE and BRANZ. The levies quoted are as required by regulation and may change in accordance with amendments made to regulations.

**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.

## **Local Government (Rating) Act 2002 – Section 88 charges**

### **Postponement**

A postponement fee to cover administration and financial costs may be charged on postponed rates – scale of charges.



# Policies and Strategy

Trotters Gorge

# Financial Strategy

## Purpose

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

## Executive Summary

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

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

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

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

- There is a significant increase in planned expenditure occurring in the Infrastructure Strategy 2024-2054 and in public transport. That requires a corresponding increase in funding in the Long-Term Plan.
- There will be an increased use of debt and reserves over the life of this plan. This reflects a change to extend repayment of capital expenditure to better reflect the life of those assets. Capital repayment is now assumed to occur over a 30-year period. External debt is forecast to increase from \$25M to \$95M to fund the resulting reserve deficits.
- Existing public transport deficits are proposed to be repaid over the first five years of the plan. This will be done on the existing rating basis and going forward public transport operating costs will be fully funded in the year they occur.
- An extensive review of council's Revenue and Financing Policy (RFP) has been undertaken. This included establishing a set of funding principles and completing funding needs analysis for all of council's activities. As a result, a number of new and amended rates are proposed. This reflects changes in those activities over time and the need to ensure funding is sustainable, consistent and transparent. The key rates changes (outlined in the Revenue and Financing Policy) are:
  - A new catchment management rate has been introduced. This will fund biosecurity and catchment activity including integrated catchment management and liaison group activity across the region. These activities were previously funded by a mix of general rates, general reserves, river and waterway management targeted rates and the rural water quality rate (which has been disestablished).
  - Flood and drainage general rate allocations have been amended to apply a consistent targeted / general allocation across all schemes. Flood schemes now assume an 80% targeted / 20% general split and drainage schemes assume 90% targeted / 10% general.
  - Differentials within the Taieri and Tokomairiro flood and drainage targeted rate allocation have been simplified and reduced to one or two differentials. The Lower Clutha flood and drainage differentials remain until a review of the targeted rate benefit area is undertaken.

- Lower Waitaki river control has been amended and is now funded by the river and waterway management rate — Waitaki, moving funding district wide as opposed to a smaller defined area.
- A 20% general rate allocation has been introduced for public transport.
- Existing Dunedin and Whakatipu public transport deficits will be repaid over the first five years of the Long-Term Plan.
- A new rate is established for Ōamaru transport to fund the on-demand trial requested by that district. Consistent with other public transport rates, this rate will fund 80% of the rate requirement with 20% being general rate funded. The targeted rate will be funded over the entire Waitaki district (excluding Palmerston) on a uniform basis.
- A new navigational safety rate has been introduced. This is charged on a uniform basis in the districts where Council provides Harbourmaster services (Central Otago, Clutha, Dunedin and Waitaki). Previously this was funded through sub-regional general rates.
- A new farm monitoring rate is proposed for year 2 at which time the existing dairy monitoring rate will cease.
- General rates are now only allocated on a region wide basis. The use of sub-regional (district based) general rates has been removed and those activities are now funded by new targeted rates, i.e. catchment management, navigational safety. Where an activity doesn't justify establishing a new targeted rate, other targeted rates have been used if possible, i.e. river and waterway management or general rates if no alternative exists or the amount being rated doesn't justify establishing a separate rate.
- To reduce the rates increases, Port Otago dividends are forecast to increase from current levels (\$15 million in 2023-24 and provide \$18 million in year 1 (2024-25), rising to \$20 million in year 2 (2025-26) and remain at that level for the remainder of the Long-Term Plan.

## Background

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

Our process to develop our work programme comprised the following steps:

- Understanding of the status quo regarding service delivery. As a group, the elected regional councillors received presentations from managers across all council activity. Output from these presentations remained accessible and served as a benchmark for Long-Term Plan decision making.
- Future work programme possibilities. Both councillors and executive leadership identified and prioritised where current council activity could change. The preceding consideration of council's Strategic Directions 2024-2034 provided critical context for where and why this change might occur. Importantly, council staff also provided feedback, via the executive, on their perspective about service direction.
- Councillors directed staff to focus on 12 priority initiatives — reporting back on the delivery, financial and any other relevant considerations.
- Infrastructure Strategy — council staff reported the key issues that would underpin the draft strategy. This provided councillors an opportunity to cross check against the 12 priorities and direct staff on the scope of the strategy.
- Activity build and service proposals — council staff drafted business plans and detailed financial budgets based on the preceding direction. Three key proposals for community consultation were identified and drafted for Council consideration along with the draft Infrastructure Strategy.
- Consolidation of councils draft activity build — councillors were presented with the draft work programmes, budget estimates and the funding impact.
- Final direction and decisions to the Long-Term Plan proposal for community consultation.
- Importantly, the reviews of both this Financial Strategy and the Revenue and Financial Policy occurred in parallel to the steps above. The content of the Financial Strategy had a direct relationship with the financial implications of proposed service delivery. The Revenue and Financing Policy review was focused on the political and community acceptance of how rating would be used to fund future services.

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

Council holds a number of investments and the income derived from those investments is used to contribute to the cost of our work. All ratepayers benefit from this income, as the contribution is used to reduce the general rate requirement each year. Council's Treasury Management Policy (TMP) provides a framework for how council manages its borrowing and investments. A Statement of Investment Policy and Objectives (SIPO) has been adopted to provide further parameters around the management of council's long-term investment portfolio.

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

## Principles

This financial strategy is based on the following financial principles:

### **Prudence**

Council will not take undue financial risks and aims to ensure spending and funding requirements are affordable and sustainable.

### **Fairness**

Council will ensure spending reflects the needs of the community and that those who enjoy the benefit of that spending or are responsible for that spending occurring pay a fair share to fund that spending. That includes providing for intergenerational and community equity in both expenditure and funding decisions.

### **Value for money**

Council will ensure that all expenditure provides the best possible value for money in terms of impact and effectiveness. That includes considering the lifetime cost and most efficient form of funding for that expenditure.

### **Transparency**

Council aims to provide clear information to the community on its financial direction and decision-making framework Council is undertaking around that financial direction.

## Key issues that have a significant financial impact

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

- Effects of the changing climate on our region's ability to grow food, the impacts of storm and flood events on ORC flood protection and drainage infrastructure and indigenous biodiversity.
- Political aspirations and policy direction for the provision of future public transport services.
- Political aspirations and policy direction for the provision of future flood protection and drainage services.
- Increasing environmental degradation, decreasing access to freshwater and other pressures on natural resources.
- The tension between land use intensification, both rural and urban, and the quality of our freshwater resource.
- Economic conditions influenced by a range of contributing factors including; geopolitical instability and conflicts, energy availability and price, labour markets and the lag impacts of the pandemic.

Council is addressing these issues in the following ways:

- Taking a collaborative and inclusive approach for achieving acceptable environmental, economic and social outcomes in particular for land and water, and climate adaptation issues.
- Council has the expectation that national direction on climate change will continue to strengthen, and that community resilience and transport will remain a significant part of achieving desired outcomes. Over this LTP cycle, the council will begin acting on its Climate Change Strategy in partnership with others. This LTP is also improving public passenger transport services to support continued growth in patronage.
- Our Infrastructure Strategy is an important component of deciding how Otago communities adapt to change and it signals a commitment to ensure our existing flood protection infrastructure can perform to the agreed and communicated standards.

- This LTP continues to ensure our operational response to maintaining and improving Otago’s natural environment is appropriate.
- The council’s regional planning framework and programme remains a critical component for managing the regions approach to natural resources, particularly land and freshwater.
- In conjunction with regional planning, the council is continuing to support integrated catchment planning — working with communities in a structured way to achieve desired environmental results.
- The LTP currently does not include provision for any substantive air implementation programme. There is an expectation that a ‘Regional Plan: Air’ will be completed in this LTP cycle.

## Other assumptions that have a financial impact

### Population growth

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

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

### Economic growth, employment, and technology

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

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

The region’s employment growth in the 10 years to 2030 is estimated to be 13% (or 1,700 people per year on average), which is lower than the previous 10 years (22%). The construction, health care and social assistance, and accommodation and food services sectors are estimated to be the top three sectors in the region by employment by 2030. The prominence of these sectors varies significantly across the region.

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

## Role of Council

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

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

## Natural hazards and climate change

Otago is exposed to a large range of natural hazards including floods, landslides, debris flows, droughts, earthquakes and tsunamis. These pose a risk to the wellbeing of people in Otago through impacts on public safety, housing, infrastructure and the economy. Most of the region's population lives within 5 kilometres of this coastline and several communities along the coast have a level of exposure to hazards from elevated sea level and coastal erosion.

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

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

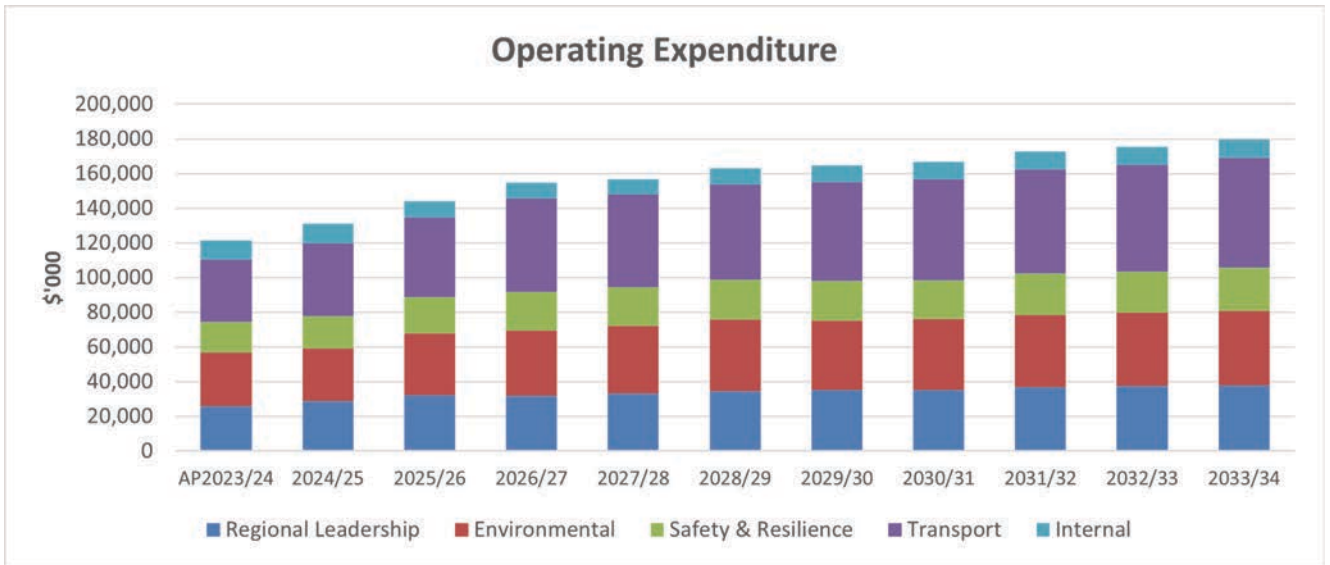
## Expenditure

### Operating expenditure

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

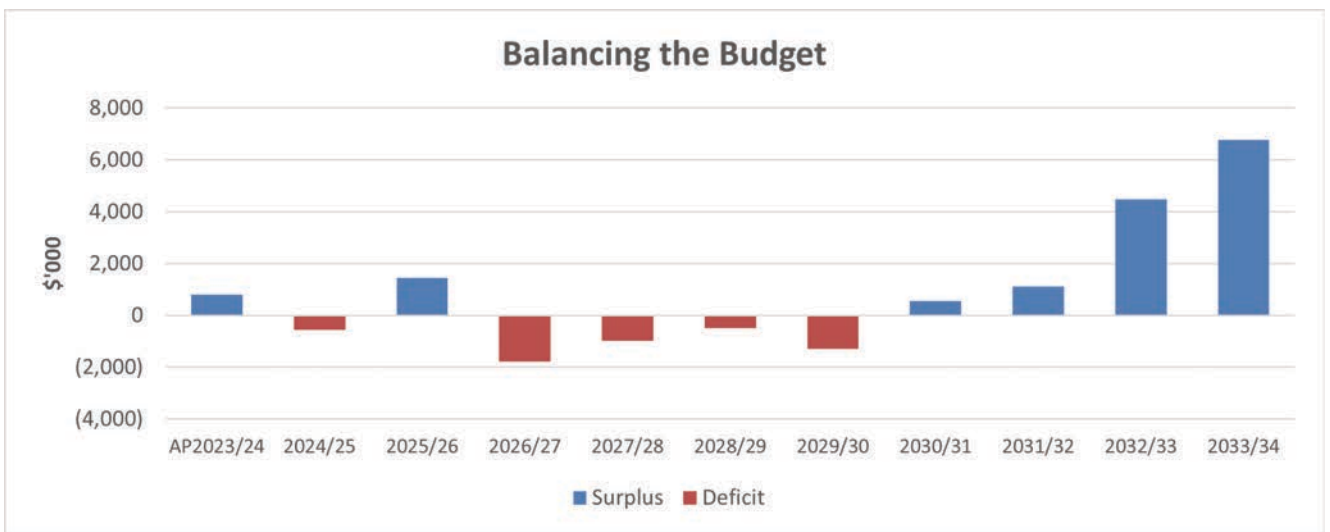
Council has a number of activities which are funded by targeted rates, such as public passenger transport, flood and drainage schemes, and river and water management. Reserves are maintained for activities funded by targeted rates. There are times when these reserves may be used to fund scheme operating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

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



## Operating surplus and balancing the budget

Council is required to ensure that for each year, estimated revenue is sufficient to cover its estimated operating costs. Council is however allowed to set its revenue at a different level if it resolves that it is financially prudent to do so. It is estimated that in year 1 and years 3-6 of this plan, the estimated revenue will not cover estimated operating costs.



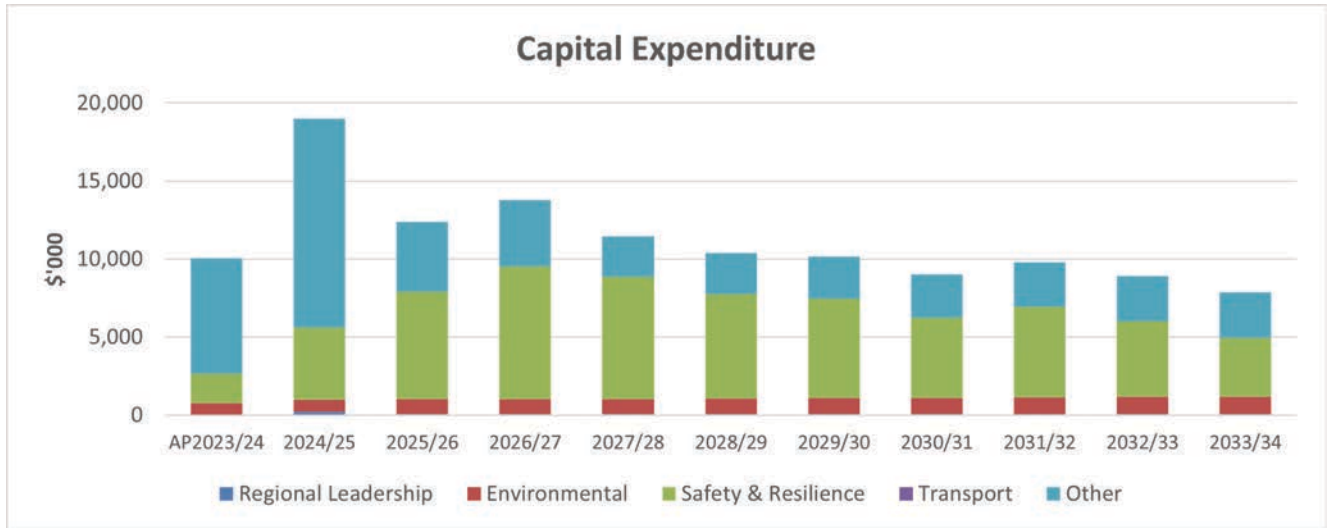
The primary reason for the shortfall in revenue is that council plans to use reserves to smooth rates increases required to fund infrastructure operating expenditure. Infrastructure expenditure in flood, drainage and river management activities is estimated to exceed revenue by \$2.2 to \$3.7 million per year over the first four years of the Long-Term Plan. This deficit reduces to \$1.1 million in year 5 as rates revenues increase and is in surplus for years 6-10.

In years 1-5 the infrastructure deficit is partially offset by \$2.3 million per year of surplus generated from the repayment of public transport reserve deficits. A one-off property sale disposal in year 2 results in an overall surplus in that year.

## Capital expenditure

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

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





## Scheme infrastructure asset investment

A significant increase in expenditure is required during the life of this plan on flood, drainage and river management scheme infrastructure. Generally, capital works in established schemes are funded by the depreciation reserve built up for each of the schemes, and maintenance work is funded by targeted scheme rates. However, depreciation reserves are not always sufficient to cover capital investment so increases in targeted rating have been planned where appropriate, along with the utilisation of internal and external borrowings.

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

	LTP 2021-31			LTP 2024-34			Change
	Inc in Level of Service \$'000s	Renew /Replace \$'000s	Total 10-Years \$'000s	Inc in Level of Service \$'000s	Renew /Replace \$'000s	Total 10-Years \$'000s	Total 10-Years \$'000s
<b>Alexandra Flood</b>	-	41	41	-	-	-	(41)
<b>Leith Flood Protection</b>	-	1,823	1,823	-	4,582	4,582	2,760
<b>Lower Clutha Flood &amp; Drainage</b>	307	2,251	2,558	684	13,017	13,701	11,143
<b>Lower Taieri Flood Protection</b>	-	7,915	7,915	-	22,397	22,397	14,483
<b>West Taieri Drainage</b>	3,405	4,581	7,986	-	5,033	5,033	(2,953)
<b>East Taieri Drainage</b>	1,729	2,327	4,056	-	4,693	4,693	637
<b>Tokomairiro Drainage</b>	-	233	233	-	2,000	2,000	1,767
<b>Total</b>	<b>5,441</b>	<b>19,170</b>	<b>24,611</b>	<b>684</b>	<b>51,723</b>	<b>52,407</b>	<b>27,795</b>

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

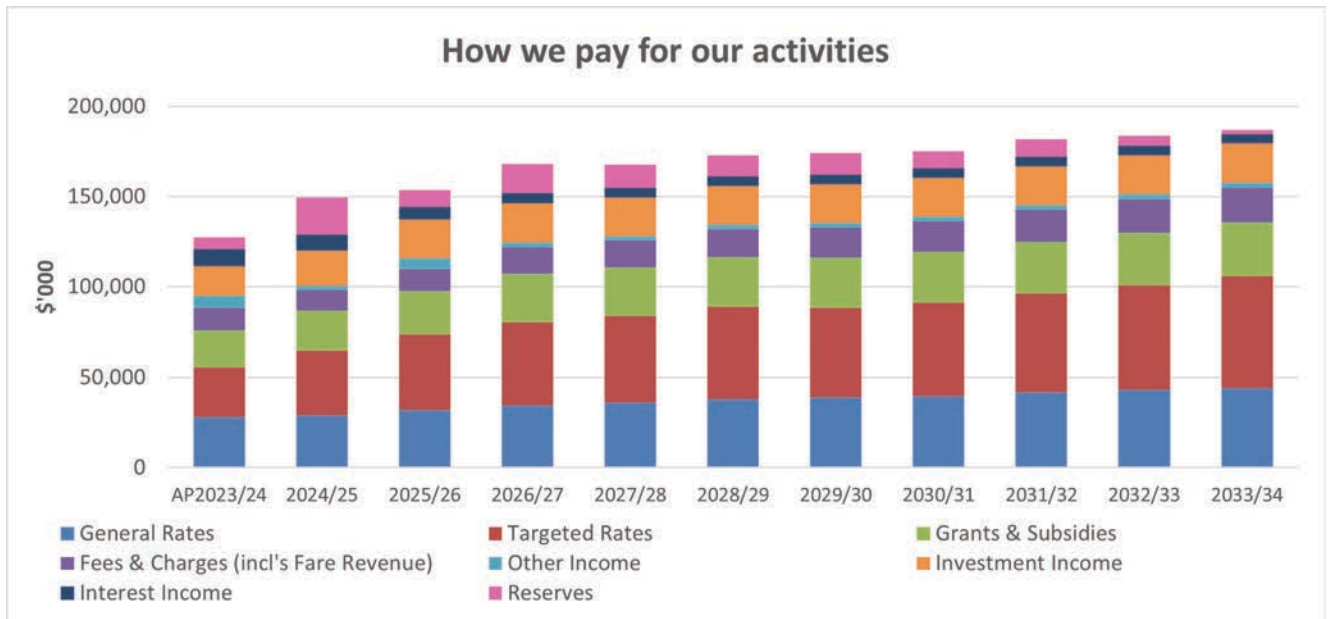
Scheme works involves implementing an on-going and planned renewal and asset replacement to maintain the current levels of services. This work is outlined in the Infrastructure Strategy 2024-2054.

## Other asset investment

Other (non-scheme infrastructure) capital expenditure relates mainly to operational property and information technology activities. Year 1 (2024-25) includes expenditure on council's head office relocation project and a replacement of council's regulatory software system. Investment in other property sites outside Dunedin is included in years 2 and 3 of the plan.

# Revenue

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



## General rates

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

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

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

The amount of general rates council collects remains low, currently funding around 22% of council’s total expenditure. This level remains consistent over this 10-year plan at an average of 22% of total expenditure. This low general rate means that any general rate increases, whilst small in monetary terms, are generally high in percentage terms. A 1% increase in general rates equates to approximately \$325,000 (including GST). This, spread across 124,000 ratepayers, averages out to an increase of \$2.61 per annum, per ratepayer.

The average amount of general rates payable across the region is also low at \$262. The proposed increase in general rates will increase this by \$7 to \$269 on average.

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

Over years 1–3, general rates will increase 2.8%, 10.7% and 7.1% respectively and result in general rates being \$34.4 million (excluding GST) at the end of year 3. Increases from year 4 (2027-28) in general rates decreases to an average increase of 3.6% for the remaining seven years of the plan.

This Long-Term Plan provides for inflation each year of between 1.9% and 2.7% over the 10-year life of the plan. Of the total general rate to be collected each year, 25% is from a uniform annual general charge (UAGC).

## Targeted rates

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

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

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

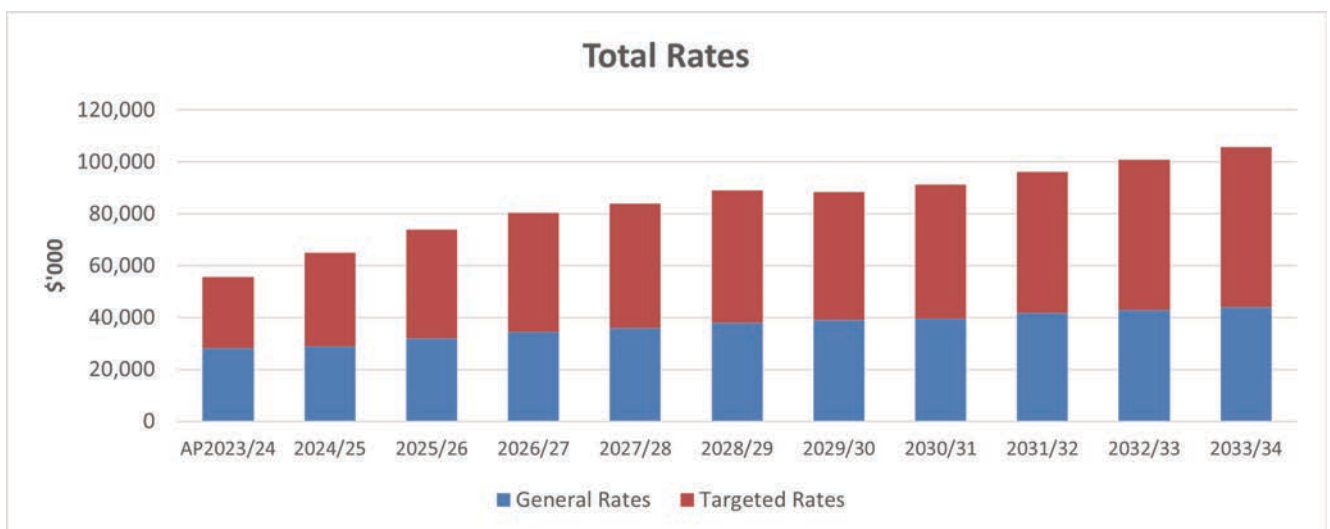
Where significant capital expenditure is required on flood, drainage and river management schemes, council debt funds the initial investment through the applicable reserve and assumes repayment over a period of 30 years. The 30-year term recognises the spread in benefits to future generations. This is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

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

Increases in targeted rates vary depending on the individual rate and level of expenditure in the underlying activity or activities the rate is used to fund. Rate increases in flood, drainage and river management are all smoothed over the 10-years of the plan. Due to the significant increase in planned expenditure in these activities the smoothed rate increase has been phased in over the first 3 years and then remains the same for years 4-10. From year 4 river management rates are increasing an average of 21.6% year on year and flood and drainage rates an average of 9.5%.

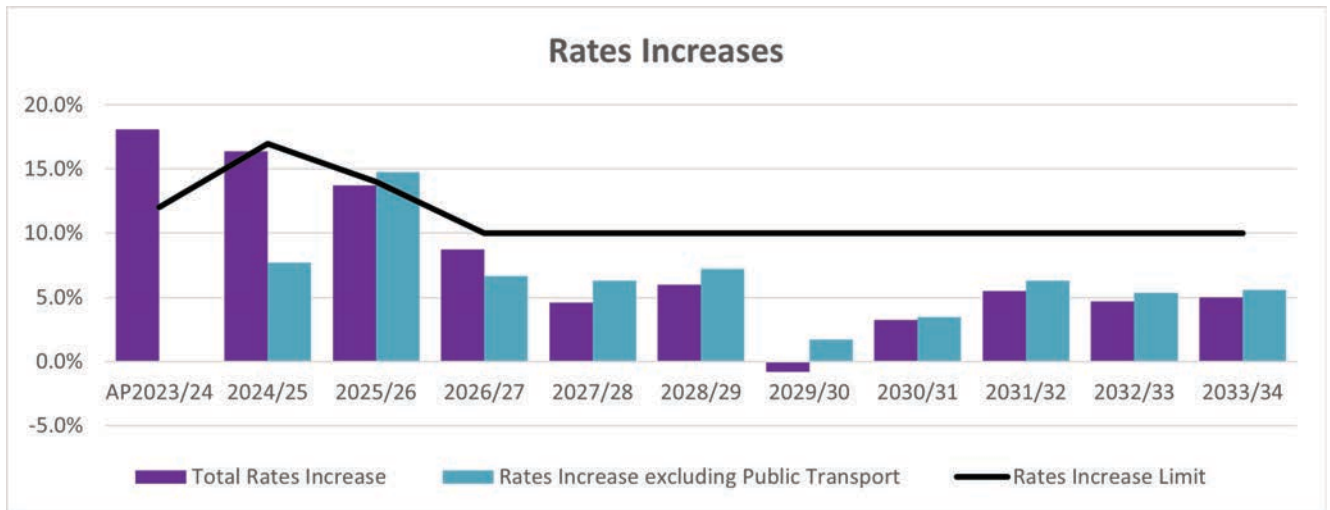
## Total rates

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



## Rate limits

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



Council is limiting total rate increases in years 1 and 2 to 17% and 14% respectively and limiting total rate increases in the remaining years of the LTP to 10%. Estimated total rate increases will be 16.3% in year 1, 13.8% in year 2, and 8.7% in year 3.

Total rates increases include increases to fully fund public transport operating expenditure as it falls due and the repayment of historical deficits over years 1 to 5 of the LTP. Excluding public transport, rate increases over years 1 to 3 will be 7.6%, 14.8% and 6.7% respectively.

## Borrowing

### External borrowing

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

Council may borrow for the following primary purposes:

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

Borrowing limits are set as follows:

- Net debt will not exceed 175% of total revenue.
- Net interest will not exceed 20% of total revenue.
- Net interest will not exceed 25% of annual rates revenue.
- Liquidity will not be less than 110%.

(On-lending to Port Otago Limited may be offset in the above calculations if permitted under LFGA covenant calculation rules).

It is council policy to offer security for any borrowing by way of a charge over its rates. In the normal course of business, council policy is not to offer security over any of the other assets of the council. However, in special circumstances and if it is considered appropriate, council may resolve to offer such security on a case-by-case basis.

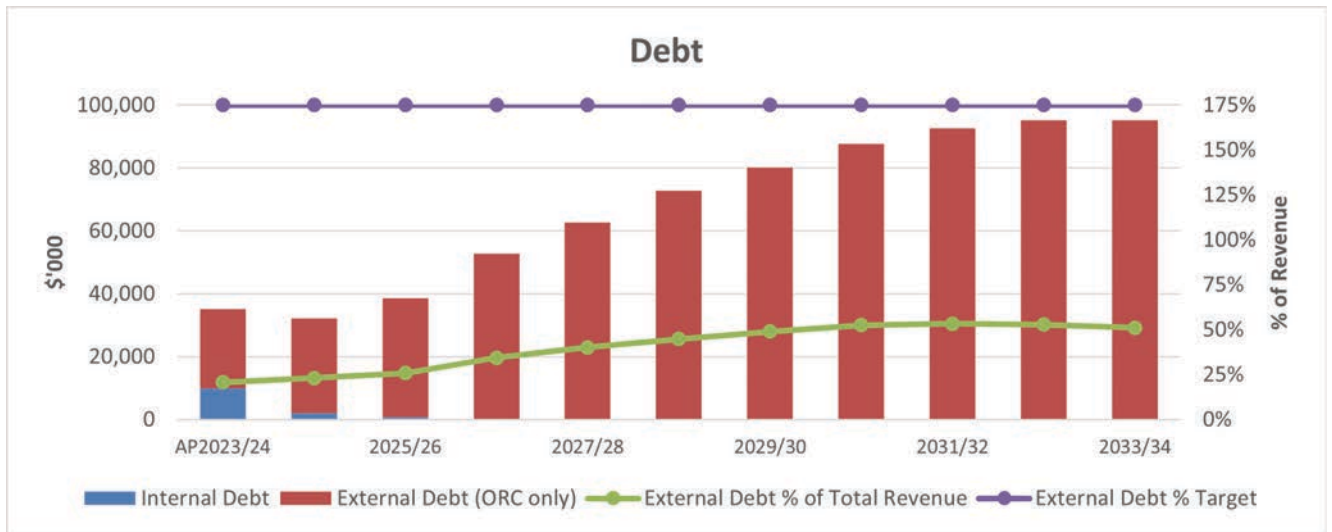
## Internal borrowing

When considered appropriate, council uses accumulated reserves as a borrowing mechanism, thereby reducing the level of external borrowings required. The following operational guidelines apply to the use of reserves for funding rather than external borrowings:

- Interest is charged on the month end loan balances.
- The interest rate charged will be set in advance in council’s Long-Term Plan and Annual Plans.
- Reserves available for internal borrowing are limited to 50% of total reserves (total equity) excluding revaluation reserves.

## Total borrowing

The graph below shows proposed debt over the 10-year period of the Long-Term Plan.



## Investments

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

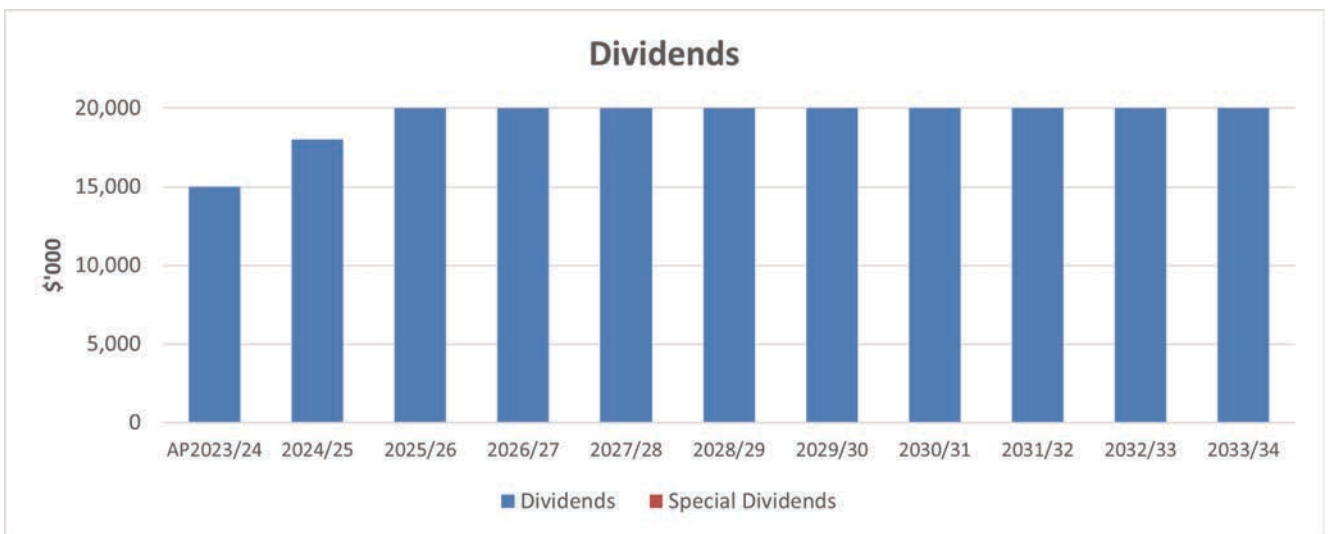
### Port Otago Limited

Council holds 100% ownership of Port Otago Limited. Each year, dividends are received from Port Otago Limited that significantly reduce the general rate requirement. Council is of the view that this is a strategic asset held on behalf of the Otago community and through subsidising general rates, every ratepayer enjoys the benefit of that ownership. Port Otago’s dividend policy aims to provide a dividend of between 50-70% of normalised operating profit after tax. This allows Council to receive an acceptable and sustainable return while still allowing the Port to retain capital for reinvestment in the long-term future of the business.

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

From time to time, special dividends may be received from Port Otago Limited for specific purposes. Before requesting special dividends, Council will discuss with Port Otago its ability to pay such dividends, taking account of factors such as the company’s own programme of capital expenditure. No special dividends are proposed in the 10 years of this Long-Term Plan.

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



### Investment Property

Council doesn’t generally invest in property but does own investment property within Dunedin City that was vested to it when council was established. Some of this is land leased by the University of Otago and the Otago Polytechnic.

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

## Managed funds

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

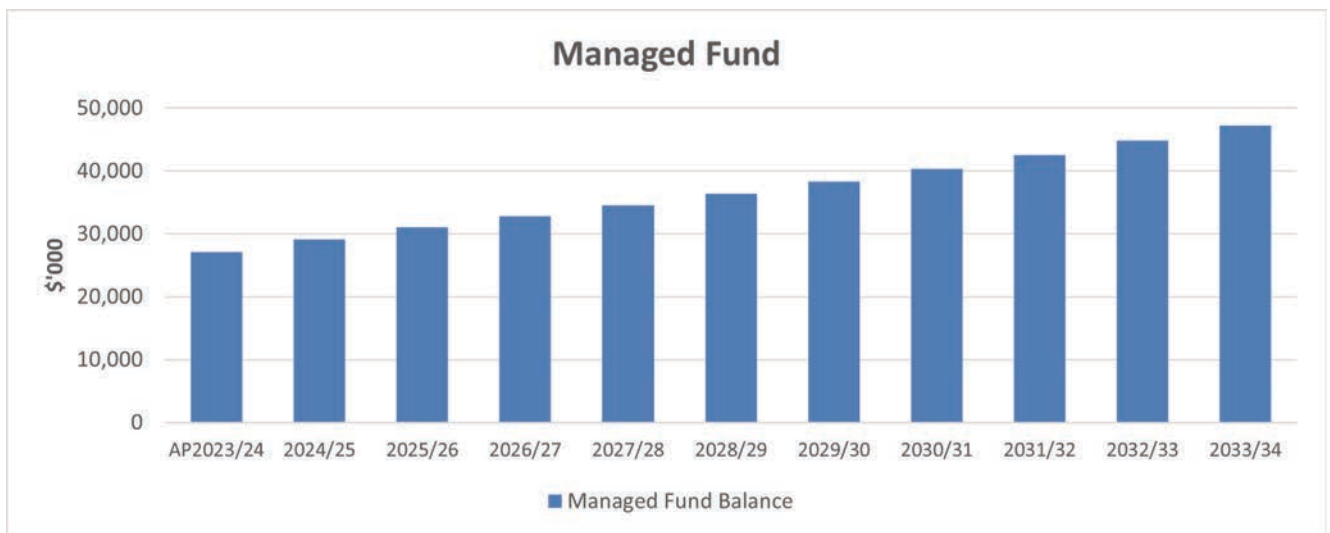
- To protect and maintain the purchasing power of the current investment assets and all future additions to the investment assets.
- To maximise investment returns within reasonable and prudent levels of risk.
- To maintain an appropriate asset allocation in order to make distributions as required while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

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

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

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

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



## Reserves

### Restricted and council created reserves

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

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

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

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

- **Available-for-sale revaluation reserve**

The available-for-sale revaluation reserve arises on the revaluation of the shares in council's subsidiary company, Port Otago Limited. This is an unrealised non-cash reserve.

- **Asset revaluation reserve**

This reserve arises on the revaluation of investment property. This is an unrealised non-cash reserve.

- **Kuriwao Endowment reserve – restricted**

This reserve represents the accumulation of sale proceeds and net income from Kuriwao Endowment land less any distribution of that income. The reserve is available to fund works for the benefit of the Lower Clutha District.

- **Asset replacement reserve**

This reserve represents funds held for the replacement of Council operational assets (excludes targeted rate scheme assets). It is funded by rating for depreciation on those operational assets.

- **Emergency response reserve**

This is a contingency reserve to enable council to respond appropriately to emergency situations. It was initially established to provide funds for assets that council is self-insuring its terms of use have been expanded to cover any emergency event.

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

- **Building reserve**

The purpose of this reserve is to set aside funding for the development of a new head office for the council.

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

- **General reserve**

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

## Targeted rate reserves

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

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

- **River and waterway management reserves**

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

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

- **Flood and drainage scheme reserves**

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



- **Transport reserves**

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

- **Biosecurity reserve**

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

- **Wilding trees reserve**

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

- **Catchment management reserve**

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

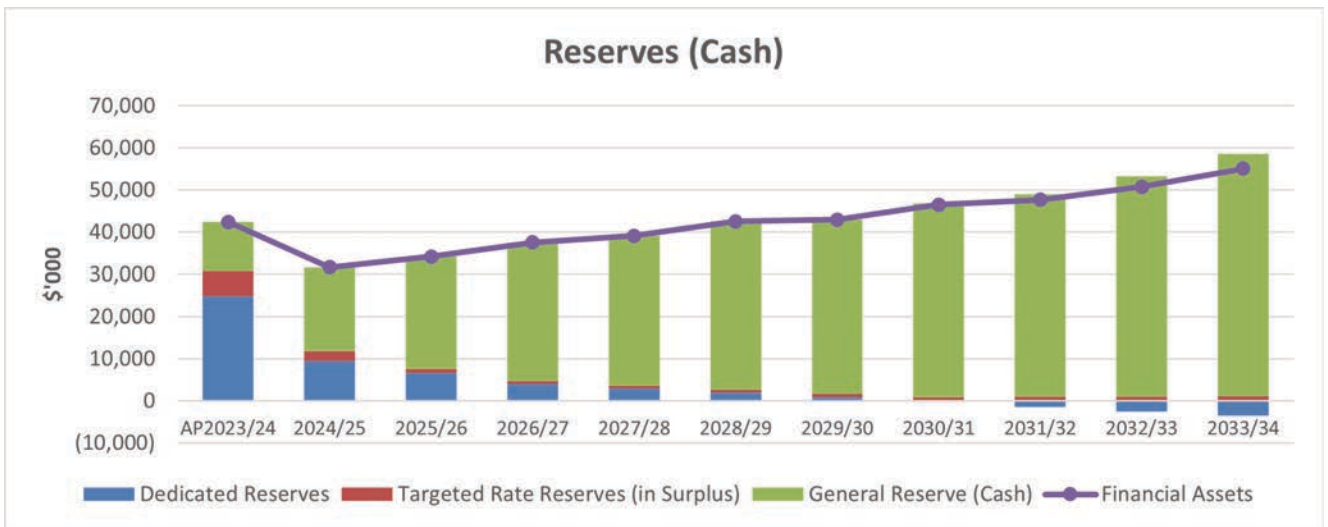
- **Dairy monitoring reserve / farm monitoring reserve**

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

- **Emergency management reserve**

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

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



## Insurance

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

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

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

# Infrastructure Strategy

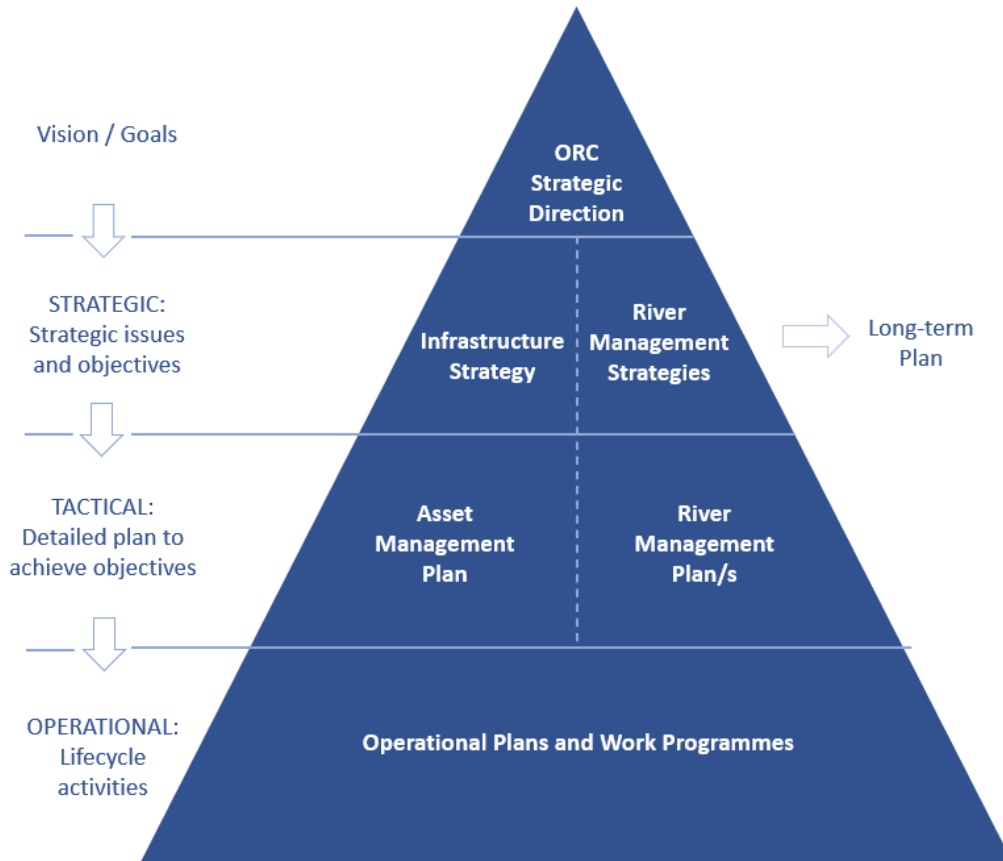
## 1. Introduction

Otago is situated in the southern half of the South Island, and with an area of approximately 32,000 square kilometres. Otago Regional Council (ORC) owns and maintains flood protection, land drainage and river management infrastructure across Otago, providing flood protection and land drainage to approximately 43,000 hectares of rural and urban land in Otago. This infrastructure plays a critical role in mitigating against the full consequences of damaging flood events. Figure 1 outlines the types of infrastructure owned and maintained by ORC.

**Figure 1. Types of flood protection, land drainage and river management infrastructure covered by this Infrastructure Strategy**

<b>Flood Protection</b>	<b>Land Drainage</b>	<b>River Management</b>
Infrastructure that mitigates the impact of floods.	Infrastructure that facilitates the drainage of low-lying land.	Infrastructure that exists within river systems to aid in channel management.
<ul style="list-style-type: none"> <li>● Flood banks</li> <li>● Pump stations</li> <li>● Gravity gates and locks</li> <li>● Spillways</li> <li>● Ponding areas and floodways</li> <li>● Culverts and bridges</li> <li>● Flood walls</li> <li>● Rock work</li> <li>● Debris traps</li> <li>● Trees</li> </ul>	<ul style="list-style-type: none"> <li>● Pump stations</li> <li>● Gravity outfalls</li> <li>● Open drains</li> <li>● Culverts and bridges</li> </ul>	<ul style="list-style-type: none"> <li>● Rock buttresses</li> <li>● Training lines</li> <li>● Groynes</li> <li>● Trees</li> </ul>

The purpose of this Infrastructure Strategy is to identify significant infrastructure issues for Otago Regional Council over the 30-year period covered by this Strategy in relation to flood protection, land drainage and river management infrastructure, and identify the principal options for managing those issues and the implications of those options. This is a requirement as part of the preparation and adoption of Council’s Long-Term Plan, as required by Section 101B of the Local Government Act 2002. Further statutory requirements of the Act are detailed in Section 1.1. This 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 2. The framework helps give effect to ORC’s responsibilities under the Soil Conservation and Rivers Control Act 1941 and the Land Drainage Act 1908.



**Figure 2 shows linkages between the Infrastructure Strategy and other key Council documents. River Management Strategies (Morphology and Riparian Management) currently exist for the following rivers: Waianakarua, Pomahaka, Kakanui, Taieri (Strath Taieri), Shag/Waihemo.**

Table 1 summarises the sections included in this Infrastructure Strategy and their content.

Section	Content
<b>Introduction</b>	This section discusses the purpose of the Infrastructure Strategy, the minimum legislative requirements to meet and how the Infrastructure Strategy links with other key Council documents.
<b>Infrastructure Overview</b>	This section provides a summary of Council’s infrastructure portfolio encompassing flood protection, drainage, and river management infrastructure.
<b>Significant Issues and Options</b>	Key significant issues are highlighted and discussed alongside various options considered to address the issues, the implications of each of those options, and the most likely scenarios for addressing each issue.
<b>Infrastructure Investment Programme</b>	The infrastructure investment programme derived from this Strategy, with its foundation in Council’s asset management practices, is presented in this section. Council’s key programmes of work and likely significant decision points are addressed, alongside the assumptions and uncertainties associated with this programme.

**Table 1. Sections and content of this Infrastructure Strategy**

## Statutory Requirements

The Local Government Act (Section 101B) sets out the requirements for infrastructure strategies, as summarised in Table 2. These requirements are addressed in this Infrastructure Strategy.

**Table 2. Local Government Act (Section 101B) requirements for an Infrastructure Strategy.**

Clause	Detail	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.	1
<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.	3
<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.	3
<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>	3
<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:	3
<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>	4.2
<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>	4.4
<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>	4.5
<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>	4.5

## 2. Infrastructure Overview

ORC owns and maintains infrastructure across two functions within its Engineering team:

- Flood protection, drainage, and river control schemes;
- River management (outside of the schemes).

This section also contains narrative on third-party flood protection, land drainage and river management infrastructure that is not owned, controlled, or maintained by ORC.

### 2.1 Flood Protection, Drainage and River Control Scheme Infrastructure

Otago Regional Council owns and maintains flood, drainage and river control schemes across Otago. Schemes consist of infrastructure (Figure 1) that has been constructed and is being maintained to assist drainage of low-lying areas of land, and/or mitigate the risk of flooding to a particular area. This infrastructure was designed to provide a set performance level of service to the area/s that it serves.

Otago Regional Council owns and maintains the following schemes across Otago:

#### 1 Four flood protection schemes:

- Alexandra Flood Protection Scheme;
- Leith Flood Protection Scheme;
- Lower Taieri Flood Protection Scheme;
- Stoney Creek Flood Protection Scheme.

#### 2 Three drainage schemes:

- East Taieri Drainage Scheme;
- West Taieri Drainage Scheme;
- Tokomairiro Drainage Scheme.

3 One combined flood and drainage scheme — Lower Clutha Flood Protection and Drainage Scheme.

4 One river control scheme — Lower Waitaki River Control Scheme (portion within Otago).

Figure 3 depicts the location of each scheme. Lindsay Creek Flood Mitigation Scheme is indicated in this figure as a provisional scheme as a programme of work exists to further investigate and implement a scheme following Council decisions within the lifetime of this Strategy (see Infrastructure Investment Programme).

Not all infrastructure is located within the schemes listed above. A smaller quantity of infrastructure exists outside flood protection and drainage schemes and is managed as part of the river management infrastructure portfolio. This infrastructure is detailed in the following section.

This section provides more detail on each of the flood protection and drainage schemes across Otago, including the key contextual considerations associated with managing each scheme at a strategic level.

# Otago Regional Council

Flood Protection, Drainage and River Control Schemes



- Alexandra Flood Protection
- Lower Clutha Flood Protection & Drainage
- Tokomairiro Drainage
- East Taieri Drainage Scheme
- Lower Taieri Flood Protection
- West Taieri Drainage Scheme
- Leith Flood Protection Scheme
- Lower Waitaki Floodways
- Lindsay Creek Flood Scheme (Provisional)
- Stoney Creek Flood Protection Scheme

Information on this map may not be used for the purposes of any legal disputes. The user should independently verify the accuracy of any information before taking any action in reliance upon it. This map was generated for A4 printing on 11/06/2024 at the scale of 1:1,360,000.

**Figure 3. Location of flood protection and drainage schemes across Otago**

Flood protection, river and drainage infrastructure, and the schemes they make up, primarily consist of floodbanks, pump stations and culverts. Table 3 provides a high-level summary of the key flood protection and drainage infrastructure included within this strategy.

**Table 3. Asset portfolio summary for flood protection and drainage schemes across Otago. This list is meant as a summary of the key infrastructure and is therefore not exhaustive.**

Scheme	Catchment Area (,000 ha)	Area Protected (,000 ha)	Infrastructure Assets					
			Floodbanks (km)	Open Drains (km)	Pump Stations	Culverts	Bridges	Other
Alexandra Flood Protection Scheme	1,511	0.01	1	-	3	-	-	-
Leith Flood Protection Scheme	4	0.2	-	-	-	-	-	Concrete or rock weirs: 29 Debris traps: 2 Concrete/stone walls: 2.2 km Concrete/stone channels: 2.8 km Rock retaining walls: 1.7 km Gabion basket walls: 200 m
Lower Clutha Flood Protection and Drainage Scheme	2,110	9.3	110	153	5	189	4	-
Lower Taieri Flood Protection Scheme	565	13	107	-	-	-	-	-
West Taieri Drainage Scheme	8	8.1	-	144	3	22	20	-
East Taieri Drainage Scheme	17	4.8	-	128	3	84	1	-
Tokomairiro Drainage Scheme	40	7.7	-	110	-	74	17	-
Lower Waitaki River Control Scheme *	N/A	N/A	-	-	-	-	-	Groynes: 8 Cross-banks: 6 Trees: 22 km
<b>Total</b>	<b>4,255</b>	<b>43</b>	<b>218</b>	<b>535</b>	<b>14</b>	<b>369</b>	<b>42</b>	<b>N/A</b>

**\*Note that only a portion of the Lower Waitaki River Control Scheme is located within Otago. The floodways are managed as part of the river management infrastructure portfolio.**

There are some key contextual considerations that are currently impacting, or are expected to impact, on all scheme infrastructure throughout the lifetime of this Infrastructure Strategy. These issues provide further context for the overarching significant issues, decision-making timeframes and investment programme detailed later in this Infrastructure Strategy. Table 4 details those contextual considerations that are common across all schemes, while the following sections detail more specific contextual considerations pertaining to individual schemes.

**Table 4. Contextual considerations that are common across all schemes**

<b>Description of contextual consideration</b>
Residual flood risk posed by the proximity of waterways, flood protection, drainage, and river management infrastructure, to sensitive land use activities.
Community and infrastructure adaptation may be required over the lifetime of this Infrastructure Strategy to address the climatic changes that result from increasing frequency and intensity of rainfall events.
Safe and reliable handling of super design rainfall events and flows.
Managing natural processes, for example gravel movement and sediment transport processes, to balance protection and environmental significance of our natural and built environments.
Schemes consist of hard engineering infrastructure that is not always conducive to allowing rivers room to move and better enable environmental benefits and the natural management of flood waters.

## 2.1.1 Alexandra Flood Protection Scheme

The Alexandra Flood Protection Scheme mitigates the risk of flooding, caused by high flows in the Clutha and Manuherekia Rivers, to approximately 10 hectares of the Alexandra township, including residential and commercial properties.

Three major floods entered the town and flooded residential and commercial areas in 1994, 1995 and 1999, exacerbated by sedimentation caused by the Roxburgh Dam. The Alexandra Flood Protection Scheme was subsequently built in 2001 and consists of approximately 1.1 km of floodbanks and three pump stations. The design philosophy of the scheme is to provide protection for a conservative flood water level (matching the largest flood event on record) at the Alexandra bridge over the Clutha River, just upstream of the confluence with the Manuherekia River.

The stormwater drainage system in Alexandra drains to each of the three pump stations. The pump stations allow stormwater and seepage water to drain under gravity conditions while river levels in the Manuherekia and Clutha Rivers are low, or pump when river levels are high. Two roads penetrate the floodbanks, so these roads are closed and stoplogs installed during severe floods.

Table 5 outlines some of the key contextual considerations that are currently impacting, or are expected to impact, the Alexandra Flood Protection Scheme throughout the lifetime of this Infrastructure Strategy.

**Table 5. Contextual considerations impacting, or expected to impact, the Alexandra Flood Protection Scheme.**

<b>Description of contextual considerations</b>
Management of the sediment and the changing characteristics to the lakes and rivers (including confluence of Manuherekia and Clutha), which is through Contact Energy Limited's resource consents.
Sediment deposition within Lake Roxburgh and the Clutha Mata-Au / Manuherekia River confluence and its contribution to flood hazard at Alexandra.
Flood damage compensation conditions in Contact Energy Limited's resource consents for damming of the Clutha River at Lake Roxburgh. This resource consent expires in 2042.
Renewal of Contact Energy Limited's resource consents for the Clutha Hydro Scheme in 2042.



## 2.1.2 Leith Flood Protection Scheme

The Leith Flood Protection Scheme mitigates the risk of flooding to an area of approximately 200 hectares extending from Malvern Street in Glenleith to the north, to Rattray Street in the Dunedin CBD to the south.

The Water of Leith catchment is located to the north of the Dunedin Central Business District (CBD) and has a catchment area of approximately 42 square kilometres. Key Dunedin infrastructure such as the existing and new Dunedin Hospitals, University of Otago, Otago Polytechnic Te Pūkenga, and Forsyth Barr Stadium are afforded some level of protection protected by the scheme. The upper section of the catchment and its tributaries, that include Lindsay Creek that flows through North East Valley, are relatively steep hydraulically compared to the flatter lower reaches. These catchment characteristics allow floodwaters to rise quickly.

Table 6 outlines some of the key contextual considerations that are currently impacting, or are expected to impact, the Leith Flood Protection Scheme throughout the lifetime of this Infrastructure Strategy.

**Table 6. Contextual considerations impacting, or expected to impact, the Leith Flood Protection Scheme**

Description of contextual considerations
The proximity of the lower reaches of the Water of Leith to Dunedin Central Business District, as well as to University of Otago and Otago Polytechnic Te Pūkenga, means that there is public interest and opportunities to provide public access and amenity value, particularly from Forth Street to the harbour where previous work to improve flood resilience and amenity did not reach.
Historically, substantial lengths of the Water of Leith were channelised using concrete and stone walls to minimise bank erosion and facilitate urban development of the floodplain. Due to their age, the walls likely require replacement during the lifetime of this Infrastructure Strategy. This also provides an opportunity to improve environmental and amenity qualities of this waterway.

## 2.1.3 Lower Clutha Flood Protection and Drainage Scheme

The Lower Clutha Flood Protection and Drainage Scheme mitigates the risk of flooding and facilitates land drainage to the Lower Clutha Delta, which extends from 4 km north of Balclutha to the sea. The flood and drainage scheme covers an area of approximately 9,300 hectares (flood and drainage scheme combined).

This scheme combines both flood protection and drainage works. Construction of this scheme started in 1960 and was completed in 1991. The Clutha River/Mata-Au 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 Whakatipu, Wānaka, and Hāwea. The Clutha River/Mata-Au 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/Mata-Au, 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 owned or operated by the ORC.

Coastal erosion and shoreline retreat is a known issue to be impacting the flood protection and drainage infrastructure within the scheme and is projected to expose more of this coastal infrastructure to the impacts of sea level rise and coastal inundation well into the future, directly impacting on training lines and floodbanks, as well as impacting the functionality land drainage within the scheme. The southern training line at the Koau mouth of the Clutha River/Mata-Au is already suffering damage from such exposure which in turn impacts on the culverts within the structure to drain the Puerua River and subsequently the drainage component of the scheme. Significant decisions will need to be made in the near future about adaptation of the scheme in this area.

Table 7 outlines some of the key contextual considerations that are currently impacting, or are expected to impact, the Lower Clutha Flood Protection and Drainage Scheme throughout the lifetime of this Infrastructure Strategy.

**Table 7. Contextual considerations impacting, or expected to impact, the Lower Clutha Flood Protection and Drainage Scheme**

Description of contextual considerations
Shoreline retreat affecting the functioning of flood protection and drainage infrastructure in the Lower Clutha delta. As the shoreline naturally migrates inland, there is increasing exposure of this infrastructure to coastal hazards such as storm surge and wave action.
Rising sea and groundwater levels impacting on drainage infrastructure such as drains and pump stations.
Residual flood risk posed by the proximity of the Clutha River and its tributaries to Balclutha and its surrounding townships and industries.
Contact Energy Limited funding, under their resource consent conditions, contributes towards riverbank/coastal erosion reporting (50%), remedial actions from reporting/inspections (50%) and maintaining efficient egress (90%). Contact Energy Limited Consents expire in 2042.
Renewal of Contact Energy Limited's resource consents for the Clutha Hydro Scheme in 2042.

## 2.1.4 Tokomairiro Drainage Scheme

The purpose of the Tokomairiro Drainage Scheme is to ensure the provision of effective and reliable land drainage for the Tokomairiro area surrounding Milton, and to reduce flooding impacts on Milton and its surrounds.

The Tokomairiro Drainage Scheme is situated in the flat basin surrounding Milton, surrounded on three sides by inland hills, and by coastal hills to the southeast. The scheme consists entirely of open drains, with associated culverts and bridge crossings, designed to assist in the drainage of relatively low-lying farmland in this area. It has no pumps or control structures. Many of the drains were originally creeks that have been realigned.

The contextual considerations that are current impacting, or are expected to impact, the Tokomairiro Drainage Scheme throughout the lifetime of this Infrastructure Strategy are outlined in Table 4 (contextual considerations common across all schemes).

## 2.1.5 Lower Taieri Flood Protection Scheme

The Lower Taieri Flood Protection Scheme mitigates the risk of flooding to the Taieri plains, including the townships of Mosgiel, Outram and Henley, as well as critical infrastructure such as key transport routes (state highway and railway networks), Dunedin airport and power and three waters utility infrastructure.

The Lower Taieri Flood Protection Scheme was the first scheme to be developed in Otago, alongside the East and West Taieri Drainage Schemes, when works commenced in 1870. It is a complex network, with multiple rivers affecting the scheme. The scheme makes use of ponding areas that act to detain peak flows and ease pressure on downstream portions of the scheme, subsequently minimising the risk of failure of the scheme. Silver Stream, Waipori River and the Ōwhiro Stream are also tributaries to this lower portion of the Taieri River.

Table 8 outlines some of the key contextual considerations that are currently impacting, or are expected to impact, the Lower Taieri Flood Protection Scheme throughout the lifetime of this Infrastructure Strategy.

**Table 8. Contextual considerations impacting, or expected to impact, the Lower Taieri Flood Protection Scheme**

Description of contextual considerations
Known structural deficiencies with existing Taieri River floodbanks.

## 2.1.6 West Taieri Drainage Scheme

The West Taieri Drainage Scheme facilitates the effective and reliable drainage of the land in West Taieri, the area bounded by the floodbanks and Contour Channel that form part of the Lower Taieri Flood Protection 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 within 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. A significant portion of the scheme lies at or below 1 m of sea level. There are three pump stations in the West Taieri Drainage Scheme: Waipori; Henley; and Lake Ascog.

Table 9 outlines some of the key contextual considerations that are currently impacting, or are expected to impact, the West Taieri Drainage Scheme throughout the lifetime of this Infrastructure Strategy.

**Table 9. Contextual considerations impacting, or expected to impact, the West Taieri Drainage Scheme**

Description of contextual considerations
Increasing pressure for land drainage schemes to manage urban stormwater runoff, resulting from increased demand for urban development (Outram).
Vulnerability of floodbank along edge of Lake Waipori to seismic event leading to “sunny day” flooding of parts of West Taieri and damage to the Waipori Pumping Station.
Potential for rising groundwater due to sea level rise.

## 2.1.7 East Taieri Drainage Scheme

The East Taieri Drainage Scheme facilitates the effective and reliable drainage of the land in East Taieri.

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 Ponding area. Drains on the southern side of the Silver Stream flow toward the Lower Ponding area. When the Taieri River is at low flow these drains flow out to the river by gravity, whereas when the Taieri River is at high flows, gravity gates close and pump stations are used.

Table 10 outlines some of the key contextual considerations that are currently impacting, or are expected to impact, the East Taieri Drainage Scheme throughout the lifetime of this Infrastructure Strategy.

**Table 10. Contextual considerations impacting, or expected to impact, the East Taieri Drainage Scheme**

Description of contextual considerations
Land use changes to allow for more residential development and increasing pressures for land drainage infrastructure to manage urban stormwater runoff.
Increasing pressure for land drainage schemes to manage urban stormwater runoff, resulting from increased demand for urban development.

## 2.1.8 Lower Waitaki River Control Scheme

The purpose of the Lower Waitaki River Control Scheme is to maintain the system of braided river channels within defined fairway and active riverbed widths, and to limit erosion of the active bed vegetated margins.

The Lower Waitaki River Control Scheme is made up of groynes and riparian plantings that aid in the limiting the position of the fairway. Most of this infrastructure was initially established by the former Waitaki Catchment Commission in the 1960s and 1970s. The Otago Regional Council owns this infrastructure within its boundary on the right bank of the lower portion of the Waitaki River. The management of this infrastructure is contracted to Environment Canterbury as part of their overall management of the Lower Waitaki River Control Scheme, that falls predominantly within the Canterbury region. Flows in the river are moderated by a series of dams that were constructed on the river, starting with the Waitaki Dam in the 1920s and 1930s. In 2023 Meridian Energy applied for consents for the continued operation of the Waitaki Hydro Scheme.

There are also three floodways that assist in conveying flows from the foothills, across low-lying farmland to the Waitaki River; however, these are managed separately as river management infrastructure.

<sup>1</sup> Lower Waitaki River Control Scheme Operation Agreement, Otago Regional Council and Canterbury Regional Council, signed 2023.

Table 11 outlines some of the key contextual considerations that are currently impacting, or are expected to impact, the Lower Waitaki River Control Scheme throughout the lifetime of this Infrastructure Strategy.

**Table 11. Contextual considerations impacting, or expected to impact, the Lower Waitaki River Control Scheme**

Description of contextual considerations
Ongoing community expectation to manage funding of repair and maintenance works that result from repeated flood events typical within the dynamic braided environment of the Waitaki River.
Meridian Energy fund 30% of the operation and maintenance costs of the Lower Waitaki River Control Scheme. The funding is not recorded in a formal agreement.
Joint management and funding of scheme with Environment Canterbury. Agreement in place to document respective rights and responsibilities.

### 2.1.9 Stoney Creek Flood Protection Scheme

Stoney Creek has a steep alpine catchment that discharges into Lake Wānaka across an alluvial fan. Increased urban development of the alluvial fan in the early 2000s led to the need for infrastructure to be established to mitigate the risk of alluvial fan migration and flood risk. The work consisted of developing a system of natural and engineering features, including channel modifications and debris traps, as part of Stage 1 of the work. Stage 2 of this work is planned to be completed within the lifetime of this Strategy.

The contextual considerations that are impacting, or are expected to impact, the Stoney Creek Flood Protection Scheme throughout the lifetime of this Infrastructure Strategy are outlined in Table 4 (contextual considerations common across all schemes).

## 2.2 River Management Infrastructure

Otago Regional Council also owns and maintains river management infrastructure across Otago. This includes several smaller schemes and isolated pieces of infrastructure outside of the main flood protection and drainage schemes discussed previously. Figure 4 depicts the location of key river management infrastructure across Otago and is summarised as follows:

- Shotover Training Line, Queenstown — Guides flows and sediment in the Shotover River.
- Matukituki Training Line, Matukituki River — Training line structure that deflects flood waters to the true left of the Matukituki River so that the downstream floodplain on the right bank could be re-established as farmland.
- Albert Town Rock Buttress, Albert Town — Mitigate the risk of erosion and land movement.
- Lower Waitaki Floodways, North Otago — Conveyance of flows from foothills to the Waitaki River.
- Lindsay Creek, Dunedin — Some rockwork and concrete walls exist to minimise erosion and help retain the creek within its existing channel and there is a debris trap at Bethunes Gully.
- Kaikorai Stream Stilling Basin, Green Island, Dunedin — Dissipates energy in the channel.
- Trees and vegetation that is planted and maintained along river channels and margins to mitigate the risk of erosion and manage channel migration.
- Placed rock to mitigate the risk of erosion.

Some of these assets are not fully captured in the asset management database and work will be ongoing to ensure this infrastructure is accurately recorded in the database.

There are some key contextual considerations that are currently impacting, or are expected to impact, Council infrastructure within river management areas, outside of the flood protection, drainage and river control schemes. These issues provide further context for the overarching significant issues, decision-making timeframes and investment programme detailed later in this Infrastructure Strategy. Table 12 details those contextual considerations within each river management area.

**Table 12. Contextual considerations impacting, or expected to impact, Council infrastructure within each river management area**

<b>Description of contextual considerations</b>
<b>General</b>
Residual flood risk posed by the proximity of waterways to their surrounding land use activities.
Community and infrastructure adaptation will be required over the lifetime of this Infrastructure Strategy to address the climatic changes that result from increasing frequency and intensity of rainfall events.
<b>Dunedin River Management Area</b>
Sections of Lindsay Creek have insufficient channel capacity to convey flood flows, increasing the risk of flows breaking out into nearby properties and roads. A higher and more uniform standard of flood protection will need to be considered to provide a standard of flood protection that is more comparable with other urban areas across New Zealand. It is envisaged that works will be required for flood risk management during the lifetime of this Strategy which is noted as a provisional Lindsay Creek Scheme. This may consist of natural and built features to aid in flood risk management.
Debris flow and flood risk mitigation for the Middlemarch area – Rainfall events in recent years have caused streams to rise and break out of their channels, resulting in flooding in and around the Middlemarch area. Further work is required, alongside the Dunedin City Council, to investigate and put appropriate measures in place to mitigate these risks.
<b>Whakatipu River Management Area</b>
Ongoing river management activities in relation to Dart and Rees River floodplains and Glenorchy, as related to the Head of Lake Whakatipu work programme led by Natural Hazards.
<b>Wānaka River Management Area</b>
Alluvial fan migration and flood risk management for Stoney Creek. Stage 2 works are envisaged during the lifetime of this Strategy.

# Otago Regional Council

River Management Infrastructure



Information on this map may not be used for the purposes of any legal disputes. The user should independently verify the accuracy of any information before taking any action in reliance upon it. This map was generated for A4 printing on 28/02/2024 at the scale of 1:1,350,000.

**Figure 4. Location of key infrastructure within river management areas**

## 2.3 Third-Party Infrastructure

Not all flood protection, land drainage and river management infrastructure in Otago is owned, controlled or maintained by ORC. Third parties including territorial authorities, government agencies and private landowners also construct, own, control and maintain such infrastructure. Notable examples include (but are not limited to):

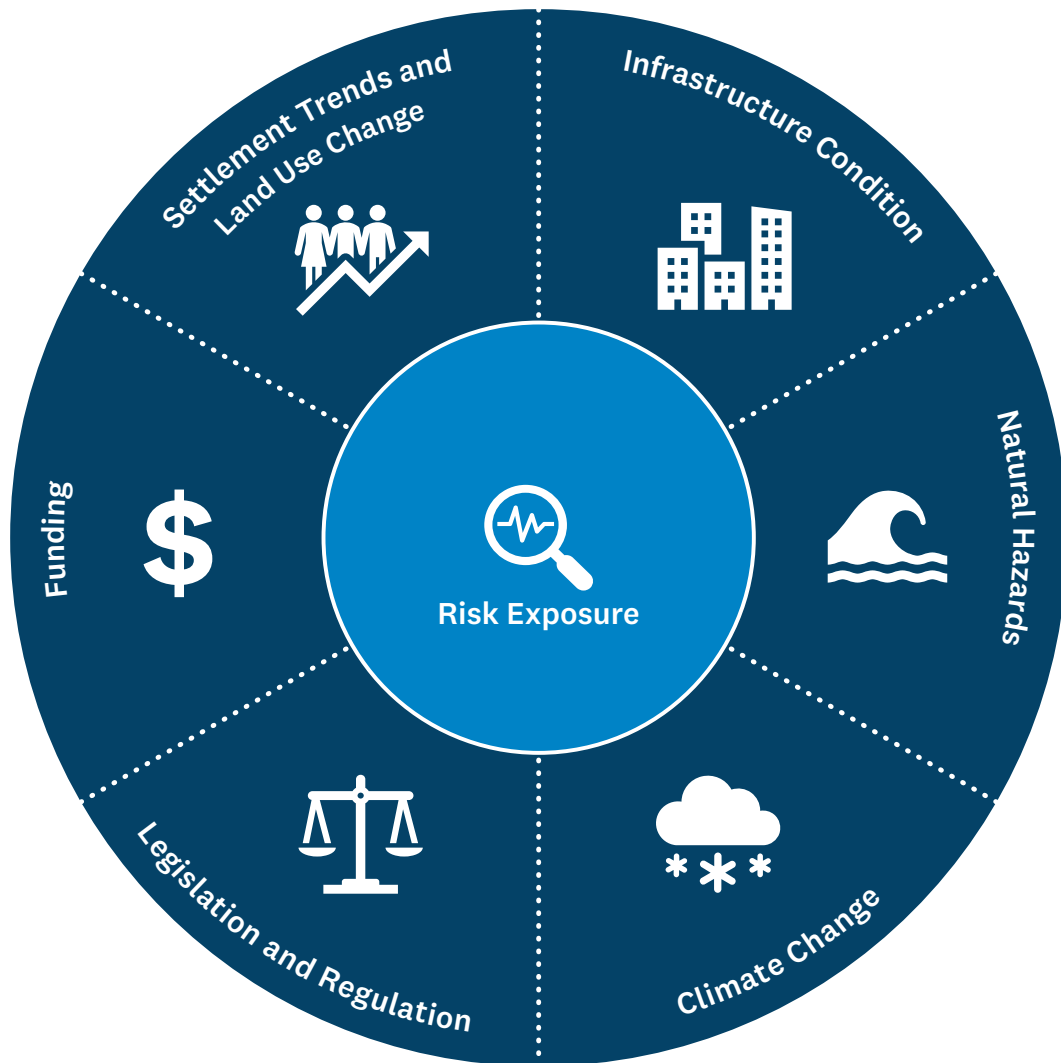
- Hospital Creek floodbank, Balclutha (Clutha District Council)
- Tokomairiro River floodbank and stormwater pumping station, Milton (Clutha District Council)
- Milton diversion swale, Milton (Clutha District Council)
- Tuapeka Creek Channel Lining, Lawrence (Clutha District Council)
- Glenorchy floodbank, Glenorchy (Queenstown Lakes District Council)
- Horne Creek channel, sports field detention area and bund and detention dam, Queenstown (Queenstown Lakes District Council)
- Shotover delta revetment attached to ORC's training line, Queenstown (Queenstown Lakes District Council)
- Shotover Country subdivision rock revetment, Queenstown (Queenstown Lakes District Council)
- Reservoir Creek channel lining, Roxburgh (Central Otago District Council)
- Abbotsford landslide stormwater control and dewatering infrastructure, Dunedin (Dunedin City Council)
- Clutha River/Mata-Au rockwork, Bendigo (adjacent private landowners)
- Karitāne estuary rock groyne (abandoned)
- Lindsay Creek, Dunedin (some infrastructure along Lindsay Creek is owned, controlled and maintained by Dunedin City Council and adjacent private landowners)

This Infrastructure Strategy assumes that ORC does not take on ownership, control or maintenance of this infrastructure.

ORC is also not responsible for infrastructure that forms part of other utility networks such as power conduits, water/wastewater pipework, or road and rail bridges. These come under the jurisdiction of the utility or network owner. Where appropriate the ORC liaises with territorial authorities and utility owners to align work programmes in proximity to this infrastructure where practicable.

### 3. Significant Issues and Options

This section summarises the significant issues that the Otago Regional Council faces in the management of flood protection, drainage and river management infrastructure, and the principle options and implications available to Council in the management of these issues throughout the lifetime of this Strategy and beyond. These issues are presented diagrammatically in Figure 5. All significant issues are inextricably linked to one another, with one common denominator being ‘Risk Exposure’.



**Figure 5. 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 approaches identified. While Council has a preferred approach to managing the issues, the alternative scenarios are sometimes dependent on external factors such as unforeseen environmental or economic factors outside of Council’s control.



### 3.1 Significant Issue: Risk Exposure

Risk exposure is at the core of the significant issues identified. This is because Council's response to all the other issues identified will always impact on the level of risk to which Council's infrastructure, people and their communities and lifelines are exposed. The Council's response to all other issues will ultimately impact on the risk associated with the operation of Council's flood protection, drainage, and river management infrastructure. In turn, the operation of the Council's infrastructure will subsequently impact on the overall risk and resilience of communities and their awareness of such.



Extreme weather events that have occurred in New Zealand in recent times (for example, Cyclone Gabrielle's impact on parts of the North Island in February 2023) have illustrated the impact such extreme events can have on flood protection infrastructure and its criticality for providing lifelines and community resilience. Over the last five years Otago has experienced several flood events, most notably in November 2019, February 2020, January 2021, July/August 2022, and September 2023. With the occurrence of recent and ongoing extreme weather events comes expanding community interest in the performance of flood protection infrastructure and the associated vulnerabilities and resilience of communities.

The modern approach to flood risk management is to take greater account of residual risk and consider how schemes and infrastructure perform beyond design up to Probable Maximum Flood or Maximum Credible Event. Infrastructure should be designed to fail safely under super design (overdesign) events. ORC is incorporating this approach into the way it manages its schemes and infrastructure.

Over time several factors may affect the ability of flood protection, drainage, or river management infrastructure to meet the standards 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.

Understanding risk exposure associated with living, working, and playing around Otago's rivers is an important consideration in future decision making about the levels of service provided by flood protection, land drainage and river management infrastructure. It is vital that communities are part of longer-term decision making around risk tolerance and associated costs.

#### Principal Options and Implications

Table 13 summarises the principal options that Council has considered to address risk as a significant issue. It also summarises the potential implications identified for each option and identifies the preferred option/s selected.

**Table 13. Principal options for managing the significant issue of risk, and the associated implications of those options**

Principal Options	Implications	Preferred Option/s
<b>Undertake periodic risk assessments of scheme condition and performance to inform risk analysis. Incorporate analysis of super design events to further inform understanding and communication of risk.</b>	<ul style="list-style-type: none"> <li>Improved and ongoing understanding of risk and associated implications of that risk on infrastructure and communities.</li> <li>Ability to share information with communities to improve their understanding of risk and resilience, to better enable their decision making around what this may mean to them.</li> <li>Alignment with what New Zealanders are experiencing, and will continue to experience, in relation to extreme rainfall/flood events across the country.</li> </ul>	✓
<b>Increased community engagement about risk and resilience. Share learnings with affected communities to involve them in decision making about potential changes to levels of service.</b>	<ul style="list-style-type: none"> <li>Communities are better informed about risk and resilience in relation to how it may impact on them and their livelihoods.</li> <li>Community involvement in decision making process about future changes to levels of service that may impact on them.</li> </ul>	✓
<b>Incorporate resilience improvements into maintenance and renewals where appropriate.</b>	<ul style="list-style-type: none"> <li>Proactive approach to incorporating resilience where appropriate, leading to improved resilience over time.</li> <li>Improved community resilience over time.</li> <li>Ability to incorporate design considerations for Probable Maximum Flood or Maximum Credible Event, including designing infrastructure to fail safely.</li> </ul>	✓
<b>Maintain or increase current levels of service in response to risk analysis.</b>	<ul style="list-style-type: none"> <li>Existing level of flood mitigation is provided to communities.</li> <li>Maintains status quo while risks are better understood in relation to this significant issue and others.</li> <li>Enables incorporation of resilience measures as part of the toolbox to mitigate the risk of flooding and enable recovery.</li> </ul>	✓
<b>Incorporate learnings from community engagement and response to other significant issues into decision making when considering potential changes to levels of service.</b>	<ul style="list-style-type: none"> <li>Acknowledgement that some changes to levels of service may be necessary based on increased understanding of risk and community and Council direction.</li> <li>Ability to programme and plan expenditure around any potential changes to levels of service.</li> </ul>	✓

**Examples of the preferred option/s in practice**

The following are examples of the types of work programmes that would be implemented by adopting the most likely scenario for managing infrastructure in response to risk as a significant issue:

- Routine condition and risk assessments.
- Ongoing community engagement to share information about risk and gather feedback on possible future changes to levels of service.
- Forward planning and prioritisation for increases to levels of service where these are appropriate based on risk and community feedback.
- Where possible provide for super design events up to Probable Maximum Flood/Maximum Credible Event and ensure communities understand the implications and impacts of residual risk.
- Use infrastructure as just one component of the wider PARA framework (see Section 4.1.3).
- Utilise ORC's Natural Hazards Risk Framework (in preparation) to inform prioritisation.

### 3.2 Significant Issue: Infrastructure Condition

Otago Regional Council's flood protection, drainage and river infrastructure has been constructed over a period of 150 years. This means that construction records for some of the older flood protection, drainage, and river infrastructure do not exist or are not up to today's quality standard in terms of construction method or materials. Floodbanks alone have several potential failure modes including overtopping during flood conditions, slope and foundation stability (under flood, non-flood and seismic conditions), and seepage through the floodbank or its foundation.



Also, as infrastructure ages the condition can degrade, the technology becomes redundant, or the principle of Te Mana o te Wai changes the way we consider the ongoing use of some structures in proximity to Otago's waterways. Factors such as installation, operational environment and manufacturing defects can also reduce the useful life of infrastructure. Continuing to maintain assets beyond their intended useful life:

- can increase the frequency and cost of operation and maintenance activities, including the risk of failure,
- does not enable forward planning to design and construct fit for purpose solutions with longer term environmental outcomes, and
- can lead to a lengthy amount of time while decisions are made, and the infrastructure can be replaced or adapted.

#### Principal Options and Implications

Table 14 summarises the principal options that Council has considered to address infrastructure condition as a significant issue. It also summarises the potential implications identified for each option and the preferred option/s selected.

**Table 14. Principal options for managing the significant issue of infrastructure condition, and the associated implications of those options**

Principal Options	Implications	Preferred Option/s
<b>Take a risk management approach to prioritise and schedule infrastructure renewals and subsequent investment over the lifetime of the infrastructure.</b>	<ul style="list-style-type: none"> <li>• Planned approach that enables multiple benefits to be realised where relevant.</li> <li>• Reduced operational risk with increased reliability of performance during flood events and increased confidence in resilience.</li> <li>• Planned expenditure.</li> <li>• Some programme flexibility should there be a flood event that reprioritises programme or expenditure.</li> </ul>	✓
<b>Replace infrastructure at point of failure.</b>	<ul style="list-style-type: none"> <li>• Heightened operational risk and decreased confidence in resilience.</li> <li>• Unreliable infrastructure with unknown performance during flood events.</li> <li>• Unplanned expenditure.</li> </ul>	✗

#### Examples of the preferred option/s in practice

The following are examples of the types of work programmes that would be implemented by adopting the most likely scenario for managing infrastructure in response to infrastructure condition as a significant issue:

- Ongoing maintenance and inspection programmes for infrastructure, for example bridges, culverts, floodbanks, drains and pump stations.
- Renewals being scheduled based on identified risks and prioritised accordingly. Programme of renewals managed to balance risk and funding availability where possible.
- Assessment and analysis of floodbank condition and integrity for a range of potential failure modes.
- Control external activities that may impact on infrastructure condition through the Designations and Bylaw approval processes, avoiding activities that increase residual risk.

### 3.3 Significant Issue: Natural Hazards

The Otago region comprises a diverse and dynamic environment ranging from flat coastal lowlands and intensively used alluvial floodplains, through to large sparsely populated and steep mountainous areas. As such Otago is exposed to a broad range of natural hazards, including flooding, landslides, debris flows, seismic activity, coastal erosion, tsunami, storm surge and wind.



These natural hazards all present hazards to flood protection, drainage and river management infrastructure. For example, major earthquakes could result in cracking, slumping and/or settlement of floodbanks.

#### Principal Options and Implications

Table 15 summarises the principal options that Council has considered to address natural hazards as a significant issue. It also summarises the potential implications identified for each option and identifies the preferred option/s selected.

**Table 15. Principal options for managing the significant issue of natural hazards, and the associated implications of those options**

Principal Options	Implications	Preferred Option
<b>Maintain current hazard readiness, response and recovery processes.</b>	<ul style="list-style-type: none"> <li>• Learnings established from observations during flood events (both in Otago and nationally) will not be incorporated into hazard readiness, response, and recovery processes.</li> <li>• Heightened risk of poor planning and associated impacts on people and wider communities if practices are not updated to reflect learnings.</li> <li>• Resiliency of communities diminishes over time.</li> </ul>	<b>X</b>
<b>Maintain and improve current practice around hazard readiness, response and recovery, as Council continues to learn from past events across the region and New Zealand.</b>	<ul style="list-style-type: none"> <li>• Learnings incorporated into processes to improve readiness, response, and recovery.</li> <li>• Ability to work with communities to develop further resilience.</li> </ul>	<b>✓</b>
<b>Align with readiness and response to natural hazard events within ORC and external stakeholders.</b>	<ul style="list-style-type: none"> <li>• Support Civil Defence Emergency Management.</li> <li>• Development of consistent response and recovery plans across ORC and external stakeholders.</li> </ul>	<b>✓</b>

#### Examples of the preferred option/s in practice

The following are examples of the types of work programmes that would be implemented by adopting the most likely scenario for managing infrastructure in response to natural hazards as a significant issue:

- Up-to-date preparedness for flood response and recovery that contributes to community preparedness and resilience, and enables an efficient response and recovery in relation to infrastructure damage.
- Coordinated response to flood response across Otago Regional Council and external stakeholders.
- Where possible, design infrastructure to be resilient to the effects of natural hazards.

### 3.4 Significant Issue: Climate Change

Otago's climate is changing, and with increases in temperature come other impacts, such as changes in precipitation and wind patterns. These in turn can increase the intensity and frequency of rainfall events, and wind patterns, leading to increased flows in rivers and changes in coastal shoreline brought on by sea level rise and coastal erosion processes.

In 2019 the National Institute of Water and Atmospheric Research (NIWA) analysed projected climate changes, including hydrological change, for the Otago region and reported that changes to Otago's future climate are likely to be significant with extreme, rare events projected to become more severe, and average annual flows expected to increase across the region, with floods expected to become larger.



The effects of climate change will impact the environment both regionally and nationally. There will be sea level rise, and changes in wind and weather patterns, higher water tables, and the frequency of extreme weather events will increase. These climatic changes will put increased pressure on flood protection, drainage, and river management infrastructure, and challenge the levels of service they can provide. The uncertainty associated with the rate of future climate change will require an adaptive approach that will require infrastructure to be relocated, modified, or created.

#### Principal Options and Implications

Table 16 summarises the principal options that Council has considered to address climate change as a significant issue. It also summarises the potential implications identified for each option and identifies the preferred option/s selected.

**Table 16. Principal options for managing the significant issue of climate change, and the associated implications of those options**

Principal Options	Implications	Preferred Option/s
<b>Little investment in understanding future climate change effects on flood protection, drainage and river management infrastructure.</b>	<ul style="list-style-type: none"> <li>Reactive approach to climate change and potential increases or changes to levels of service.</li> <li>Changes to levels of service may be costly in terms of capital expenditure and or personal costs to communities.</li> </ul>	
<b>Investment in understanding future climate change effects on flood protection, drainage and river management infrastructure.</b>	<ul style="list-style-type: none"> <li>Incorporation of this knowledge into decision-making processes to enable informed decisions, alongside communities, on changes to levels of service where appropriate.</li> <li>Allows for time to make decisions around levels of service, and ability to prioritise changes where necessary.</li> </ul>	
<b>Incorporation of climate change learnings into wider community led adaptation planning.</b>	<ul style="list-style-type: none"> <li>Working with communities to understand the critical role of infrastructure and the impact of climate change.</li> <li>Active engagement on information to provide communities with knowledge of how infrastructure adaptation may impact future considerations and decisioning.</li> </ul>	

### Examples of the preferred option/s in practice

The following are examples of the types of work programmes that would be implemented by adopting the most likely scenario for managing infrastructure in response to climate change as a significant issue:

- Work programmes would take account of the Otago Climate Change Risk Assessment.
- Incorporation of impacts into risk assessments and analysis of future scheme performance. This in turn would further enable risk-based prioritisation of renewals or changes in levels of service, including the timing of such renewals. These decisions could utilise Toka Tu Ake EQC's Risk Tolerance Methodology.
- Community engagement on climate change and impacts on levels of service to support planning and decision making around adaptation.
- Adopt the Dynamic Adaptive Pathways Approach (DAPP) to management of infrastructure.

## 3.5 Significant Issue: Legislation and Regulatory

Otago Regional Council's 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 the time that they were designed and constructed. Most of these schemes were developed and constructed in an era when economic growth and development were the primary focus. Flood protection and drainage infrastructure enabled farmland and agricultural initiatives to develop and prosper.



Community values and expectations have changed, and will continue to change, in relation to environmental outcomes and the legislation that regulates associated standards and performance. The following are examples of such changes that will impact on the management of flood protection, drainage, and river management infrastructure:





- Three Waters Reform.
- Resource Management Reform, including the proposed Climate Change Adaptation Act.
- Regional Policy Statement and Land and Water Regional Plan implementation.
- Future District Council planning initiatives and the development of District Plans.
- Emergency Management Bill and increase in resilience of critical infrastructure (Government led response).
- The proposed National Policy Statement for Natural Hazards Decision-Making 2023 (NPS-NHD).
- The outcome of the government's Inquiry into Community-Led Managed Retreat.
- Changes to the Flood Protection Management Bylaw 2022 during periodic review.

Changes in government and legislation are expected throughout the lifetime of this Infrastructure Strategy as it can be expected that environmental performance and increasing interest in enabling co-benefits, for example biodiversity and environmental benefits, will be a constant driver of change in this space. Opportunities exist to provide for environmental enhancement, for example fish passage or establishment of wetlands, through decisions that Council make about the renewal or replacement of its infrastructure throughout the lifetime of this strategy.

## Principal Options and Implications

Table 17 summarises the principal options that Council has considered to address legislation and regulatory as a significant issue. It also summarises the potential implications identified for each option and identifies the preferred option/s selected.

**Table 17. Principal options for managing the significant issue of legislation and regulatory, and the associated implications of those options**

Principal Options	Implications	Preferred Option
<b>Engagement with territorial authorities and central government</b>		
<b>Take a reactive approach in terms of engagement with territorial authorities and central government on the development of policies and plan implementation.</b>	<ul style="list-style-type: none"> <li>• Low level of awareness associated with incoming changes that may affect operations.</li> <li>• Shorter timeframe to make operational changes.</li> <li>• Unplanned expenditure associated with implementation of operational change.</li> </ul>	
<b>Engage proactively with territorial authorities and central government (where appropriate) on the development of policies and plan implementation.</b>	<ul style="list-style-type: none"> <li>• Increased awareness and opportunity to lead in this space.</li> <li>• Participation in decision making in the earlier stages of policy development and plan implementation.</li> <li>• Better enablement of transition through change and opportunities to incorporate into internal operations.</li> </ul>	
<b>Environmental performance and outcomes</b>		
<b>Limited improvement to environmental performance or outcomes.</b>	<ul style="list-style-type: none"> <li>• Shorter-term outcomes for the environment and communities.</li> <li>• Multiple benefits not realised.</li> </ul>	
<b>Seek improved environmental performance and seek to achieve multiple outcomes by incorporating nature-based solutions where possible.</b>	<ul style="list-style-type: none"> <li>• Sustainable and longer-term outcomes for the environment and communities.</li> <li>• Multiple benefits realised.</li> <li>• Alignment with Council's strategic direction, with the principle of ki uta ki tai and with Te Mana o te Wai.</li> </ul>	

## Examples of the preferred option/s in practice

The following are examples of the types of work programmes that would be implemented by adopting the most likely scenario for managing infrastructure in response to legislation and regulatory as a significant issue:

- Ongoing engagement with territorial authorities and central government on the development of policies and plan implementation to increase awareness and better enable any transitions to new ways of operating.
- Updated work programmes and operating procedures to incorporate improved environmental outcomes.
- Incorporation of nature-based thinking into options considered for renewal or replacement of infrastructure, while working alongside other Otago Regional Council teams and stakeholders where appropriate to achieve multiple outcomes.
- Development of interface agreements with Otago territorial authorities to record how interface issues will be managed.
- Demonstrate alignment with Council's strategic direction and the principles of ki uta ki tai and Te Mana o Te Wai, through better enabling fish passage and other environmental enhancements in renewal or replacement of flood protection, drainage, or river management infrastructure.
- Alignment with Integrated Catchment Management (ICM) Catchment Action Plans (CAPs).

### 3.6 Significant Issue: Settlement Trends and Land Use Change

Settlement trends and land use changes can place pressure on existing infrastructure to continue to perform and in some instances places a greater number of people, including their health and livelihoods, at risk in the event of underperformance or failure of flood protection, drainage and river management infrastructure.



Settlement trends and land use changes will continue to occur throughout the lifetime of this strategy. This can place pressure on scheme and river management infrastructure in relation to the level of service it provides, particularly where different flow patterns and the scale of stormwater runoff may impact on the performance of drainage schemes, or where the level of flood mitigation provided may need to be increased in response to land use change. This is often coupled with improving the environmental and amenity values of the area where any work may be undertaken.

#### Principal Options and Implications

Table 18 summarises the principal options that Council has considered to address settlement trends and use change as a significant issue. It also summarises the potential implications identified for each option and identifies the preferred option/s selected.

**Table 18. Principal options for managing the significant issue of settlement trends and land use change, and the associated implications of those options**

Principal Options	Implications	Preferred Option
<b>Take a reactive approach to development and associated land use change.</b>	<ul style="list-style-type: none"> <li>• Low level of awareness associated with potential changes that may affect operations.</li> <li>• Shorter timeframe to consider impacts of potential developments and provide input to enable better outcomes.</li> </ul>	<b>X</b>
<b>Utilise planning controls to mitigate the impact of development.</b>	<ul style="list-style-type: none"> <li>• Status quo approach that will be maintained.</li> <li>• Implementation of the PARA Framework (see Section 4.1.3).</li> </ul>	<b>✓</b>
<b>Be proactive in collaborating with territorial authorities, communities, and stakeholders.</b>	<ul style="list-style-type: none"> <li>• Maintain key relationships with all stakeholders to better enable information sharing and knowledge building (in relation to hazards and impacts) over time.</li> <li>• Participation in consideration of impacts in advance of needing to provide feedback or make decisions under existing regulatory timeframes.</li> </ul>	<b>✓</b>

#### Examples of the preferred option/s in practice

The following are examples of the types of work programmes that would be implemented by adopting the most likely scenario for managing infrastructure in response to settlement trends and land use as a significant issue:

- Proactive engagement with territorial authorities, communities, and stakeholders regarding land use changes. This will include early engagement where possible and will include inputs to Future Development Strategies and district plan development, along with attendance at pre-application meetings and review of consent applications as appropriate.
- Utilisation of the PARA framework to appropriately balance land use controls and infrastructure solutions.



### 3.7 Significant Issue: Funding

The potential impact of natural hazards events (including flood events) on the Otago Regional Council's financial position is dependent on the scale, duration, and the location of the event. The unpredictable nature of such events means that the funding needs of any recovery are also difficult to predict and provide for at short notice. Funding needs are large for significant pieces of infrastructure to be renewed or replaced; however, some of these, such as floodbanks, have an exceptionally long useful life and therefore provide intergenerational benefits. Otago has had some notable rainfall/flood events affecting different parts of the region in recent years (e.g., February 2020, January 2021, July/August 2022, September 2023) which also leads to overlapping recovery programmes that require funding, often at the expense of planned work. Some financial reserves are built up over time to assist in funding response and recovery to such events, however these are usually depleted following major events.






Funding sources may include:

- Central Government — Otago Regional Council has previously been successful in obtaining funding under the 'Shovel Ready' Climate Resilience Funding (Ministry of Business, Innovation and Employment Provincial Growth Fund), and has had more recent input into a co-investment case submitted to Central Government as part of a second tranche of Climate Resilience funding in December 2022 <sup>2</sup>
- The requests or input for co-funding has so far been unsuccessful. The Otago Regional Council will continue to pursue this type of funding.
- National Emergency Management Agency (NEMA) to repair essential infrastructure following emergencies. This includes a 60% subsidy from Central Government above 0.002% of net capital value for regional councils.
- Potential for other funding sources for projects that also provide for nature-based solutions.

#### Principal Options and Implications

Table 19 summarises the principal options that Council has considered to address funding as a significant issue. It also summarises the potential implications identified for each option and identifies the preferred option/s selected.

**Table 19. Principal options for managing the significant issue of funding, and the associated implications of those options**

Principal Options	Implications	Preferred Option
<b>Do nothing in terms of seeking out additional funding sources.</b>	<ul style="list-style-type: none"> <li>• Funding for ongoing work will need to be predominantly provided for by ratepayers (contributions to reserves).</li> <li>• Reduced level of service if funding is unable to match expenditure required to operate and maintain infrastructure to desired standard.</li> <li>• Increased risk of exposure to flooding should level of service be reduced.</li> <li>• Trade-offs in levels of service and risk.</li> </ul>	
<b>Continue to engage through sector to source Central Government co-funding.</b>	<ul style="list-style-type: none"> <li>• Funding to support ongoing works that are required to maintain levels of service.</li> </ul>	
<b>Seek out co-benefits and subsequent alternative funding sources, e.g. biodiversity.</b>	<ul style="list-style-type: none"> <li>• Collaboration with territorial authorities and third parties provide opportunities to leverage funding and increase co-benefits.</li> </ul>	

#### Examples of the preferred option/s in practice

The following are examples of the types of work programmes that would be implemented by adopting the most likely scenario for managing infrastructure in response to funding as a significant issue:

- Improved confidence in ability to delivery key programmes of work to improve resilience and incorporate nature-based solutions with lesser financial impact on ratepayers should funding come to fruition.

<sup>2</sup> Central Government Co-investment in Flood Protection Schemes – A report to request for Budget 2023 funding to build community climate-change resilience against flood risks, Te Ura Kahika – Regional and Unitary Councils Aotearoa, December 2022.

- Accelerated work programmes with the ability to move key programmes of work forward if funding is successful, increasing resilience faster.
- Planning for scenarios with and without central government co-investment.

## 4. Infrastructure Investment Programme

This section aims to address the significant issues, options and implications that have been highlighted in the preceding section through the infrastructure investment programme presented here. This investment programme is founded on Council’s growing maturity in its asset management practices and a management approach that provides the overarching principles of Council’s decision making in relation to flood protection, drainage and river management infrastructure.

This section also identifies the significant decisions Council expects to make over the lifetime of this Strategy in relation to this investment programme and outlines the options that are likely to be presented in relation to each of these decisions. Current assumptions and uncertainties are also presented here.

### 4.1 Infrastructure Management Approach

Further to the significant issues and preferred options for managing each issue discussed in the previous section, Council must also account for the need to renew its infrastructure, respond to growth or decline (including changes in levels of service), and achieve environmental outcomes and resilience, as required by the Local Government Act 2002. While Council has some key work programmes and principles that separately underpin decision making in relation to each of these areas of infrastructure management, there are also some key principles that span decision-making in all areas. These include the application of Council’s Strategic Direction and taking catchment-based and ‘room for river’ approaches across all areas where infrastructure management decisions are required. Figure 6 provides a diagrammatic summary of each area and their relationship. Each of these areas is described in more detail below.



**Figure 6. Key areas of infrastructure management and their relationship.**

#### 4.1.1 Strategic Direction

ORC’s 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 a single articulated vision:

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

ORC will ensure that infrastructure management decisions are in alignment with this vision and the six key community outcomes related to climate, resilience, transport, environment, partnerships, and communities.

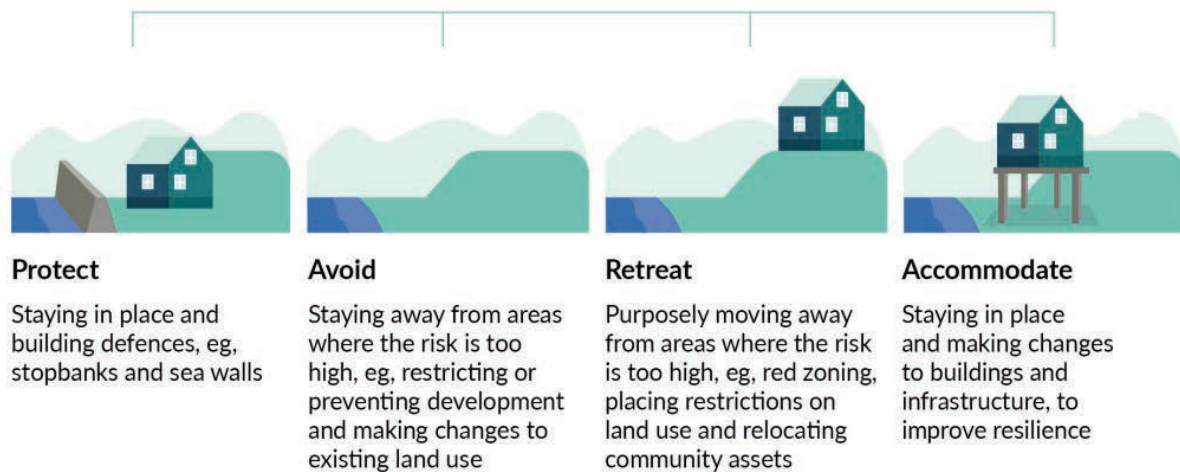
## 4.1.2 Catchment-based Approach

Through a catchment-based approach it is expected that Council will examine possible solutions that consider the wider catchment for potential interventions where practicable. Throughout the lifetime of this strategy, we also expect to see increasing engagement with communities and tangata whenua on giving effect to ki uta ki tai and Te Mana o te Wai when making decisions about current and future flood protection, drainage, and river management infrastructure.

Council also takes an Integrated Catchment Management (ICM) approach that is based on a holistic, natural resource management philosophy that recognises that all elements of an ecosystem, including the people are connected. This involves facilitating the development and implementation of Integrated Catchment Action Plans that are developed in collaboration with iwi and community. Future decision making in relation to flood protection, drainage and river management infrastructure will therefore be aligned through this approach.

## 4.1.3 Room for River Approach

The Protect, Avoid, Retreat, Accommodate (PARA) Framework (Ministry for the Environment) is internationally used to explain the types of adaptation actions that can be taken to build resilience to the current effects, and predicted impacts, of the increasing risks posed by natural hazards (Figure 7).



**Figure 7. The Protect, Avoid, Retreat, Accommodate (PARA) Framework (Ministry for the Environment, 2023)**

The flood protection, drainage, and river infrastructure that Council owns and manages falls into the ‘Protect’ category. This infrastructure acts as a form of defence against water and enables people, and their homes and businesses, to stay where they are placed. Historically this approach has resulted in rivers being constrained to a narrower floodplain that limits the flood carrying capacity of the river by denying it the opportunity to behave naturally and spread out across their floodplain during high flows.

Increasingly Council is looking to diversify its infrastructure to include more nature-based solutions that allow rivers room to move within their natural floodplains. The subsequent adaptation of flood protection, drainage, and river management infrastructure, and communities alongside, will lead to solutions being adopted that fall more appropriately into the Avoid, Retreat and Accommodate categories of the PARA Framework. This approach is also more aligned with Te Mana o te Wai and the catchment-based approach discussed below.

## 4.1.4 Infrastructure Renewals

Council carries out a routine programme of inspections and condition assessments of its flood protection, drainage, and river management infrastructure, annually or as otherwise programmed in Operations and Maintenance Manuals. This programme is complemented by a programme of more significant structural audits of key infrastructure. Incorporating a risk-based approach, these inspections and assessments may lead to recommendations to remediate or replace a piece of infrastructure, and overall, this contributes to the ongoing performance and resilience of an asset.

## 4.1.5 Demands and Levels of Service

Settlement trends and land use changes are expected to impact on the demand for flood protection, drainage, and river management infrastructure to perform. This will require decisions about maintaining or increasing levels of service throughout the lifetime of this Strategy.

A risk-based approach is expected to be adopted in relation to these decisions, alongside consideration of other key principles discussed in this section.

## 4.1.6 Environmental Outcomes

It is expected that environmental outcomes will be achieved through the application of the above principles, including Council's Strategic Direction, 'Room for River' and catchment-based approaches. This will involve the consideration and incorporation of more nature-based solutions in place of hard infrastructure where practicable, or steps taken in the longer term to establish nature based solutions through the adaptation and application of the PARA Framework.

## 4.1.7 Resilience

Throughout the lifetime of this Strategy, it is expected that Council will:

- Continue to undertake periodic risk assessments of infrastructure condition and performance to further inform understanding and communication of risk.
- Understand the impact of super design (over design) events on scheme infrastructure and incorporate into risk assessments and subsequent decision making.
- Incorporate resilience improvements into maintenance and renewals where appropriate. This may involve maintaining or increasing current levels of service in response to risk analysis.
- Increase community engagement about risk and resilience, and increased involvement of community in decision making.

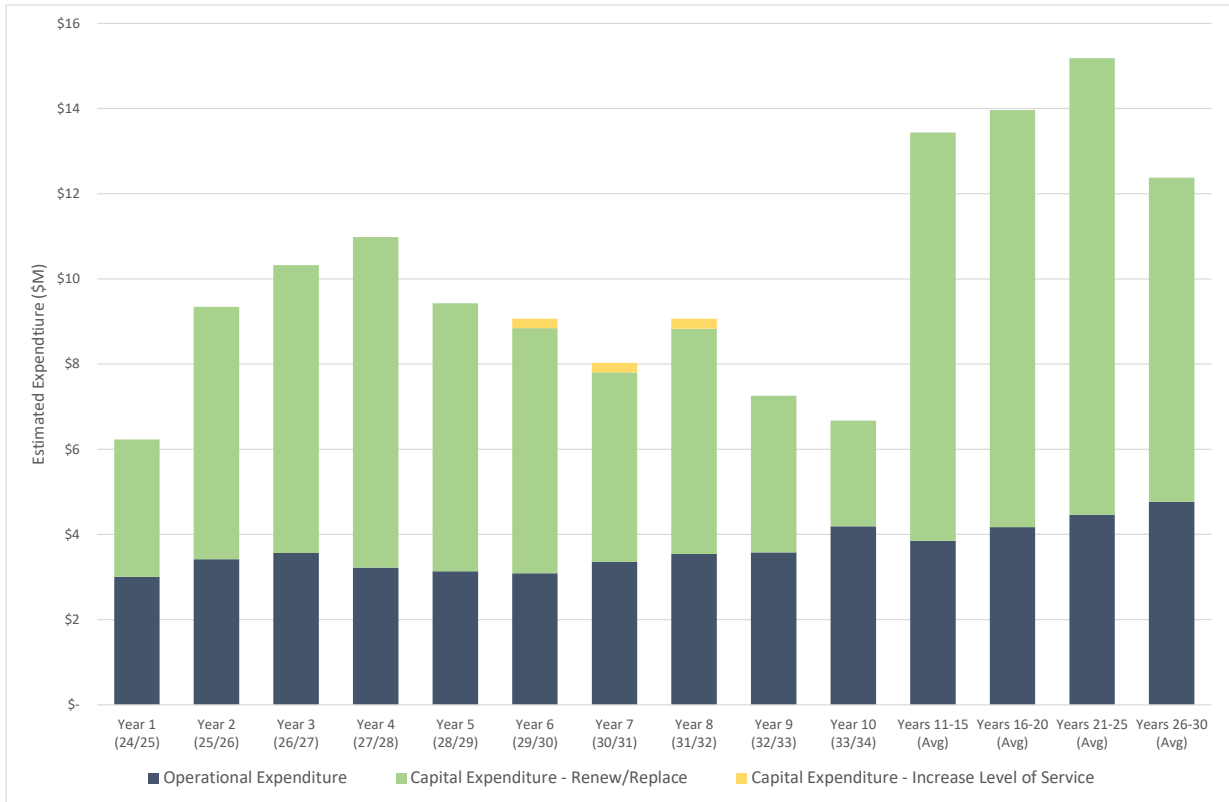
## 4.2 Operational and Capital Expenditure Summary

Figures 8 and 9 summarise the estimated distribution of operational and capital expenditure over the lifetime of this Strategy for all scheme and river management infrastructure respectively. Table 20 further breakdowns these costs by expenditure type to give the overall expenditure estimated over the lifetime of this Strategy.

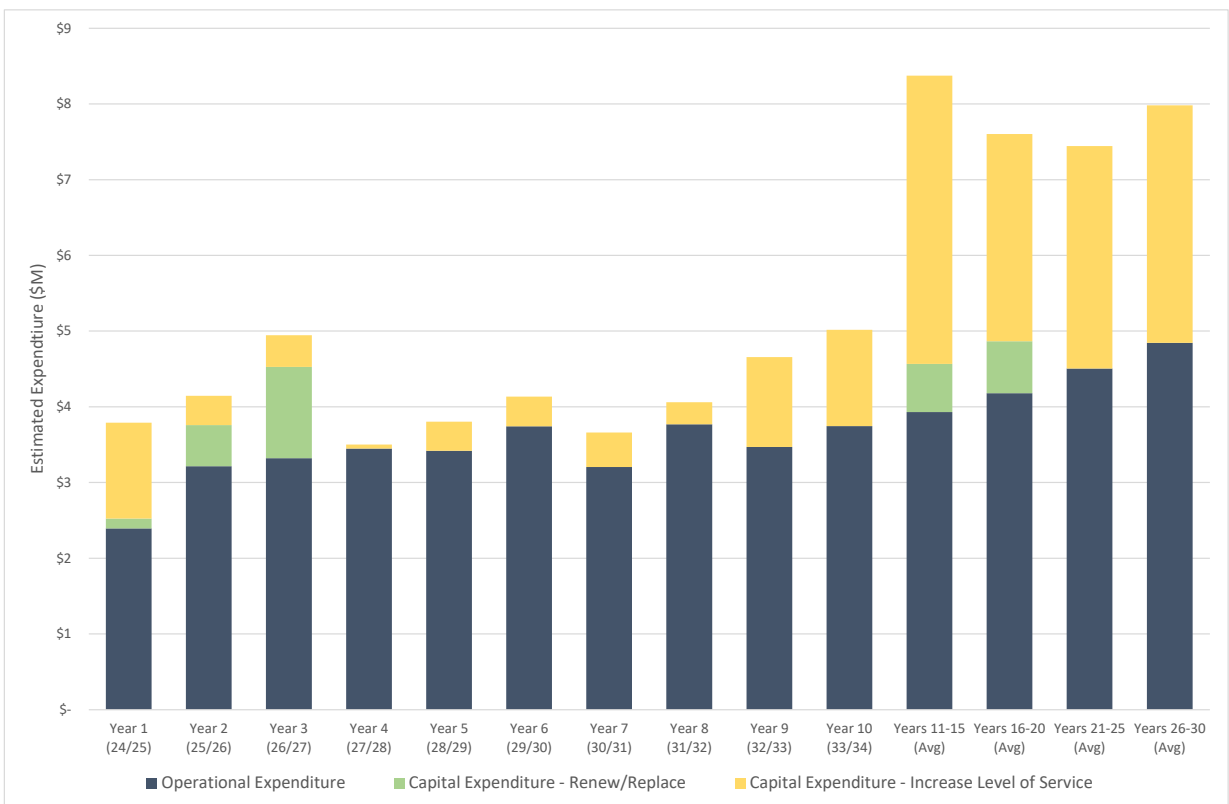
The following general assumptions have been made regarding estimated expenditure:

- Staff time and overheads have been excluded.
- Depreciation is not included.
- Best efforts have been made in relation to construction assumptions and associated estimates. Where opportunities exist, Council will endeavour to take the most optimal financial solution.

In general, there is a higher degree of certainty in the first ten years of the investment forecast, however projects and programmes identified in the subsequent two decades may change in response to new information and changes in demand and future needs. There remains some uncertainty within the first ten years, particularly where investigations and design are to commence.



**Figure 8. Breakdown of estimated operational and capital expenditure for flood protection and drainage infrastructure**



**Figure 9. Breakdown of estimated operational and capital expenditure for river management infrastructure. Note that the operational expenditure represented above also includes expenditure for riparian and channel management that is not directly related to infrastructure.**

**Table 20. Summary of capital and operational expenditure by category**

<b>Expenditure Type</b>	<b>Year 1 (24/25)</b>	<b>Year 2 (25/26)</b>	<b>Year 3 (26/27)</b>	<b>Year 4 (27/28)</b>	<b>Year 5 (28/29)</b>	<b>Year 6 (29/30)</b>	<b>Year 7 (30/31)</b>	<b>Year 8 (31/32)</b>	<b>Year 9 (32/33)</b>	<b>Year 10 (33/34)</b>	<b>Years 11-15 (Average)</b>	<b>Years 16-20 (Average)</b>	<b>Years 21-25 (Average)</b>	<b>Years 26-30 (Average)</b>
<b>Flood Protection and Drainage Scheme Infrastructure</b>														
Operational Expenditure	\$3.00M	\$3.42M	\$3.56M	\$3.22M	\$3.14M	\$3.09M	\$3.35M	\$3.54M	\$3.58M	\$4.19M	\$3.85M	\$4.17M	\$4.46M	\$4.76M
Capital Expenditure – Renew/Replace	\$3.23M	\$5.93M	\$6.76M	\$7.76M	\$6.29M	\$5.75M	\$4.45M	\$5.29M	\$3.68M	\$2.48M	\$9.58M	\$9.79M	\$10.73M	\$7.61M
Capital Expenditure – Increase Levels of Service	\$0.00M	\$0.00M	\$0.00M	\$0.00M	\$0.00M	\$0.22M	\$0.23M	\$0.23M	\$0.00M	\$0.00M	\$0.00M	\$0.00M	\$0.00M	\$0.00M
Sub-total (Scheme Infrastructure)	<b>\$6.23M</b>	<b>\$9.34M</b>	<b>\$10.32M</b>	<b>\$10.98M</b>	<b>\$9.43M</b>	<b>\$9.07M</b>	<b>\$8.03M</b>	<b>\$9.06M</b>	<b>\$7.26M</b>	<b>\$6.67M</b>	<b>\$13.44M</b>	<b>\$13.96M</b>	<b>\$15.19M</b>	<b>\$12.38M</b>
<b>River Management Infrastructure</b>														
Operational Expenditure	\$2.39M	\$3.21M	\$3.32M	\$3.45M	\$3.42M	\$3.74M	\$3.21M	\$3.77M	\$3.47M	\$3.75M	\$3.93M	\$4.18M	\$4.51M	\$4.84M
Capital Expenditure – Renew/Replace	\$0.13M	\$0.54M	\$1.20M	\$0.00M	\$0.00M	\$0.00M	\$0.00M	\$0.00M	\$0.00M	\$0.00M	\$0.63M	\$0.68M	\$0.00M	\$0.00M
Capital Expenditure – Increase Levels of Service	\$1.27M	\$0.39M	\$0.42M	\$0.05M	\$0.38M	\$0.39M	\$0.46M	\$0.29M	\$1.19M	\$1.27M	\$3.81M	\$2.74M	\$2.94M	\$3.14M
Sub-total (River Management Infrastructure)	<b>\$3.79M</b>	<b>\$4.14M</b>	<b>\$4.95M</b>	<b>\$3.50M</b>	<b>\$3.80M</b>	<b>\$4.13M</b>	<b>\$3.66M</b>	<b>\$4.06M</b>	<b>\$4.66M</b>	<b>\$5.02M</b>	<b>\$8.37M</b>	<b>\$7.60M</b>	<b>\$7.44M</b>	<b>\$7.98M</b>
Total Expenditure	<b>\$10.02M</b>	<b>\$13.49M</b>	<b>\$15.27M</b>	<b>\$14.48M</b>	<b>\$13.23M</b>	<b>\$13.20M</b>	<b>\$11.69M</b>	<b>\$13.12M</b>	<b>\$11.91M</b>	<b>\$11.69M</b>	<b>\$21.81M</b>	<b>\$21.57M</b>	<b>\$22.63M</b>	<b>\$20.36M</b>

### 4.3 Investment Programme

The following diagrams provide a further breakdown of the indicative estimates of the projected capital and operating expenditure associated with the management of Council's flood protection, drainage, and river management infrastructure in each of the first ten years and subsequent periods of five years up to the 30-year lifetime of this Strategy.

Throughout the lifetime of this Strategy, it is expected that Council will reach several decision points related to key projects and programmes of work that may come with significant implications in terms of cultural, environmental, social and/or economic impact. The estimated timing of these decisions is highlighted in the following diagrams, with further discussion on the decision drivers, options and assumptions in the section that follows.

The diagrams are ordered as follows:

- Diagram 1 Alexandra Flood Protection Scheme
- Diagram 2 Leith Flood Protection Scheme
- Diagram 3 Lower Clutha Flood Protection & Drainage Scheme
- Diagram 4 Lower Taieri Flood Protection Scheme
- Diagram 5 West Taieri Drainage Scheme
- Diagram 6 East Taieri Drainage Scheme
- Diagram 7 Tokomairiro Drainage Scheme
- Diagram 8 River Management Infrastructure  
(including Lindsay Creek Flood Mitigation Scheme — a provisional scheme within this Strategy)

**Diagram 1: Alexandra Flood Protection Scheme**

Year	Estimated Expenditure \$,000's														
	Y1 2024/25	Y2 2025/26	Y3 2026/27	Y4 2027/28	Y5 2028/29	Y6 2029/30	Y7 2030/31	Y8 2031/32	Y9 2032/33	Y10 2033/34	Y11-15 2035-39	Y16-20 2040-44	Y21-25 2045-49	Y26-Y30 2050-54	
<b>Routine / Business as Usual Activities</b>															
Scheduled Maintenance and Inspections					2,338							1,451	1,565	1,679	1,794
Pump Maintenance					101										
Contact Energy Consent Renewal												41			
<b>Projects</b>															
Public Safety Assessment	10														
Pump Renewals											3,808				

**Diagram 2: Leith Flood Protection Scheme**

Year	Estimated Expenditure \$,000's														
	Y1 2024/25	Y2 2025/26	Y3 2026/27	Y4 2027/28	Y5 2028/29	Y6 2029/30	Y7 2030/31	Y8 2031/32	Y9 2032/33	Y10 2033/34	Y11-15 2035-39	Y16-20 2040-44	Y21-25 2045-49	Y26-Y30 2050-54	
<b>Routine / Business as Usual Activities</b>															
Scheduled Maintenance and Inspections					1,599							1,079	1,164	1,249	1,334
Designation / Bylaw Renewal										60		63	68	73	78
<b>Projects</b>															
Leith Model Build	204														
Public Safety Assessment	10														
Leith Historic Walls: Feasibility	203										63	68	73	78	
Leith Historic Walls: Construction					1,189						3,173	3,423	3,673	3,923	
Leith Amenity: Feasibility		682									63	68	73	78	
Leith Amenity: Construction						2,508					3,173	3,423	3,673	3,923	

**Key**  
 Operational Expenditure   
 Capital Expenditure   
 Significant Decision Point

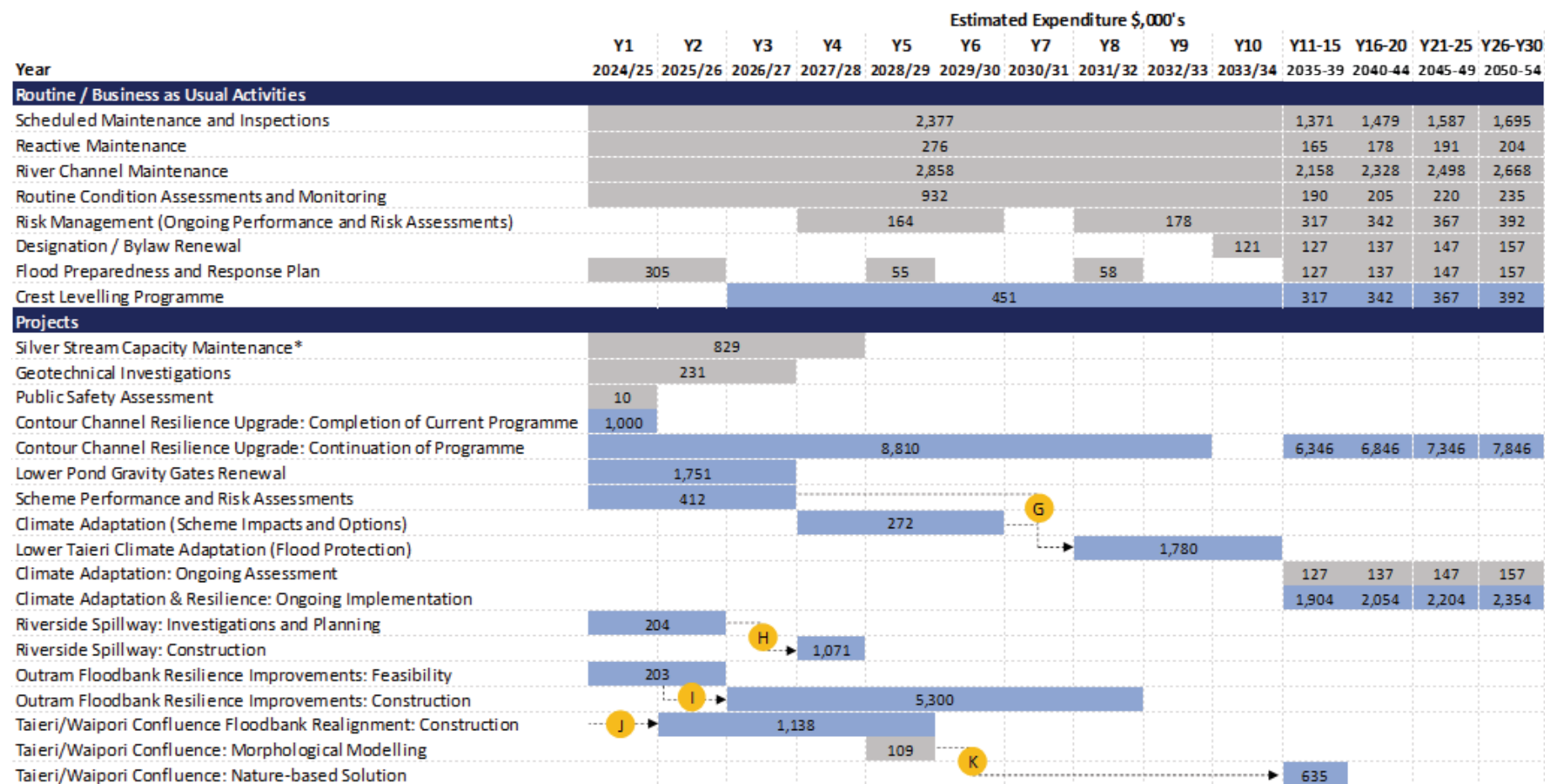


**Diagram 3: Lower Clutha Flood Protection and Drainage Scheme**

Year	Estimated Expenditure \$,000's														
	Y1 2024/25	Y2 2025/26	Y3 2026/27	Y4 2027/28	Y5 2028/29	Y6 2029/30	Y7 2030/31	Y8 2031/32	Y9 2032/33	Y10 2033/34	Y11-15 2035-39	Y16-20 2040-44	Y21-25 2045-49	Y26-Y30 2050-54	
<b>Routine / Business as Usual Activities</b>															
Scheduled Maintenance and Inspections					5,343						3,065	3,307	3,548	3,790	
Reactive Maintenance					553						317	342	367	392	
River Channel Maintenance					3,783						2,475	2,670	2,865	3,060	
Routine Condition Assessments and Monitoring					974						190	205	220	235	
Risk Management (Ongoing Performance and Risk Assessments)					166				298		317	342	367	392	
Flood Preparedness and Response Plan	81			86			92				159	171	184	196	
Designation / Bylaw Renewal			212							242	254	274	294	314	
Culvert Renewal Programme						1,011					635	685	735	785	
Crest Levelling Programme						451					317	342	367	392	
Contact Energy Consent Renewal												41			
<b>Projects</b>															
Puerua Outfall Tactical Maintenance		307													
Public Safety Assessment	10														
Pump Station Weed Management - Research and Development			156												
Balclutha Township Relief Well Replacements			262			279			297				1102		
Pump Station Communications Upgrade			263												
Puerua Outfalls Culvert (Training Line) Adaptation	C		1,490												
Lower Clutha Drain 222 Bridge Improvements		615													
Lower Clutha Drainage Model Build			105												
Provision for Floodbank Track Development Contribution						684									
Scheme Performance and Risk Assessments		309													
Scheme Impacts and Options				267											
Managed Relocation of Infrastructure								4,130			6,346	6,846	7,346	7,846	
Clutha Delta Split Lagoon Enhancement: Feasibility		207		E											
Clutha Delta Split Lagoon Enhancement: Construction						1,111									
Floodbank realignment: Feasibility	101			F											
Floodbank realignment: Construction						1,670									
Pump Station Upgrades (Pumps)											6,981	9,584	10,284	8,631	

**Key**  
 Operational Expenditure   
 Capital Expenditure   
 Significant Decision Point

**Diagram 4: Lower Taieri Flood Protection Scheme**



\* Ongoing capacity maintenance incorporated as routine activity from Year 5 onwards (River Channel Maintenance).

**Key**  
 Operational Expenditure   
  Capital Expenditure   
  Significant Decision Point

**Diagram 5: West Taieri Drainage Scheme**

Year	Estimated Expenditure \$,000's														
	Y1 2024/25	Y2 2025/26	Y3 2026/27	Y4 2027/28	Y5 2028/29	Y6 2029/30	Y7 2030/31	Y8 2031/32	Y9 2032/33	Y10 2033/34	Y11-15 2035-39	Y16-20 2040-44	Y21-25 2045-49	Y26-Y30 2050-54	
<b>Routine / Business as Usual Activities</b>															
Scheduled Maintenance and Inspections					2,652						1,523	1,643	1,763	1,883	
Reactive Maintenance					332						190	205	220	235	
Routine Condition Assessments and Monitoring					477						317	342	367	392	
Designation / Bylaw Renewal										121	127	137	147	157	
Culvert Renewal Programme						1,011					381	411	441	471	
<b>Projects</b>															
Pump Station Communications Upgrade			263												
Scheme Performance and Risk Assessment			156												
Lake Ascog Pump Station: Pump Renewals		521													
Bridge Renewals		2,031													
Public Safety Assessment		10													
West Taieri Drainage Model Build		255													
Waipori Pump Station Capacity & Seismic Improvements: Assessment			260												
Waipori Pump Station Capacity & Seismic Improvements: Implementation				535											
Pump Station Upgrades (Pumps)											6,346	6,846	7,346		

**Key**  
 Operational Expenditure   
 Capital Expenditure   
 Significant Decision Point

**Diagram 6: East Taieri Drainage Scheme**

Year	Estimated Expenditure \$,000's													
	Y1 2024/25	Y2 2025/26	Y3 2026/27	Y4 2027/28	Y5 2028/29	Y6 2029/30	Y7 2030/31	Y8 2031/32	Y9 2032/33	Y10 2033/34	Y11-15 2035-39	Y16-20 2040-44	Y21-25 2045-49	Y26-Y30 2050-54
<b>Routine / Business as Usual Activities</b>														
Scheduled Maintenance and Inspections					2,294						1,333	1,438	1,543	1,648
Reactive Maintenance					387						222	240	257	275
Routine Condition Assessments and Monitoring					430						317	342	367	392
Culvert Renewal Programme					1,106						476	513	551	588
Designation / Bylaw Renewal										121	127	137	147	157
<b>Projects</b>														
Pump Station Communications Upgrade		263												
Scheme Performance and Risk Assessment		156												
Owhiro Drainage Improvements							1,163							
Silver Stream Pump Station Condition/Environmental Improvement		1,900												
East Taieri Model Build		261												
Public Safety Assessment	10													
Weir and Detention Gate Investigations	41													
Pump Station Upgrades (Pumps)											6,346	6,846	7,346	

**Diagram 7: Tokomairiro Drainage Scheme**

Year	Estimated Expenditure \$,000's													
	Y1 2024/25	Y2 2025/26	Y3 2026/27	Y4 2027/28	Y5 2028/29	Y6 2029/30	Y7 2030/31	Y8 2031/32	Y9 2032/33	Y10 2033/34	Y11-15 2035-39	Y16-20 2040-44	Y21-25 2045-49	Y26-Y30 2050-54
<b>Routine / Business as Usual Activities</b>														
Scheduled Maintenance and Inspections					1,139						651	702	754	805
Reactive Maintenance					221						127	137	147	157
Routine Condition Assessments and Monitoring					405						317	342	367	392
Designation / Bylaw Renewal										60	63	68	73	78
Culvert Renewal Programme						1,112					476	513	551	588
<b>Projects</b>														
Bridge Repairs		619												
Tokomairiro Drainage Scheme Model Build				270										
Public Safety Assessment	10													

**Key**  
 Operational Expenditure   
 Capital Expenditure   
 Significant Decision Point

**Diagram 8: River Management Infrastructure**

Year	Estimated Expenditure \$,000's													
	Y1 2024/25	Y2 2025/26	Y3 2026/27	Y4 2027/28	Y5 2028/29	Y6 2029/30	Y7 2030/31	Y8 2031/32	Y9 2032/33	Y10 2033/34	Y11-15 2035-39	Y16-20 2040-44	Y21-25 2045-49	Y26-Y30 2050-54
<b>Routine / Business as Usual Activities</b>														
Dunedin Area: Channel and Riparian Management*					5,947						3,427	3,765	3,967	4,315
Clutha Area: Channel and Riparian Management*					7,105						4,315	4,450	4,922	5,100
Central Otago Area: Channel and Riparian Management*					5,127						3,268	3,457	3,783	4,041
Wakatipu Area: Channel and Riparian Management**					4,774						2,830	2,985	3,203	3,578
Wanaka Area: Channel and Riparian Management***					3,370						1,701	1,807	1,895	2,103
Waitaki Area: Channel and Riparian Management*					4,346						2,634	2,841	3,049	3,256
Lower Waitaki River Control Scheme: Contribution to Scheme Operation					2,545						1,480	1,596	1,713	1,830
<b>Dunedin Area Projects - Infrastructure Related Only</b>														
Middlemarch: Hazard Mitigation Investigations		156												
Middlemarch: Tactical Maintenance		154												
Middlemarch: Hazard Mitigation Improvements						335					6,346			
Lindsay Creek / North East Valley Resilience: Flood Response Plan	5													
Lindsay Creek: Legalisation of land ownership		101												
Lindsay Creek: Identification of flood mitigation options			155											
Lindsay Creek: Hydraulic Modelling			450											
Lindsay Creek: Implementation of Flood Mitigation							3,525				12,692	13,692	14,692	15,692
Lindsay Creek: Quarry Bridge	1,000													
Kaikorai Stilling Basin: Resilience and Environmental Enhancement			1,714								3,173	3,423		
Kaikorai Stream: Improvements			156											
River Mouth Monitoring Technology Installation		123												
<b>Clutha Area Projects - Infrastructure Related Only</b>														
River Mouth Monitoring Technology Installation		41												
<b>Wanaka Area Projects - Infrastructure Related Only</b>														
Stoney Creek: Investigation		41												
Stoney Creek: Staged Improvements				106			57			60				
<b>Waitaki Area Projects - Infrastructure Related Only</b>														
Completion of Waitaki Designation	100													
<b>All Areas - Infrastructure Related Only</b>														
All - Public Safety Assessment	75													

\* Channel and Riparian Management is the total estimated expenditure for routine works within each river management area. Note that only a portion of this expenditure relates to river management infrastructure.

\*\* Includes Shotover Training Line and Dart/Rees (Head of Lake Whakatipu Natural Hazards Adaptation), related works.

\*\*\* Includes Albert Town Rock Buttress.

**Key**

Operational Expenditure    Capital Expenditure    Significant Decision Point

## 4.4 Significant Decisions

The Infrastructure Investment Programme in the preceding section identifies several significant decisions that Council is expected to consider over the lifetime of this strategy.



This section provides more detail about each significant decision point, including the decision drivers, options, and assumptions (Tables 21 to 25).

The anticipated scale of costs has been included to meet the requirements of the Local Government Act; however, it is noted that there are other values that will need to be considered at the time of any decision making including, environmental, social, and cultural values. Risk exposure will also require consideration. The scale of costs has been given a low to high rating that is defined as follows:





- Low – Costs estimated to be in the order of tens of thousands.
- Moderate – Costs estimated to be in the order of hundreds of thousands.
- High – Costs estimated to be in the order of millions.
- Very high – Costs estimated to be in the tens of millions.

Note that the options presented in Tables 21 to 25 are subject to change based on investigation and optioneering work that will precede each decision.






**Table 21. Leith Flood Protection Scheme – Significant decision points, decision drivers, options, and assumptions.**

Decision/Project Decision Timing	Principal Options		Assumptions
	Options	Scale of Costs	
<p><b>A</b></p> <p><b>Leith Historic Walls</b> Year 3 (2026/27)</p> <p>Decision Drivers (Key Significant Issues):</p> 	Continue to maintain historic walls in current state.	<p>Low to moderate (ongoing operational costs, increasing with time)</p> <p>Moderate (unplanned capital, in event of damage or failure)</p>	<p>No increase to scheme levels of service anticipated through the replacement of the historic walls.</p> <p>Assumes some alignment with amenity work (Significant Decision B) where practicable.</p>
	Replace historic walls within Leith Flood Protection Scheme.	<p>Very High (initial capital combined with amenity works)</p> <p>Low (ongoing operational costs)</p>	
<p><b>B</b></p> <p><b>Leith Amenity</b> Year 4 (2027/28)</p> <p>Decision Drivers (Key Significant Issues):</p> 	Do nothing. Ongoing maintenance of concrete structures and no change in amenity value.	Low to moderate (ongoing operational costs)	<p>No increase to scheme levels of service anticipated through this work, however opportunities to increase levels of service would be explored during design process.</p>
	Undertake amenity works from Forth Street to Harbour.	<p>High (initial capital combined with historic walls work)</p> <p>Low (ongoing operational costs)</p>	

**Table 22. Lower Clutha Flood Protection and Drainage Scheme – Significant decision points, decision drivers, options, and assumptions.**


Decision/Project <i>Decision Timing</i>	Principal Options		Assumptions
	Options	Scale of Costs	
<b>C</b> <b>Puerua Outfalls Culvert (Training Line) Adaptation</b> <i>Year 1 (2024/25)</i>  Decision Drivers (Key Significant Issues) 	Do nothing. Continue to undertake tactical maintenance to retain Puerua River outlet and training line.	Moderate (ongoing reactive operational costs)	No increase to levels of service.  Managed retreat would be a staged and long-term approach to be implemented alongside other scheme wide adaptation measures.  Changes to levels of service anticipated through adaptation measures, however scale to be determined.
	Retain and improve resilience of existing training line and culverts.	High (capital and ongoing reactive operational costs)	
	Managed retreat from area.	High (initial capital)  Low (ongoing operational costs)	
<b>D</b> <b>Managed Relocation of Infrastructure</b> <i>Year 6 (2029/30)</i>  Decision Drivers (Key Significant Issues): 	Do nothing. Ongoing maintenance and repair of critical flood protection infrastructure.	Moderate to High (ongoing operational costs and capital for repairs)	No increase to levels of service.  Staged adaptation of the coastal area consistent with 'C' above will require infrastructure modifications to continue to provide flood protection and land drainage.  Changes to levels of service anticipated through adaptation measures, however scale to be determined.
	Planned and staged relocation of infrastructure.	Very High (initial capital)  Low to moderate (ongoing operational costs)	
<b>E</b> <b>Clutha Delta Split Lagoon Enhancement</b> <i>Year 4 (2027/28)</i>  Decision Drivers (Key Significant Issues): 	Do nothing.	Low to moderate (ongoing operational costs)	No increase to levels of service.  Work will be carried out in collaboration with other interested parties and stakeholders.
	Replace culverts.	Moderate (initial capital)  Low (ongoing operational costs)	
	Replace culverts and integrate nature-based solution.	Moderate to high (initial capital)  Low (ongoing operational costs)	
<b>F</b> <b>Floodbank Realignment</b> <i>Year 3 (2026/27)</i>  Decision Drivers (Key Significant Issues): 	Retain current floodbank alignment at location downstream of Riverbank Road.	Moderate to high (ongoing operational costs and capital costs associated with ongoing repair)	No changes to current levels of service.
	Realign floodbank downstream of Riverbank Road to improve resilience of floodbank and retain current level of service.	High (initial capital)  Low to moderate (ongoing operational costs)	

**Table 23. Lower Taieri Flood Protection Scheme – Significant decision points, decision drivers, options, and assumptions.**



Decision/Project Decision Timing	Principal Options		Assumptions
	Options	Scale of Costs	
<p><b>G</b></p> <p><b>Climate Adaptation</b> Year 7 (2030/31)</p> <p>Decision Drivers (Key Significant Issues):</p> 	<p>Do nothing. Make no changes to scheme to adapt to changing climate.</p>	<p>Low to moderate (operational costs, escalating costs as exposure to climate changes impacts on maintenance/repairs)</p>	<p>Assumes climate adaptation work will be staged.</p>
	<p>Adapt scheme to changing climate.</p>	<p>High to very high (capital costs)</p>	
<p><b>H</b></p> <p><b>Riverside Spillway</b> Year 3 (2026/27)</p> <p>Decision Drivers (Key Significant Issues):</p> 	<p>Do nothing. Maintain current spillway and operational protocols.</p>	<p>Low to moderate (ongoing operational and repair costs)</p>	<p>No increase to levels of service.</p> <p>Assumes that removal of spillway gates will be considered.</p>
	<p>Modify spillway to operate at fixed level (or alternative as determined by investigations).</p>	<p>High (initial capital) Low to moderate (ongoing operational and repair costs)</p>	
<p><b>I</b></p> <p><b>Outram Floodbank Resilience Improvements</b> Year 2 (2025/26)</p> <p>Decision Drivers (Key Significant Issues):</p> 	<p>Do nothing.</p>	<p>Low (ongoing operational costs)</p>	<p>No increase to levels of service.</p>
	<p>Improve resilience of floodbank in proximity to Outram.</p>	<p>High (initial capital cost)</p>	
<p><b>J</b></p> <p><b>Taieri/Waipori Confluence Floodbank Realignment</b> Year 1 (2024/25)</p> <p>Decision Drivers (Key Significant Issues):</p> 	<p>Repair floodbank on current alignment.</p>	<p>Low to moderate (ongoing operational costs for repairs and maintenance)</p>	<p>No increase to levels of service.</p>
	<p>Realign floodbank to maintain performance and improve resilience of this portion of the scheme.</p>	<p>High (initial capital cost)</p>	
<p><b>K</b></p> <p><b>Taieri/Waipori Confluence: Nature-based Solution</b> Year 6 (2029/30)</p> <p>Decision Drivers (Key Significant Issues):</p> 	<p>Do nothing.</p>	<p>Low (ongoing operational costs)</p>	<p>No increase to levels of service.</p>
	<p>Contribute to environmental value of the area by incorporating a wetland into adjoining wetlands.</p>	<p>High (initial establishment)</p>	



**Table 24. West Taieri Drainage Scheme – Significant decision points, decision drivers, options, and assumptions.**

Decision/Project Decision Timing	Principal Options		Assumptions
	Options	Scale of Costs	
<p><b>L</b></p> <p><b>Waipori Pump Station Capacity and Seismic Improvements</b> Year 3 (2026/27)</p> <p>Decision Drivers (Key Significant Issues):</p> 	No capacity improvements.	Low (ongoing operational costs)	<p>Potential increase in levels of service depending on outcome of assessment and available solutions.</p> <p>Climate change adaptation will be incorporated.</p>
	Improve capacity by addition of a new pump.	Moderate (initial capital)	

**Table 25. Dunedin River Management Area – Significant decision points, decision drivers, options, and assumptions.**

Decision/Project Decision Timing	Principal Options		Assumptions
	Options	Scale of Costs	
<p><b>M</b></p> <p><b>Middlemarch Hazard Mitigation Improvements</b> Year 4 (2027/28)</p> <p>Decision Drivers (Key Significant Issues):</p> 	Do nothing. Ongoing maintenance of waterways.	Low to moderate (ongoing operational costs) Moderate to high (costs associated with major events)	<p>Increase in levels of service as a result of improved hazard mitigation.</p>
	Undertake hazard mitigation improvements.	Moderate to high (capital costs) Low to moderate (costs associated with major events)	
<p><b>N</b></p> <p><b>Lindsay Creek Flood Mitigation Implementation</b> Year 4 (2027/28)</p> <p>Decision Drivers (Key Significant Issues):</p> 	Do nothing. Ongoing maintenance of waterway and existing infrastructure.	Low to moderate (ongoing operational costs) Moderate to high (costs associated with major events)	<p>Increase in levels of service as a result of implementing flood mitigation options.</p> <p>A comprehensive flood protection scheme has been assumed for cost estimate in later years of this Strategy.</p> <p>Levels of service and tolerable residual risk to be determined.</p>
	Implement flood mitigation options that focus on nature-based solutions where practicable.	High to very high (initial capital and implementation costs)	
	Build a flood protection scheme that consists of hard engineering infrastructure.	Very high (initial capital cost)	

## 4.5 Scenarios, Assumptions and Uncertainty

The Local Government Act 2002 requires identification of the most likely scenario impacting infrastructure requirements along with assumptions, uncertainties, and potential impacts of these uncertainties. These have been set out below in Table 26.

**Table 26. Likely scenarios, assumptions, level of uncertainty and reasons and effects of that uncertainty.**

Likely Scenario	Assumptions	Level of uncertainty	Reasons and effect of uncertainty
<b>Climate change including increased weather events and other Natural Hazard events</b>			
<p>Consideration and response to climate change will be consistent with current national and regional projections. Increased significant weather events, or other natural hazard emergencies will continue to occur. Infrastructure Strategy assumes there will be an average of (1) significant event<sup>3</sup>per financial year within Otago.</p>	<p>If climate change effects occur more quickly than anticipated in the investment programme there may be an increased adaption and response to climate change. Future sea level rise does not exceed that projected by current climate science within the 30-year planning horizon. Council cannot accurately predict when and where large flood events will occur, or the damage that may result from any flood event. There will be increased frequency of weather events that cause damage to infrastructure assets.</p>	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. Potential climate change impacts are being considered through scheme performance and detailed investigation as prediction and adaptation information becomes available. The Council will manage the effect through its reserves to repair or replace infrastructural assets that are damaged and/or destroyed. The infrastructure strategy will use scheme reserves that are built up over time to help ensure funding up to 40% of the expenditure is available across the schemes. <sup>4</sup> Within 50 years, climate changes will start to become more significant and will require response and or implementation of adaptation strategies within the 30-year timeframe. The infrastructure strategy allows for this, noting that there are ‘known and unknown’ effects. The key to appropriate planning and response is the investigations and planning to implement adaptation strategies. The infrastructure considers climate change and provides to investigate the impact on the management of flood protection and land drainage scheme assets.</p>
<b>Legislative Change</b>			
<p>Legislative changes will change marginally, however current forecast allows for adaptation.</p>	<p>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.</p>	High	<p>There is a high level of uncertainty because legislative change is highly 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.</p>

<sup>3</sup> Significant event is defined as flood protection trigger levels are reached or exceeded in a scheme and the event reaches repair cost threshold in accordance with NEMA guidelines.

<sup>4</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.

Likely Scenario	Assumptions	Level of uncertainty	Reasons and effect of uncertainty
<b>Asset Lifecycle</b>			
Council will invest in its owned infrastructure relating to flood protection, land drainage and river assets to ensure resilience and level of service to be provided by the infrastructure. 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.	The Council has sufficient funds to replace significant assets at the end of their useful lives. The Council has sufficient known information to support its asset lifecycle costs.	Medium	The continued development of asset management systems including forecasting and modelling tools will continue through Years 1 to 10. It is expected that maturity in asset management systems and consolidation of known information will provide Council an improved basis of determining capital renewals (increased levels of service) costs. Asset lifecycle costs are based on useful remaining lives, condition assessments and replacement values as of 30 <sup>th</sup> June 2023, which has been drawn from known information available in Councils current systems.
<b>Demand for Level of Service</b>			
Territorial Authorities through their respective planning processes will indicate growth across some areas of Otago in the short and long term, 30-year horizon.	That there will be a demand for flood protection, land drainage and river management and an associated level of service changes due to continued investment and land use change in both urban and rural areas.	Low	That communities and other utility providers (rail, airport and roading networks) will expect the same (or increased) level of service in the future as to meet demand. Communities and other utility providers will be able to pay additional costs to maintain or (increase) that level of service.
<b>Natural Disaster</b>			
Events across New Zealand have shown that natural disaster through prolonged weather events has had a destructive effect on infrastructure and communities. No allowance has been made in investment programmes for repairs to scheme assets resulting from natural disasters.	Natural disasters occur and exceed forecast expenditure and compromise infrastructure functionality.	Medium	Responding to major weather events or other natural disasters is funded through insurance (where insurable) and scheme reserves in response to events. Council has insurance for its above ground fixed assets, such as pumps, control structures etc. Floodbanks are not insured and rely on self-insurance. Council has material damage cover for its specified assets, detailed in relevant insurance schedules. The excess for its material damage policy is generally \$5,000 unless the cause of damage is landslip/subsidence which incurs a \$50,000 excess and damage caused by flood has a \$100,000 excess as at the 2023 renewal. Damage caused by Natural Disaster has an excess of 2.5% of sum insured (minimum \$5000). Council is not able to purchase insurance cover for floodbanks as they are considered as above ground large mounds of earth and as such, they are deemed uninsurable, and insurance cover is not available. It is for this

			<p>reason that Council provides the mechanism of being self-insured for floodbank assets, which draws damage expenditure from respective scheme reserves.</p> <p>Increased renewals or maintenance due to natural disasters will be funded through reserves.</p> <p>Council also will have 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> <p>The Infrastructure Strategy invests in analysis of flooding and disaster readiness and preparedness.</p>
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**Giving ‘rivers room to move’ and PARA Framework**

<p>The principles of ‘giving rivers room to move’ including Te Mana o te Wai and investigating the inclusion of nature-based solutions to adapt to climate change and increased weather patterns within the PARA Framework will be a Council priority. The ORC’s approach to flood protection, land drainage and river management has been transitioning to consider whole of river and catchment approach with effect to giving rivers room to move and Te Mana o te Wai. It is anticipated that the Council will continue to support the progress to take an integrated approach and align flood protection, land drainage and river management infrastructure to not only understanding these principles but implementing in our work activities.</p>	<p>Progress towards incorporating and considering the PARA framework with regard to how our rivers, communities and infrastructure intersect will continue. National direction including regional planning framework will develop in the 30-year horizon that allows the PARA framework which to be implemented by giving effect to giving rivers room to move.</p>	<p>Low</p>	<p>The impacts of national direction, including Te Mana o te Wai, climate change adaptation and changes to regional planning frameworks, have yet to be given effect. These changes may give greater recognition and protection of a range of values in rivers, including biodiversity and those of mana whenua, which may change priorities and outcomes. It is likely some changes will impact the current approach and rate of transition with infrastructural investment, if the changes do not have an appropriate transition period.</p> <p>This will reinforce the strategic directions that Council has set to proactively revive the mauri of rivers, ki uta ki tai including creating a landscape alignment to revive these critical ecological corridors from the mountains to the sea and restore the connections between communities and rivers, which enables adaption to proceed with connection as opposed to an intersection of communities and rivers.</p>
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Scheme maps are ordered as follows:

- Map 1 – Alexandra Flood Protection Scheme
- Map 2 – Leith Flood Protection Scheme
- Map 3 – Lower Clutha Flood Protection and Drainage Scheme
- Map 4 – Tokomairiro Drainage Scheme
- Map 5 – Lower Taieri Flood Protection Scheme
- Map 6 – West Taieri Drainage Scheme
- Map 7 – East Taieri Drainage Scheme
- Map 8 – Combined Lower Taieri Schemes (Flood Protection and Drainage)
- Map 9 – Lower Waitaki River Control Scheme
- Map 10 – Stoney Creek Flood Protection Scheme

Note: The maps show the locality of each Scheme and some of the key infrastructure for each Scheme but do not show all assets or features such as overland flow paths.

# Appendix Map 1

## Alexandra Flood Protection Scheme



● Pump Stations    — Floodbanks



Information on this map may not be used for the purposes of any legal disputes. The user should independently verify the accuracy of any information before taking any action in reliance upon it. This map was generated for A4 printing on 10/01/2024 at the scale of 1:6,000.

# Appendix Map 2

## Leith Flood Protection Scheme



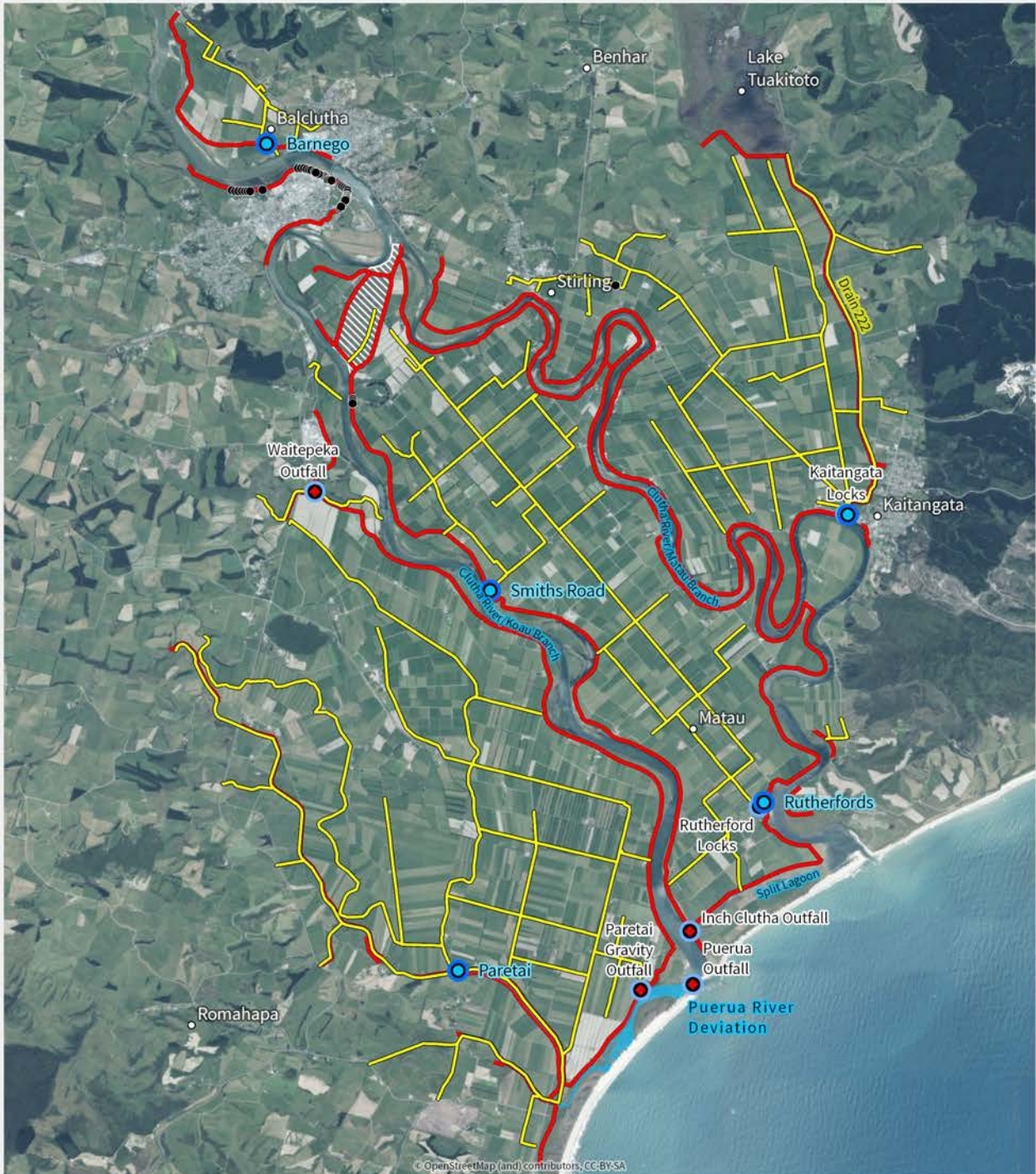
- Concrete/Rock Weir
- Debris/Gravel Traps
- Dividing Wall
- Channel Wall



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# Appendix Map 3

## Lower Clutha Flood Protection and Drainage Scheme



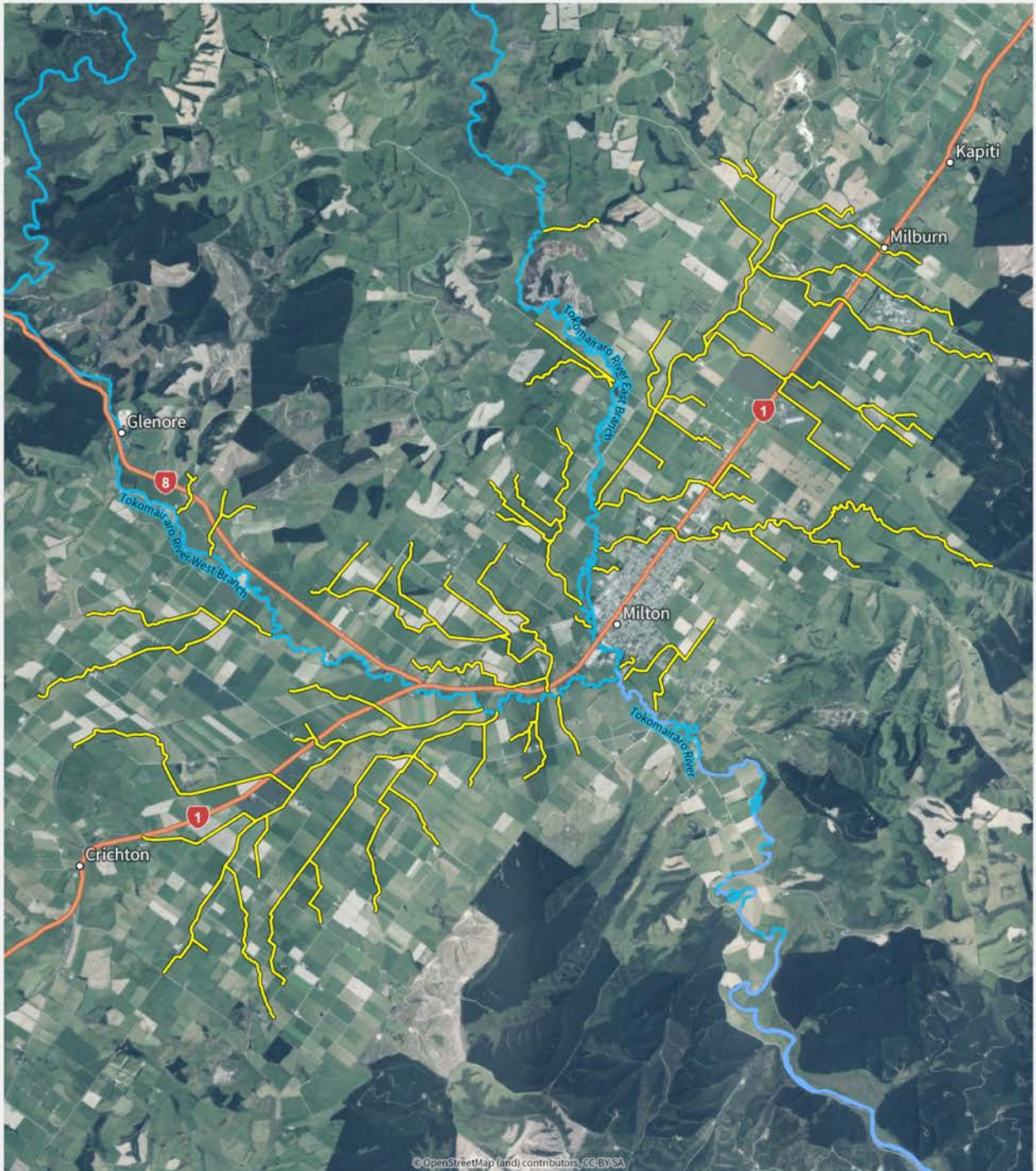
- Pump Stations      ● Relief Wells        Lower Clutha Floodway
- Outfall Structures      — Drains      — Floodbanks



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# Appendix Map 4

## Tokomairiro Drainage Scheme



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— Drains



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# Appendix Map 5

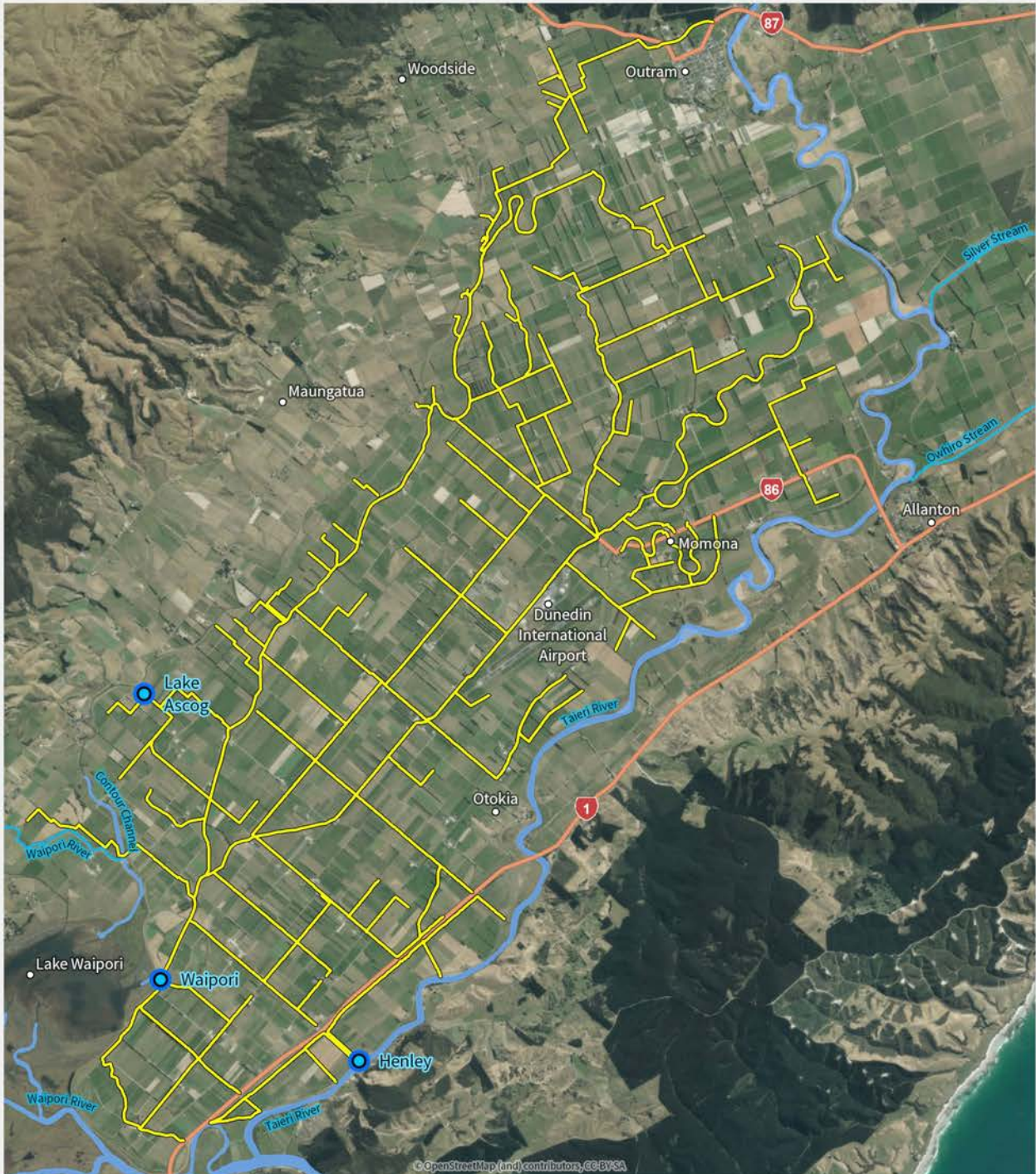
## Lower Taieri Flood Protection Scheme



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# Appendix Map 6

## West Taieri Drainage Scheme



West Taieri Drainage Scheme:

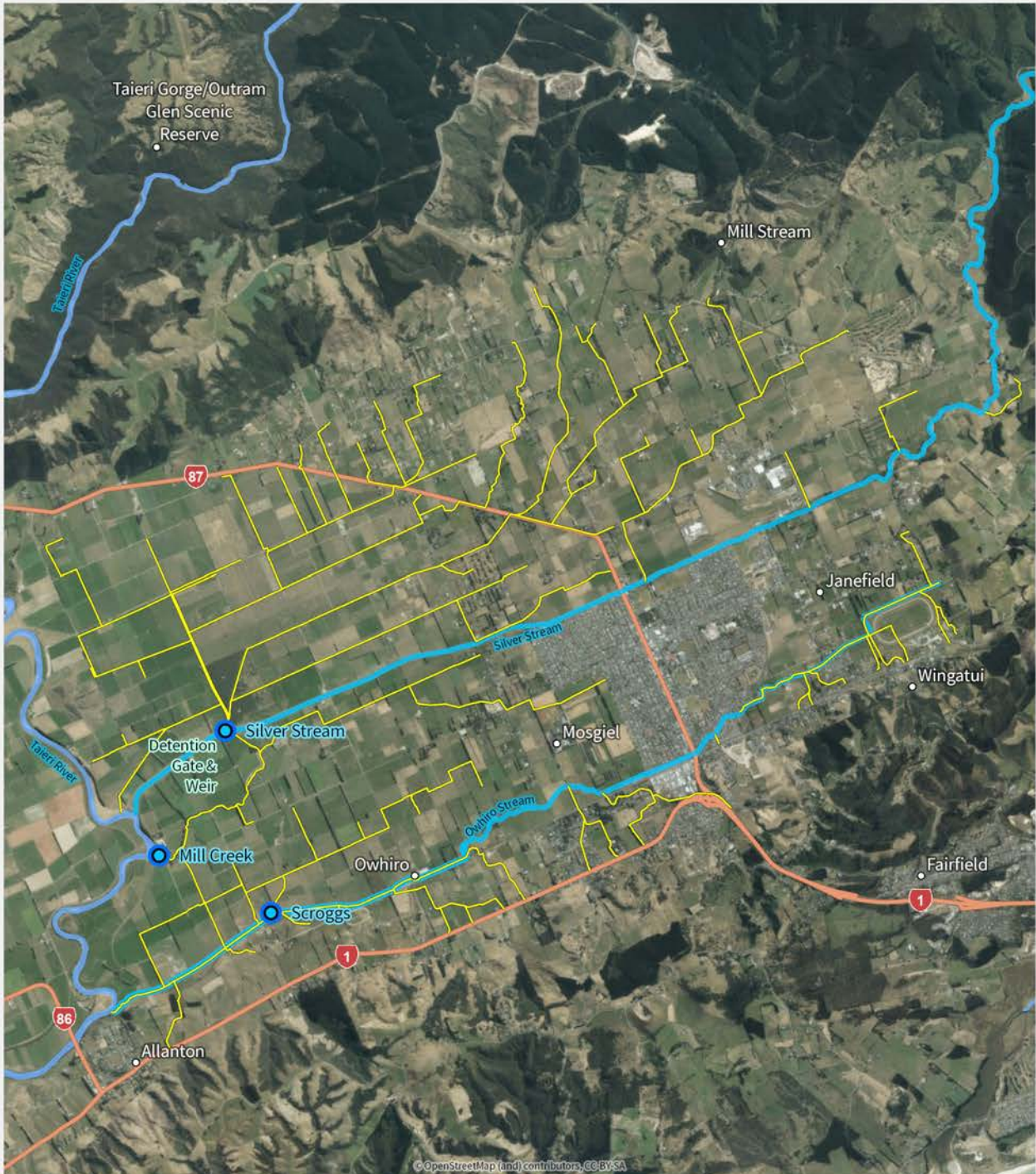
- Pump Stations
- Drains



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# Appendix Map 7

## East Taieri Drainage Scheme



East Taieri Drainage Scheme:

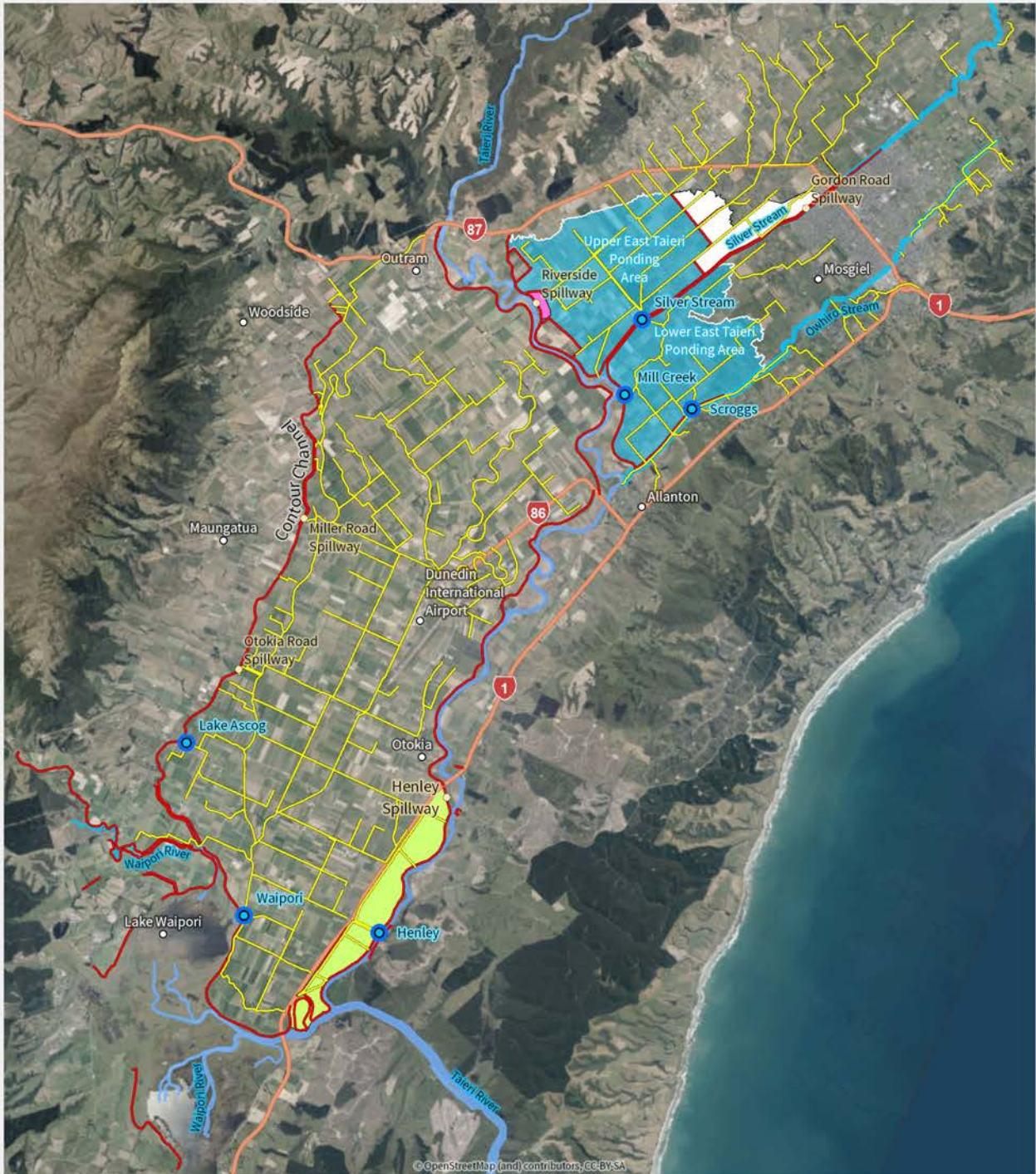
- Drains
- Pump Stations



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# Appendix Map 8

Taieri Flood and Drainage Schemes Combined



**Drainage Scheme:**

● Pump Stations

— Drains

**Flood Protection Scheme:**

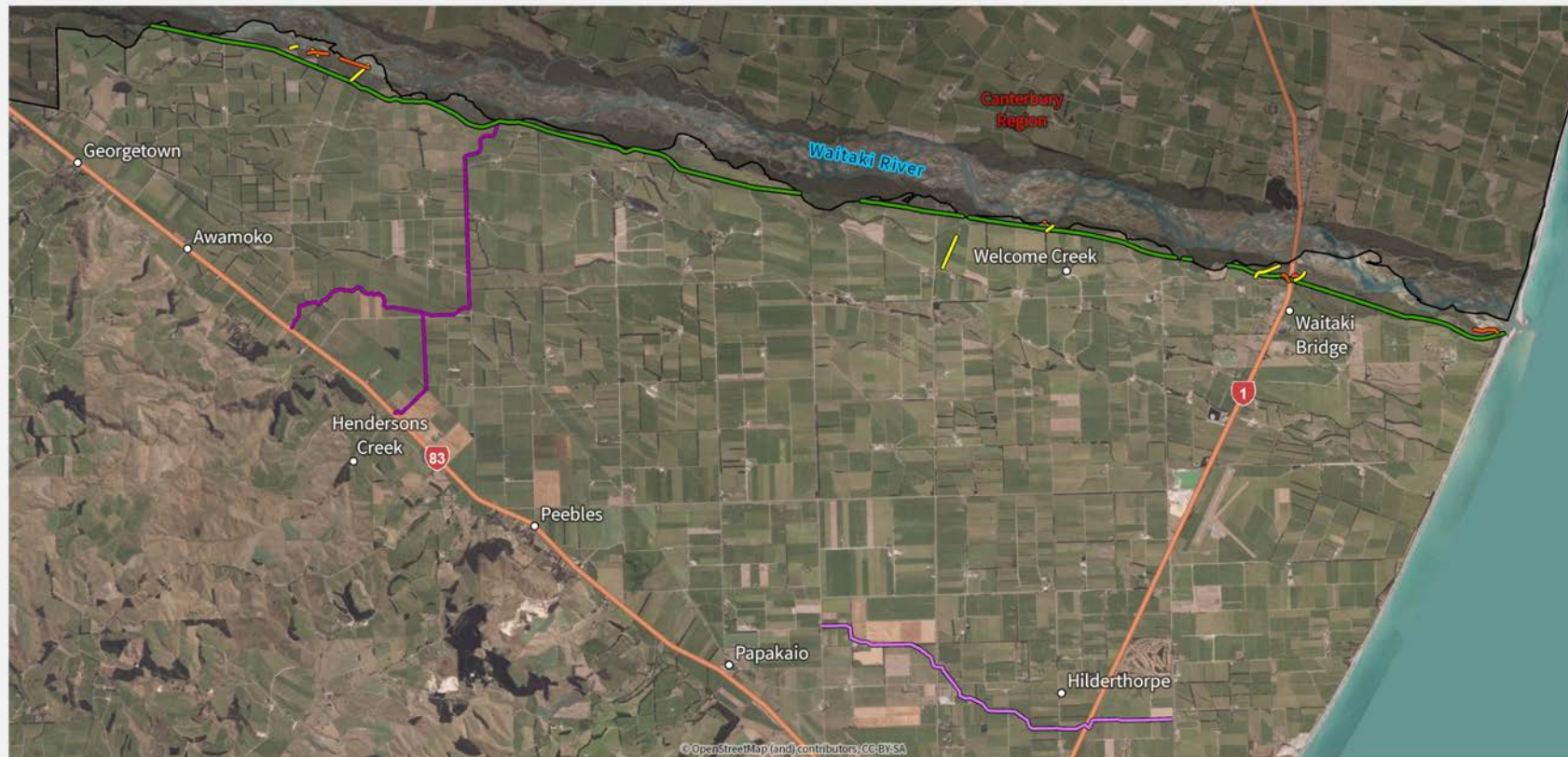
— Floodbanks



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# Appendix Map 9

## Lower Waitaki River Control Scheme



**Lower Waitaki River Control Scheme:**

- Cross Banks
- Flood Protection Vegetation Boundary Line
- Groynes

**River Management Infrastructure:**

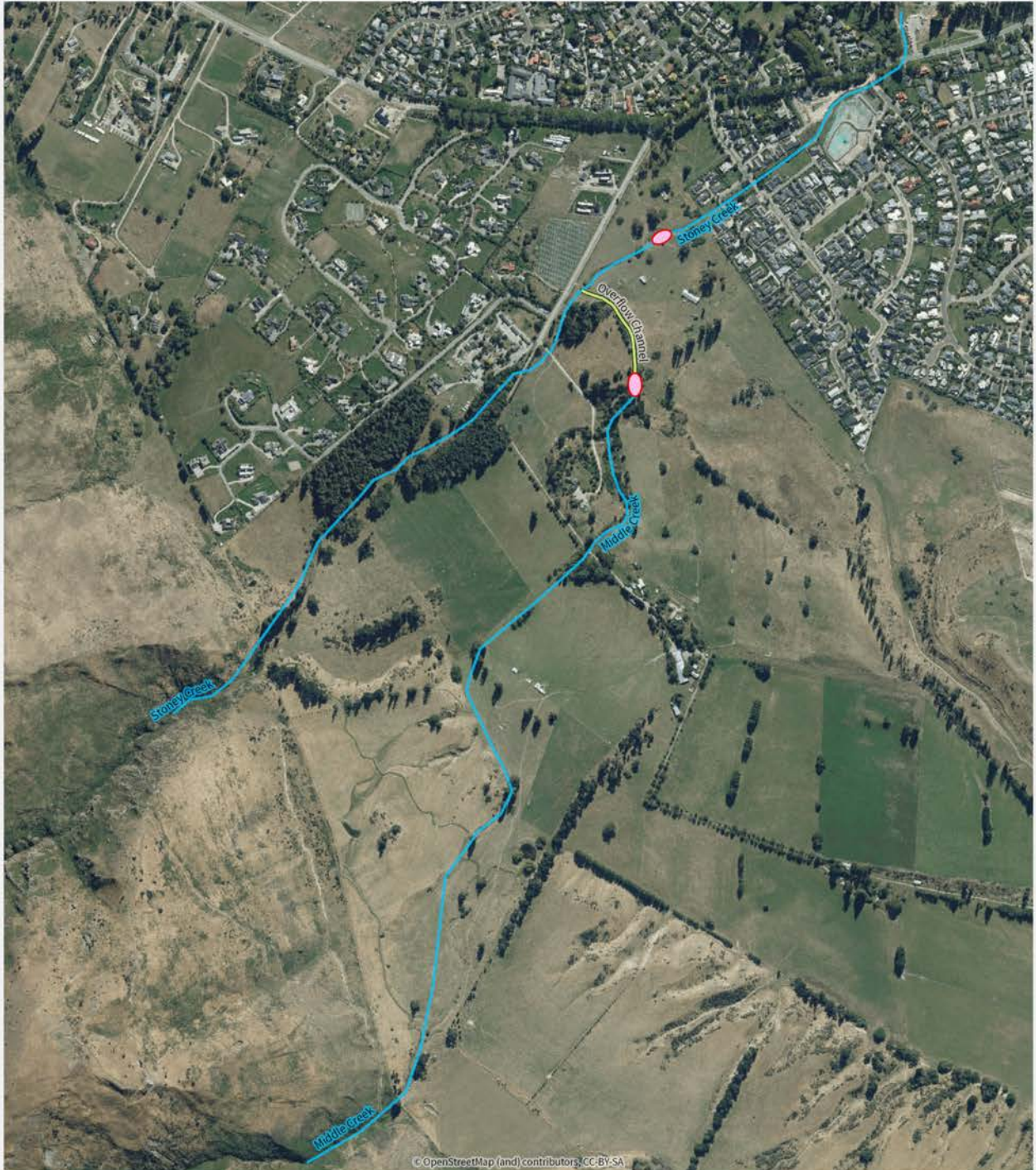
- Hendersons and Waikoura Creek Floodway
- Hilderthorpe Floodway



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# Appendix Map 10

## Stoney Creek Flood Protection Scheme



 Overflow Channel     Debris Trap



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This map was generated for A4 printing on 29/05/2024 at the scale of 1:10,000.

# Revenue and Financing Policy

## Purpose

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

## Introduction

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

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

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

## Guiding Principles

In preparing this policy and giving effect to section 101 (3) considerations, Council has developed and used the following guiding funding principles.

Principle	What does this mean?	How is it applied?
<b>Workable</b>		
<b>Simple</b>	The rates process and calculation should be kept as simple as possible.	Less targeted rates / benefit zones and differentials. Simple general rate – region wide Common rating base. Simple application of investment income offset.
<b>Efficient</b>	The cost of administering and collecting individual rates will not outweigh the amount of that rate or the benefit of maintaining an individual rate.	Separate rates are only used for material funding needs. Fewer rate types and differentials.
<b>Transparent and accountable</b>	People should be able to understand their rates, how activities are funded and what their rates are funding.	Separate targeted rates to highlight those activities. Reserves used to ringfence unspent funds. Communication on where funding is spent.
<b>Fair</b>		
<b>Equitable</b>	Council will consider the balance of: vertical equity – those with a greater means to pay will pay a greater share. Horizontal equity – those with similar circumstances will contribute a similar amount.	CV is general rate basis – aligns to ability to pay. Uniform rates used for activities where services/benefits are the same for every property or are more based on people rather than property. Uniform Annual General Charge used to spread rates more evenly across districts.
<b>Benefit based</b>	Council will consider those that benefit and the period over which that benefit occurs.	Use charges where possible, ie bus fares and consent fees. Targeted rates for identifiable beneficiaries/exacerbators.
<b>Consistent</b>	Application and calculation methodologies for rates will be applied consistently.	Similar types of rates will have a similar rates and application of categories/differentials.

<b>Incentivised</b>	Funding should be consistent with other non-financial outcomes Council is aiming to achieve.	Rates consistent with land use policies and objectives.
<b>Sustainable</b>		
<b>Meets the needs of today while maintaining future affordability</b>	Current costs will be funded from current funding. The future costs of maintaining current levels of service will also be considered.	Balanced budget — at all of Council level and at some activity level.
<b>Intergenerational equity</b>	Future generations that reap the benefit should pay for that benefit.	Long term expenditure, especially capital expenditure, will be funded over the life of those assets. Investment capital will be maintained to ensure income generated is available for distribution to current and future ratepayers.
<b>Certainty</b>	Ratepayers will know how much they will be expected to pay.	Rates smoothing for activities that have fluctuating year-on-year expenditure.

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

## Sources of Funding

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

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



## Te Ture Whenua Māori Act

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

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

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

Council supports these principles through considering how the status of Māori freehold land affects the Act's section 101(3) funding principles. In particular, the distribution of benefits can be substantially different for Māori freehold land compared to land in general ownership.

For example — increase land values can be realised through the sale of general land but not Māori freehold land. As every block of Māori freehold land is different and requires specific consideration, Council's approach is to support the principles of the Te Ture Whenua Māori Act through its policies on rates remission and postponement on Māori freehold land to provide for the most appropriate support for the particular circumstances of the block of land, its ownership structure and the aspirations of the owners.

## Funding Sources for Operating Expenditure

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

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

### General Rates

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

### Valuation System

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

### Uniform Annual General Charge

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

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

### Equalisation

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

### Differential Rating

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

### Targeted Rates

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

Council has set one or more targeted rates to fund a single activity, or a single targeted rate to fund activities. The valuation basis for targeted rates is set individually for each targeted rate and may be based on capital value, land value or land area. Targeted rates may also be set on a uniform basis for all rateable land on which the rate is set, or differentially for different categories of rateable land identified in the funding impact statement.

### Lump Sum Contributions

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

### Fees and Charges

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

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

## Interest and Dividends from Investments

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

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

## Borrowing

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

## Proceeds from the Sale of Assets

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

## Development Contributions

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

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

## Financial Contributions

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

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

## Grants and Subsidies

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

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

## Regional Fuel Taxes

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

## Any Other Sources

### Other Income

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

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

### Reserves

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

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

### Funding Alternatives

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

## Funding Sources for Capital Expenditure

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

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

### Proceeds from the Sale of Assets

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

### Grants and Subsidies

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

### Reserves / Borrowing

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

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

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

## Infrastructure Assets

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

## Non-infrastructure Assets

Council funds capital expenditure non-infrastructure assets through an asset replacement reserve. Depreciation on these assets is funded by the schemes that use them and this income along with disposal proceeds is accumulated in the reserve and used for the purpose of funding replacement or new assets. If there are insufficient funds available in the reserve, borrowing (either internal or external) will be used.

## Major Projects

Tools to fund major capital projects will be considered on a case-by-case basis. Where necessary or appropriate, Council may borrow (either internally or externally) to fund a major project. Such projects will generally be funded via establishing a reserve. If borrowing (either internal or external) is used repayment is funded by any of the operating funding tools available to Council including rates, investment income and transfers from other reserves.

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

## Funding Sources Not Used

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

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

## Funding Needs Analysis

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

First, for each activity Council considered:

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

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

Examples of matters considered in this step include:

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

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

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

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

## Summary of Funding Sources

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

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

General and targeted rate allocations shown below total 100% of total rates for that activity and are applied after the other sources of funding. The percentage splits are indicative of the maximum permitted under each funding source and are subject to marginal variation.

Activity	Sub Activity	Fees & Charges	Other Income	Grants & Subsidies	General Rates	Targeted Rates	Internal	Reserves
<b>Governance and Democracy</b>	Governance and Leadership	Actual			100%			
	Donations				100%			
	Elections				100%			General
<b>Public Awareness</b>	Communications	Actual			100%			
	Customer services				100%			
	Enviroschools				100%			
<b>Regional Planning and Strategy</b>	Regional plans, policies and strategies				100%			
	Private plan changes	100%						
<b>Consents</b>	Consents processing	100%						
	Consents appeals		Actual		100%			
	Consents systems and general				100%			
	Consents public enquiry	Actual			100%			
	Consents reviews <ul style="list-style-type: none"> <li>• consent holder initiated</li> <li>• Council initiated</li> </ul>	100%			100%			
<b>Compliance</b>	Performance monitoring processing	100%						
	Performance monitoring systems and general				100%			
	Audits and compliance reviews	100%						
	Compliance administration	Actual			100%			
	Dairy inspections					100%		
	Fresh water farm plans					100%		
	Contaminated sites administration				100%			
<b>Incidents</b>	Incident response			Actual	100%			
	Enforcement	Actual			100%			
	Oil spills	Actual		Actual	100%			
<b>Harbour Management</b>	Navigational safety					100%		
	Bylaws response and enforcement	Actual				100%		

Activity	Sub Activity	Fees & Charges	Other Income	Grants & Subsidies	General Rates	Targeted Rates	Internal	Reserves
<b>Air</b>	Air science and monitoring				100%			
	Air strategy implementation				100%			
	Air incentive programmes			Actual		100%		
<b>Biosecurity and Biodiversity</b>	Biodiversity science and monitoring				100%			
	Biodiversity implementation			Actual		100%		
	Community grant funding					100%		
	Biosecurity implementation					100%		
	Wilding trees <ul style="list-style-type: none"> <li>• administer grant funding</li> <li>• support for control groups</li> </ul>			100%		100%		
<b>Land and Water</b>	Land and water science and monitoring				100%			
	Land and water implementation			Actual		100%		
	Water quality remediation			Actual		100%		
	Integrated catchment management			Actual		100%		

Activity	Sub Activity	Fees & Charges	Other Income	Grants & Subsidies	General Rates	Targeted Rates	Internal	Reserves
<b>Emergency Management</b>	Emergency management					100%		
<b>Flood Protection and Drainage</b>	Alexandra Flood Protection	Actual			20%	80%		
	Leith Flood Protection				20%	80%		
	Lower Clutha Flood & Drainage <ul style="list-style-type: none"> <li>• Flood</li> <li>• Drainage</li> </ul>	Actual		Actual	20% 10%	80% 90%		Kuriwao
	Lower Taieri Flood Protection	Actual		Actual	20%	80%		
	East Taieri Drainage	Actual		Actual	10%	90%		
	West Taieri Drainage	Actual		Actual	10%	90%		
	Tokomairiro Drainage				20%	80%		
	Scheme Oversight Bylaws	100%					100%	
<b>River Management</b>	River management – Dunedin					100%		
	River management – Clutha					100%		
	River management – Central Otago					100%		



	River management – Queenstown Lakes					100%		
	River management – Waitaki					100%		
	Lower Waitaki River Control					100%		
	River management – non-scheme management						100%	
Climate Change and Hazards	Natural Hazards				100%			
	Flood risk management				100%			
	Climate change adaptation				100%			

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

Activity	Sub Activity	Fees & Charges	Other Income	Grants & Subsidies	General Rates	Targeted Rates	Internal	Reserves
Internal / Overheads	HR / H&S		Actual				100%	
	Finance and Rates						100%	
	Corporate Support						100%	
	Property						100%	
	IT						100%	
	Vehicles and Plant						100%	
	Treasury		100%		100%			100%
	<ul style="list-style-type: none"> <li>• Port Otago on-lending</li> <li>• Port Otago dividends</li> <li>• Managed fund income</li> <li>• Other interest</li> </ul>							
	Regional Integrated Ticketing (RITS)		75%				25%	

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

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

# He Mahi Rau Rika: Otago Regional Council Significance, Engagement and Māori Participation Policy

The current and full Policy is available on ORC's website at [www.orc.govt.nz/hmrr](http://www.orc.govt.nz/hmrr).

He Mahi Rau Rika sets out council's approach to engagement, including practice principles and commitments to meaningful engagement with mana whenua partners, community and stakeholders.

The policy identifies how and when mana whenua partners, communities and stakeholders can expect to be engaged in, or specifically consulted on, decisions about issues and activities.

The policy provides criteria for determining the level of significance of proposals and decision in relation to issues, assets or other matters affecting the Otago region.

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

## Partnership with Kāi Tahu

To recognise the value that engagement with mana whenua adds through the sharing of their knowledge and wisdom, Council works with Kāi Tahu, as mana whenua and representatives of the Treaty partner in the region.

Our commitment is to partner with mana whenua and make mātauraka Kāi Tahu an integral part of our decision making. This recognises the status of mana whenua as the Treaty partner in the Otago region and the need to continue the journey that Council has begun to more effectively involve Māori in decision making.

This includes acknowledging historic grievances and respecting Kāi Tahu ki Otago customs and beliefs when engaging with mana whenua. The process of engagement is based on continuing to build trusted and enduring relationships which require an ongoing commitment. Council has committed to a range of channels and relationships to enable mana whenua participation, support the development of capability, and build relationships.

## Significance

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.

Mana whenua perspectives on the significance of these issues will be sought in order to identify the appropriate level of engagement.

### Assessing significance

Council have identified key criteria and indicative thresholds to assist with determining significance. These include:

- 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 time frames.
- Any financial and other costs or implications.
- The impacts on people's ability to use property or essential services.
- If the issues, proposal, decision or other matter involves a strategic asset.

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.

There may be instances where even though the criteria for significance are met that engagement or consultation is not a requirement, for example, when the views of the community are well understood, or the decision is required in a very short time frame.

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.

Engagement or 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 to the engagement carried out to seek community preferences.

The sort 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
- 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 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.
- 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 a 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.

## Engagement with Māori

Engagement with Māori is a requirement of legislation and a key part of engagement for the Council. The Council aspires to go beyond statutory responsibilities to ensure meaningful engagement with mana whenua based on the principles of partnership of the Treaty of Waitangi/Te Tiriti o Waitangi.

## Strategic Assets

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

- Council shares held in Port Otago Limited.
- 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.



Otago  
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