

# LONG TERM PLAN

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2015 – 25

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# Vision Statement, Goals and Measurements

**VISION: For our Future - A prosperous and sustainable future for Otago.**

## Goal One

**To achieve:**  
Active resource stewardship

### Measurement

Optimal water use – efficiency, irrigation

Sustainable land use and water quality

Ethical mineral use

Evidence-based decision making

Effective enforcement of plans, consents and rules

## Goal Two

**To achieve:**  
Active regional partnerships

### Measurement

Active and regular engagement with stakeholders

A well connected ORC working closely with stakeholders and partners

Strong connections with the Territorial Local Authorities and Ngai Tahu in the region

Partnerships and common projects with nearby regions, e.g. Southland, West Coast and Canterbury

## Goal Three

**To achieve:**  
Realisation of new opportunities

### Measurement

An active programme of enablement by ORC around new resource opportunities

Active interest of private sector parties in opportunities in the region

Active collaboration with regional TLAs and Ngai Tahu on opportunity identification and advancement

## Goal Four

**To achieve:**  
The emergence of a “Brand Otago”

### Measurement

A growing distinctiveness associated with Otago both domestically and internationally

Association in the public mind of Otago with quality – products, experiences, lifestyle, etc

Ultimately, that premium value is attached to things “Otago”

## A Word from the Chair

This Long Term Plan (LTP) sets out our direction and work programmes for 2015 – 2025.

Many ORC projects include long-term resource management activities. Our core business detailed in this plan, is ensuring that the region's water, air, and land are managed as sustainably as possible.

The LTP also provides for the key, but perhaps not so visible, work we do that underpins and supports Otago's economic prosperity. This includes the processing and checking of resource consents, maintaining the region's extensive network of flood and drainage schemes, making sure landowners understand their obligations to control pests - plants and animals, and most importantly, ensuring that recent changes to the Otago Water Plan are implemented.

Public feedback demonstrated how much we Otago people care about making sure our resources are managed well. We appreciate the submissions we received – Council has adjusted parts of the plan in response to these.

I am confident that the major work programmes described in this LTP address important issues for our region. Those with significant financial impact include:

- The increasing demand for water and the need for efficient water use;
- Satisfying the community desire for high water quality without limiting land use activities that may impact on water quality;
- The significant investment needed to complete the development of the Leith Flood Protection Scheme, and the need to invest in new assets to maintain the levels of service provided by existing schemes;
- The provision of affordable improvements to Dunedin's public transport services.

Our community consultations confirm the need for us to increase our activities around water quality and quantity, which means we have to plan to spend more on this work.

This LTP includes substantial activity related to implementing the recent water allocation provisions included in the Otago Water Plan. We will do this by engaging with rural water users to help them make the transition from the historic use of deemed permits to resource consents for water takes.

Council will also ensure that landholders understand what is required of them to improve or maintain good water in Otago waterways, and that they are on track to make any changes needed to achieve this. To assist this, we will deliver regular stakeholder engagement activities and strengthen our monitoring and enforcement programmes.

Other significant areas of work include:

### ***Flood and Drainage Schemes***

Otago's flood protection schemes give a measure of protection and enable the productive use of large flood-prone areas of our region. This plan includes expenditure to maintain or replace existing assets on our flood and drainage schemes. This will ensure agreed protection levels are met. We will also continue the Leith Flood Protection Scheme construction programme, which will improve the level of flood protection for central areas of Dunedin.

### ***Public Transport***

ORC continues to manage the provision of public passenger transport services for Dunedin and Queenstown. Our aim is to ensure a viable, quality service is delivered that will attract patronage growth and which will be affordable for passengers and ratepayers alike.

This plan includes significant improvements for Dunedin passenger transport services that will provide passengers with more reliable and efficient transport options. These include the development during the first two years of the plan of a central bus hub and a new electronic ticketing system.

Over the next two years several bus services will change to operate with more frequent, direct, and consistent routes, making them more accessible for passengers.

### ***Biodiversity***

Otago's biodiversity is currently well managed by many community-based groups, landholders, government departments, and local government.

The submission process showed strong support for the development of a regional biodiversity strategy. We look forward to working with the Otago community to develop this.

### ***Rating***

Council uses general rates and targeted rates to help fund its various activities. Targeted rates are used where there is a defined area of benefit, or a defined group benefiting from an activity.

Otago people benefit from ORC's 100 percent ownership of Port Otago Limited. Each year dividends received from the port company, and interest earned by Council's other investments, subsidise the general rate by more than 50 percent.

The annual rates movement in this LTP ranges from an increase of 6.5 percent in the first year of the plan, to a decrease of 2.8 percent in later years. A one percent increase in rates equates to an average increase of \$0.43 per annum for an average ratepayer.

### ***Targeted rates***

Targeted rates are already in place for river management works, flood and drainage schemes, and public transport services provided in Dunedin and Queenstown. Two new rates are included in the 2015/16 year to help fund water quality monitoring and annual dairy inspections.

### ***River Management Plans***

Community consultation has also made it clear that an increased level of research and planning is needed to manage the effects on rivers of issues such as erosion, flooding and gravel extraction. This LTP provides for us to work with the community on the development and implementation of river management plans for many of Otago's major rivers to address these issues.



Stephen Woodhead  
**Chairman**



## Audit Report

**To the reader:**  
**Independent auditor's report on Otago Regional Council's 2015/25 Long-Term Plan**

I am the Auditor-General's appointed auditor for Otago Regional Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long term plan (the plan). I have carried out this audit using the staff and resources of Deloitte. We completed the audit on 24 June 2015.

### Opinion

In my opinion:

- the plan provides a reasonable basis for:
  - long-term, integrated decision-making and coordination 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 133 to 137 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 and accurately reflect the information drawn from the Regional Council's audited information.

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 complete accuracy of the information in the plan.

### Basis of Opinion

We carried out our work in accordance with the Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.<sup>1</sup>

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 audit procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our audit 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 over the next 30 years;
- the information in the plan is based on materially complete and reliable asset and activity information;
- the Council's key plans and policies have been consistently applied in the development of the forecast information;
- the assumptions set out within 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 within the plan.

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

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<sup>1</sup>The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and The International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.


## 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.
- I am responsible for expressing an independent opinion on aspects of the plan, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

## Independence

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



B E Tomkins  
Deloitte  
On behalf of the Auditor-General, Dunedin, New Zealand



## Introduction to the Long Term Plan

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

This plan is set out in four parts.

### ***Part 1 – The Otago Region and its Council***

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

### ***Part 2 – Policies and Strategies***

A number of policies and strategies are provided for in this section including a summary of Council's Significance and Engagement policy, and its Revenue and Finance Policy.

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

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

Many assumptions have been made in developing our proposed programme of what we want to achieve. The key assumptions we have made are documented here.

### ***Part 4 – Financial Information***

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

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

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

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

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

Otago Regional 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.

## Community Outcomes

The Local Government Act defines Community Outcomes as: *“Community outcomes means the outcomes that a **local authority** aims to achieve in meeting the current and future needs of communities for good quality infrastructure, local public services and performance of regulatory functions”*.

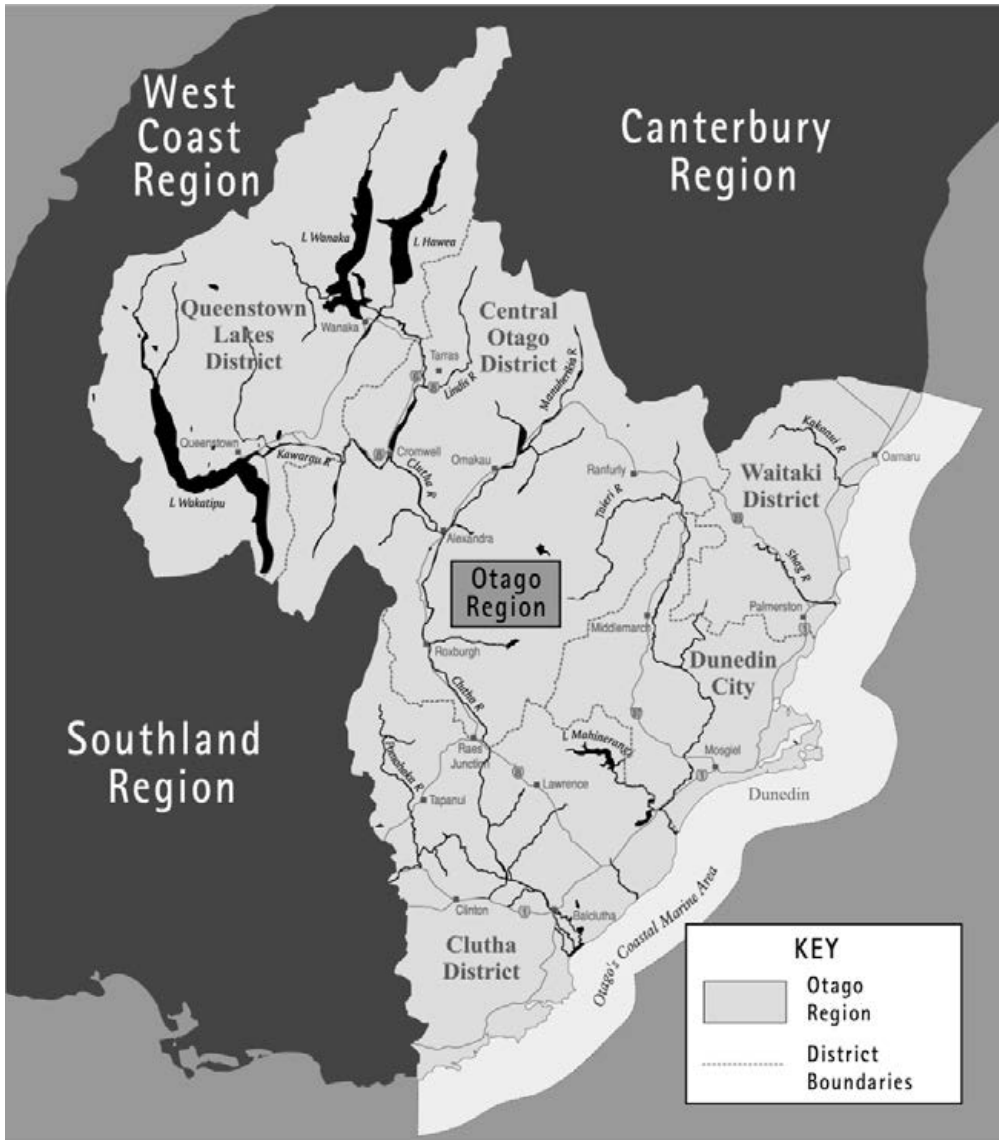
Council has given consideration to its Community Outcomes. It has identified the following community outcomes that it aims to achieve for the intermediate and long term future of Otago, and they are:

- Sustainable development of the region’s resources through the sharing of knowledge and information.
- Community participation in planning and managing the use and enhancement of Otago’s resources.
- The environmental, economic, social and cultural needs of Otago people are met.

Each activity proposed to be undertaken within this plan, will contribute to one or more of the identified community outcomes.

## **Part 1 – The Otago Region and its Council**

## The Otago Region

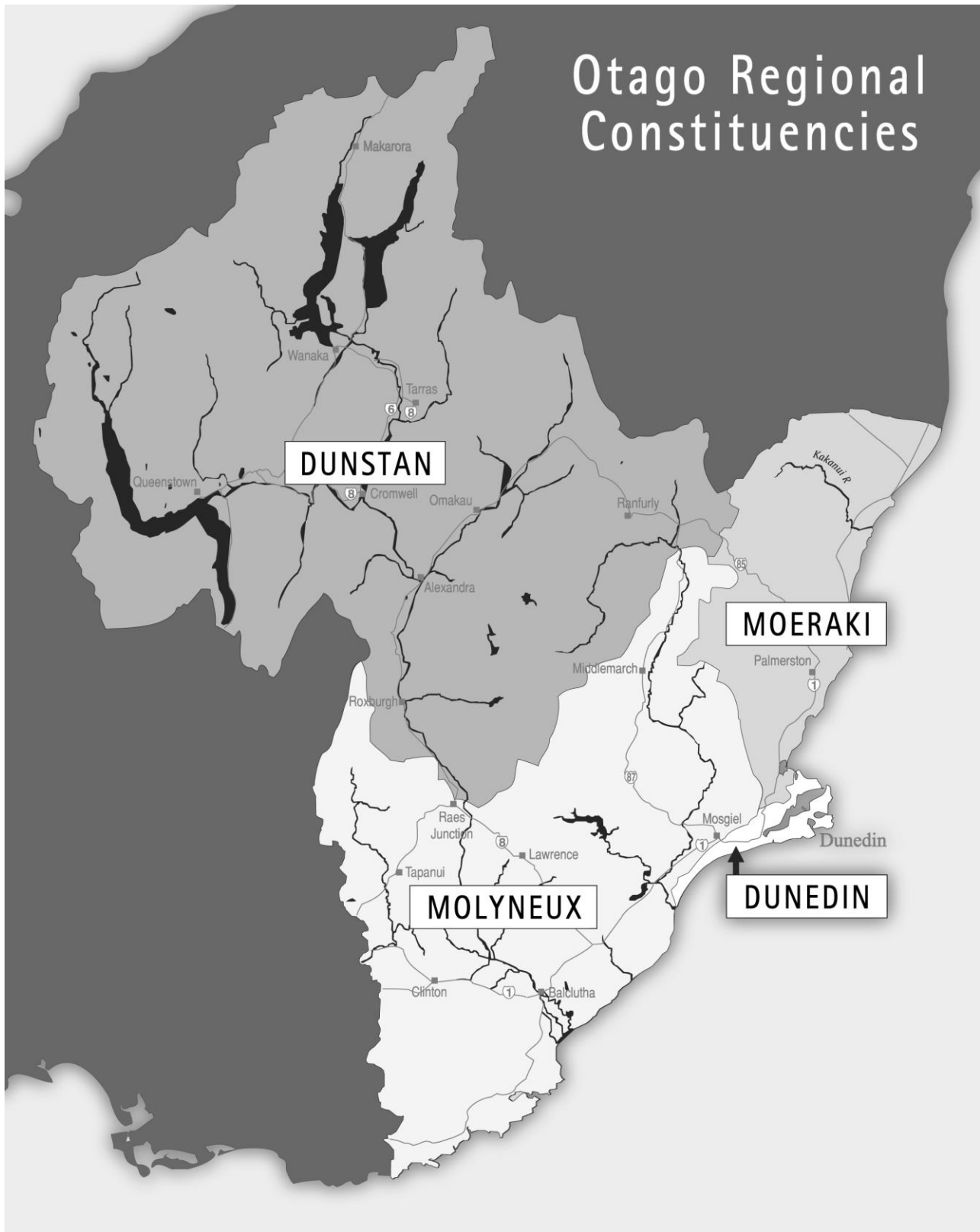


Otago is the second largest region in New Zealand in terms of land area; approximately 32,000 square kilometres or 12% of New Zealand's land area. The coastline stretches approximately 470 km from the Waitaki River in the north to Wallace Beach in the south. The coastal marine area extends out to sea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

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

Otago's resident population is 211,700, which is approximately 5% of New Zealand's total population of 4.5 million (June 2014 Estimate, Statistics NZ). Approximately 60% of the region's population live in the Dunedin main urban area

## Your Elected Councillors



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

## Molyneux Constituency



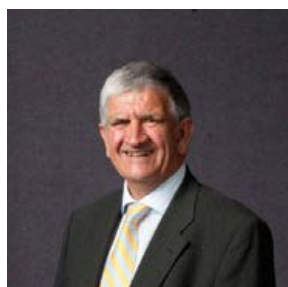
### **Stephen Woodhead (Chairperson)**

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Stephen Woodhead is the Chairperson of the Otago Regional Council. He is a sheep and beef farmer from Lovells Flat in South Otago and was a Kellogg Rural Scholar in 2001. Stephen's been involved in a number of community organisations during his career.

Mobile: (027) 280 1635

Email: [stephen.woodhead@orc.govt.nz](mailto:stephen.woodhead@orc.govt.nz)



### **David Shepherd**

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David Shepherd, a third term Molyneux ward Councillor, has a career spanning rural banking, farming and agricultural politics. After 26 years farming in the Maniototo he now lives on the Taieri Plain. A Nuffield Farming Scholar (1988), with B.Agr.Sc. and Valuers Professional (Rural) qualifications. He served two terms as a Trustee of the Otago Community Trust.

Mobile: (021) 896 086

Email: [david.shepherd@orc.govt.nz](mailto:david.shepherd@orc.govt.nz)

## Dunedin Constituency



### **Louise Croot MNZM**

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Louise Croot is a geographer, with governance experience in education, health and local government.

Louise has served Otago as an elected member of the University of Otago Council, the Otago Hospital Board, and is a past President of the Otago Branch of the Federation of Graduate Women.

Internationally, she was on the Board of the International Federation of University Women for 9 years, being the President from 2007-2010.

Locally, Louise is a member of NZFGW Otago, Rural Women NZ, and on the committee of Friends of the Hocken.

Phone: (03) 464 0778

Email: [louise.croot@orc.govt.nz](mailto:louise.croot@orc.govt.nz)



### **Michael Deaker**

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

Phone: (03) 473 9922

Mobile: (021) 323 009

Email: [michael.deaker@orc.govt.nz](mailto:michael.deaker@orc.govt.nz)



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### **Trevor Kempton**

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Trevor Kempton is semi-retired after a 40 year career in engineering and construction. He was first elected to the ORC in 2010. His Council responsibilities include chairing the Communications Committee and the Otago Regional Transport Committee. Outside Council, Trevor is currently a Director of Constructing Excellence (NZ), a consultancy focusing on delivery of a sustainable and productive built environment, Aurora Energy Ltd and Delta Utility Services Ltd. He is a Fellow of the New Zealand Institute of Management, Chair of the Choirs Aotearoa New Zealand Trust and a life member of the St Kilda Brass Band.

Phone: (027) 221 5208

Email: [trevor.kempton@orc.govt.nz](mailto:trevor.kempton@orc.govt.nz)



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### **Sam Neill**

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

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

Phone: (03) 478 0878

Email: [sam.neill@orc.govt.nz](mailto:sam.neill@orc.govt.nz)



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### **Gretchen Robertson (Deputy Chairperson)**

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Gretchen is a 7<sup>th</sup> generation Dunedinite.

She graduated from the University of Otago with an honours degree in Ecology specialising in aquatic ecosystems.

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

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

Email: [gretchen.robertson@orc.govt.nz](mailto:gretchen.robertson@orc.govt.nz)



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### **Bryan Scott**

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

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

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

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

Phone: (027) 204 8872

Email: [bryan.scott@orc.govt.nz](mailto:bryan.scott@orc.govt.nz)



## Dunstan Constituency



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### Graeme Bell

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

As a newly elected member of the Otago Regional Council, he is currently deputy chair of the Community and Education Committee and the Otago Regional Transport Committee.

Phone: (03) 448 7740

Mobile: (027) 650 2900

Email: [graeme.bell@orc.govt.nz](mailto:graeme.bell@orc.govt.nz)



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### Gerrard Eckhoff

Gerrard Eckhoff, formerly a sheep and beef farmer, is now living in Alexandra.

A Kellogg scholar in 1997, he then became a Member of Parliament in 1999 and served on the Primary Production Select Committee and the Commerce Select Committee during his six years in Parliament.

Phone: (03) 448 8733

Email: [gerry.eckhoff@orc.govt.nz](mailto:gerry.eckhoff@orc.govt.nz)



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### Gary Kelliher

Gary Kelliher is a third generation sheep and deer farmer at Springvale near Alexandra. Prior to farming he worked as a civil engineer and had a project management business in Ireland. Community roles include Chairman of a local irrigation company and vice chairman of a wider catchment strategy group.

Mobile: (027) 284 5890

Email: [gary.kelliher@orc.govt.nz](mailto:gary.kelliher@orc.govt.nz)

## Moeraki Constituency



### **Doug Brown**

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

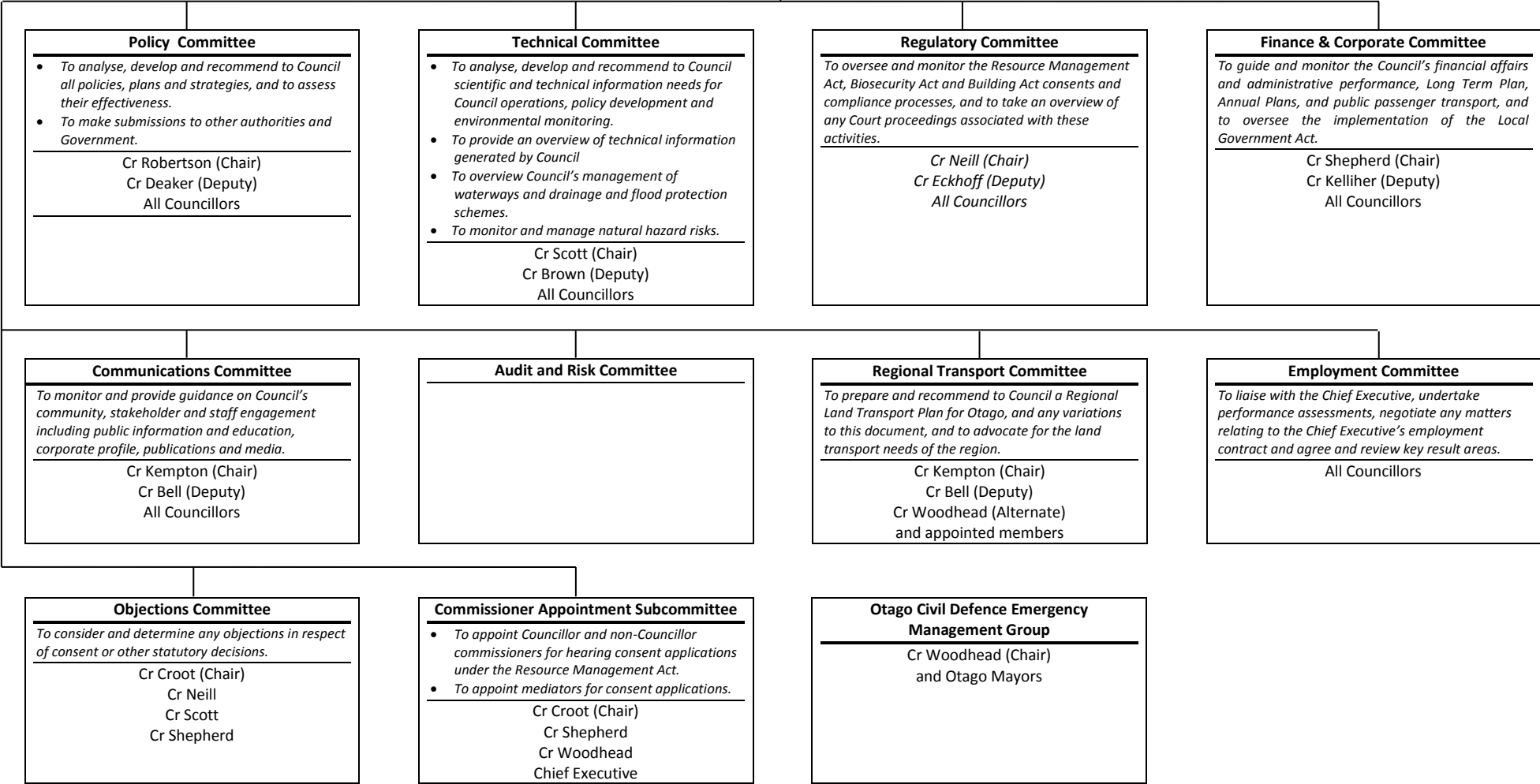
Doug has been a Nuffield and Kellogg Rural Scholar and is a Director of the Alliance Group Limited.

Phone: (03) 439 5693

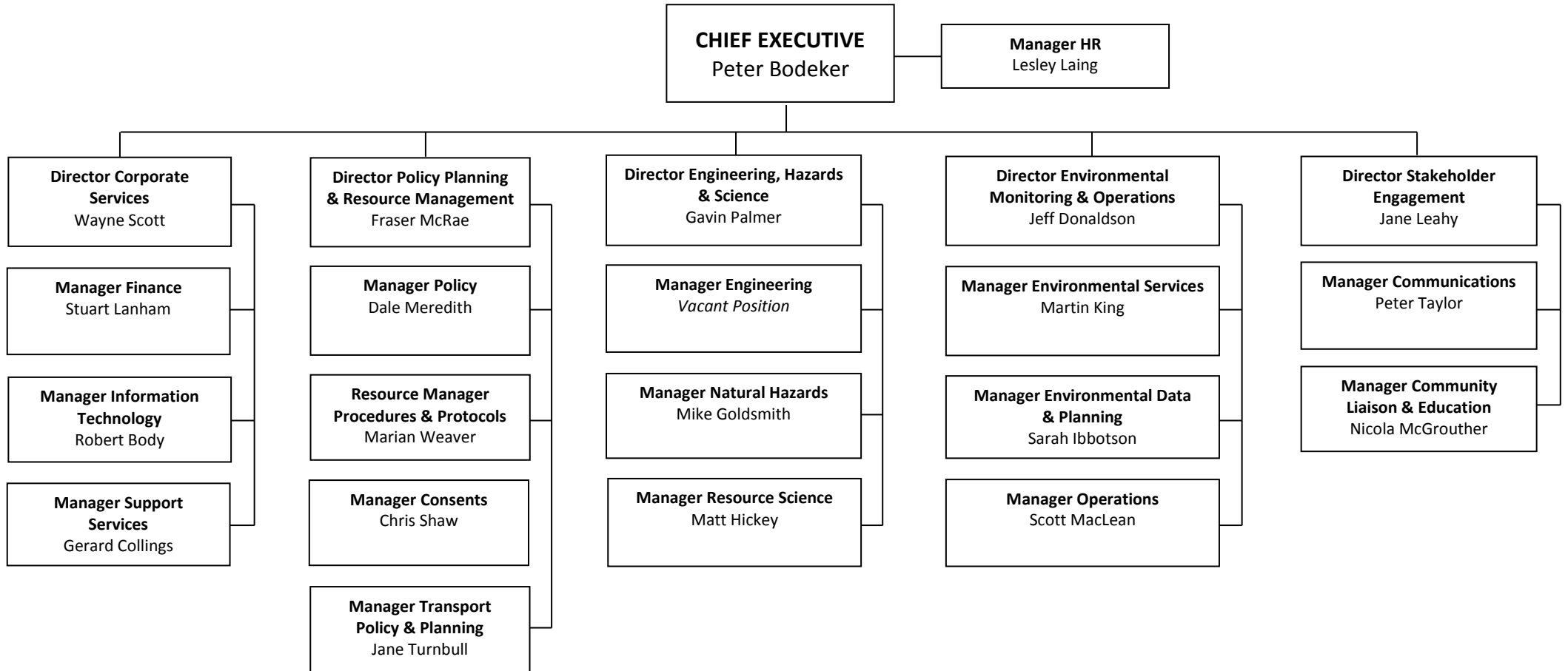
Email: [doug.brown@orc.govt.nz](mailto:doug.brown@orc.govt.nz)

# Committee Structure

<b>Otago Regional Council</b>		
Cr Stephen Woodhead (Chairperson)	Cr Louise Croot MNZM	Cr Trevor Kempton
Cr Gretchen Robertson (Deputy)	Cr Michael Deaker	Cr Sam Neill
Cr Graeme Bell	Cr Gerrard Eckhoff	Cr Bryan Scott
Cr Doug Brown	Cr Gary Kelliher	Cr David Shepherd



# Directorate and Management Structure



## Development of Maori Capacity to Contribute to Decision Making

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

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

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

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

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

Consultation is required on the development, review and implementation of the Council’s regulatory plans, policies and strategies under the LGA, RMA and Biosecurity Act. For such plans, policies and strategies, consultation and building of knowledge is mutually supported and facilitated through specific consultancy agreements between the Council and Kāi Tahu ki Otago Limited.

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

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

## Port Otago Limited

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

The Council is of the view that continued ownership is positively supported by:

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

Each year Port Otago Limited produces a Statement of Corporate Intent, which is formally approved by Council. As its owner, the Council does not participate in the management and operation of the company; this is left in the care of the Directors of Port Otago Limited and its management. Port Otago Limited

reports to Council on a six monthly basis its performance and results for the period. The principal objective of the company is to operate as a successful business.

The Directors of Port Otago are Dave Faulkner (Chairman), Ross Black (Deputy Chair), Ed Johnson, John Harvey and Paul Rea.

## Contact Information

### Principal Office

Otago Regional Council  
70 Stafford Street  
Private Bag 1954  
DUNEDIN 9054

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

### District Office

Otago Regional Council  
William Fraser Building  
Dunorling Street  
PO Box 44  
ALEXANDRA 9340

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

### District Office

Otago Regional Council  
"The Station" (upstairs)  
Cnr Camp & Shotover Streets  
PO Box 958  
QUEENSTOWN 9348

Telephone (03) 442-5681  
Facsimile (03) 442-5682

### District Office

Otago Regional Council  
32 Ribble Street  
OAMARU

Telephone (03)

### Depot

Otago Regional Council  
Hasborough Place  
BALCLUTHA 9230

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

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



## **Part 2 – Policies and Strategies**

# Financial Strategy

## *Introduction*

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

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

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

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

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

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

## *Key issues that have a significant financial impact*

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

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

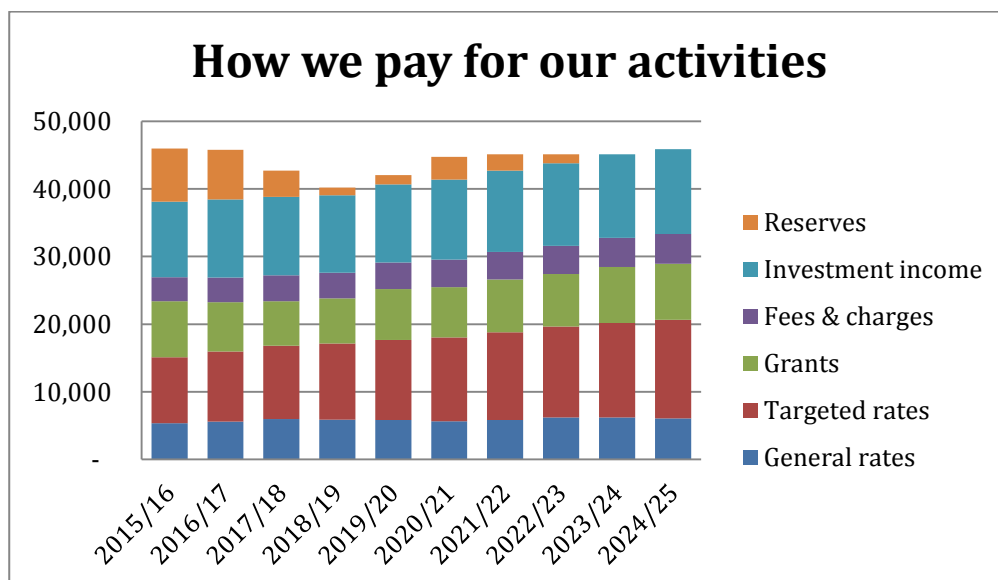
Council will address those issues in the following ways:

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

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

## Funding Sources

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



## Rates and Rate Increases

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

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

### General Rates

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

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

Both the community and Council have identified a need for us to increase our activities around water quality and water quantity, and so an increase in the level of our expenditure in these areas is planned. This results in the need for us to increase our general rates. The first year of the long term plan provides for a general rate increase of 6.5% to reflect the increase in activities. In monetary terms, this is around \$327,000.

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

The movement in rates from year to year ranges from a rate increase of 6.5% in the first year of the plan, to a decrease of 2.88% in later years. This plan provides for inflation each year of between 1.9% and 3.6% over the 10 year period on its expenses. General rate increases will be capped at 6.9% per annum.

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

### ***Targeted Rates***

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

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

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

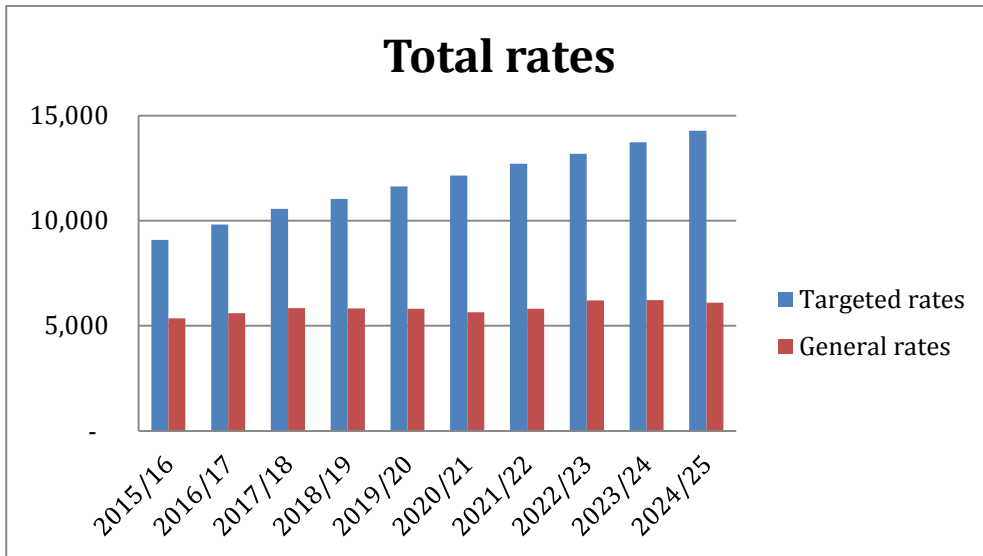
Council has recognised that a greater level of intervention in river management issues is needed, and so a programme for developing and implementing river management plans for many of the major rivers in Otago has been incorporated into the Long Term Plan. The costs for the river management areas have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

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

The movement in targeted rates from year to year ranges from a rate increase of 14.1% in the first year of the plan, and then is around 6% each year thereafter. This first year sees the introduction of the two new targeted rates. Targeted rate increases will be capped at 14.3% per annum, which includes inflationary increases. Targeted rates will be limited to no more than \$14.5 million in any year.

### Total Rates

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



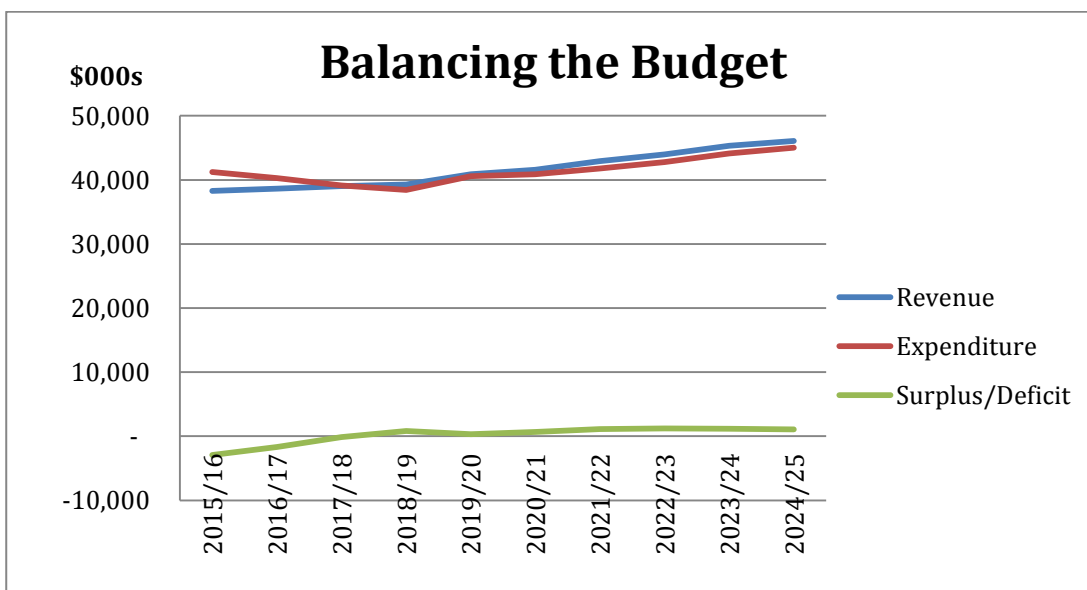
### Rate Limits

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

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

### Balancing the Budget

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



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

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

## **Borrowing**

Council currently has no borrowing.

Council may borrow for the following primary purposes:

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

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

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

## **Internal Borrowing**

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

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

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

## **Scheme Infrastructure Asset Investment**

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

The planned capital expenditure for each scheme is as follows:

Capital Expenditure 2015 - 2025			
	Increase in Levels of Service \$000s	Renew / Replace \$000s	Total \$000s
Alexandra Flood	-	77	77
Leith Flood	12,288	-	12,288
West Taieri Drain	114	1,281	1,395
East Taieri Drain	677	660	1,337
Lower Taieri Flood	6,072	1,102	7,174
Lower Clutha Flood & Drain	1,296	2,185	3,481
<b>Total</b>	<b>20,447</b>	<b>5,305</b>	<b>25,752</b>

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

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

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

## Investments

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

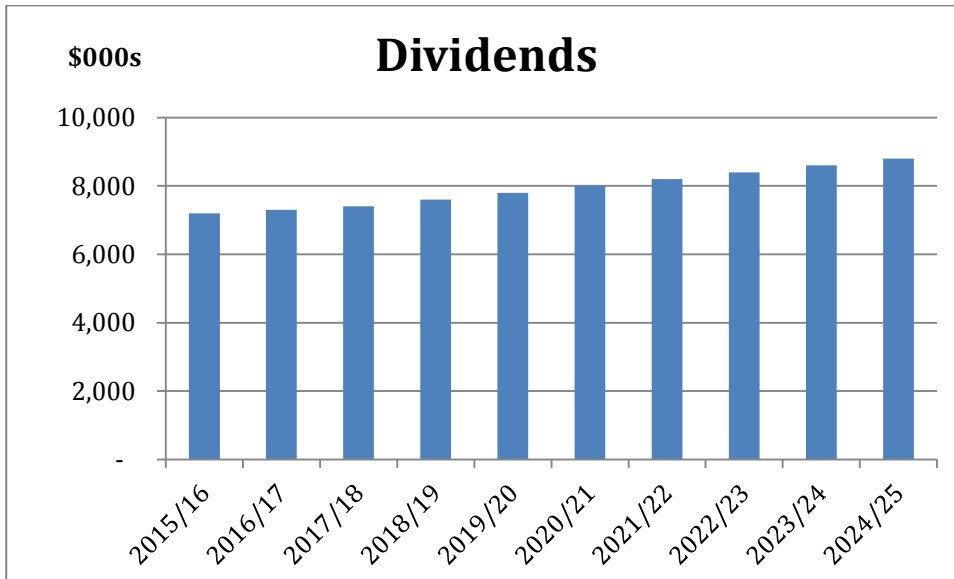
### *Port Otago Ltd*

Council holds 100% ownership of Port Otago Ltd. Each year, a significant dividend is received from Port Otago Ltd that is used to reduce the general rate requirement, usually by more than half of the rate requirement. Council is of the view that this is a strategic asset held on behalf of the Otago community, and through subsidising general rates, every ratepayer enjoys the benefit of that ownership.

From time to time, special dividends are received from Port Otago Ltd. They are requested by Council when an appropriate specific project is identified. Before requesting special dividends, Council will discuss with Port Otago its ability to pay such dividends, taking account of factors such as the company's own programme of capital expenditure. No requirement for special dividends has been identified in this Long Term Plan.

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





**Investment Property**

Council owns investment property within Dunedin City.

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

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

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

**Managed Funds**

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

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

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

# Infrastructure Strategy

## 1. Introduction

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

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

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

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

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

## 2. Geographical context

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

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

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

### **3. Capital Expenditure**

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

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

#### **3.1 Renew / replace**

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

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

Floodbanks are reconstructed to improve their resilience.

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

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

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

#### **3.2 Increase levels of service**

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

- the community may demand a greater level of flood protection or drainage, than is currently being provided
- a need for a greater level of environmental protection
- because of climate change effects
- where there is a shortfall between the actual level of service provided, and the agreed level of service to be provided, works will be treated as an increase in the level of service.

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

Recent changes to Council's Regional Plan Water around water quality, means that the water coming out of Council's drainage schemes into rivers and lakes must meet certain standards by 2020. In 2015/16 Council needs to decide on how it will comply with the water quality rules. It will investigate options for improving the quality of water discharged at scheme pump stations, and implement the preferred option(s) over the following two years. This environmental requirement for improved water quality may require some capital

expenditure, which we think will improve the level of service in terms of environmental protection for those affected schemes and these have been provided for.

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

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

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

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

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

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

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

## **4. Operational Expenditure**

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

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

## **5. Our Priorities**

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

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

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

## **6. Other Assumptions**

### **6.1 Future population**

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

### **6.2 Inflation**

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

### **6.3 Useful lives**

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

### **6.4 Levels of Service**

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

### **6.5 Other assumptions**

Other assumptions made in preparing this strategy are as follows:

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

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

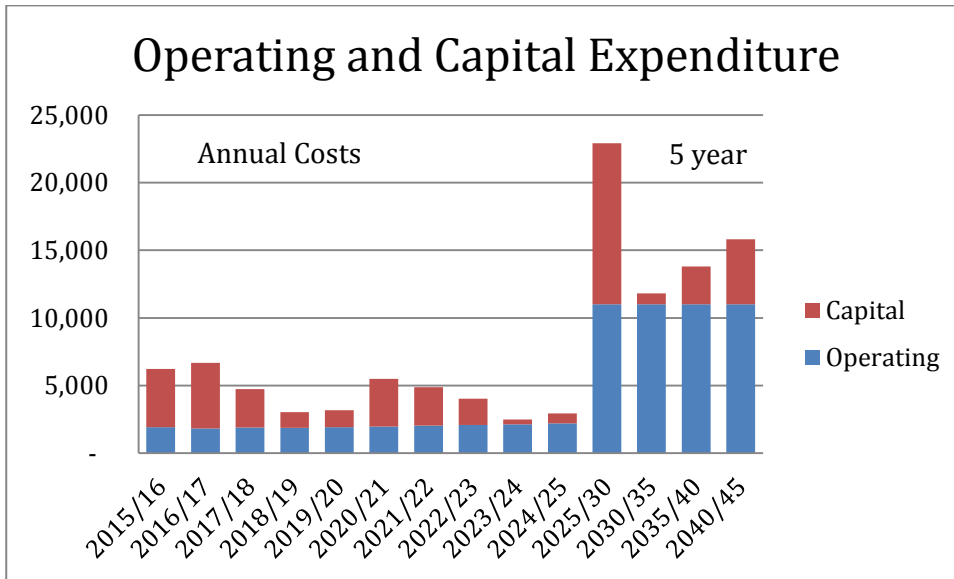
The following sections outline the most likely scenarios for Council infrastructure investment in our scheme areas. The scenarios are based around the expected useful lives of the assets, and when they will require replacement.

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

The total projected operating expenditure over the next 30 years is \$112 million.

The total projected capital expenditure over the next 30 years is \$47 million.

The annual operating and capital expenditure is as follows:



### Capital and Operating Expenditure by Scheme

#### Alexandra Flood Protection

Over the first two years of the plan, Council will be assessing the condition and structural integrity of scheme floodbanks for flood hazard risk. This may result in a need for capital expenditure not yet provided for. Work planned for the Alexandra Flood Protection Scheme includes:

	Capital	Operating
<b>2015/16</b>		
• Irrigation system upgrade – stage 1	\$25,000	
• Operating expenditure		\$249,000
<b>2016/17</b>		
• Irrigation system upgrade – stage 2	\$26,000	
• Operating expenditure		\$180,000
<b>2017/18</b>		
• Irrigation system upgrade – stage 3	\$26,000	
• Operating expenditure		\$199,000

For the last seven years of the plan, no capital expenditure has been identified as being required.

Operating expenditure for each of those years is shown below:

2018/19	\$153,000
2019/20	\$157,000
2020/21	\$171,000
2021/22	\$175,000
2022/23	\$179,000
2023/24	\$183,000
2024/25	\$187,000

#### 2025/30

Operating expenditure	\$935,000
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<b>2030/35</b>		
• Replace 3 pump stations electrical systems, structure etc.	\$730,000	
• Flood bank protection works	\$112,000	
• Operating expenditure		\$935,000
<b>2035/40</b>		
Operating expenditure		\$935,000
<b>2040/45</b>		
• Pump station replacement	\$1,705,000	
• Operating expenditure		\$935,000
<b>Total Estimated Cost of Works</b>	<b>\$2,624,000</b>	<b>\$5,573,000</b>
<b>Leith Flood Protection</b>		
	<b>Capital</b>	<b>Operating</b>
<b>2015/25</b>		
Complete construction of flood protection works for period 2015/16 to 2019/20 as follows:		
<b>2015/16</b>		
• Dundas Street to St David Street	\$4,514,000	
• Operating expenditure		\$403,000
<b>2016/17</b>		
• Union Street to Leith Street	\$4,584,000	
• Operating expenditure		\$507,000
<b>2017/18</b>		
• Dundas Street Bridge	\$2,281,000	
• Operating expenditure		\$579,000
<b>2018/19</b>		
• Forth Street to harbour	\$448,000	
• Operating expenditure		\$590,000
<b>2019/20</b>		
• Enhancement works Forth Street to harbour	\$460,000	
• Operating expenditure		\$603,000
For the last five years of the plan, no capital expenditure has been identified as being required. Operating expenditure for each of those years is shown below:		
2020/21		\$611,000
2021/22		\$614,000
2022/23		\$618,000
2023/24		\$620,000
2024/25		\$623,000
<b>2025/30</b>		
• Bank protection works	\$487,000	
• In channel structures, including weirs, etc.	\$1,218,000	
• Operating expenditure		\$3,115,000

<b>2030/35</b>		
• Operating expenditure		\$3,115,000
<b>2035/40</b>		
• Bank protection works	\$195,000	
• Operating expenditure		\$3,115,000
<b>2040/45</b>		
• Bank protection works, bunds etc.	\$209,000	
• In channel structures, including weirs, debris traps etc.	\$70,000	
• Operating expenditure		\$3,115,000
<b>Total Estimated Cost of Works</b>	<b>\$14,466,000</b>	<b>\$18,228,000</b>
<b>Lower Clutha Flood &amp; Drainage</b>		
Capital and operating expenditure for the next 30 years is shown below. Changes to capital expenditure may be incurred following planned investigations as follows:		
<ul style="list-style-type: none"> <li>Over the first two years of the plan, Council will be assessing the condition and structural integrity of scheme floodbanks. Improvements to floodbanks has been programmed in over the 30 year period, but may be amended, depending on the results of the assessment.</li> <li>In 2015/16, Council will be assessing the effects and implications of shoreline retreat and sea level rise. This may result in the need for capital works not currently provided for.</li> <li>In 2017/18 Council will be discussing levels of service with the Lower Clutha community, which may result in changes to the current levels provided.</li> </ul>		
	<b>Capital</b>	<b>Operating</b>
<b>2015/16</b>		
• Culvert and bridge upgrades	\$54,000	
• Alter drainage structure at Lake Tuakitoto/Robson Lagoon	\$112,000	
• Improve pump station safety	\$92,000	
• Operating expenditure		\$1,216,000
<b>2016/17</b>		
• Culvert and bridge upgrades	\$55,000	
• Alter drainage structure at Lake Tuakitoto/Robson Lagoon	\$20,000	
• Improve pump station safety	\$45,000	
• Improvement in water quality discharges	\$174,000	
• Improve availability of pump information for community access	\$175,000	
• Operating expenditure		\$1,214,000
<b>2017/18</b>		
• Culvert and bridge upgrades	\$26,000	
• Improvement in water quality discharges	\$166,000	
• Paretai floodbank improvements to reduce risk of failure	\$219,000	
• Floodbank at Factory Road improvements, protect against erosion	\$324,000	
• Operating expenditure		\$1,088,000

<b>2018/19</b>		
• Culvert and bridge upgrades	\$27,000	
• Kaitangata pump modifications – upgrade of parts	\$247,000	
• Refurbish Rutherford Locks –outfall structure	\$25,000	
• Barnego pump modifications – design works	\$7,000	
• Operating expenditure		\$1,068,000
<b>2019/20</b>		
• Culvert and bridge upgrades	\$27,000	
• Refurbish Rutherford Locks – outfall structure	\$23,000	
• Barnego pump modifications – design works	\$8,000	
• Paretai outfall structure modifications – planning & design	\$54,000	
• Operating expenditure		\$1,106,000
<b>2020/21</b>		
• Culvert and bridge upgrades	\$28,000	
• Barnego pump modifications – replacement pump	\$387,000	
• Paretai outfall structure modifications to improve drainage	\$388,000	
• Balclutha floodbank improvements – structure integrity	\$8,000	
• Operating expenditure		\$1,065,000
<b>2021/22</b>		
• Culvert and bridge upgrades	\$29,000	
• Balclutha floodbank improvements – structure integrity	\$488,000	
• Improve drainage at Smith Road pumping station - design	\$8,000	
• Operating expenditure		\$1,090,000
<b>2022/23</b>		
• Culvert and bridge upgrades	\$30,000	
• Balclutha floodbank improvements	\$23,000	
• Drainage at Smith Rd pump station - design	\$4,000	
• Operating expenditure		\$1,074,000
<b>2023/24</b>		
• Culvert and bridge upgrades	\$31,000	
• Balclutha floodbank improvements – structure integrity	\$5,000	
• Drainage at Smith Rd pump station – improve pumping efficiency	\$131,000	
• Operating expenditure		\$1,090,000
<b>2024/25</b>		
• Culvert and bridge upgrades	\$32,000	
• Drainage at Smith Road pump station – improve pumping efficiency	\$9,000	
• Operating expenditure		\$1,095,000
<b>2025/30</b>		
• Floodbank improvement works – replace 40 relief wells, weighting blanket, and 3 training lines.	\$3,900,000	
• Spillway replacement, Paretai outfall structure and Kaitangata locks control works	\$2,305,000	

<ul style="list-style-type: none"> <li>• Pump station refurbishment - parts of Kaitangata, Rutherfords, Smith Rd and Paretai</li> </ul>	\$557,000	
<ul style="list-style-type: none"> <li>• Bridge upgrades</li> </ul>	\$223,000	
<ul style="list-style-type: none"> <li>• Operating expenditure</li> </ul>		\$5,475,000
<b>2030/35</b>		
<ul style="list-style-type: none"> <li>• Pump station refurbishment - parts of Smith Rd and Barnego</li> </ul>	\$278,000	
<ul style="list-style-type: none"> <li>• Operating expenditure</li> </ul>		\$5,475,000
<b>2035/40</b>		
<ul style="list-style-type: none"> <li>• Pump station refurbishment – parts of Kaitangata, Rutherfords, and Paretai</li> </ul>	\$1,392,000	
<ul style="list-style-type: none"> <li>• Operating expenditure</li> </ul>		\$5,475,000
<b>2040/45</b>		
<ul style="list-style-type: none"> <li>• Pump station refurbishment – parts of all five pump stations</li> </ul>	\$1,531,000	
<ul style="list-style-type: none"> <li>• Operating expenditure</li> </ul>		\$5,475,000
<b>Total Estimated Cost of Works</b>	<b>\$13,667,000</b>	<b>\$33,006,000</b>
<b>Lower Taieri Flood Protection</b>		
Capital and operating expenditure for the next 30 years is shown below. Changes to capital expenditure may be incurred following planned investigations as follows:		
<ul style="list-style-type: none"> <li>• Over the first two years of the plan, Council will be assessing the condition and structural integrity of scheme floodbanks. Improvements to floodbanks has been programmed in over the 30 year period, but may be amended, depending on the results of the assessment.</li> <li>• In 2015/16 Council will investigate either constructing new upper/lower pond link spillways or alternatively relocating the floodbank(s) through the chute of the Taieri River and undertaking associated works. Consultation on these options will take place during the 2016/17 year, and following design and approval, construction is planned to commence 2020/21. The schedule below shows works for the upper/lower pond spillway, however this may change depending on what the final preferred option may be.</li> <li>• In 2017/18 Council will be discussing levels of service with the Lower Taieri community, which may result in changes to the current levels provided.</li> </ul>		
	<b>Capital</b>	<b>Operating</b>
<b>2015/16</b>		
<ul style="list-style-type: none"> <li>• Floodbank reconstruction works – Contour channel</li> </ul>	\$158,000	
<ul style="list-style-type: none"> <li>• Weighting blanket at Otokia</li> </ul>	\$108,000	
<ul style="list-style-type: none"> <li>• Operating expenditure</li> </ul>		\$651,000
<b>2016/17</b>		
<ul style="list-style-type: none"> <li>• Floodbank reconstruction – design Taieri floodbank</li> </ul>	\$43,000	
<ul style="list-style-type: none"> <li>• Operating expenditure</li> </ul>		\$521,000
<b>2017/18</b>		
<ul style="list-style-type: none"> <li>• Floodbank reconstruction – design/approvals Taieri floodbank</li> </ul>	\$21,000	
<ul style="list-style-type: none"> <li>• Operating expenditure</li> </ul>		\$461,000

<b>2018/19</b>		
• Floodbank reconstruction works – Taieri and Contour channel	\$219,000	
• Operating expenditure		\$495,000
<b>2019/20</b>		
• Floodbank - re-profile Taieri left floodbank	\$349,000	
• Operating expenditure		\$410,000
<b>2020/21</b>		
• Floodbank – re-profile Taieri floodbank	\$418,000	
• Upper/lower pond spillway – improve scheme operation	\$1,294,000	
• Upper pond cut off bank works – replace to improve safety	\$406,000	
• Operating expenditure		\$587,000
<b>2021/22</b>		
• Upper/lower pond spillway – improve scheme operation	\$1,810,000	
• Upper pond cut off bank works – replace to improve safety	\$373,000	
• Operating expenditure		\$584,000
<b>2022/23</b>		
• Floodbank reconstruction works – Contour channel	\$201,000	
• Upper/lower pond spillway – improve scheme operation	\$1,187,000	
• Upper pond cut off bank works – replace to improve safety	\$383,000	
• Operating expenditure		\$692,000
<b>2023/24</b>		
No works identified.		
• Operating expenditure		\$518,000
<b>2024/25</b>		
• Floodbank reconstruction works – Contour channel	\$203,000	
• Operating expenditure		\$582,000
No works capital works have been identified during period 2025/26 to 2045, based on the estimated life of the assets, and the significant amount of works completed to date on this scheme. Operating expenditure for this period is shown below:		
2025/30		\$2,910,000
2030/35		\$2,910,000
2035/40		\$2,910,000
2040/45		\$2,910,000
<b>Total Estimated Cost of Works</b>	<b>\$7,173,000</b>	<b>\$17,141,000</b>

**West Taieri Drainage**

Capital and operating expenditure for the next 30 years is shown below. In 2017/18 Council will be discussing levels of service with the West Taieri community, which may result in changes to the current levels provided.

	<b>Capital</b>	<b>Operating</b>
<b>2015/16</b>		
• Culvert and bridge upgrades	\$25,000	
• Operating expenditure		\$591,000
<b>2016/17</b>		
• Culvert and bridge upgrades	\$113,000	
• Improvement in water quality discharges	\$56,000	
• Operating expenditure		\$638,000
<b>2017/18</b>		
• Culvert and bridge upgrades	\$26,000	
• Improvement in water quality discharges	\$53,000	
• Operating expenditure		\$670,000
<b>2018/19</b>		
• Culvert and bridge upgrades	\$124,000	
• Operating expenditure		\$588,000
<b>2019/20</b>		
• Culvert and bridge upgrades	\$129,000	
• Operating expenditure		\$602,000
<b>2020/21</b>		
• Culvert and bridge upgrades	\$28,000	
• Operating expenditure		\$592,000
<b>2021/22</b>		
• Culvert and bridge upgrades	\$136,000	
• Operating expenditure		\$628,000
<b>2022/23</b>		
• Culvert and bridge upgrades	\$90,000	
• Operating expenditure		\$703,000
<b>2023/24</b>		
• Culvert and bridge upgrades	\$144,000	
• Operating expenditure		\$650,000
<b>2024/25</b>		
• Culvert and bridge upgrades	\$31,000	
• Henley pump station controls replacement and electrical and controls replacement at Waipori	\$439,000	
• Operating expenditure		\$724,000

<b>2025/30</b>		
• Pump station refurbishment – part of Waipori	\$70,000	
• Bridge upgrades	\$1,058,000	
• Operating expenditure		\$3,620,000
<b>2030/35</b>		
• Pump station refurbishment – part of Waipori and Henley	\$313,000	
• Operating expenditure		\$3,620,000
<b>2035/40</b>		
• Pump station refurbishment - part of Ascog and Waipori	\$418,000	
• Operating expenditure		\$3,620,000
<b>2040/45</b>		
• Pump station refurbishment – part of Henley and Waipori	\$592,000	
• Operating expenditure		\$3,620,000
<b>Total Estimated Cost of Works</b>	<b>\$3,845,000</b>	<b>\$20,866,000</b>
<b>East Taieri Drainage</b>		
Capital and operating expenditure for the next 30 years is shown below. Changes to capital expenditure may be incurred following planned investigations as follows:		
<ul style="list-style-type: none"> <li>In 2015/16 Council will investigate options to improve the drainage of the upper pond after inundation/flood including options to improve the effectiveness of the Silver Stream pump station. Options will be consulted on in 2016/17, with construction commencing 2019/20. In 2017/18 Council will be discussing levels of service with the East Taieri community, which may result in changes to the current levels provided.</li> </ul>		
	<b>Capital</b>	<b>Operating</b>
<b>2015/16</b>		
• Culvert and bridge upgrades	\$25,000	
• Operating expenditure		\$502,000
<b>2016/17</b>		
• Culvert and bridge upgrades	\$26,000	
• Improvement in water quality discharges	\$97,000	
• Operating expenditure		\$483,000
<b>2017/18</b>		
• Culvert and bridge upgrades	\$26,000	
• Improvement in water quality discharges	\$88,000	
• Operating expenditure		\$543,000
<b>2018/19</b>		
• Culvert and bridge upgrades	\$27,000	
• Scrogg pump station refurbishment – design work	\$10,000	
• Drainage improvements to empty upper pond at Silverstream pump station	\$76,000	
• Operating expenditure		\$503,000

<b>2019/20</b>		
• Culvert and bridge upgrades	\$27,000	
• Scrogg pump station refurbishment	\$95,000	
• Drainage improvements to empty upper pond at Silverstream pump station	\$151,000	
• Operating expenditure		\$417,000
<b>2020/21</b>		
• Culvert and bridge upgrades	\$28,000	
• Drainage improvements to empty upper pond at Silverstream pump station and around outlet	\$540,000	
• Operating expenditure		\$429,000
<b>2021/22</b>		
• Culvert and bridge upgrades	\$29,000	
• Operating expenditure		\$412,000
<b>2022/23</b>		
• Culvert and bridge upgrades	\$30,000	
• Operating expenditure		\$423,000
<b>2023/24</b>		
• Culvert and bridge upgrades	\$31,000	
• Operating expenditure		\$434,000
<b>2024/25</b>		
• Culvert and bridge upgrades	\$32,000	
• Operating expenditure		\$445,000
<b>2025/30</b>		
• Pump station refurbishment – part Scroggs, Mill Creek & Silverstream	\$348,000	
• Bridge upgrades	\$613,000	
• Operating expenditure		\$2,225,000
<b>2030/35</b>		
• Operating expenditure		\$2,225,000
<b>2035/40</b>		
• Pump station refurbishment – part Scroggs, Mill Creek & Silverstream	\$974,000	
• Operating expenditure		\$2,225,000
<b>2040/45</b>		
• Pump station refurbishment – part Mill Creek & Silverstream	\$696,000	
• Operating expenditure		\$2,225,000
<b>Total Estimated Cost of Works</b>	<b>\$3,969,000</b>	<b>\$13,491,000</b>



### **Tokomairiro Drainage**

Capital and operating expenditure for the next 30 years is shown below. Changes to capital expenditure may be incurred following planned investigations as follows:

- In 2017/18 Council will consult communities on the adequacy of the scheme's level of service. This may lead to the construction of drainage improvements if required.

For the first 10 years of the plan, no capital expenditure has been identified as being required.

Operating expenditure for each year is shown below:

	<b>Capital</b>	<b>Operating</b>
2015/16		\$106,000
2016/17		\$96,000
2017/18		\$98,000
2018/19		\$101,000
2019/20		\$103,000
2020/21		\$106,000
2021/22		\$109,000
2022/23		\$112,000
2023/24		\$115,000
2024/25		\$118,000

### **2025/30**

- |                         |             |           |
|-------------------------|-------------|-----------|
| • Bridge upgrades       | \$1,114,000 |           |
| • Operating expenditure |             | \$590,000 |

For the last 15 years of the plan, no capital expenditure has been identified as being required.

Operating expenditure this period is shown below:

2030/35		\$590,000
2035/40		\$590,000
2040/45		\$590,000

<b>Total Estimated Cost of Works</b>	<b>\$1,114,000</b>	<b>\$3,424,000</b>
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<b>TOTAL ESTIMATED COST OF WORKS</b>	<b>\$46,858,000</b>	<b>\$111,729,000</b>
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## Revenue and Financing Policy

Group Activity	Description	Distribution of benefits and Exacerbator Considerations	Funding sources
<b>Environmental Activity - Air</b>			
<b>Ambient Air Quality</b>	Monitor and report on strategy development and implementation.	The whole community benefits from clean air.	<ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Clean Air Initiatives</b>	Support Cosy Homes Trust for work in Air Zone 1 and Milton.	There is benefit to those living in areas where clean heating appliances are being installed.	<ul style="list-style-type: none"> <li>• 100% targeted rates from Air Zone 1 and Milton.</li> </ul>
<b>Enforcement of Air Plan Provisions</b>	Undertake enforcement where there is a breach of air plan provisions.	Actions of property owners and industry burning inappropriate materials will cause air pollution requiring enforcement action.	<ul style="list-style-type: none"> <li>• 100% fees and charges where possible from those causing the pollution.</li> <li>• 100% general rates for costs not recovered by fees and charges.</li> </ul>
<b>Environmental Activity - Water</b>			
<b>State of the Environment monitoring</b>	Monitor: <ul style="list-style-type: none"> <li>▪ Quality/quantity of surface and groundwater.</li> <li>▪ Quality of coastal and estuarine water.</li> </ul>	The wider community benefits from state of the environment monitoring.	<ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Implementation of Regional Plan: Water, water quality provisions (6A)</b>	Monitoring and science work to assist measuring water quality and discharges from land, and achieving compliance with water quality standards by 2020.	The activities/practices of farmers, forestry and others cause the need for additional water quality monitoring and science. There is some community benefit from good water quality.	Council will transition in over a 3 year period a targeted rate on the rural sector as follows: 2015/16 60% targeted rate 40% general rate 2016/17 67.5% targeted rate 32.5% general rate 2017/18 75% targeted rate 25% general rate <ul style="list-style-type: none"> <li>•</li> </ul>
	Investment in research and development.	Wider community benefits from good water quality.	<ul style="list-style-type: none"> <li>• 100% reserves.</li> </ul>
	Awareness of responsibilities under the plan through education and promotion.	The wider community benefits from having good water quality.	<ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Implementation of Regional Plan: Water - water quantity provisions (1C)</b>	Promote the development of community groups to manage local water resources.	The whole community benefits from ensuring water needs are met, and there is effective water management.	<ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
	Provide funding assistance for studies forecasting future water demands, technical investigations, and infrastructure requirements.	There is a wider community benefit from effective water management.	<ul style="list-style-type: none"> <li>• 100% reserves.</li> </ul>
<b>Coastal Strategy</b>	Development and future implementation of a Coastal Strategy for Otago.	The whole community benefits from the effective management of our coastal resource.	<ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>

Group Activity	Description	Distribution of benefits and Exacerbator Considerations	Funding sources
<b>Environmental Activity - Land</b>			
<b>Biodiversity</b>	Promote and assist the protection of areas of biodiversity in Otago.	All of Otago benefits from protection areas of biodiversity and environmentally enhancing the region.	<ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>
	Develop a Biodiversity Strategy for Otago.		
<b>Pest Management</b>	Administer a regional sustainability and enhancement fund on agreed projects.	All of Otago benefits from protection areas of biodiversity and environmentally enhancing the region.	<ul style="list-style-type: none"> <li>100% reserves.</li> </ul>
	Manage pest plants and animals through inspections and education on Pest Management Strategy matters.	The wider community benefits from the control of pest plants and animals.	<ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>
	Research and development for new tools for pest control.	All of Otago will benefit from new pest control tools.	<ul style="list-style-type: none"> <li>100% reserves.</li> </ul>
	Undertake rabbit contract work for third parties.	Land owners benefit directly from contract work undertaken on their private properties.	<ul style="list-style-type: none"> <li>100% fees and charges.</li> </ul>
	Prepare a new Otago Pest Management Plan.	All of Otago will benefit from a new pest plan.	<ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>
	Undertake enforcement action as required.	Landowner's inaction has resulted in the need to undertake the activity, e.g. review of rabbit control programmes from non-compliant farms.	<ul style="list-style-type: none"> <li>100% fees and charges.</li> </ul>
<b>Environmental Activity - Rivers and Waterway Management</b>			
<b>River Management and monitoring</b>	Routine maintenance to ensure adequate fairway width, enhancement work to improve access etc.	Communities within each district benefit from work completed in their areas.	100% targeted rates district (river management rate), noting Queenstown Lakes District Council has two rating areas - Wanaka and Wakatipu.
	Monitor stability and alignment of particular rivers, through river cross section surveys, gravel surveys etc.	Gravel extractors benefit from gravel surveys.	Gravel surveys: <ul style="list-style-type: none"> <li>Fees and charges from gravel fees.</li> </ul>
	Contribute to cost of work on private properties re river erosion, where wider benefit generated.	Landholders benefit from work done on properties. Some benefit to wider community.	<ul style="list-style-type: none"> <li>100% general rates regional. Maximum contribution in place of \$25, 0000 per landowner within a 5 year period.</li> </ul>
	Monitor and inspect effects of Contact Energy consent.	Contact Energy consenting activities cause need for monitoring the effects of the consent.	<ul style="list-style-type: none"> <li>100% fees and charges from Contact Energy.</li> </ul>
<b>Environmental Activity - Incident Response</b>			
<b>Incident Response</b>	Respond to pollution incidents and resource management complaints.	<p>The actions of those creating pollution incidents cause the need for Council to be involved in this activity.</p> <p>The wider community benefits from clean up and protection.</p>	<ul style="list-style-type: none"> <li>100% fees and charges where possible, from those causing the incidents.</li> <li>100% general rates regional for all other costs.</li> </ul>

Group Activity	Description	Distribution of benefits and Exacerbator Considerations	Funding sources
<b>Community Activity</b>			
<b>Public awareness, democracy, iwi relationships, EnviroSchools</b>	Run Council meetings, hold elections, consult with Maori, provide information and advice through media, website, public events, brochures etc.  Provide regional co-ordinator role for EnviroSchools in Otago.	The whole of the community benefits from these activities.  Those requesting specific information from Council benefit from receiving that information.	Information requests that require more than ½ hour response time: <ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul> For all other activities: <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Financial Contributions</b>	Contribute funding to activities for the benefit of the Otago community.	The local community will benefit from work undertaken by Environment Canterbury on the Lower Waitaki River.  For other contributions made, the community as a whole will benefit.	For Lower Waitaki River: <ul style="list-style-type: none"> <li>• 100% targeted rates from Lower Waitaki District.</li> </ul> For all other contributions: <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Response to Issues</b>	Respond to issues such as national policy and legislative proposals, and city and district plans.	The whole of the community benefits from work aimed to help protect the regions resources.	<ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Regulatory Activity</b>			
<b>Consent Processing, Reviews and Appeals</b>	Process consent applications and hold hearings.	The applicant is the primary beneficiary.	<ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul>
	Issue certificates, permits and transfers.	The applicant is the primary beneficiary.	<ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul>
	Appeals	This is determined by the courts.	Recoveries will be awarded by the courts.  Other costs: <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
	Administration	The community benefits from the database of information.	<ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
	Review of consents, e.g. variation to consent - consent holder initiated or Council may initiate, e.g. on introduction of a minimum flow.	Consent holder benefits from processing requested review of consent.  Wider community benefits from Council initiated review of consent.	Consent holder initiated review of consent: <ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul> Council initiated review: <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Compliance Monitoring</b>	Process performance monitoring returns from consent holders.	Consent holders benefit from their ability to exercise consents.	<ul style="list-style-type: none"> <li>• 75% fees and charges from consent holders.</li> <li>• 25% general rates regional.</li> </ul>
	Undertake audits to ensure compliance with consent conditions.	Work arises from activities undertaken by identifiable consent holders.  Public benefits arise from environmental protection gained through compliance.	<ul style="list-style-type: none"> <li>• 100% fees and charges from consent holders.</li> </ul>
	Dairy monitoring re permitted activity rules.	Council work arises from activities undertaken by identifiable landholders.	<ul style="list-style-type: none"> <li>• 100% targeted rate on each dairy activity.</li> </ul>

Group Activity	Description	Distribution of benefits and Exacerbator Considerations	Funding sources
	Other permitted activity inspections.	Public benefits arise from environmental protection gained through compliance.	<ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>
	Enforcement action where non-compliance found.	Work arises from activities undertaken by identifiable consent holders and others.	<ul style="list-style-type: none"> <li>100% fees and charges.</li> </ul>
<b>Dam Safety</b>	Review impact classifications, process consent applications etc, and enforcement for work not complying with the Building Act/code.	Dam owners benefit from this work.  Work arises from actions of dam owners.	<ul style="list-style-type: none"> <li>100% fees and charges.</li> </ul>
	Maintain a database on dams, formulating policy.	The wider community benefits from this work.	<ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>
<b>Harbour Management</b>	Promote navigation and safety in harbours.  Administer bylaws.	Those using the harbour and waterways benefit directly, but it is not possible to identify them.	<ul style="list-style-type: none"> <li>100% general rates from Dunedin City.</li> </ul>
	Respond to oil spills.	Those creating the oil spill cause the need for this activity.	<ul style="list-style-type: none"> <li>100% fees and charges where possible from those causing incident.</li> <li>100% general rates regional for remaining costs.</li> </ul>
<b>Policy, Strategy, Bylaw</b>	Development, review and audit of ORC's policies, plans, strategies and bylaws.	The whole community benefits from policy development.	<ul style="list-style-type: none"> <li>100% general rates regional.</li> </ul>
<b>Private Plan Changes</b>	Request of third parties to make a change to a Council plan, policy etc.	Individuals and groups requesting a plan change benefit from this work.	<ul style="list-style-type: none"> <li>100% fees and charges.</li> </ul>
<b>Bylaw Approvals</b>	Processing applications for works under bylaws.	Those applying to do works are the primary beneficiary.	<ul style="list-style-type: none"> <li>100% fees and charges.</li> </ul>
<b>Flood Protection and Control Works</b>			
<b>Alexandra Flood Protection</b>	Maintenance of flood protection scheme.	Those living within the flood protection area receive a direct benefit.  Power generation has contributed to the need for having a flood protection scheme in this area.	<ul style="list-style-type: none"> <li>2% general rates from the Central Otago District.</li> <li>98% fees and charges from dam owners.</li> </ul>
<b>Leith Flood Protection</b>	Construction of the flood protection scheme.	Those living within flood protection area receive a direct benefit.  The local community benefits from continued access to these areas.  There is a regional benefit where continued access to regional services, e.g. hospital and CBD etc.	<ul style="list-style-type: none"> <li>5% general rates regional</li> <li>2% general rates Dunedin City.</li> <li>46.5% targeted rates Indirect Benefit Zone.</li> <li>46.5% targeted rates Direct Benefit Zone.</li> </ul>

Group Activity	Description	Distribution of benefits and Exacerbator Considerations	Funding sources
<b>Lower Clutha Flood and Drainage</b>	Maintenance of flood protection scheme.	Those living within the flood protection area receive a direct benefit.  The local community benefits from continued access to the area.	After receipt of rental income and contribution from Kuriwao reserve: <ul style="list-style-type: none"> <li>• 2% general rates from the Clutha District,</li> <li>• 98% targeted rates on the scheme area.</li> </ul>
	Maintain the productive capability of land within each scheme area.	The landowners within the drainage scheme area receive a private benefit.	After receipt of rental income and contribution from Kuriwao reserve: <ul style="list-style-type: none"> <li>• 100% targeted rates.</li> </ul>
<b>West &amp; East Taieri and Tokomairiro Drainage</b>	Maintain the productive capability of land within each scheme area.	The landowners within the drainage scheme area receive a private benefit.	After receipt of rental income: <ul style="list-style-type: none"> <li>• 100% targeted rates.</li> </ul>
<b>Lower Taieri Flood</b>	Maintenance of the flood protection scheme.	Those living within the flood protection area receive a direct benefit.  The local community benefits from continued access to the area.	After receipt of rental income: <ul style="list-style-type: none"> <li>• 2% general rates regional.</li> <li>• 2% general rates Dunedin City.</li> <li>• 96% targeted rates on scheme area.</li> </ul>
		The wider community benefits from continued access to regional services, e.g. airport.	
<b>Shotover Delta</b>	Maintenance of the flood protection scheme.	Those living within the flood protection area receive a direct benefit.	<ul style="list-style-type: none"> <li>• 2% general rates regional.</li> <li>• 98% targeted rate on flood zone area.</li> </ul>
		The wider community benefits from continued access to regional services, e.g. airport.	
<b>Safety and Hazards</b>			
<b>Emergency Management</b>	Administer the Otago Civil Defence Emergency Management Group.	The whole community benefits from Council's readiness to deal with an emergency situation.	<ul style="list-style-type: none"> <li>• 100% general rates regional.</li> <li>• For costs occurred in dealing with an event, recovery will be considered on a case by case basis.</li> </ul>
	Respond to flood events, issue flood warnings and take action to reduce effects of flooding.	If an event occurs, those affected will benefit directly from any assistance provided.	
<b>Contaminated Sites</b>	Develop and maintain a centralised database of sites for regional use, and assist with applications for funding remedial works.	The wider community benefits from improvement to the environment.	Clean up and remedial work: <ul style="list-style-type: none"> <li>• 100% fees and charges where possible.</li> </ul>
		Landowners will benefit from remedial and clean-up work.	All other costs: <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Natural Hazards</b>	Investigate and provide information on the potential impacts of natural hazards and their mitigation.	Studies for specific districts such as flood risk strategies will directly benefit those districts.	Studies for districts <ul style="list-style-type: none"> <li>• 100% general rates sub regional.</li> </ul> All other work <ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
	Purchase of LiDAR information to assist assessment of hazards.	Whole community benefits from investigations of natural hazards.	<ul style="list-style-type: none"> <li>• 100% reserves.</li> </ul>
	Implement coastal erosion	The activities of Contact	<ul style="list-style-type: none"> <li>• 100% fees and charges.</li> </ul>

Group Activity	Description	Distribution of benefits and Exacerbator Considerations	Funding sources
	management programme.	Energy create the need for the implementation of a coastal management programme.	
<b>Transport Activity</b>			
<b>Regional Transport Planning</b>	Strategy, planning, policy and priority setting for the region.	The whole community benefits from planning the transport needs of the region.	<ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
<b>Stock Truck Effluent Disposal</b>	Maintain a stock truck effluent disposal site in Central Otago.	The Central Otago district benefits from this work.	<ul style="list-style-type: none"> <li>• 100% general rates on Central Otago District.</li> </ul>
<b>Public Passenger Transport</b>	Provide bus services in Dunedin and Queenstown, including bus stops, shelters etc.	Those living in the areas where transport services are provided receive a direct benefit.	<ul style="list-style-type: none"> <li>• 100% targeted rates in areas where bus services are provided.</li> </ul>
	Public transport planning.	Those living in the areas where transport services are provided receive a direct benefit.	<ul style="list-style-type: none"> <li>• 100% targeted rates in areas where bus services are provided.</li> </ul>
	Administer the Total Mobility Scheme.	Total mobility users benefit from this; however the scheme is to provide more affordable transport for those who cannot use public transport because of a disability.	<ul style="list-style-type: none"> <li>• 100% general rates regional.</li> </ul>
	Register services under the Transport Licensing Act.	Service providers benefit from being able to legally operate.  Wider community benefits from information held.	<ul style="list-style-type: none"> <li>• 50% fees and charges from service providers.</li> <li>• 50% general rates regional.</li> </ul>

General rates are charged on a capital value basis.

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

## Finance Policy

### Financing the Purchase of Fixed Assets (Excluding Infrastructural Assets)

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

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

### Financing Capital Expenditure on Infrastructural Assets

Most infrastructural assets (such as floodbanks, pumping stations and drains) are assigned to specific special rating districts. Ratepayers within these districts fund the depreciation on these assets. Each special rating district has a “Funded Depreciation Reserve” set up which represents the balance of the

amount of depreciation revenue rates for, and any interest earned on reserve balances. The purpose of this reserve is the funding of capital expenditure and the cost of renewals on the infrastructural assets being depreciated.

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

## **Financing Major Projects**

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



## Summary Significance and Engagement Policy

This policy provides guidelines for determining the significance of proposals and decisions, and it sets out how Council may engage the Otago community in its decision making processes.

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

The full policy can be found on our website at [www.orc.govt.nz](http://www.orc.govt.nz).

### Significance

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

When determining the degree of significance we will consider:

- The extent of any consequences or impacts on Otago residents and ratepayers, or stakeholders, including the consequences for or impacts on future generations;
- The level of public interest likely to be generated within the region or New Zealand generally;
- Any likely effect on the ability of the ORC to perform its role, carry out its existing activities and meet statutory timeframes;
- Any financial and other costs or implications;
- The impacts on people's ability to use property or essential services;
- If the issue, proposal, decision or other matter involves a strategic asset.

Judgement will set the level of community engagement and whether or not any impacts and consequences are of such a degree of importance as to require consultation on the matter. The assessment will be documented, with reasons for conclusions reached.

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

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

If an issue, proposal, decision or matter is determined to be significant, consultation will be required.

### Engagement

Engagement is about how the ORC will interact with the Otago community, interest groups, and its ratepayers, as part of its decision making processes, and how we 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 undertaken will also increase.

This policy is in respect of the engagement undertaken to seek community preferences.

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

- Undertaking surveys;
- Using social media;
- Meeting with individuals, focus groups, and key stakeholders;
- Holding public meetings;
- Undertaking consultation.

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

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

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

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

### ***Consultation with Maori***

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

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

## **Strategic Assets**

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

- Otago Regional Council shares held in Port Otago Limited;
- Flood protection and drainage schemes.

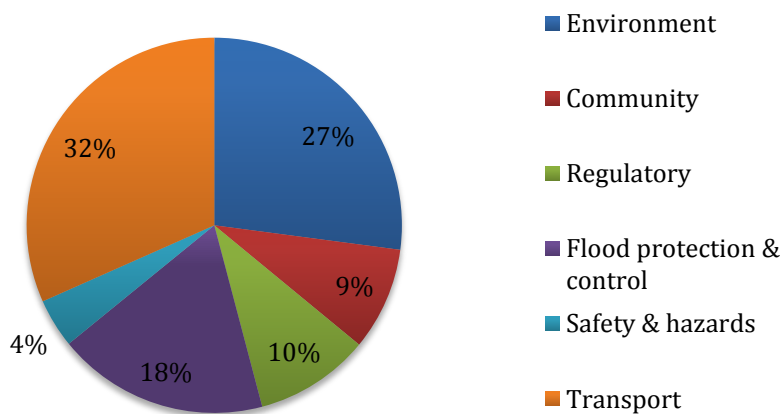
## **Part 3 – What we will do over the next 10 years**

## Significant Activities

The activities that we undertake have been grouped into six significant groups as follows:

- Environment –
  - \* *Water*
  - \* *Air*
  - \* *Land*
  - \* *Rivers and waterway management*
  - \* *Environmental incident response*
- Community –
  - \* *Public information and awareness*
  - \* *Democracy*
- Regulatory –
  - \* *Policy development*
  - \* *Consent processing and compliance*
  - \* *Harbour management*
- Flood Protection and Control Works –
  - \* *Flood and drainage schemes*
- Safety and Hazards –
  - \* *Emergency management*
  - \* *Natural hazards*
- Transport –
  - \* *Regional transport planning*
  - \* *Public passenger transport*

### Expenditure by Activity 2015/16



## Environment

We have a responsibility for looking after the natural resources of the Otago region. We monitor and report on the state of the environment, and undertake activities that promote the sustainable use of our resources.

This significant activity includes the following:

- Water;
- Air;
- Land;
- Rivers and waterway management;
- Environmental incident response.

### Community Outcomes

Our environmental activities contribute to the following community outcomes:

- Sustainable development of the region's resources through the sharing of knowledge and information;
- Community participation in planning and managing the use and enhancement of Otago's resources;
- The environmental, economic, social and cultural needs of Otago people are being met.

Environmental expenditure (including capital expenditure and depreciation) by activity for the next 3 years:

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s
Water	6,930	7,210	7,028
Air	440	368	266
Land	2,091	2,216	2,536
Rivers & waterway management	1,812	1,841	1,799
Environmental incident response	979	1,051	1,163
<b>Total expenditure</b>	<b>12,252</b>	<b>12,686</b>	<b>12,792</b>

## 1. Water

### 1.1 What we do

Water is a precious resource in Otago. The quality of our water and its availability are critical to our way of life.

Our Regional Plan: Water sets out policies and rules that aim to protect both the quality and availability of water in our aquifers, rivers, lakes and wetlands.

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

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

Our coastal environment is highly valued, and so we want to ensure its efficient management. This Long Term Plan provides for the development of a Coastal Strategy for Otago, and this will involve liaising with agencies and others who hold a wealth of information on our coastal resource.

We are also planning a programme of monitoring and reporting on some of our estuaries including Kakanui, Waikouaiti and the Shag River estuary.

A programme for monitoring the state of our environment, i.e. water quality, water quantity and our coastal resource, continues to be provided for in this Long Term Plan.

## **1.2 Issues we are facing**

### ***Water Quality***

We are currently in a transition phase for meeting the water quality standards set out in Schedule 15 and 16 of our Regional Plan: Water which came into effect on 1 May 2014.

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

We have a project in place to assist with this transition. It includes investing in research and development for new technologies for real time water quality monitoring, a programme of education and liaison with the community and key stakeholders, and undertaking science and monitoring work.

Council is aware that there are other contaminant discharges affecting our water quality from septic tanks, storm water discharges, industrial and trade waste, and hazardous substances. This Long Term Plan addresses these issues through a series of proposed plan changes to the Regional Plan: Water. The plan changes will provide new rules for dealing with these types of urban discharges.

### ***Water Quantity***

Resource consents allow landholders to take water within agreed limits. Mining privileges (deemed permits) however give landholders a right to take water with no limitations. Mining privileges will expire in 2021. This means that those landholders with mining privileges will need to obtain resource consent if they wish to continue taking water.

There are approximately 450 mining privileges currently issued in Otago. Our Regional Plan: Water has provisions to assist transitioning these from mining privileges to resource consents, through the formation of groups. Group management of our water resource will help achieve efficient and sustainable water use.

There are still a number of rivers and aquifers in Otago that require minimum flows. Minimum flows provide the basis of how much water is available and assists the issuing of resource consent and water allocation limits. This Long Term Plan has a programme in place for completing minimum flow work on our

remaining rivers and aquifers from which water is taken, and incorporating them into our Regional Plan: Water.

### 1.3 What we will deliver

Level of Service – Water Quality	Performance Measure	2015/16	PERFORMANCE TARGETS		
			2016/17	2017/18	2018-25
<b>Maintain or improve water quality.</b>	SOE monitoring.	Water quality that meets thresholds set out in the Regional Plan: Water continue to be met.			→
	Awareness survey.	Landholder awareness of Regional Plan: Water rules at 80%.	Landholder awareness at 90%.	Landholder awareness at 100%.	
	SOE monitoring. Other monitoring.				Water quality limits for Schedule 15 met by 2025. Water quality limits for Schedule 16 and Overseer met 2020.
	Dairy inspections and other farm monitoring, e.g ponding, sedimentation.	100% compliance with prohibited activity rules in the Regional Plan: Water.			→

Level of Service – Water Quantity	Performance Measure	2015/16	PERFORMANCE TARGETS		
			2016/17	2017/18	2018-25
<b>Water is managed to meet needs of Otago community.</b>	Sustainable environmental flows and allocation limits set on rivers and streams.	No violation of minimum flows due to abstraction at any site as set out in the Regional Plan: Water.			→
	Sustainable environmental levels and allocation limits set on groundwater resources.	No violation of groundwater minimum levels and allocation limits due to abstraction at any site as set out in the Regional Plan: Water.			→

## 1.4 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Commence plan changes to address urban discharges to water.		✓	✓
Commence and complete plan changes for minimum flows, allocation regimes and aquifer regimes.	✓	✓	✓
Provide technical and funding support for community led investigations of infrastructure for bulk rural water.	✓	✓	✓

## 1.5 What assumptions we have made

- Technology solutions will be available that provide landholders and the Otago Regional Council with real time data on water quality.
- The market (i.e. consultants) will pick up the role of facilitating the development of water management groups and make consent applications.
- Demand for water will continue to increase.
- No appeals on plan changes will be made.

## 2. Air

### 2.1 What we do

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

A National Environmental Standard (“NES”) for Air Quality, established by the Government, sets a maximum allowable daily concentration for PM<sub>10</sub> of 50 micrograms per cubic metre of air. PM<sub>10</sub> refers to particulate matter less than 10 microns in diameter, and is measured in micrograms per cubic metre of air. The NES will allow up to three exceedances per year of the PM<sub>10</sub> standard by 2016, and full compliance (no more than one exceedance per year) by 2020. We are responsible for ensuring compliance with the NES. Under the RMA, we are also responsible for controlling the discharge of contaminants to air and our Regional Plan: Air sets out our rules for this.

Monitors have been installed in selected Otago towns so that we can measure air quality. Our monitoring has shown many high readings, i.e., in excess of PM<sub>10</sub>, in Arrowtown, Alexandra, Cromwell, and Clyde (Air Zone 1) and Milton, and fewer high readings in Central Dunedin, Mosgiel and Balclutha.

Our work includes undertaking targeted investigations to understand air quality issues and causes of air pollution in specific areas. This information assists with Council planning, policies and resource consent considerations.

### 2.2 Issues we are facing

We know that in some areas of Otago we will not be able to comply with the NES for air quality.

Research has shown that in some parts of Otago, even with the use of the most compliant of wood burners, we will still not meet the air quality standards. Further, Council is of the view that clean air should not be achieved at the expense of warm homes. We therefore need to find new solutions that will ensure people have warm homes while achieving clean air, and we plan to invest in further research on this.



This Long Term Plan includes the development of an Air Strategy for Otago to assist in dealing with this issue, and input from key stakeholders will be sought.

Further, we intend seeking central government support for addressing the air quality issues we have in parts of Otago.

## 2.3 What we will deliver

Level of Service	Performance Measure	PERFORMANCE TARGETS			
		2015/16	2016/17	2017/18	2018-25
Improve air quality.	Ambient (PM <sub>10</sub> ) air quality in targeted towns.	No more than one daily average reading of PM <sub>10</sub> per annum to be higher than 50 micrograms per cubic metre.			→

## 2.4 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Develop and implement an Air Strategy for Otago.	✓	✓	
Support through funding, the Cosy Homes Otago Trust, to subsidise the installation of clean heating appliances in targeted towns.	✓	✓	✓
Identify research needs and opportunities in relation to low emission solid fuel burners and promote that research.		✓	

## 2.5 What assumptions we have made

- The continued use of solid fuel burners will not meet the NES for air quality in Air Zone 1 and Milton.
- Resolution of air quality issues will require an integrated approach with central government, local government and other agencies, e.g. Public Health South.
- There will be no changes in the NES for air quality in the next 10 years.

## 3. Land

### 3.1 What we do

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

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

The pest animals identified in the strategy are rabbits, hares and rooks. With respect to rabbits, the strategy requires landowners to meet the MAL3 level of compliance. MAL refers to the Modified MacLeans Scale, which is a nationally recognised 1 to 8 scale, measuring rabbit density.

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

Council undertakes monitoring inspections of known sites, and will undertake control work (removal of plants) where necessary. Recovery of costs from the land owner will be sought. Where appropriate, enforcement action will be undertaken.

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

Council's contracting arm 'Regional Services' undertakes external rabbit contract work within Otago. This work, which is fully funded by those contracting these services, involves giving advice, and carrying out control works that are cost effective and beneficial for Otago land occupiers.

Council, in conjunction with other South Island councils, is developing a South Island approach to pest management, providing a collaborative approach to dealing with pest animals and plants common throughout the South Island. This approach will be incorporated into a new Otago Pest Management Plan, which will be developed in the first two years of this Long Term Plan.

The development of a Biodiversity Strategy for Otago is planned, to assist the protection of areas of biodiversity in Otago. Council's other biodiversity work includes monitoring our regionally significant wetlands.

### **3.2 Issues we are facing**

Wilding pines are considered to be a significant issue by many in the Otago community. There is growing concern about the spread of wilding trees in all districts of Otago and in neighbouring regions. Year one of the Long Term Plan provides for preparing a wilding tree review and stocktake throughout the region. We are assuming that the government will also be involved in this issue, in terms of policy development and funding for control work.

Until our review is complete, and we understand the extent of any government involvement in this issue, we do not yet know what we may do beyond year one of this Long Term Plan. We have therefore not included any further initiatives, but note that once known, they will be incorporated into future annual plans.

The availability of acceptable pest control tools is becoming limited. We have identified a need to invest in some research and development of new non-biological control tools for pest animals and plants, and this is included in the Long Term Plan.

### 3.3 What we will deliver

Level of Service	Performance Measure	2015/16	PERFORMANCE TARGETS		
			2016/17	2017/18	2018-25
Require control of pest animals and pest plants.	Level of rabbit populations in rabbit prone areas.	All properties inspected have either rabbit numbers under MAL3 or have property management plans in place to achieve MAL3.			→
	Level of pest plants found at known sites.	70% of properties inspected have either no pest plant infestation found or have undertaken control work to remove pest plants.			→

### 3.4 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Develop a Biodiversity Strategy for Otago.	✓		
Research, invest and nationally lead developments into new methods for non-biocontrol tools for pests.		✓	✓
Prepare the Otago Pest Management Plan, based on the South Island approach to pest management.	✓	✓	

### 3.5 What assumptions we have made

- Government will develop a wilding tree policy which will also incorporate funding for control work.
- The level of enforcement action taken by Council will increase, particularly on feral rabbits in Central Otago.

## 4. Rivers and Waterway Management

### 4.1 What we do

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

Council also undertakes a programme of river monitoring which involves surveying the stability and alignment of particular rivers, and investigating river changes and erosion.

### 4.2 Issues we are facing

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

In response to this, the Long Term Plan incorporates a programme for developing River Morphology and Riparian Management Plans for many of our major rivers in Otago, including the Pomahaka, Cardrona, and Shag. We need to obtain river cross section surveys (LiDAR) to inform the development of those plans, and these have been provided for.

The maintenance of flood protection and river control assets owned by us that are not part of our flood and drainage schemes (Flood Protection and Control Works) is also undertaken within this activity, for example, the Albert Town rock work bank protection and Lindsay Creek flood protection assets.

### 4.3 What we will deliver

Level of Service	Performance Measure	PERFORMANCE TARGETS			
		2015/16	2016/17	2017/18	2018-25
Ensure waters can flow without obstruction.	Time taken to investigate and action reported blockages.	Investigate all reported blockages obstructing scheduled rivers within 10 working days and action appropriately.			→

### 4.4 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Develop River Morphology and Riparian Management Plans	Pomahaka Strath Taieri	Cardrona Waianakarua Shag	Manuherikia Big Kuri Creek Kyeburn Silver Stream
Undertake a stocktake and condition assessment of non-flood scheme assets, prepare maintenance strategies, and implement the strategies.	✓	✓	✓

### 4.5 What assumptions we have made

- Gravel extraction demand for the Shotover River Delta will be sufficient to enable effective management of the target delta profile.
- There will be no reconstruction or extension of the Albert Town bank protection rock work.

## 5. Environmental Incident Response

### 5.1 What we do

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

The management of contaminated sites involves the investigation and management of historic and active industrial and trade use sites which manufacture, use, or store hazardous substances, and may be contaminated. Where necessary, enforcement and clean-up or remedial work is also undertaken.

## 5.2 What we will deliver

Level of Service	Performance Measure	2015/16	PERFORMANCE TARGETS		
			2016/17	2017/18	2018-25
<b>Council will be ready and able to respond to all environmental incidents.</b>	Time taken to respond.	Acknowledge and assess the necessary actions of reported incidents within 0.5 hours of receipt.			

## 5.3 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Establish and manage a central contaminated sites database for regional use.	✓	✓	✓

## 5.4 What assumptions we have made

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

## 6. *What significant negative effects could our environment activity have on the community?*

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

## Funding Impact Statement – Environment

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
<b>Sources of operating funding:</b>											
2,194	General rates, UAGC & rate penalties	2,587	2,763	2,909	2,861	2,740	2,602	2,870	3,052	3,096	2,981
1,134	Targeted rates	1,751	2,037	2,235	2,394	2,446	2,470	2,544	2,565	2,610	2,651
47	Subsidies & grants	13	13	13	13	13	13	13	13	13	13
1,888	Fees & charges	919	939	959	981	1,004	1,028	1,053	1,079	1,107	1,135
467	Internal charges & overheads recovered	747	766	785	805	827	849	872	896	922	948
4,624	Fines, infringement fees & other receipts	4,734	4,930	5,047	4,959	4,873	4,924	5,347	5,388	5,532	5,521
<b>10,354</b>	<b>Total operating funding</b>	<b>10,751</b>	<b>11,448</b>	<b>11,948</b>	<b>12,013</b>	<b>11,903</b>	<b>11,886</b>	<b>12,699</b>	<b>12,993</b>	<b>13,280</b>	<b>13,249</b>
<b>Application of operating funding:</b>											
6,287	Payments to staff & suppliers	7,722	7,843	7,901	7,754	7,602	7,768	7,958	8,125	8,325	8,372
-	Finance costs	-	-	-	-	-	-	-	-	-	-
3,772	Internal charges & overheads	4,096	4,474	4,578	4,464	4,531	4,633	5,002	5,138	5,254	5,213
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>10,059</b>	<b>Total applications of operating funding</b>	<b>11,818</b>	<b>12,317</b>	<b>12,479</b>	<b>12,218</b>	<b>12,133</b>	<b>12,401</b>	<b>12,960</b>	<b>13,263</b>	<b>13,579</b>	<b>13,585</b>
<b>295</b>	<b>Surplus(deficit) of operating funding</b>	<b>(1,067)</b>	<b>(869)</b>	<b>(531)</b>	<b>(205)</b>	<b>(230)</b>	<b>(515)</b>	<b>(261)</b>	<b>(270)</b>	<b>(299)</b>	<b>(336)</b>
<b>Sources of capital funding:</b>											
-	Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase(decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	<b>Total sources of capital funding</b>	-	-	-	-	-	-	-	-	-	-
<b>Application of capital funding:</b>											
<i>Capital expenditure:</i>											
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve level of service	-	-	-	-	-	-	-	-	-	-
197	- to replace existing assets	303	214	156	154	116	119	78	59	67	154
98	Increase(decrease) in reserves	(1,370)	(1,083)	(687)	(359)	(346)	(634)	(339)	(329)	(366)	(490)
-	Increase(decrease) in investments	-	-	-	-	-	-	-	-	-	-
<b>295</b>	<b>Total application of capital funding</b>	<b>(1,067)</b>	<b>(869)</b>	<b>(531)</b>	<b>(205)</b>	<b>(230)</b>	<b>(515)</b>	<b>(261)</b>	<b>(270)</b>	<b>(299)</b>	<b>(336)</b>
<b>(295)</b>	<b>Surplus(deficit) of capital funding</b>	<b>1,067</b>	<b>869</b>	<b>531</b>	<b>205</b>	<b>230</b>	<b>515</b>	<b>261</b>	<b>270</b>	<b>299</b>	<b>336</b>
-	<b>Funding balance</b>	-	-	-	-	-	-	-	-	-	-

## Community

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

This significant activity includes the following:

- Democracy;
- Public information and awareness.
- Financial contributions.

### *Community Outcomes*

Our community activities contribute to the following community outcomes:

- Sustainable development of the region's resources through the sharing of knowledge and information.
- Community participation in planning and managing the use and enhancement of Otago's resources.
- The environmental, economic, social and cultural needs of Otago people are met.

Community expenditure (including capital expenditure and depreciation) by activity for the next 3 years:

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s
Democracy	1,375	1,560	1,437
Public information and awareness	1,933	2,038	2,096
Financial contributions	734	598	797
<b>Total expenditure</b>	<b>4,042</b>	<b>4,196</b>	<b>4,330</b>

## *7. Democracy, Public Information and Awareness*

### **7.1 What we do**

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

Every three years an election of Councillors is held, and a review of representation is undertaken at least every six years.

Council undertakes a number of activities to educate, consult and encourage community participation in decision-making, and to promote awareness of our plans, policies and activities. To help promote community participation, we provide regular information to the media about our activities, and make information publicly available through newsletters, web-based information, social media, public events and so on.

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

Commencing 2015/16, we are taking on the role of Regional Coordinator for the provision of Enviroschools in Otago.

Council actively works with Kai Tahu ki Otago, and encourages Maori participation in natural resource management. Council seeks to consult and liaise on the activities of Council, and provide assistance on initiatives of mutual specific interest.

Council contributes funding towards initiatives undertaken by community and other groups such as TBfree NZ's Pest Management Strategy for Bovine Tb (2015/16 only), and the Otago Emergency Rescue Helicopter.

## 7.2 What we will deliver

Level of Service	Performance Measure	PERFORMANCE TARGETS			
		2015/16	2016/17	2017/18	2018-25
<b>Effective, open and transparent democratic Council processes.</b>	Completion of statutory public accountability processes.	Complete all planning and reporting within statutory timeframes and requirements.	→		
<b>Provide information to enable the public to be informed of Council and Committee meetings.</b>	Time for making meeting agendas available to the public.	All meeting agendas to be available at least two working days prior to each meeting.	→		

## 7.3 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Hold at least two meetings each year with Iwi representatives.	✓	✓	✓
Respond to issues, activities and queries on matters that require a regional perspective or impact on regional resource management functions.	✓	✓	✓



## Funding Impact Statement – Community

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
	<b>Sources of operating funding:</b>										
1,117	General rates, UAGC & rate penalties	1,361	1,430	1,508	1,467	1,537	1,449	1,497	1,666	1,627	1,639
714	Targeted rates	145	145	118	97	97	97	99	105	112	116
-	Subsidies & grants	-	-	-	-	-	-	-	-	-	-
130	Fees & charges	131	134	207	212	217	223	228	234	241	247
-	Internal charges & overheads recovered	-	-	-	-	-	-	-	-	-	-
2,207	Fines, infringement fees & other receipts	2,405	2,482	2,489	2,439	2,604	2,582	2,647	2,795	2,769	2,880
<b>4,168</b>	<b>Total operating funding</b>	<b>4,042</b>	<b>4,191</b>	<b>4,322</b>	<b>4,215</b>	<b>4,455</b>	<b>4,351</b>	<b>4,471</b>	<b>4,800</b>	<b>4,749</b>	<b>4,882</b>
	<b>Application of operating funding:</b>										
2,665	Payments to staff & suppliers	3,071	3,189	3,289	3,165	3,396	3,283	3,376	3,668	3,589	3,692
-	Finance costs	-	-	-	-	-	-	-	-	-	-
953	Internal charges & overheads	973	1,007	1,041	1,060	1,071	1,083	1,113	1,156	1,189	1,223
-	Other operating Funding applications	-	-	-	-	-	-	-	-	-	-
<b>3,618</b>	<b>Total applications of operating funding</b>	<b>4,044</b>	<b>4,196</b>	<b>4,330</b>	<b>4,225</b>	<b>4,467</b>	<b>4,366</b>	<b>4,489</b>	<b>4,824</b>	<b>4,778</b>	<b>4,915</b>
<b>550</b>	<b>Surplus(deficit) of Operating funding</b>	<b>(2)</b>	<b>(5)</b>	<b>(8)</b>	<b>(10)</b>	<b>(12)</b>	<b>(15)</b>	<b>(18)</b>	<b>(24)</b>	<b>(29)</b>	<b>(33)</b>
	<b>Sources of capital funding:</b>										
-	Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase(decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-
-	<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Application of capital funding:</b>										
	<i>Capital expenditure:</i>										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve level of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
550	Increase(decrease) in reserves	(2)	(5)	(8)	(10)	(12)	(15)	(18)	(24)	(29)	(33)
-	Increase(decrease) in investments	-	-	-	-	-	-	-	-	-	-
<b>550</b>	<b>Total application of capital funding</b>	<b>(2)</b>	<b>(5)</b>	<b>(8)</b>	<b>(10)</b>	<b>(12)</b>	<b>(15)</b>	<b>(18)</b>	<b>(24)</b>	<b>(29)</b>	<b>(33)</b>
<b>(550)</b>	<b>Surplus(deficit) of Capital funding</b>	<b>2</b>	<b>5</b>	<b>8</b>	<b>10</b>	<b>12</b>	<b>15</b>	<b>18</b>	<b>24</b>	<b>29</b>	<b>33</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Regulatory

We have a number of activities that we are required to carry out, under different legislation, including the Resource Management Act and the Building Act. Such activities include processing resource consents, developing plans that set rules for how our resources may be used, and checking that those rules are being complied with.

This significant activity includes:

- Policy development;
- Consent processing and compliance;
- Harbour management.

### Community Outcomes

Our regulatory activities contribute to the following community outcomes:

- Sustainable development of the region's resources through the sharing of knowledge and information.
- Community participation in planning and managing the use and enhancement of Otago's resources.
- The environmental, economic, social and cultural needs of Otago people are met.

Regulatory expenditure (including capital expenditure and depreciation) by activity for the next 3 years:

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s
Policy development*	434	152	-
Consents and compliance	3,673	3,782	3,945
Harbour management	319	300	307
<b>Total expenditure</b>	<b>4,426</b>	<b>4,234</b>	<b>4,252</b>

\* Does not include work on the Regional Plan: Water or Regional Plan: Air.

## 8. Policy Development

### 8.1 What we do

The Otago Regional Policy Statement (RPS) provides an overview of the resource management issues of the Otago region and the ways of achieving the integrated management of its natural and physical resources. It provides a framework within which the various regional and district plans sit. As these plans must give effect to the provisions of the RPS, the statement sets the context and direction for all regional and district planning in Otago.

A review and update of the RPS commenced in 2013/14. A final RPS will be released by 30 June 2015, so any appeals that may be received will be dealt with in the first year of this Long Term Plan.

Our regional plans require review under the Resource Management Act, and our bylaws must be reviewed under the Local Government Act.

This Long Term Plan provides for a review of our Regional Plan: Coast commencing 2018/19.

Council is planning to revoke the Regional Plan: Waste as new discharge provisions in other plans come into full effect. Revoking this plan is scheduled for 2018/19.

Our flood protection bylaw will require a review in 2021/22.

## 8.2 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Address any appeals made on the RPS and make operative	✓		

## 8.3 What assumptions we have made

- Appeal is likely over some RPS provisions.
- Waste Plan provisions can be successfully managed through other regional plans and by the territorial authorities.

## 9. Consents and Compliance

### 9.1 What we do

Resource consents are issued by Council allowing the use of our natural resources, or discharging into water, air, coast and land resources. We strive to meet the processing timeframes in which consents should be processed as set out in the Resource Management Act 1991.

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

If it is found that consent conditions are not being complied with, enforcement action will be undertaken.

Council's activities in respect of dam safety are undertaken under the Building Act 2004, and include having an adopted policy on Dangerous Dams, Earthquake Prone and Flood Prone Dams, maintaining a register of dams in Otago, and processing building consent applications for building associated with dams. The policy on Dangerous Dams is to be reviewed in 2015/16. This Council is accredited and registered as a Building Consent Authority. In addition to Otago, we undertake certain dam safety and building control functions for dams in the Southland and West Coast regions under transfer agreements.

### 9.2 Issues we are facing

As discussed in section 1.2 on Water, as minimum flows become operational, it will be necessary for us to review existing consents issued for the taking of water from those catchments. The total amount of water allowed to be taken under those consents will be reviewed to determine if there is an over allocation of the total available water. If it is found that there is, then Council has the ability under the RMA to vary consent conditions. In some situations we may need to reduce the amount of water that land owners are consented to take.

The Regional Plan: Water includes permitted activity rules and defines prohibited activities. Permitted activities do not require a resource consent for the activity to be undertaken, but rules are in place to mitigate any possible negative effects of the activity on our environment. We need to undertake work to ensure that the rules are being complied with, and that prohibited activities are not being undertaken. Dairying is a permitted activity, and since 2004 we have visited every dairy farm on an annual basis to check compliance with rules. Every year we have found non-compliance, and prosecutions have been made. We will continue our work on dairy inspections.

As the date of 2020 approaches for compliance with our water quality rules (discussed in section 1.2), our compliance role will expand. New work will be undertaken on a wide range of rural type activities, including forestry, to monitor their effects on water quality.

### 9.3 What we will deliver

Level of Service	Performance Measure	2015/16	PERFORMANCE TARGETS		
			2016/17	2017/18	2018-25
<b>Process resource consent applications in a timely manner.</b>	RMA and Building Act statutory timeframes.	100% of consents are processed within the statutory timeframes.	→		→
	Biannual customer satisfaction survey.		80% customer satisfaction with process.		80% customer satisfaction with process.
<b>Ensuring consent conditions for the use of Otago’s air, water and coastal resources are complied with.</b>	Performance monitoring returns show compliance with consent conditions.	85% or more of performance monitoring returns show compliance with consent conditions (non-compliance measured as Grade 4 and 5 only).	→		→
	Audits of consents show compliance with consent conditions.	85% or more audits show compliance with consent conditions (non-compliance measured as Grade 4 and 5 only).	→		→

## 9.4 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Review consents for a catchment, subcatchment or aquifer within two months of a minimum flow or water quality standard being operational to assess water allocation.	✓	✓	✓
Investigate and undertake enforcement action on breaches of resource consent conditions and Regional Plan rules.	✓	✓	✓
Investigate dams in Otago likely to be non-compliant with the building code and undertake enforcement action where necessary.	✓	✓	✓

## 9.5 What assumptions we have made

- Level of consent processing will increase up until 2021 when mining privileges expire.
- Compliance monitoring activity will increase over time to assess effects of activities on water quality.
- Enforcement level may increase from 2020/2021 as water quality rules require compliance and mining privileges expire.
- The Building (Dam Safety) Regulations will commence 1 July 2015.

## 10. Harbour Management

### 10.1 What we do

Council is responsible for harbour safety and navigation in the Otago and Karitane harbours, which includes ensuring a prompt response to harbour incidents, and notifying relevant authorities if required. A contract is in place with Port Otago Ltd for the provision of harbourmaster services.

We are also responsible for responding to any oil spills that may occur in the Otago area.

Otago Harbour bylaws, completed under the Local Government Act, are our responsibility, and they are being reviewed and updated.

### 10.2 What we will deliver

Level of Service	Performance Measure	2015/16	PERFORMANCE TARGETS		
			2016/17	2017/18	2018-25
<b>Safe recreational use and navigation for all users of the Otago harbour.</b>	Number of harbour incidents.	No major (collision) harbour incidents.	→	→	→
<b>Council will be ready to respond to oil spills and ensure restoration.</b>	Respond to oil spills in timely manner.	Respond within 1.5 hours of notification.	→	→	→

### 10.3 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Complete Port Harbour Safety Code.	✓		
Hold one desk top and one field exercise for marine oil incident response.	✓	✓	✓

## Funding Impact Statement – Regulatory

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
	<b>Sources of operating funding:</b>										
823	General rates, UAGC & rate penalties	519	416	394	541	541	560	394	403	397	401
-	Targeted rates	187	217	299	290	302	310	322	330	339	349
-	Subsidies & grants	35	35	35	35	35	35	35	35	35	35
1,873	Fees & charges	2,240	2,387	2,475	2,467	2,560	2,657	2,638	2,713	2,790	2,872
5	Internal charges & overheads recovered	131	131	131	131	131	131	131	131	131	131
1,326	Fines, infringement fees & other receipts	1,003	815	753	996	1,018	1,102	815	797	801	834
<b>4,027</b>	<b>Total operating funding</b>	<b>4,115</b>	<b>4,001</b>	<b>4,087</b>	<b>4,460</b>	<b>4,587</b>	<b>4,795</b>	<b>4,335</b>	<b>4,409</b>	<b>4,493</b>	<b>4,622</b>
	<b>Application of operating funding:</b>										
2,241	Payments to staff & suppliers	2,509	2,364	2,392	2,444	2,513	2,632	2,446	2,491	2,539	2,613
-	Finance costs	-	-	-	-	-	-	-	-	-	-
1,677	Internal charges & overheads	1,761	1,691	1,750	1,924	1,979	2,070	1,888	1,919	1,957	2,015
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>3,918</b>	<b>Total applications of operating funding</b>	<b>4,270</b>	<b>4,055</b>	<b>4,142</b>	<b>4,368</b>	<b>4,492</b>	<b>4,702</b>	<b>4,334</b>	<b>4,410</b>	<b>4,496</b>	<b>4,628</b>
<b>109</b>	<b>Surplus(deficit) of operating funding</b>	<b>(155)</b>	<b>(54)</b>	<b>(55)</b>	<b>92</b>	<b>95</b>	<b>93</b>	<b>1</b>	<b>(1)</b>	<b>(3)</b>	<b>(6)</b>
	<b>Sources of capital funding:</b>										
-	Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase(decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital Funding	-	-	-	-	-	-	-	-	-	-
-	<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Application of capital funding:</b>										
	<i>Capital expenditure:</i>										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
-	- to improve level of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	60	77	-	54	-	57	-	-	-	-
109	Increase(decrease) in reserves	(215)	(131)	(55)	38	95	36	1	(1)	3	(6)
-	Increase(decrease) in investments	-	-	-	-	-	-	-	-	-	-
<b>109</b>	<b>Total application of capital funding</b>	<b>(155)</b>	<b>(54)</b>	<b>(55)</b>	<b>92</b>	<b>95</b>	<b>93</b>	<b>1</b>	<b>(1)</b>	<b>3</b>	<b>(6)</b>
<b>(109)</b>	<b>Surplus(deficit) of capital funding</b>	<b>155</b>	<b>54</b>	<b>55</b>	<b>(92)</b>	<b>(95)</b>	<b>(93)</b>	<b>(1)</b>	<b>1</b>	<b>(3)</b>	<b>6</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Flood Protection & Control Works

Council operates and maintains a number of flood protection and drainage schemes throughout Otago, with the aim of protecting people and properties from flooding, and with adequate drainage, maintaining the productive capability of land within the drainage scheme areas.

This significant activity covers the following schemes:

- Alexandra flood protection;
- Leith flood protection;
- Lower Clutha flood and drainage;
- Lower Taieri flood;
- West Taieri drainage;
- East Taieri drainage;
- Tokomairiro drainage;
- Shotover River Delta.

It also includes a new project to respond to land drainage issues that arise outside of the drainage schemes, and to investigate potential new flood protection and drainage schemes.

### Community Outcomes

The flood protection and control works activity contributes to the following community outcome:

- The environmental, economic, social and cultural needs of Otago people are met.

Flood protection and control works expenditure (including capital expenditure and depreciation) by activity for the next 3 years:

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s
Alexandra flood protection	274	206	225
Leith flood protection	4,313	4,471	2,860
Lower Clutha flood and drainage	1,474	1,683	1,824
Lower Taieri flood	917	564	482
West Taieri drainage	616	808	749
East Taieri drainage	527	606	657
Tokomairiro drainage	106	96	98
Shotover River Delta	16	16	16
Land drainage response	60	31	32
<b>Total expenditure</b>	<b>8,303</b>	<b>8,481</b>	<b>6,943</b>

### 11.1 What we do

Large developed areas of Otago are low-lying river flats, often close to sea level. The continued safe occupation and use of these areas is important to the wellbeing of its communities, and so protection from



flooding is important. In some locations, the productive use of land relies on drainage and control of groundwater levels.

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

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

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

## 11.2 Issues we are facing

The pump station discharge consents Council holds for its drainage schemes are due to expire in 2018. Council will be required to meet the new water quality standards adopted in its Regional Plan: Water, by 2020. Farm run-off into our drains may be acceptable, but the cumulative effect from multiple properties may not.

For each of our drainage schemes, we will continue to monitor water quality, investigate effects and mitigation options, and obtain new resource consents by 2018.

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

## 11.3 What we will deliver

Level of Service – Alexandra Flood	Performance Measure	2015/16	PERFORMANCE TARGETS		
			2016/17	2017/18	2018-25
<b>Reduce the flood risk to people and property by maintaining, repairing and renewing flood protection works to agreed standards.</b>	Response to flood events or damage	Flood damage identified, prioritised and repaired.			→
	Maintain and renew flood mitigation works to ensure design standards are met.	Contain all floods up to 142.75m (above mean sea level) at Alexandra Bridge with 0.5m freeboard, corresponding with a flood flow of approximately 4,350 cubic metres per second and being equivalent to the greatest recorded flood (in 1878) but with the Lake Hawea control gates closed.			→

<b>Pumps will be available 100% of the time.Pumps will be available 100% of the time.</b>	Reliable and constant power supply.	Standby generation always available	_____	_____	_____→
	Reliable pump control systems.	Arrangements in place with supplier for maintenance and on standby in the event of an operation.	_____	_____	_____→
		Undertake 24/7 monitoring of control systems.	_____	_____	_____→

Level of Service – Leith Flood	Performance Measure	2015/16	PERFORMANCE TARGETS		
			2016/17	2017/18	2018-25
<b>Reduce the flood risk to people and property by maintaining flood protection works to agreed standards.</b>	New flood mitigation works are designed and built to agreed performance standards.	By 2019/20, increase capacity to 171 cubic metres per second (measured at St David Street footbridge). Represents 1 in 100 year flood with freeboard.	_____	_____	_____→

Level of Service – Lower Clutha Flood & Drainage	Performance Measure	2015/16	PERFORMANCE TARGETS		
			2016/17	2017/18	2018-25
<b>Reduce the flood risk to people and property by maintaining, repairing and renewing flood protection works to agreed standards.</b>	Respond to flood events or damage.	Flood damage identified, prioritised and repaired.	_____	_____	_____→
	Maintain and renew flood mitigation works to ensure design standards are met.	No flooding of Barnego in all flows up to 2,850 cubic metres per second, Kaitangata, Inch Clutha and Paretai up to 4,000 cubic metres per second and Balclutha up to 5,400 cubic metres per second (all flows measured at Balclutha) based on past observed floods.	_____	_____	_____→
<b>Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.</b>	Respond to events or damage.	Damage identified, prioritised and repaired.	_____	_____	_____→

	Maintain and renew drainage works to ensure design standards are met.	Provide drainage modulus of 7.5mm per day pumped drainage capacity for Matau District, 9mm per day for Inch Clutha and 10mm per day for Paretai District.			
<b>Full pump capacity will be available at each station 363 out of 365 days per annum, and duty pumps will be available to operate 360 out of 365 days per annum.</b>	Reliable power supply.	Standby power generation will be available within 48 hours of a power failure.			
	Reliable pumps.	Arrangements in place with supplier to access spare parts.			
	Reliable pump control system.	Arrangements in place with supplier for control systems maintenance.			
		Undertake 24/7 monitoring of telemetered pump alarm system.			

Level of Service – Lower Taieri Flood		Performance Measure	PERFORMANCE TARGETS			
			2015/16	2016/17	2017/18	2018-25
<b>Reduce the flood risk to people and property by maintaining repairing and renewing flood protection works to agreed standards.</b>	Respond to flood events or damage.	Flood damage identified, prioritised and repaired.				
	Maintain and renew flood mitigation works to ensure design standards are met.	No flooding of the East Taieri upper ponding area from Taieri River flows up to 800 cubic metres per second or Silver Stream flows up to 160 cubic metres per second.				
		No flooding of the East Taieri lower ponding area from Taieri River flows up to 2,500 cubic metres per second or Silver Stream flows up to 260 cubic metres per second.				
		No flooding of West Taieri from Taieri River flows up to 2,500 cubic metres per second.				
		No flooding of Mosgiel from Silver Stream flows up to 260 cubic metres per second (Taieri River flows measured at Outram, Silver				

		Stream flows measured at Gordon Road), being equivalent to the 1980 flood, nominally a 100 year event.			
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Level of Service – West Taieri Drainage	Performance Measure	PERFORMANCE TARGETS			
		2015/16	2016/17	2017/18	2018-25
<b>Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.</b>	Respond to events or damage.	Damage identified, prioritised and repaired.	→		→
	Maintain and renew drainage works to ensure design standards are met.	Provide drainage modulus of 10mm per day pumped drainage capacity.	→		→
<b>Duty pump will operate 363 out of 365 days per annum;</b>	Reliable power supply.	Standby power generation will be available within 48 hours of a power failure.	→		→
<b>Full pump capacity for Waipori will be available 360 out of 365 days per annum;</b>	Reliable pumps.	Arrangements in place with supplier to access spare parts.	→		→
<b>Full pump capacity will be available at Ascog and Henley 355 out of 365 days per annum.</b>	Reliable pump control systems.	Arrangements in place with supplier for control systems maintenance.	→		→
		Undertake 24/7 monitoring of telemetered pump alarm system.			

Level of Service – East Taieri Drainage	Performance Measure	PERFORMANCE TARGETS			
		2015/16	2016/17	2017/18	2018-25
<b>Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.</b>	Respond to events or damage.	Damage identified, prioritised and repaired.	→		→

	Maintain and renew drainage works to ensure design standards are met.	Provide drainage modulus of 8mm per day pumped drainage capacity for East Taieri upper ponding area and 18mm per day for East Taieri lower ponding area.			
<b>Duty pump will be able to operate 363 out of 365 days per annum;</b>  <b>Full pump capacity will be available 355 out of 365 days per annum.</b>	Reliable power supply.	Standby power generation will be available within 48 hours of a power failure.			
	Reliable pumps.	Arrangements in place with supplier to access spare parts.			
	Reliable pump control systems.	Arrangements in place with supplier for control systems maintenance.			
Undertake 24/7 monitoring of telemetered pump alarm system.					

Level of Service – Tokomairiro Drainage	Performance Measure	PERFORMANCE TARGETS			
		2015/16	2016/17	2017/18	2018-25
<b>Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.</b>	Respond to events or damage	Damage identified, prioritised and repaired.			
	Existing land drainage works perform to agreed standards, and drainage works are monitored and maintained to agreed standards.	The drains and channel flow paths within the scheme are maintained to ensure hydraulic capacity.			

Level of Service – Shotover	Performance Measure	PERFORMANCE TARGETS			
		2015/16	2016/17	2017/18	2018-25
<b>Ensure waters can flow without undue obstruction.</b>	Difference between actual and target profiles for surface.	Surface of Shotover River delta is consistent with the target profile.			

## 11.4 Capital expenditure

Council is responsible for maintaining and managing flood and drainage scheme assets around the region. It is also involved in the construction of new flood protection works as necessary.

Capital works in established schemes are funded by the depreciation reserve (if any), and targeted scheme rates.

The estimated capital expenditure for each scheme over the life of this plan is detailed in the Infrastructure Strategy in Part 2 of this document.

## Funding Impact Statement – Flood Protection & Control Works

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
	<b>Sources of operating funding:</b>										
193	General rates, UAGC & rate penalties	101	86	92	103	89	127	122	117	88	89
3,392	Targeted rates	3,665	3,955	4,211	4,340	4,641	4,878	5,103	5,253	5,448	5,638
-	Subsidies & grants	-	-	-	-	-	-	-	-	-	-
92	Fees & charges	244	176	195	150	154	168	171	175	179	183
-	Internal charges & overheads recovered	-	-	-	-	-	-	-	-	-	-
274	Fines, infringement fees & other receipts	520	488	393	413	398	490	459	443	397	429
<b>3,951</b>	<b>Total operating funding</b>	<b>4,530</b>	<b>4,705</b>	<b>4,891</b>	<b>5,006</b>	<b>5,282</b>	<b>5,663</b>	<b>5,855</b>	<b>5,988</b>	<b>6,112</b>	<b>6,339</b>
	<b>Application of operating funding:</b>										
1,332	Payments to staff & Suppliers	2,140	1,993	1,918	1,845	1,718	1,877	1,806	1,927	1,719	1,904
-	Finance costs	-	-	-	-	-	-	-	-	-	-
580	Internal charges & overheads	952	901	881	784	753	769	787	828	810	848
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>1,912</b>	<b>Total applications of operating funding</b>	<b>3,092</b>	<b>2,894</b>	<b>2,799</b>	<b>2,629</b>	<b>2,471</b>	<b>2,646</b>	<b>2,593</b>	<b>2,755</b>	<b>2,529</b>	<b>2,752</b>
<b>2,039</b>	<b>Surplus(deficit) of operating funding</b>	<b>1,438</b>	<b>1,811</b>	<b>2,092</b>	<b>2,377</b>	<b>2,811</b>	<b>3,017</b>	<b>3,262</b>	<b>3,233</b>	<b>3,583</b>	<b>3,587</b>
	<b>Sources of capital funding:</b>										
-	Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase(decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	605	620	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital Funding	-	-	-	-	-	-	-	-	-	-
-	<b>Total sources of capital funding</b>	<b>605</b>	<b>620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Application of capital funding:</b>										
	<i>Capital expenditure:</i>										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
5,161	- to improve level of service	4,514	4,990	2,505	711	630	3,012	2,183	1,771	131	-
362	- to replace existing assets	599	425	751	499	695	513	691	177	212	745
(3,484)	Increase(decrease) in reserves	(3,070)	(2,984)	(1,164)	1,167	1,486	(508)	388	1,285	3,240	2,842
-	Increase(decrease) in investments	-	-	-	-	-	-	-	-	-	-
<b>2,039</b>	<b>Total application of capital funding</b>	<b>2,043</b>	<b>2,431</b>	<b>2,092</b>	<b>2,377</b>	<b>2,811</b>	<b>3,017</b>	<b>3,262</b>	<b>3,233</b>	<b>3,583</b>	<b>3,587</b>
<b>(2,039)</b>	<b>Surplus(deficit) of capital funding</b>	<b>(1,438)</b>	<b>(1,811)</b>	<b>(2,092)</b>	<b>(2,377)</b>	<b>(2,811)</b>	<b>(3,017)</b>	<b>(3,262)</b>	<b>(3,233)</b>	<b>(3,583)</b>	<b>(3,587)</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Safety & Hazards

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

The Resource Management Act 1991 requires Council to investigate and provide information on natural hazards in our region.

This significant activity includes the following:

- Emergency Management;
- Natural Hazards.

### Community Outcomes

Our Safety and Hazards activities contribute to the following community outcomes:

- Sustainable development of the region’s resources through the sharing of knowledge and information.
- The environmental, economic, social and cultural needs of Otago people are met.

Safety and Hazards expenditure (including capital expenditure and depreciation) by activity for the next 3 years:

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s
Emergency Management	428	520	533
Natural Hazards	1,621	1,559	1,640
<b>Total Expenditure</b>	<b>2,049</b>	<b>2,079</b>	<b>2,173</b>

### 12.1 Emergency management

Council acts as the administering authority for the Otago CDEM. In conjunction with the Otago territorial authorities and emergency services, it plans and provides for civil defence emergency management to ensure continued public safety in the region through effective reduction, readiness, response and recovery. Work includes identifying and reducing risks, maintaining communication links, holding training exercises and implementing the Otago CDEM Group Plan.



## 12.2 What we will deliver

Level of Service	Performance Measure	PERFORMANCE TARGETS			
		2015/16	2016/17	2017/18	2018-25
Be ready and able to respond to civil defence emergencies, assist with recovery after such events, and to coordinate and promote reduction through group strategies and plans.	Timeliness in response to a civil defence event / emergency.	The Group Emergency Coordinating Centre can be fully operational within one hour of activation.			→
		Respond immediately upon notification of a civil defence event /emergency.			→

## 12.3 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Assist the CDEM Group with preparation of the 2017-22 Otago CDEM Group Plan.		✓	
Develop a Group Alpine Fault Earthquake Response Plan and implement it.		✓	✓
Complete the development of the Group Risk Reduction Strategy and implement it.	✓	✓	✓

### 13.1 Natural Hazards

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

Assistance is given to the territorial authorities with the management of natural hazards in their areas through collaborative initiatives such as the Wakatipu/Wanaka Flood Study and the Milton 2060 Strategy.

This activity includes implementing the coastal erosion management programme as required by the conditions of Contact Energy Limited's consent for Roxburgh Dam.

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

## 13.2 What we will deliver

Level of Service	Performance Measure	2015/16	PERFORMANCE TARGETS		
			2016/17	2017/18	2018-25
<b>Work proactively with communities to improve understanding of the risks posed by natural hazards so that informed decisions and responses can be made.</b>	Information be available.	Provide natural hazards information to the public via an effective web based Otago Natural Hazards Database.			→
<b>Provision of accurate and timely flood warnings.</b>	Warnings of flood events when alarm status is reached.	Provide rainfall and river flow information to the public when flood levels reach alarm status.			→

## 13.3 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Collate existing information and investigate to assist describing the location and characteristics of known active geological faults in Otago.	✓	✓	✓
Lead the development of a Natural Hazards Risk Management Strategy for South Dunedin, investigate and assess options for mitigation of groundwater and liquefaction hazards.	✓	✓	✓
Undertake a joint ORC/QLDC flood awareness campaign in Queenstown and Wanaka.	✓	✓	✓

## Funding Impact Statement – Safety & Hazards

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
	<b>Sources of operating funding:</b>										
488	General rates, UAGC & rate penalties	614	718	777	675	702	699	721	766	781	787
-	Targeted rates	-	-	-	-	-	-	-	-	-	-
-	Subsidies & grants	-	-	-	-	-	-	-	-	-	-
-	Fees & charges	-	-	-	-	-	-	-	-	-	-
-	Internal charges & overheads recovered	-	-	-	-	-	-	-	-	-	-
967	Fines, infringement fees & other receipts	1,053	1,361	1,396	1,164	1,155	1,208	1,237	1,247	1,289	1,342
<b>1,455</b>	<b>Total operating funding</b>	<b>1,667</b>	<b>2,079</b>	<b>2,173</b>	<b>1,839</b>	<b>1,857</b>	<b>1,907</b>	<b>1,958</b>	<b>2,013</b>	<b>2,070</b>	<b>2,129</b>
	<b>Application of operating funding:</b>										
695	Payments to staff & suppliers	1,155	1,116	1,195	788	832	855	878	903	929	955
-	Finance costs	-	-	-	-	-	-	-	-	-	-
758	Internal charges & overheads	894	961	976	1,049	1,023	1,050	1,079	1,109	1,140	1,173
-	Other operating funding applications	-	-	-	-	-	-	-	-	-	-
<b>1,453</b>	<b>Total applications of operating funding</b>	<b>2,049</b>	<b>2,077</b>	<b>2,171</b>	<b>1,837</b>	<b>1,855</b>	<b>1,905</b>	<b>1,957</b>	<b>2,012</b>	<b>2,069</b>	<b>2,128</b>
<b>2</b>	<b>Surplus(deficit) of Operating funding</b>	<b>(382)</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
	<b>Sources of capital funding:</b>										
-	Subsidies & grants for Capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase(decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale Of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital Funding	-	-	-	-	-	-	-	-	-	-
-	<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Application of capital funding:</b>										
	<i>Capital expenditure:</i>										
-	- to meet additional Demand	-	-	-	-	-	-	-	-	-	-
-	- to improve level of service	-	-	-	-	-	-	-	-	-	-
-	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
2	Increase(decrease) in reserves	(382)	2	2	2	2	2	1	1	1	1
-	Increase(decrease) in investments	-	-	-	-	-	-	-	-	-	-
<b>2</b>	<b>Total application of capital funding</b>	<b>(382)</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>
<b>(2)</b>	<b>Surplus(deficit) of Capital funding</b>	<b>382</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(2)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Transport

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

This significant activity includes the following:

- Regional transport planning;
- Public passenger transport.

### *Community Outcomes*

Our transport activities contribute to the following community outcomes:

- The environmental, economic, social, cultural needs of the Otago people are met.

Transport expenditure (including capital expenditure and depreciation) by activity for the next 3 years:

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s
Regional transport planning	123	129	176
Public passenger transport	14,040	12,986	11,523
<b>Total Expenditure</b>	<b>14,163</b>	<b>13,115</b>	<b>11,699</b>

### **14.1 Regional transport planning and public passenger transport**

The Regional Transport Committee has responsibility for preparing the Regional Land Transport Plan which stays in effect for a period of six years.

The 2015-21 plan will be reviewed in 2018, and a new plan developed for the 2021-27 period.

Council is responsible for supporting the Regional Transport Committee, and approving the plan.

Public passenger transport services are provided for in Dunedin and Queenstown, and Council contracts the provision of those services. It aims to ensure a viable, affordable, quality service that will attract patronage growth that will assist in reducing the reliance on public subsidy over the long term.

New initiatives planned for Dunedin passenger transport include the development of a central bus hub, and implementing a new electronic ticketing system during 2015/16 and 2016/17. These projects will be partly funded from NZTA and the remainder through the Dunedin transport reserve.

Council also administers the Total Mobility scheme in Otago to meet the transport needs of those unable to use public transport.

## 14.2 What we will deliver

Level of Service	Performance Measure	PERFORMANCE TARGETS			
		2015/16	2016/17	2017/18	2018-25
<b>Provide passenger transport services that meet community need.</b>	Reliability of service.	Dunedin: 95% of services monitored depart from the terminus on time.	—————	—————	—————>
				Wakatipu: 90% of services monitored depart from the terminus on time	—————>
	Vehicle quality.	Dunedin: 100% of vehicles comply with Regional Passenger Transport Plan Vehicle Quality standards.	—————	—————	—————>
				Wakatipu: 100% of vehicles comply with Regional Passenger Transport Plan Vehicle Quality standards.	—————>
	Public satisfaction.	Dunedin: Survey shows at least 85% of bus users are satisfied with overall standard of service.	—————	—————	—————>
				Wakatipu: Survey shows at least 85% of bus users are satisfied with overall standard of service.	—————>
	Patronage growth.	Dunedin: 3% growth.	—————	—————	—————>
				Wakatipu: 3% growth.	—————>

## 14.3 Specific areas of work

Specific areas of work in the next three years	2015/16	2016/17	2017/18
Construct a central city bus hub in Dunedin, completed in 2017/18.	✓	✓	✓
Implement a replacement ticketing system, including a new fare structure.	✓		
Procure and implement real time tracking in Dunedin		✓	

## 14.4 What assumptions we have made

The Otago Regional Council will retain responsibility for the provision of bus services in Dunedin.

## Funding Impact Statement – Transport

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
	<b>Sources of operating funding:</b>										
208	General rates, UAGC & rate penalties	169	166	186	183	194	199	201	200	226	210
3,276	Targeted rates	3,345	3,482	3,688	3,907	4,143	4,387	4,647	4,928	5,219	5,527
5,983	Subsidies & grants	8,212	7,223	6,485	6,562	7,432	7,364	7,746	7,731	8,254	8,280
22	Fees & charges	30	24	32	25	34	26	35	28	38	29
-	Internal charges & overheads recovered	-	-	-	-	-	-	-	-	-	-
636	Fines, infringement fees & other receipts	553	541	559	558	580	604	604	589	632	618
<b>10,125</b>	<b>Total operating funding</b>	<b>12,309</b>	<b>11,436</b>	<b>10,950</b>	<b>11,235</b>	<b>12,383</b>	<b>12,580</b>	<b>13,233</b>	<b>13,476</b>	<b>14,369</b>	<b>14,664</b>
	<b>Application of Operating funding:</b>										
9,303	Payments to staff & suppliers	13,861	12,824	11,392	11,448	13,105	12,861	13,510	13,431	14,285	14,235
-	Finance costs	-	-	-	-	-	-	-	-	-	-
406	Internal charges & overheads	302	291	307	304	293	337	317	283	374	324
-	Other operating Funding applications	-	-	-	-	-	-	-	-	-	-
<b>9,709</b>	<b>Total applications of operating funding</b>	<b>14,163</b>	<b>13,115</b>	<b>11,699</b>	<b>11,752</b>	<b>13,398</b>	<b>13,198</b>	<b>13,827</b>	<b>13,714</b>	<b>14,659</b>	<b>14,559</b>
<b>416</b>	<b>Surplus(deficit) of Operating funding</b>	<b>(1,854)</b>	<b>(1,679)</b>	<b>(749)</b>	<b>(517)</b>	<b>(1,015)</b>	<b>(618)</b>	<b>(594)</b>	<b>(238)</b>	<b>(290)</b>	<b>105</b>
	<b>Sources of capital funding:</b>										
-	Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase(decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital Funding	-	-	-	-	-	-	-	-	-	-
-	<b>Total sources of capital funding</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Application of capital funding:</b>										
	<i>Capital expenditure:</i>										
-	- to meet additional demand	-	-	-	-	-	-	-	-	-	-
900	- to improve level of service	-	-	-	-	-	-	-	-	-	-
500	- to replace existing assets	-	-	-	-	-	-	-	-	-	-
(984)	Increase(decrease) in Reserves	(1,854)	(1,679)	(749)	(517)	(1,015)	(618)	(594)	(238)	(290)	105
-	Increase(decrease) in investments	-	-	-	-	-	-	-	-	-	-
<b>416</b>	<b>Total application of capital funding</b>	<b>(1,854)</b>	<b>(1,679)</b>	<b>(749)</b>	<b>(517)</b>	<b>(1,015)</b>	<b>(618)</b>	<b>(594)</b>	<b>(238)</b>	<b>(290)</b>	<b>105</b>
<b>(416)</b>	<b>Surplus(deficit) of capital funding</b>	<b>1,854</b>	<b>1,679</b>	<b>749</b>	<b>517</b>	<b>1,015</b>	<b>618</b>	<b>594</b>	<b>238</b>	<b>290</b>	<b>(105)</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## **Part 4 – Financial Information**

## Significant Forecasting Assumptions

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

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

Sources of funds for the future replacement of significant assets are in accordance with Council's financing policy. For scheme related assets, these are funded through scheme depreciation, reserves, targeted rates from defined scheme areas, and where necessary, borrowings. Council assets are funded from the asset replacement reserve, and where necessary, general reserves and borrowings. A building reserve has been established for addressing in the future, the accommodation needs for Council's head office. No decisions have yet been made in this regard. This assumption is assessed as having a low level of risk.

### Growth Change Factors

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

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

Whilst the population of Otago may change over the next 10 year period, and the age of the population increases, these are not expected to impact the level of activity undertaken by Council in other areas. Historically, the nature of work undertaken in other areas has not been sensitive to population growth. This assumption is assessed as having a low level of risk.

### Inflation

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<b>Staff rates</b>	0.75%	1.9%	2%	2.1%	2.2%	2.3%	2.4%	2.5%	2.6%	2.7%
<b>Other rates</b>	0.75%	2.5%	2.6%	2.7%	2.9%	3%	3.1%	3.3%	3.4%	3.6%

A mid-point of the BERL forecast for the 2015/16 year has been used, as the timing of the preparation of the estimates does not justify a full year's inflation adjustment.

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

### New Zealand Transport Agency Subsidy Rates

The following rates of subsidy have been used each year in this Long Term Plan, and are based on rates currently advised by the New Zealand Transport Agency.



- Transport planning and public passenger transport to receive:
 

2015/16	52%
2016/17 onwards	51%
- New bus ticketing system to receive 65% subsidy.
- Total Mobility to receive 60% subsidy.
- Total Mobility flat rate payments to receive 100% subsidy.

The risks of these assumptions in respect of Total Mobility are assessed as having a high level of uncertainty. The New Zealand Transport Agency has advised that the Total Mobility rates will be reviewed during the 2015-18 period. If the subsidy for Total Mobility decreases, the impact will be directly on general rates, for the period 2018/19 through to 2024/25. A decrease in subsidy for total mobility from 60% to 50% would equate to an increase in general rates of approximately \$89,000.

## Useful Lives of Significant Assets

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

## Revaluation of Non-Current Assets

The non-current assets which are revalued annually are Council's investment properties and its shareholding in Port Otago Limited. With respect to the Port Otago investment, the actual results are dependent on factors outside the control of the Otago Regional Council and the management of Port Otago Limited. In accordance with accounting policy, a valuation of the investment in Port Otago Limited is undertaken every year. For the purposes of this plan, an assumption has been made that the value of Council's investment in Port Otago will grow in value by \$10 million every year of the plan.

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

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

## Forecast Return on Investments

Forecast returns used in the estimates are as follows:

- Earning rate and internal borrowing rate of 5% per annum on cash balances, and the managed fund.
- All Port Otago Limited dividends will be received fully imputed and accordingly no taxation liability will arise in respect of them.

The risk of this assumption is assessed as having a low to medium level of uncertainty because Port Otago has a stable trade base. Shipping trends over past years have been consistent, as are predictions for future trade, allowing for stable dividend payments. Any change in return on investments will impact directly on the level of general rates.

## Capital Expenditure

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

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

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

## Investment Properties

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

## Legislation

This plan assumes that there will be no changes in the legislation under which Council operates, that will impact on its work programmes over the 10 year period. The risk of this assumption is medium. Changes in Government policy may directly impact the responsibilities of Council.

## Climate Change

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

## Public Passenger Transport

The assumption is made that the Otago Regional Council will retain responsibility for the Dunedin buses over the life of the Long Term Plan, and that they will not be transferred to the Dunedin City Council. The risk of this assumption is medium.

## Funding Impact Statement

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
	<b>Sources of operating funding:</b>										
5,129	General rates, UAGC & rate penalties	5,554	5,800	6,040	6,034	6,006	5,839	6,006	6,406	6,416	6,308
8,516	Targeted rates	9,092	9,824	10,570	11,028	11,628	12,141	12,715	13,181	13,728	14,282
6,030	Subsidies & grants	8,259	7,271	6,532	6,609	7,480	7,412	7,794	7,779	8,301	8,327
3,852	Fees & charges	3,565	3,660	3,868	3,833	3,969	4,102	4,126	4,229	4,354	4,466
9,537	Interest & dividends from investments	9,386	9,550	9,650	9,569	9,718	9,898	10,046	10,195	10,328	10,467
1,749	Fines, infringement fees & other receipts	1,934	2,122	2,057	2,024	1,974	2,077	2,128	2,129	2,160	2,225
<b>34,813</b>	<b>Total operating funding</b>	<b>37,790</b>	<b>38,227</b>	<b>38,717</b>	<b>39,097</b>	<b>40,775</b>	<b>41,469</b>	<b>42,815</b>	<b>43,919</b>	<b>45,287</b>	<b>46,075</b>
	<b>Applications of operating funding:</b>										
29,848	Payments to staff & suppliers	37,952	37,316	36,225	35,699	37,571	38,099	39,164	40,044	41,235	41,763
71	Finance costs	71	73	75	77	79	81	83	86	88	91
53	Other operating funding applications	51	53	54	55	57	58	60	62	63	65
<b>29,972</b>	<b>Total applications of operating funding</b>	<b>38,074</b>	<b>37,442</b>	<b>36,354</b>	<b>35,831</b>	<b>37,707</b>	<b>38,238</b>	<b>39,307</b>	<b>40,192</b>	<b>41,386</b>	<b>41,919</b>
<b>4,841</b>	<b>Surplus(deficit) of operating funding</b>	<b>(284)</b>	<b>785</b>	<b>2,363</b>	<b>3,266</b>	<b>3,068</b>	<b>3,231</b>	<b>3,508</b>	<b>3,727</b>	<b>3,901</b>	<b>4,156</b>
	<b>Sources of capital funding:</b>										
-	Subsidies & grants for capital expenditure	-	-	-	-	-	-	-	-	-	-
-	Financial contributions	-	-	-	-	-	-	-	-	-	-
-	Increase(decrease) in debt	-	-	-	-	-	-	-	-	-	-
-	Gross proceeds from sale of assets	605	620	-	-	-	-	-	-	-	-
-	Lump sum contributions	-	-	-	-	-	-	-	-	-	-
-	Other dedicated capital Funding	-	-	-	-	-	-	-	-	-	-
-	<b>Total sources of capital funding</b>	<b>605</b>	<b>620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Application of capital funding:</b>										
	<i>Capital expenditure:</i>										
-	- to meet demand	-	-	-	-	-	-	-	-	-	-
6,061	- to improve level of Service	4,515	4,990	2,505	711	630	3,012	2,183	1,771	131	-
2,538	- to replace existing Assets	2,323	2,089	2,045	1,755	1,797	1,605	1,780	1,227	1,396	1,921
(3,758)	Increase(decrease) in reserves	(6,517)	(5,674)	(2,187)	800	641	(1,386)	(455)	729	2,374	2,235
-	Increase(decrease) in investments	-	-	-	-	-	-	-	-	-	-
<b>4,841</b>	<b>Total applications of capital funding</b>	<b>321</b>	<b>1,405</b>	<b>2,363</b>	<b>3,266</b>	<b>3,068</b>	<b>3,231</b>	<b>3,508</b>	<b>3,727</b>	<b>3,901</b>	<b>4,156</b>
<b>(4,841)</b>	<b>Surplus(deficit) of Capital funding</b>	<b>284</b>	<b>(785)</b>	<b>(2,363)</b>	<b>(3,266)</b>	<b>(3,068)</b>	<b>(3,231)</b>	<b>(3,508)</b>	<b>(3,727)</b>	<b>(3,901)</b>	<b>(4,156)</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding Impact Statement – Calculation of Rates

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2015/16 including GST	Estimated rates payable including GST		
				Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
<b>General rates:</b>						
<b>General rates</b> - contributes to all activities of council.	Capital value	Where the property is situated.	\$4,618,000 allocated as: Central Otago \$555,000 Clutha \$509,000 Dunedin \$1,908,000 Queenstown \$1,272,000 Waitaki \$374,000	\$19.54 \$17.43 \$24.12 \$17.23 \$18.09	\$46.89 \$41.82 \$57.89 \$41.36 \$43.42	\$312.63 \$278.80 \$385.90 \$275.75 \$289.49
<b>Uniform Annual General Charge</b> - contributes to all activities of council	Fixed charge per rating unit.		\$1,520,000 calculated as \$14.41 per rating unit.	\$14.41	\$14.41	\$14.41
<b>Targeted rates – refer to maps of targeted rating areas</b>						
<b>Air quality</b>	Capital value	Where the property is situated.	\$115,000 allocated as: Central Otago 78,000 Queenstown \$30,000 Clutha \$7,000	\$8.62 \$8.01 \$8.01	\$20.68 \$19.22 \$19.23	\$137.88 \$128.16 \$128.20
<b>Dairy monitoring</b>	Fixed charge per rating unit	The activity of being a dairy farm.	\$119,000 allocated as \$235.00 per dairy farm.	\$235.00	\$235.00	\$235.00
<b>Flood protection and control works</b> - Leith flood protection scheme	Capital value	Where the property is situated within the defined scheme area.	\$1,371,000 allocated as: Direct benefit zone: - Forsyth Barr Stadium \$28,000 - Excluding stadium \$658,000 Indirect benefit zone \$685,000	\$232.17 \$13.15	\$557.20 \$31.55	\$3,714.68 \$210.32
- Lower Clutha flood and drainage scheme	Capital value	Where the property is situated using approved classifications.	\$672,000 allocated as: A \$50,000 B \$126,000 C \$257,000	\$1,251.87 \$497.07 \$469.45	\$3,004.48 \$1,192.96 \$1,126.69	\$20,029.84 \$7,953.08 \$7,511.24

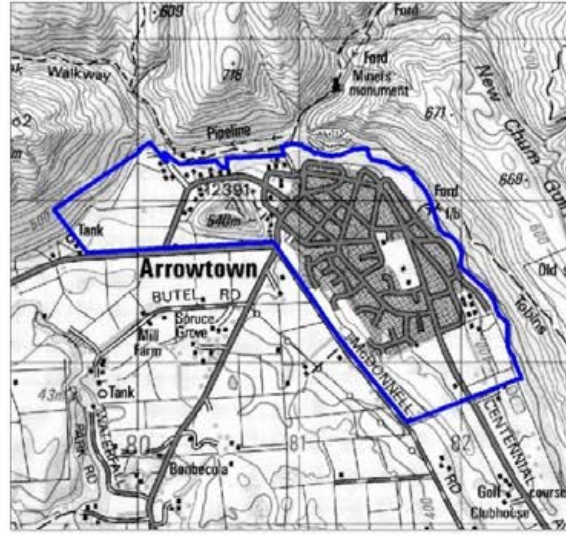
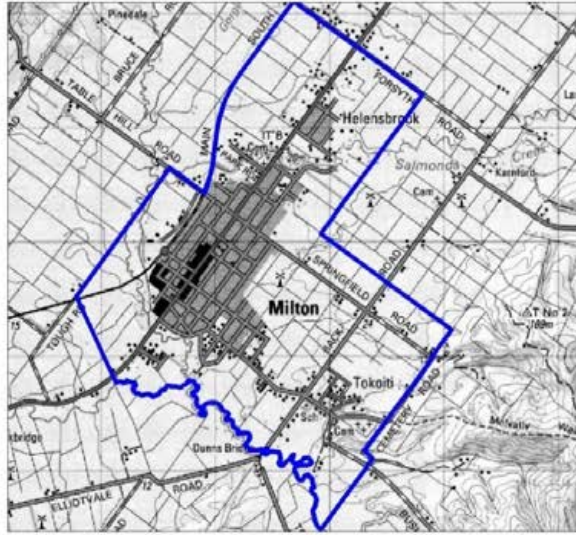
			D	\$43,000	\$294.56	\$706.94	\$4,712.96
			E	\$37,000	\$156.49	\$375.56	\$2,503.76
			F	\$20,000	\$18.41	\$44.18	\$294.56
			U1	\$2,000	\$497.09	\$1,193.02	\$7,953.44
			U2	\$105,000	\$165.69	\$397.66	\$2,651.04
			U3	\$6,000	\$36.82	\$88.37	\$589.12
			U4	\$28,000	\$27.62	\$66.28	\$441.84
- Lower Taieri flood protecton scheme	Capital value	Where the property is situated using approved classifications.	\$768,000 allocated as:				
			WF1	\$391,000	\$525.36	\$1,260.86	\$8,405.72
			WF2	\$295,000	\$310.86	\$746.06	\$4,973.72
			WF3	\$182	\$4.90	\$11.76	\$78.40
			WF4	\$182	\$7.70	\$18.48	\$123.20
			WF5	\$1	\$0.67	\$1.61	\$10.76
			WF6	\$5	\$0.92	\$2.20	\$14.68
			WF7	\$1	\$0.44	\$1.06	\$7.04
			WF8	\$789	\$36.91	\$88.58	\$590.56
			WF9	\$1	\$0.32	\$0.77	\$5.12
			EF1	\$19,000	\$283.14	\$679.54	\$4,530.24
			EF2	\$28,000	\$296.18	\$710.84	\$4,738.92
			EF3	\$572	\$294.74	\$707.36	\$4,715.76
			EF4	\$7,000	\$239.19	\$574.06	\$3,827.08
			EF5	\$1,000	\$6.65	\$15.95	\$106.32
			EF6	\$1,000	\$294.05	\$705.71	\$4,704.72
			EF7	\$475	\$4.04	\$9.68	\$64.56
			EF8	\$20,000	\$3.82	\$9.16	\$61.08
			EF9	\$1,000	\$1.77	\$4.25	\$28.32
			EF10	\$1,000	\$2.20	\$5.29	\$35.24
			EF12	\$1,000	\$347.57	\$834.17	\$5,561.12
			EF13	\$2,000	\$347.63	\$834.31	\$5,562.04
- East Taieri drainage scheme	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$344,000 allocated as follows:				
			ED1	\$125,000	\$136.86	\$136.86	\$136.86
			ED2	\$81,000	\$104.44	\$104.44	\$104.44
			ED4	\$13,000	\$115.39	\$115.39	\$115.39
			ED5	\$50,000	\$52.05	\$52.05	\$52.05
			ED7	\$14,000	\$178.54	\$178.54	\$178.54
			ED8	\$30,000	\$34.53	\$34.53	\$34.53
			ED9	\$20,000	\$29.95	\$29.95	\$29.95

			ED10	\$11,000	\$26.61	\$26.61	\$26.61
	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$115,000 allocated to ED1, ED2, ED4, ED5, ED8, ED9 and ED10		\$24.33	\$24.33	\$24.33
- West Taieri drainage scheme	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$411,000 allocated as:				
			WD1	\$329,000	\$77.72	\$77.72	\$77.72
			WD2	\$55,000	\$21.35	\$21.35	\$21.35
			WD3	\$18,000	\$57.99	\$57.99	\$57.99
			WD4	\$9,000	\$77.71	\$77.71	\$77.71
			WD5	\$150	\$0.31	\$0.31	\$0.31
	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$176,000 allocated to WD1, WD2, WD3 and WD4.		\$24.34	\$24.34	\$24.34
- Tokomairiro drainage scheme	Capital value	Where the property is situated within the defined scheme area.	\$69,000 allocated as:				
			A	\$5,000	\$97.54	\$234.10	\$1,560.68
			B	\$8,000	\$73.16	\$175.58	\$1,170.52
			C	\$10,000	\$58.53	\$140.46	\$936.40
			D	\$15,000	\$43.90	\$105.35	\$702.32
			E	\$6,000	\$24.39	\$58.52	\$390.16
			F	\$10,000	\$9.76	\$23.41	\$156.08
			U1	\$15,000	\$14.63	\$35.12	\$234.12
- Shotover Delta	Capital Value	Where the property is situated within the defined scheme area.	\$287,000		\$6.87	\$16.49	\$109.96
<b>River Management</b>							
- city and district river management	Capital value	Where the property is situated	\$1,411,000 allocated as:				
			Central Otago	\$259,000	\$9.11	\$21.85	\$145.68
			Clutha	\$259,000	\$8.86	\$21.27	\$141.80
			Dunedin	\$172,000	\$2.18	\$5.24	\$34.90
			Waitaki	\$299,000	\$14.46	\$34.70	\$231.32
			Wakatipu	\$230,000	\$4.63	\$11.12	\$74.12
			Wanaka	\$192,000	\$7.96	\$19.10	\$127.32
- Lower Waitaki	Capital value	Where the property is situated within the defined scheme area	\$167,000 allocated as:				
			A	\$104,000	\$309.70	\$743.27	\$4,955.12
			B	\$63,000	\$154.82	\$371.57	\$2,477.12
<b>Water quality</b>							
	Capital value	Land use type being: - Rural arable farming - Rural dairy - Rural forestry - Rural market gardens and	\$583,000		\$9.50	\$22.79	\$151.96

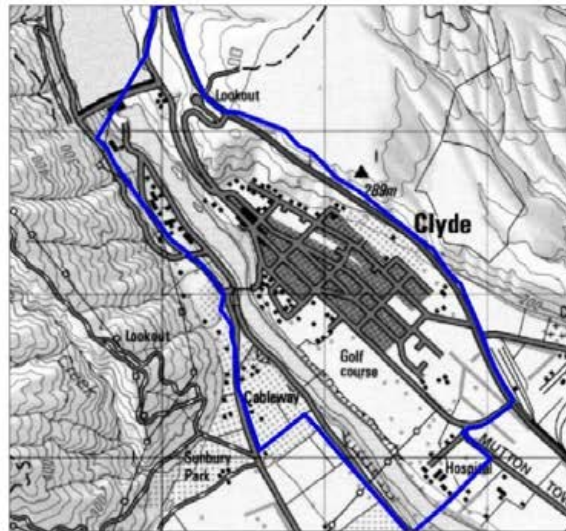
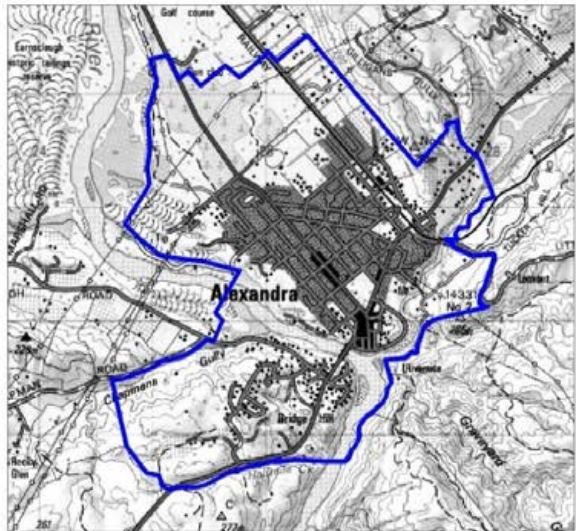
		<ul style="list-style-type: none"> <li>- orchards</li> <li>- Rural mineral extraction</li> <li>- Rural multi use within rural industry</li> <li>- Rural specialist livestock</li> <li>- Rural stock finishing</li> <li>- Rural store livestock</li> <li>- Rural vacant</li> <li>- Lifestyle over 4 hectares</li> </ul>				
<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	\$3,790,000 allocated as: Class A                                   \$1,215,000 Class B - Dunedin                                 \$2,558,000 - Waitaki                                   \$17,000	\$167.51	\$402.02	\$2,680.16
- Wakatipu passenger transport	Capital value	Where the property is situated within the defined scheme area, and differentiated on basis of land use – Class A – non-residential Class B - others	\$58,000 allocated as: Class A                                   \$16,000 Class B                                   \$42,000	\$2.41	\$5.78	\$38.56
				\$43.22	\$103.72	\$691.48
				\$44.67	\$107.21	\$714.72

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

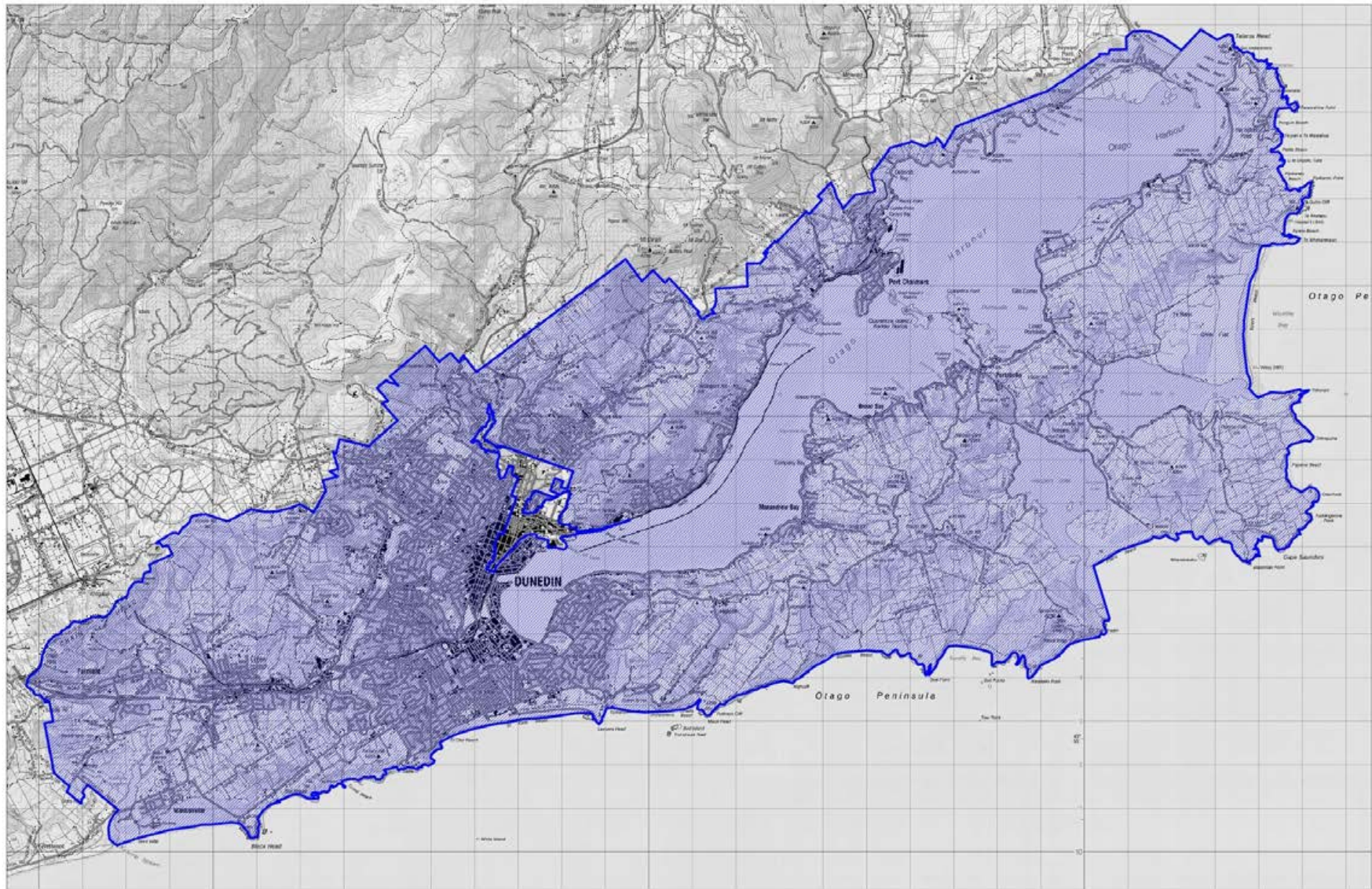




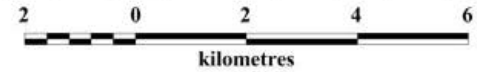
**CLEAN HEAT CLEAN AIR TARGETED RATING AREAS**



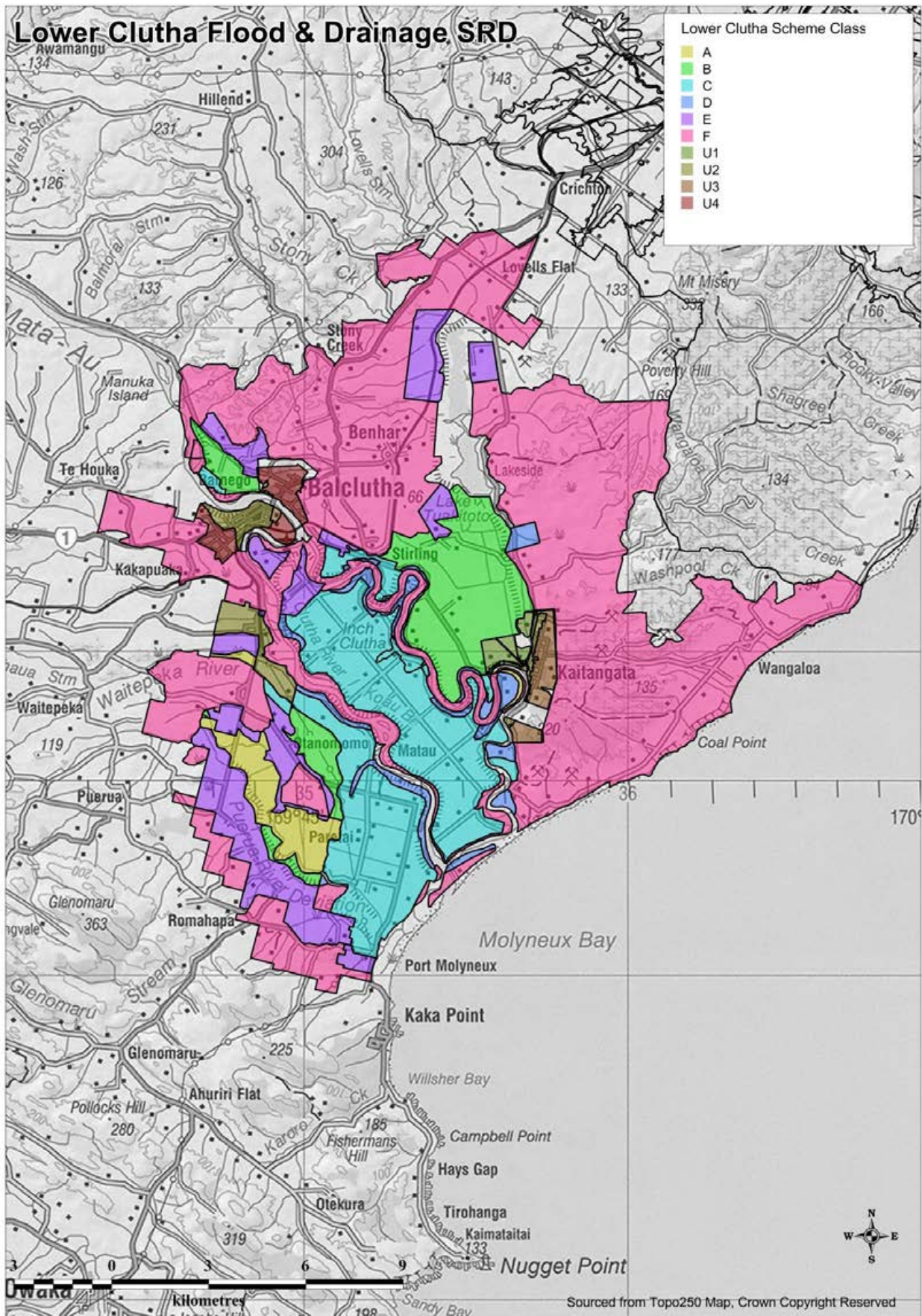




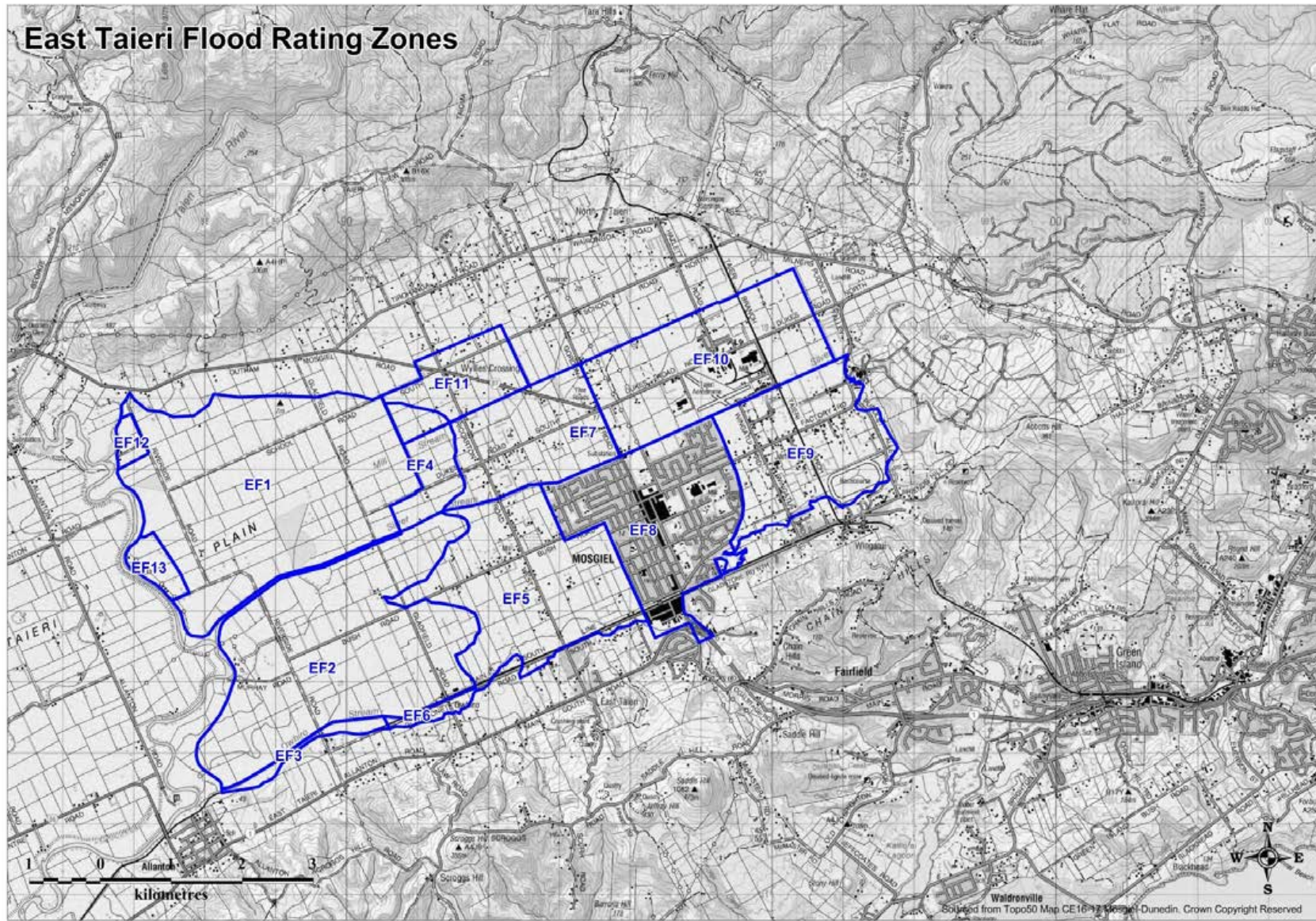
**Leith Flood Protection Scheme -  
Indirect Benefit Zone**





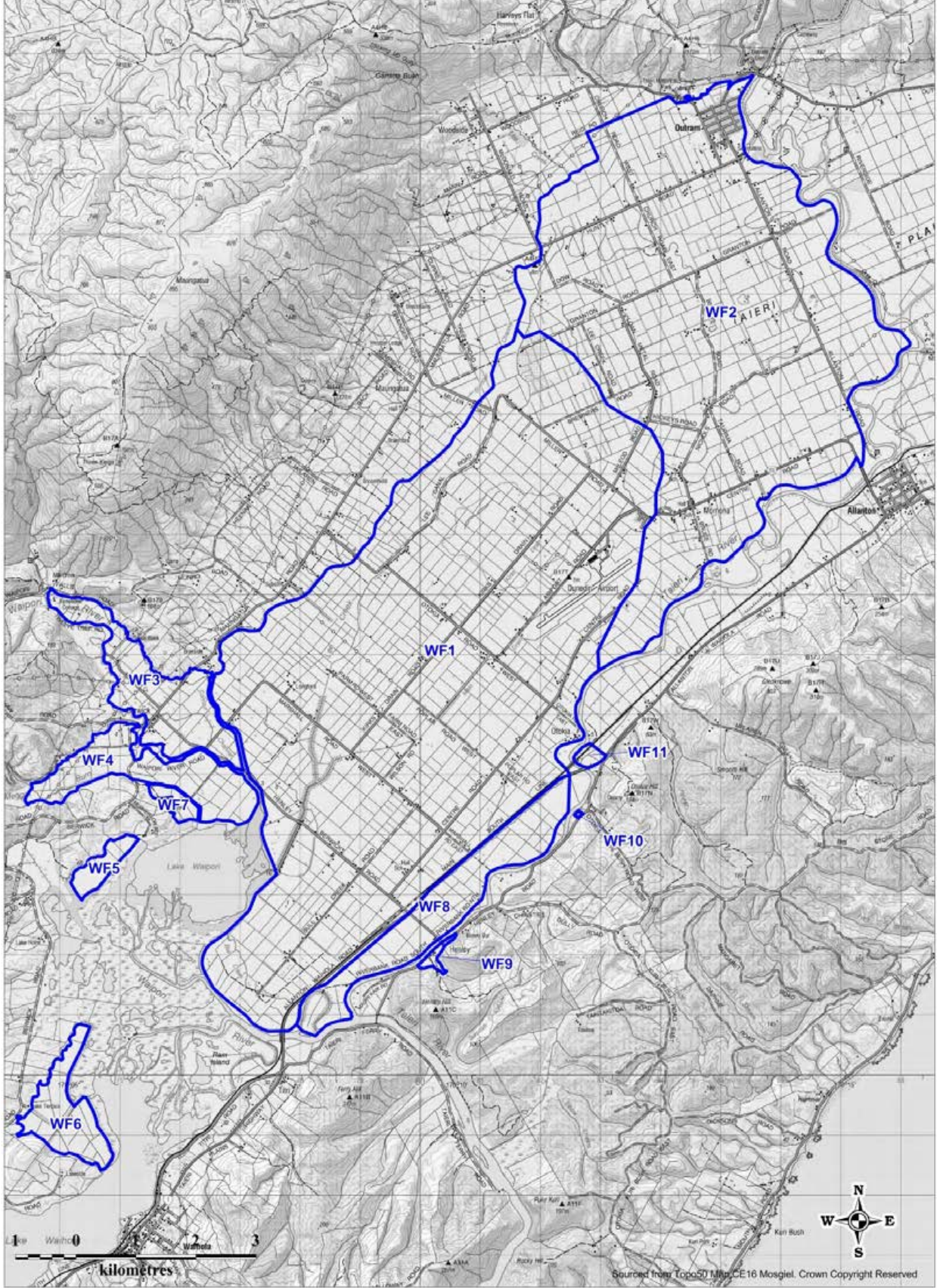




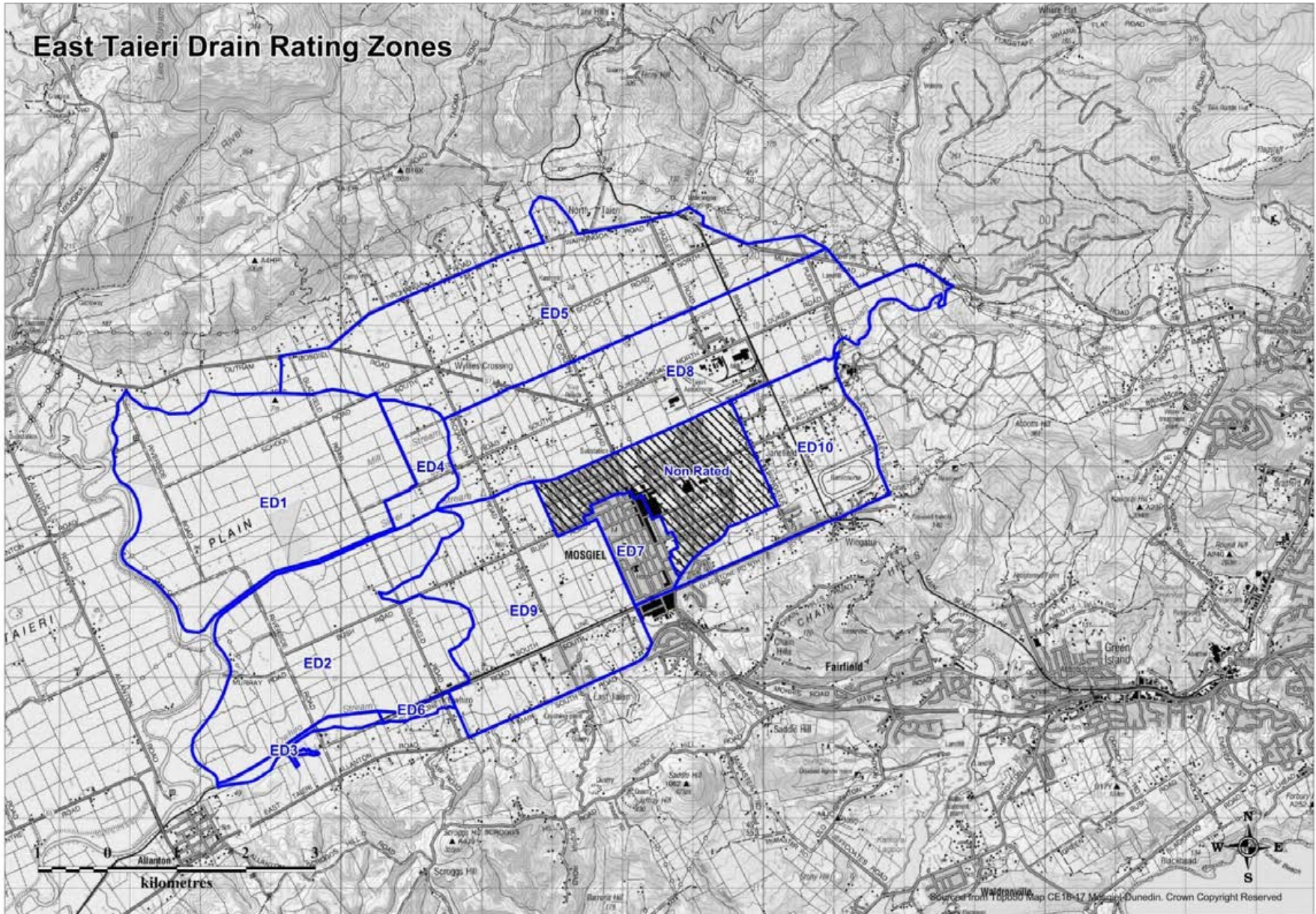




# West Taieri Flood Rating Zones

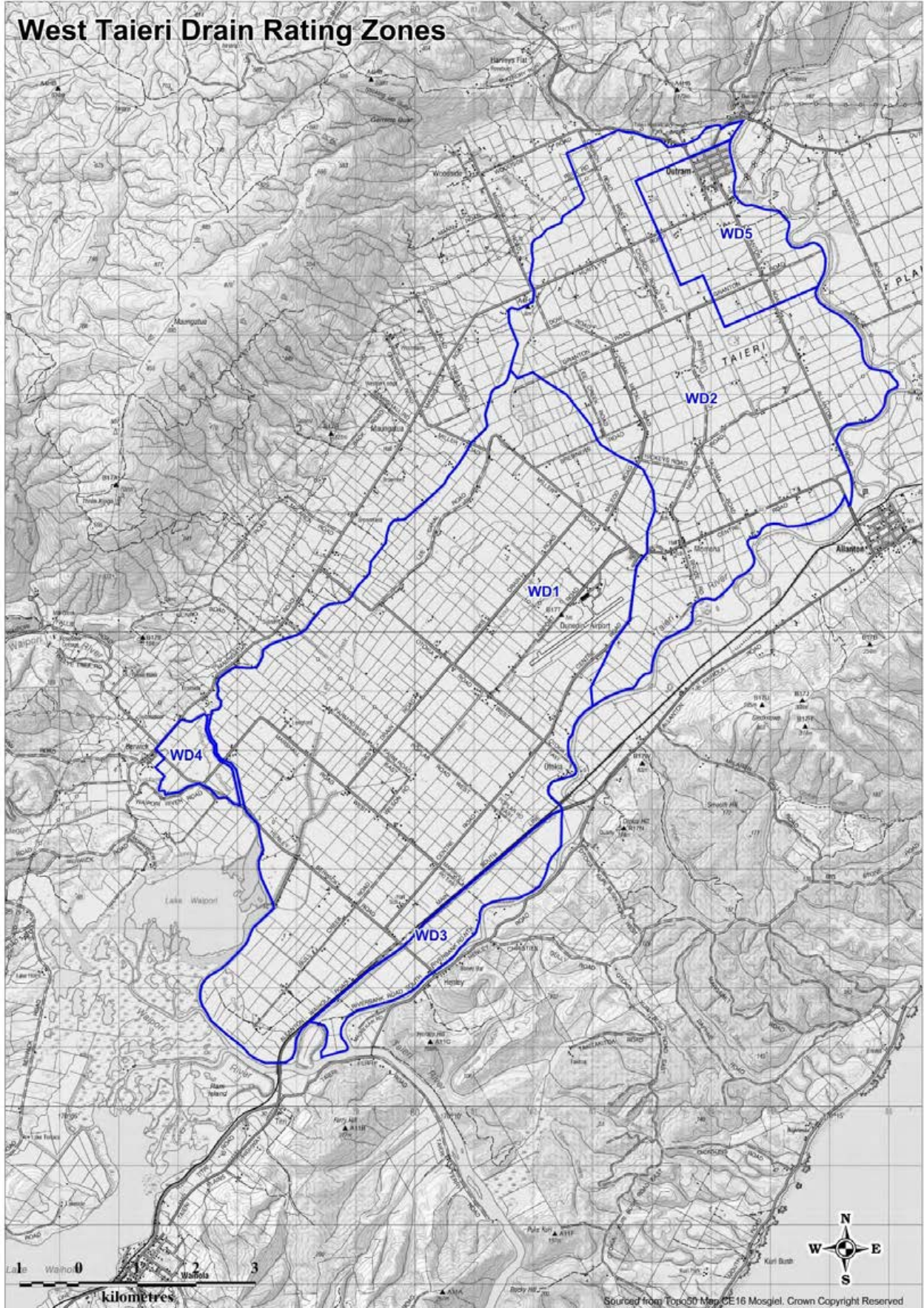






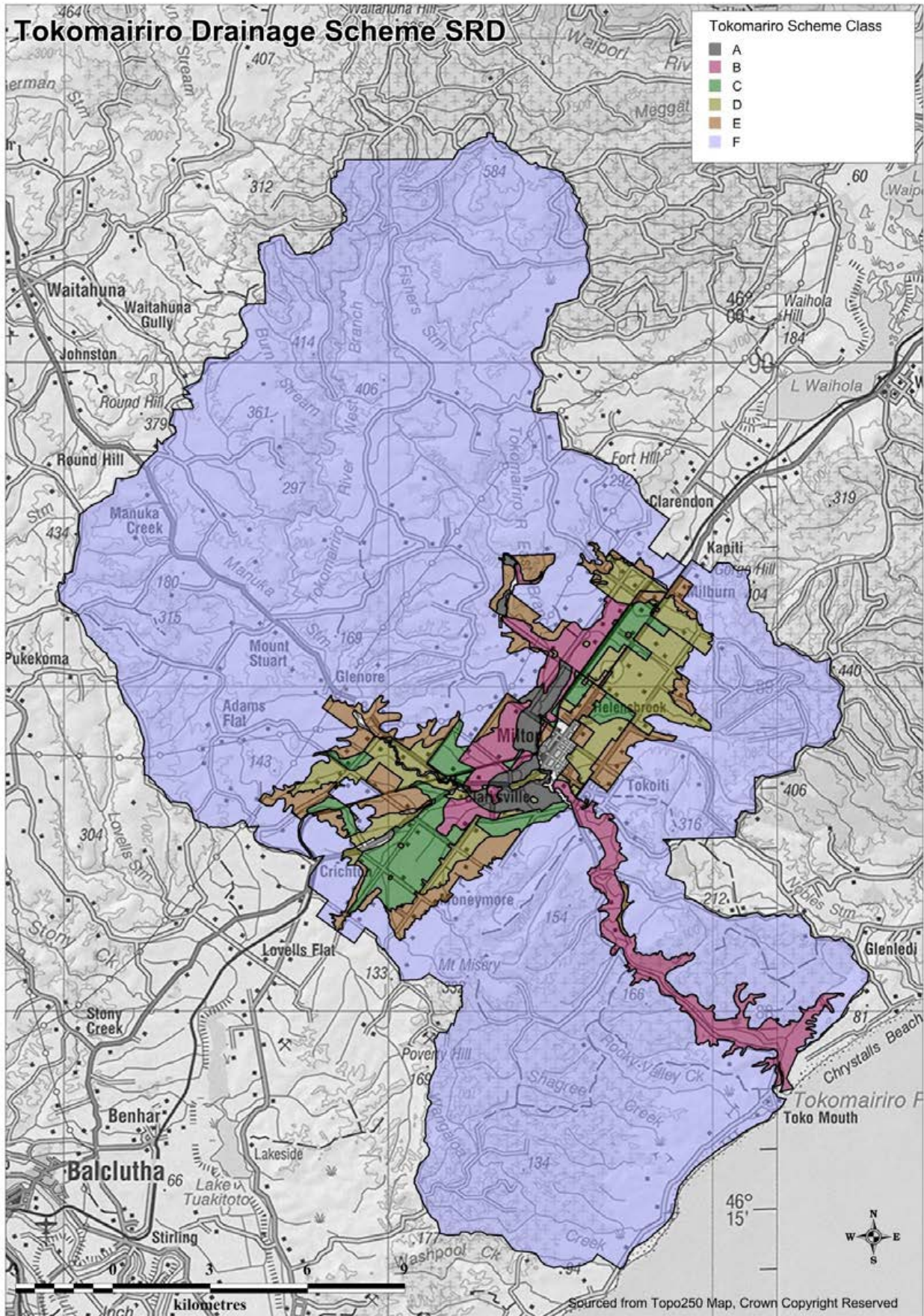


# West Taieri Drain Rating Zones

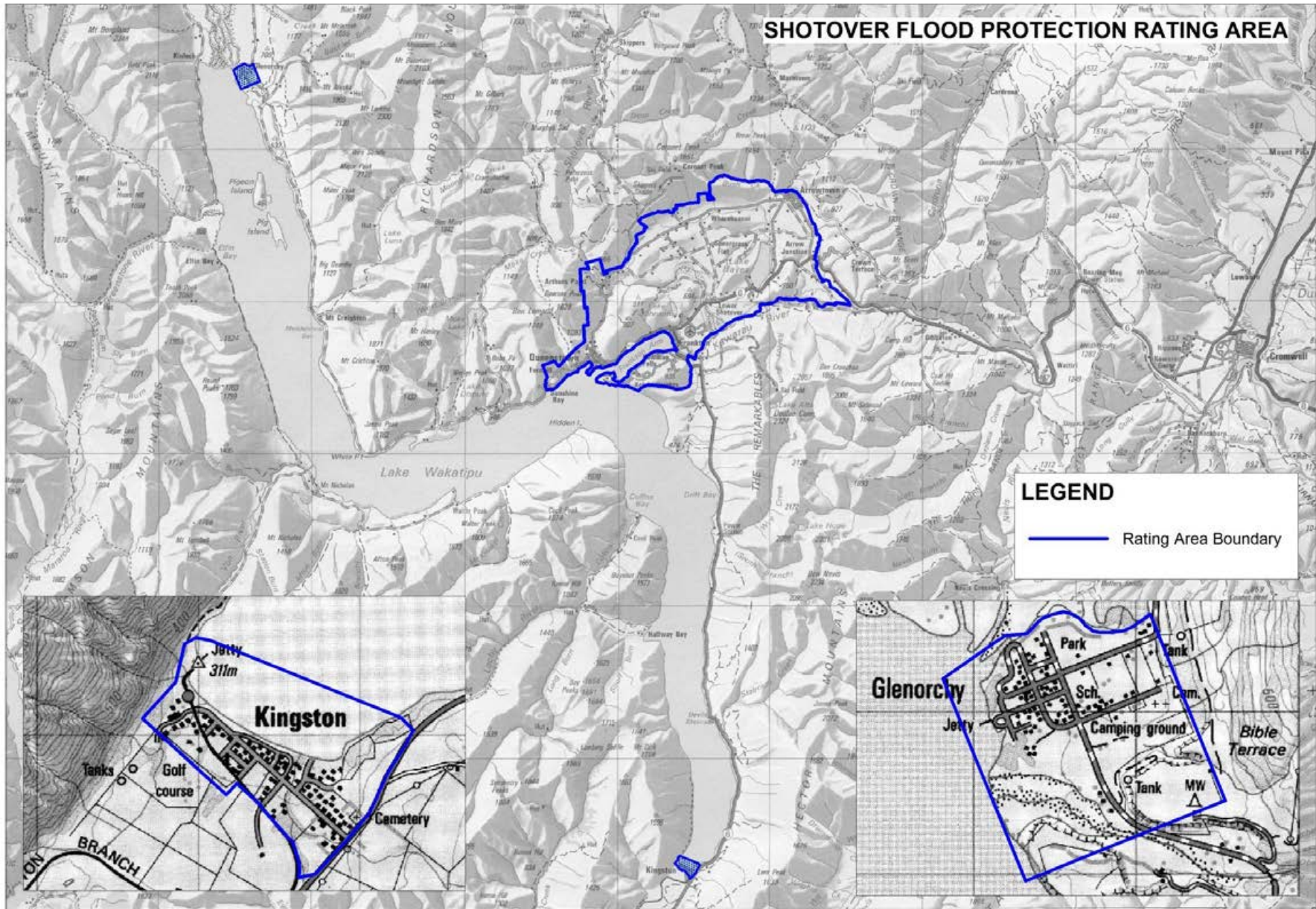




# Tokomairiro Drainage Scheme SRD

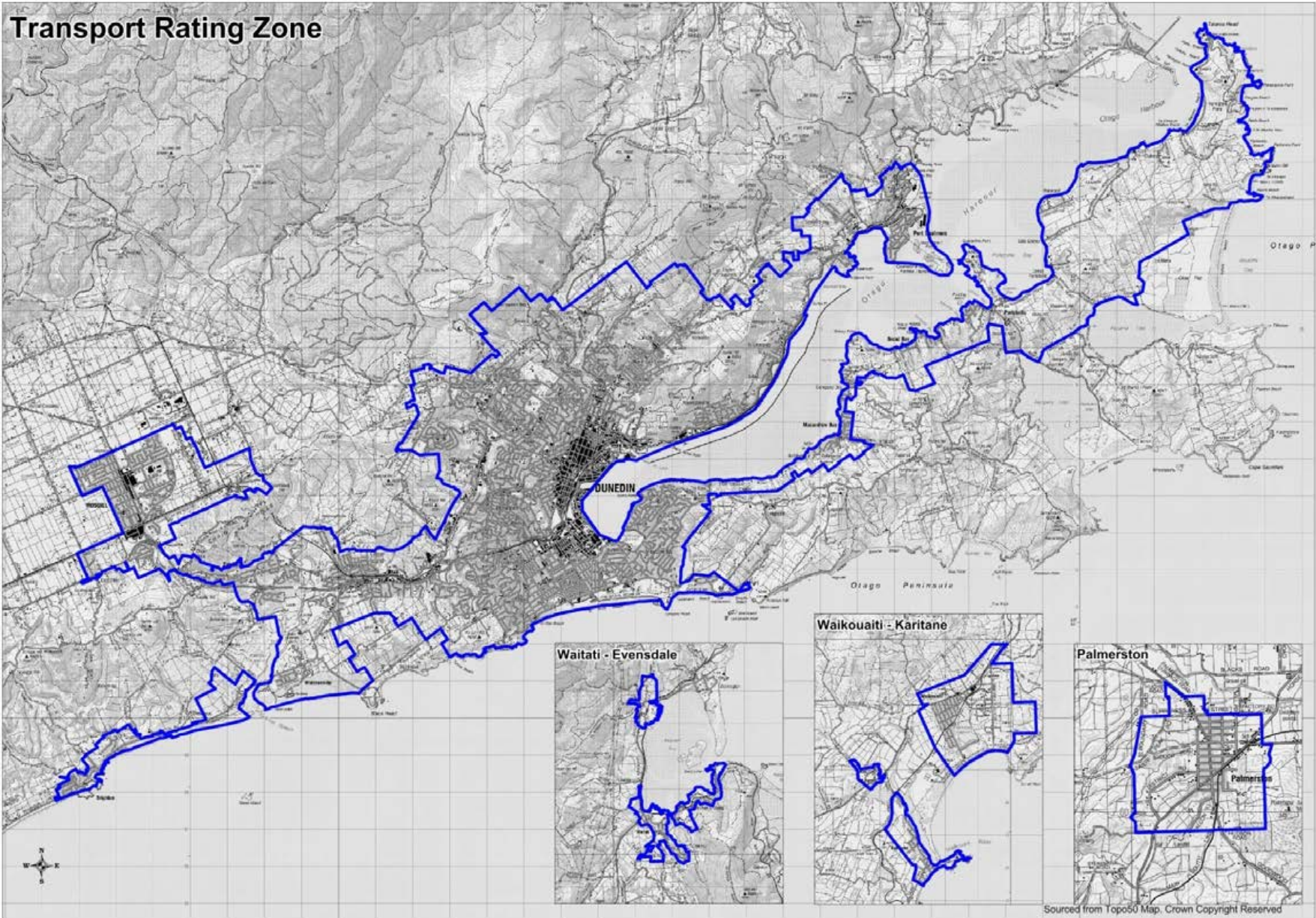






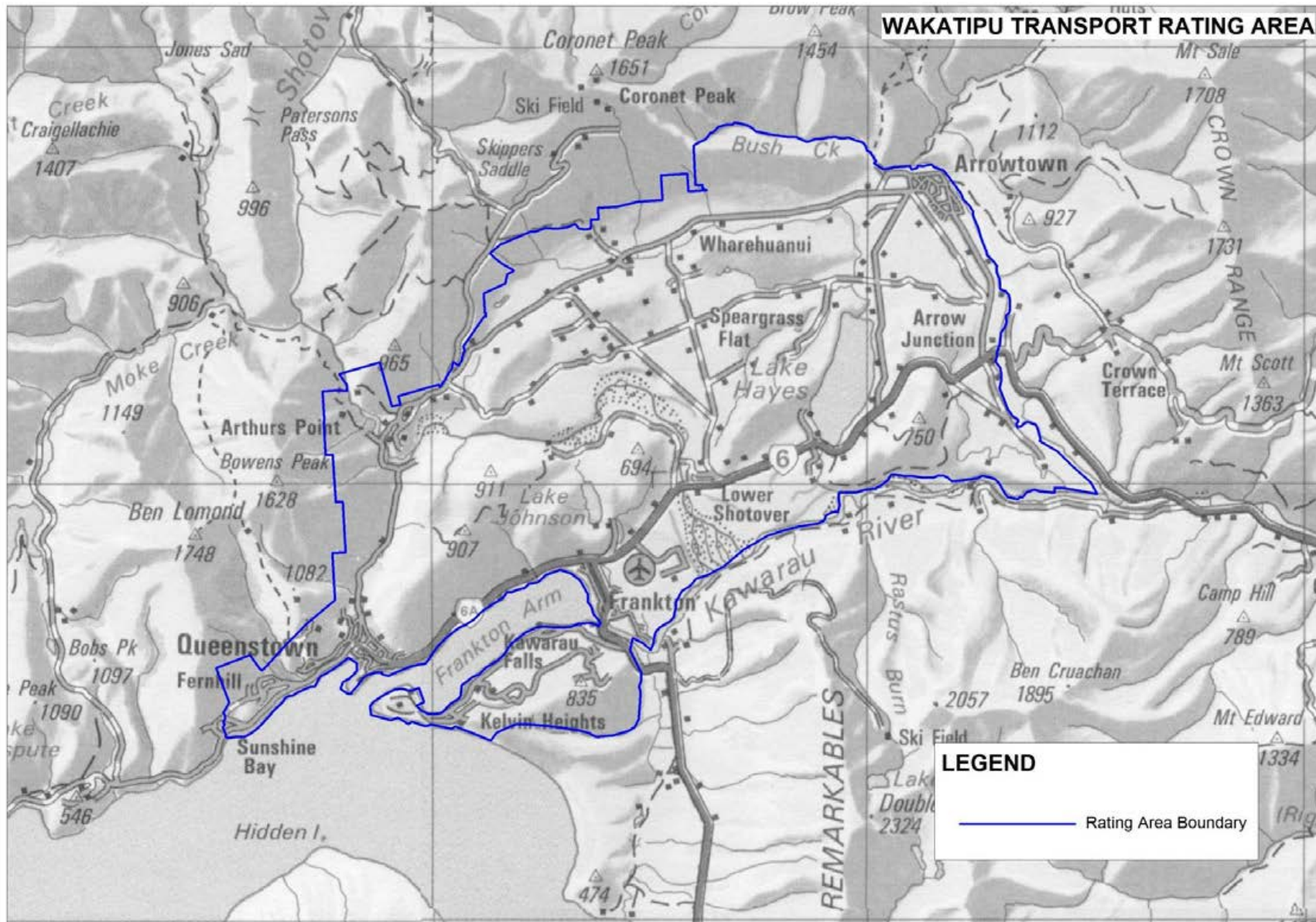


# Transport Rating Zone



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## Effect of Rating

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

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
5,027	General rates	5,354	5,600	5,840	5,834	5,806	5,639	5,806	6,206	6,216	6,108
89	Targeted air quality rates	100	100	100	100	100	100	100	100	100	100
-	Water quality rate	507	604	774	908	929	924	957	948	974	1,001
-	Dairy inspection rate	103	106	137	99	102	104	107	110	113	116
	<i>Targeted River Management rates</i>										
155	- Central Otago District	225	300	350	350	350	360	370	380	380	380
185	- Clutha District	225	265	275	290	310	325	345	360	375	385
150	- Dunedin City	150	150	150	150	150	150	150	150	150	150
164	- Lower Waitaki River	145	145	118	97	97	97	99	105	112	116
250	- Wakatipu	200	200	200	200	200	200	200	200	200	200
167	- Wanaka	167	167	167	167	167	167	167	167	167	167
138	- Waitaki District	260	350	400	420	440	450	470	480	490	500
	<i>Targeted Passenger Transport Services rate:</i>										
3,231	- Dunedin	3,296	3,427	3,633	3,851	4,082	4,327	4,587	4,862	5,154	5,463
45	- Queenstown	50	55	55	55	60	60	60	65	65	65
	<i>Targeted Catchment rates:</i>										
363	- East Taieri Drainage	399	439	483	531	585	643	643	643	643	643
1,114	- Leith Flood Protection	1,192	1,275	1,365	1,460	1,565	1,675	1,800	1,925	2,060	2,220
532	- Lower Clutha	585	643	708	779	856	875	900	900	900	900
613	- Lower Taieri	668	722	780	800	825	850	875	900	950	1,000
250	- Shotover Delta	250	250	200	50	50	25	25	25	25	25
45	- Tokomairiro	60	80	95	100	100	100	100	100	110	110
475	- West Taieri Drainage	510	545	580	620	660	710	760	760	760	760
	<i>Targeted Otago Stadium rates:</i>										
45	- Central Otago	-	-	-	-	-	-	-	-	-	-
44	- Clutha	-	-	-	-	-	-	-	-	-	-
330	- Dunedin	-	-	-	-	-	-	-	-	-	-
85	- Queenstown	-	-	-	-	-	-	-	-	-	-
46	- Waitaki	-	-	-	-	-	-	-	-	-	-

## Statement of Comprehensive Revenue & Expense

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
	<b>Revenue from non exchange transactions:</b>										
13,543	Rates income	14,446	15,424	16,410	16,861	17,434	17,782	18,521	19,386	19,944	20,390
6,030	Grant income	8,259	7,270	6,532	6,609	7,480	7,412	7,794	7,779	8,301	8,327
2,659	Other income	2,554	2,742	2,887	2,866	2,845	2,940	3,024	3,045	3,107	3,166
	<b>Revenue from exchange transactions</b>										
9,537	Dividend, interest & investment income	9,386	9,550	9,650	9,569	9,718	9,898	10,046	10,195	10,328	10,467
2,944	Other income - full cost recovery	3,145	3,241	3,238	3,192	3,299	3,438	3,431	3,515	3,607	3,725
294	Other gains/(losses)	310	319	329	338	348	359	370	380	392	404
<b>35,007</b>	<b>Total revenue</b>	<b>38,100</b>	<b>38,546</b>	<b>39,046</b>	<b>39,453</b>	<b>41,124</b>	<b>41,829</b>	<b>43,186</b>	<b>44,300</b>	<b>45,679</b>	<b>46,479</b>
	<b>Expenses:</b>										
18,979	Operating expenditure	26,690	25,331	24,017	23,288	25,082	25,131	25,677	26,206	27,020	27,469
11,198	Employee benefits expense	12,041	12,272	12,515	12,769	13,036	13,315	13,606	13,909	14,225	14,553
1	Finance costs	1	1	1	1	1	1	1	1	1	1
1,515	Depreciation	1,751	1,977	2,025	2,143	2,206	2,224	2,229	2,353	2,493	2,551
<b>31,693</b>	<b>Total expenses</b>	<b>40,483</b>	<b>39,581</b>	<b>38,558</b>	<b>38,201</b>	<b>40,325</b>	<b>40,671</b>	<b>41,513</b>	<b>42,469</b>	<b>43,739</b>	<b>44,574</b>
<b>3,314</b>	<b>Surplus(Deficit) for period</b>	<b>(2,383)</b>	<b>(1,035)</b>	<b>488</b>	<b>1,234</b>	<b>799</b>	<b>1,158</b>	<b>1,673</b>	<b>1,831</b>	<b>1,940</b>	<b>1,905</b>
	<b>Other comprehensive Revenue &amp; expenses</b>										
	<i>Item that will be reclassified surplus/(deficit)</i>										
6,176	- Increase in value of Port Otago shares	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
<b>9,490</b>	<b>Total comprehensive revenue &amp; expenses for the period</b>	<b>7,617</b>	<b>8,965</b>	<b>10,488</b>	<b>11,234</b>	<b>10,799</b>	<b>11,158</b>	<b>11,673</b>	<b>11,831</b>	<b>11,940</b>	<b>11,905</b>

## Reconciliation of Funding Impact Statement to Statement of Comprehensive Revenue & Expense

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
4,841	Surplus(deficit) of operating funding per funding impact statement	(284)	785	2,363	3,266	3,068	3,231	3,508	3,727	3,901	4,156
	<i>Add/(deduct):</i>										
(1,515)	Depreciation	(1,751)	(1,977)	(2,025)	(2,143)	(2,206)	(2,224)	(2,229)	(2,353)	(2,493)	(2,551)
294	Other gains/(losses)	310	319	329	338	348	359	370	380	392	404
(306)	Other	(658)	(162)	(179)	(227)	(411)	(208)	24	77	140	(104)
<b>3,314</b>	<b>Surplus(Deficit) from activities per Statement of Comprehensive Revenue &amp; Expense</b>	<b>(2,383)</b>	<b>(1,035)</b>	<b>488</b>	<b>1,234</b>	<b>799</b>	<b>1,158</b>	<b>1,673</b>	<b>1,831</b>	<b>1,940</b>	<b>1,905</b>

## Depreciation by Activity

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
	<b>Depreciation</b>										
144	Environment	131	1,385	171	178	192	162	183	180	186	192
548	Flood protection & control works	703	792	888	952	978	1,002	1,072	1,099	1,137	1,081
2	Safety and Hazards	2	2	2	2	2	2	1	1	1	1
96	Regulatory	96	96	96	96	96	96	-	-	-	-
10	Transport	-	-	-	-	-	-	-	-	-	-
715	Corporate	819	926	868	915	938	942	973	1,073	1,169	1,277
<b>1,515</b>	<b>Total depreciation</b>	<b>1,751</b>	<b>1,977</b>	<b>2,025</b>	<b>2,143</b>	<b>2,206</b>	<b>2,224</b>	<b>2,229</b>	<b>2,353</b>	<b>2,493</b>	<b>2,551</b>

## Statement of Financial Position

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
<b>Current assets</b>											
5,646	Cash & cash equivalents	7,786	1,956	(403)	176	411	3,824	3,401	4,214	6,736	8,874
42,869	Other financial assets	37,053	37,053	37,053	37,053	37,053	32,053	32,053	32,053	32,053	32,053
4,121	Trade & other receivables	3,222	3,216	3,209	3,202	3,196	3,190	3,182	3,175	3,167	3,160
65	Inventories	65	65	65	65	65	65	65	65	65	65
180	Prepayments	-	-	-	-	-	-	-	-	-	-
320	Property intended for sale	320	320	320	320	320	320	320	320	320	320
-	Other current assets	89	89	89	89	89	89	89	89	89	89
<b>53,201</b>	<b>Total current assets</b>	<b>48,535</b>	<b>42,699</b>	<b>40,333</b>	<b>40,905</b>	<b>41,134</b>	<b>39,541</b>	<b>39,110</b>	<b>39,916</b>	<b>42,430</b>	<b>44,561</b>
<b>Non-current assets</b>											
93,021	Property, plant & equipment	94,704	99,220	101,200	101,473	101,752	104,180	105,957	106,653	105,747	105,187
10,081	Investment property	10,627	10,946	11,274	11,613	11,961	12,320	12,689	13,070	13,462	13,866
374,860	Shares in Port Otago Ltd	386,711	396,711	406,711	416,711	426,711	436,711	446,711	456,711	466,711	476,711
2,067	Intangible assets	2,490	2,456	3,002	3,052	2,995	2,959	2,917	2,865	2,805	2,735
98	Deferred tax asset	-	-	-	-	-	-	-	-	-	-
<b>480,127</b>	<b>Total non-current assets</b>	<b>494,532</b>	<b>509,333</b>	<b>522,187</b>	<b>532,849</b>	<b>543,419</b>	<b>556,170</b>	<b>568,274</b>	<b>579,299</b>	<b>588,725</b>	<b>598,499</b>
<b>533,328</b>	<b>Total assets</b>	<b>543,067</b>	<b>552,032</b>	<b>562,520</b>	<b>573,754</b>	<b>584,553</b>	<b>595,711</b>	<b>607,384</b>	<b>619,215</b>	<b>631,155</b>	<b>643,060</b>
<b>Current liabilities</b>											
5,379	Accounts payable	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493	4,493
1,245	Employee entitlements	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331	1,331
<b>6,624</b>	<b>Total current liabilities</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>
<b>Non-current liabilities</b>											
138	Other financial instruments	-	-	-	-	-	-	-	-	-	-
<b>138</b>	<b>Total non-current liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>6,762</b>	<b>Total liabilities</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>	<b>5,824</b>
<b>526,566</b>	<b>Net assets</b>	<b>537,243</b>	<b>546,208</b>	<b>556,696</b>	<b>567,930</b>	<b>578,729</b>	<b>589,887</b>	<b>601,560</b>	<b>613,391</b>	<b>625,331</b>	<b>637,236</b>
<b>Equity</b>											
139,360	Public equity	135,209	131,324	130,816	130,898	130,441	130,716	131,429	132,319	133,506	135,346
354,860	Available for sale reserve	366,711	376,711	386,711	396,711	406,711	416,711	426,711	436,711	446,711	456,711
4,344	Asset replacement reserve	2,966	2,115	1,654	1,239	862	311	(523)	(1,456)	(2,663)	(4,647)
8,132	Building reserve	11,130	14,311	15,027	15,778	16,567	17,395	18,265	19,178	20,137	21,144
3,785	Emergency response reserve	3,937	4,134	4,341	4,558	4,785	5,025	5,276	5,540	5,817	6,108
1,333	Water management reserve	1,354	1,156	1,152	1,191	1,229	994	1,045	1,096	1,151	1,208
6,732	Kuriwao endowment reserve	7,370	7,572	7,783	8,003	8,234	8,476	8,729	8,994	9,271	9,561
8,020	Asset revaluation reserve	8,566	8,885	9,212	9,552	9,900	10,259	10,628	11,009	11,401	11,805
<b>526,566</b>	<b>Total equity</b>	<b>537,243</b>	<b>546,208</b>	<b>556,696</b>	<b>567,930</b>	<b>578,729</b>	<b>589,887</b>	<b>601,560</b>	<b>613,391</b>	<b>625,331</b>	<b>637,236</b>

## Statement of Changes in Net Assets / Equity

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
<b>517,076</b>	<b>Balance at 1 July</b>	<b>529,626</b>	<b>537,243</b>	<b>546,208</b>	<b>556,696</b>	<b>567,930</b>	<b>578,729</b>	<b>589,887</b>	<b>601,560</b>	<b>613,391</b>	<b>625,331</b>
9,490	Net comprehensive income	7,617	8,965	10,488	11,234	10,799	11,158	11,673	11,831	11,940	11,905
<b>526,566</b>	<b>Balance at 30 June</b>	<b>537,243</b>	<b>546,208</b>	<b>556,696</b>	<b>567,930</b>	<b>578,729</b>	<b>589,887</b>	<b>601,560</b>	<b>613,391</b>	<b>625,331</b>	<b>637,236</b>
	<b>Net movements</b>										
3,020	Net surplus transferred to public equity	(2,383)	(1,035)	488	1,234	799	1,158	1,673	1,831	1,940	1,905
(3,339)	Public equity	(2,899)	(2,849)	(996)	(1,153)	(1,254)	(884)	(960)	(942)	(753)	(693)
6,176	Available for sale revaluation reserve	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
(792)	Asset replacement reserve	(639)	(851)	(461)	(415)	(377)	(551)	(834)	(933)	(1,207)	(1,357)
2,832	Building reserve	3,030	3,181	716	751	789	828	870	913	959	1,007
154	Emergency response reserve	187	197	207	217	228	239	251	264	277	291
54	Water management reserve	(182)	(198)	(5)	41	35	(233)	50	52	55	58
1,091	Kuriwao reserve	193	201	211	221	231	242	253	265	277	290
294	Asset revaluation reserve	310	319	328	338	348	359	370	381	392	404
<b>9,490</b>	<b>Net comprehensive income</b>	<b>7,617</b>	<b>8,965</b>	<b>10,488</b>	<b>11,234</b>	<b>10,799</b>	<b>11,158</b>	<b>11,673</b>	<b>11,831</b>	<b>11,940</b>	<b>11,905</b>
<b>526,566</b>	<b>Balance at 30 June</b>	<b>537,243</b>	<b>546,208</b>	<b>556,696</b>	<b>567,930</b>	<b>578,729</b>	<b>589,887</b>	<b>601,560</b>	<b>613,391</b>	<b>625,331</b>	<b>637,236</b>

## Reserves

Reserve	Opening Balance 1 July 2015 \$000s	Transfers In \$000s	Transfers Out \$000s	Closing Balance 30 June 2025 \$000s
Public equity	140,900	118,370	(113,385)	145,885
Asset replacement reserve	3,606	12,055	(19,680)	(4,019)
Asset revaluation reserve	8,257	3,548	-	11,805
Available for sale revaluation reserve	356,711	100,000	-	456,711
Building reserve	8,100	13,044	-	21,144
Emergency response reserve	3,750	2,358	-	6,108
Kuriwao endowment reserve	7,178	5,170	(2,787)	9,561
Water management reserve	1,536	551	(878)	1,209
Central Otago river management	342	3,597	(3,559)	380
Clutha river management	435	3,307	(3,358)	384
Dunedin river management	2,282	2,292	(3,665)	909
Lower Waitaki flood protection	11	1,106	(1,287)	(170)
Waitaki river management	155	3,401	(3,362)	194
Wakatipu river management	448	2,239	(2,200)	487
Wanaka river management	500	1,909	(1,841)	568
Alexandra flood protection	655	2,322	(1,531)	1,446
East Taieri drainage	381	5,711	(5,479)	613
Leith flood protection	(8,954)	11,774	(12,407)	(9,587)
Lower Clutha drainage & flood protection	(269)	11,737	(12,536)	(1,068)
Lower Taieri flood protection	263	8,187	(12,004)	(3,554)
Shotover flood protection	(558)	968	(176)	234
Tokomairiro drainage	147	1,007	(1,043)	111
West Taieri drainage	(1,278)	6,955	(6,077)	(400)
Dunedin transport	4,594	98,206	(105,091)	(2,291)
Wakatipu transport	68	1,787	(1,876)	(21)
Clean Heat reserve	366	230	-	596
<b>Total</b>	<b>529,626</b>	<b>421,831</b>	<b>(314,221)</b>	<b>637,236</b>



## **Available for Sale Reserve**

The Available for Sale revaluation reserve arises on the revaluation of Council's shares in its wholly owned subsidiary company Port Otago Limited.

## **Asset Replacement Reserve**

This reserve represents funds held for the replacement of Council operational assets and is funded by depreciation and proceeds from asset sales.

## **Building Reserve**

This reserve was established to start setting aside funding that would be available for a new head office for the Otago Regional Council in the future.

## **Emergency Response Reserve**

This reserve was established to enable Council to respond appropriately to emergency situations. If a call is made on the reserve, rate funding will be used to reimburse the reserve. Interest is earned each year on reserve balances.

## **Water Management Reserve**

This reserve was established to provide funding assistance for community initiated studies to forecast future water demands, and undertake technical investigations and infrastructure requirements for water management purposes.

## **Kuriwao Endowment Reserve**

This reserve represents the accumulation of net income from Kuriwao endowment land less any distribution of that income. Proceeds from the freeholding of leased land are also included in this reserve, along with interest earned.

## **Asset Revaluation Reserve**

The asset revaluation reserve arises on the revaluation of investment property.

## **River Management Reserves**

Targeted rating is used to fund river management works across the city and districts within Otago. Each area has its own reserve, which earns interest. Any unspent rating is allocated to the appropriate reserve. The reserves may be drawn upon to assist funding the work programmes.

## **Flood and Drainage Scheme Reserves**

Targeted rating is used to fund the costs associated with maintaining the level of flood and drainage protection provided by these schemes.

Funded depreciation and unspent rates are allocated to each scheme's reserve, which is then used to fund scheme capital expenditure. The reserves may go into deficit if there are insufficient funds to cover the capital spend. Interest is charged on deficit funds, and earned on available funds.

## **Transport Reserves**

Targeted rating is used in Dunedin and Wakatipu where Council provides subsidised bus services. Any unspent money is allocated to these reserves, and used to assist targeted rate smoothing and making improvements to bus services as appropriate.

## Statement of Cashflows

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
<b>Cashflows from operating activities</b>											
<i>Cash provided from:</i>											
13,543	Rates receipts	14,446	15,424	16,410	16,861	17,434	17,782	18,521	19,386	19,944	20,390
2,659	Other receipts – non exchange transactions	2,554	2,742	2,887	2,866	2,845	2,940	3,024	3,045	3,107	3,166
6,030	Grant income	8,259	7,270	6,532	6,609	7,480	7,412	7,794	7,779	8,301	8,327
2,952	Other receipts – exchange transactions	3,150	3,246	3,244	3,198	3,305	3,445	3,438	3,522	3,615	3,732
7,400	Dividends	7,300	7,400	7,500	7,700	7,900	8,100	8,300	8,500	8,700	8,900
2,137	Interest	2,087	2,150	2,150	1,869	1,818	1,798	1,746	1,695	1,628	1,567
<b>34,721</b>	<b>Total income</b>	<b>37,796</b>	<b>38,232</b>	<b>38,723</b>	<b>39,103</b>	<b>40,782</b>	<b>41,477</b>	<b>42,823</b>	<b>43,927</b>	<b>45,295</b>	<b>46,082</b>
<i>Cash applied to:</i>											
30,175	Payment to employees & suppliers	38,731	37,601	36,531	36,057	38,118	38,446	39,282	40,115	41,245	42,021
1	Interest expense	1	1	1	1	1	1	1	1	1	1
<b>30,176</b>	<b>Total payments</b>	<b>38,732</b>	<b>37,602</b>	<b>36,532</b>	<b>36,058</b>	<b>38,119</b>	<b>38,447</b>	<b>39,283</b>	<b>40,116</b>	<b>41,246</b>	<b>42,022</b>
<b>4,545</b>	<b>Net cash from operating activities</b>	<b>(936)</b>	<b>630</b>	<b>2,191</b>	<b>3,045</b>	<b>2,663</b>	<b>3,030</b>	<b>3,540</b>	<b>3,811</b>	<b>4,049</b>	<b>4,060</b>
<b>Cashflows from investing activities</b>											
<i>Cash provided from:</i>											
-	Property, plant & equipment sales	605	620	-	-	-	-	-	-	-	-
-	Deferred tax asset realised	98	-	-	-	-	-	-	-	-	-
5,000	Managed fund withdrawal	10,000	-	-	-	-	5,000	-	-	-	-
<b>5,000</b>	<b>Total cash in</b>	<b>10,703</b>	<b>620</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<i>Cash applied to:</i>											
8,040	Property, plant & equipment	6,352	6,935	3,941	2,293	2,343	4,503	3,845	2,877	1,403	1,794
560	Intangible assets	484	145	609	174	84	114	118	121	124	128
<b>8,600</b>	<b>Total application of cash</b>	<b>6,836</b>	<b>7,080</b>	<b>4,550</b>	<b>2,467</b>	<b>2,427</b>	<b>4,617</b>	<b>3,963</b>	<b>2,998</b>	<b>1,527</b>	<b>1,922</b>
<b>(3,600)</b>	<b>Net cash from investing activities</b>	<b>3,867</b>	<b>(6,460)</b>	<b>(4,550)</b>	<b>(2,467)</b>	<b>(2,427)</b>	<b>383</b>	<b>(3,963)</b>	<b>(2,998)</b>	<b>(1,527)</b>	<b>(1,922)</b>
<b>Cashflows from financing activities</b>											
<i>Cash provided from:</i>											
-	Borrowings	-	-	-	-	-	-	-	-	-	-
<i>Cash applied to:</i>											
-	Repayment of borrowings	-	-	-	-	-	-	-	-	-	-
-	<b>Net cash from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>945</b>	<b>Net increase/(decrease) in cash held</b>	<b>2,931</b>	<b>(5,830)</b>	<b>(2,359)</b>	<b>578</b>	<b>236</b>	<b>3,413</b>	<b>(423)</b>	<b>813</b>	<b>2,522</b>	<b>2,138</b>
<b>4,701</b>	<b>Cash at 1 July</b>	<b>4,855</b>	<b>7,786</b>	<b>1,956</b>	<b>(403)</b>	<b>175</b>	<b>411</b>	<b>3,824</b>	<b>3,401</b>	<b>4,214</b>	<b>6,736</b>
<b>5,646</b>	<b>Cash at 30 June</b>	<b>7,786</b>	<b>1,956</b>	<b>(403)</b>	<b>175</b>	<b>411</b>	<b>3,824</b>	<b>3,401</b>	<b>4,214</b>	<b>6,736</b>	<b>8,874</b>

## Reconciliation of Net Surplus to Net Cash from Operating Activities

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
3,314	Net surplus(deficit) from activities	(2,383)	(1,035)	488	1,234	799	1,158	1,673	1,831	1,940	1,905
	<i>Add(deduct) non-cash items</i>										
1,515	Depreciation	1,751	1,977	2,025	2,143	2,206	2,224	2,229	2,353	2,493	2,551
294	Other (gains)/losses	(310)	(319)	(329)	(338)	(348)	(359)	(370)	(380)	(392)	(404)
10	Bad debts	6	7	7	6	6	7	8	7	8	8
<b>4,545</b>	<b>Net cash from operating Activities</b>	<b>(936)</b>	<b>630</b>	<b>2,191</b>	<b>3,045</b>	<b>2,663</b>	<b>3,030</b>	<b>3,540</b>	<b>3,811</b>	<b>4,049</b>	<b>4,060</b>

## Schedule of Capital Expenditure

2014/15 \$000s		2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
-	Pest management	5	-	-	3	-	-	4	-	-	-
-	Compliance monitoring	60	77	-	54	-	57	-	-	-	-
189	Water monitoring sites	298	215	155	151	116	119	75	59	67	154
10	Air monitoring site upgrade	-	-	-	-	-	-	-	-	-	-
	<b>Transport</b>										
500	Dunedin transport	-	-	-	-	-	-	-	-	-	-
900	Stock truck effluent disposal sites	-	-	-	-	-	-	-	-	-	-
	<b>Flood protection &amp; control works</b>										
-	Alexandra flood	25	26	26	-	-	-	-	-	-	-
666	Lower Clutha flood & Drainage	258	469	735	306	112	811	525	57	167	41
145	Lower Taieri flood protection	266	43	21	219	349	2,118	2,183	1,771	-	203
104	West Taieri drainage	25	169	79	124	129	28	136	90	144	470
20	East Taieri drainage	25	123	114	113	274	567	29	30	31	32
4,588	Leith flood protection	4,514	4,584	2,281	448	460	-	-	-	-	-
	<b>Council</b>										
185	Property	554	774	159	163	167	172	176	181	186	192
400	Cars & stationwagons	101	103	106	109	111	114	118	121	124	128
745	Computers & software	605	392	767	668	596	515	600	568	683	575
50	Network enhancements	-	-	-	-	-	-	-	-	-	-
63	Plant	50	52	53	54	56	57	59	60	62	64
15	Sundry	50	52	53	55	56	58	58	61	63	63
<b>8,600</b>	<b>Total capital expenditure</b>	<b>6,836</b>	<b>7,079</b>	<b>4,550</b>	<b>2,467</b>	<b>2,427</b>	<b>4,617</b>	<b>3,963</b>	<b>2,997</b>	<b>1,527</b>	<b>1,921</b>

## Summary of Accounting Policies

### *Reporting Entity*

The Council is a regional local authority governed by the Local Government Act 2002.

The Council Group (Group) consists of the Council and its subsidiary Port Otago Limited (100% owned). The Port Otago Limited Group consists of Port Otago Limited, its subsidiaries, associates and joint ventures.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself and the Group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The prospective financial information contained in this Long Term Plan relates to the Otago Regional 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 were adopted by Council on 24 June 2015.

### *Statement of Compliance*

The prospective financial statements have been prepared in accordance with PBE FRS 42, Prospective Financial Statements, and in accordance with Tier 1 PBE Standards appropriate for public benefit entities, as it relates to prospective financial statements.

The actual financial results are likely to vary from the information presented in these prospective financial statements, and the variations may be material.

No actual results have been incorporated in these prospective financial statements.

Otago Regional 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. The accounting policies have been applied to each year of this 10 year Long Term Plan.

## Significant Accounting Policies

### *Revenue Recognition*

#### **Revenue from Exchange transactions**

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

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

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

#### **Rates Revenue**

Rates are recognised as income when levied.

#### **Other Revenue**

##### ***(a) Rendering of Services***

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

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

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

##### ***(b) Interest Revenue***

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

##### ***(c) Dividend Revenue***

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

#### **Other Gains and Losses**

##### ***(a) Sale of Investment Property, Property, Plant and Equipment, Property Intended for Sale and Financial Assets***

Net gains or losses on the sale of investment property, property plant and equipment, property intended for sale and financial assets are recognised when an unconditional contract is in place and it is probable that the Council will receive the consideration due.

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

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

## ***Grant Expenditure***

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

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

## ***Leasing***

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

### ***(a) Council as Lessor***

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

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

### ***(b) Council as Lessee***

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

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

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

### ***(c) Lease Incentives***

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

## ***Goods and Services Tax***

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

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

## ***Statement of Cash Flows***

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

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

- Operating activities are the principal revenue producing activities of Council and other activities that are not investing or financing activities;
- Investing activities are the acquisition and disposal of long term assets and other investments not included in cash equivalents; and
- Financing activities are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

## ***Financial Instruments***

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

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

## **Financial Assets**

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

### ***(a) Effective Interest Method***

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

### ***(b) Financial Assets at Fair Value through Profit or Loss***

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

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

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the Statement of Comprehensive Revenue and Expense. The net gain or loss is recognised in



the Statement of Comprehensive Revenue and Expense and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

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

**(c) *Held-to Maturity Investments***

Investments are recorded at amortised cost using the effective interest method less impairment, with revenue recognised on an effective yield basis.

The Council does not hold any financial assets in this category.

**(d) *Available-for-Sale Financial Assets***

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

Dividends on available-for-sale equity instruments are recognised in the surplus/(deficit) when the Council's right to receive payments is established.

**(e) *Loans and Receivables***

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

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

Deposits are included within this classification.

**(f) *Impairment of Financial Assets***

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each Statement of Financial Position date. Financial assets are impaired where there is objective evidence that 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.

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

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

## **Financial Liabilities**

### ***(a) Trade and Other Payables***

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

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

### ***(b) Borrowings***

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

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

## **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.

The Council does not hold derivative financial instruments for speculative purposes.

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 Group 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 income statement. 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 Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective. The Group 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.

### ***Fair Value Estimation***

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

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

### ***Inventories***

#### **Other Inventories**

Inventories are valued at the lower of cost and net realisable value. Stores and materials are valued at cost, on a weighted average basis, with an appropriate allowance for obsolescence and deterioration.

Work in progress is valued at the lower of cost and net realisable value and includes the cost of direct material, direct labour and a proportion of overheads. Work in progress reflects the unbilled cost of resource consent applications and Regional Services contracts.

### ***Property Held for Sale***

Property classified as held for sale is measured at:

- Fair value for items transferred from investment property, and
- Carrying value for items transferred from property, plant and equipment.

Property is classified as held for sale if the carrying amount will be recovered through a sales transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the property is available for immediate sale in its present state. There must also be an expectation of completing the sale within one year from the date of classification.

## ***Property, Plant & Equipment***

Property, plant and equipment consist of:

### **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 associated with major flood protection and land drainage schemes. Infrastructural assets include floodbanks, protection works, structures, drains, bridges and culverts.

### **Restricted Assets**

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

#### ***(a) Cost***

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

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

#### ***(b) Depreciation***

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

Infrastructural assets including 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:

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

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

### **(c) Disposal**

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

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

### **Investment Property**

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

### **Intangible Assets**

#### **Computer Software**

Acquired software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

#### **Other Intangible Assets**

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins from the date the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Comprehensive Income. For computer software the amortisation periods range from 1-10 years. Where the periods of

expected benefit or recoverable values have diminished, due to technological change or market conditions, amortisation is accelerated or the carrying value is written down.

### ***Impairment of Non-Financial Assets***

At each reporting date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated 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, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

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

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

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

### ***Employee Benefits***

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

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

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

## **Defined Contribution Schemes**

Contributions to defined contribution superannuation schemes are expensed when incurred.

## ***Superannuation Schemes***

### **Defined Benefit Schemes**

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

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

## ***Provisions***

Provisions are recognised when the Council has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

## ***Equity***

Equity is the community's interest in the 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 & Council Created Reserves***

Restricted 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 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. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

## *Foreign Currency*

### **Foreign Currency Transactions**

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in the surplus/(deficit) in the period in which they arise.

### *Allocation of Overheads*

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

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

### *Other Disclosures*

#### **Balancing of Budget**

The Council has resolved, under section 100(2) of the Local Government Act 2002, that it is financially prudent to not balance its operating budget in the 2015/16 and 2016/17 year. The primary reason for the shortfall in revenue is the use of reserves to fund certain expenditure.

Reserves are to be used to fund research and development, for improving Otago's water quality, and for new non-biological control tools for pest animals.

Dunedin transport reserves are also to be used to implement a new electronic bus ticketing system, and to develop a bus hub in Dunedin City.

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

#### **Rating base Information**

The projected number of rating units within the region at the end of each of the preceding financial years are as follows:

	<b>Projected Rating Units</b>
2015/16	114,378
2016/17	115,500
2017/18	116,500
2018/19	117,500
2019/20	118,500
2020/21	119,500
2021/22	120,500
2022/23	121,500
2023/24	122,500
2024/25	123,500



## Otago Performance Improvement Framework (OPIF)

The Otago Mayoral Forum resolved to have seven key performance indicators within the OPIF. The local authorities of Otago, including the Otago Regional Council, will report against these benchmarks for the first time in their 2015/16 Annual Reports. The indicators include the following:

- Resident and ratepayer satisfaction.
- Infrastructure asset management.
- Regulatory planning.
- Affordability.
- Corporate Services.

## Local Government (Financial Reporting & Prudence) Regulations 2014

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

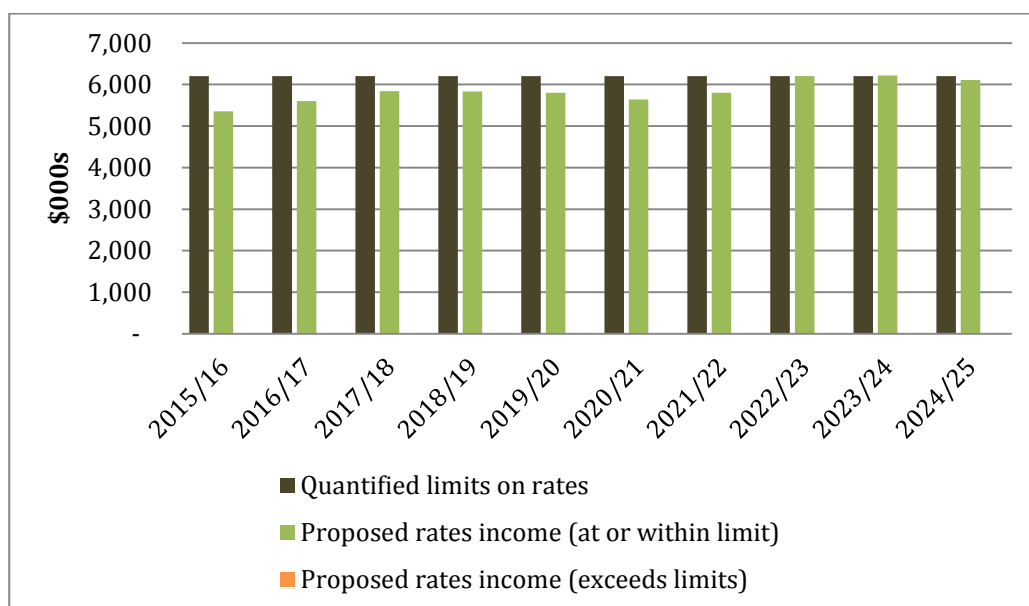
The Council is required to include this statement in its long term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the **regulations**). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

### Rates Affordability Benchmark

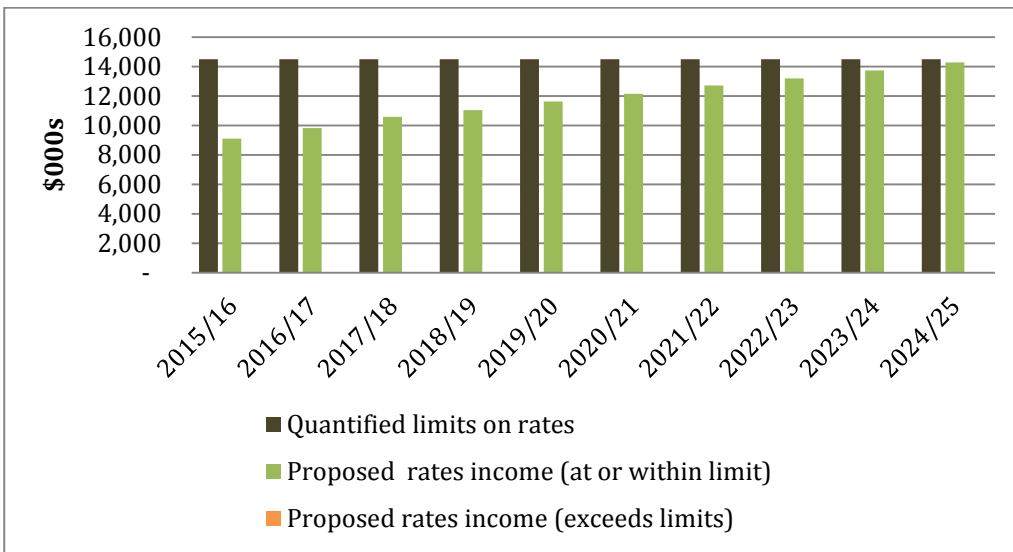
The Council meets the rates affordability benchmark if –

- Its planned rates income equals or is less than each quantified limit on rates; and
- Its planned rates increases equal or are less than each quantified limit on rates increases.

The following graph compares the Council's planned general rates increases with a quantified limit on rates increases contained in the financial strategy included in this long term plan. The quantified limit is \$6.2 million.

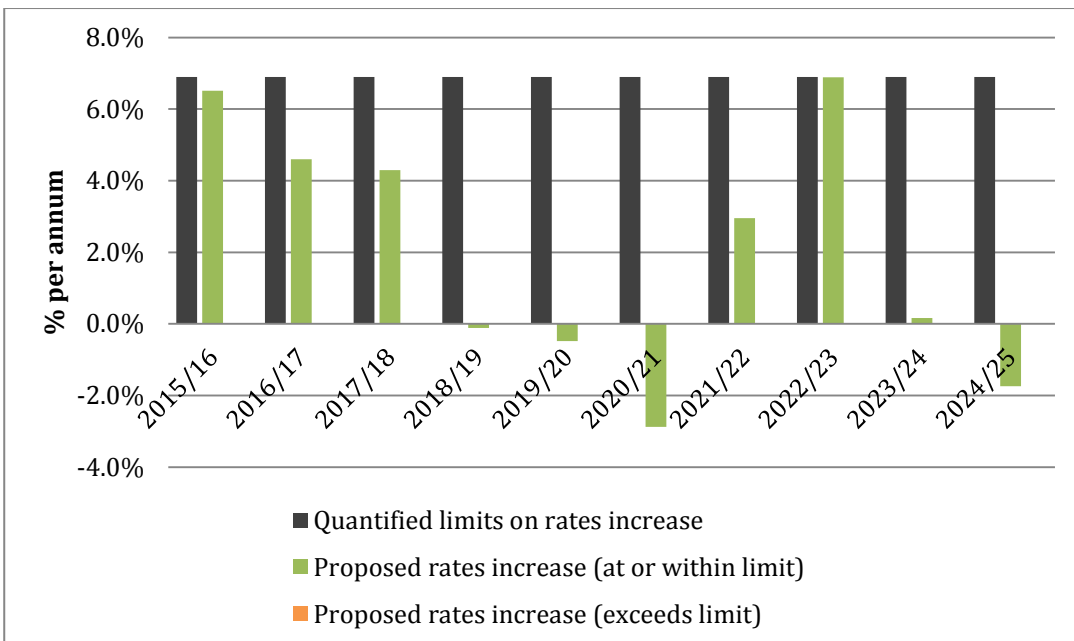


The following graph compares the Council’s planned targeted rates increases with a quantified limit on rates increases contained in the financial strategy included in this long term plan. The quantified limit is \$14.5 million

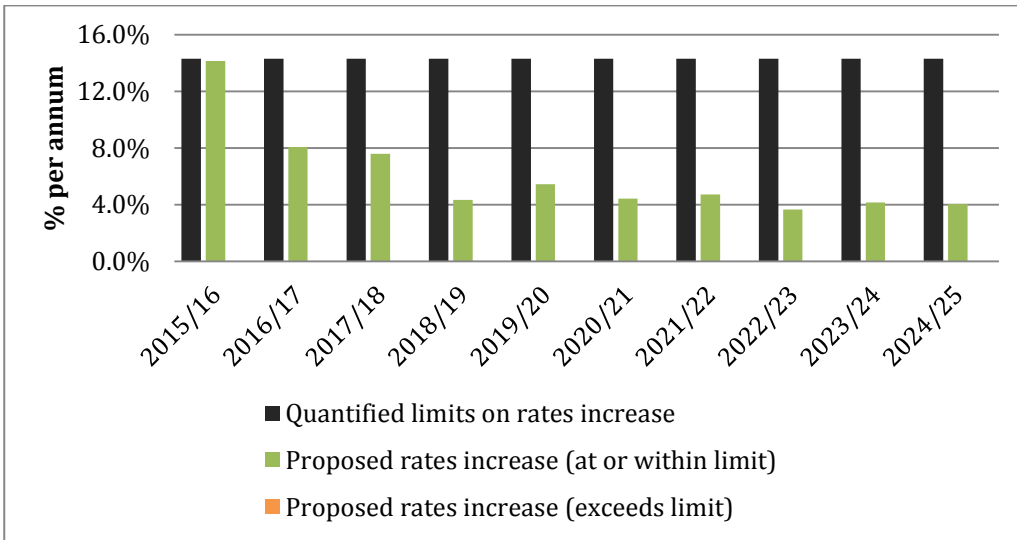


### Rates (Increases) Affordability

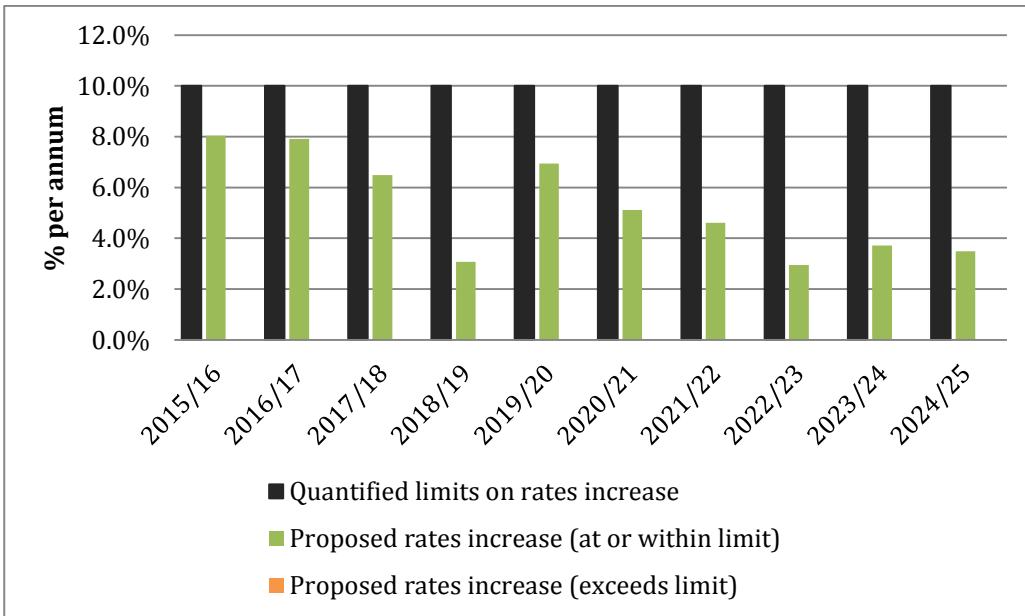
The following graph compares the Council’s planned general rates with a quantified limit on rates increases contained in the financial strategy included in this long term plan. The quantified limit is 6.9% per annum.



The following graph compares the Council’s planned targeted rates with a quantified limit on rates increases contained in the financial strategy included in this long term plan. The quantified limit is 14.3% per annum.



The following graph compares the Council’s planned flood protection and control works targeted rate with a quantified limit on rates increases. The quantified limit is 10% per annum.

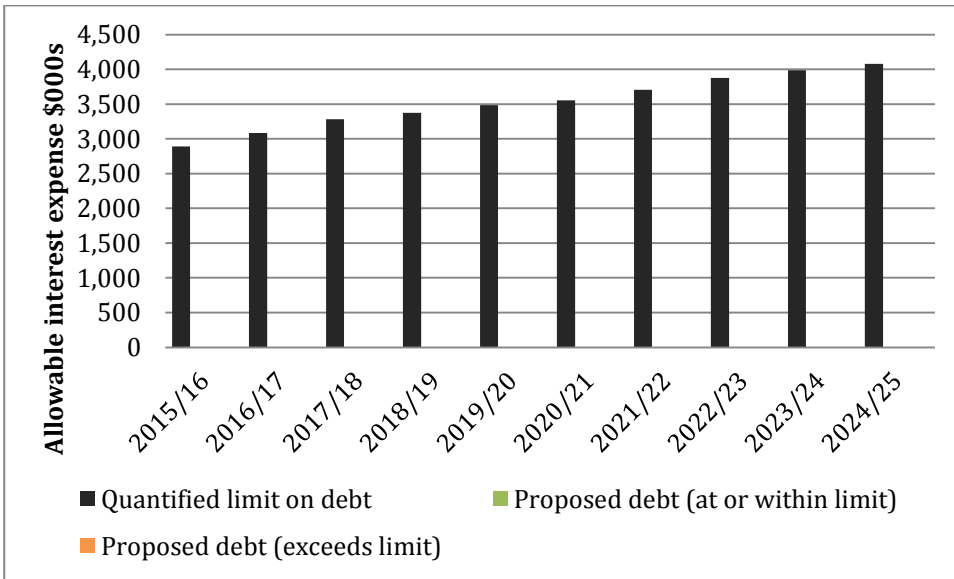


### Debt Affordability Benchmark

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

The following graph compares the Council’s planned debt with a quantified limit on borrowing contained in the financial strategy included in this long term plan. The quantified limit is interest cost being a maximum of 20% of rates income.

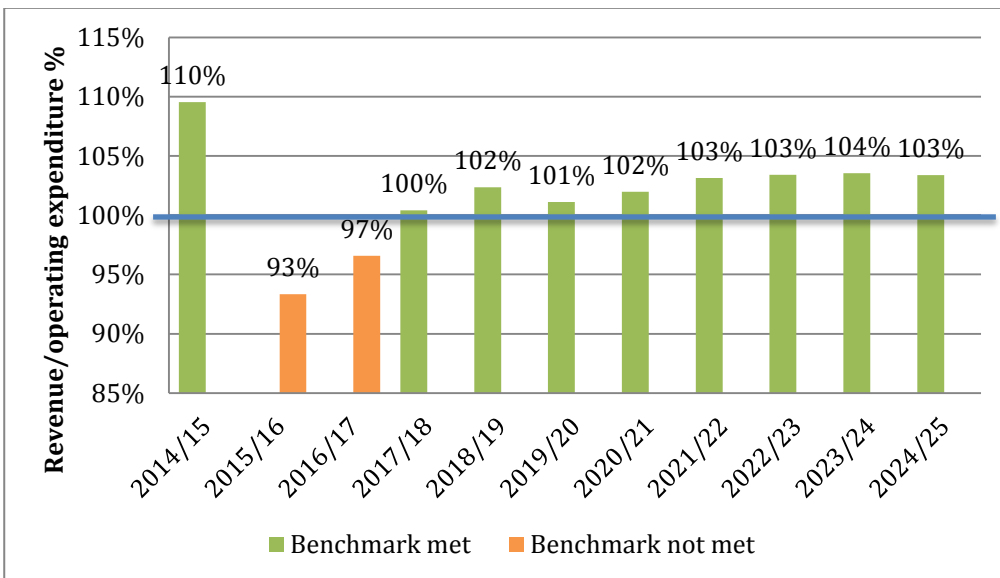
Council does not have any planned debt over the 10 year period of the Long Term Plan.



### Balanced Budget Benchmark

The following graph displays the Council’s planned revenue (excluding development contributions, 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 revaluations of property, plant, or equipment).

The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses. Refer to page 133 for comment on balancing the budget.

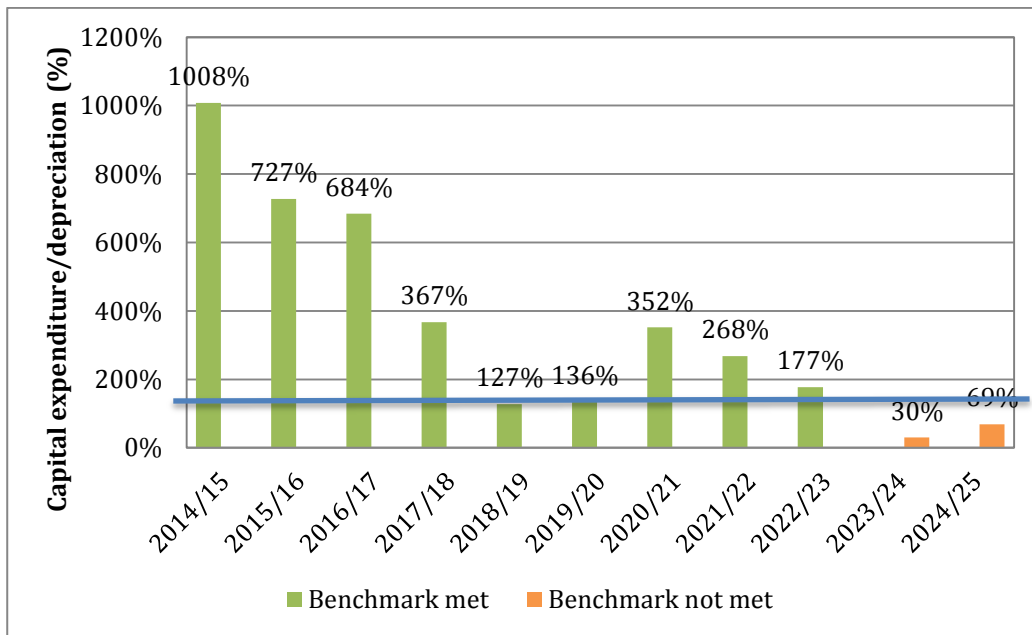


### Essential Services Benchmark

The following graph displays the Council’s planned capital expenditure on network services as a proportion of expected depreciation on network services.

The Council’s network services comprise flood protection and control works.

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

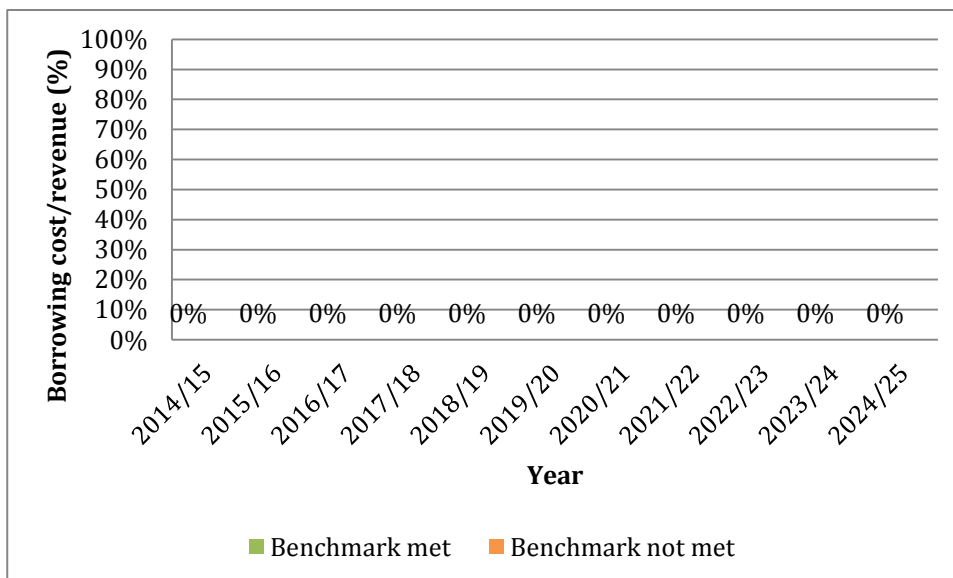


### Debt Servicing Benchmark

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

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

Council has no planned borrowing over the 10 year life of the plan.



## Schedule of Fees and Charges

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

<b>Scale of Charges:</b>	<b>\$</b>
Staff time per hour:	
* Executive	235.00
* Senior Technical/Scientist	160.00
* Technical/Scientist	110.00
* Administration	80.00
Disbursements	Actual
Additional site notice	Actual
Advertisements	Actual
Vehicle use per kilometre	0.70
Travel and accommodation	Actual
Testing charges	Actual
Consultants	Actual
Commissioners	Actual
Photocopying and printing	Actual
Councillor Hearing fees per hour:	
* Chairperson	\$100
* Member	\$80
* Expenses	Actual

### *Resource Management Act – Section 36 Charges*

Set out below are details of the amounts payable for those activities to be funded by fees and charges, as authorised by Section 36(1) of the Resource management Act 1991.

### **Resource Consent Application Fees**

Note that the fees shown below are a deposit to be paid on lodgement of a consent application and applications for exemptions in respect of water measuring devices. The deposit will not usually cover the full cost of processing the application, and further costs are incurred at the rate shown in the scale of charges. GST is included in all fees and charges.

### **Pre-Application Work**

Fees payable for pre-application work undertaken before a consent application is lodged with Council will be incurred at the rates shown in the scale of charges.

<b>Publicly Notified Applications Deposits:</b> <sup>3</sup>	<b>\$</b>
First application	5,000.00
Concurrent applications	225.00

<b>Non-Notified Applications and Limited Notified Applications Deposits:</b> <sup>3</sup>	<b>\$</b>
First application (except those below)	1,000.00
Concurrent applications <sup>1</sup>	50.00
Administrative Variation	500.00
Exemptions from water metering regulations	200.00
Bores	500.00
Gravel	500.00

**Hearings** Per Note 2 below

<b>Transfers and Certificates Deposits:</b>	<b>\$</b>
Transfer of Mining Privilege	100.00
Transfer – other	100.00
Priority Table	100.00
Section 417 Certificate	200.00
Certificate of Compliance	200.00
Section 125 – Extension of Term	100.00
All Other Costs	As per Scale of Charges

**Notes:**

1. For additional permits in respect of the same site, activity, applicant, time of application, and closely related effect as the first application.
2. The deposit payable shall be 90% of the cost of a hearing as calculated by Council in accordance with information contained in the application file and using the scale of charges. The amount payable will be due at least 10 working days before the commencement of the hearing. If the amount is not paid by the due date, then the Otago Regional 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.

Under Section 100A of the RMA, one or more submitters may make a request to have a resource consent application heard by one or more hearing commissioners who are not members of Council. In this case the applicant will pay the amount that Council estimates it would cost for the application to be heard had the request not been made, and the submitter(s) who made the request will pay, in equal shares, the cost of the application being heard that exceeds that amount payable by the applicant.

Further, the applicant may request to have a resource consent application heard by one or more hearing commissioners who are not members of Council. In this case, the applicant will pay the full costs.

3. Where actual and reasonable costs are less than the deposit paid, a refund will be given.

## Review of Consent Conditions

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

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

## Compliance Monitoring

### 1. Performance Monitoring

The following charges will apply to the review of performance monitoring reports for all consent holders, except those listed in section 1.4 below. The charges shown are annual fixed fees per performance monitoring report or plan, and are inclusive of GST.

<i>1.1 Discharge to Air Consent</i>		\$
Measurement of contaminants from a Stack report		86.00
Ambient air quality measurement of contaminants report		100.00
Management plans and maintenance records		33.50
Annual Assessment report		66.50

<i>1.2 Discharge to Water, Land and Coast</i>		\$
Effluent Systems	Environmental Quality report	46.50
Active Landfills	Environmental Quality report	58.00
	Management Plans	130.00
Industrial Discharges	Effluent quality report	42.00
	Environmental report	92.00
Annual Assessment report		50.00
Management Plans – minor environmental effects		130.00
Management Plans – major environmental effects		260.00
Maintenance records		30.00

<i>1.3 Water Takes</i>		\$
Verification reports		60.00
Manual return of data per take		80.00
Data logger return of data per take sent to ORC		50.00
Telemetry data per consent		35.00
Low flow monitoring charge*		
- Kakanui at McCones		327.00
- Unnamed Stream at Gemmels		1,431.00

\* charge for monitoring sites established by the ORC specifically to monitor consented activities in relation to river flows.



#### *1.4 Fees for Specific Consent Holders*

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

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

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

#### **2. Audit**

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

#### **3. Non-Compliance, Incidents and Complaints**

Enforcement work on consent conditions, and remedying negative effects – Scale of Charges.

### **Gravel Inspection and Management**

Gravel extraction fee - \$0.66 per cubic metre (incl. GST). Where more than 10,000 cubic metres of gravel is extracted within a prior notified continuous two month period, the actual inspection and management costs will be charged, as approved by the Director Corporate Services.

### **Resource Monitoring**

Water or air monitoring work undertaken for external parties – Scale of Charges.

### **Private Plan Changes**

Work undertaken on privately initiated plan changes – Scale of Charges.

### **Contaminated Sites Management**

Clean up and remediation works – Scale of Charges.

### ***Incident and Complaint, Non-Compliance with Permitted Activity Rules***

Dealing with pollution incidents and enforcement work including investigating, monitoring, reporting, remediation and clean-up – Scale of Charges.

## **Biosecurity Act – Section 135 Charges**

### ***Pest Management Strategy Implementation***

Work undertaken resulting from inaction of landowners not complying with Council's Pest Management Strategy for Otago – Scale of Charges.

Review of Rabbit Control Programmes from non-compliant farms, and work associated with ensuring implementation of those programmes – Scale of Charges.

## **Local Government Act – Section 150 Charges**

### ***Transport Licensing Exempt Services***

Apply to register, or vary an existing registration - Scale of Charges; deposit payable of \$575.

### ***Bylaw Application Processing***

Processing bylaw applications - Scale of Charges; deposit payable of \$300.

## **Local Government Official Information & Meetings Act – Section 13 & Resource Management Act Section 36(1)**

### ***Information Requests***

Information requests that require more than half an hour to respond to, and multiple copies of Council reports – Scale of Charges.

## Building Act – Section 243 Charges – Dam Safety & Building Control

The following table of charges and deposits will apply to the Dam Safety and Building Control activity. Amounts stated include GST.

Activity	Deposit	Processing Fee	DBH & BRANZ Levies (at rates as advised to Council)*
<b>Review of Potential Impact Classifications submitted by dam owners</b>	Nil	Time and disbursements – scale of charges.	Nil
<b>Review of Dam Safety Assurance Programmes</b>	Nil	Time and disbursements – scale of charges.	Nil
<b>Reviewing Building Warrants of Fitness</b>	Nil	Time and disbursements – scale of charges.	Nil
<b>Property Information Memorandums</b>	Nil	Time and disbursements – scale of charges.	Nil
<b>Building consent applications – estimated value of building work is \$20,000 or less</b>	\$2,000	Time and disbursements – scale of charges.	Nil
<b>Building consent applications – estimated value of building work greater than \$20,000</b>	\$2,000	Time and disbursements – scale of charges.	<i>DBH levy</i> - \$2.01 for every \$1,000 (or part of \$1,000) of the estimated value of the building work. <i>BRANZ levy</i> - \$1.00 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required.
<b>Issuing Certificates of Acceptance – estimated value of building work is \$20,000 or less</b>	\$2,000	Time and disbursements – scale of charges.	
<b>Issuing Certificates of Acceptance – estimated value of building work greater than \$20,000</b>	\$2,000	Time and disbursements – scale of charges.	<i>DBH levy</i> - \$2.01 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required. <i>BRANZ levy</i> - \$1.00 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required.
<b>Issuing of Code Compliance Certificates for building consent applications</b>	Nil	Time and disbursements – scale of charges.	Nil
<b>Maintaining Register of Dams</b>	Nil	Nil	Nil
<b>Any other activity under the Building Act</b>	Nil	Time and disbursements – scale of charges.	Nil

\* Figures for the DBH and BRANZ levies are as required by regulation on 1 March 2008. These levies may change in accordance with amendments made to regulations. The Otago Regional Council is required to collect and pay DBH and BRANZ levies as regulated.

## Dunedin Bus Services

### Bus fares for Dunedin bus services from 1 July 2015

Zones Travelled	GoCard			Cash	
	Adult	Child	Beneficiary	Adult	Child
1	\$1.92	\$1.26	\$1.61	\$2.20	\$1.50
2	\$2.53	\$1.55	\$2.11	\$3.00	\$1.90
3	\$2.99	\$1.84	\$2.50	\$3.40	\$2.10
4	\$3.48	\$2.22	\$2.90	\$3.90	\$2.50
5	\$4.44	\$2.54	\$3.72	\$5.20	\$3.00
6	\$5.22	\$2.99	\$4.35	\$6.00	\$3.60
7	\$6.09	\$3.67	\$5.07	\$6.70	\$4.10

	Adult Cash	Adult GoCard	GoCard Extra & SuperGold Card Peak	SuperGold Card Offpeak	Child Cash	Child Go Card
<b>Palmerston to/from</b>						
Waikouaiti	\$4.10	\$3.67	\$3.06	Free	\$4.10	\$3.67
Karitane	\$5.40	\$4.83	\$4.03	Free	\$5.40	\$4.83
Evansdale	\$8.10	\$7.25	\$6.04	Free	\$8.10	\$7.25
Dunedin	\$13.42	\$11.41	\$9.56	Free	\$9.50	\$8.50
<b>Waikouaiti to/from</b>						
Karitane	\$2.70	\$2.42	\$2.02	Free	\$2.70	\$2.42
Evansdale	\$5.40	\$4.83	\$4.03	Free	\$5.40	\$4.83
Dunedin	\$10.20	\$8.50	\$7.08	Free	\$6.70	\$6.09
<b>Karitane to/from</b>						
Evansdale	\$2.70	\$2.42	\$2.02	Free	\$2.70	\$2.42
Dunedin	\$8.90	\$7.58	\$6.34	Free	\$5.40	\$4.83
<b>Evansdale to/from</b>						
Dunedin	\$6.70	\$6.09	\$5.08	Free	\$5.40	\$4.83

### Bus fares for all services from date of implementation of new ticketing system

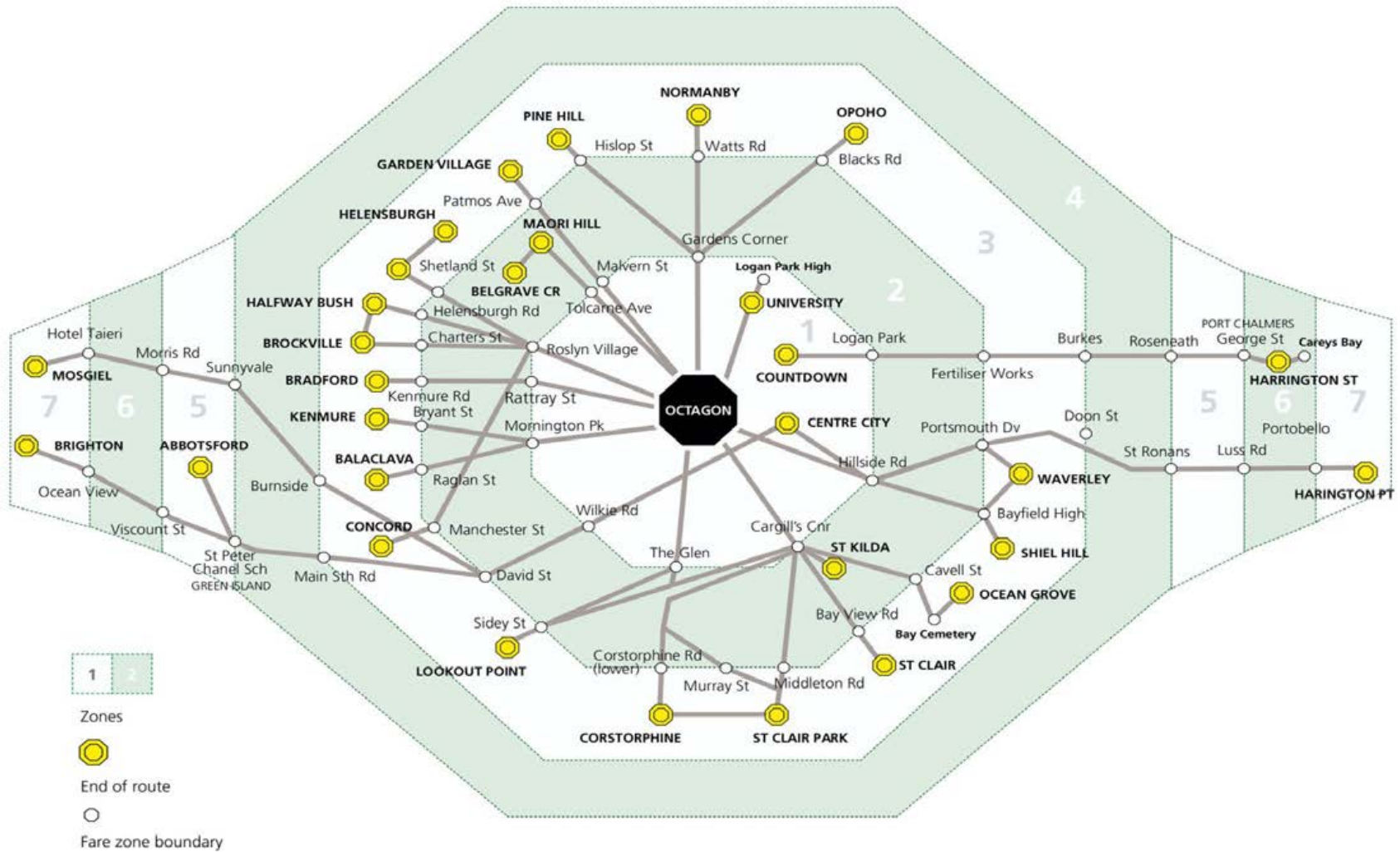
A new ticketing system is planned to be implemented early 2016. At that time, the existing fare structures will be replaced with five zones as shown in the table below.

Zones Travelled	GoCard			Cash	
	Adult	Child	Super Gold Card Off Peak & GoCard Extra	Adult	Child
1	\$1.92	\$1.15	\$1.73	\$2.60	\$1.60
2	\$2.53	\$1.52	\$2.28	\$3.40	\$2.10
3	\$4.44	\$2.66	\$4.00	\$6.00	\$3.60
4	\$7.58	\$4.55	\$6.82	\$10.20	\$6.10
5	\$11.41	\$6.85	\$10.27	\$15.30	\$9.20

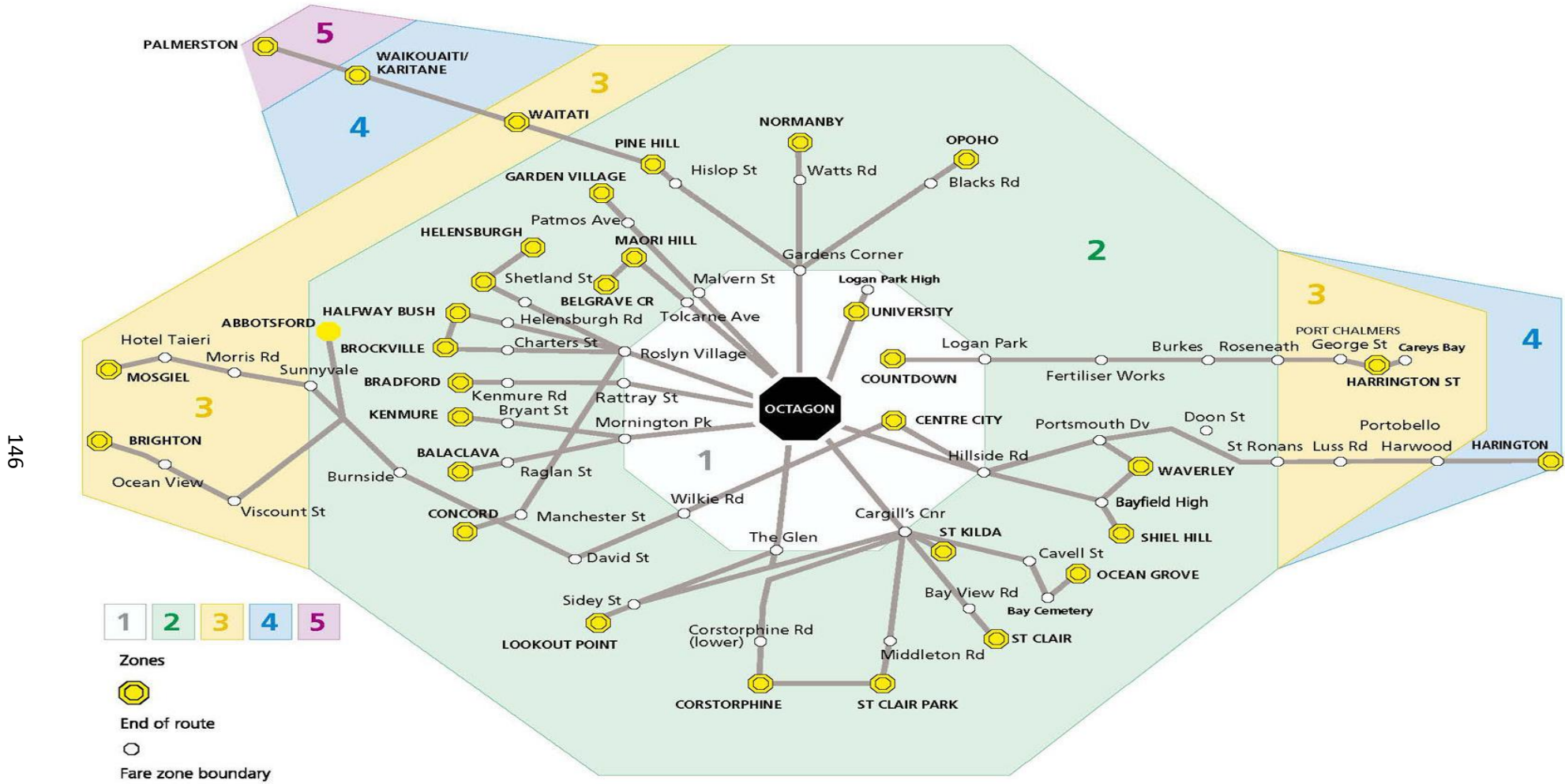
Map 2 below shows the new fare zone, defined in the Regional Public Transport Plan.

# Map 1: Dunedin City Bus Zones – 1 July 2015/16

To work out your fare, count the number of zones you will travel through, including the ones you start and finish in.



Map 2: Dunedin City Bus Zones from date of implementation of new ticketing system.



Note is made that bus fares are reviewed annually, and any changes will be disclosed in our future Annual Plans and Long Term Plans.