



## **2014/15 Annual Plan**



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# MISSION STATEMENT, GOALS AND OBJECTIVES

## Mission Statement

“To promote the sustainable development and enhancement of Otago’s resources.”

## Goals

1. Sustainable development of the region’s resources through the sharing of knowledge and information.
2. Community participation in planning and managing the use, enhancement and conservation of Otago’s resources.
3. The economic, social and cultural needs of Otago people are met, and the principles of the Treaty of Waitangi are acknowledged.
4. Otago’s position on matters significant to our region are understood and appreciated.
5. The Council’s objectives are achieved in a transparent, accountable, cost effective and efficient manner; and costs are apportioned fairly and equitably.

## Objectives

1. To maintain and enhance Otago’s coastal, river and lake environments having regard to regional social, cultural, economic and ecosystem needs.
2. To promote the sustainable management of land for social, economic and conservation purposes.
3. To reduce resource use practices that are damaging to human health, environmental quality and biological diversity.
4. To mitigate man-made and natural risks and hazards to Otago communities.
5. To plan regional land transport needs and promote passenger transport services that integrate social, economic and environmental requirements.
6. To integrate sustainable development of Otago’s diverse resources with maintenance of its unique natural environment.
7. To provide appropriate services to fulfil all the statutory responsibilities of the Council.

## A WORD FROM THE CHAIR



It is with pleasure that we bring to you our Annual Plan for the 2014/15 year. This plan sets out our proposed work programme for the year, along with the estimated cost of completing that programme.

I advise that whilst the 2012-22 Long Term Plan remains current, this Annual Plan provides an update of the information relating to the 2014/15 year in the Long Term Plan.

### Rating

This plan provides for a general rate increase of 2.49%. The general rate, excluding GST will be \$5.02 million compared to \$4.9 million that was required in the 2013/14 year, the difference being \$122,000. The table below shows the estimated general rates payable on a \$250,000 capital value home in each area of Otago:

	<b>Estimate general rates for a \$250,000 property 2014/15 (incl. GST)</b>	<b>General rates for a \$250,000 property 2013/14 (incl. GST)</b>
Central Otago	\$32.04	\$32.10
Clutha	\$32.71	\$32.29
Dunedin	\$36.86	\$36.84
Queenstown Lakes	\$31.86	\$32.13
Waitaki	\$32.31	\$31.73

As can be seen in the table above, there is very little change in the amount of general rates estimated to be payable.

Our activities for which targeted rates are charged include providing public passenger transport services in Dunedin, working to improve air quality in certain parts of our region, and operating and maintaining our flood and drainage schemes throughout Otago. In total, approximately \$8.5 million (excluding GST) is to be collected by way of targeted rating, compared to \$10.7 million in 2013/14, a decrease of 21%.

We are pleased to advise that this will be the last year that we need to collect our Forsyth Barr Stadium target rate. This final year's rate requirement has substantially reduced from \$2.8 million previously rated each year for the last five years, to only \$550,000. Our original estimates provided that \$2.8 million would be rated each year for a period of 15 years through to 2023/24, however, our success in 2010/11 in obtaining a ruling that our donation to the stadium was tax deductible has reduced that rating requirement to a six year period.

Targeted rates on eight of our activities are proposed to increase in 2014/15, three (including the stadium rate) will decrease, and seven will remain unchanged from the 2013/14 year.

### Water

Water quality and water availability remain high on our priority list, and to assist the implementation of our recent water plan changes, 6A on water quality, and 1C on water quantity, we have dedicated a high level of resources to this work.

To assist water availability, while ensuring sustainable environmental flows, a number of minimum flow levels and allocation limits will be decided upon for key rivers and aquifers, including the Cardrona and Lindis rivers and aquifers, the Pomahaka river and aquifer, and the Hawea Basin aquifer. These will result in changes being made to the Regional Plan: Water, and will assist future allocation of water as water permits expire and resource consents to take water are sought. We will also assist communities, irrigator groups and stakeholders to look at options for effective water utilisation. Investigations into the availability of our water resource will continue.

Our focus on water quality is all about how discharges from land will impact on water quality. We do not want to control land use activities through issuing resource consents, but we do want to ensure that what comes off the land does not compromise our water quality. We have established discharge thresholds for common rural contaminants. We plan to assist landholders understand the plan change and take responsibility for their properties meeting the discharge thresholds. Our work will include promotion and education on plan change 6A, looking at best practice for improving water quality, liaising with the dairy and forestry industries, and monitoring and investigating water quality at sites throughout Otago.

### **Regional Policy Statement**

The Regional Policy Statement, which sets the framework for our regional plans and strategies, is being reviewed. We aim to develop policy that will achieve effective management of our natural and physical resources. This year, we plan to have a new Regional Policy Statement notified in December 2014, and Council decisions on it being released by June 2015.

### **Biodiversity**

Included in this plan is an initiative to undertake a review of all of the biodiversity work currently being undertaken by Council, to assist with planning its role in biodiversity in the future. Current work undertaken includes monitoring Otago's significant wetlands, assisting community groups with information and field day support on biodiversity topics, and administering the Honda Tree Fund. A discussion paper on wilding trees will also be prepared for Council's consideration.

### **South Island Pest Management Planning**

During the year we are proposing to work with other South Island councils to develop a common approach to identifying and dealing with pest animals and plants as we work towards the review of our own Pest Management Strategy. Pest animals and plants do not recognise borders, and throughout the South Island each region has many of the same pests. We think this collaborative approach will be an effective and efficient way to review the Strategy. Those pests specific to Otago will still be recognised, and not lost in the South Island planning.

### **Flood and Drainage Schemes**

Work on our flood and drainage schemes continues, with approximately \$8 million planned to be spent on our schemes during the year. Of this amount, around \$5 million is to be spent on flood hazard mitigation works for the Water of Leith between Dundas Street and St David Street. The construction of this scheme is scheduled to be completed by 2018/19.

Approximately \$1.4 million is planned to be spent on the Lower Clutha Flood and Drainage Scheme. A new outfall structure of the Paretai drainage network is planned, along with the refurbishment of the Smith Road pump station.

Our work on the Lower Taieri Flood Protection Scheme includes forming a weighting blanket at Otokia to reduce the likelihood of foundation piping and flood bank failure at that location, and investigating seismic damage potential to a part of the Waipori River flood bank.

Inspections and maintenance work will continue on all of our flood and drainage schemes.

**Stock Truck Effluent Disposal**

This plan includes a proposal to upgrade the Raes Junction stock truck effluent disposal site, and to construct two new sites, one at Springvale Road, Alexandra, and one at either Cromwell or Victoria Flats. This work will be subject to obtaining grants from New Zealand Transport Agency, and obtaining landowner approvals etc. We hope to achieve cleaner and safer Otago roads with a reduction in the amount of effluent that may be spilled on our roads.

I would like to thank all of those people who took the time to submit on our draft plan, providing us with your thoughts and feedback on our proposed programme of work for the 2014/15 year. Your interest in what we do is greatly appreciated.

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

Stephen Woodhead  
**Chairperson**  
**Otago Regional Council**

# INTRODUCTION TO THE ANNUAL PLAN

This Annual Plan is produced under the Local Government Act 2002. During 2012, we produced a Long Term Plan, which covers a 10 year period. The purpose of this plan is to provide an update of the information held in our Long Term Plan for the 2014/15 year, and explain any variations arising from the Long Term Plan.

The Long Term Plan which remains current, holds significantly more information than that found in this plan. For example, it contains policy information, 10 year financial estimates, and what our proposed works programme is through to 2021.

This Annual Plan concentrates on the 2014/15 year. Detailed performance targets and estimates of cost have been provided. Where specific changes have been made from the Long Term Plan, explanations are provided at the start of each of the activity groups of this plan.

This plan is set out in three 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 – What We Will Do In 2014/15**

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.

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

## **Part 3 – Financial Information**

This part provides details of the overall financial impact of our 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 Annual Plan, including the prospective financial statements included in it, was adopted by Council at its meeting of 25 June 2014.

## COMMUNITY OUTCOMES

In 2005/06 Council asked the people of Otago what their vision was for Otago. From that, six broad outcomes were identified.

The work programmes of Council contributed to some of those outcomes, but not all. Some outcomes were the responsibility of other agencies and organisations such as the health sector and the NZ Police.

Since that time, an amendment has been made to the Local Government Act which redefines Community Outcomes to: *“Community outcomes means the outcomes that a **local authority** aims to achieve in order to promote the social, economic, environmental, and cultural well-being of its district or region, in the present and for the future”*.

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.

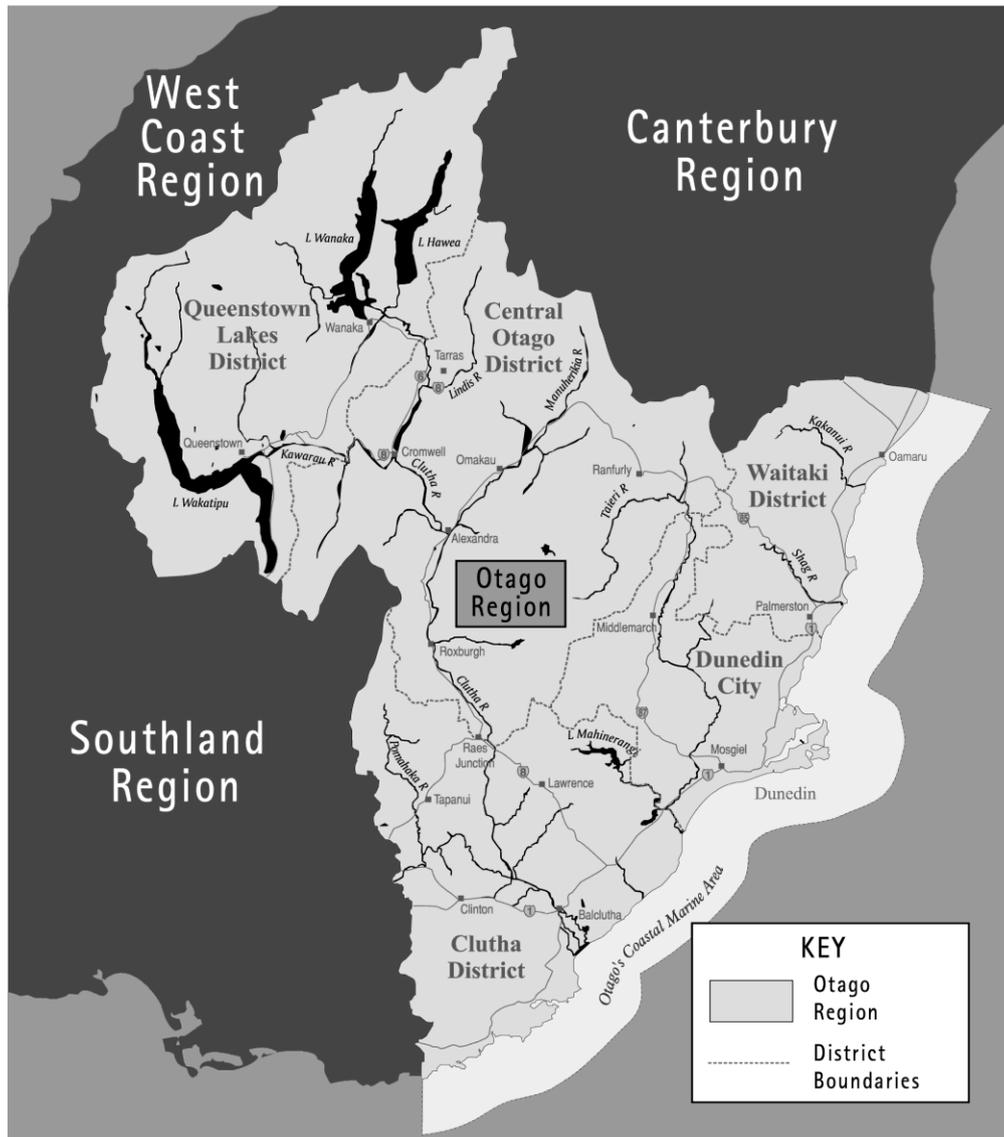
Each activity proposed to be undertaken within this plan, will contribute to one or more of the identified community outcomes.



## **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 211,300, which is approximately 5% of New Zealand's total population of 4.4 million (June 2012 estimate, Statistics NZ). 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 Kellogs 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 has a career spanning rural banking, farming, and agricultural politics at a regional and national level. Now living on the Taieri after 26 years farming in the Maniototo, he has B.Agri.Sc. (Lincoln) and Valuers Professional (Rural) qualifications. A Nuffield Farming Scholar in 1988, he also served 8 years as a Trustee of the Community Trust of Otago.

Mobile: (021) 896 086

## 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 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.



### **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@gmail.com](mailto:michael.deaker@gmail.com)



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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: [longbeachconsult@xtra.co.nz](mailto:longbeachconsult@xtra.co.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: [sport-neill@xtra.co.nz](mailto:sport-neill@xtra.co.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 mother to two boys and is passionate about Otago's environment. She enjoys sea fishing, native plants, and painting.

Email: [gretchdunedin@gmail.com](mailto:gretchdunedin@gmail.com)



### **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

## **Dunstan Constituency**



### **Graeme Bell**

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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@xnet.co.nz](mailto:graeme.bell@xnet.co.nz)



### **Gerrard Eckhoff**

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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.

He has served as Chair of the Roxburgh Nassella Tussock Committee and is a member of the Roxburgh Conservation Landcare Group.

Phone: (03) 448 8733

Email: [mtbenger@xtra.co.nz](mailto:mtbenger@xtra.co.nz)



### **Gary Kelliher**

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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

## **Moeraki Constituency**



### **Doug Brown**

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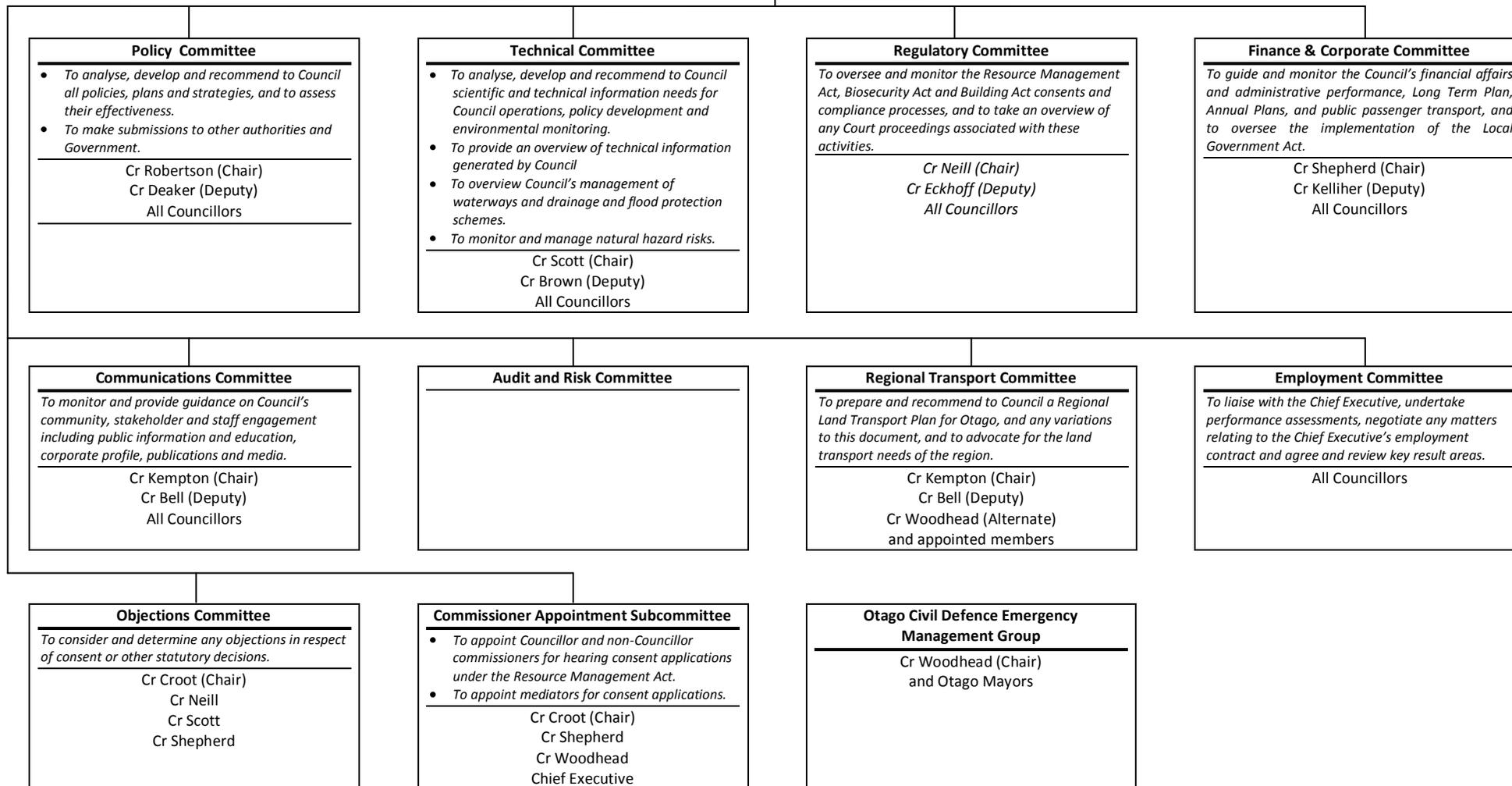
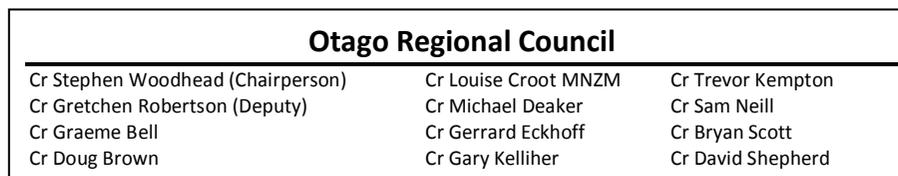
Doug Brown is a sheep farmer from Maheno in North Otago. He is a B.Ag.Sc. graduate from Lincoln University and a past National President of the Young Farmers Clubs organisation.

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

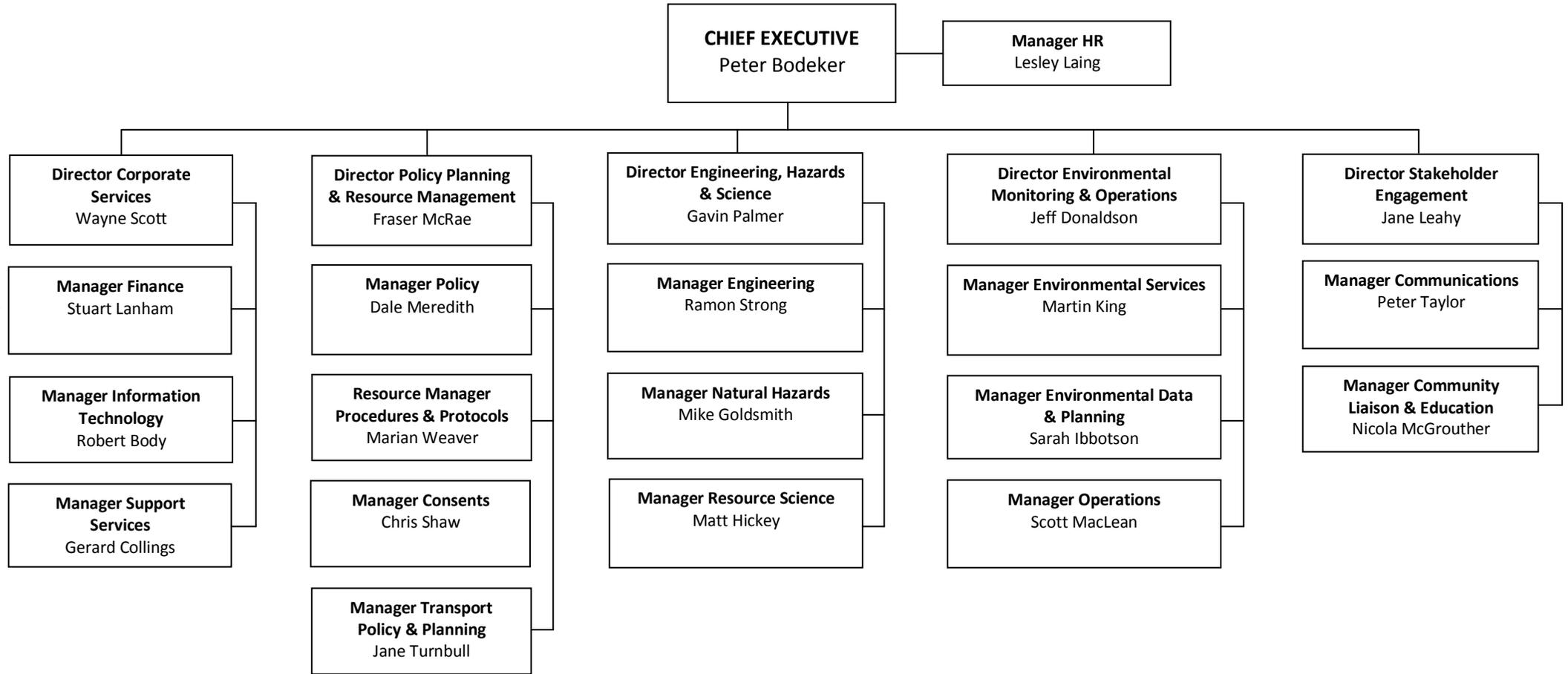
Phone: (03) 439 5693

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# COMMITTEE STRUCTURE



# DIRECTORATE AND MANAGEMENT STRUCTURE



## **HOW COUNCIL WILL FOSTER THE DEVELOPMENT OF MĀORI CAPACITY TO CONTRIBUTE TO DECISION MAKING PROCESSES OF COUNCIL**

Council has a five part programme with Māori to engage, develop capacity, and contribute to decision making. These are:

1. For Kāi Tahu ki Otago, Council has scheduled meetings with Kaiwhakahaere of the Takiwa Rūnanga.
2. For Murihiku, Council has joined with Takiwa leaders and the local authorities of the Takiwa in joint leadership meetings. Council is supporting a proposal to establish a similar forum for Kāi Tahu ki Otago.
3. For both Kāi Tahu ki Otago and Murihiku, Council is seeking to establish agreed joint work (resource research) programmes on topics of mutual priority and concern.
4. Council's Natural Resources Committee, a committee of the whole Council, has seats for three appointees of the Kāi Tahu ki Otago and Murihiku Takiwa.
5. Council is engaging with wider Runaka members on plan and policy changes through hui on Marae.

### **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.

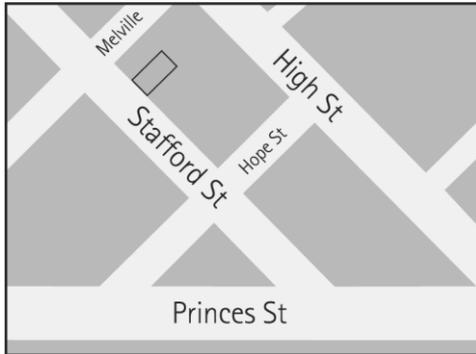
## **Dividend**

The Council expects to receive dividends totalling \$7.4 million from Port Otago Limited in the year ending 30 June 2015, and this will be used to reduce the general rate requirement.

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

More detailed information on Port Otago Limited is provided in the Port Company's Statement of Corporate Intent, which is available from the Otago Regional Council.

## CONTACT INFORMATION

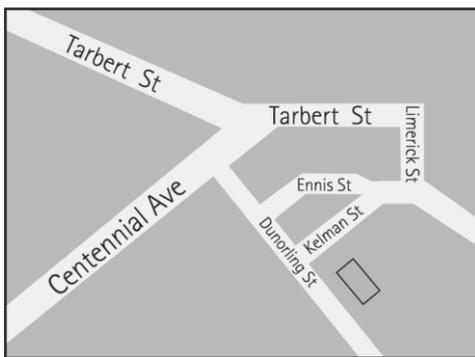


### Principal Office

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Otago Regional Council  
70 Stafford Street  
Private Bag 1954  
DUNEDIN 9054

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

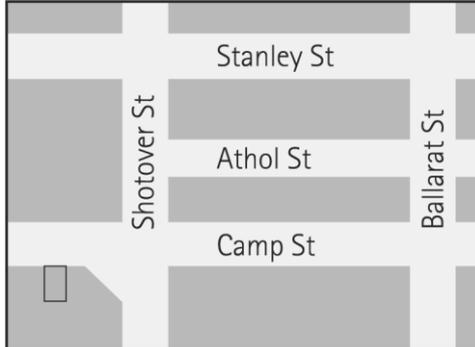


### District Office

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

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

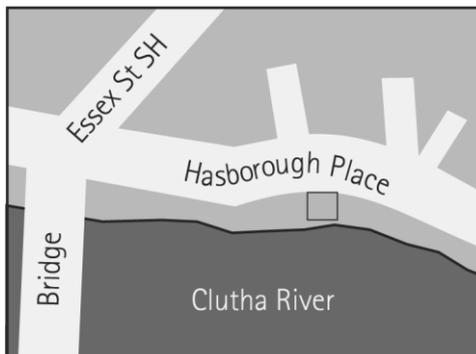


### District Office

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

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



### Depot

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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 – WHAT WE WILL DO IN 2014/15**



## **ITEMS TO NOTE**

### **General Rates for 2014/15**

The 2014/15 estimate provides for a general rate of \$5.02 million compared to \$4.9 million in 2013/14 (excluding GST). This is a 2.49% rate increase.

As for prior years, 25% of the general rate requirement will be collected by way of a Uniform Annual General Charge on all rateable properties in Otago. The charge for 2014/15 will be \$13.76 (including GST), compared to \$13.82 in 2013/14.

### **Regional Plan: Water, Plan Change 6A – Water Quality**

A number of initiatives are proposed in this plan to assist land owners with implementing the provisions of Plan Change 6A. Proposals include undertaking region wide promotion and education about the plan change, and working with the dairy and forestry industries to identify key water quality issues and encourage implementing best practice. It is proposed that this work be funded by general rates.

### **Regional Plan: Water, Plan Change 1C – Water Quantity**

This plan includes proposals to assist the implementation of Plan Change 1C, which focuses on the availability of water. This work will include further plan changes in respect of setting minimum flows and allocation regimes for a number of rivers and aquifers throughout Otago. Other work will include liaising with community groups, iwi, irrigation groups and others to develop community awareness of water use and consider options for group formations. This work will be funded by general rates.

### **Biodiversity**

This plan provides for Council undertaking a review of all of the biodiversity work currently being undertaken by Council, to assist with planning its role in biodiversity in the future.

### **South Island Pest Management Plan**

During the 2014/15 year, Council will work with other South Island councils to develop South Island pest management plans. Many animals and plants are recognised pests throughout the South Island, and a common approach to their eradication and/or control would be an effective tool in pest management. Each South Island Council will be involved in developing common terminology and pest management tools for inclusion in their own Pest Management Strategy's. This collaborative work will inform this Council's review of its Pest Management Strategy for Otago, when it is due for review in 2016.

# WATER

## What we do

Water is a precious resource in Otago and its availability and quality is critical to all. The work programmes undertaken within this activity all focus on assuring efficient use of the water resource in Otago, and that the region's water quality meets requirements for the benefit of the whole community.

The Regional Plan: Water for Otago sets out objectives and policies which aim to protect our aquifers, rivers, lakes and wetlands. Two significant plan changes have recently been made to the Regional Plan: Water, Plan Change 6A in respect of water quality, and Plan Change 1C for water quantity. Plan Change 6A focused on controlling contaminants discharging from land to water through permitted activity rules. In other words, Council is not interested in controlling land use activities through issuing resource consents. It is however concerned with the discharges from land and how they will impact water quality.

Maximum discharge thresholds have been set for common rural contaminants, and discharges from land must achieve those thresholds. Prohibited activity rules have also been established to control the effects of discharges from poor land management practices on water quality.

A number of initiatives are proposed in this plan to assist land owners with implementing the provisions of Plan Change 6A, and include undertaking region-wide promotion and education about the plan change, working with community groups, key stakeholders and industry, and investigating and reporting on water quality.

Plan Change 1C focused on water availability and allocation of water. Council needs to ensure a balance between environmental protection and meeting the needs of its community when allowing the taking of water. In 2021, existing mining privileges (a right to take water) will expire. These need to be replaced with resource consents to take water and this process has commenced. Water is precious and is in limited supply. This annual plan includes proposals to assist the implementation of the provisions of Plan Change 1C, such as liaising with community groups, irrigator groups and stakeholders, actively facilitating options for replacing existing consents and mining privileges, and undertaking investigations and studies for determining water availability.

Further changes to the Regional Plan: Water have been planned with respect to introducing minimum flow levels and allocation of surface water to a number of rivers in Otago, and proposing groundwater levels and allocation of groundwater for various aquifers around Otago.

Determining minimum flow levels takes a minimum of two years. Data is collected and analysed, and community consultation identifies economic, social and cultural values of water bodies. The process sets the minimum level at which a river or its tributaries can flow whilst still ensuring the protection of its aquatic habitats and natural character. Consideration is also given to the need for establishing water rationing protocols and water allocation committees. These are necessary where the potential take from rivers such as for irrigation may result in the minimum flows set for those rivers not being maintained.

Monitoring of both water quality and water quantity is undertaken by Council for a number of purposes. Water quantity is monitored for purposes including flood risk management, minimum flow establishment and compliance, and for ensuring the effectiveness of Council’s flood and drainage schemes.

Water quality is monitored for the purposes of understanding the health status of Otago’s rivers and lakes, and to ensure appropriate management of discharges impacting those resources. Over 100 monitoring sites have been established by Council, and are sampled for one or more of biological, chemical or trophic information. Biological sampling looks at invertebrates, algae and fish, chemical sampling looks at the quality of our water and trophic sampling on lakes measures their nutrient status. Long term data is required before trends on water quality can be determined, and so the monitoring undertaken in our Surface Water Quality Monitoring project is ongoing. As trends are established, reports on the health of Otago’s waterways will be published and made available by Council. If however, monitoring results were to show an obvious deterioration of water quality, compliance work would be undertaken to investigate its cause and remedy the situation.

### Why we do it

Under the Resource Management Act 1991 we are responsible for controlling the discharge of contaminants to water, and taking water for use.

Our work on water contributes to the community’s requirement for clean, available water.

This activity contributes 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.

### What we want to achieve

The information in the tables below set out the levels of service that we aim to provide to our community, along with the key activities we will undertake to assist achieving the levels of service.

#### Water Quality

Level of Service	Measures	Performance Targets 2014/15
Maintain or improve water quality.	<p>Water quality limits for surface and groundwater have been set in Schedule 15 of the Regional Plan: Water (Plan Change 6A). Contaminants measured are:</p> <p><u>Rivers</u></p> <ul style="list-style-type: none"> <li>• Nitrite-nitrate nitrogen</li> <li>• Dissolved reactive phosphorous</li> <li>• Ammoniacal nitrogen</li> <li>• Ecoli</li> <li>• Turbidity</li> </ul>	All monitoring to be compliant with Schedule 15 of the Regional Plan: Water.

	<u>Lakes</u> <ul style="list-style-type: none"> <li>• Total nitrogen</li> <li>• Total phosphorous</li> <li>• Ammoniacal nitrogen</li> <li>• Ecoli</li> <li>• Turbidity</li> </ul>	
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## Activities planned to achieve the level of service for water quality

### *Implementation of Regional Plan: Water – Plan Change 6A Water Quality*

1. Report on the existing land use and water quality of Otago at a regional scale for future comparison to measure the effectiveness of Plan Change 6A and develop a monitoring programme that will track progress made in implementing the plan change.
2. Undertake region-wide promotion and education about Plan Change 6A to ensure that all landholders, consultants and agricultural industry representatives have a good understanding of the plan change and how to meet it.
3. Undertake focused communication and extension activities in both high risk catchments with poor water quality and those catchments highly vulnerable to degradation of good water quality to poor water quality. Extension activities will focus on ensuring prohibited activities are not undertaken, meeting permitted activity rules, and best practice for improving water quality, on topics including land use activities and management practices, climate, soil types and topography.
4. Identify tools and develop techniques to enable landowners to measure water quality.
5. In co-operation with dairy companies in Otago, visit all farms planning a dairy conversion to assist knowledge of land compliance with the Regional Plan: Water requirements.
6. Liaise with the forestry industry and forestry landowners to identify key water quality issues and identify and encourage implementation of best practice. Liaison will include:
  - Holding a forestry forum
  - Setting up a liaison group
  - Attending / holding at least four farm forestry field days
  - Visiting all forestry companies in Otago.
7. Monitor water quality and stream health changes as a result of forestry harvesting, and report results. Work with the forestry industry to improve mitigation measures to protect water quality.
8. Investigate the benefits that constructed wetlands may have to improving water quality discharging from open and tile drains.
9. Carry out investigations and report on water quality in the Lindis and Cardrona catchments.
10. Establish monitor farms to measure compliance with Plan Change 6A, identify practices that protect and enhance water quality, and share the results with the community.
11. Model Kakanui groundwater surface water interaction, including the effects of abstraction on nitrate concentrations in the lower Kakanui. Monitor and report on the health of the Kakanui estuary.

12. Carry out an investigation into nitrate loss in the Queenstown Lakes area to validate the Overseer model in high rainfall environments.
13. Undertake audits of Prohibited and Permitted Activities relating to:
  - Commercial and farm forestry operations;
  - Mechanical disturbance of waterways by aerial surveillance and follow-up with ground based inspections;
  - Land disturbance activities by aerial surveillance and follow-up with ground based inspections;
  - Aerial surveillance of any potential stock pugging of waterways in Otago and follow-up with ground based inspections.

**Water Quality Monitoring – State of the Environment**

14. Undertake State of the Environment monitoring of surface and groundwater quality, and prepare report cards.
15. Undertake water quality monitoring for marine and freshwater sites, and report for contact recreational purposes.

**Water quantity**

Level of Service	Measures	Performance Targets 2014/15
Ensure water is managed to meet Otago’s environmental, social, cultural and economic needs.	Sustainable environmental flows and allocation limits set on rivers and streams to protect their environmental, economic, social and cultural values.	No violation of minimum flows due to abstraction at any minimum flow site as set out in the Regional Plan: Water.
		No violation of groundwater or lake minimum levels and allocation limits due to abstraction at any minimum level site as set out in the Regional Plan: Water.
	Maximum extraction volumes set on aquifers.	No violation of maximum annual abstraction volume and allocation limits from any aquifer as set out in the Regional Plan: Water.

**Activities planned to achieve the level of service for water quantity**

**Policy Development – Regional Plan: Water**

1. Complete hearings and release decisions of proposed plan changes on flow/level and allocation regimes for the Waikouaiti River, Waiwera River, Pomahaka River and aquifer, and Bengier Burn and Ettrick aquifers by 30 September 2014.
2. Complete hearings and release decisions of proposed plan changes on flow/level and allocation regimes for the Cardrona River and aquifers by 31 December 2014, and the Lindis River and aquifers by 31 March 2015.
3. Complete hearings and release decisions of proposed plan changes for groundwater management, clarification of supplementary allocation, and the location of use of taken water by 30 September 2014.
4. Release consultation drafts of proposed plan changes for allocation regimes for the Hawea Basin Aquifer, Papakaio Aquifer, Cromwell Terrace Aquifer, Dunstan Flats Aquifer and Earnsclough

Aquifer by 31 August 2014, notify the proposed plan changes by 30 November 2014, and release decisions by 30 April 2015.

5. Release the consultation of a proposed plan change for flow/level and allocation for the Manuherikia catchment and aquifers by 30 June 2015.

***Implementation of Regional Plan: Water – Plan Change 1C Water Quantity***

6. Liaise with iwi, communities, irrigator groups, irrigation companies and stakeholders to develop community awareness of water use, and options for group formation.
7. Explain regulatory requirements around water allocation and aid the development of protocols for effective water utilisation.
8. Actively facilitate options for replacing existing consents and deemed permits (mining privileges) in the following catchments and areas: Arrow, Ettrick, Manuherikia, Upper Taieri, Cardrona/Wanaka Plains, Lowburn/Pisa, Bannockburn and Lindis catchments, Teviot/Roxburgh, Pisa/Queensberry, and Hawea.
9. Undertake monitoring programmes for setting residual flows and catchment water management as required in the Pig Burn, Gimmer Burn, and the Pisa Queensberry area.
10. Carry out investigations and report on groundwater resource management for the Maniototo and Roxburgh aquifers.
11. Undertake and report on catchment studies for minimum flow and allocation limits in the Alpha Burn, 12 Mile Creek, Kaihikiu Stream, Old Man and Obelisk Range.
12. Ensure compliance with water measuring regulations and consents and report on outcomes.
13. Provide support to existing water user groups and advice to water users outside the mining privilege catchments on Plan Change 1C provisions.
14. Provide technical and funding support for community led investigations of infrastructure requirements for bulk rural water.

***Water Quantity Monitoring – State of the Environment***

15. Undertake surface water quantity and groundwater quantity State of the Environment monitoring, at selected sites, and prepare report cards.

## **What assumptions we have made**

- Land use will continue to intensify, resulting in more water quantity and quality issues.
- Demand for groundwater will continue to increase.
- No appeals on proposed plan changes will be made.

## Revenue Policy

### Policy Development

- 100% general rates regional.

### Implementation of Plan Changes 6A (Water Quality) and 1C (Water Quantity)

- 100% general rates regional.

### Monitoring surface and groundwater quality and quantity, analysing results, and reporting

- 100% general rates regional.
- 100% fees and charges for work requested by third parties.

## Funding Impact Statement – Water

2013/14 \$000's	WATER	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
1,501	General rates, UAGC & rate penalties	1,531	1,425
-	Targeted rates	-	-
-	Subsidies & grants	-	-
-	Fees & charges	-	-
579	Internal charges & overheads recovered	467	610
2,605	Fines, infringement fees & other receipts	3,026	2,474
<b>4,685</b>	<b>Total operating funding</b>	<b>5,024</b>	<b>4,509</b>
	<b>Application of operating funding:</b>		
3,364	Payments to staff & suppliers	2,965	2,306
-	Finance costs	-	-
2,043	Internal charges & overheads	1,925	1,916
-	Other operating funding applications	-	-
<b>5,407</b>	<b>Total applications of operating funding</b>	<b>4,890</b>	<b>4,222</b>
<b>(722)</b>	<b>Surplus(deficit) of operating funding</b>	<b>134</b>	<b>287</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	-	-
-	<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	-	-
105	- to replace existing assets	187	120
(827)	Increase(decrease) in reserves	(53)	167
-	Increase(decrease) in investments	-	-
<b>(722)</b>	<b>Total application of capital funding</b>	<b>134</b>	<b>287</b>
<b>722</b>	<b>Surplus(deficit) of capital funding</b>	<b>(134)</b>	<b>(287)</b>
-	<b>Funding balance</b>	-	-

## **AIR QUALITY**

### **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 exceedences per year of the PM<sub>10</sub> standard by 2016, and full compliance (no more than one exceedence per year) by 2020.

We are required to measure PM<sub>10</sub>, so monitors have been installed in selected Otago towns. Our monitoring has shown many high readings of PM<sub>10</sub> in Arrowtown, Alexandra, Cromwell, Clyde and Milton, and fewer high readings in Central Dunedin, Mosgiel and Balclutha.

It is likely that some areas within Otago will not be able to meet the NES requirements for both 2016 and 2020. Council is however committed to continuing its hard work to improve air quality for all residents in Otago.

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.

A change to the Regional Plan: Air is being proposed to bring its requirements in line with the NES. A new Air Strategy is also being developed, to achieve Council’s goal of improving air quality.

### **Why we do it**

Under the Resource Management Act, we are responsible for controlling the discharge of contaminants to air. We are also responsible for ensuring compliance with the NES for Air Quality set by Government.

Our work on air quality contributes to the community’s requirement for clean, healthy air.

This activity contributes 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.

### **What we want to achieve**

The information in the table below sets out the level of service that we aim to provide to our community, along with the key activities we will undertake to assist achieving the level of service.

## Air quality

Level of Service	Measures	Performance Targets 2014/15
Improve air quality.	PM <sub>10</sub> micrograms per cubic metre in a 24 hour period.	No more than one reading of PM <sub>10</sub> per annum (winter months) in all Air Zones in Otago to be higher than 50 micrograms per cubic metre.

### Activities planned to achieve the level of service for air quality

#### **Policy Development – Regional Plan: Air**

1. Notify a plan change which updates the National Environmental Standard for Air Quality requirements relating to airshed compliance, reclassifies Milton and Lawrence, and addresses additional sources impacting urban air quality by 30 September 2014. Release the decision by 31 March 2015.

#### **Implementation**

2. Review and update the Air Strategy, taking account of air quality monitoring results from the winter of 2014, by November 2014.
3. Produce at least two fact sheets on Regional Plan: Air requirements, for example, good practice when using wood as a heating product, compliant burners etc.
4. Work with community groups in Alexandra, Cromwell and Milton, to encourage community responsibility for finding solutions to local air quality issues.
5. Coordinate the replacement of approved clean heating appliances in 160 homes in Airzone 1 and Milton.
6. Run up to three expos on clean heating appliances in Airzone 1 and Milton.
7. Undertake enforcement action in line with the provisions of the air strategy.

#### **Monitoring**

8. Continuously measure PM<sub>10</sub> at sites in Dunedin, Mosgiel and Alexandra.
9. During the winter months, continuously measure PM<sub>10</sub> at sites in Arrowtown, Palmerston, Clyde, Cromwell, Milton and Balclutha. If necessary amend the monitoring programme as a result of studies undertaken in 2013/14.

#### **Reporting**

10. Report on winter results of air quality and progress made towards meeting the NES for air quality by 30 November 2014.
11. Report air quality measurements:
  - (a) As collected on Council's website;
  - (b) In weekly summary reports;
  - (c) By weekly public notices of breaches of the AQNES; and
  - (d) Publishing an annual report card on the state and trends in air quality at the measurement sites by 1 December.
12. Undertake and report studies that define the winter spatial distribution of particulate air quality in Cromwell and Alexandra, by 30 April 2015.

13. Produce a State of the Environment air quality report tracking changes and trend over the last five years, by May 2015.

## **What assumptions we have made**

- No appeals on proposed plan changes will be made.

## **What significant negative effects could this activity have?**

The switch to cleaner heating appliances may not be the cheapest form of heating; affordability may be an issue for some, and is dependent on the supply and price of electricity, gas and other alternative fuels.

## **Revenue Policy**

### **Policy Development**

- 100% general rates regional.

### **Implementation**

- 100% general rates regional.

### **Advancing the use of approved clean heating appliances**

- Contributions from sponsors and home owners.
- 100% targeted rates from Air Zone 1 and Milton, for ORC contribution to appliances.
- 100% general rates regional for administration and management.

### **Measuring air quality and reporting**

- 100% general rates regional.

## Funding Impact Statement – Air Quality

2013/14 \$000's	AIR QUALITY	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
210	General rates, UAGC & rate penalties	162	269
228	Targeted rates	89	89
-	Subsidies & grants	-	315
320	Fees & charges	50	347
-	Internal charges & overheads recovered	-	-
415	Fines, infringement fees & other receipts	321	523
<b>1,173</b>	<b>Total operating funding</b>	<b>622</b>	<b>1,543</b>
	<b>Application of operating funding:</b>		
888	Payments to staff & suppliers	563	1,211
-	Finance costs	-	-
229	Internal charges & overheads	167	320
-	Other operating funding applications	-	-
<b>1,117</b>	<b>Total applications of operating funding</b>	<b>730</b>	<b>1,531</b>
<b>56</b>	<b>Surplus(deficit) of operating funding</b>	<b>(108)</b>	<b>12</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	-	-
-	<b>Total sources of capital funding</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	10	-
56	Increase(decrease) in reserves	(118)	12
-	Increase(decrease) in investments	-	-
<b>56</b>	<b>Total application of capital funding</b>	<b>(108)</b>	<b>12</b>
<b>(56)</b>	<b>Surplus(deficit) of capital funding</b>	<b>108</b>	<b>(12)</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>

# LAND

## What we do

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

The Pest Management Strategy for Otago promotes a regionally co-ordinated approach to address the biosecurity impacts of both pest animals and pest plants.

The Strategy includes rabbits, hares and rooks as pest animals. With respect to rabbits, the Strategy requires landowners to meet the MAL 3 level of compliance. MAL refers to the Modified MacLeans Scale, which is a nationally recognised 1 to 8 scale, measuring rabbit density. Considerable work has been undertaken, and will continue to be undertaken to achieve compliance with this level as soon as possible. Properties exceeding MAL 3 are required to prepare and implement a property management plan. Once MAL 3 is reached, secondary control methods must be implemented and will manage rabbit populations. These will include best practice night shooting, fumigation (with Magtoxin), helicopter shooting, gun and dog, with the support of rabbit proof fencing.

The Pest Management Strategy 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 contract work mainly for animal and plant pests 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.

It is intended that during the year this Council, in conjunction with other South Island councils, will develop a South Island approach to pest management, providing a collaborative approach to dealing with pest animals and plants common throughout the South Island.

The review of the biodiversity initiatives undertaken by Council is also proposed for the 2014/15 year, to assist the protection of areas of biodiversity in Otago. Other biodiversity work undertaken includes monitoring Otago's regionally significant wetlands and riparian planting.

## Why we do it

Under the Biosecurity Act 1993, we are responsible for preparing and implementing a Pest Management Strategy for plant and animal pests.

Our contracting work is a discretionary activity undertaken because there is a demand for the provision of such services from the community, and it can be undertaken on a cost recovery basis.

This activity will 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.

## What we want to achieve

The information in the tables below set out the level of service that we aim to provide to our community, along with the key activities we will undertake to assist achieving the levels of service.

### Pest animals and plants

Level of Service	Measures	Performance Targets 2014/15
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.
	Levels of pest plants found at known sites throughout Otago.	80% of properties inspected have eradicated and/or controlled the pest plant infestations through control works undertaken by the land occupier.

### Activities planned to achieve the level of service for pest animals and plants

#### ***Policy Development – Pest Management Plan***

1. Prepare a South Island Pest Management Plan in conjunction with other councils in the South Island.

#### ***Implementation***

2. Respond to complaints about boundary control of pest animals and total control pest plants within 10 working days. Where necessary, require control plans for pest animals to be developed within 30 working days of response, or as defined by Council policies, and for pest plants, require control works to be undertaken by the land occupier.
3. Promote public awareness through field days, in conjunction with other activities, and publications, encouraging landholders/community groups to identify the presence of pest plants, to advocate fresh water pest control, and to identify the presence of pest animals.
4. Monitor, collect, redistribute and report on the establishment, spread and persistence of biological plant control agents in Otago.
5. Undertake enforcement action where there is failure by land occupiers to meet their obligations under the Regional Pest Management Plan.

#### ***Monitoring***

6. Inspect all known nurseries for any potential sale of plants identified in the national pest plant accord list of banned plant species.

7. Undertake inspection works as follows:
  - All known properties that have, and have previously had, infestation of plants that are identified for eradication in the Regional Pest Management Plan.
  - All known properties where low incident plants have been identified in the Regional Pest Management Plan.
  - Plants which may present a high risk of unwanted spread throughout Otago.
  - Rabbit and rook populations in Otago.
8. Undertake RHD biannual sampling to determine the effectiveness of RHD as a biocontrol tool on rabbits.

### **Reporting**

9. Report on rabbit and rook populations in Otago, and report on areas of risk including MAL being exceeded.
10. Provide to Council an annual compliance report for the previous year by 31 October on the effectiveness of implementing the Regional Pest Management Plan.

### **Biodiversity**

Level of Service	Measures	Performance Targets 2014/15
Assist the protection of areas of biodiversity in Otago.	To be developed as part of the review of Council's Biodiversity activities.	To be developed as part of the review of Council's Biodiversity activities.

### **Activities planned to achieve the level of service for biodiversity**

1. Undertake a review of the Biodiversity activities undertaken by Council.
2. Undertake monitoring and report on the state of Otago's regionally significant wetlands.
3. Administer the Honda Tree Fund for Otago.
4. Prepare a wilding tree discussion paper for Council.
5. Assist community groups where appropriate with information and field day support on biodiversity topics.

### **What assumptions we have made**

- Level of necessary enforcement work will not increase during the period.
- Animal Health Board Tb contracts will remain in line with the ongoing Tb Vector Control Strategy.
- Rabbit work will increase to achieve compliance with MAL 3.

### **Revenue Policy**

#### **Pest Management Strategy Development**

- 100% general rates regional.

#### **Inspections, education and advisory work, establishing biocontrol agents**

- 100% general rates regional.

### Contract Work

- 100% fees and charges.

### Enforcement

- 100% fees and charges for compliance work undertaken through the inaction of landowners.

## Funding Impact Statement – Land

2013/14 \$000's	LAND	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
302	General rates, UAGC & rate penalties	302	322
-	Targeted rates	-	-
-	Subsidies & grants	-	-
1,480	Fees & charges	1,780	1,613
-	Internal charges & overheads recovered	-	-
523	Fines, infringement fees & other receipts	597	559
<b>2,305</b>	<b>Total operating funding</b>	<b>2,679</b>	<b>2,494</b>
	<b>Application of operating funding:</b>		
1,247	Payments to staff & suppliers	1,478	1,342
	Finance costs	-	-
980	Internal charges & overheads	1,036	1,043
	Other operating funding applications	-	-
<b>2,227</b>	<b>Total applications of operating funding</b>	<b>2,514</b>	<b>2,385</b>
<b>78</b>	<b>Surplus(deficit) of operating funding</b>	<b>165</b>	<b>109</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	-	-
-	<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	-	-
-	- to replace existing assets	-	-
78	Increase(decrease) in reserves	165	109
-	Increase(decrease) in investments	-	-
<b>78</b>	<b>Total application of capital funding</b>	<b>165</b>	<b>109</b>
<b>(78)</b>	<b>Surplus(deficit) of capital funding</b>	<b>(165)</b>	<b>(109)</b>
-	<b>Funding balance</b>	-	-

## **REGULATORY**

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

After resource consents are issued, Council audits and monitors resource use to ensure that consent conditions are being complied with. Consent conditions often include the need for monitoring to be 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.

The dam safety scheme prescribed in the Building Act commences on 1 July 2014. Council's activities in respect of dam safety 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. Potential Impact Classifications are submitted to the Council by owners of dams. This Council is accredited and registered as a Building Consent Authority. In addition to Otago, Council undertakes certain dam safety and building control functions for dams in the Southland and West Coast regions under transfer agreements.

Council is also responsible for harbour safety and navigation in the Otago and Karitane harbours, and includes ensuring a prompt response to harbour incidents, and notifying relevant authorities if required. A review and update of the Otago Harbour Bylaws is planned.

## **Why we do it**

Under the Resource Management Act 1991, we are responsible for controlling the effects of the use of our natural and physical resources.

Under the Building Act 2004, we are responsible for regulating and enforcing dam safety and building control for dams in our region, and under formal transfer arrangements with Southland and the West Coast.

This activity contributes 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.

## **What we want to achieve**

The information in the tables below set out the levels of service that we aim to provide to our community, along with the key activities we will undertake to assist achieving the levels of service.

## Resource consents

Level of Service	Measure	Performance Targets 2014/15
Process resource consent applications and Certificates of Compliance for discharges to air, land and water; for the use of water, disturbance of land, lake or riverbeds and for coastal activities, in a timely manner.	Process applications in compliance with statutory procedures and timeframes set out in the Resource Management Act.	Process 100% of consent applications within the statutory timeframes.
	Annual customer satisfaction survey.	Meet and maintain audit requirements of Verification New Zealand (ISO accreditation). Achieve at least 80% satisfaction over areas controlled by Consents.

## Activities planned to achieve the level of service for resource consents

### *Resource consent processing*

1. Process 100% of consent applications, surrenders, transfers, lapsing, cancellations, S417 certificates and expiries in accordance with the Council's Consents Procedure Manual and the Resource Management Act 1991.

### *Reviews of consents*

2. Where necessary, review consents within two months of an air quality standard being set.
3. Where necessary, review consents for a catchment, subcatchment or an aquifer within two months of a minimum flow or water quality standard being operational.
4. Analyse compliance reports for water takes in over allocated catchments. Begin a review of consents where water used is less than the amount consented.

## Compliance monitoring

Level of Service	Measure	Performance Targets 2014/15
Ensure consent conditions for the use of Otago's air, water and coastal resources are complied with.	Performance monitoring (self-monitoring) returns on consents requiring self-monitoring to show compliance with consent conditions.	100% of performance monitoring returns to show compliance with consent conditions (non-compliance measure is in respect of grade 4 and 5 non-compliance only).
	Audits of consents of all high risk sites to show compliance with consent conditions.	90% or more of audits of consent conditions show compliance with consent conditions (non-compliance measure is in respect of grade 4 and 5 non-compliance only).

## Activities planned to achieve the level of service for compliance monitoring

### *Monitoring compliance with resource consent conditions*

1. Uphold compliance of resource consents and rules by processing all performance monitoring returns, 90% of which will be processed, including auditing of data quality, within one month of receipt.
2. Follow-up on the non-return of performance monitoring information and/or with poor data quality with the consent holder within two months of the due date.
3. Using a risk based approach, undertake audits of minor consented activities relating to:
  - 30% of minor discharge to land and water consents;
  - 30% of minor air discharge consents (that have no other consented activity);

- 100% of newly installed water metering installations (consented and water meter regulation requirements);
- 20% of all surface water consented takes;
- 50% of groundwater takes of greater than 10 litres per second;
- Monitor residual flow conditions on surface water takes in critical over allocated catchments in Otago;
- 100% of operational gravel extractions;
- 30% of all closed landfills in the region.

4. Undertake audits of the following significant consented activities:

- Oceana Gold-Macraes Mine;
- Alliance Pukeuri;
- Ravensdown;
- PPCS Finegand;
- Fonterra Stirling;
- All active landfills;
- All local authority wastewater treatment facilities;
- 20% of all irrigation companies;
- 30% of all electricity generation companies.

**Monitoring compliance with permitted activity rules**

5. Undertake audits of 100% of animal waste collection systems.
6. Undertake and investigate compliance with permitted activity rules for urban stormwater discharges into Lake Dunstan (Cromwell) and the Clutha River/Mata-Au (Alexandra/Clyde).
7. Complete investigation of compliance with permitted activity rules for urban stormwater discharges into the Silverstream.

**Enforcement**

8. Investigate and undertake enforcement action on breaches of resource consent conditions and Regional Plan rules.

**Dam safety**

Level of Service	Measure	Performance Targets 2014/15
Manage the risks to people, property and the environment associated with dams.	The number of known dams complying with the registration, classification and certification requirements of the Building Act 2004 and regulations.	All classifiable and referable dams in Otago, Southland and West Coast are managed by their owners in accordance with the dam safety scheme set out in the Building Act 2004 and the Building (Dam Safety) Regulations 2008.
		All dams constructed in Otago after 1 July 1992 comply with the building code (Building Regulations 1992).
		All large dams constructed in Southland and West Coast after 1 July 2008 comply with the building code (Building Regulations 1992).

## Activities planned to achieve the level of service for dam safety

1. Undertake Building Act functions for dams in Otago, Southland and West Coast in accordance with the quality standards and timeframes prescribed in the Act.
2. Investigate dams in Otago likely to be non-compliant with the building code and undertake enforcement action where necessary.
3. Receive Potential Impact Classifications (PICs) for Classifiable Dams and request and receive PICs for Referable Dams, in Otago, Southland and West Coast.
4. Work with owners of dams in Otago to implement Council's policy on Dangerous Dams.

## Harbour safety

Level of Service	Measure	Performance Targets 2014/15
Safe recreational use and navigation for all users of Otago's harbours.	Number of harbour incidents.	No major harbour incidents.

## Activities planned to achieve the level of service for harbour safety

1. Complete the Port Harbour Safety Code.
2. Review and update of the Otago Harbour bylaws.

## What assumptions we have made

- The level of resource consent applications received is consistent throughout the period.
- Owners of all Classifiable Dams will submit Potential Impact Classifications to the ORC between 1 July 2014 and 1 October 2014 (and every five years thereafter).
- Dam Safety Assurance Programmes will be received no earlier than 1 July 2015.

## Revenue Policy

### Resource consent processing

- Non-notified and notified consents, issuing certificates, permits and transfers –
  - 100% fees and charges.
- Review of consents –
  - 100% general rates regional.
- Appeals and objections –
  - 100% general rates regional.
- Administration –
  - 100% general rates regional.

### Compliance monitoring

- Performance monitoring and audits –
  - 50% fees and charges
  - 50% general rates regional.
- Consent establishment inspections –
  - 100% fees and charges.
- Enforcement work –
  - 100% fees and charges.

**Dam safety**

- Reviewing impact classifications, dam safety assurance programmes, issuing compliance schedules and warrants, and processing applications for building consent –
  - 100% fees and charges.
- Maintaining a register of dams and formulating/reviewing policy –
  - 100% general rates regional.
- Referable Dams –
  - 100% fees and charges.

**Harbours Maritime Safety**

- Harbour safety –
  - 100% general rates Dunedin City.
- Bylaws for maritime safety –
  - 100% general rates sub-regional.

## Funding Impact Statement – Regulatory

2013/14 \$000's	REGULATORY	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
480	General rates, UAGC & rate penalties	521	554
-	Targeted rates	-	-
-	Subsidies & grants	-	-
2,053	Fees & charges	1,873	2,485
-	Internal charges & overheads recovered	5	-
1,241	Fines, infringement fees & other receipts	729	1,349
<b>3,774</b>	<b>Total operating funding</b>	<b>3,128</b>	<b>4,388</b>
	<b>Application of operating funding:</b>		
1,975	Payments to staff & suppliers	1,726	2,333
-	Finance costs	-	-
1,708	Internal charges & overheads	1,293	1,947
-	Other operating funding applications	-	-
<b>3,683</b>	<b>Total applications of operating funding</b>	<b>3,019</b>	<b>4,280</b>
<b>91</b>	<b>Surplus(deficit) of operating funding</b>	<b>109</b>	<b>108</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	-	-
-	<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	-	-
-	- to replace existing assets	-	-
91	Increase(decrease) in reserves	109	108
-	Increase(decrease) in investments	-	-
<b>91</b>	<b>Total application of capital funding</b>	<b>109</b>	<b>108</b>
<b>(91)</b>	<b>Surplus(deficit) of capital funding</b>	<b>(109)</b>	<b>(108)</b>
-	<b>Funding balance</b>	-	-

# REGIONAL POLICY STATEMENT

## What we do

The Otago Regional Policy Statement 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 Otago Regional Policy Statement, the statement sets the context and direction for all regional and district planning in Otago.

## Why we do it

The Resource Management Act 1991 requires that Council undertakes a full review of the Regional Policy Statement every 10 years, and that it is audited to ensure its effectiveness.

This activity contributes 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.

## What we want to achieve

The information in the table below sets out the level of service that we aim to provide to our community, along with the key activities we will undertake to assist achieving the level of service.

### Policy development

Level of Service	Performance Targets 2014/15
Develop policy that will achieve effective management of the natural and physical resources of the Otago region.	Measure of success will be assessed within each of the other activities in the Annual Plan.

### Activities planned to achieve the level of service for policy development

1. Release the consultation draft of the Regional Policy Statement review by 15 August 2014.
2. Notify the proposed review of the Regional Policy Statement by 15 December 2014.
3. Release Council's decision on the Regional Policy Statement by 30 June 2015.

## Revenue Policy

### Policy development

- 100% general rates regional.

## Funding Impact Statement – Regional Policy Statement

2013/14 \$000's	REGIONAL POLICY STATEMENT	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
245	General rates, UAGC & rate penalties	302	289
-	Targeted rates	-	-
-	Subsidies & grants	-	-
-	Fees & charges	-	-
-	Internal charges & overheads recovered	-	-
424	Fines, infringement fees & other receipts	597	502
<b>669</b>	<b>Total operating funding</b>	<b>899</b>	<b>791</b>
	<b>Application of operating funding:</b>		
339	Payments to staff & suppliers	515	391
-	Finance costs	-	-
330	Internal charges & overheads	384	400
-	Other operating funding applications	-	-
<b>669</b>	<b>Total applications of operating funding</b>	<b>899</b>	<b>791</b>
-	<b>Surplus(deficit) of operating funding</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	-	-
-	<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	-	-
-	- to replace existing assets	-	-
-	Increase(decrease) in reserves	-	-
-	Increase(decrease) in investments	-	-
-	<b>Total application of capital funding</b>	-	-
-	<b>Surplus(deficit) of capital funding</b>	-	-
-	<b>Funding balance</b>	-	-

## **GOVERNANCE & COMMUNITY**

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.

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, public forums and seminars are held each year on topics of environmental significance.

Council actively works with Kāi Tahu ki Otago, and encourages Māori 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 groups and others that promote the sustainable use of resources in Otago, such as the implementation of the Animal Health Board Pest Management Strategy for Bovine Tb. Funding contributions planned also include supporting the Otago Emergency Rescue Helicopter.

### **Why we do it**

Under the Local Government Act 2002, we are responsible for providing for democratic and effective local government that promotes social, economic, environmental, and cultural wellbeing, while taking a sustainable development approach.

This activity will 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.

### **What we want to achieve**

The information in the table below sets out the level of service that we aim to provide to our community, along with the key activities we will undertake to assist achieving the level of service.

## Public awareness

Level of Service	Measures	Performance Targets 2014/15
Effective, open and transparent democratic Council processes.	Completion of statutory public accountability processes.	Completion of statutory planning and reporting documents, (LTP and Annual Report) within statutory requirements. (2012/13 – all statutory requirements met).
	All Council meetings conducted in compliance with statutory requirements.	Public notices to be given for all meetings of Council and Committees, and agendas for all Council and Committee meetings to be made available on the Council's website prior to the meeting. (2012/13 – public notices were given for all meetings, and all agendas were on the website prior to the meeting).

### Activities planned to achieve the level of service for public awareness

1. Provide regular information to the media about the activities of Council.
2. Make available to the public environmental and resource management information and council performance through the production of:
  - newsletters, pamphlets and info sheets;
  - media releases;
  - science reports;
  - presentations to interest groups;
  - web-based information.

Information provided to include:

- compliance with consents and permitted activity rules;
  - pollution problems;
  - policy and plan information;
  - resource consent processes.
3. Respond to requests for field days, talks, presentations etc. on Council's activities, plans and policies, for example, school visits, university presentations.
  4. Review and update the *Environmental Considerations* booklets.
  5. Hold at least two meetings each year with Iwi representatives, and attend all Te Rōpū Taiao meetings.
  6. Provide funding assistance for projects undertaken by external parties, including:
    - Otago Rescue Helicopter;
    - Animal Health Board;
    - Ballance Environment Awards.
  7. Sponsor the completion of the graduate research project on Landscape Management.

8. Submit on the following, where they affect Council's responsibilities and functions:
- National policies and significant legislation;
  - Regional and district plans and policies, plan changes and consent applications;
  - Conservation plans and strategies;
  - Codes of practice, standards and guidelines.

## **Revenue Policy**

### **Public awareness and information**

- 100% general rates regional.
- Fees and charges for information requests that take more than half hour response time.

### **Community participation in decision making, and supporting Māori participation**

- 100% general rates regional.

### **Financial contributions:**

- Lower Waitaki River
  - 100% targeted rates from Lower Waitaki District.
- Forsyth Barr Stadium
  - 100% targeted rates from each of the city and districts within Otago.
- Other financial contributions
  - 100% general rates regional.

## Funding Impact Statement – Governance & Community

2013/14 \$000's	GOVERNANCE & COMMUNITY	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
1,363	General rates, UAGC & rate penalties	1,117	1,324
2,985	Targeted rates	714	164
-	Subsidies & grants	-	-
132	Fees & charges	130	132
-	Internal charges & overheads recovered	-	-
2,366	Fines, infringement fees & other receipts	2,207	2,299
<b>6,846</b>	<b>Total operating funding</b>	<b>4,168</b>	<b>3,919</b>
	<b>Application of operating funding:</b>		
2,949	Payments to staff & suppliers	2,665	2,805
555	Finance costs	-	-
1,070	Internal charges & overheads	953	1,114
-	Other operating funding applications	-	-
<b>4,574</b>	<b>Total applications of operating funding</b>	<b>3,618</b>	<b>3,919</b>
<b>2,272</b>	<b>Surplus(deficit) of operating funding</b>	<b>550</b>	<b>-</b>
	<b>Sources of capital funding:</b>		
-	Subsidies & grants for capital expenditure	-	-
-	Financial contributions	-	-
(10,000)	Increase(decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
<b>(10,000)</b>	<b>Total sources of capital funding</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	-	-
(7,728)	Increase(decrease) in reserves	550	-
-	Increase(decrease) in investments	-	-
<b>(7,728)</b>	<b>Total application of capital funding</b>	<b>550</b>	<b>-</b>
<b>(2,272)</b>	<b>Surplus(deficit) of capital funding</b>	<b>(550)</b>	<b>-</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>

# **FLOOD PROTECTION & CONTROL WORKS**

## **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.

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.

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 2018/19 year, with repayment of the scheme taking place over a 20 year period from 2011/12.

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

A number of drainage pumping stations are at or nearing the end of their useful lives and require replacement so that communities can continue to enjoy the use of their land. This year the refurbishment of the Smith Road pump station in the Lower Clutha is proposed.

## **Why we do it**

This activity is a discretionary activity under the Soil Conservation and Rivers Control Act 1941.

The community has also chosen that flood protection and drainage works be undertaken for the protection of people and property.

This activity will contribute to the following community outcome:

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

## What we want to achieve

The information in the tables below set out the level of service that we aim to provide to our community, along with the key activities we will undertake to assist achieving the levels of service.

### Flood and drainage schemes

Level of Service	Measures
Reduce the flood risk to people and property by maintaining flood protection works to agreed standards.	New flood mitigation works are designed and built to agreed performance standards. (See performance targets below).
	Existing flood mitigation works perform to agreed standards. (See performance targets below).
	Existing flood mitigation works are monitored and maintained to agreed standards. (See performance targets below).
Improve the productive capability of land by maintaining land drainage works to agreed standards.	Existing land drainage works perform to agreed standards. (See performance targets below).
	Existing land drainage works are monitored and maintained to agreed standards. (See performance targets below).

Scheme	Performance Targets 2014/15
Alexandra Flood Protection Scheme	Convey all floods with no failure of any scheme floodbank.
	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.
Leith Flood Protection Scheme	By 2018/19, increase capacity to 171 cubic metres per second (measured at St David Street footbridge). Represents 1 in 100 year flood with freeboard (through to 2018/19). Currently standard of protection varies through the scheme area, but minimum standard at various locations is 1 in 20 year flood.
Lower Taieri Flood Protection Scheme	Convey all floods with no failure of any scheme floodbank.
	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.
Shotover River Delta	Surface of Shotover River delta is consistent with the target profile.
Lower Clutha Flood & Drainage Scheme	Convey all floods with no failure of any scheme floodbank.
	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.
	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.
East Taieri Drainage Scheme	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.
West Taieri Drainage Scheme	Provide drainage modulus of 10mm per day pumped drainage capacity.
Tokomairiro Drainage Scheme	The drains and channel flow paths within the scheme are maintained to ensure hydraulic capacity.

**Draining modulus** – amount of excess rainfall that needs to be drained away within a 24 hour period.

## **Activities planned to achieve the levels of service for flood and drainage schemes**

### ***Alexandra Flood Protection Scheme***

1. Inspect, operate and maintain scheme assets in accordance with scheme Asset Management Plan and Operations and Maintenance Manual.
2. Make decisions on applications for approvals under the Otago Flood Protection Management Bylaw within 15 working days of receiving the application.

### ***Leith Flood Protection Scheme***

3. Undertake flood hazard mitigation work for the Water of Leith between Dundas Street and St David Street by 30 June 2015.
4. Commence investigation and design of the flood hazard mitigation work for the Water of Leith between the Union Street and Leith Street bridges.
5. Inspect and clear debris from boulder traps within two weeks following a flood event.
6. Make decisions on applications for approvals under the Otago Flood Protection Management Bylaw within 15 working days of receiving the application.

### ***Lower Taieri Flood Protection Scheme***

7. Form a weighting blanket beside the Taieri River right flood bank at Otokia so as to reduce the likelihood of foundation piping and flood bank failure at that location.
8. Investigate seismic damage potential to the Waipori River flood bank between the Waipori pump station and the Taieri River confluence and identify potential mitigation measures.
9. Conduct an information meeting for landholders within the scheme area to explain scheme performance, activities and planned work programmes.
10. Inspect, operate and maintain flood and drainage scheme assets in accordance with the scheme Asset Management Plan and Operations Manual.
11. Make decisions on applications for approvals under the Otago Flood Protection Management Bylaw within 15 working days of receiving the application.

### ***Lower Clutha Flood and Drainage Scheme***

12. Construct a new outfall for the Paretai drainage network to the Koau branch of the Clutha River/Mata-Au River so as to improve drainage within the Paretai area.
13. Refurbish the Smith Road pump station by 30 June 2015 so as to improve the reliability of the station.
14. Replace Council owned culvert crossings on an as required basis, based on inspection and condition assessment information.
15. Conduct an information meeting for landholders within the scheme area to explain scheme performance, activities and planned work programmes.

16. Inspect, operate and maintain flood and drainage scheme assets in accordance with the scheme Asset Management Plan and Operations Manual.
17. Make decisions on applications for approvals under the Otago Flood Protection Management Bylaw within 15 working days of receiving the application.

#### ***East Taieri Drainage Scheme***

18. Conduct an information meeting for landholders within the scheme area to explain scheme performance, activities and planned work programmes.
19. Inspect, operate and maintain drainage scheme assets in accordance with the scheme Asset Management Plan and Operations Manual.
20. Make decisions on applications for approvals under the Otago Flood Protection Management Bylaw within 15 working days of receiving the application.

#### ***West Taieri Drainage Scheme***

21. Upgrade contour channel bridge number 12 to a 0.85 HN (lightly trafficked rural bridge) traffic standard.
22. Conduct an information meeting for landholders within the scheme area to explain scheme performance, activities and planned work programmes.
23. Inspect, operate and maintain drainage scheme assets in accordance with the scheme Asset Management Plan and Operations Manual.
24. Make decisions on applications for approvals under the Otago Flood Protection Management Bylaw within 15 working days of receiving the application.

#### ***Tokomairiro***

25. Conduct an information meeting for landholders within the scheme area to explain scheme performance, activities and planned work programmes, and to agree levels of service.
26. Inspect, operate and maintain the Tokomairiro land drainage works in accordance with the scheme Operations and Maintenance Manual.
27. Make decisions on applications for approvals under the Otago Flood Protection Management Bylaw within 15 working days of receiving the application.

## **What assumptions we have made**

#### ***Leith Flood Protection Scheme***

- The programme of works fits with the implementation by the University of Otago of its campus landscape development plan.

#### ***Shotover River Delta***

- Gravel extraction demand for the Shotover River Delta will be sufficient to enable effective management of the target delta profile.

#### ***All schemes***

- No changes in the required levels of service for the flood and drainage schemes.

### ***Drainage schemes***

- No major mechanical failures on pumps occur.

## **Revenue Policy**

### ***Flood Protection Schemes***

#### **Alexandra**

- 2% general rates Central Otago District.
- 98% fees and charges – dam owners.

#### **Leith – flood protection work (total cost including capital)**

- 5% general rates regional.
- 2% general rates Dunedin City.
- 46.5% targeted rate Indirect Benefit Zone.
- 46.5% targeted rate Direct Benefit Zone.
- Enhancement works –
  - 100% general rates Dunedin City.
- Bridging and road related works –
  - 5% general rates regional.
  - 95% general rates Dunedin City.

#### **Lower Taieri – (total cost including capital) after receipt of rental income**

- 2% general rates regional.
- 2% general rates Dunedin City.
- 96% targeted rates on scheme area.

#### **Shotover River Delta**

- 2% general rates regional.
- 98% targeted rates on scheme area.

#### **Lower Clutha – (total cost including capital) after receipt of rental income and Kuriwao contribution**

- Flood protection -
  - 2% general rates Clutha District.
  - 98% targeted rates on scheme area.
- Drainage -
  - 100% targeted rates.

### ***Drainage Schemes***

#### **East Taieri, West Taieri, Tokomairiro – (total costs including capital) after receipt of rental income**

- 100% targeted rates on scheme area.

## Funding Impact Statement – Flood Protection & Control Works

2013/14 \$000's	FLOOD PROTECTION & CONTROL WORKS	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
68	General rates, UAGC & rate penalties	193	76
3,213	Targeted rates	3,392	3,289
-	Subsidies & grants	-	-
89	Fees & charges	92	38
-	Internal charges & overheads recovered	-	-
379	Fines, infringement fees & other receipts	274	362
<b>3,749</b>	<b>Total operating funding</b>	<b>3,951</b>	<b>3,765</b>
	<b>Application of operating funding:</b>		
1,270	Payments to staff & suppliers	1,332	1,279
-	Finance costs	-	532
578	Internal charges & overheads	580	578
-	Other operating funding applications	-	-
<b>1,848</b>	<b>Total applications of operating funding</b>	<b>1,912</b>	<b>2,389</b>
<b>1,901</b>	<b>Surplus(deficit) of operating funding</b>	<b>2,039</b>	<b>1,376</b>
	<b>Sources of capital funding:</b>		
-	Subsidies & grants for capital expenditure	-	-
-	Financial contributions	-	-
-	Increase(decrease) in debt	-	4,199
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	<b>Total sources of capital funding</b>	-	<b>4,199</b>
	<b>Application of capital funding:</b>		
	<i>Capital expenditure:</i>		
-	- to meet additional demand	-	-
6,083	- to improve level of service	5,161	5,002
187	- to replace existing assets	362	244
(4,369)	Increase(decrease) in reserves	(3,484)	329
-	Increase(decrease) in investments	-	-
<b>1,901</b>	<b>Total application of capital funding</b>	<b>2,039</b>	<b>5,575</b>
<b>(1,901)</b>	<b>Surplus(deficit) of capital funding</b>	<b>(2,039)</b>	<b>(1,376)</b>
-	<b>Funding balance</b>	-	-

# RIVERS & WATERWAY MANAGEMENT

## 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.

## Why we do it

This activity is a discretionary activity under the Soil Conservation and Rivers Control Act 1941.

This activity will 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.

## What we want to achieve

The information in the table below sets out the level of service that we aim to provide to our community, along with the key activities we will undertake to assist achieving the level of service.

### River management

Level of Service	Measures	Performance Targets 2013/14
Ensure waters can flow without undue obstruction.	Time taken to investigate reported blockages.	Investigate all reported blockages obstructing scheduled rivers within 10 working days and action appropriately.

### Activities planned to achieve the level of service for river management

1. Complete annual inspections on all rivers specified in Table 1 and undertake maintenance work on those rivers as necessary.
2. Undertake inspections and maintenance work on the rivers specified in Table 2 as necessary, following a flood event or on receipt of a complaint.
3. Actively facilitate the implementation of the Kakanui/Kauru River Morphology and Riparian Management Plan.
4. Work with Environment Canterbury, landholders and other stakeholders to implement the Lower Waitaki River Riparian Management Plan.
5. Publish reports describing changes in the channel morphology of the Shag and Waiakarua rivers in November 2014. Explain the findings of these reports, and their implications for river

management and natural hazards to the Waitaki District Council and the local community in early 2015.

6. Provide an update on recent changes in the channel morphology of the Kakanui and Kauru rivers, based on repeat cross-section survey data collected in 2013/14, to the local community and the Waitaki District Council.

<b>TABLE 1 – RIVERS INSPECTED ANNUALLY</b>	
<b>Dunedin SRD</b>	
Taieri River	Daisybank – Hyde Ngapuna – Sutton Outram – Waipori River confluence
Waipori River	Lake Waipori – Taieri River confluence
Silverstream	Three Mile Hill Road – Taieri River confluence
Waitati River	SH No. 1 Bridge – Blueskin Bay
Waikouaiti River	Orbells Crossing – Karitane
Water of Leith	Rockside Road – Otago Harbour
Lindsay Creek	Bethunes Gully – Water of Leith confluence
Kaikorai Stream	Brockville Road intersection – Green Island – Waldronville Road Bridge
<b>Wanaka SRD</b>	
Stoney Creek/Waterfall Creek	Headwaters to lake
<b>Clutha SRD</b>	
Clutha River/Mata-Au	Barnego – Clydevale
Pomahaka River	Kelso – Dusky
Heriot Burn River	At Heriot township
Tuapeka River	From confluence with the Clutha River/Mata-Au upstream for 4 km
Waitahuna River	From confluence with the Clutha River/Mata-Au upstream for 4 km
Tokomairiro North	Upstream of Milton for 5 km
Tokomairiro East	Upstream of Milton for 5 km
<b>Queenstown SRD</b>	
Kawarau River	From the lake downstream to Smith Falls
Shotover River	From the confluence with the Kawarau to the lower Shotover Gorge
Mill Creek	From Lake Hayes upstream for 2.5 km
Arrow River	Around Arrowtown
Horn Creek	Through Queenstown with QLDC
Bucklerburn River	Upstream to the Road Bridge
Hayes Creek	From Lake Hayes downstream to the Kawarau River
Kingston Creek	At Kingston
<b>Central Otago SRD</b>	
Taieri River	Hores Bridge – Kokonga
Manuherikia River	Galloway Bridge – Clutha River/Mata-Au confluence
<b>Waitaki SRD</b>	
Pleasant River	Mt Royal – Goodwood
Shag River	Waynestown – SH No. 1 Bridge
Kakanui River	Clifton Falls Bridge – Kakanui township
Waikoura Creek	SH No. 83 Bridge – Waitaki River confluence

<b>TABLE 2 – RIVERS INSPECTED FOLLOWING EVENTS</b>	
<b>Dunedin SRD</b>	
Waitati River	McIntosh Road – SH No. 1 Bridge
Silverstream	Scout Camp – Three Mile Hill Road
Waikouaiti River	Bucklands Crossing – Orbell's Crossing
March Creek	SH No. 87 Bridge – Cemetery
<b>Central Otago SRD</b>	
Taieri River	Styx Basin
Kyeburn	Dansey Pass Hotel – Taieri River confluence
Sowburn	Through Patearoa
Hogburn	Through Naseby
Idaburn	Through Oturehua
Manuherikia River	Loop Road – Galloway
Dunstan Creek	Loop Road – Manuherikia River confluence
Fraser River	Fraser Domain – Clutha River/Mata-Au confluence
Lindis River	Morven Hills – Clutha River/Mata-Au confluence
<b>Waitaki SRD</b>	
Hilderthorpe Floodway	Gray Road – Steward Road
Henderson Creek	SH No. 83 Bridge – Waikoura Creek confluence
Muddy Creek (Oamaru)	Kennilworth Road – Pacific Ocean (especially outfall)
Oamaru Creek	Oamaru Gardens – Pacific Ocean
Waiareka Creek	Ngapara – Kakanui River confluence
Kauru River	Kauru Hill Road Bridge – Kakanui River confluence
Waianakarua River	North branch from Cosy Dell, south branch from O'Connors confluence
Island Stream	Kurihika – Kakanui River confluence
Big Kuri Creek	Upstream and downstream of SH 1
Pleasant River	Mount Royal – Goodwood
<b>Clutha SRD</b>	
Clutha River/Mata-Au	Barnego – Clydevale
Pomahaka River	Kelso – Dusky
Heriot Burn River	At Heriot township
Tuapeka River	From the confluence with the Clutha River/Mata-Au upstream for 4 km
Waitahuna River	From the confluence with the Clutha River/Mata-Au upstream for 4 km
Tokomairiro North	Upstream of Milton for 5 km
Tokomairiro East	Upstream of Milton for 5 km
<b>Queenstown SRD</b>	
Kawarau River	From the lake downstream to Smith Falls
Shotover River	From the confluence with the Kawarau to the lower Shotover Gorge
Mill Creek	From Lake Hayes upstream for 2.5 km
Arrow River	Around Arrowtown
Horn Creek	Through Queenstown with QLDC
Bucklerburn River	Upstream to the Road Bridge
<b>Wanaka SRD</b>	
Cardrona River	Entire length
Stoney Creek	Entire length

## Revenue Policy

### River Management

- 100% targeted rates district, noting that the Queenstown Lakes area has two rating areas, Wanaka and Wakatipu.

### River Monitoring

- River survey work
  - 50% general rates regional.
  - 50% general rates sub-regional between districts work is undertaken.
- Gravel survey
  - 100% fees and charges from gravel fees.

## Funding Impact Statement – Rivers & Waterway Management

2013/14 \$000's	RIVERS & WATERWAY MANAGEMENT	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
11	General rates, UAGC & rate penalties	8	11
1,032	Targeted rates	1,045	1,035
-	Subsidies & grants	-	-
53	Fees & charges	-	-
-	Internal charges & overheads recovered	-	-
18	Fines, infringement fees & other receipts	15	19
<b>1,114</b>	<b>Total operating funding</b>	<b>1,068</b>	<b>1,065</b>
	<b>Application of operating funding:</b>		
798	Payments to staff & suppliers	758	786
-	Finance costs	-	-
196	Internal charges & overheads	206	205
-	Other operating funding applications	-	-
<b>994</b>	<b>Total applications of operating funding</b>	<b>964</b>	<b>991</b>
<b>120</b>	<b>Surplus(deficit) of operating funding</b>	<b>104</b>	<b>74</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	-	-
-	<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	-	-
-	- to replace existing assets	-	-
120	Increase(decrease) in reserves	104	74
-	Increase(decrease) in investments	-	-
<b>120</b>	<b>Total application of capital funding</b>	<b>104</b>	<b>74</b>
<b>(120)</b>	<b>Surplus(deficit) of capital funding</b>	<b>(104)</b>	<b>(74)</b>
-	<b>Funding balance</b>	-	-

# ENVIRONMENTAL INCIDENT RESPONSE

## What we do

Council operates a 24 hour Pollution Hotline. Pollution incidents, oil spills and other resource management complaints are investigated, and action is taken to ensure appropriate remedial measures are used.

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.

## Why we do it

The Resource Management Act 1991 requires Council to investigate and manage pollution and other events that cause adverse effects on our environment.

This activity will contribute to the following community outcome:

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

## What we want to achieve

The information in the table below sets out the level of service that we aim to provide to our community, along with the key activities we will undertake to assist achieving the level of service.

### Environmental incidents

Level of Service	Measures	Performance Targets 2014/15
Council will be ready and able to respond to all environmental incidents including oil spills, and ensure restoration as required.	Respond to incidents in timely manner.	Respond to incidents throughout the region within 0.5 hours of receipt of notice.
		Respond to reported marine oil spills in accordance with the Otago Marine Oil Spill Contingency Plan within 1.5 hours of receiving the report.

### Activities planned to achieve the level of service for environmental incidents

#### *Pollution incidents, oil spills*

1. Operate a 24 hour incidents hotline throughout Otago.
2. Hold one desktop and one field exercise per year for marine oil and pollution incident response, and one equipment training day involving the use of the pollution equipment, vehicles and people.
3. Undertake enforcement action where adverse effects on the environment have occurred that supports such action.

### ***Contaminated Sites***

4. Register the findings of contaminated site investigations with the appropriate TLA within 10 working days of completing the assessment, and update the shared electronic register accordingly.
5. Complete three preliminary site investigations for priority sites/activities and present the findings to the landowners and TLA.
6. Monitor 10 previously identified sites, in accordance with their site specific monitoring plans and present the findings to the landowner and TLA.
7. Complete applications to the Contaminated Sites Remediation Fund (CSRF) on behalf of eligible land owners, and assist with the implementation of those projects.

## **What assumptions we have made**

- Council will receive approximately 1,200 incident complaints each year.

## **Revenue Policy**

### **Incident Response:**

- 100% fees and charges where possible from those causing the incidents.
- 100% general rates regional for remaining costs (after receipt of any grants).

### **Contaminated Sites:**

- 100% fees and charges for clean-up and remediation works where possible.
- 100% general rates regional for remainder (after receipt of any grants).

## Funding Impact Statement – Environmental Incident Response

2013/14 \$000's	ENVIRONMENTAL INCIDENT RESPONSE	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
191	General rates, UAGC & rate penalties	191	210
-	Targeted rates	-	-
48	Subsidies & grants	47	52
58	Fees & charges	58	63
-	Internal charges & overheads recovered	-	-
334	Fines, infringement fees & other receipts	665	394
<b>631</b>	<b>Total operating funding</b>	<b>961</b>	<b>719</b>
	<b>Application of operating funding:</b>		
332	Payments to staff & suppliers	523	368
-	Finance costs	-	-
299	Internal charges & overheads	438	351
-	Other operating funding applications	-	-
<b>631</b>	<b>Total applications of operating funding</b>	<b>961</b>	<b>719</b>
-	<b>Surplus(deficit) of operating funding</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	-	-
-	<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	-	-
-	- to replace existing assets	-	-
-	Increase(decrease) in reserves	-	-
-	Increase(decrease) in investments	-	-
-	<b>Total application of capital funding</b>	-	-
-	<b>Surplus(deficit) of capital funding</b>	-	-
-	<b>Funding balance</b>	-	-

# NATURAL HAZARDS

## What we do

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 Ltd'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.

## Why we do it

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

This activity will 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.

## What we want to achieve

The information in the tables below set out the level of service that we aim to provide to our community along with the key activities that we will undertake to assist achieving the levels of service.

### Natural hazards

Level of Service	Measures	Performance Targets 2014/15
Provision of adequate and timely information, policy and regulatory framework on natural hazards to enable communities to make informed decisions about the risks associated with those hazards.	Information to be available on Natural Hazards in Otago, and increased awareness that such information exists.	Provide natural hazards information to the public via an effective web-based Otago Natural Hazards Database.

### Activities planned to achieve the level of service for natural hazards

1. Undertake specific investigations of seismic hazard in Dunedin, Wanaka, and the Alexandra and Wakatipu Basins, based on the findings of work undertaken in 2013/14 to collate and report on existing information.

2. Undertake a joint Otago Regional Council / Queenstown Lakes District Council flood awareness campaign in Queenstown and Wanaka in October 2014.
3. Publish a report describing the flood and erosion hazard of the Arrow River at Arrowtown in August 2014. Present the findings of that report to the Queenstown Lakes District Council and at a public meeting in Arrowtown in October 2014.
4. Finalise an action plan to prepare for and reduce the impacts of flood events in Milton in September 2014. Work with the Clutha District Council and lifeline utilities to implement that plan.
5. Publish reports describing the natural hazards of the Lower Clutha delta, and changes in the morphology of the South Otago coastline in August 2014. Present the findings of these reports to the Clutha District Council, Contact Energy Limited, and to the local community in late 2014.
6. Monitor the risks posed by the following natural hazards and work with territorial authorities and other agencies to manage those risks:

Location	Hazard type	Community
Pipson Creek	Alluvial fan	Makarora
Young River Dam	Landslide dam	Makarora
Buckler Burn / Bible Stream	Landslide dam / alluvial fan	Glenorchy
Brewery Creek / Reavers Lane	Alluvial fan	Queenstown
Abbotsford Lake	Land instability / dam failure	Green Island

## Flood warning

Level of Service	Measures	Performance Targets 2014/15
Provision of accurate and timely flood warnings.	Warnings of flood events in a timely manner to potentially affected persons.	Rainfall and river flow information is disseminated to the public when flood levels reach alarm status.

## Activities planned to achieve the levels of service for flood warning

1. Operate a 24 hour flood management and response system throughout the year.
2. Continually update and/or improve flood forecasting models, utilising appropriate software packages.

## Revenue Policy

### Natural Hazards Studies

- 50% general rates sub-regional.
- 50% general rates regional.

### Flood Risk Management

- 100% general rates regional.

## Funding Impact Statement – Natural Hazards

2013/14 \$000's	NATURAL HAZARDS	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
377	General rates, UAGC & rate penalties	349	372
-	Targeted rates	-	-
-	Subsidies & grants	-	-
-	Fees & charges	-	-
-	Internal charges & overheads recovered	-	-
655	Fines, infringement fees & other receipts	691	645
<b>1,032</b>	<b>Total operating funding</b>	<b>1,040</b>	<b>1,017</b>
	<b>Application of operating funding:</b>		
392	Payments to staff & suppliers	431	335
-	Finance costs	-	-
632	Internal charges & overheads	609	682
-	Other operating funding applications	-	-
<b>1,024</b>	<b>Total applications of operating funding</b>	<b>1,040</b>	<b>1,017</b>
<b>8</b>	<b>Surplus(deficit) of operating funding</b>	<b>-</b>	<b>-</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	-	-
-	<b>Total sources of capital funding</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	-	-
8	Increase(decrease) in reserves	-	-
-	Increase(decrease) in investments	-	-
<b>8</b>	<b>Total application of capital funding</b>	<b>-</b>	<b>-</b>
<b>(8)</b>	<b>Surplus(deficit) of capital funding</b>	<b>-</b>	<b>-</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>

# EMERGENCY MANAGEMENT

## What we do

Council, in conjunction with the Otago territorial authorities and emergency services, 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 Civil Defence Emergency Management Group Plan.

## Why we do it

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.

This activity will contribute to the following community outcome:

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

## What we want to achieve

The information in the table below sets out the level of service that we aim to provide to our community, along with the key activities we will undertake to assist achieving the level of service.

### Emergency management

Level of Service	Measures	Performance Targets 2014/15
Be ready and able to respond to civil defence emergencies, assist with recovery after such events, and to coordinate and promote reduction of risk through Group strategies and plans.	Timeliness in response to a civil defence event/emergency.	The Group Emergency Co-ordination Centre (GECC) can be fully operational within one hour of activation.
		Respond immediately upon notification of a civil defence event/-emergency.

### Activities planned to achieve the levels of service for emergency management

1. Upgrade and maintain the Otago CDEM Group website to contain relevant and up to date information about civil defence and emergency management in the Otago CDEM Group area.
2. Test the Group warning system at least once during the year.
3. Complete the upgrade of the GECC/EOC (Emergency Operations Centre) radio network.
4. Facilitate a workshop with Otago lifeline utilities on their interdependencies and emergency response priorities and report that information to the Coordinating Executive Group.
5. Develop an Alpine Fault Earthquake Response Plan.

## What assumptions we have made

- No civil defence emergencies will occur during the period.

## Revenue Policy

### Emergency Management

- Grant from Ministry for Civil Defence.
- 100% general rates regional for balance of costs.

## Funding Impact Statement – Emergency Management

2013/14 \$000's	EMERGENCY MANAGEMENT	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
118	General rates, UAGC & rate penalties	139	113
-	Targeted rates	-	-
55	Subsidies & grants	-	16
-	Fees & charges	-	-
-	Internal charges & overheads recovered	-	-
205	Fines, infringement fees & other receipts	276	197
<b>378</b>	<b>Total operating funding</b>	<b>415</b>	<b>326</b>
	<b>Application of operating funding:</b>		
223	Payments to staff & suppliers	264	173
-	Finance costs	-	-
155	Internal charges & overheads	149	153
-	Other operating funding applications	-	-
<b>378</b>	<b>Total applications of operating funding</b>	<b>413</b>	<b>326</b>
	<b>Surplus(deficit) of operating funding</b>	<b>2</b>	<b>-</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	-	-
-	<b>Total sources of capital funding</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	-	-
-	Increase(decrease) in reserves	2	-
-	Increase(decrease) in investments	-	-
-	<b>Total application of capital funding</b>	<b>2</b>	<b>-</b>
-	<b>Surplus(deficit) of capital funding</b>	<b>(2)</b>	<b>-</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>

# TRANSPORT

## What we do

The Regional Transport Committee has responsibility for preparing the Otago Regional Land Transport Plan 2015-21. The Council is responsible for supporting the Committee and approving the plan.

With respect to public passenger transport in Dunedin, Council will continue to work on its vision to attract a substantial and sustained increase in patronage. Further enhancement works are planned for this network in the 2014/15 year.

Over the past three years, Council has contracted the provision of additional bus services in the Queenstown area. The new services are now being run on a commercial basis. Council will however, still have some responsibilities in Queenstown for public transport such as managing the electronic ticketing system, and implementing a real time information service.

In 2014/15 we are planning the construction of two new stock truck effluent disposal sites, and the upgrade of the existing Raes Junction site. Approvals will be required for this work including obtaining grant funding from New Zealand Transport Agency.

## Why we do it

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

This activity will contribute to the following community outcome:

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

## What we want to achieve

The information in the tables below set out the level of service that we aim to provide to our community, along with the key activities we will undertake to assist achieving the level of service.

### Regional transport planning

Level of Service	Measure	Performance Targets 2014/15
Develop a RLTP that will contribute to an effective, efficient and safe land transport system in Otago.	Clear priorities set for local and central government transport expenditure in the region during 2015-18, and an effective schema for measuring and reporting progress towards desired outcomes.	Completion of a Regional Land Transport Plan that meets statutory requirements.

### Activities planned to achieve the level of service for regional transport planning

1. Complete investment logic mapping (ILM) with the Regional Transport Committee to identify transport priorities for the next six years by September 2014.

2. Prepare a spatial information system for the region's transport network, drawing together economic network and safety information undertaken in Otago districts and linking to planning of the Southland network by June 2015.
3. Prepare the 2015-21 Regional Land Transport Plan.
4. Make submissions on applications for resource consents, designations and plan changes, and input to territorial authorities reviews of district plans and their transport strategies and business cases, to ensure the policy direction in the Regional Land Transport Strategy and transport sections of the Regional Policy Statement are implemented.

## Public passenger transport

Level of Service	Measure	Performance Targets 2014/15
Provide a passenger transport service that meets passengers' needs.	Public satisfaction.	Public satisfaction survey shows that at least 85% of bus users are satisfied with the overall standard of service and the following levels of satisfaction with these service attributes are achieved: <ul style="list-style-type: none"> <li>• Vehicle quality – 85% of bus users.</li> <li>• Reliability – 90%.</li> <li>• Accessibility of the service – 90%.</li> <li>• Value for money – 80%.</li> </ul>
	Fare box recovery.	Patronage to grow by at least 1% in 2014/15 in Dunedin. Set fares to ensure that fare revenue covers 50% of the cost of running the Dunedin network service and 100% of the Wakatipu Basin network.

## Activities planned to achieve the level of service for public passenger transport

1. Monitor departure times of all buses to determine compliance with Regional Passenger Transport Plan standards.
2. Install a minimum of 10 new bus shelters on Dunedin routes.
3. Ensure the installation of bike racks on all buses operating in Dunedin and Wakatipu Basin networks by 1 July 2015.
4. Undertake the following enhancements and developments:
  - Add the Queenstown network to the journey planner by August 2014.
  - Add fare calculator to journey planner by August 2014.
  - Complete the procurement of and commence the implementation of a new ticketing system for Dunedin and Wakatipu by November 2014; to go live in 2015/16.
  - Investigate and subject to NZTA endorsement, commence procurement and implementation of a real time system for Dunedin and Wakatipu by June 2015.
  - Redesign signage for all bus stops in Dunedin; using an accessible format, upgrade the on-street timetable and route information displayed at the main central bus stands in Dunedin by June 2015.

5. Plan and procure Dunedin bus services to replace the southern bus routes contract expiring 30 June 2015, optimising these services for Mosgiel, Fairfield, Brighton, Green Island and Abbotsford, and creating an interchange at Green Island to facilitate this in time for new services to commence on 1 July 2015.
6. Plan the introduction of integrated fare system for Dunedin.
7. Develop, in conjunction with bus operators and disability groups, an information system for the wheelchair accessibility of all buses in the two networks by 31 March 2015.
8. Administer the Total Mobility scheme in Otago.

## Stock truck effluent disposal

Level of Service	Measure	Performance Targets 2014/15
Cleaner, safer Otago roads.	Number of complaints received about effluent spillage.	Reduction in the number of complaints received.
	Amount of effluent removed from stock truck effluent disposal sites.	Increase in the amount of effluent removed from each site.

## Activities planned to achieve the level of service for stock truck effluent disposal

1. Upgrade the Raes Junction stock truck effluent disposal site.
2. Construct two new stock truck effluent disposal sites in the following locations:
  - Springvale Road (Alexandra).
  - Cromwell or Victoria Flats.

## What assumptions we have made

- Financial assistance rates from NZTA will remain unchanged from those budgeted.
- NZTA funding will be available for construction of the proposed stock truck effluent disposal sites.

## Revenue Policy

### Regional Land Transport Planning:

- Grants from NZTA.
- 100% general rates regional on balance of costs.

### Public Passenger Transport:

- 100% targeted rates (Dunedin and Queenstown).

### Registration of Commercial Services:

- 50% fees and charges.
- 50% general rates regional.

### Stock Truck Effluent Disposal:

- Construction –
  - Grants from NZTA.
  - Reserves.

- Maintenance –
  - General rate Central Otago District.

## Funding Impact Statement - Transport

2013/14 \$000's	TRANSPORT	Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
151	General rates, UAGC & rate penalties	208	197
3,270	Targeted rates	3,276	3,219
4,182	Subsidies & grants	5,983	5,361
23	Fees & charges	22	23
-	Internal charges & overheads recovered	-	-
365	Fines, infringement fees & other receipts	636	342
<b>7,991</b>	<b>Total operating funding</b>	<b>10,125</b>	<b>9,142</b>
	<b>Application of operating funding:</b>		
8,162	Payments to staff & suppliers	9,303	9,139
-	Finance costs	-	-
334	Internal charges & overheads	406	434
-	Other operating funding applications	-	-
<b>8,496</b>	<b>Total applications of operating funding</b>	<b>9,709</b>	<b>9,573</b>
<b>(505)</b>	<b>Surplus(deficit) of operating funding</b>	<b>416</b>	<b>(431)</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	-	-
-	<b>Total sources of capital funding</b>	-	-
	<b>Application of capital funding:</b>		
	<i>Capital expenditure:</i>		
-	- to meet additional demand	-	-
130	- to improve level of service	900	-
-	- to replace existing assets	500	-
(635)	Increase(decrease) in reserves	(984)	(431)
-	Increase(decrease) in investments	-	-
<b>(505)</b>	<b>Total application of capital funding</b>	<b>416</b>	<b>(431)</b>
<b>505</b>	<b>Surplus(deficit) of capital funding</b>	<b>(416)</b>	<b>431</b>
-	<b>Funding balance</b>	-	-



## **PART 3 – FINANCIAL INFORMATION**



## **SIGNIFICANT FORECASTING ASSUMPTIONS**

The significant forecasting assumptions made in preparing this Annual 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. 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, the change is 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.

### **New Zealand Transport Agency Subsidy Rates**

The following rates of subsidy have been used in this Annual Plan, and are based on rates currently being received by Council from the New Zealand Transport Agency.

- Transport planning to receive 63% subsidy.
- Passenger transport infrastructure, electronic ticketing, marketing and timetables to receive 57%.
- Bus services, transport licensing operations management to receive 50% subsidy.
- Total mobility to receive 60% subsidy.
- Total Mobility flat rate payments to receive 100% subsidy.

The risks of these assumptions are assessed as having a low to medium level of uncertainty. The New Zealand Transport Agency has given no indication that rates may change during the year.

### **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 port equity will grow by 2% from 2012/13. It is assumed that the value of Council's investment in Port Otago will grow in value by the same amount.

Investment properties are assumed to increase in value by 3%, except for two properties on the harbourside, which are assumed to see no increase in value over the period, as advised by a registered valuer.

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 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 4.25% on cash balances, and the managed fund.
- External borrowing rate will be 6%.
- All Port Otago Limited dividends will be received fully imputed and accordingly no taxation liability will arise in respect of them.

The risk of this assumption is assessed as having a low to medium level of uncertainty. 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 capital 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.

## FUNDING IMPACT STATEMENT

2013/14 \$000's		Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Sources of operating funding:</b>		
4,974	General rates, UAGC & rate penalties	5,129	4,982
10,728	Targeted rates	8,516	7,795
4,284	Subsidies & grants	6,030	5,744
4,173	Fees & charges	3,852	4,735
8,285	Interest & dividends from investments	9,537	8,700
1,624	Fines, infringement fees & other receipts	1,749	1,432
<b>34,068</b>	<b>Total operating funding</b>	<b>34,813</b>	<b>33,388</b>
	<b>Applications of operating funding:</b>		
29,192	Payments to staff & suppliers	29,848	30,049
581	Finance costs	71	555
58	Other operating funding applications	53	129
<b>29,831</b>	<b>Total applications of operating funding</b>	<b>29,972</b>	<b>30,733</b>
<b>4,237</b>	<b>Surplus(deficit) of operating funding</b>	<b>4,841</b>	<b>2,655</b>
	<b>Sources of capital funding:</b>		
-	Subsidies & grants for capital expenditure	-	-
-	Financial contributions	-	-
(10,000)	Increase(decrease) in debt	-	4,199
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
<b>(10,000)</b>	<b>Total sources of capital funding</b>	<b>-</b>	<b>4,199</b>
	<b>Application of capital funding:</b>		
	<i>Capital expenditure:</i>		
-	- to meet demand	-	-
6,213	- to improve level of service	6,061	5,002
1,044	- to replace existing assets	2,538	975
(13,020)	Increase(decrease) in reserves	(3,758)	877
-	Increase(decrease) in investments	-	-
<b>(5,763)</b>	<b>Total applications of capital funding</b>	<b>4,841</b>	<b>6,854</b>
<b>(4,237)</b>	<b>Surplus(deficit) of capital funding</b>	<b>(4,841)</b>	<b>(2,655)</b>
-	<b>Funding balance</b>	<b>-</b>	<b>-</b>

## FUNDING IMPACT STATEMENT CALCULATION OF RATES

Funding Mechanism	Groups of Activities Funded	Valuation System	Matters for Differentiation	Calculation Factor	Estimated Revenue Sought for 2014/15 (incl. GST)	Estimated Amount of Rates per \$250,000 CV for 2014/15 (incl. GST)
<b>General Rates:</b>						
General Rates Regional.	All except Otago Stadium.	Capital value.	Where the land is situated.	¢ in \$ of rateable capital value. Central Otago 0.0073 Clutha 0.0076 Dunedin 0.0092 Queenstown 0.0072 Waitaki 0.0074	\$4,335,000	Central Otago \$18.28 Clutha \$18.95 Dunedin \$23.10 Queenstown \$18.10 Waitaki \$18.55
Uniform Annual General Charge.	All except Otago Stadium.	N/A	N/A	Fixed charge per rating unit.	\$1,445,000 allocated as \$13.76 per rating unit	\$13.76
<b>Targeted Rates:</b>						
Air Quality.	Clean Air.	Capital value.	Where land is situated – Air Zone 1 and Milton.	¢ in \$ of rateable capital value. Central Otago 0.0031 Clutha 0.0034 Queenstown 0.0032	\$102,000 allocated as: Central Otago \$70,000 Clutha \$6,000 Queenstown \$26,000	Central Otago \$7.93 Clutha \$8.55 Queenstown \$8.10
Forsyth Barr Stadium.	Forsyth Barr Stadium.	Capital value.	Where the land is situated.	¢ in \$ of rateable capital value. Central Otago 0.0003 Clutha 0.0004 Dunedin 0.0009 Queenstown 0.0003 Waitaki 0.0005	\$316,000 allocated as: Central Otago \$26,000 Clutha \$26,000 Dunedin \$184,000 Queenstown \$54,000 Waitaki \$26,000	Central Otago \$0.93 Clutha \$1.08 Dunedin \$2.38 Queenstown \$0.80 Waitaki \$1.38
Forsyth Barr Stadium – Targeted Uniform Rate.	Forsyth Barr Stadium.	N/A	Where the land is situated.	Fixed charge per rating unit.	\$316,000 allocated as: Central Otago \$26,000 Clutha \$26,000 Dunedin \$184,000 Queenstown \$54,000 Waitaki \$26,000	Central Otago \$2.11 Clutha \$2.69 Dunedin \$3.64 Queenstown \$2.50 Waitaki \$2.41
Flood Protection and Control Works.	Lower Clutha Flood and Drainage Scheme.	Capital value.	Where the land is situated using approved classifications.	¢ in \$ of rateable capital value. A 0.4837 B 0.1920 C 0.1814 D 0.1138 E 0.0605 F 0.0071 U1 0.1921 U2 0.0640 U3 0.0142 U4 0.0107	\$612,000 allocated as: A \$72,000 B \$95,000 C \$224,000 D \$39,000 E \$31,000 F \$17,000 U1 \$2,000 U2 \$100,000 U3 \$5,000 U4 \$27,000	A \$1,209.15 B \$480.10 C \$453.43 D \$284.50 E \$151.15 F \$17.78 U1 \$480.13 U2 \$160.03 U3 \$35.58 U4 \$26.68

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Funding Mechanism	Groups of Activities Funded	Valuation System	Matters for Differentiation	Calculation Factor	Estimated Revenue Sought for 2014/15 (incl. GST)	Estimated Amount of Rates per \$250,000 CV for 2014/15 (incl. GST)
<b>Targeted Rates continued...</b>						
	Lower Taieri Flood Protection Scheme.	Capital value,	Where the land is situated using approved classifications.	c in \$ of rateable capital value. WF1 0.1941 WF2 0.1148 WF3 0.0018 WF4 0.0028 WF5 0.0003 WF6 0.0003 WF7 0.0002 WF8 0.0137 WF9 0.0001 EF1 0.1048 EF2 0.1096 EF3 0.1091 EF4 0.0885 EF5 0.0025 EF6 0.1088 EF7 0.0015 EF8 0.0014 EF9 0.0007 EF10 0.0008 EF12 0.1287 EF13 0.1287	\$705,000 allocated as: WF1 \$359,000 WF2 \$269,000 WF3 \$170 WF4 \$120 WF5 \$1 WF6 \$3 WF7 \$1 WF8 \$730 WF9 \$1 EF1 \$17,000 EF2 \$25,000 EF3 \$530 EF4 \$6,400 EF5 \$1,100 EF6 \$890 EF7 \$440 EF8 \$18,000 EF9 \$840 EF10 \$900 EF12 \$1,200 EF13 \$2,000	WF1 \$486.15 WF2 \$287.65 WF3 \$4.55 WF4 \$7.08 WF5 \$0.83 WF6 \$0.83 WF7 \$0.63 WF8 \$34.18 WF9 \$0.33 EF1 \$262.03 EF2 \$274.08 EF3 \$272.80 EF4 \$221.35 EF5 \$6.15 EF6 \$272.10 EF7 \$3.75 EF8 \$3.53 EF9 \$1.65 EF10 \$2.05 EF12 \$321.88 EF13 \$321.70
	Leith Flood Protection Scheme	Capital value.	Where the land is situated within defined scheme area.	c in \$ of rateable capital value. Direct Benefit Zone - excl. stadium 0.0875 Indirect Benefit Zone 0.0049	\$1,281,000 allocated as: Direct Benefit Zone - stadium \$25,000 - excl. stadium \$615,000 Indirect Benefit Zone \$641,000	Direct - excl. stadium \$219.43 Indirect \$12.45
	East Taieri Drainage Scheme.	Area.	Where the land is situated within defined scheme area.	\$ per hectare.	\$313,000 allocated as: ED1 \$124.98 ED2 \$95.35 ED4 \$105.38 ED5 \$47.53 ED7 \$163.23 ED8 \$31.54 ED9 \$27.35 ED10 \$24.30	

Funding Mechanism	Groups of Activities Funded	Valuation System	Matters for Differentiation	Calculation Factor	Estimated Revenue Sought for 2014/15 (incl. GST)	Estimated Amount of Rates per \$250,000 CV for 2014/15 (incl. GST)
<b>Targeted Rates continued...</b>						
	East Taieri Drainage Scheme.	Area.	Where the land is situated within defined scheme area.	Fixed charge per hectare.	\$104,000 allocated to ED1, ED2, ED4, ED5, ED8, ED9 and ED10.	\$22.41 per hectare.
	West Taieri Drainage Scheme.	Area.	Where the land is situated within defined scheme area.	\$ per hectare.	\$382,000 allocated as: WD1 \$72.71 WD2 \$19.98 WD3 \$54.26 WD4 \$72.71 WD5 \$0.30	
	West Taieri Drainage Scheme.	Area.	Where the land is situated within defined scheme area.	Fixed charge per hectare.	\$164,000 allocated to WD1, WD2, WD3 and WD4.	\$22.74 per hectare.
	Tokomairiro Drainage Scheme.	Capital value.	Where the land is situated within defined scheme area.	¢ in \$ of rateable capital value. A 0.0341 B 0.0256 C 0.0204 D 0.0153 E 0.0085 F 0.0034 U1 0.0051	\$52,000 allocated as: A \$3,000 B \$6,000 C \$7,000 D \$10,000 E \$5,000 F \$7,000 U1 \$13,000	A \$85.23 B \$63.90 C \$51.13 D \$38.35 E \$21.30 F \$8.53 U1 \$12.78
River Management	Shotover Delta.	Capital value.	Where the land is situated within defined scheme area.	¢ in \$ of rateable capital value. \$0.0030	\$287,500	\$7.55
	Enhancing and maintaining river form and riparian margins.	Capital value.	Where the land is situated.	¢ in \$ of rateable capital value. Central Otago 0.0026 Clutha 0.0034 Dunedin 0.0009 Wakatipu 0.0025 Wanaka 0.0035 Waitaki 0.0034	\$1,201,000 allocated as: Central Otago \$178,000 Clutha \$213,000 Dunedin \$172,000 Wakatipu \$287,000 Wanaka \$192,000 Waitaki \$159,000	Central Otago \$6.40 Clutha \$8.60 Dunedin \$2.23 Wakatipu \$6.38 Wanaka \$8.73 Waitaki \$8.55
	Lower Waitaki.	Capital value.	Where the land is situated within defined scheme area.	¢ in \$ of rateable capital value. A 0.1607 B 0.0803	\$189,000 allocated as: A \$117,000 B \$72,000	A \$400.58 B \$200.28
Transport	Dunedin Public Passenger Transport.	Capital value.	Where the land is situated within defined scheme area, and differentiated on basis of land use. Class A – non-residential Class B – others	¢ in \$ of rateable capital value. Class A 0.0662 - Dunedin 0.0177 - Waitaki 0.0187	\$3,716,000 allocated as: Class A \$1,194,000 Class B \$2,505,000 - Dunedin \$17,000 - Waitaki \$17,000	Class A \$167.50 Class B \$45.00 - Dunedin \$47.50 - Waitaki \$47.50
	Queenstown Public Passenger Transport.	Capital value.	Where the land is situated within defined scheme area, and differentiated on basis of land use. Class A – non-residential Class B – others	¢ in \$ of rateable capital value. Class A - \$0.0009 Class B - \$0.0005	\$51,000 allocated as: Class A - \$14,000 Class B - \$37,000	Class A - \$2.35 Class B - \$1.18

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

## EFFECT OF RATING

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

2013/14 \$000's		Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
4,904	General rates	5,027	4,905
228	Targeted air quality rates	89	89
	<i>Targeted Otago Stadium rates:</i>		
235	* Central Otago	45	-
229	* Clutha	44	-
1,657	* Dunedin	330	-
483	* Queenstown	85	-
223	* Waitaki	46	-
	<i>Targeted River Management Rates:</i>		
150	* Central Otago District	155	155
185	* Clutha District	185	185
150	* Dunedin City	150	150
158	* Lower Waitaki River	164	164
250	* Wakatipu	250	250
167	* Wanaka	167	165
130	* Waitaki District	138	130
	<i>Targeted Passenger Transport Services Rate:</i>		
3,205	* Dunedin	3,231	3,200
65	* Queenstown	45	18
	<i>Targeted Catchment Rates:</i>		
363	* East Taieri Drainage	363	382
1,041	* Leith Flood Protection	1,114	1,114
497	* Lower Clutha	532	479
573	* Lower Taieri	613	602
250	* Shotover Delta	250	200
45	* Tokomairiro	45	45
444	* West Taieri Drainage	475	467

## STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

2013/14 \$000's		Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Revenue:</b>		
15,632	Rates income	13,543	12,700
4,284	Grant income	6,030	5,744
2,841	Revenue from exchange transactions	2,944	3,365
8,285	Dividend, interest & investment income	9,537	8,700
2,976	Other income	2,659	2,879
<b>34,018</b>	<b>Total revenue</b>	<b>34,713</b>	<b>33,388</b>
	<b>Expenses:</b>		
18,769	Operating expenditure	18,979	19,250
10,436	Employee benefits expense	11,198	11,143
555	Finance costs	1	533
1,341	Depreciation	1,515	1,694
<b>31,101</b>	<b>Total expenses</b>	<b>31,693</b>	<b>32,620</b>
<b>2,917</b>	<b>Surplus(Deficit) for period</b>	<b>3,020</b>	<b>768</b>
	<b>Other comprehensive revenue &amp; expenses</b>		
240	Increase in value of investment property	294	250
	Non-owner changes in equity:		
7,420	- Increase in value of Port Otago shares	6,176	6,176
<b>10,577</b>	<b>Total comprehensive revenue &amp; expenses for the period</b>	<b>9,490</b>	<b>7,194</b>

## RECONCILIATION OF FUNDING IMPACT STATEMENT TO STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

2013/14 \$000's		Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
4,237	Surplus(deficit) of operating funding per funding impact statement	4,841	2,655
	<i>Add/(deduct):</i>		
-	Proceeds from sale of assets		-
(1,341)	Depreciation	(1,515)	(1,694)
21	Other	(306)	(193)
<b>2,917</b>	<b>Surplus(Deficit) from activities per statement of comprehensive revenue &amp; expense</b>	<b>3,020</b>	<b>768</b>

## DEPRECIATION BY ACTIVITY

2013/14 \$000's		Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Depreciation</b>		
163	- Water	109	170
18	- Air	13	12
567	- Flood protection & control works	548	672
22	- River & waterway management	22	22
8	- Natural hazards	-	-
-	- Emergency management	2	-
14	- Regulatory	96	13
-	- Transport	10	-
549	- Corporate	715	805
<b>1,341</b>	<b>Total depreciation</b>	<b>1,515</b>	<b>1,694</b>

## STATEMENT OF FINANCIAL POSITION

2013/14 \$000's		Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Current assets</b>		
691	Cash & cash equivalents	5,646	15,240
48,278	Other financial assets	42,869	38,032
4,437	Trade & other receivables	4,121	3,974
65	Inventories	65	65
98	Prepayments	180	-
320	Property intended for sale	320	-
-	Other current assets	-	154
<b>53,889</b>	<b>Total current assets</b>	<b>53,201</b>	<b>57,465</b>
	<b>Non-current assets</b>		
86,585	Property, plant & equipment	93,021	91,103
9,273	Investment property	10,081	9,580
304,135	Shares in Port Otago Ltd	374,860	314,956
1,683	Intangible assets	2,067	1,230
-	Deferred tax asset	98	-
<b>401,676</b>	<b>Total non-current assets</b>	<b>480,127</b>	<b>416,869</b>
<b>455,565</b>	<b>Total assets</b>	<b>533,328</b>	<b>474,334</b>
	<b>Current liabilities</b>		
6,264	Accounts payable	5,379	5,049
-	Borrowings	-	850
1,204	Employee entitlements	1,245	1,160
<b>7,468</b>	<b>Total current liabilities</b>	<b>6,624</b>	<b>7,059</b>
	<b>Non-current liabilities</b>		
38	Employee retiring allowance	-	38
-	Borrowings	-	7,573
282	Other financial instruments	138	-
<b>320</b>	<b>Total non-current liabilities</b>	<b>138</b>	<b>7,611</b>
<b>7,788</b>	<b>Total liabilities</b>	<b>6,762</b>	<b>14,670</b>
<b>447,777</b>	<b>Net assets</b>	<b>526,566</b>	<b>459,664</b>
	<b>Equity</b>		
135,532	Public equity	139,360	140,605
284,135	Available for sale reserve	354,860	294,956
4,989	Asset replacement reserve	4,344	6,167
5,200	Building reserve	8,132	-
3,621	Emergency response reserve	3,785	3,757
(612)	Irrigation grant reserve	1,333	(432)
7,700	Kuriwao endowment reserve	6,732	7,073
7,212	Asset revaluation reserve	8,020	7,538
<b>447,777</b>	<b>Total equity</b>	<b>526,566</b>	<b>459,664</b>

## STATEMENT OF CHANGES IN NET ASSETS / EQUITY

2013/14 \$000's		Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
<b>437,200</b>	<b>Balance at 1 July</b>	<b>517,076</b>	<b>452,470</b>
10,577	Net comprehensive income	9,490	7,194
<b>447,777</b>	<b>Balance at 30 June</b>	<b>526,566</b>	<b>459,664</b>
	<b>Net movements</b>		
2,917	Net surplus transferred to public equity	3,020	768
(6,029)	Public equity	(3,339)	(1,182)
7,420	Available for sale revaluation reserve	6,176	6,176
405	Asset replacement reserve	(792)	745
5,200	Building reserve	2,832	-
139	Emergency response reserve	154	145
(824)	Irrigation grants reserve	54	183
1,108	Kuriwao reserve	1,091	109
241	Asset revaluation reserve	294	250
<b>10,577</b>	<b>Net comprehensive income</b>	<b>9,490</b>	<b>7,194</b>

## RESERVES

Reserve	Opening Balance 1 July 2014 \$000s	Transfers In \$000s	Transfers Out \$000s	Closing Balance 30 June 2015 \$000s
Public Equity	139,118	7,739	(4,707)	142,150
Dunedin River Management	2,122	239	(180)	2,181
Clutha River Management	420	203	(174)	449
Central Otago River Management	326	168	(180)	314
Wakatipu River Management	257	264	(169)	352
Waitaki River Management	151	145	(118)	178
Wanaka River Management	396	186	(120)	462
West Taieri Drainage	(997)	531	(417)	(883)
East Taieri Drainage	218	379	(281)	316
Lower Taieri Flood Protection	109	645	(531)	223
Lower Clutha Drainage & Flood Protection	(79)	908	(1,329)	(500)
Tokomairiro Drainage	138	50	(77)	111
Alexandra Flood Protection	585	120	(57)	648
Leith Flood Protection	(5,965)	1,369	(5,119)	(9,715)
Shotover Flood Protection	(707)	251	(99)	(555)
Lower Waitaki Flood Protection	41	166	(164)	43
Dunedin Transport	3,785	7,242	(7,638)	3,389
Wakatipu Transport	(26)	138	(139)	(27)
Forsyth Barr Stadium	(552)	550	0	(2)
Clean Heat Reserve	339	215	(327)	227
Available for Sale Revaluation Reserve	348,684	6,176	-	354,860
Asset Replacement Reserve	5,136	1,123	(1,915)	4,344
Building Reserve	5,300	2,832	-	8,132
Emergency Response Reserve	3,631	154	-	3,785
Irrigation Grant Reserve	1,278	54	-	1,332
Kuriwao Endowment Reserve	5,642	1,374	(284)	6,732
Asset Revaluation Reserve	7,726	294	-	8,020
<b>Total</b>	<b>517,076</b>	<b>33,515</b>	<b>(24,025)</b>	<b>526,566</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.

**Irrigation Grant Reserve**

This reserve has been established to pay grants towards the development of irrigation schemes, where there is a clear environmental benefit from having such a scheme. It is funded initially by a transfer of \$1 million from general reserves, and then from general rates and interest each year thereafter.

**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 is 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 reserve 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

**Forsyth Barr Stadium**

Targeted rating is repaying internal and external borrowings used to make a donation of \$37.5 million to the Forsyth Barr Stadium. By July 2014 all borrowings are expected to be repaid.

## STATEMENT OF CASHFLOWS

2013/14 \$000's		Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Cashflows from operating activities:</b>		
	<i>Cash provided from:</i>		
15,632	Rates receipts	13,543	12,700
5,826	Other receipts	5,611	6,253
4,284	Grant income	6,030	5,744
7,200	Dividends	7,400	7,400
1,085	Interest	2,137	1,300
<b>34,027</b>	<b>Total income</b>	<b>34,721</b>	<b>33,397</b>
	<i>Cash applied to:</i>		
29,206	Payment to employees & suppliers	30,175	30,393
556	Interest expense	1	533
<b>29,762</b>	<b>Total payments</b>	<b>30,176</b>	<b>30,926</b>
<b>4,265</b>	<b>Net cash from operating activities</b>	<b>4,545</b>	<b>2,471</b>
	<b>Cashflows from investing activities</b>		
	<i>Cash provided from:</i>		
-	Property, plant & equipment sales	-	-
-	Managed Fund withdrawal	5,000	-
-	<b>Total cash in</b>	<b>5,000</b>	<b>-</b>
	<i>Cash applied to:</i>		
7,207	Property, plant & equipment	8,040	5,932
50	Intangible assets	560	44
<b>7,257</b>	<b>Total application of cash</b>	<b>8,600</b>	<b>5,976</b>
<b>(7,257)</b>	<b>Net cash from investing activities</b>	<b>(3,600)</b>	<b>(5,976)</b>
	<b>Cashflows from financing activities</b>		
	<i>Cash provided from:</i>		
-	Borrowings	-	5,000
	<i>Cash applied to:</i>		
10,000	Repayment of borrowings	-	801
<b>(10,000)</b>	<b>Net cash from financing activities</b>	<b>-</b>	<b>4,199</b>
<b>(12,992)</b>	<b>Net increase/(decrease) in cash held</b>	<b>945</b>	<b>694</b>
<b>13,683</b>	<b>Cash at 1 July</b>	<b>4,701</b>	<b>14,546</b>
<b>691</b>	<b>Cash at 30 June</b>	<b>5,646</b>	<b>15,240</b>

## RECONCILIATION OF NET SURPLUS FROM ACTIVITIES TO NET CASH FROM OPERATING ACTIVITIES

2013/14 \$000's		Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
2,917	Net surplus(deficit) from activities	3,020	768
	<i>Add(deduct) non-cash items:</i>		
1,341	Depreciation	1,515	1,694
7	Bad debts	10	9
<b>4,265</b>	<b>4,545</b>	<b>4,545</b>	<b>2,471</b>

## SCHEDULE OF CAPITAL EXPENDITURE

2013/14 \$000's		Annual Plan 2014/15 \$000's	Long Term Plan 2014/15 \$000's
	<b>Water</b>		
105	Monitoring site upgrades	189	120
	<b>Air</b>		
12	Monitoring site upgrade	10	-
	<b>Transport</b>		
-	Dunedin Transport	500	-
130	Queenstown Transport	-	-
-	Stock truck effluent disposal sites	900	-
	<b>Flood protection &amp; control works</b>		
584	Lower Clutha flood & drainage	666	376
148	Lower Taieri flood protection	145	144
21	West Taieri drainage	104	120
20	East Taieri drainage	20	22
5,497	Leith flood protection	4,588	4,583
	<b>Council</b>		
100	Dunedin office	185	54
30	Other offices	-	27
240	Cars & stationwagons	400	251
20	Furniture & equipment	20	22
65	Computers	185	44
170	Network enhancements	50	109
50	Software	560	44
50	Plant	63	27
15	Sundry	15	33
<b>7,257</b>	<b>Total capital expenditure</b>	<b>8,600</b>	<b>5,976</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 Council Community 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 Council Community 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 authorised for issue by Council on 12 March 2014.

### **Statement of Compliance**

The prospective financial statements have been prepared in accordance with 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.

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 this Annual Plan.

## Significant Accounting Policies

### *Revenue Recognition*

#### **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.

**(d) Grant Revenue**

Grants and subsidies are recognised upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

#### **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 & 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 & 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 income 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 Intended 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:

<b>Asset</b>	<b>Life</b>
<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.

## 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	147.00
* Technical/Scientist	94.00
* Administration	77.00
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 request of the consent holder, or, as authorised under Section 128, as a requirement of

Council. Costs incurred in undertaking such reviews will be payable by the consent holder at the rates shown in the Scale of Charges above.

## 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.

<b>1.1 Discharge to Air Consent</b>	<b>\$</b>
Measurement of contaminants from a Stack report	38.50
Ambient air quality measurement of contaminants report	66.50
Management plans and maintenance records	33.50
Annual Assessment report	66.50

<b>1.2 Discharge to Water, Land and Coast</b>	<b>\$</b>	
Effluent Systems	Environmental Quality report	31.00
Active Landfills	Environmental Quality report	38.50
	Annual Assessment report	87.00
	Management Plans	174.00
Closed Landfills	Environmental report	23.00
	Annual Assessment report	23.00
	Management Plans	87.00
Stormwater	Environmental Quality report	20.50
	Management Plans	87.00
Industrial Discharges	Effluent quality report	28.00
	Environmental report	61.50
	Annual Assessment report	77.00
	Management Plans	174.00

<b>1.3 Water Takes</b>	
Verification reports	23.00
Manual return of data per take	66.50
Data logger return of data per take sent to ORC	33.50
Telemetry data per consent	23.00
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 Set Fees for Specific Consent Holders**

Performance monitoring fees as shown below will apply to the following consent holders:

Dunedin City Council	\$15,890.00
Central Otago District Council	\$5,409.00
Clutha District Council	\$8,358.00
Queenstown Lakes District Council	\$7,629.00
Waitaki District Council	\$5,753.00
Ravensdown	\$5,742.00
Contact Energy	\$4,262.00
Trustpower	\$3,381.00
Pioneer Generation	\$2,792.00

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

#### **2. Audit**

Audit work will be charged at half of 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.

#### **4. Consent Establishment Inspections**

One off inspection by Council on establishment work carried out by consent holders – \$155.00 (incl. GST).

#### **5. Site Verification Charge**

Site visits for water measuring device, where exemption has been granted in respect of the location of that measuring device - \$155 (incl. GST).

### **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**

Registering a transport service – \$70.00 (incl. GST).

### ***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	Service Charge	Processing Fee	DBH & BRANZ Levies (at rates as advised to Council)*
Review of Potential Impact Classifications submitted by dam owners.	Nil	\$174	Time and disbursements – scale of charges.	Nil
Review of Dam Safety Assurance Programmes.	Nil	Nil	Time and disbursements – scale of charges.	Nil
Reviewing Warrants of Fitness.	Nil	Nil	Time and disbursements – scale of charges.	Nil
Property Information Memorandums.	Nil	Nil	Time and disbursements – scale of charges.	Nil
Building consent applications – estimated value of building work is \$20,000 or less.	\$500	\$1,150	Time and disbursements – scale of charges.	Nil
Building consent applications – estimated value of building work greater than \$20,000.	\$2,000	\$3,450	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.
Issuing Certificates of Acceptance – estimated value of building work is \$20,000 or less.	\$500	\$1,150	Time and disbursements – scale of charges.	
Issuing Certificates of Acceptance – estimated value of building work greater than \$20,000.	\$2,000	\$3,450	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.
Issuing of Code Compliance Certificates for building consent applications granted by Otago Regional Council.	Nil	Nil	Time and disbursements – scale of charges.	Nil
Issuing of Code Compliance Certificates for building consent applications granted by others.	Nil	\$1,720	Time and disbursements – scale of charges.	Nil
Maintaining Register of Dams.	Nil	Nil	Nil	Nil
Any other activity under the Building Act.	Nil	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.

## BUS FARES

### Dunedin Bus Services

A 10% discount on cash fares will be available for GoCard users. Some Dunedin urban bus services are commercial (not contract); and commercial bus operators independently set fare levels on those services.

Fares on urban contracted bus services will be as follows:

	Zone 1	Zone 2	Zone 3	Zone 4	Zone 5	Zone 6	Zone 7
Adult Cash	\$2.00	\$2.70	\$3.40	\$3.90	\$4.70	\$5.80	\$6.70
Adult GoCard	\$1.84	\$2.42	\$2.99	\$3.48	\$4.25	\$5.22	\$6.09
Child Cash	\$1.40	\$1.70	\$2.00	\$2.50	\$2.70	\$3.40	\$4.10
Child GoCard	\$1.26	\$1.66	\$1.84	\$2.22	\$2.42	\$2.99	\$3.67
Beneficiary GoCard	\$1.53	\$2.01	\$2.50	\$2.90	\$3.54	\$4.35	\$5.07
Student Go Card	\$1.53	\$2.01	\$2.50	\$2.90	\$3.54	\$4.35	\$5.07

### Palmerston Bus Services

Fares on the Dunedin to Palmerston service are as follows:

	Adult Cash	Adult Card	Student Cash	Student Card	Beneficiary Card
<b>Palmerston to/from</b>					
- Waikouaiti	\$4.10	\$3.67	\$4.10	\$3.67	\$3.06
- Karitane	\$5.40	\$4.83	\$5.40	\$4.83	\$4.03
- Evansdale	\$8.10	\$7.25	\$8.10	\$7.25	\$6.04
- Dunedin	\$12.20	\$10.92	\$9.50	\$8.50	\$9.10
<b>Waikouaiti to/from</b>					
- Karitane	\$2.70	\$2.42	\$2.70	\$2.42	\$2.02
- Evansdale	\$5.40	\$4.83	\$5.40	\$4.83	\$4.03
- Dunedin	\$9.50	\$8.50	\$6.70	\$6.09	\$7.08
<b>Karitane to/from</b>					
- Evansdale	\$2.70	\$2.42	\$2.70	\$2.42	\$2.02
- Dunedin	\$8.10	\$7.25	\$5.40	\$4.83	\$6.04
<b>Evansdale to/from</b>					
- Dunedin	\$6.70	\$6.09	\$5.40	\$4.83	\$5.08

**Note: Bus operators may apply period concessions through GoCard at their discretion.**