



DRAFT ANNUAL PLAN

2016/17

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Vision Statement, Goals and Measurements

VISION: For our Future - A prosperous and sustainable future for Otago.			
Goal One	Goal Two	Goal Three	Goal Four
To achieve: Active resource stewardship	To achieve: Active regional partnerships	To achieve: Realisation of new opportunities	To achieve: The emergence of a “Brand Otago”
Measurement	Measurement	Measurement	Measurement
Optimal water use – efficiency, irrigation	Active and regular engagement with stakeholders	An active programme of enablement by ORC around new resource opportunities	A growing distinctiveness associated with Otago both domestically and internationally
Sustainable land use and water quality	A well connected ORC working closely with stakeholders and partners	Active interest of private sector parties in opportunities in the region	Association in the public mind of Otago with quality – products, experiences, lifestyle, etc
Ethical mineral use	Strong connections with the Territorial Local Authorities and Ngai Tahu in the region	Active collaboration with regional TLAs and Ngai Tahu on opportunity identification and advancement	Ultimately, that premium value is attached to things “Otago”
Evidence-based decision making	Partnerships and common projects with nearby regions, e.g. Southland, West Coast and Canterbury		
Effective enforcement of plans, consents and rules			

A Word from the Chair

Will be included in the final Annual Plan.

Stephen Woodhead
Chairman

Introduction to the Annual Plan

During 2015, we produced a Long Term Plan, which covers a 10 year period. This Annual Plan provides an update of the information held in our Long Term Plan for the 2016/17 year, and explains 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 2025.

This Annual Plan concentrates on the 2016/17 year. Details of what we want to do 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 2016/17

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 proposed 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 proposed activities, and it explains the various funding sources and how they are calculated.

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

It is intended that following consultation, this Annual Plan, including the prospective financial statements included in it, will be adopted by Council at its meeting on 22 June 2016.

Community Outcomes

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

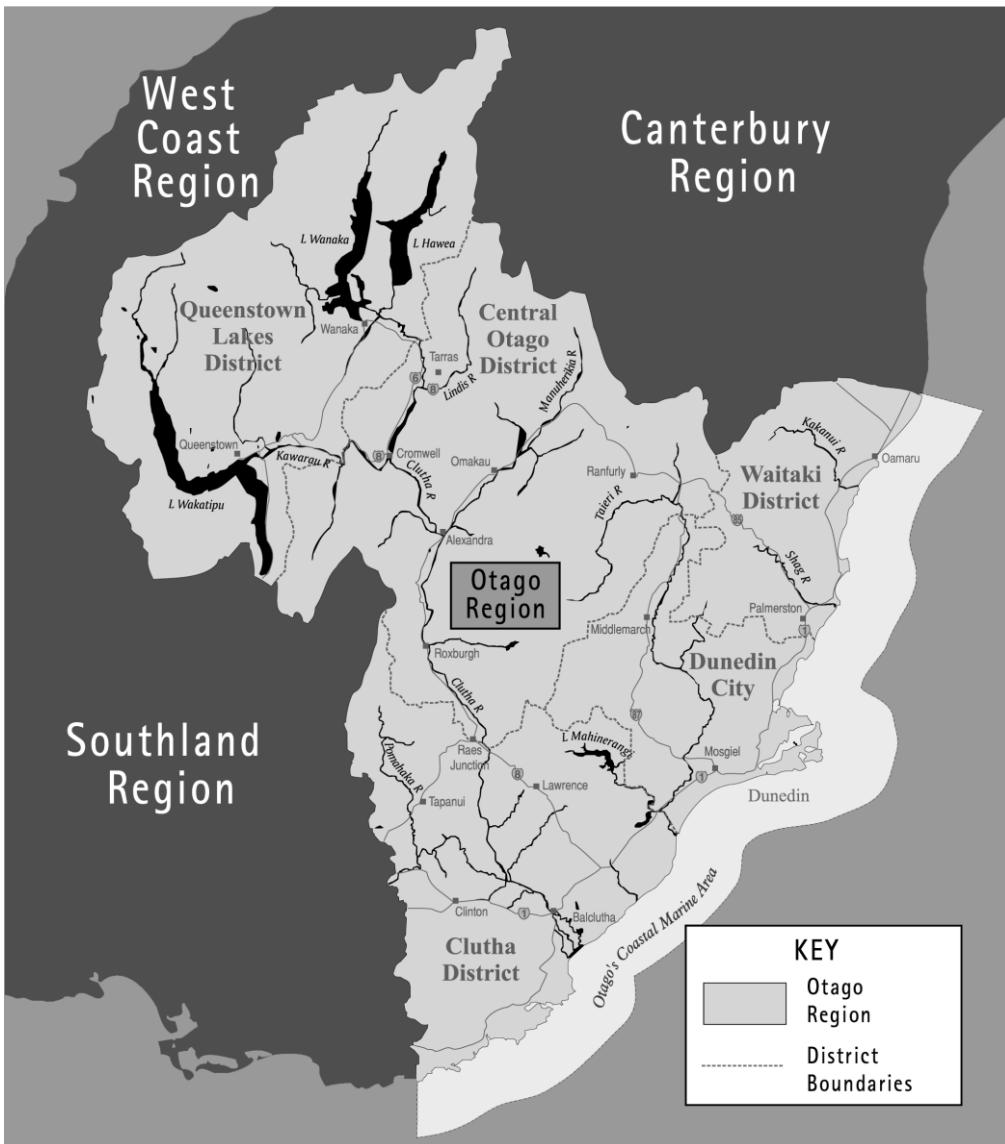
Council has given consideration to its Community Outcomes. It has identified the following community outcomes that it aims to achieve for the intermediate and long term future of Otago, and they are:

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

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

Part 1 – The Otago Region and its Council

The Otago Region

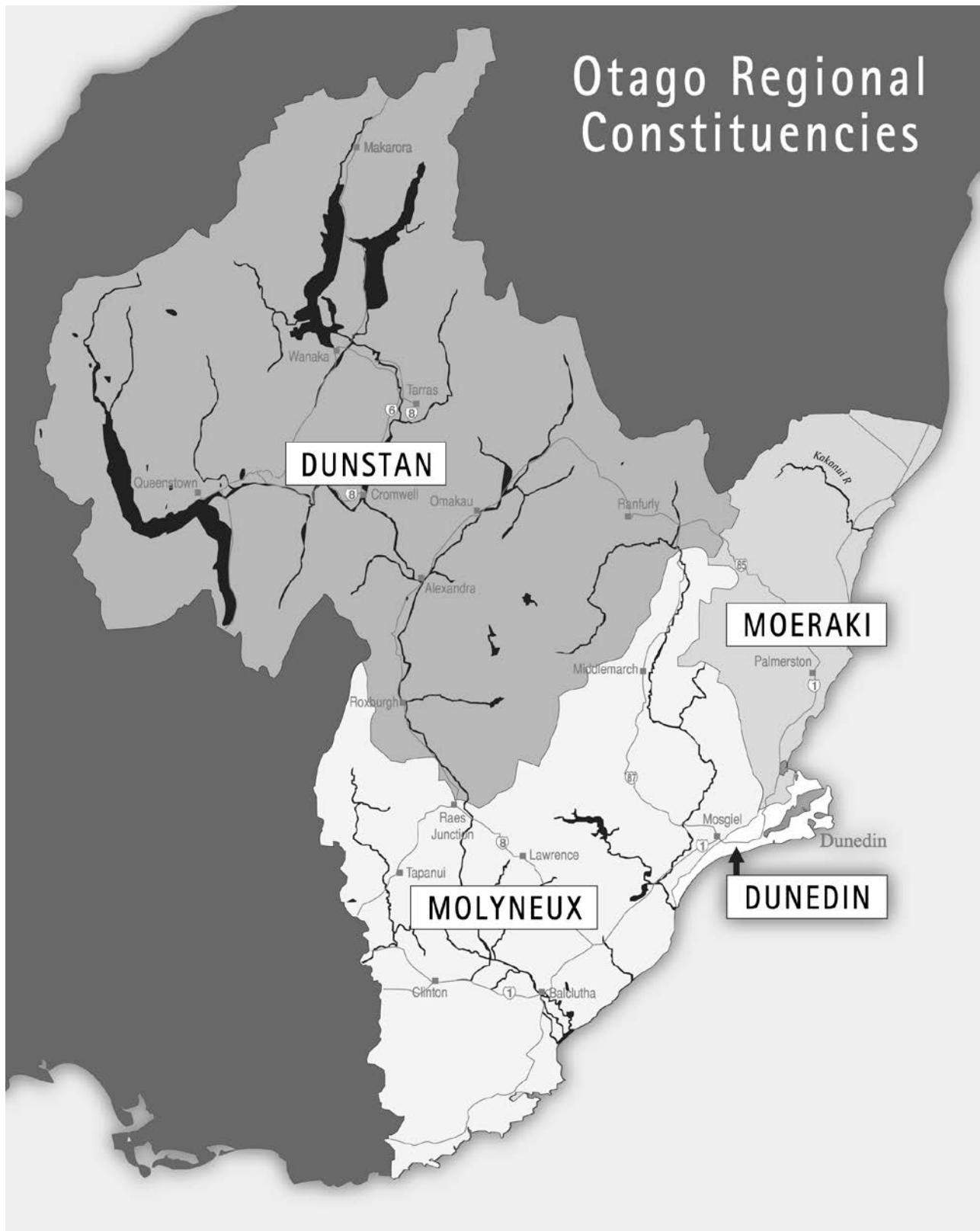


Otago is the second largest region in New Zealand in terms of land area; approximately 32,000 square kilometres or 12% of New Zealand's land area. The coastline stretches approximately 470 km from the Waitaki River in the north to Wallace Beach in the south. The coastal marine area extends out to sea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

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

Otago's resident population is 211,600, which is approximately 5% of New Zealand's total population of 4.6 million (June 2014 Estimate, Statistics NZ). Approximately 60% of the region's population live in the Dunedin main urban area.

Your Elected Councillors



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

Molyneux Constituency



Stephen Woodhead (Chairperson)

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

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David Shepherd

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

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Dunedin Constituency



Louise Croot MNZM

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

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

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

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

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Michael Deaker

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.

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Trevor Kempton

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.

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Sam Neill

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.

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Gretchen Robertson (Deputy Chairperson)

Gretchen is a 7th generation Dunedinite.

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

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

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

Email: gretchen.robertson@orc.govt.nz



Bryan Scott

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.

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Dunstan Constituency



Graeme Bell

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

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

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Gerrard Eckhoff

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

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

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Gary Kelliher

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

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Moeraki Constituency



Doug Brown

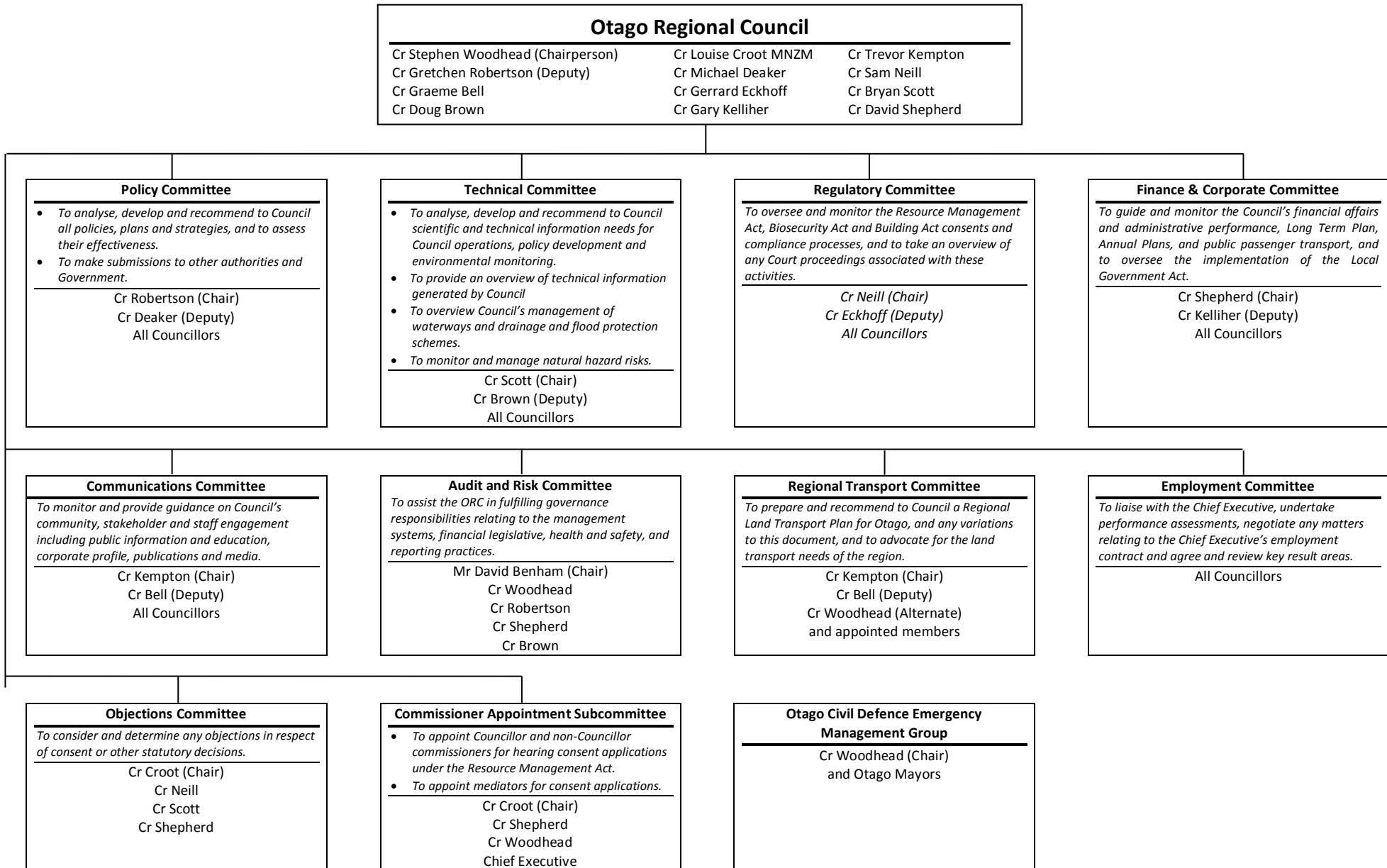
Doug Brown is a sheep farmer from Maheno in North Otago. He is a B.Ag.Sc. graduate from Lincoln University and a past National President of the Young Farmers Clubs organisation.

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

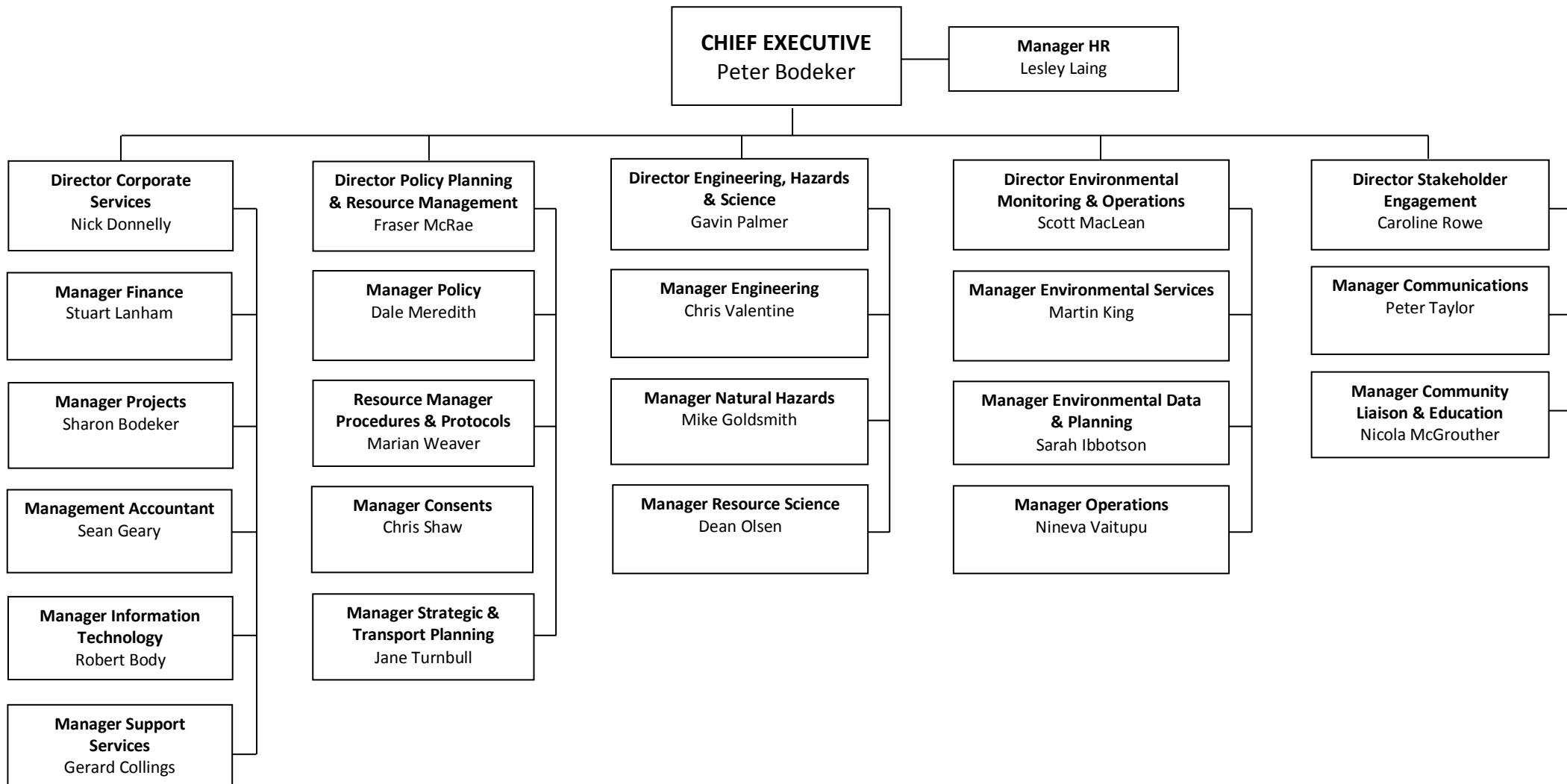
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Committee Structure



Directorate and Management Structure



Development of Maori Capacity to Contribute to Decision Making

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

Te Rünanga o Ngäi Tahu is the tribal representative body of Ngäi Tahu Whänui, a body corporate established 24 April 1996. The takiwä (area) of Ngäi Tahu Whänui includes the entire area of Otago Region.

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

- Te Rünanga Moeraki;
- Kati Huirapa Rünanga ki Puketeraki;
- Te Rünanga o Ötäkou; and
- Hokonui Rünaka.

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

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

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

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

Port Otago Limited

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

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

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

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

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

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

Contact Information

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Palmerston
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Cromwell Depot
14 Rogers Street
Cromwell

Telephone (03) 445 0122

Wanaka Depot
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Wanaka
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Website: www.orc.govt.nz; Email: info@orc.govt.nz; Pollution hotline (all offices): 0800-800-033

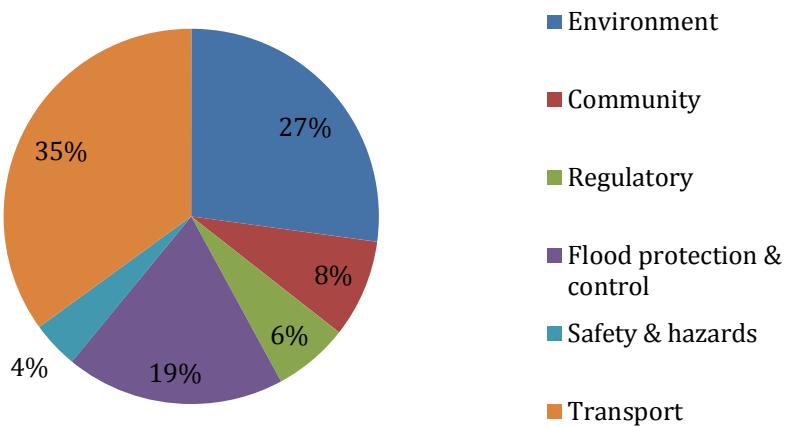
Part 2 – What we will do

Significant Activities

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

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

Expenditure by Activity 2016/17



Environment

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

This significant activity includes the following:

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

Community Outcomes

Our environmental activities contribute to the following community outcomes:

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

Estimated environmental expenditure (including capital expenditure and depreciation) by activity is as follows:

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
7,498	Water	7,653	7,710
440	Air	451	368
2,085	Land	1,982	2,181
1,958	Rivers & waterway management	1,822	1,991
1,116	Environmental incident response	1,263	1,222
13,097	Total expenditure	13,171	13,472

1. Water

1.1 What we do

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

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

For water quality we do not set out rules on how land use activities should be undertaken, but we do have rules around what level of contaminants may be discharged into our waterways. In other words, we are not interested in controlling land use activities by issuing resource consents, but we are concerned about

how the discharges from land will impact water quality. We have maximum discharge thresholds that must be met by 2020.

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

Our coastal environment is highly valued, and so we want to ensure its efficient management. This year we will commence the development of a Coastal Strategy for Otago, and this will involve liaising with agencies and others who hold a wealth of information on our coastal resource. The strategy is planned to be completed in 2017/18.

We are planning to report on the health of the Waikouaiti Estuary, and commence a monitoring programme for the health and water quality of the Shag River Estuary.

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

1.2 Issues we are facing

Water Quality

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

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

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

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

Council is aware that there are other contaminant discharges affecting our water quality from septic tanks, storm water discharges, industrial and trade waste, and hazardous substances. The Long Term Plan addresses these issues through a series of proposed plan changes to the Regional Plan: Water. The plan changes will provide new rules for dealing with these types of urban discharges. In 2016/17 we plan to complete a comprehensive Water Quality Strategy, focussing on non-rural contaminant issues, and commence a plan change for dealing with septic tanks.

Water Quantity

Resource consents allow landholders to take water within agreed limits. Mining privileges will expire in 2021. This means that those landholders with mining privileges will need to obtain resource consent if they wish to continue taking water.

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

There are still a number of rivers and aquifers in Otago that require minimum flows. Minimum flows provide the basis of how much water is available and assists the issuing of resource consent and water allocation limits. The Long Term Plan has a programme in place for completing minimum flow work on our remaining rivers and aquifers from which water is taken, and incorporating them into our Regional Plan: Water. This Annual Plan provides for commencing plan changes for minimum flows and aquifer regimes including in Cardrona, Manuherikia and Hawea. The development of a Consultation Draft for a proposed management regime for the Clutha River/Mata Au is also provided for.

1.3 What we will deliver

Level of Service – Water Quality		Performance Measure	Performance Targets 2016/17
Maintain or improve water quality.		SOE monitoring.	Monitor to assess that water quality that meets thresholds set out in the Regional Plan: Water continue to be met.
		Awareness survey.	Landholder awareness of Regional Plan: Water rules at 90%.
		Dairy inspections and other farm monitoring, e.g ponding, sedimentation.	Every dairy farm will be visited and assessed for compliance with prohibited activity rules.

Level of Service – Water Quantity		Performance Measure	Performance Targets 2016/17
Water is managed to meet needs of Otago community.		Sustainable environmental flows and allocation limits set on river levels, streams, and groundwater resources.	Publish science work for setting minimum flows/environmental levels.
			Monitor compliance with set minimum flows/environmental levels.

1.4 Specific areas of work

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

1.5 What assumptions we have made

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

2. Air

2.1 What we do

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

A National Environmental Standard (“NES”) for Air Quality, established by the Government, sets a maximum allowable daily concentration for PM₁₀ of 50 micrograms per cubic metre of air. PM₁₀ refers to particulate matter less than 10 microns in diameter, and is measured in micrograms per cubic metre of air. The NES will allow up to three exceedances per year of the PM₁₀ standard by 2016, and full compliance (no more than one exceedance per year) by 2020. We are responsible for ensuring compliance with the NES. Under the RMA, we are also responsible for controlling the discharge of contaminants to air and our Regional Plan: Air sets out our rules for this.

Monitors have been installed in selected Otago towns so that we can measure air quality. Our monitoring has shown many high readings, i.e., in excess of PM₁₀, in Arrowtown, Alexandra, Cromwell, and Clyde (Air Zone 1) and Milton, and fewer high readings in Central Dunedin, Mosgiel and Balclutha.

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

2.2 Issues we are facing

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

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

This year we plan to complete developing an Air Strategy for Otago to assist in dealing with this issue, and input from key stakeholders will be sought.

2.3 What we will deliver

Level of Service	Performance Measure	Performance Targets 2016/17
Improve air quality	Ambient (PM ₁₀) air quality in targeted towns.	Monitor air quality to assess compliance with the NES requirement of no more than one daily average reading of PM ₁₀ per annum to be higher than 50 micrograms per cubic metre.

2.4 Specific areas of work

Specific areas of work in 2016/17	2016/17
Complete the development of an Air Strategy for Otago.	✓
Support through funding, the installation of clean heating appliances in targeted towns (Airzone 1 and Milton).	✓
Identify research needs and opportunities in relation to low emission solid fuel burners and promote that research.	✓

2.5 What assumptions we have made

- The continued use of solid fuel burners will not meet the NES for air quality in Air Zone 1 and Milton.
- There will be no changes in the NES for air quality in the next 10 years.

3. Land

3.1 What we do

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

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

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

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

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

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

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

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

3.2 Issues we are facing

Wilding pines are considered to be a significant issue by many in the Otago community. There is growing concern about the spread of wilding trees in all districts of Otago and in neighbouring regions. This plan provides for Council making a contribution of \$100,000 towards the control of wilding pines in the Central Otago and Queenstown Lakes districts. This is a new activity for Council, and it is proposed that the contribution be funded by the introduction of a new targeted rate.

3.3 What we will deliver

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

3.4 Specific areas of work

Specific areas of work in 2016/17	2016/17
Develop a Biodiversity Strategy for Otago.	✓

3.5 What assumptions we have made

- The level of enforcement action taken by Council will increase, particularly on feral rabbits in Central Otago.

4. Rivers and Waterway Management

4.1 What we do

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

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

4.2 Issues we are facing

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

In response to this, the Long Term Plan incorporates a programme for developing River Morphology and Riparian Management Plans for many of our major rivers in Otago. In 2016/17 we propose developing these plans for the Cardrona, Waianakarua and Shag Rivers, setting out river values, management objectives and the roles of ORC, landholders and other stakeholders.

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

4.3 What we will deliver

Level of Service	Performance Measure	Performance Targets 2016/17
Ensure waters can flow without obstruction.	Time taken to investigate and action reported blockages.	Investigate all reported blockages obstructing scheduled rivers within 10 working days and action appropriately.

4.4 Specific areas of work

Specific areas of work in 2016/17	2016/17
Develop River Morphology and Riparian Management Plans.	✓
Implement the maintenance strategies for non-flood scheme assets.	✓

4.5 What assumptions we have made

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

5. Environmental Incident Response

5.1 What we do

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

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

5.2 What we will deliver

Level of Service	Performance Measure	Performance Targets 2016/17
Council will be ready and able to respond to all environmental incidents.	Time taken to respond.	Acknowledge and assess the necessary actions of reported incidents within 0.5 hours of receipt.

5.3 Specific areas of work

Specific areas of work in 2016/17	2016/17
Establish and manage a central contaminated sites database for regional use.	✓

5.4 What assumptions we have made

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

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

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

Funding Impact Statement – Environment

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
	<i>Sources of operating funding:</i>		
2,587	General rates, UAGC & rate penalties	3,307	2,763
1,751	Targeted rates	2,445	2,037
13	Subsidies & grants	-	13
919	Fees & charges	570	939
747	Internal charges & overheads recovered	217	766
4,734	Fines, infringement fees & other receipts	5,291	4,930
10,751	Total operating funding	11,830	11,448
	<i>Application of operating funding:</i>		
7,722	Payments to staff & suppliers	7,769	7,843
-	Finance costs	-	-
4,096	Internal charges & overheads	4,991	4,474
-	Other operating funding applications	-	-
11,818	Total applications of operating funding	12,760	12,317
(1,067)	Surplus(deficit) of operating funding	(930)	(869)
	<i>Sources of capital funding:</i>		
-	Subsidies & grants for capital expenditure	-	-
-	Financial contributions	-	-
-	Increase(decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	Total sources of capital funding	-	-
	<i>Application of capital funding:</i>		
	<i>Capital expenditure:</i>		
-	- to meet additional demand	-	-
-	- to improve level of service	-	-
303	- to replace existing assets	265	214
(1,370)	Increase(decrease) in reserves	(1,195)	(1,083)
-	Increase(decrease) in investments	-	-
(1,067)	Total application of capital funding	(930)	(869)
1,067	Surplus(deficit) of capital funding	930	869
-	Funding balance	-	-

Community

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

This significant activity includes the following:

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

Community Outcomes

Our community activities contribute to the following community outcomes:

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

Estimated Community expenditure (including capital expenditure and depreciation) is as follows:

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
1,375	Democracy	1,548	1,560
1,934	Public information and awareness	2,087	2,038
504	Financial contributions	350	361
-	Regional economic development	100	-
3,813	Total expenditure	4,085	3,959

7. Democracy, Public Information and Awareness

7.1 What we do

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

Every three years an election of Councillors is held, and an election will be held in October 2016.

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

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

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

Council contributes funding towards initiatives undertaken by community and other groups, and to the Otago Emergency Rescue Helicopter.

This plan provides for the development of a Regional Economic Strategy for Otago, its purpose being to identify key economic drivers for the region, the barriers to achieving economic growth, and identifying ways those barriers may be overcome. It is proposed that the development of this strategy will be funded from reserves.

7.2 What we will deliver

Level of Service	Performance Measure	Performance Targets 2016/17
Effective, open and transparent democratic Council processes.	Completion of statutory public accountability processes.	Complete all planning and reporting within statutory timeframes and requirements.
Provide information to enable the public to be informed of Council and Committee meetings.	Time for making meeting agendas available to the public.	All meeting agendas to be available at least two working days prior to each meeting.

7.3 Specific areas of work

Specific areas of work in 2016/17	2016/17
Hold at least two meetings each year with Iwi representatives.	✓
Respond to issues, activities and queries on matters that require a regional perspective or impact on regional resource management functions.	✓
Install Otago Regional signs at the State Highway regional boundary intersections.	✓
Develop a regional economic development plan for the Otago region.	✓

Funding Impact Statement – Community

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
	<i>Sources of operating funding:</i>		
1,361	General rates, UAGC & rate penalties	1,484	1,430
145	Targeted rates	-	145
-	Subsidies & grants	-	-
131	Fees & charges	131	134
-	Internal charges & overheads recovered	-	-
2,405	Fines, infringement fees & other receipts	2,220	2,482
4,042	Total operating funding	3,835	4,191
	<i>Application of operating funding:</i>		
3,071	Payments to staff & suppliers	2,916	3,189
-	Finance costs	-	-
973	Internal charges & overheads	1,162	1,007
-	Other operating Funding applications	7	-
4,044	Total applications of operating funding	4,085	4,196
(2)	Surplus(deficit) of Operating funding	(250)	(5)
	<i>Sources of capital funding:</i>		
-	Subsidies & grants for capital expenditure	-	-
-	Financial contributions	-	-
-	Increase(decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	Total sources of capital funding	-	-
	<i>Application of capital funding:</i>		
	<i>Capital expenditure:</i>		
-	- to meet additional demand	-	-
-	- to improve level of service	-	-
-	- to replace existing assets	-	-
(2)	Increase(decrease) in reserves	(250)	(5)
-	Increase(decrease) in investments	-	-
(2)	Total application of capital funding	(250)	(5)
2	Surplus(deficit) of Capital funding	250	5
-	Funding balance	-	-

Regulatory

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

This significant activity includes:

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

Community Outcomes

Our regulatory activities contribute to the following community outcomes:

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

Estimated Regulatory expenditure (including capital expenditure and depreciation) is as follows:

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2017/18 \$000s
434	Policy development*	176	152
3,058	Consents and compliance	2,694	3,233
319	Harbour management	273	300
3,811	Total expenditure	3,143	3,685

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

8. Policy Development

8.1 What we do

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

A review and update of the RPS commenced in 2013/14. A final RPS will be released by 30 June 2015. Any appeals that may be received will be dealt with in 2016/17.

8.2 Specific areas of work

Specific areas of work in 2016/17	2016/17
Address any appeals made on the RPS and make operative	✓

8.3 What assumptions we have made

- Appeal is likely over some RPS provisions.

9. *Consents and Compliance*

9.1 What we do

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

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

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

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

9.2 Issues we are facing

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

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

9.3 What we will deliver

Level of Service	Performance Measure	Performance Targets 2016/17
Process resource consent applications in a timely manner.	RMA and Building Act statutory timeframes.	100% of consents are processed within the statutory timeframes.
	Biannual customer satisfaction survey	80% customer satisfaction with process.
Ensuring consent conditions for the use of Otago's air, water and coastal resources are complied with.	Performance monitoring returns show compliance with consent conditions.	100% of performance monitoring data received will be assessed for compliance with consent conditions.
	Enforcement of non-compliance.	All non-compliance found will be followed up and enforced in accordance with Council procedures.

9.4 Specific areas of work

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

9.5 What assumptions we have made

- Level of consent processing will increase up until 2021 when mining privileges expire.
- Compliance monitoring activity will increase over time to assess effects of activities on water quality.

10. Harbour Management

10.1 What we do

Council is responsible for harbour safety and navigation in the Otago and Karitane harbours, which includes ensuring a prompt response to harbour incidents, and notifying relevant authorities if required.

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

10.2 What we will deliver

Level of Service	Performance Measure	Performance Target 2016/17
Safe recreational use and navigation for all users of the Otago harbour.	Number of harbour incidents.	No major (collision) harbour incidents.
Council will be ready to respond to oil spills and ensure restoration.	Respond to oil spills in timely manner.	Respond within 1.5 hours of notification.

10.3 Specific areas of work

Specific areas of work in 2016/17	2016/17
Complete Port harbour safety review.	✓
Hold one desk top and one field exercise for marine oil incident response.	✓

Funding Impact Statement – Regulatory

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
	<i>Sources of operating funding:</i>		
519	General rates, UAGC & rate penalties	371	416
187	Targeted rates	-	217
35	Subsidies & grants	55	35
2,240	Fees & charges	2,038	2,387
131	Internal charges & overheads recovered	131	131
1,003	Fines, infringement fees & other receipts	548	815
4,115	Total operating funding	3,143	4,001
	<i>Application of operating funding:</i>		
2,509	Payments to staff & suppliers	1,563	2,364
-	Finance costs	-	-
1,761	Internal charges & overheads	1,461	1,691
-	Other operating funding applications	-	-
4,270	Total applications of operating funding	3,024	4,055
(155)	Surplus(deficit) of operating funding	119	(54)
	<i>Sources of capital funding:</i>		
-	Subsidies & grants for capital expenditure	-	-
-	Financial contributions	-	-
-	Increase(decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital Funding	-	-
-	Total sources of capital funding	-	-
	<i>Application of capital funding:</i>		
	<i>Capital expenditure:</i>		
-	- to meet additional demand	-	-
-	- to improve level of service	-	-
60	- to replace existing assets	-	77
(215)	Increase(decrease) in reserves	119	(131)
-	Increase(decrease) in investments	-	-
(155)	Total application of capital funding	119	(54)
155	Surplus(deficit) of capital funding	(119)	54
-	Funding balance	-	-

Flood Protection & Control Works

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

This significant activity covers the following schemes:

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

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

Community Outcomes

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

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

Estimated Flood Protection and Control Works expenditure (including capital expenditure and depreciation) by activity is as follows:

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
274	Alexandra flood protection	223	206
4,313	Leith flood protection	5,020	4,471
1,474	Lower Clutha flood and drainage	1,718	1,683
917	Lower Taieri flood	634	564
616	West Taieri drainage	781	808
527	East Taieri drainage	619	606
106	Tokomairiro drainage	92	96
16	Shotover River Delta	29	16
60	Land drainage response	33	31
8,303	Total expenditure	9,149	8,481

11.1 What we do

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

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

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

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

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

11.2 Issues we are facing

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

In 2016/17, for each of our drainage schemes, we will implement methods for improving the quality of water discharged at scheme pump stations.

11.3 What we will deliver

Level of Service – Alexandra Flood	Performance Measure	Performance Target 2016/17
	Response to flood events or damage.	Flood damage identified, prioritised and repaired.
Reduce the flood risk to people and property by maintaining, repairing and renewing flood protection works to agreed standards.	Maintain and renew flood mitigation works to ensure design standards are met.	Contain all floods up to 142.75m (above mean sea level) at Alexandra Bridge with 0.5m freeboard, corresponding with a flood flow of approximately 4,350 cubic metres per second and being equivalent to the greatest recorded flood (in 1878) but with the Lake Hawea control gates closed.
		Pump capacity will be available 360 out of 365 days per annum (excluding times of planned maintenance) (refer Note 1).

Note 1: Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.

Level of Service – Leith Flood	Performance Measure	Performance Target 2016/17
Reduce the flood risk to people and property by maintaining flood protection works to agreed standards.	<p>By 2019/20, increase capacity to 171 cubic metres per second (measured at St David Street footbridge). Represents 1 in 100 year flood with freeboard.</p>	<p>Undertake works between Union Street and Leith Street (including Leith Street bridge and the ITS building/bend).</p> <p>Complete investigations and design works at Dundas Street bridge.</p>

Level of Service – Lower Clutha Flood & Drainage	Performance Measure	Performance Target 2016/17
Reduce the flood risk to people and property by maintaining, repairing and renewing flood protection works to agreed standards.	<p>Respond to flood events or damage.</p>	Flood damage identified, prioritised and repaired.
	<p>Maintain and renew flood mitigation works to ensure design standards are met.</p>	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 flows measured at Balclutha) based on past observed floods.
Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.	<p>Respond to events or damage</p>	Damage identified, prioritised and repaired.
	<p>Maintain and renew drainage works to ensure design standards are met.</p>	<p>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.</p> <p>Pump capacity will be available at each station 363 out of 365 days per annum, excluding times of planned maintenance (refer Note 1).</p>

Note 1: Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.

Level of Service – Lower Taieri Flood	Performance Measure	Performance Target 2016/17
Reduce the flood risk to people and property by maintaining and repairing and renewing flood protection works to agreed standards.	<p>Respond to flood events or damage.</p> <p>Maintain and renew flood mitigation works to ensure design standards are met.</p>	<p>Flood damage identified, prioritised and repaired.</p> <p>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.</p> <p>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.</p> <p>No flooding of West Taieri from Taieri River flows up to 2,500 cubic metres per second.</p> <p>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.</p>

Level of Service – West Taieri Drainage	Performance Measure	Performance Target 2016/17
Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.	<p>Respond to events or damage.</p> <p>Maintain and renew drainage works to ensure design standards are met.</p>	<p>Damage identified, prioritised and repaired.</p> <p>Provide drainage modulus of 10mm per day pumped drainage capacity.</p> <p>Pump capacity for Waipori will be available 360 out of 365 days per annum, excluding times of planned maintenance (refer Note 1).</p> <p>Pump capacity will be available at Ascog and Henley 355 out of 365 days per annum, excluding times of planned maintenance (refer Note 1).</p>

Note 1: Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.

Level of Service – East Taieri Drainage		Performance Measure	Performance Target 2016/17
Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.	Respond to events or damage.	Damage identified, prioritised and repaired.	
	Maintain and renew drainage works to ensure design standards are met.	Provide drainage modulus of 8mm per day pumped drainage capacity for East Taieri upper ponding area and 18mm per day for East Taieri lower ponding area.	
		Pump capacity will be available 355 out of 365 days per annum, excluding times of planned maintenance (refer Note 1).	

Level of Service – Tokomairiro Drainage		Performance Measure	Performance Target 2016/17
Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.	Respond to events or damage	Damage identified, prioritised and repaired.	
	Existing land drainage works perform to agreed standards, and drainage works are monitored and maintained to agreed standards.	The drains and channel flow paths within the scheme are maintained to ensure hydraulic capacity.	

Level of Service – Shotover		Performance Measure	Performance Target 2016/17
Ensure waters can flow without undue obstruction.	Difference between actual and target profiles for surface.	Surface of Shotover River delta is consistent with the target profile.	

Note 1: Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.

11.4 Specific areas of work

Specific areas of work in 2016/17	2016/17
Alexandra – overhaul Left Bank pump.	✓
Lower Clutha – complete altering the drainage infrastructure of Lake Tuakitoto / Robsons Lagoon so as to improve wetland ecosystem values.	✓
Lower Clutha – obtain landholder agreement and consenting (if required) of the improvements to the Koau right floodbank at Factory Road (Paratai).	✓
Lower Taieri – continue investigations and consult on technical proposals and funding of new upper/lower pond link spillways or the alternative option of relocating the floodbank(s) through the chute of the Taieri River.	✓
Lower Taieri – design and consenting (if required) of the re-profiling of the Taieri right and left bank crest between Outram and Otokia, of the improvement to the Lower Pond threshold of operation to ensure the spillway will operate as designed, and of the relocation of the Taieri right floodbank superdesign spillway (Outram).	✓
Lower Taieri – construct a weighting blanket beside the Taieri River right floodbank at Otokia so as to reduce the likelihood of foundation piping and floodbank failure at that location (deferred from 2015/16).	✓
East Taieri – consult on technical proposals and funding of drainage improvements for the upper pond after inundation/flood, including options to improve the effectiveness of the Silver Stream pump station.	✓

Funding Impact Statement – Flood Protection & Control Works

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
	<i>Sources of operating funding:</i>		
101	General rates, UAGC & rate penalties	196	86
3,665	Targeted rates	3,671	3,955
-	Subsidies & grants	-	-
244	Fees & charges	212	176
-	Internal charges & overheads recovered	-	-
520	Fines, infringement fees & other receipts	633	488
4,530	Total operating funding	4,712	4,705
	<i>Application of operating funding:</i>		
2,140	Payments to staff & Suppliers	2,044	1,993
-	Finance costs	-	-
952	Internal charges & overheads	955	901
-	Other operating funding applications	-	-
3,092	Total applications of operating funding	2,999	2,894
1,438	Surplus(deficit) of operating funding	1,713	1,811
	<i>Sources of capital funding:</i>		
-	Subsidies & grants for capital expenditure	-	-
-	Financial contributions	-	-
-	Increase(decrease) in debt	-	-
605	Gross proceeds from sale of assets	-	620
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
605	Total sources of capital funding	-	620
	<i>Application of capital funding:</i>		
	<i>Capital expenditure:</i>		
-	- to meet additional demand	-	-
4,514	- to improve level of service	5,006	4,990
599	- to replace existing assets	527	425
(3,070)	Increase(decrease) in reserves	(3,820)	(2,984)
-	Increase(decrease) in investments	-	-
2,043	Total application of capital funding	1,713	2,431
(1,438)	Surplus(deficit) of capital funding	(1,713)	(1,811)
-	Funding balance	-	-

Safety & Hazards

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

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

This significant activity includes the following:

- Emergency Management;
- Natural Hazards.

Community Outcomes

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

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

Estimated Safety and Hazards expenditure (including capital expenditure and depreciation) by activity is as follows:

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
428	Emergency Management	702	520
1,621	Natural Hazards	1,261	1,559
2,049	Total Expenditure	1,963	2,079

12.1 Emergency management

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

12.2 What we will deliver

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

12.3 Specific areas of work

Specific areas of work	2016/17
Lead the review and development of the 2017-22 Otago CDEM Group Plan.	✓
Develop a Group Alpine Fault Earthquake Response Plan and implement it.	✓
Complete the development of the Group Risk Reduction Strategy and implement it.	✓

13.1 Natural Hazards

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

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

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

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

13.2 What we will deliver

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

13.3 Specific areas of work

Specific areas of work in 2016/17	2016/17
Collate existing information and investigate to assist describing the location and characteristics of known active geological faults in Otago.	✓
Assess the hazard significance of mapped landslide features for the Otago region.	✓
Undertake a joint ORC/QLDC flood awareness campaign in Queenstown and Wanaka.	✓

Funding Impact Statement – Safety & Hazards

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
	<i>Sources of operating funding:</i>		
614	General rates, UAGC & rate penalties	793	718
-	Targeted rates	-	-
-	Subsidies & grants	-	-
-	Fees & charges	-	-
-	Internal charges & overheads recovered	-	-
1,053	Fines, infringement fees & other receipts	1,170	1,361
1,667	Total operating funding	1,963	2,079
	<i>Application of operating funding:</i>		
1,155	Payments to staff & suppliers	1,145	1,116
-	Finance costs	-	-
894	Internal charges & overheads	816	961
-	Other operating funding applications	-	-
2,049	Total applications of operating funding	1,961	2,077
(382)	Surplus(deficit) of Operating funding	2	2
	<i>Sources of capital funding:</i>		
-	Subsidies & grants for Capital expenditure	-	-
-	Financial contributions	-	-
-	Increase(decrease) in debt	-	-
-	Gross proceeds from sale Of assets	-	-
-	Lump sum contributions	-	-
	Other dedicated capital Funding	-	
-	Total sources of capital funding	-	-
	<i>Application of capital funding:</i>		
	<i>Capital expenditure:</i>		
-	- to meet additional Demand	-	-
-	- to improve level of Service	-	-
-	- to replace existing Assets	-	-
(382)	Increase(decrease) in reserves	2	2
-	Increase(decrease) in investments	-	-
(382)	Total application of capital funding	2	2
382	Surplus(deficit) of Capital funding	(2)	(2)
-	Funding balance	-	-

Transport

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

This significant activity includes the following:

- Regional transport planning;
- Public passenger transport.

Community Outcomes

Our transport activities contribute to the following community outcomes:

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

Estimated Transport expenditure (including capital expenditure and depreciation) by activity is as follows:

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
123	Regional transport planning	168	129
13,988	Public passenger transport	16,320	12,923
52	Stock truck effluent disposal sites	495	63
14,163	Total Expenditure	16,983	13,115

14.1 Regional transport planning and public passenger transport

The Regional Transport Committee has responsibility for preparing the Regional Land Transport Plan which stays in effect for a period of six years. The 2015-21 plan will be reviewed in 2018, and a new plan developed for the 2021-27 period.

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

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

Initiatives planned for Dunedin passenger transport include the development of a central bus hub which will be completed in 2017/18, and implementing a new electronic ticketing system which will be completed in 2016/17. These projects will be partly funded from NZTA and the remainder through the Dunedin transport reserve.

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

This plan provides for the construction of a new stock truck effluent disposal site in Central Otago. The construction will be conditional on obtaining NZTA grant funding. The balance of the construction cost is proposed to be funded from reserves.

14.2 What we will deliver

Level of Service	Performance Measure	Performance Target 2016/17
Provide passenger transport services that meet community need.	Reliability of service.	Dunedin: 95% of services monitored depart from the terminus on time.
	Vehicle quality.	Dunedin: 100% of vehicles comply with Regional Passenger Transport Plan Vehicle Quality standards.
	Public satisfaction.	Dunedin: Survey shows at least 85% of bus users are satisfied with overall standard of service.
	Patronage growth.	Dunedin: 3% growth.

14.3 Specific areas of work

Specific areas of work in 2016/17	2016/17
Construct a central city bus hub in Dunedin to be completed in 2017/18.	✓
Complete the implementation of a replacement ticketing system.	✓
Procure and implement real time tracking in Dunedin and Wakatipu.	✓

14.4 What assumptions we have made

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

Funding Impact Statement – Transport

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
	<i>Sources of operating funding:</i>		
169	General rates, UAGC & rate penalties	190	166
3,345	Targeted rates	3,484	3,482
8,212	Subsidies & grants	9,520	7,223
30	Fees & charges	18	24
-	Internal charges & overheads recovered	-	-
553	Fines, infringement fees & other receipts	574	541
12,309	Total operating funding	13,786	11,436
	<i>Application of operating funding:</i>		
13,861	Payments to staff & suppliers	16,203	12,824
-	Finance costs	-	-
302	Internal charges & overheads	346	291
-	Other operating funding applications	-	-
14,163	Total applications of operating funding	16,549	13,115
(1,854)	Surplus(deficit) of operating funding	(2,763)	(1,679)
	<i>Sources of capital funding:</i>		
-	Subsidies & grants for capital expenditure	-	-
-	Financial contributions	-	-
-	Increase(decrease) in debt	-	-
-	Gross proceeds from sale of assets	-	-
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
-	Total sources of capital funding	-	-
	<i>Application of capital funding:</i>		
	<i>Capital expenditure:</i>		
-	- to meet additional demand	-	-
-	- to improve level of service	426	-
-	- to replace existing assets	-	-
(1,854)	Increase(decrease) in Reserves	(3,189)	(1,679)
-	Increase(decrease) in investments	-	-
(1,854)	Total application of capital funding	(2,763)	(1,679)
1,854	Surplus(deficit) of capital funding	2,763	1,679
-	Funding balance	-	-

Part 3 – Financial Information

Significant Forecasting Assumptions

The significant forecasting assumptions made in preparing the Long Term Plan and 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. A building reserve has been established for addressing the accommodation needs for Council's head office. This assumption is assessed as having a low level of risk.

Growth Change Factors

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

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

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

New Zealand Transport Agency Subsidy Rates

The following rates of subsidy used are based on rates currently advised by the New Zealand Transport Agency.

- Transport planning and public passenger transport to receive 51% subsidy:
- New bus ticketing system to receive 65% subsidy.
- Total Mobility to receive 60% subsidy.
- Total Mobility flat rate payments to receive 100% subsidy.

The risks of these assumptions are assessed as having a low to medium level of uncertainty. The New Zealand Transport Agency has given no indication that the 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 the value of Council's investment in Port Otago will grow in value by \$10 million.

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

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

Forecast Return on Investments

Forecast returns used in the estimates are as follows:

- Earning rate and internal borrowing rate of 3.5% per annum on cash balances, and the managed fund.
- All Port Otago Limited dividends will be received fully imputed and accordingly no taxation liability will arise in respect of them.

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

Capital Expenditure

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

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

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

Investment Properties

This plan assumes that Council will not sell any of its investment properties during the year.

Legislation

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

Climate Change

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

Funding Impact Statement

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
	<i>Sources of operating funding:</i>		
5,554	General rates, UAGC &rate penalties	6,341	5,800
9,092	Targeted rates	9,599	9,824
8,259	Subsidies & grants	9,575	7,271
3,565	Fees & charges	2,968	3,660
9,386	Interest & dividends from investments	9,550	9,550
1,934	Fines, infringement fees & other receipts	2,151	2,122
37,790	Total operating funding	40,184	38,227
	<i>Applications of operating funding:</i>		
37,952	Payments to staff & suppliers	42,166	37,316
71	Finance costs	100	73
51	Other operating funding applications	141	53
38,074	Total applications of operating funding	42,407	37,442
(284)	Surplus(deficit) of operating funding	(2,223)	785
	<i>Sources of capital funding:</i>		
-	Subsidies & grants for capital expenditure	-	-
-	Financial contributions	-	-
-	Increase(decrease) in debt	-	-
605	Gross proceeds from sale of assets	-	620
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
605	Total sources of capital funding	-	620
	<i>Application of capital funding:</i>		
	<i>Capital expenditure:</i>		
-	- to meet demand	-	-
4,515	- to improve level of service	5,433	4,990
2,323	- to replace existing assets	2,852	2,089
(6,517)	Increase(decrease) in reserves	(10,508)	(5,674)
-	Increase(decrease) in investments	-	-
321	Total applications of capital funding	2,223	1,405
284	Surplus(deficit) of capital funding	(2,223)	(785)
-	Funding balance	-	-

Funding Impact Statement – Calculation of Rates

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2016/17 including GST	Estimated rates payable including GST		
				Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
General rates:						
General rates - contributes to all activities of council.	Capital value	Where the property is situated.	\$5,469,000 allocated as: Central Otago \$656,000 Clutha \$674,000 Dunedin \$2,202,000 Queenstown \$1,497,000 Waitaki \$440,000	\$22.81 \$23.01 \$27.59 \$19.81 \$21.15	\$54.74 \$55.23 \$66.22 \$47.55 \$50.77	\$364.92 \$368.20 \$441.44 \$317.00 \$338.44
Uniform Annual General Charge - contributes to all activities of council	Fixed charge per rating unit.		\$1,823,000 calculated as \$17.05 per rating unit.	\$17.05	\$17.05	\$17.05
Targeted rates – refer to maps of targeted rating areas						
Dairy monitoring	Fixed charge per rating unit	The activity of being a dairy farm.	\$148,000 allocated as \$325.00 per dairy farm.	\$325.00	\$325.00	\$325.00
Flood protection and control works - Leith flood protection scheme	Capital value	Where the property is situated within the defined scheme area.	\$1,466,000 allocated as: Direct benefit zone: - Forsyth Barr Stadium \$29,000 - Excluding stadium \$704,000 Indirect benefit zone \$733,000	\$246.68 \$13.95	\$592.04 \$33.49	\$3,946.92 \$223.24

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2016/17 including GST		Estimated rates payable including GST		
			Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000	Capital Value \$250,000	Capital Value \$250,000
- Lower Clutha flood and drainage scheme	Capital value	Where the property is situated using approved classifications.	\$630,000 allocated as: A B C D E F U1 U2 U3 U4	\$47,000 \$118,000 \$240,000 \$40,000 \$35,000 \$19,000 \$2,000 \$98,000 \$5,000 \$26,000	\$1,172.08 \$465.38 \$439.53 \$275.78 \$146.51 \$17.24 \$465.35 \$155.13 \$34.47 \$25.86	\$2,812.99 \$1,116.92 \$1,054.87 \$661.87 \$351.62 \$41.37 \$1,116.83 \$372.31 \$82.73 \$62.05	\$18,753.28 \$7,446.12 \$7,032.44 \$4,412.48 \$2,344.16 \$275.80 \$7,445.56 \$2,482.04 \$551.56 \$413.68
- Lower Taieri flood protection scheme	Capital value	Where the property is situated using approved classifications.	\$736,000 allocated as: WF1 WF2 WF3 WF4 WF5 WF6 WF7 WF8 WF9 EF1 EF2 EF3 EF4 EF5 EF6 EF7 EF8 EF9 EF10 EF12 EF13	\$375,000 \$281,000 \$166 \$175 \$1 \$5 \$1 \$753 \$1 \$18,000 \$27,000 \$544 \$7,000 \$1,000 \$910 \$453 \$19,000 \$1,000 \$1,000 \$1,000 \$2,000	\$500.22 \$295.98 \$4.68 \$7.32 \$0.68 \$0.81 \$0.44 \$35.19 \$0.32 \$269.59 \$282.00 \$280.50 \$227.73 \$6.33 \$279.89 \$3.85 \$3.64 \$1.69 \$2.10 \$331.13 \$331.07	\$1,200.53 \$710.36 \$11.23 \$17.57 \$1.64 \$1.94 \$1.04 \$84.45 \$0.77 \$647.02 \$676.80 \$673.21 \$546.55 \$15.18 \$671.74 \$9.24 \$8.72 \$4.04 \$5.03 \$794.72 \$794.56	\$8,003.52 \$4,735.72 \$74.84 \$117.16 \$10.92 \$12.96 \$6.96 \$563.00 \$5.12 \$4,313.48 \$4,512.00 \$4,488.04 \$3,643.68 \$101.20 \$4,478.28 \$61.60 \$58.16 \$26.96 \$33.56 \$5,298.12 \$5,297.04

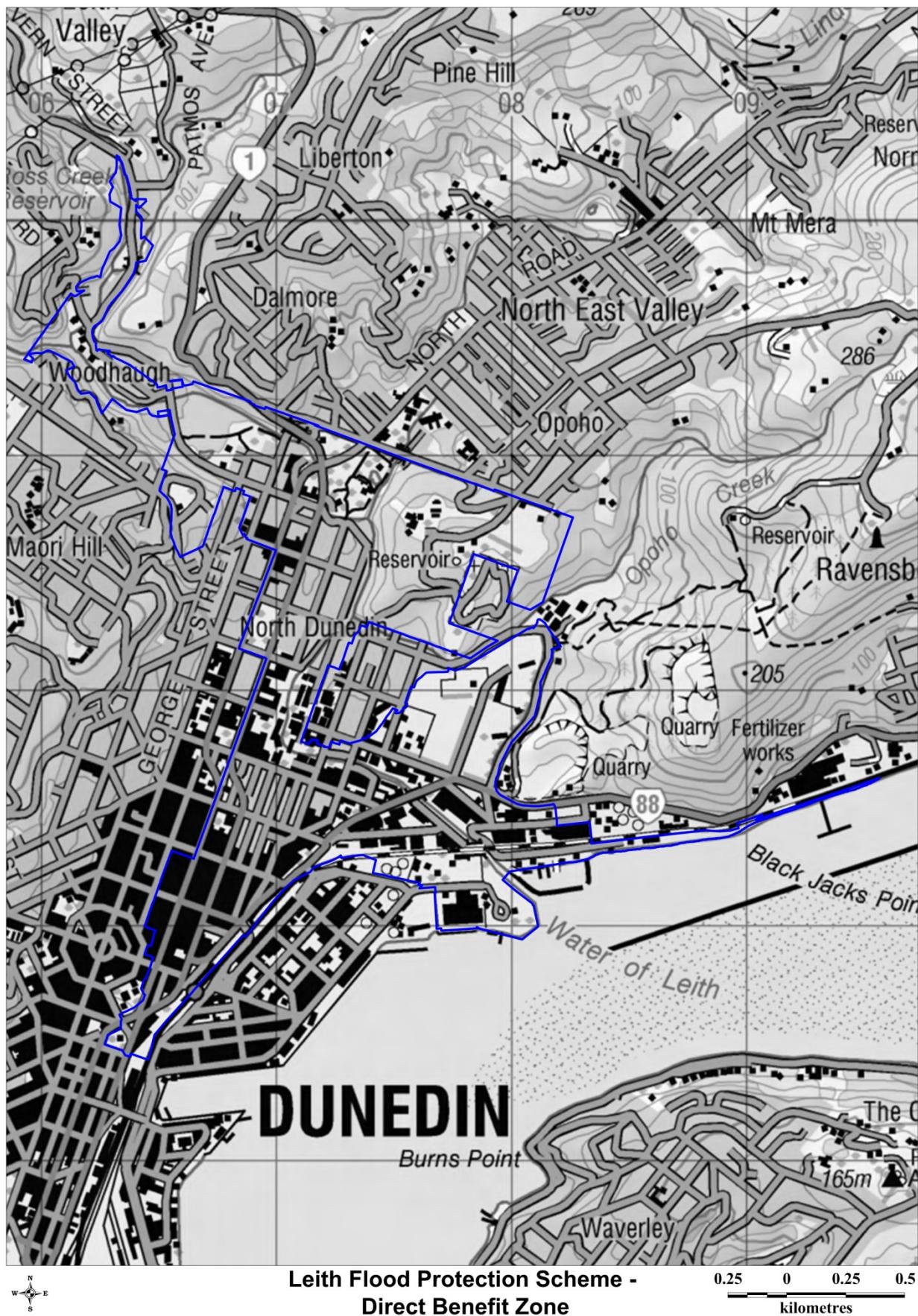
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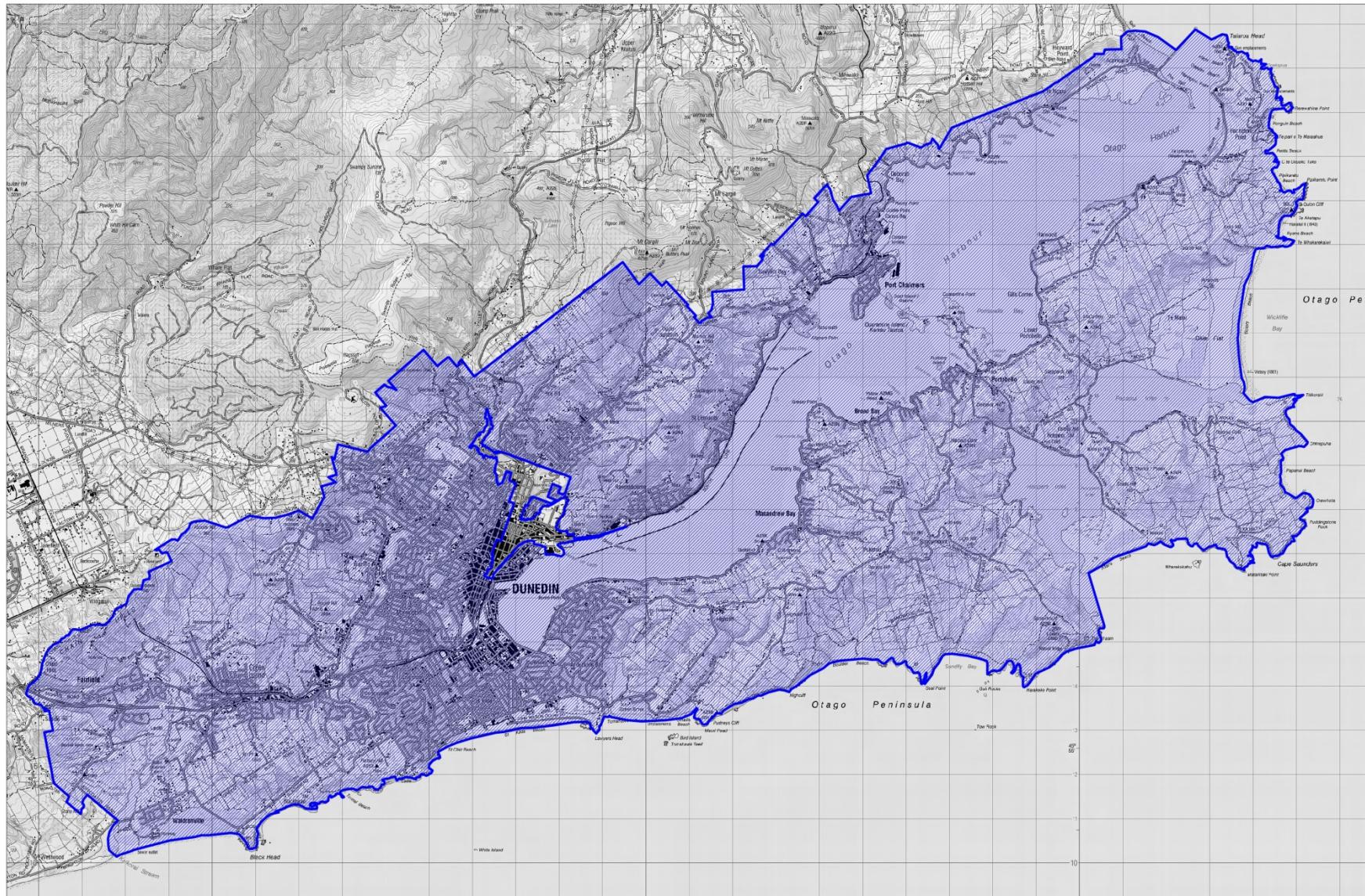
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2016/17 including GST	Estimated rates payable including GST		
				Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
- East Taieri drainage scheme	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$336,000 allocated as follows: ED1 \$122,000 ED2 \$80,000 ED4 \$13,000 ED5 \$49,000 ED7 \$14,000 ED8 \$29,000 ED9 \$20,000 ED10 \$9,000	\$122,000 \$80,000 \$13,000 \$49,000 \$14,000 \$29,000 \$20,000 \$9,000	\$134.30 \$102.46 \$113.23 \$51.07 \$175.62 \$33.89 \$29.39 \$26.11	\$134.30 \$102.46 \$113.23 \$51.07 \$175.62 \$33.89 \$29.39 \$26.11
	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$112,000 allocated to ED1, ED2, ED4, ED5, ED8, ED9 and ED10		\$24.06	\$24.06
- West Taieri drainage scheme	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$393,000 allocated as: WD1 \$310,000 WD2 \$57,000 WD3 \$18,000 WD4 \$8,000 WD5 \$153	\$310,000 \$57,000 \$18,000 \$8,000 \$153	\$79.69 \$21.90 \$59.46 \$79.69 \$0.32	\$79.69 \$21.90 \$59.46 \$79.69 \$0.32
	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$168,000 allocated to WD1, WD2, WD3 and WD4.		\$24.48	\$24.48
- Tokomairiro drainage scheme	Capital value	Where the property is situated within the defined scheme area.	\$92,000 allocated as: A \$6,000 B \$11,000 C \$13,000 D \$20,000 E \$9,000 F \$13,000 U1 \$20,000	\$6,000 \$11,000 \$13,000 \$20,000 \$9,000 \$13,000 \$20,000	\$129.40 \$97.05 \$77.64 \$58.23 \$32.35 \$12.94 \$19.41	\$310.55 \$232.91 \$186.33 \$139.75 \$77.64 \$31.06 \$46.58
- Shotover Delta	Capital Value	Where the property is situated within the defined scheme area.	\$287,000		\$6.71	\$16.10
						\$107.32

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2016/17 including GST	Estimated rates payable including GST		
				Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
River Management - city and district river management	Capital value	Where the property is situated	\$1,647,000 allocated as: Central Otago \$345,000 Clutha \$305,000 Dunedin \$173,000 Waitaki \$402,000 Wakatipu \$230,000 Wanaka \$192,000	\$11.99 \$10.41 \$2.16 \$19.33 \$4.52 \$7.77	\$28.78 \$24.98 \$5.19 \$46.40 \$10.85 \$18.65	\$191.84 \$166.52 \$34.60 \$309.32 \$72.36 \$124.36
- Lower Waitaki	Capital value	Where the property is situated within the defined scheme area	\$167,000 allocated as: A \$104,000 B \$63,000	\$316.12 \$158.06	\$758.69 \$379.33	\$5,057.92 \$2,528.88
Water quality	Capital value	Land use type being: - Rural arable farming - Rural dairy - Rural forestry - Rural market gardens and orchards - Rural mineral extraction - Rural multi use within rural industry - Rural specialist livestock - Rural stock finishing - Rural store livestock - Rural vacant - Lifestyle over 2 hectares	\$735,000	\$11.00	\$26.40	\$176.00
Wilding trees	Fixed charge per rating unit	Where the property is situated	\$115,000 allocated as: Central Otago \$35,500 Clutha \$5,300 Dunedin \$27,700 Queenstown Lakes \$40,800 Waitaki \$5,700	\$2.81 \$0.54 \$0.54 \$1.82 \$0.54	\$2.81 \$0.54 \$0.54 \$1.82 \$0.54	\$2.81 \$0.54 \$0.54 \$1.82 \$0.54

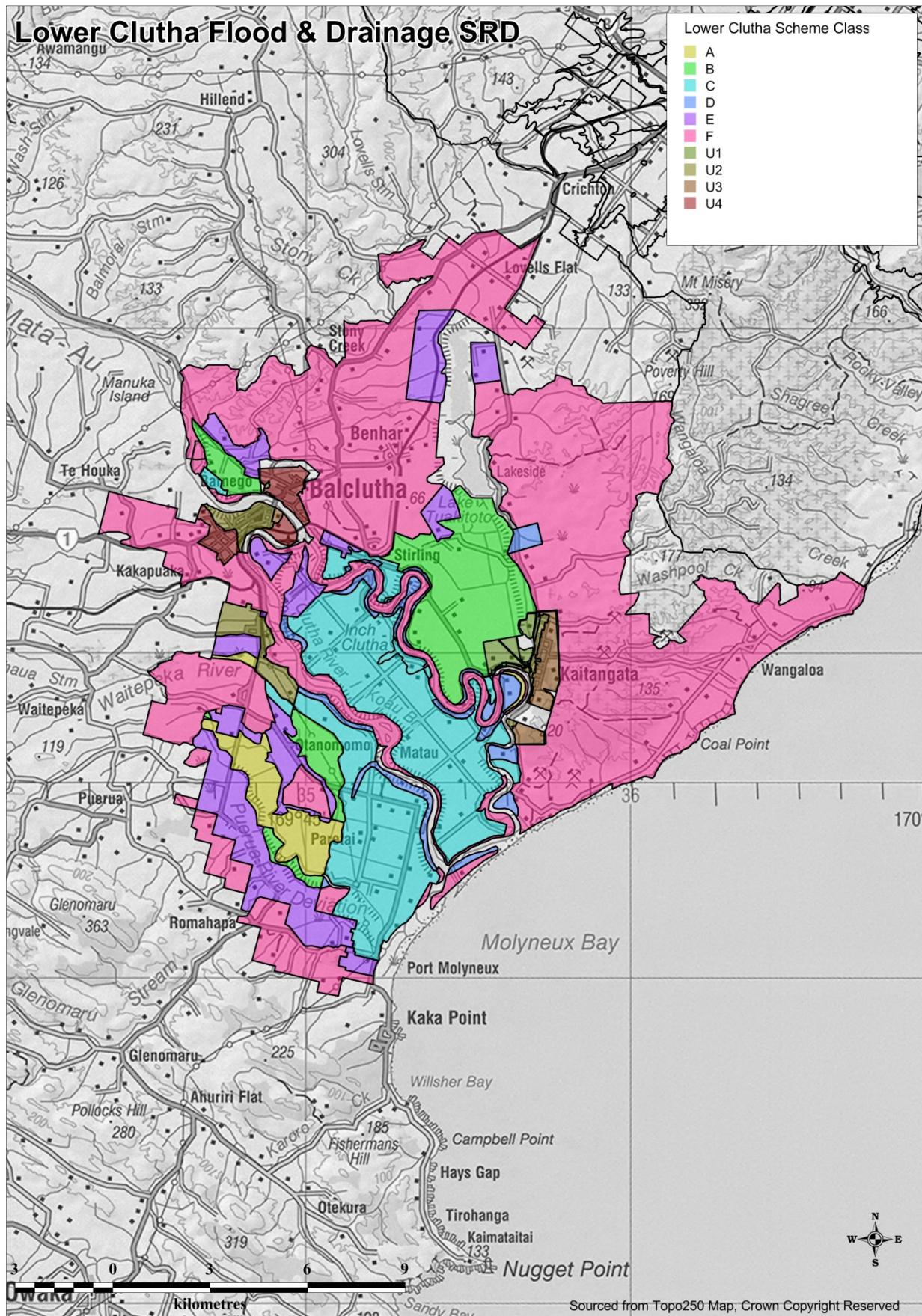
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2016/17 including GST		Estimated rates payable including GST Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
Transport							
- Dunedin passenger transport	Capital value	Where the property is situated within the defined scheme area, and differentiated on basis of land use – Class A – non-residential Class B - others	\$3,943,000 allocated as: Class A \$1,253,000 Class B - Dunedin \$2,672,000 - Waitaki \$18,000	\$173.25 \$46.20 \$46.20	\$415.79 \$110.87 \$110.87	\$2,771.92 \$739.16 \$739.16	
- Wakatipu passenger transport	Capital value	Where the property is situated within the defined scheme area, and differentiated on basis of land use – Class A – non-residential Class B - others	\$63,000 allocated as: Class A \$17,000 Class B \$46,000	\$2.58 \$1.29	\$6.20 \$3.10	\$41.32 \$20.68	

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

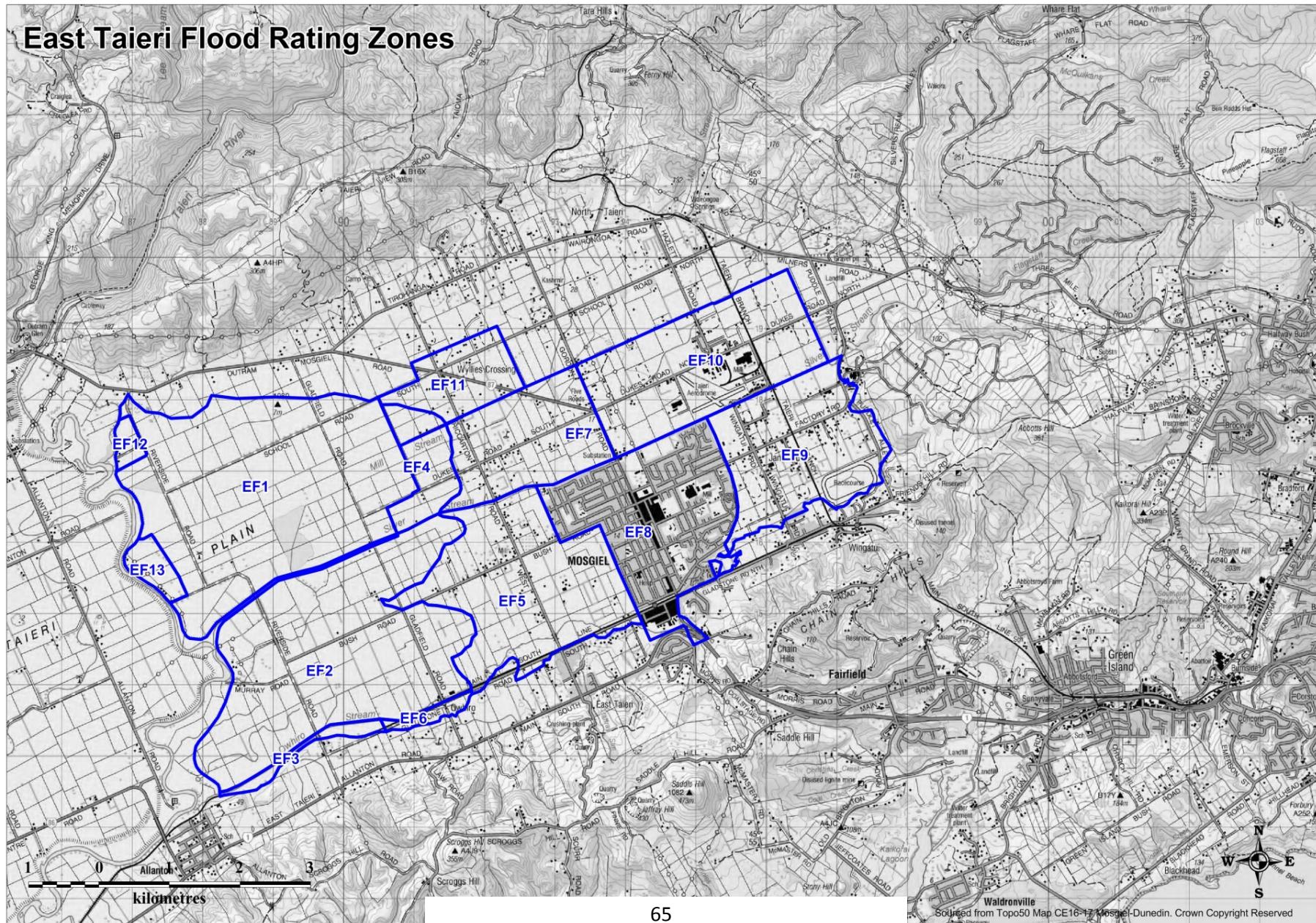


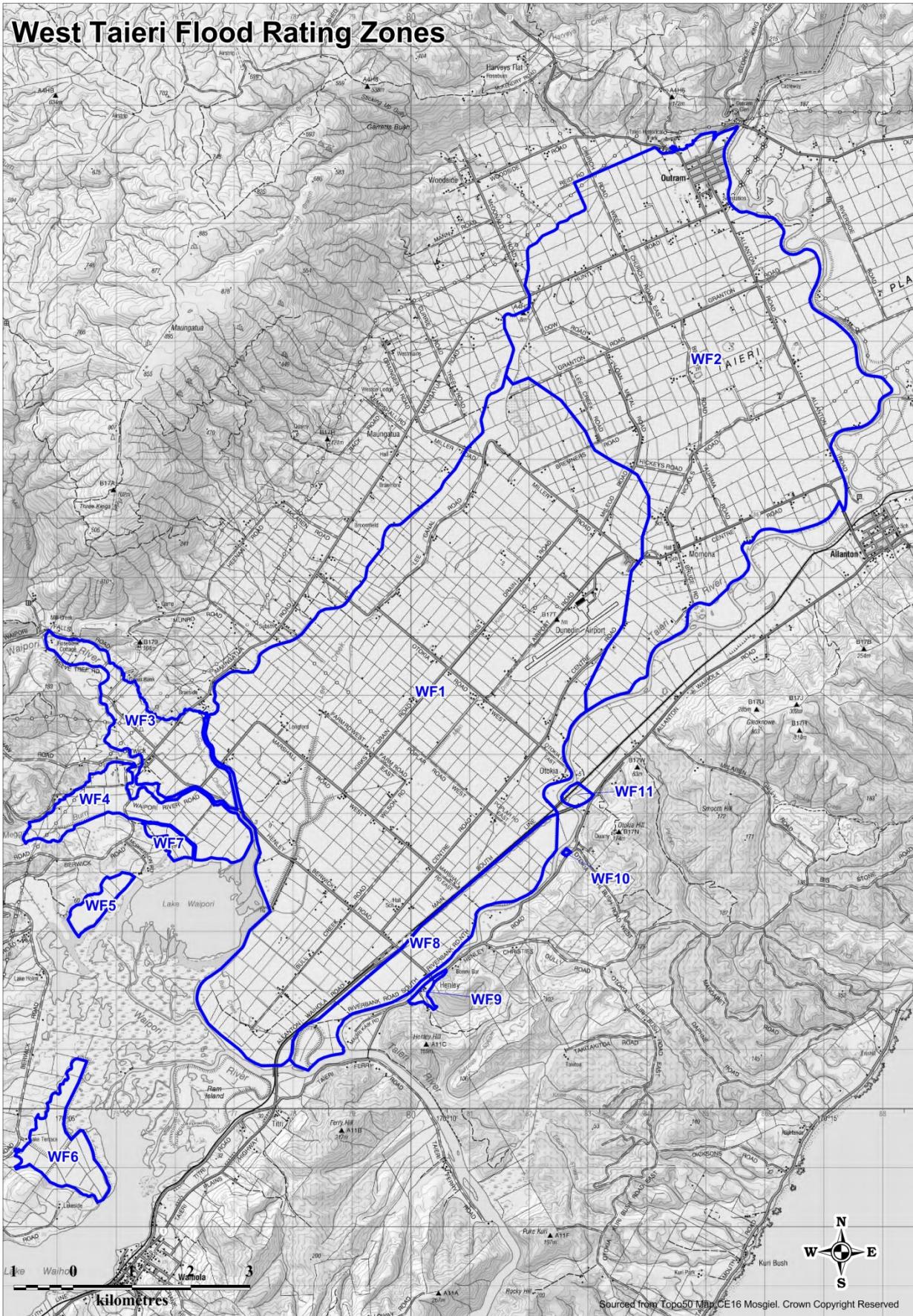


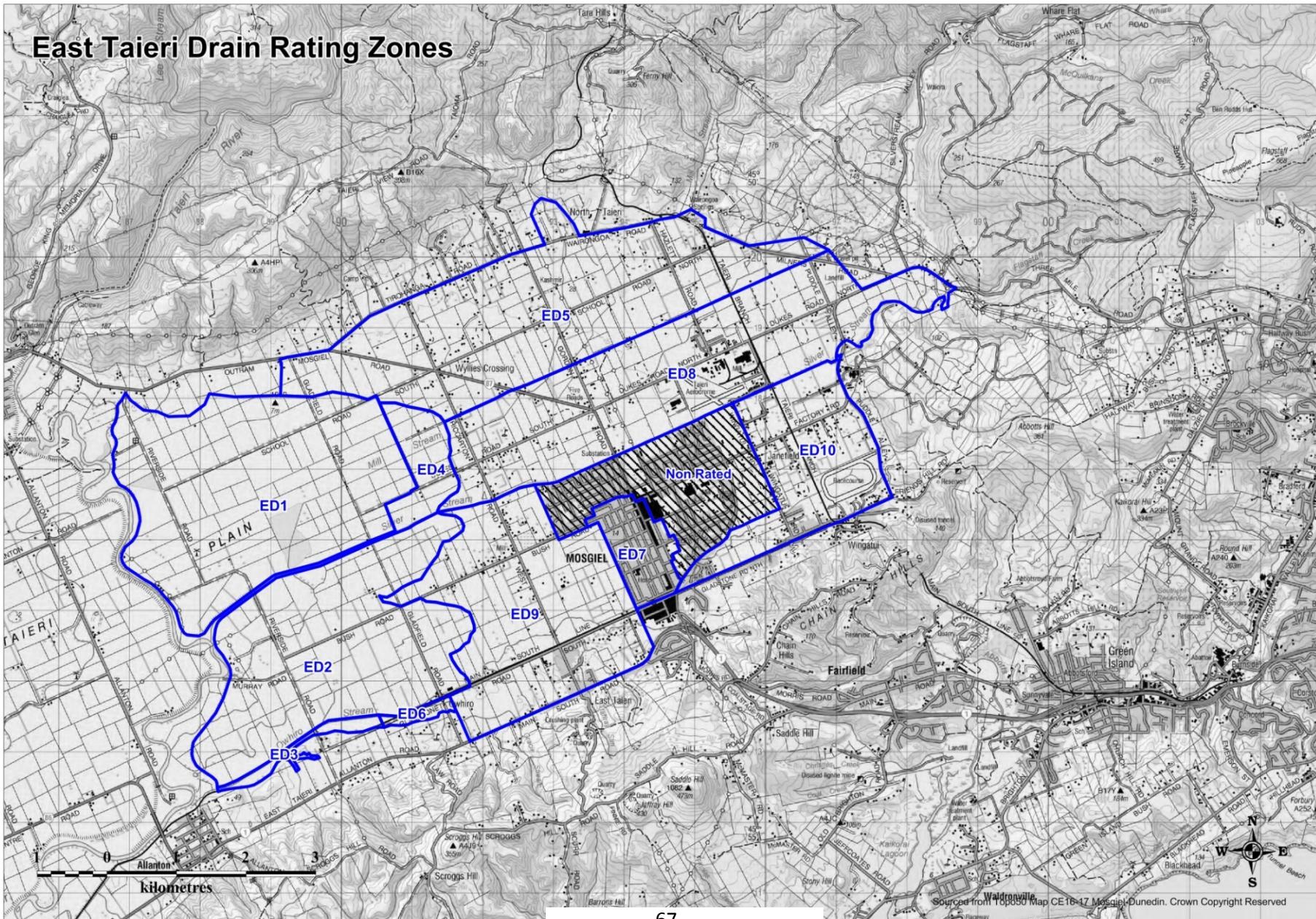
**Leith Flood Protection Scheme -
Indirect Benefit Zone**



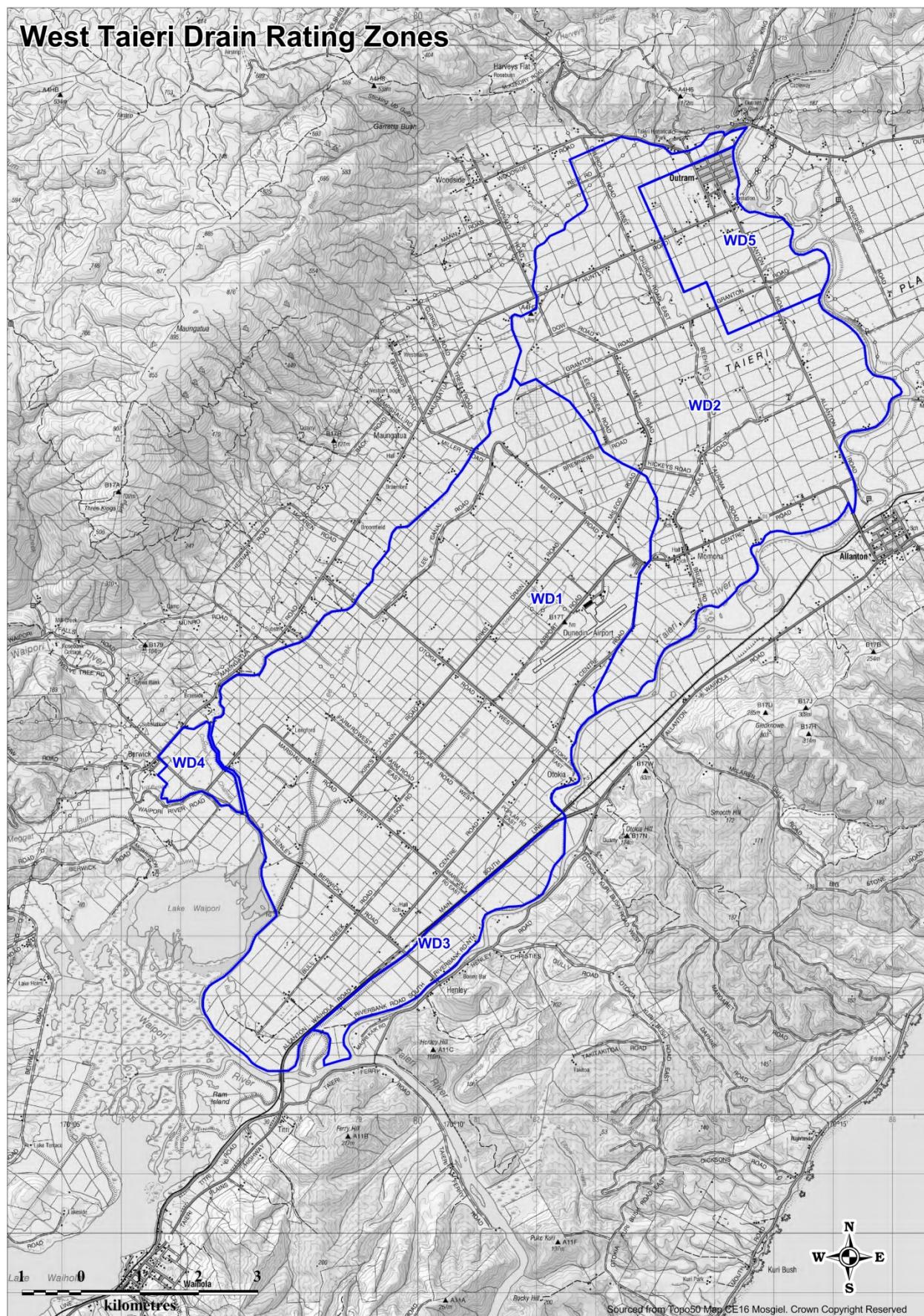
East Taieri Flood Rating Zones

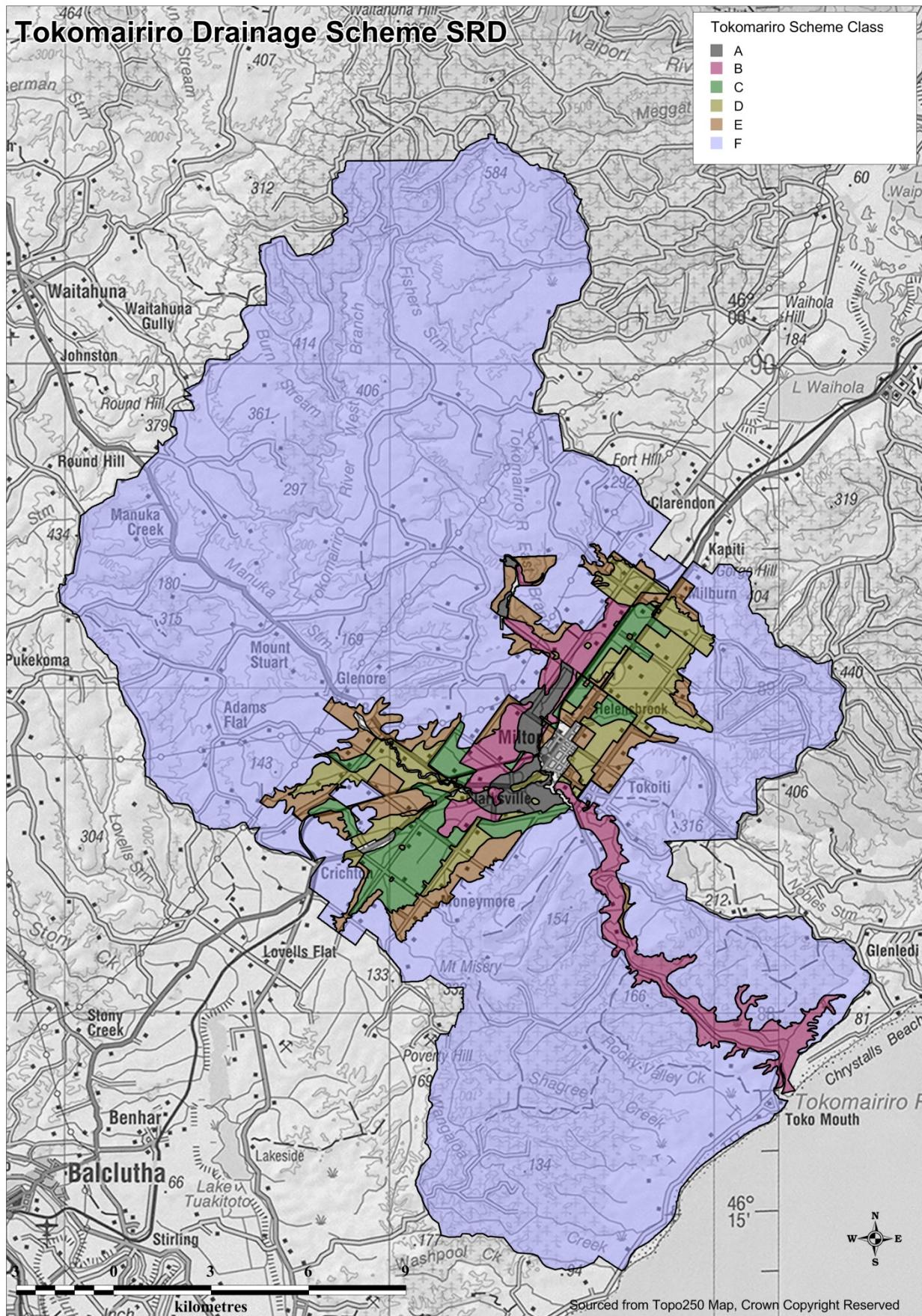


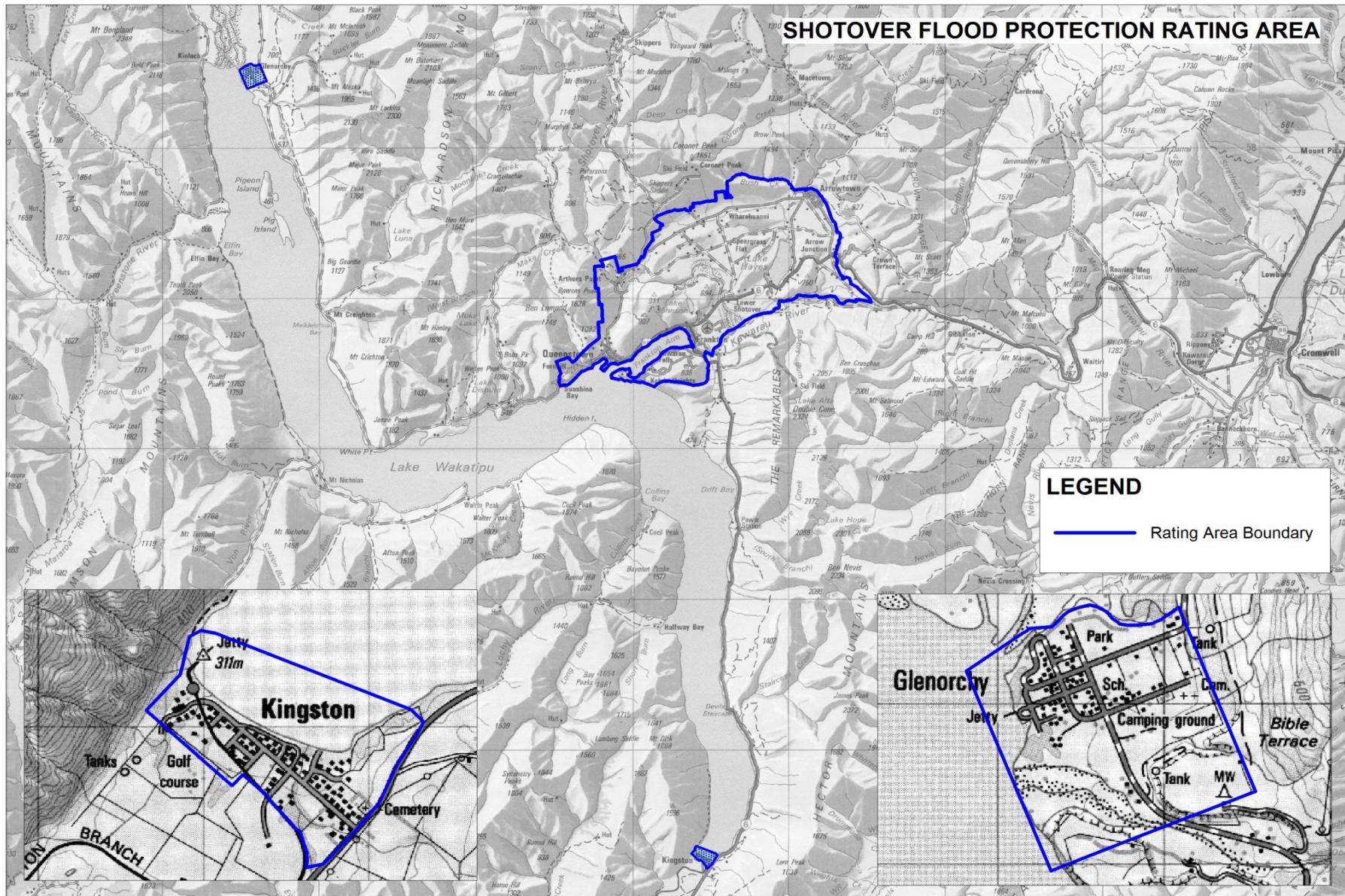




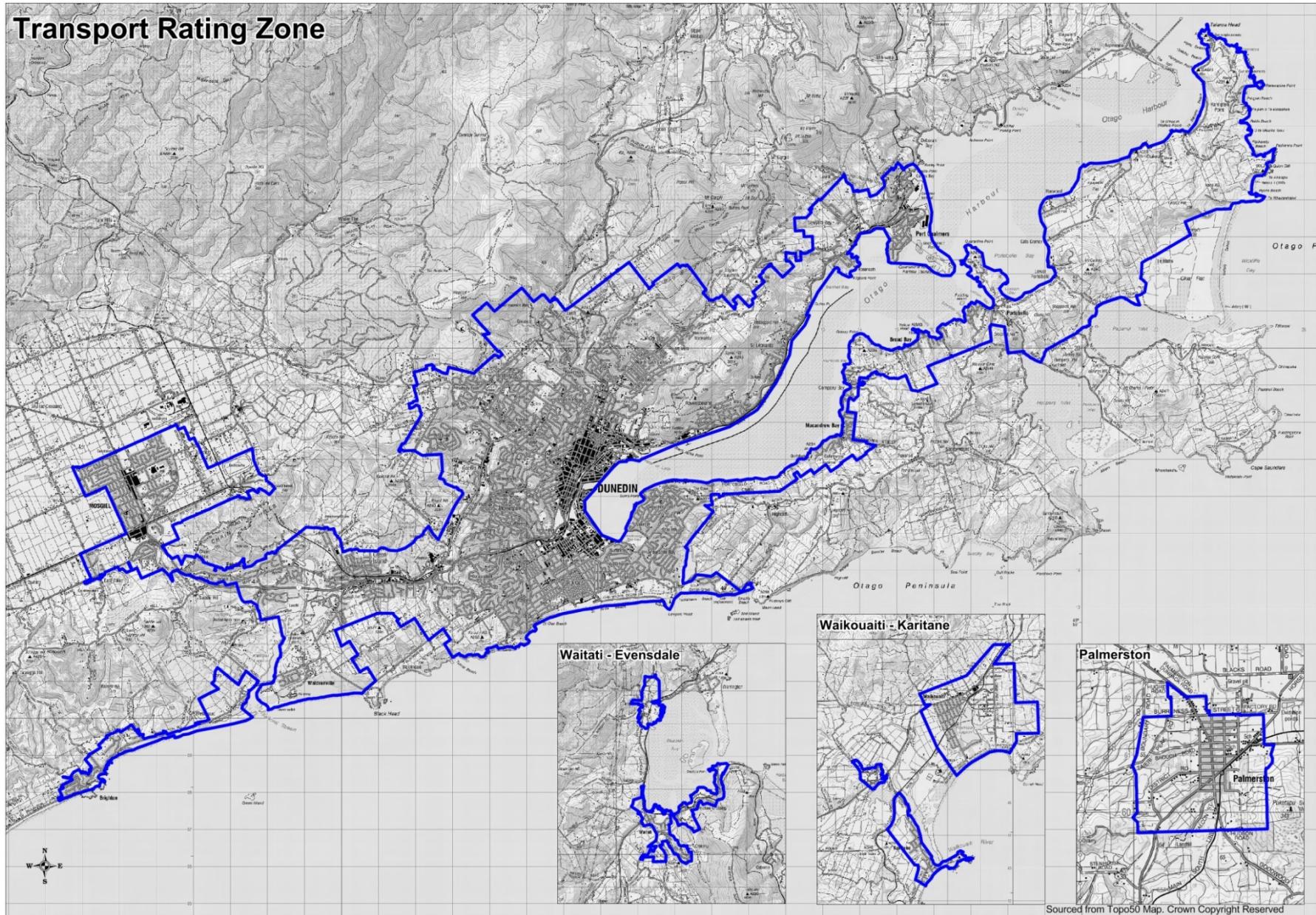
West Taieri Drain Rating Zones

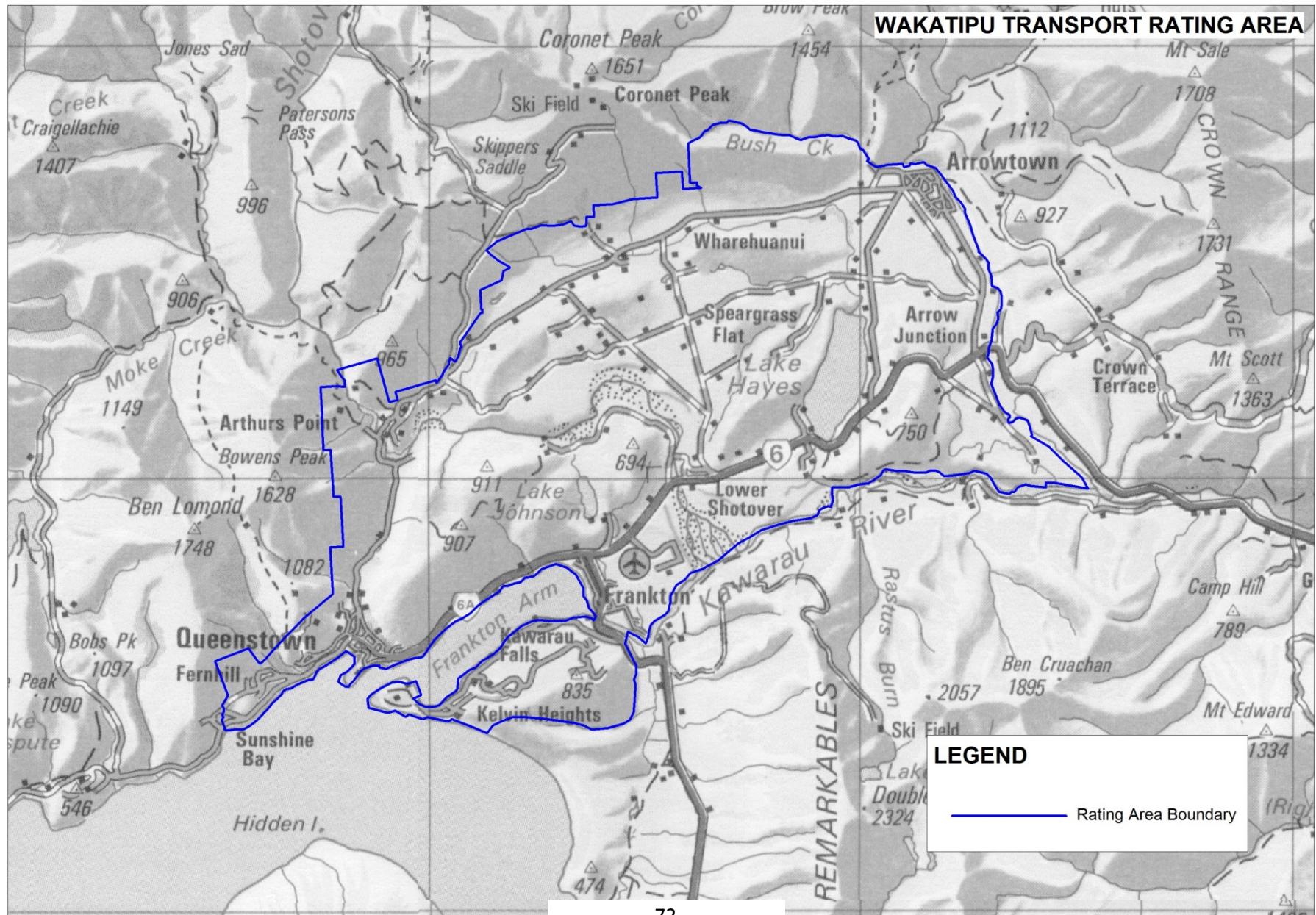






Transport Rating Zone





Effect of Rating

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

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
5,354	General rates	6,341	5,600
100	Targeted air quality rates	-	100
507	Water quality rate	639	604
103	Dairy inspection rate	129	106
	<i>Targeted River Management rates:</i>		
225	- Central Otago District	300	300
225	- Clutha District	265	265
150	- Dunedin City	150	150
145	- Lower Waitaki River	145	145
200	- Wakatipu	200	200
167	- Wanaka	167	167
260	- Waitaki District	350	350
	<i>Targeted Passenger Transport services rate:</i>		
3,296	- Dunedin	3,429	3,427
50	- Queenstown	55	55
	<i>Targeted Catchment rates:</i>		
399	- East Taieri Drainage	390	439
1,192	- Leith Flood Protection	1,275	1,275
585	- Lower Clutha	548	643
668	- Lower Taieri	640	722
250	- Shotover Delta	250	250
60	- Tokomairiro	80	80
510	- West Taieri Drainage	488	545
	<i>Targeted Wilding Tree rates:</i>		
-	- Central Otago	31	-
-	- Clutha	5	-
-	- Dunedin	23	-
-	- Queenstown	36	-
-	- Waitaki	5	-

Statement of Comprehensive Revenue & Expense

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
	<i>Revenue from non-exchange transactions:</i>		
14,446	Rates revenue	15,940	15,424
8,259	Grant revenue and subsidies	9,575	7,270
2,554	Other revenue	2,581	2,742
	<i>Revenue from exchange transactions</i>		
7,300	Dividend	7,400	7,400
2,086	Interest and investment revenue	2,150	2,150
3,145	Other revenue	2,538	3,241
38,100	Total revenue	40,184	38,546
	<i>Expenditure:</i>		
12,041	Employee benefits expenses	12,813	12,272
1,751	Depreciation	1,761	1,977
1	Finance costs	-	1
26,690	Operating expenses	29,505	25,331
40,483	Total operating expenditure	44,079	39,581
310	Other gains/(losses)	313	319
(2,383)	Surplus(Deficit) for period	(3,582)	(1,035)
-	Other comprehensive revenue and expenses		-
	<i>Item that may be reclassified to surplus/(deficit)</i>		
10,000	Revaluation gain/(loss) – shares in subsidiary	10,000	10,000
7,617	Total comprehensive revenue and expenses	6,418	8,965

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

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
(284)	Surplus(deficit) of operating funding per funding Impact statement	(2,223)	785
	<i>Add/(deduct):</i>		
(1,751)	Depreciation	(1,761)	(1,977)
310	Other gains/(losses)	313	319
(658)	Other	89	(162)
(2,383)	Surplus(Deficit) from activities per Statement of Comprehensive Revenue & Expense	(3,582)	(1,035)

Depreciation by Activity

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
	Depreciation		
131	Environment	146	161
703	Flood protection & control works	617	792
2	Safety and Hazards	2	2
96	Regulatory	119	96
-	Transport	7	-
819	Corporate	870	926
1,751	Total depreciation	1,761	1,977

Statement of Financial Position

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
	<i>Current assets:</i>		
7,786	Cash & cash equivalents	1,945	1,956
37,053	Other financial assets	42,560	37,053
3,222	Trade & other receivables	3,448	3,216
65	Inventories	65	65
-	Prepayments	-	-
320	Property intended for sale	2,365	320
89	Other current assets	162	89
48,535	Total current assets	50,545	42,699
	<i>Non-current assets:</i>		
94,704	Property, plant & equipment	94,334	99,220
10,627	Investment property	10,747	10,946
386,711	Shares in Port Otago Ltd	427,293	396,711
2,490	Intangible assets	2,075	2,456
494,532	Total non-current assets	584,994	509,333
543,067	Total assets		552,032
	<i>Current liabilities:</i>		
4,493	Accounts payable	4,252	4,493
1,331	Employee entitlements	1,352	1,331
5,824	Total current liabilities	5,604	5,824
	<i>Non-current liabilities:</i>		
-	Other financial instruments	-	-
-	Total non-current liabilities	-	-
5,824	Total liabilities	5,604	5,824
537,243	Net assets	579,390	546,208
	<i>Equity:</i>		
135,209	Public equity	136,738	131,324
366,711	Available for sale reserve	407,293	376,711
2,966	Asset replacement reserve	3,467	2,115
11,130	Building reserve	11,514	14,311
3,937	Emergency response reserve	4,005	4,134
1,354	Water management reserve	1,388	1,156
7,370	Kuriwao endowment reserve	6,299	7,572
8,566	Asset revaluation reserve	8,686	8,885
537,243	Total equity	579,390	546,208

Statement of Changes in Net Assets / Equity

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
529,626	Balance at 1 July	572,972	537,243
7,617	Net comprehensive income	6,418	8,965
537,243	Balance at 30 June	579,390	546,208
	Net movements		
(2,383)	Net surplus transferred to public equity	(3,895)	(1,035)
(2,899)	Public equity	170	(2,849)
10,000	Available for sale revaluation reserve	10,000	10,000
(639)	Asset replacement reserve	(760)	(851)
3,030	Building reserve	572	3,181
187	Emergency response reserve	135	197
(182)	Water management reserve	(198)	(198)
193	Kuriwao reserve	80	201
310	Asset revaluation reserve	313	319
7,617	Net comprehensive income	6,418	8,965
537,243	Balance at 30 June	579,390	546,208

Reserves

Reserve	Opening Balance 1 July 2016 \$000s	Transfers In \$000s	Transfers Out \$000s	Closing Balance 30 June 2017 \$000s
Public equity	137,868	6,418	(3,824)	140,462
Asset replacement reserve	4,227	1,240	(2,000)	3,467
Asset revaluation reserve	8,373	313	-	8,686
Available for sale revaluation reserve	397,293	10,000	-	407,293
Building reserve	10,942	2,889	(2,317)	11,514
Emergency response reserve	3,870	135	-	4,005
Kuriwao endowment reserve	6,219	330	(250)	6,299
Water management reserve	1,586	47	(245)	1,388
Central Otago river management	223	8	(7)	224
Clutha river management	269	9	(27)	251
Dunedin river management	2,024	66	(138)	1,952
Lower Waitaki flood protection	6	1	(1)	6
Waitaki river management	(79)	-	(39)	(118)
Wakatipu river management	540	42	-	582
Wanaka river management	421	13	(39)	395
Alexandra flood protection	676	61	(25)	712
East Taieri drainage	251	35	(189)	97
Leith flood protection	(8,042)	-	(3,698)	(11,740)
Lower Clutha drainage & flood protection	189	836	(650)	375
Lower Taieri flood protection	243	144	-	387
Shotover flood protection	(258)	220	-	(38)
Tokomairiro drainage	124	7	(12)	119
West Taieri drainage	(1,113)	131	(182)	(1,164)
Dunedin transport	6,588	184	(2,996)	3,776
Wakatipu transport	50	15	-	65
Clean Heat reserve	482	13	(100)	395
Total	572,972	23,157	(16,739)	579,390

Available for Sale Reserve

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

Asset Replacement Reserve

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

Building Reserve

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

Emergency Response Reserve

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

Water Management Reserve

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

Kuriwao Endowment Reserve

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

Asset Revaluation Reserve

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

River Management Reserves

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

Flood and Drainage Scheme Reserves

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

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

Transport Reserves

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

Clean Heat Reserve

Targeted rating has been used in Airzone 1 and Milton, areas of poorest air quality in Otago, where Council provides subsidies on clean heating appliances. Any unspent money has been allocated to this reserve. From 2016/17, targeted rates will cease, and the reserve will be used to provide the subsidy.

Statement of Cashflows

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
	Cashflows from operating activities		
	<i>Cash provided from:</i>		
14,446	Rates receipts	15,940	15,424
2,554	Other receipts – non exchange transactions	2,587	2,742
8,259	Grant income	9,575	7,270
3,150	Other receipts – exchange transactions	2,538	3,246
7,300	Dividends	7,400	7,400
2,087	Interest	2,150	2,150
37,796	Total income	40,190	38,232
	<i>Cash applied to:</i>		
38,731	Payment to employees & suppliers	42,318	37,601
1	Interest expense	-	1
38,732	Total payments	42,318	37,602
(936)	Net cash from operating activities	(2,128)	630
	Cashflows from investing activities		
	<i>Cash provided from:</i>		
605	Property, plant & equipment sales	-	620
98	Deferred tax asset realised	-	-
10,000	Managed fund withdrawal	-	-
10,703	Total cash in	-	620
	<i>Cash applied to:</i>		
6,352	Property, plant & equipment	7,950	6,935
484	Intangible assets	335	145
6,836	Total application of cash	8,285	7,080
3,867	Net cash from investing activities	(8,285)	(6,460)
	Cashflows from financing activities		
	<i>Cash provided from:</i>		
-	Borrowings	-	-
	<i>Cash applied to:</i>		
-	Repayment of borrowings	-	-
-	Net cash from financing activities	-	-
2,931	Net increase/(decrease) in cash held	(10,413)	(5,830)
4,855	Cash at 1 July	12,358	7,786
7,786	Cash at 30 June	1,945	1,956

Reconciliation of Net Surplus to Net Cash from Operating Activities

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
(2,383)	Net surplus(deficit) from activities	(3,582)	(1,035)
	<i>Add(deduct) non-cash items:</i>		
1,751	Depreciation	1,761	1,977
(310)	Other (gains)/losses	(313)	(319)
6	Bad debts	6	7
(936)	Net cash from operating Activities	(2,128)	630

Schedule of Capital Expenditure

Long Term Plan 2015/16 \$000s		Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s
5	Pest management	-	-
60	Compliance monitoring	-	77
298	Water monitoring sites	265	215
	Transport		
-	Stock truck effluent disposal sites	425	-
	Flood protection & control works		
25	Alexandra flood	25	26
258	Lower Clutha flood & drainage	465	469
266	Lower Taieri flood protection	126	43
25	West Taieri drainage	166	169
25	East Taieri drainage	122	123
-	Tokomairiro	20	-
4,514	Leith flood protection	4,611	4,584
	Council		
554	Property	1,050	774
101	Cars & station wagons	320	103
605	Computers & software	615	392
50	Plant	25	52
50	Sundry	50	52
6,836	Total capital expenditure	8,285	7,079

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 Annual 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 Annual Plan is to provide users with information about the core services that the Council intends to provide ratepayers, the expected cost of those services and as a consequence how much the Council requires by way of rates to fund the intended levels of service. The level of rate funding required is not affected by subsidiaries except to the extent that the Council obtains distributions from those subsidiaries. Distributions from the Council's subsidiary Port Otago Limited are included in the prospective financial statements of the Council.

The Prospective Financial Statements of Council are to be adopted by Council on 22 June 2016.

Statement of Compliance

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

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

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

Otago Regional Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

Basis of Accounting

The prospective financial statements have been prepared on the historical cost basis, except for the revaluation of certain assets. They are presented in New Zealand dollars, rounded to the nearest thousand.

Significant Accounting Policies

Revenue Recognition

Revenue from Exchange transactions

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

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

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

Rates Revenue

Rates are recognised as income when levied.

Other Revenue

(a) *Rendering of Services*

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

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

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

(b) *Interest Revenue*

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

(c) *Dividend Revenue*

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

Other Gains and Losses

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

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

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

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

Grant Expenditure

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

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

Leasing

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

(a) Council as Lessor

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

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

(b) Council as Lessee

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

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

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

(c) Lease Incentives

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

Goods and Services Tax

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

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

Statement of Cash Flows

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

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

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

Financial Instruments

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

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

Financial Assets

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

(a) Effective Interest Method

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

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

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

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

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

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

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

(c) Held-to Maturity Investments

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

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

(d) Available-for-Sale Financial Assets

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

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

(e) Loans and Receivables

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

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

Deposits are included within this classification.

(f) Impairment of Financial Assets

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

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

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

Financial Liabilities

(a) *Trade and Other Payables*

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

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

(b) *Borrowings*

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

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

Derivative Financial Instruments

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

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

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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

When a hedging instrument expires or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the

forecast transaction is ultimately recognised in the surplus/(deficit). When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the surplus/(deficit).

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

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

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

Fair Value Estimation

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

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

Inventories

Other Inventories

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

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

Property Held for Sale

Property classified as held for sale is measured at:

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

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

Property, Plant & Equipment

Property, plant and equipment consist of:

Operational Assets

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

Infrastructural Assets

Infrastructural assets deliver benefits direct to the community and are associated with major flood protection and land drainage schemes. Infrastructural assets include floodbanks, protection works, structures, drains, bridges and culverts.

Restricted Assets

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

(a) Cost

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

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

(b) Depreciation

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

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

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

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

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

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

(c) Disposal

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

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

Investment Property

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

Intangible Assets

Computer Software

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

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

Other Intangible Assets

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

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

Impairment of Non-Financial Assets

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

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

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

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

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

Employee Benefits

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

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

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

Defined Contribution Schemes

Contributions to defined contribution superannuation schemes are expensed when incurred.

Superannuation Schemes

Defined Benefit Schemes

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

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

Provisions

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

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

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

Equity

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

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

Restricted & Council Created Reserves

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

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

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

Foreign Currency

Foreign Currency Transactions

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

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

Allocation of Overheads

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

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

Other Disclosures

Balancing of Budget

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

Reserves are to be used to fund research and development, for improving Otago's water quality, the development of a Regional Economic Strategy, and the construction of a stock truck effluent disposal site.

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

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

Rating base Information

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

	Projected Rating Units	Projected Total Capital Value \$000,000	Projected Total Land Value \$000,000
June 2015	114,500	58,212	29,162
June 2016	112,230	58,643	29,277

Otago Performance Improvement Framework (OPIF)

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

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

Local Government (Financial Reporting & Prudence) Regulations 2014

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

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

Benchmark	Quantified Limits	Planned	Met
Rates affordability benchmark – income:			
• General rates	\$6.2 million	\$6.3 million	No
• Targeted rates	\$14.5 million	\$9.6 million	Yes
Rates affordability benchmark – increases:			
• General rates	6.9%	18.4%	No
• Targeted rates	14.3%	9.2%	Yes
• Targeted rates for flood protection and control works	10%	0%	Yes
Debt affordability benchmark	Interest cost being a maximum of 20% of rates income	Nil*	Yes
Balanced budget benchmark	100%	92%	No
Essential services benchmark	100%	896%	Yes
Debt servicing benchmark	Less than 10% of borrowing	Nil*	Yes

*Council has no planned borrowing for the 2016/17 year.

Rates Affordability Benchmark – General Rates

The Council meets the rates affordability benchmark if –

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

The benchmarks are not being met for proposed general rates in the 2016/17 year. Note is made that \$53,000 represents 1% of general rates. The total general rate increase is \$986,000. Of this amount, \$284,000 results from a review undertaken on some of Council's flood and drainage schemes. The review considered how those schemes should be funded, that is, what the public and private benefit splits are. The conclusions of the review were that more public benefits were generated from the flood and drainage schemes, resulting in a switch of funding of \$284,000 from targeted rates to general rates.

Other general rate increases have resulted from the need for additional resources for undertaking our Emergency Management, rural water quality and natural hazards work.

Balanced Budget Benchmark

The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses. Refer to page 94 for comment on balancing the budget.

Essential Services Benchmark

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

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

Schedule of Fees and Charges

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

Scale of Charges:	\$
Staff time per hour:	
* Executive	235.00
* Senior Technical/Scientist	180.00
* Technical/Scientist	115.00
* Field staff	100.00
* Administration	92.00
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.

Publicly Notified Applications Deposits: ³	\$
First application	5,000.00
Concurrent applications	225.00

Non-Notified Applications and Limited Notified Applications Deposits:³	\$
First application (except those below)	1,000.00
Concurrent applications ¹	50.00
Administrative Variation	500.00
Exemptions from water metering regulations	200.00
Bores	500.00
Gravel	500.00
Hearings	Per Note 2 below
Transfer of Consent Holder and Certificates Deposits:	\$
Transfer of Mining Privilege	100.00
Transfer – other	100.00
Priority Table	100.00
Section 417 Certificate	200.00
Certificate of Compliance	200.00
Section 125 – Extension of Term	100.00
All Other Costs	As per Scale of Charges

Notes:

1. For additional permits in respect of the same site, activity, applicant, time of application, and closely related effect as the first application.
2. The deposit payable shall be 90% of the cost of a hearing as calculated by Council in accordance with information contained in the application file and using the scale of charges. The amount payable will be due at least 10 working days before the commencement of the hearing. If the amount is not paid by the due date, then the Otago Regional Council reserves the right under S36 (7) of the Resource Management Act to stop processing the application. This may include cancellation of the hearing.

Should a hearing be cancelled or postponed due to the non-payment of the charge, the applicant will be invoiced for any costs that arise from that cancellation or postponement.

Following completion of the hearing process, any shortfall in the recovery of hearing costs will be invoiced, or any over recovery will be refunded to the applicant.

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

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

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

Review of Consent Conditions

Following the granting of a consent, a subsequent review of consent conditions may be carried out at either the request of the consent holder, or, as authorised under Section 128, as a requirement of Council. Costs

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

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

Compliance Monitoring

1. Performance Monitoring

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

1.1 Discharge to Air Consent		\$
Measurement of contaminants from a Stack report		86.00
Ambient air quality measurement of contaminants report		100.00
Management plans and maintenance records		33.50
Annual Assessment report		66.50
1.2 Discharge to Water, Land and Coast		\$
Effluent Systems	Environmental Quality report	46.50
Active Landfills	Environmental Quality report	58.00
	Management Plans	130.00
Industrial Discharges	Environmental quality report	42.00
	Environmental report	92.00
Annual Assessment report		50.00
Management Plans – minor environmental effects		130.00
Management Plans – major environmental effects		260.00
Maintenance records		30.00
Return of flow/discharge records		60.00
1.3 Water Takes		\$
Verification reports		60.00
Annual assessment report		50.00
Manual return of data per take		80.00
Data logger return of data per take sent to ORC		50.00
Telemetry data per consent		35.00
Administration fee – water regulations		100.00
Low flow monitoring charge*		
- Kakanui at McCones		327.00
- Unnamed Stream at Gemmels		1,431.00

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

1.4 Fees for Specific Consent Holders

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

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

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

2. Audit

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

3. Non-Compliance, Incidents and Complaints

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

Gravel Inspection and Management

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

Resource Monitoring

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

Private Plan Changes

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

Contaminated Sites Management

Clean up and remediation works – Scale of Charges.

Incident and Complaint, Non-Compliance with Permitted Activity Rules

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

Biosecurity Act – Section 135 Charges

Pest Management Strategy Implementation

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

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

Local Government Act – Section 150 Charges

Transport Licensing Exempt Services

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

Bylaw Application Processing

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

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

Information Requests

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

Building Act – Section 243 Charges

Dam Safety & Building Control

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

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

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

Dunedin Bus Services

Bus fares for Dunedin bus services from 1 July 2015

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

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

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

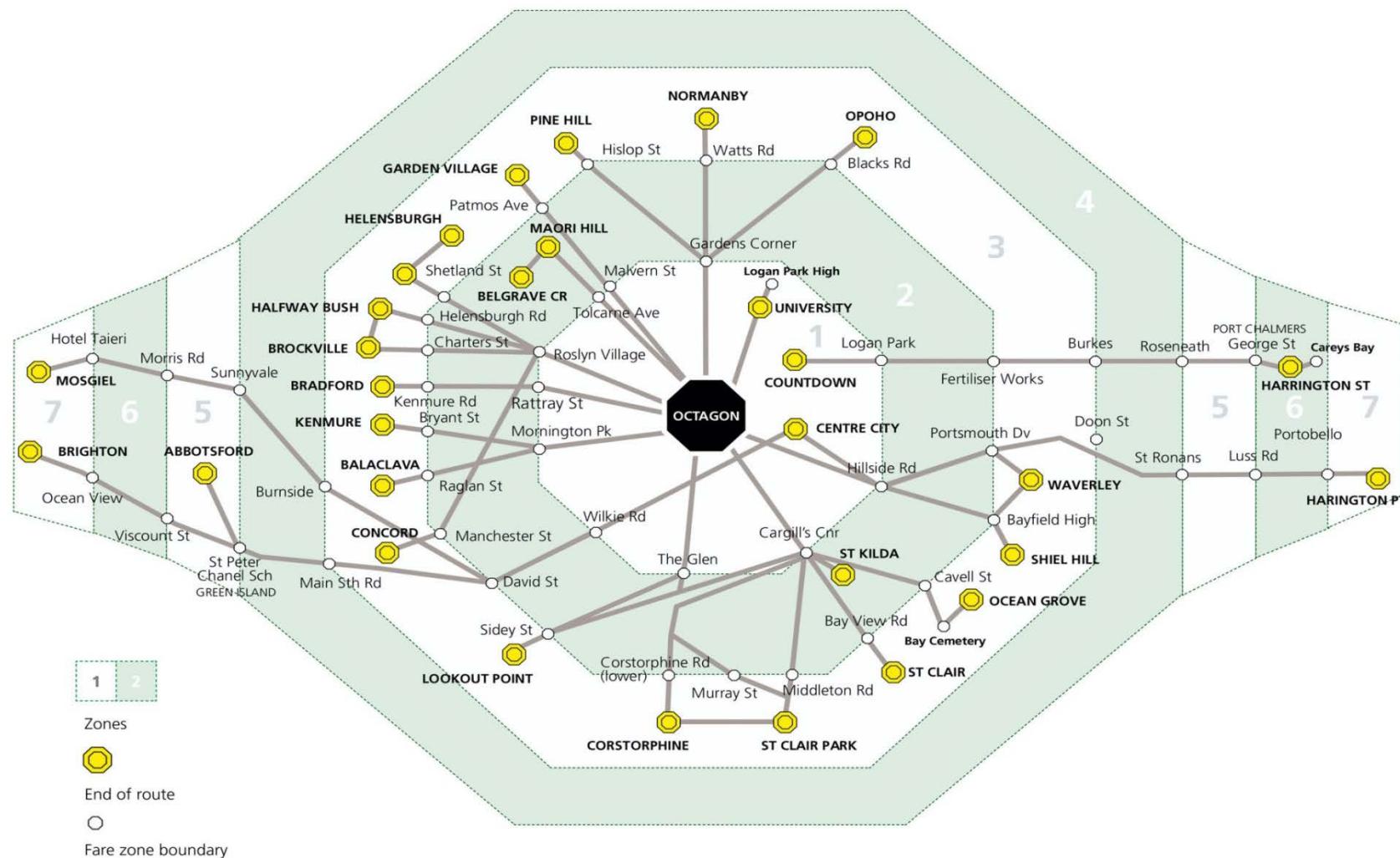
A new ticketing system is planned to be implemented in conjunction with the next service improvements in 2016, and advanced notice will be given. At that time, the existing fare structures will be replaced with five zones as shown in the table below.

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

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

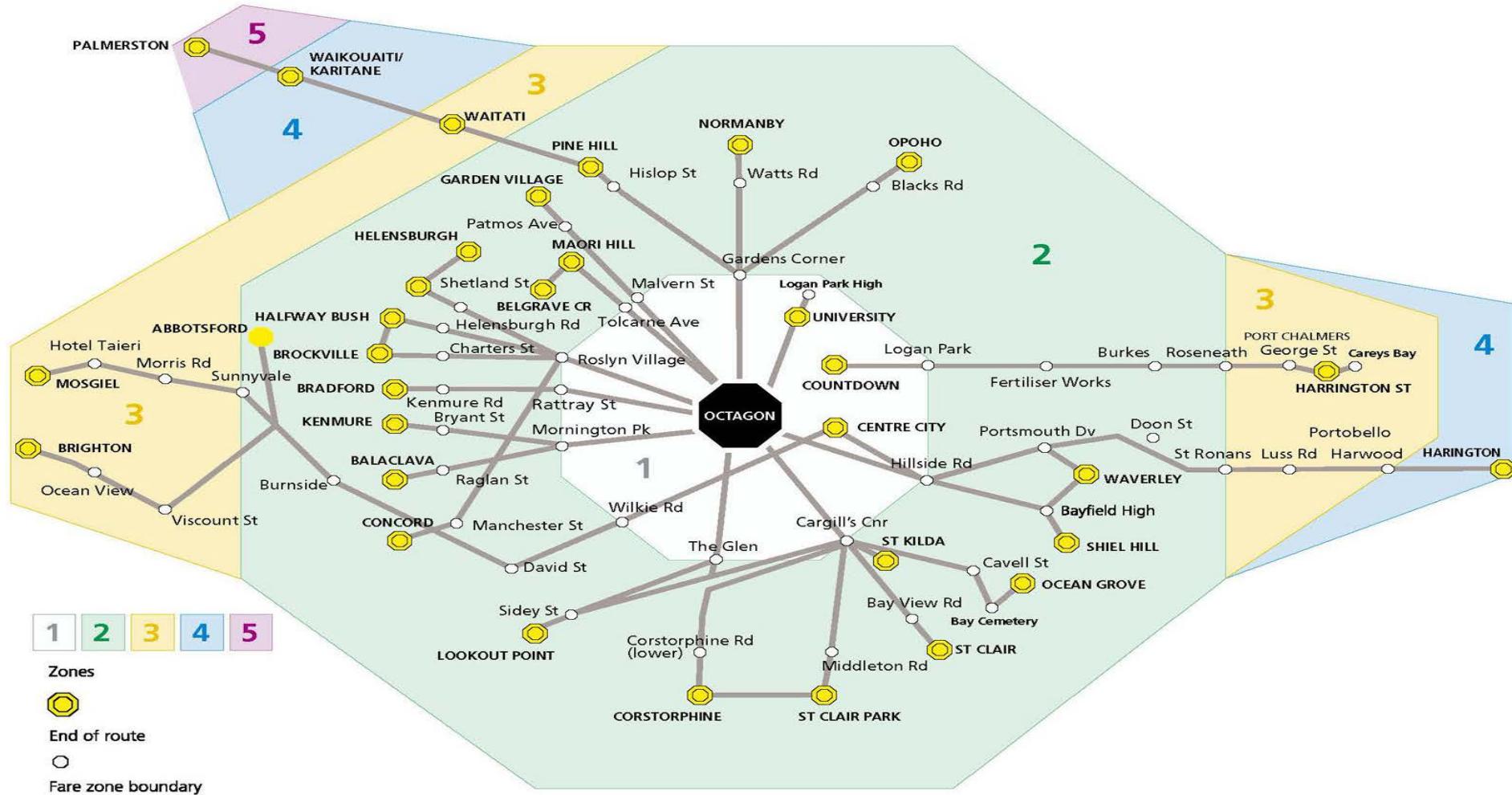
Map 1: Dunedin City Bus Zones – 1 July 2015/16

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



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

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