



ANNUAL PLAN 2017/18

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Vision Statement, Goals and Measurements

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

Goal One

To achieve:
Active resource stewardship

Measurement

Optimal water use – efficiency, irrigation

Sustainable land use and water quality

Ethical mineral use

Evidence-based decision making

Effective enforcement of plans, consents and rules

Goal Two

To achieve:
Active regional partnerships

Measurement

Active and regular engagement with stakeholders

A well connected ORC working closely with stakeholders and partners

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

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

Goal Three

To achieve:
Realisation of new opportunities

Measurement

An active programme of enablement by ORC around new resource opportunities

Active interest of private sector parties in opportunities in the region

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

Goal Four

To achieve:
The emergence of a “Brand Otago”

Measurement

A growing distinctiveness associated with Otago both domestically and internationally

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

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

Overview from the Chair and Chief Executive



Cr Stephen Woodhead
Chairperson



Peter Bodeker
Chief Executive

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

While our 2015-2025 Long Term Plan remains current, this Annual Plan provides an update of the information relating to the 2017/18 year in the Long Term Plan. We have discussed below, the items of change from the Long Term Plan.

Civil Defence and Emergency Management

During 2016/17, the management structure for emergency management in Otago changed so that Emergency Management Officers from the territorial authorities are now employed directly by the ORC, and report to the Regional Manager. Our plan provides for the transfer of the employment costs from the territorial authorities to the ORC. In addition, we plan to increase staffing for training and community education, to increase community readiness and resilience to deal with any emergency situation that may arise.

We asked our community how this activity should be paid for. Most submitters thought that everyone across the region should contribute equally, and so a new targeted rate has been established so that every household in Otago will contribute around \$25.89 towards civil defence and emergency management.

Rural Water Quality

In our consultation document, we indicated that we are planning to undertake, over a three year period, an environmental risk assessment of every property that is charged the rural water quality rate. The assessments would help landowners understand what they need to do to comply with the provisions of the Water Plan by 2020, what risks to water quality might be present on their property, and how they may take steps to address those risks. We received very constructive and supportive feedback on this initiative. We are taking that feedback and are now revising our approach, which will be developed in consultation with key stakeholders.

This year we are making changes to our dairy farm inspection programme. Up until now, every dairy farm in Otago has had a yearly visit, but we are now moving to a risk-based approach which prioritises those farms most at risk of impacting water quality. This means that some farms may get two or three visits a year, while a low risk farm may only get one visit, say every two years. Every dairy farm, regardless of the number of inspections made, will be charged the dairy inspection rate.

Minimum flows and water Use Permit Replacement

We are accelerating our programme of work to set minimum flows on a number of rivers and aquifers in Otago, and work in 2017/18 includes the Cardrona, Clutha Mata-Au, Arrow and Manuherikia rivers. This work is paid for by general rates.

Water use permit holders will need to replace their permits with resource consents by 2021. As we believe water sharing and rationing is better managed at a local level, we are working with permit holders to form water groups in priority catchments, and we are providing information such as ecological flows and historic water use to assist permit renewal. Previously we have been paying for this work from general rates, but following consultation, we are now going to pay for this activity from the Water Management Reserve. We note that the cost of processing resource consent applications will still be paid for by the permit holders.

Public Transport in the Wakatipu

We have been working with Queenstown Lakes District Council and the New Zealand Transport Agency to make significant improvements to public transport in the Wakatipu Basin. One change being made is that we will now be subsidising bus services in the Wakatipu Basin. As a result of this, we are able to trial a \$2 bus fare for those using a GoCard, and there will be some changes to routes and timetables and improved frequencies. Along with ORC targeted rates and New Zealand Transport Agency grants, Queenstown Lakes District Council will also contribute funding to assist the sustainability of the \$2 fare.

Our changes will see services provided to Jacks Point, so this area will now be included in the public transport targeted rating area.

Queenstown Office

During 2017/18 we are planning to open an office in Queenstown which will include having customer services, consents, and environmental compliance staff there. This will give ORC a better presence in this area, and the community better access to staff. We will lease office space, which will likely be in the Frankton area.

Other New Initiatives

A number of other new initiatives have been included in this Annual Plan, such as:

- Providing \$100,000 towards research on lake snow.
- Working with local communities to scope lake restoration works for Lake Hayes, Tuakitoto and Tomahawk Lagoon.
- Funding a wallaby control programme.
- Increasing our contribution from \$100,000 to \$200,000 for wilding tree control works.
- Providing \$25,000 to LINZ towards lagarosiphon work in Lake Dunstan.

Rating

We have increased our work programme significantly, and to pay for this, we need to increase our general rates by around \$934,000. This takes our general rates to \$7.2 million compared to \$6.3 million in 2016/17. We are also receiving a special dividend of \$1.5 million from Port Otago to help manage the impact that our increased work plan has on rates.

Depending on where you live in Otago, the mid-range property's general rate increase from last year will be between \$2 and \$13, but remember that rates are directly linked to property value, so your actual increase will depend on the value of your property.

We charge targeted rates for activities including flood and drainage schemes, dairy inspections, wilding trees and public passenger transport. In total, we will collect \$13.6 million targeted rates compared to \$9.6 million in 2016/17. Our Long Term Plan had estimated that targeted rates would be \$10.6 million, but the \$2.4 million new civil defence and emergency management rate, and an increase of \$600,000 for Queenstown public transport has increased our requirement.

Acknowledgment

We would like to thank everyone who took the time to make a submission on our Annual Plan. We received over 800 submissions, all giving us valuable feedback on our work programme and how it should be paid for. Thank you for expressing your views, and supporting our activities.

Stephen Woodhead
Chairperson

Peter Bodeker
Chief Executive

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 2017/18 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 2017/18 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 2017/18

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 28 June 2017.

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”*.

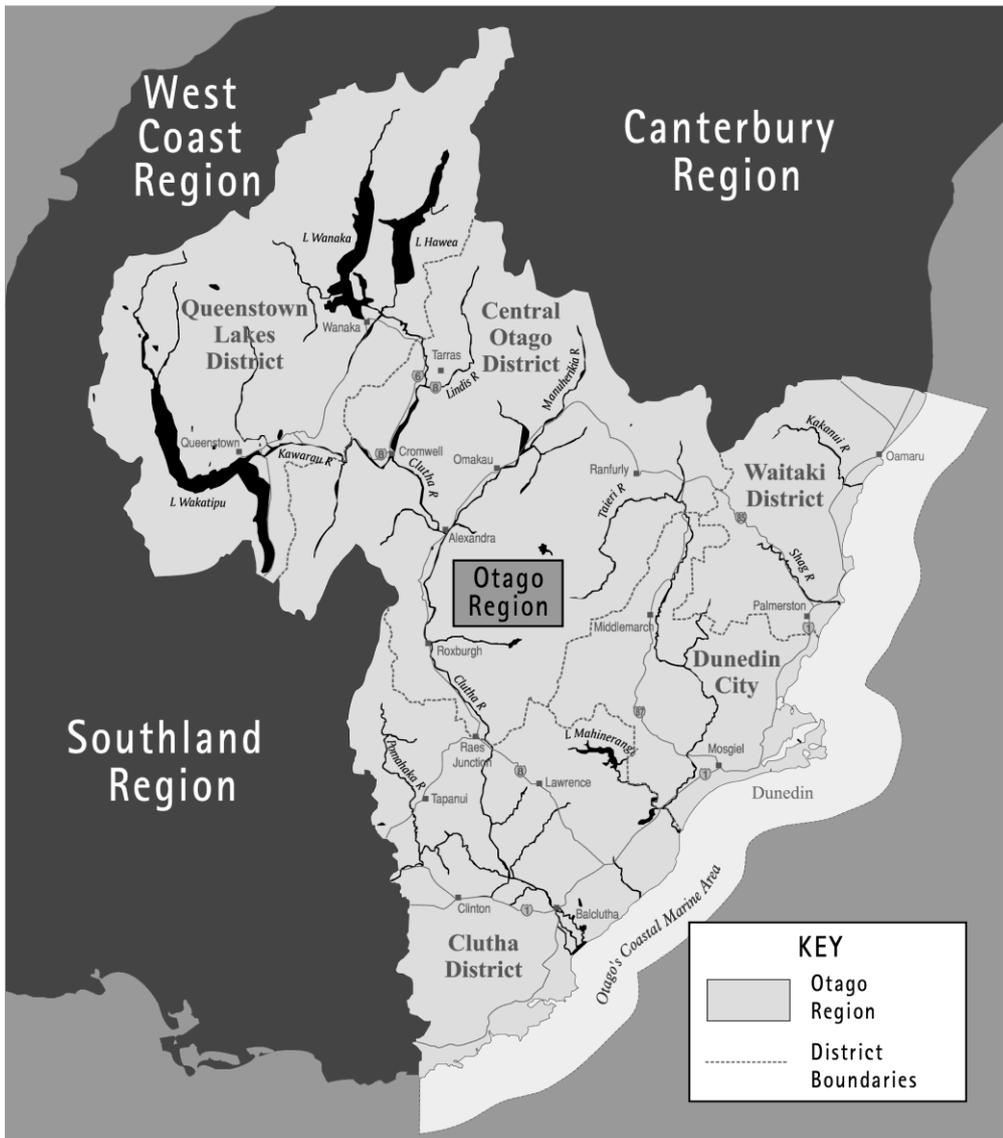
Council has given consideration to its Community Outcomes. It has identified the following community outcomes that it aims to achieve for the intermediate and long term future of Otago, and they are:

- 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



Cr 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.

Mobile: (027) 280 1635

Email: stephen.woodhead@orc.govt.nz



Cr Carmen Hope

Carmen Hope represents the Molyneux constituency for the Otago Regional Council, farming in the hinterlands of Middlemarch. Her expertise in water and drainage matters has stemmed from an extensive career within local government. She has an understanding of rural matters complemented by a set of urban skills. As a Winston Churchill Fellow recipient, Carmen gained further insights into drainage best practices within local authorities in the U.K.

Home: (03) 464 3450

Mobile: (027) 864 7360

Email: carmen.hope@orc.govt.nz

Dunedin Constituency



Cr 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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Cr 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 Otago Regional Transport Committee. Outside Council, Trevor has governance roles in the energy sector and in sustainable development. He is a fellow of the New Zealand Institute of Management, a trustee of Arts Festival Dunedin, and a life member of the St Kilda Brass Band.

Mobile: (027) 221 5208

Email: trevor.kempton@orc.govt.nz



Cr 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.

Home: (03) 478 0878

Email: sam.neill@orc.govt.nz



Cr Andrew Noone

Andrew Noone is a first term Otago Regional Councillor having previously served on the Dunedin City Council for six terms. His roots are deeply embedded in the Otago region, growing up in East Otago and farming there for the past 30 years. He has extensive experience as a RMA Commissioner, having been involved in excess of 500 hearings.

Mobile: (027) 430 1727

Email: andrew.noone@orc.govt.nz



Cr 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



Cr 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.

Mobile: (027) 204 8872

Email: bryan.scott@orc.govt.nz

Dunstan Constituency



Cr 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.

Graeme is in his second term on the Otago Regional Council and is the current Deputy Chair of the Otago Regional Transport Committee.

Home: (03) 448 7740

Mobile: (027) 650 2900

Email: graeme.bell@orc.govt.nz



Cr Michael Laws

Michael Laws is a public relations and advocacy director residing in Cromwell. A former MP, Mayor and DHB Board member, Cr Laws has also hosted national TV and radio shows and is a prize-winning writer and columnist. He is engaged to Cheryl, has five children, and is an active junior sports coach, cyclist and golfer.

Mobile: (027) 453 5575

Email: michael.laws@orc.govt.nz

Councillor position vacant

Photo

Moeraki Constituency



Cr 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 a Director of the Alliance Group Limited.

Home: (03) 439 5693

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Committee Structure

Otago Regional Council		
Cr Stephen Woodhead (Chairperson)	Cr Michael Deaker	Cr Maggie Lawton
Cr Gretchen Robertson (Deputy)	Cr Carmen Hope	Cr Sam Neill
Cr Graeme Bell	Cr Trevor Kempton	Cr Andrew Noone
Cr Doug Brown	Cr Michael Laws	Cr Bryan Scott

Policy Committee
<ul style="list-style-type: none"> • To analyse, develop and recommend to Council all policies, plans and strategies, and to assess their effectiveness. • To make submissions to other authorities and Government.
Cr Robertson (Chair) Cr Laws (Deputy) All Councillors

Technical Committee
<ul style="list-style-type: none"> • To analyse, develop and recommend to Council scientific and technical information needs for Council operations, policy development and environmental monitoring. • To provide an overview of technical information generated by Council • To overview Council's management of waterways and drainage and flood protection schemes. • To monitor and manage natural hazard risks.
Cr Lawton (Chair) Cr Woodhead (Deputy) All Councillors

Regulatory Committee
To oversee and monitor the Resource Management Act, Biosecurity Act and Building Act consents and compliance processes, and to take an overview of any Court proceedings associated with these activities.
Cr Scott (Chair) Cr Neill (Deputy) All Councillors

Finance & Corporate Committee
To guide and monitor the Council's financial affairs and administrative performance, Long Term Plan, Annual Plans, and public passenger transport, and to oversee the implementation of the Local Government Act.
Cr Brown (Chair) Cr Noone (Deputy) All Councillors

Communications Committee
To monitor and provide guidance on Council's community, stakeholder and staff engagement including public information and education, corporate profile, publications and media.
Cr Deaker (Chair) Cr Hope (Deputy) All Councillors

Audit and Risk Committee
To assist the ORC in fulfilling governance responsibilities relating to the management systems, financial legislative, health and safety, and reporting practices.
Mr David Benham (Chair) Cr Woodhead, Cr Robertson, Cr Brown, Cr Laws, Cr Kempton

Regional Transport Committee
To prepare and recommend to Council a Regional Land Transport Plan for Otago, and any variations to this document, and to advocate for the land transport needs of the region.
Cr Kempton (Chair) Cr Bell (Deputy) Cr Woodhead (Alternate) and appointed members

Employment Committee
To liaise with the Chief Executive, undertake performance assessments, negotiate any matters relating to the Chief Executive's employment contract and agree and review key result areas.
All Councillors

Objections Committee
To consider and determine any objections in respect of consent or other statutory decisions.
Cr Neill (Chair) Cr Robertson, Cr Noone, Cr Scott

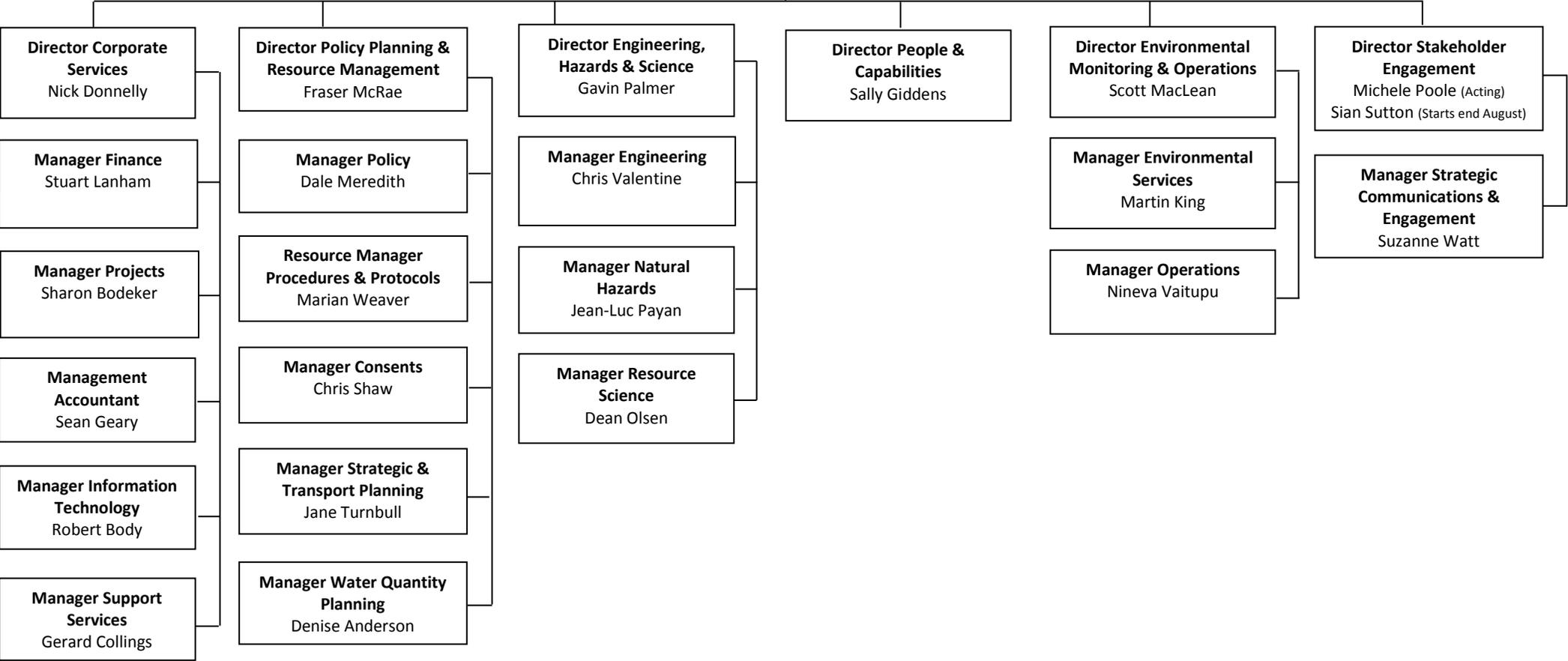
Commissioner Appointment Subcommittee
<ul style="list-style-type: none"> • To appoint Councillor and non-Councillor commissioners for hearing consent applications under the Resource Management Act. • To appoint mediators for consent applications.
Cr Robertson (Chair) Cr Woodhead, Cr Noone, Cr Scott Chief Executive

Otago Civil Defence Emergency Management Group
Cr Woodhead (Chair) and Otago Mayors

Directorate and Management Structure

**Otago CDEM Group
Manager/Controller**
Chris Hawker

CHIEF EXECUTIVE
Peter Bodeker



Development of Maori Capacity to Contribute to Decision Making

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

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

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

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

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

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

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

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

Port Otago Limited

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

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

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

Each year Port Otago Limited produces a Statement of Corporate Intent, which is formally approved by Council. As its owner, the Council does not participate in the management and operation of the company; this is left in the care of the Directors of Port Otago Limited and its management. Port Otago Limited reports to Council on a six monthly basis its performance and results for the period. The principal objective of the company is to operate as a successful business.

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

Contact Information

Principal Office

Otago Regional Council
70 Stafford Street
Private Bag 1954
DUNEDIN 9054

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District Offices

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Facsimile (03) 448-6112

Oamaru Office

32 Ribble Street
OAMARU

Telephone 0800 474 082

Depots

Balclutha Depot

Hasborough Place
BALCLUTHA 9230

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

Taieri Depot

172 Dukes Road North
East Taieri

Telephone (03) 474 0827

Palmerston Depot

54 Tiverton Street
Palmerston

Telephone 0800 474 082

Cromwell Depot

14 Rogers Street
Cromwell

Telephone (03) 445 0122

Wanaka Depot

185 Riverbank Road
Wanaka

Telephone 0800 474 082

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

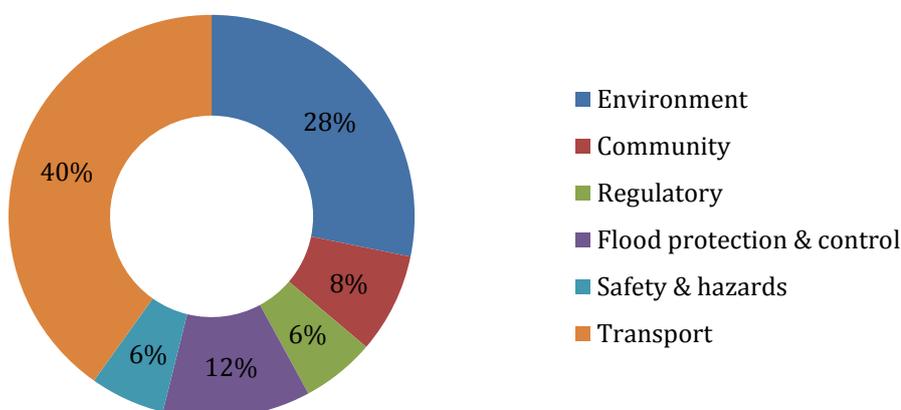
Part 2 – What we will do

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 2017/18



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:

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
7,653	Water	9,848	7,564
451	Air	423	267
1,982	Land	4,113	2,500
1,822	Rivers & waterway management	1,889	1,925
1,263	Environmental incident response	1,411	1,339
13,171	Total expenditure	17,684	13,595

The increase in estimated expenditure includes the following:

- *Water*
 - accelerated programme of work on Water Plan changes for minimum flows, and work on urban water quality - \$1.2 million.
 - Rural water quality environmental assessment work - \$900,000.
 - Research into Lake Snow - \$100,000.
 - Develop coastal SOE network - \$60,000.
- *Land*
 - Wilding tree control - \$1.2 million, funded by a grant from Ministry for Primary Industries.
 - Increase in ORC contribution to wilding tree control from \$100,000 to \$200,000.

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 Shag River and the Catlins River estuaries, and commence monitoring programmes for the health and water quality of the Kaikorai and Tokomairiro estuaries.

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.

Work continues on our project to assist with this transition. It includes a programme of education and liaison with the community and key stakeholders, and undertaking science and monitoring work.

We are using a risk based approach to our monitoring work, which focuses on prohibited and permitted activities, e.g. dairy farming and forestry activities, catchment monitoring to better understand the impact of land activities on water quality, and individual property environmental risk assessments.

We plan to undertake an environmental risk assessment for every individual property that either has a rural land use type, or is a lifestyle block 2 hectares or greater. There are approximately 6,300 of these properties, and over a 3 year period each one will be reviewed. This work will help property owners understand how their land use activities may impact on water quality, and help them achieve compliance with our water quality standards.

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 plan to move to a risk based model for dairy inspections, which prioritises the farms most at risk of impacting water quality. Some farms may get two or three visits a year, while others may only get a visit every second year.

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 2017/18 we will undertake preliminary consultation on a plan change to address human sewage including on site treatment systems (septic tanks), and on a plan change to address the effects of storm water discharges on water quality in the urban environment.

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. We are actively working with mining privilege holders and communities, facilitating meetings, sharing information about group formation and management, and providing ecological and flow information.

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 an accelerated programme of work on plan changes for minimum flows and aquifer regimes including in Cardrona, Clutha Mata Au, Arrow and Manuherikia Rivers.

1.3 What we will deliver

Level of Service – Water Quality	Performance Measure	Performance Targets 2017/18
Maintain or improve water quality.	SOE monitoring.	Monitor to assess that water quality that meets limits set out in the Regional Plan: Water continue to be met.
	Dairy inspections and other farm monitoring, e.g. ponding, sedimentation.	Using a risk based approach, dairy farms will be visited and assessed for compliance with prohibited activity rules.

Level of Service – Water Quantity	Performance Measure	Performance Targets 2017/18
Water is managed to meet the 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. For 2017/18 – Upper Clutha, Fraser River, Bannockburn, Sheppards Creek, Low Burn, Strath Taieri and Manuherikia catchments.
		Monitor compliance with set minimum flows/environmental levels.

1.4 Specific areas of work

Specific areas of work in 2017/18
Undertake preliminary consultation on a plan change to address human sewage, including on-site treatment system discharges on water quality.
Undertake preliminary consultation to address effects of stormwater discharges on water quality.
Commence and complete plan changes for minimum flows, allocation regimes and aquifer regimes.

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.
- Unless known, no appeals on plan changes will be provided for.

2. Air

2.1 What we do

Within Otago there are certain areas where winter air emissions from home heating cause air quality to breach the 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 allowed up to three exceedances per year of the PM₁₀ standard to 2016, and full compliance (no more than one exceedance per year) is required 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 in excess of the PM₁₀ standard, in Arrowtown, Alexandra, Cromwell, and Clyde (Air Zone 1) and Milton, and fewer high readings in Mosgiel and Balclutha. The Central Dunedin air zone currently complies with the NES after several years of steady improvement.

2.2 Issues we are facing

In 2016 we commissioned an emissions inventory, to understand the sources and magnitude of emissions in four Otago towns, Alexandra, Arrowtown, Milton and Mosgiel, and these were compared to 2005 emissions estimates, to identify any changes. The results suggested that the amount of mass emissions in each of these towns has reduced by around 50% over the 11 year period, which is a massive improvement. Reasons for the improvement include the reduction in coal use, and the replacement of older, inefficient wood burners with newer compliant burners.

These improvements are fantastic, but unfortunately we are still not complying with the NES for air quality in our Air Zone 1 towns and Milton. Research has shown that in some parts of Otago, even with the use of low-emission wood burners, the challenge of extremely cold winter weather and strong temperature inversions means we will likely not meet the air quality standards. We therefore need to find new solutions that will ensure people have warm homes while achieving clean air. We will continue our programme of providing a financial contribution for the installation of clean heating appliances, and we will continue to look for ways to assist the improvement in air quality in Otago.

The Government is considering amending the NES, to change the concentration measurement to PM_{2.5}. We do not know when this change may be made, but to understand what it could mean, we plan to install a new PM_{2.5} monitor, most likely in Dunedin. As Dunedin complies with the PM₁₀ requirement, it will be useful information to see if Dunedin can comply with PM_{2.5} requirements.

2.3 What we will deliver

Level of Service	Performance Measure	Performance Targets 2017/18
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 2017/18
Support through funding, the installation of clean heating appliances in targeted towns (Airzone 1 and Milton).

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.

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 MacLean's 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.

This plan provides for a review of the Pest Management Strategy. A revised strategy will be notified by 31 March 2018.

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 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 commenced in 2016/17, and is planned to be completed this year. It will 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. During 2016/17, the Government decided to contribute \$16 million over four years towards the control of wilding conifer in New Zealand. The Ministry for Primary Industries (MPI) has determined how that funding is to be allocated and sites within Otago have been identified. ORC has entered into an agreement with MPI, to administer the funding allocation for control works to be undertaken at those Otago sites.

In 2017/18 we estimate that we will receive \$1.2 million of funding from MPI for control works. In addition, we will target rate \$200,000 for wilding trees, so contributions can continue to be made to the groups in Queenstown and Central Otago working on the wilding tree problem.

Wallabies are a growing problem in Otago. We are working with Environment Canterbury, community groups and pest companies to assist in preventing a wallaby population from establishing in our region, and to carry out necessary control works to eradicate wallaby in Otago.

3.3 What we will deliver

Level of Service	Performance Measure	Performance Targets 2017/18
Require control of pest animals and pest plants.	Level of rabbit populations in rabbit prone areas.	Non-compliance of rabbit numbers over MAL3 will be followed up, to ensure property management plans are in place to reduce rabbit numbers.
	Level of pest plants found at known sites.	Non-compliance of pest plants will be followed up to ensure control works to remove pest plants have been undertaken.

3.4 Specific areas of work

Specific areas of work in 2017/18
Prepare a new Pest Management Plan 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, a number of River Morphology and Riparian Management Plans have been developed for many of our major rivers in Otago, which set out river values, management objectives and the roles of ORC, landholders and other stakeholders. Implementation of those plans is underway.

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. This year we plan to develop a strategy for the management of the Lindsay Creek erosion hazard, and the Waitati River flood and erosion hazard.

4.3 What we will deliver

Level of Service	Performance Measure	Performance Targets 2017/18
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 2017/18
Implement the developed River Morphology and Riparian Management Plans.
Develop a strategy for the management of the Lindsay Creek erosion hazard.
Develop a strategy for the management of the Waitati River flood and erosion hazard.

4.5 What assumptions we have made

- 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 2017/18
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 2017/18
Continue to work with Otago territorial authorities to develop 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

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	<i>Sources of operating funding:</i>		
3,307	General rates, UAGC & rate penalties	4,188	2,962
2,445	Targeted rates	3,139	2,671
-	Subsidies & grants	1,200	12
570	Fees & charges	570	959
217	Internal charges & overheads recovered	217	785
5,291	Fines, infringement fees & other receipts	6,481	5,194
11,830	Total operating funding	15,795	12,583
	<i>Application of operating funding:</i>		
7,769	Payments to staff & suppliers	11,392	8,181
-	Finance costs	-	-
4,991	Internal charges & overheads	5,938	5,087
-	Other operating funding applications	-	-
12,760	Total applications of operating funding	17,330	13,268
(930)	Surplus(deficit) of operating funding	(1,535)	(685)
	<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	35	-
265	- to replace existing assets	201	156
(1,195)	Increase(decrease) in reserves	(1,771)	(841)
-	Increase(decrease) in investments	-	-
(930)	Total application of capital funding	(1,535)	(685)
930	Surplus(deficit) of capital funding	1,535	685
-	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:

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
1,548	Democracy	1,570	1,437
1,937	Public information and awareness	2,012	2,096
350	Financial contributions	350	596
100	Regional economic development	-	-
-	LAWA	427	-
2,317	Dunedin Head Office replacement	665	-
6,252	Total expenditure	5,024	4,129

The increase in estimated expenditure includes the following:

- LAWA– Administering on behalf of the national office, and funded by the national office – \$426,000 (refer page 34 for further information).
- Dunedin head office replacement –Working on options to present for consultation at a later date, including location, design, costs and funding - \$665,000.

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.

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.

Land, Air, Water Aotearoa (LAWA) is a national partnership made up of the 16 regional councils and unitary authorities, Cawthron Institute, Ministry for the Environment and Massey University, and it has been supported by the Tindall Foundation. The LAWA website brings together:

- environmental monitoring data about the water quality of our lakes, rivers and beaches;
- water quantity, flows and rainfall; and
- air quality.

We have taken on the LAWA administration role on behalf of the national office which is funded by the national office. We also make a financial contribution to the national office.

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

Work on proposals for a new head office continues, as the office space in Stafford Street continues to be a challenge. It is intended that full consultation will be held with the public, once we have sufficient detail on building options, e.g. site for a building, costs and funding. This consultation may be included as part of the next Long Term Plan (2018-2028), or in an earlier separate consultation.

During 2017/18, Council is proposing to open an office in Queenstown, to meet the requests of the local community. Office space will be leased, and will provide customer services, consents, environmental compliance and community liaison services.

7.2 What we will deliver

Level of Service	Performance Measure	Performance Targets 2017/18
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 2017/18

Hold at least two meetings each year with lwi representatives.

Respond to issues, activities and queries on matters that require a regional perspective or impact on regional resource management functions.

Funding Impact Statement – Community

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	<i>Sources of operating funding:</i>		
1,484	General rates, UAGC & rate penalties	1,582	1,471
-	Targeted rates	-	-
-	Subsidies & grants	-	-
131	Fees & charges	131	207
-	Internal charges & overheads recovered	-	-
2,220	Fines, infringement fees & other receipts	2,546	2,451
3,835	Total operating funding	4,259	4,129
	<i>Application of operating funding:</i>		
2,766	Payments to staff & suppliers	3,530	3,016
-	Finance costs	-	-
1,162	Internal charges & overheads	1,465	1,113
7	Other operating Funding applications	7	-
3,935	Total applications of operating funding	5,002	4,129
(100)	Surplus(deficit) of Operating funding	(743)	-
	<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	-	-
(100)	Increase(decrease) in reserves	(743)	-
-	Increase(decrease) in investments	-	-
(100)	Total application of capital funding	(743)	-
100	Surplus(deficit) of Capital funding	743	-
-	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:

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
176	Policy development*	191	-
1,531	Consents	1,798	1,959
1,163	Compliance	1,289	1,383
273	Harbour management	406	307
3,143	Total expenditure	3,684	3,649

*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 was consulted on during 2016, and decisions were made by Council in September 2016. An appeal has been received. An Environment Court hearing is set to commence in June 2017. This plan therefore provides for making the RPS operative in the 2017/18 year.

8.2 Specific areas of work

Specific areas of work in 2017/18

Address any appeals made on the RPS and make operative

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.

9.3 What we will deliver

Level of Service	Performance Measure	Performance Targets 2017/18
Process resource consent applications in a timely manner.	RMA and Building Act statutory timeframes.	100% of consents are processed within the statutory timeframes.
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 found through audits and performance monitoring returns.	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 2017/18

Review consents for a catchment, subcatchment or aquifer within two months of a minimum flow or water quality standard being operational to assess water allocation.

9.5 What assumptions we have made

- Level of consent processing will increase up until 2021 when mining privileges expire.

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 2017/18
Safe recreational use and navigation for all users of the Otago harbour.	Respond to harbour incidents in a timely manner.	Respond within one hour of notification from Harbour Control.
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 2017/18

Hold one desk top and one field exercise for marine oil incident response.

Draft a scoping document and consult on harbour bylaws for Otago.

Funding Impact Statement – Regulatory

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	Sources of operating funding:		
371	General rates, UAGC & rate penalties	490	364
-	Targeted rates	-	-
55	Subsidies & grants	55	35
2,038	Fees & charges	2,356	2,474
131	Internal charges & overheads recovered	98	131
548	Fines, infringement fees & other receipts	685	646
3,143	Total operating funding	3,684	3,650
	Application of operating funding:		
1,563	Payments to staff & suppliers	1,845	1,887
-	Finance costs	-	-
1,461	Internal charges & overheads	1,720	1,666
-	Other operating funding applications	-	-
3,024	Total applications of operating funding	3,565	3,553
119	Surplus(deficit) of operating funding	119	97
	Sources of capital funding:		
-	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	-	-
	Application of capital funding:		
	<i>Capital expenditure:</i>		
-	- to meet additional demand	-	-
-	- to improve level of service	-	-
-	- to replace existing assets	-	-
119	Increase(decrease) in reserves	119	97
-	Increase(decrease) in investments	-	-
119	Total application of capital funding	119	97
(119)	Surplus(deficit) of capital funding	(119)	(97)
-	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:

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
223	Alexandra flood protection	278	226
5,020	Leith flood protection	2,993	2,860
1,718	Lower Clutha flood and drainage	1,833	1,823
634	Lower Taieri flood	499	482
781	West Taieri drainage	855	749
619	East Taieri drainage	660	657
92	Tokomairiro drainage	144	98
29	Shotover River Delta	72	16
33	Land drainage response	48	32
9,149	Total expenditure	7,382	6,943

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

Across our flood and drainage schemes, there are a number of bridges that were built around 80 years ago, and some are reaching the end of their useful lives. During 2017/18, all bridges will be inspected, including looking at safety standards, load capacity, railings and signage. From our inspections, a maintenance/-replacement schedule will be developed.

Details of other work to be undertaken within each scheme can be found in section 11.4.

11.3 What we will deliver

Level of Service – Alexandra Flood	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.	Response to flood events or damage.	Flood damage identified, prioritised and repaired.
	Maintain and renew flood mitigation works to ensure design standards are met.	Contain all floods up to 142.75m (above mean sea level) at Alexandra Bridge with 0.5m freeboard, corresponding with a flood flow of approximately 4,350 cubic metres per second and being equivalent to the greatest recorded flood (in 1878) but with the Lake Hawea control gates closed.
		<p><i>Left Bank Pump Station:</i> Every pump within the pump station will be available 320 out of 365 days per annum.</p> <p><i>Linger and Die Pump Station:</i> Every pump within the pump station will be available 320 out of 365 days per annum.</p> <p><i>CBD Pump Station:</i> Every pump within the pump station will be available 320 out of 365 days per annum.</p> <p>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 – Leith Flood	Performance Measure	Performance Target 2016/17
Reduce the flood risk to people and property by maintaining flood protection works to agreed standards.	By 2019/20, increase capacity to 171 cubic metres per second (measured at St David Street footbridge). Represents 1 in 100 year flood with freeboard.	Undertake works at Dundas Street bridge.
		Undertake design and obtain consents for enhancement of amenity, public access and ecology of the Forth Street to Harbour reach.

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.	Respond to flood events or damage.	Flood damage identified, prioritised and repaired.
	Maintain and renew flood mitigation works to ensure design standards are met.	No flooding of Barnego in all flows up to 2,850 cubic metres per second, Kaitangata, Inch Clutha and Paretai up to 4,000 cubic metres per second and Balclutha up to 5,400 cubic metres per second (all flows measured at 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.	Respond to events or damage	Damage identified, prioritised and repaired.
	Maintain and renew drainage works to ensure design standards are met.	Provide drainage modulus of 7.5mm per day pumped drainage capacity for Matau District, 9mm per day for Inch Clutha and 10mm per day for Paretai District. Every pump within the pump stations will be available 320 out of 365 days per annum (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 – 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.	Respond to flood events or damage.	Flood damage identified, prioritised and repaired.
	Maintain and renew flood mitigation works to ensure design standards are met.	No flooding of the East Taieri upper ponding area from Taieri River flows up to 800 cubic metres per second or Silver Stream flows up to 160 cubic metres per second.
		No flooding of the East Taieri lower ponding area from Taieri River flows up to 2,500 cubic metres per second or Silver Stream flows up to 260 cubic metres per second.
		No flooding of West Taieri from Taieri River flows up to 2,500 cubic metres per second.
		No flooding of Mosgiel from Silver Stream flows up to 260 cubic metres per second (Taieri River flows measured at Outram, Silver Stream flows measured at Gordon Road), being equivalent to the 1980 flood, nominally a 100 year event.

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.	Respond to events or damage.	Damage identified, prioritised and repaired.
	Maintain and renew drainage works to ensure design standards are met.	Provide drainage modulus of 10mm per day pumped drainage capacity.
		Every pump within the pump station at Waipori will be available 320 out of 365 days per annum (refer Note 1).
		Every pump within the pump station will be available at Ascog and Henley 320 out of 365 days per annum (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 – 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.
		Every pump within the pump station will be available 320 out of 365 days per annum (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 2017/18
Alexandra – undertake total overhaul of the three Linger and Die pumps.
Lower Clutha – complete altering the drainage infrastructure of Lake Tuakitoto / Robsons Lagoon so as to improve wetland ecosystem values.
Lower Clutha – construct the improvements to the Koau right floodbank at Factory Road (Paretai) that reduce the risk of floodbank failure at that location.
Lower Taieri – undertake design and obtain approvals and consents (if required), for constructing a new upper/lower pond link spillways or the alternative option of relocating the floodbank(s) through the chute of the Taieri River.
East Taieri – undertake design and consenting (if required), of drainage improvements for the upper pond.

Funding Impact Statement – Flood Protection & Control Works

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	Sources of operating funding:		
196	General rates, UAGC & rate penalties	245	91
3,671	Targeted rates	3,852	4,211
-	Subsidies & grants	-	-
212	Fees & charges	273	195
-	Internal charges & overheads recovered	-	-
633	Fines, infringement fees & other receipts	617	394
4,712	Total operating funding	4,987	4,891
	Application of operating funding:		
2,044	Payments to staff & Suppliers	2,055	2,096
-	Finance costs	-	-
955	Internal charges & overheads	849	879
-	Other operating funding applications	-	-
2,999	Total applications of operating funding	2,904	2,975
1,713	Surplus(deficit) of operating funding	2,083	1,916
	Sources of capital funding:		
-	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	-	-
	Application of capital funding:		
	<i>Capital expenditure:</i>		
-	- to meet additional demand	-	-
5,006	- to improve level of service	2,777	2,408
527	- to replace existing assets	982	672
(3,820)	Increase(decrease) in reserves	(1,676)	(1,164)
-	Increase(decrease) in investments	-	-
1,713	Total application of capital funding	2,083	1,916
(1,713)	Surplus(deficit) of capital funding	(2,083)	(1,916)
-	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:

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
702	Emergency Management	2,412	533
1,261	Natural Hazards	1,329	1,640
1,963	Total Expenditure	3,741	2,173

12.1 Emergency management

The Otago Regional Council, together with the Otago territorial authorities, and emergency services, plan for and provide civil defence emergency management programmes across the region to ensure continued public safety of our communities. This is achieved through a wide range of activities focused on the national priorities of Reduction, Readiness, Response and Recovery. Programmes include identifying and reducing risks, broad based community planning, maintaining effective communication links across all sectors of CDEM, conducting training exercises and contributing towards the welfare of our community in a meaningful way.

Until recently, emergency management officers in Otago were employed separately by each of the different local authorities. Now all of the officers are employed directly by ORC, which is enabling greater efficiency and effectiveness in being better prepared to respond in an emergency situation. As a result of the transfer of employment from the City and District Councils, costs have increased compared to last year.

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.
		A Group CDEM Controller is available 24/7, 365 days a year.

12.3 Specific areas of work

Specific areas of work in 2017/18
Lead the development and delivery of the 2017-22 Otago CDEM Group Plan.
Complete the development of the Group Risk Reduction Strategy and implement it.
Develop and implement a group dam failure plan.

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, the Milton 2060 Strategy, and working with the Dunedin City Council on the South Dunedin Future programme.

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 2017/18
Undertake a joint ORC/QLDC flood awareness campaign in Queenstown, Wanaka, Glenorchy and Kingston.
Work with Dunedin City Council on the South Dunedin Future programme.
Report on the location and characteristics of known geological faults in Otago.

Funding Impact Statement – Safety & Hazards

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	Sources of operating funding:		
793	General rates, UAGC & rate penalties	505	773
-	Targeted rates	2,412	-
-	Subsidies & grants	-	-
-	Fees & charges	-	-
-	Internal charges & overheads recovered	-	-
1,170	Fines, infringement fees & other receipts	755	1,400
1,963	Total operating funding	3,672	2,173
	Application of operating funding:		
1,145	Payments to staff & suppliers	2,193	1,151
-	Finance costs	-	-
816	Internal charges & overheads	1,540	1,020
-	Other operating funding applications	-	-
1,961	Total applications of operating funding	3,733	2,171
2	Surplus(deficit) of Operating funding	(61)	2
	Sources of capital funding:		
-	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	-	-
	Application of capital funding:		
	<i>Capital expenditure:</i>		
-	- to meet additional Demand	-	-
-	- to improve level of Service	-	-
-	- to replace existing Assets	-	-
2	Increase(decrease) in reserves	(61)	2
-	Increase(decrease) in investments	-	-
2	Total application of capital funding	(61)	2
(2)	Surplus(deficit) of Capital funding	61	(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:

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
168	Regional transport planning	317	176
16,320	Public passenger transport	24,357	11,447
495	Stock truck effluent disposal sites	509	76
16,983	Total Expenditure	25,183	11,699

The increase in estimated expenditure for public transport includes:

- The change in the way Council contracts bus services. Previous estimates showed contract prices net of bus fares. Council now receives the fare revenue, and so bus contract prices are shown at a higher level.
- The inclusion of the Wakatipu network in Council's contracting costs.

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 also be completed in 2017/18. These projects will be partly funded from NZTA and the remainder through the Dunedin transport reserve.

During the year, Council will complete the implementation of the Wakatipu contracted services. These services will extend out to Jacks Point, and so the transport rating area will be amended to include this area.

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.	95% of services monitored depart from the terminus on time.
	Vehicle quality.	100% of vehicles comply with Regional Passenger Transport Plan Vehicle Quality standards.
	Public satisfaction.	Survey shows at least 85% of bus users are satisfied with overall standard of service.
	Patronage growth.	Dunedin: Maintain patronage. Wakatipu: 8% growth.

14.3 Specific areas of work

Specific areas of work in 2017/18
Complete the construction of a central city bus hub in Dunedin.
Complete the implementation of a replacement ticketing system.

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

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	Sources of operating funding:		
190	General rates, UAGC & rate penalties	266	185
3,484	Targeted rates	4,232	3,688
9,520	Subsidies & grants	10,671	6,485
18	Fees & charges	97	32
-	Internal charges & overheads recovered	-	-
574	Fines, infringement fees & other receipts	7,315	560
13,786	Total operating funding	22,581	10,950
	Application of operating funding:		
16,203	Payments to staff & suppliers	24,132	11,369
-	Finance costs	-	-
346	Internal charges & overheads	618	330
-	Other operating funding applications	-	-
16,549	Total applications of operating funding	24,750	11,699
(2,763)	Surplus(deficit) of operating funding	(2,169)	(749)
	Sources of capital funding:		
-	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	-	-
	Application of capital funding:		
	<i>Capital expenditure:</i>		
-	- to meet additional demand	-	-
426	- to improve level of service	426	-
-	- to replace existing assets	-	-
(3,189)	Increase(decrease) in Reserves	(2,595)	(749)
-	Increase(decrease) in investments	-	-
(2,763)	Total application of capital funding	(2,169)	(749)
2,763	Surplus(deficit) of capital funding	2,169	749
-	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

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	<i>Sources of operating funding:</i>		
6,341	General rates, UAGC & rate penalties	7,275	6,040
9,599	Targeted rates	13,635	10,570
9,575	Subsidies & grants	11,926	6,532
2,968	Fees & charges	3,426	3,868
9,550	Interest & dividends from investments	10,512	9,650
2,151	Fines, infringement fees & other receipts	9,140	2,057
40,184	Total operating funding	55,914	38,717
	<i>Applications of operating funding:</i>		
42,016	Payments to staff & suppliers	55,555	36,225
100	Finance costs	138	75
141	Other operating funding applications	52	54
42,257	Total applications of operating funding	55,745	36,354
(2,073)	Surplus(deficit) of operating funding	169	2,363
	<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 demand	-	-
5,433	- to improve level of service	3,548	2,505
2,852	- to replace existing assets	3,281	2,045
(10,358)	Increase(decrease) in reserves	(6,660)	(2,187)
-	Increase(decrease) in investments	-	-
2,073	Total applications of capital funding	169	2,363
(2,073)	Surplus(deficit) of capital funding	(169)	(2,363)
-	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 2017/18 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.	\$6,275,000 allocated as: Central Otago \$695,000 Clutha \$633,000 Dunedin \$2,504,000 Queenstown \$2,010,000 Waitaki \$433,000	\$19.06 \$21.58 \$27.67 \$25.60 \$20.58	\$45.73 \$51.80 \$66.41 \$61.44 \$49.38	\$304.88 \$345.32 \$442.72 \$409.60 \$329.20
Uniform Annual General Charge						
- contributes to all activities of council	Fixed charge per rating unit.		\$2,092,000 calculated as \$19.27 per rating unit.	\$19.27	\$19.27	\$19.27
Targeted rates – refer to maps of targeted rating areas						
Dairy monitoring						
	Fixed charge per rating unit	The activity of being a dairy farm.	\$215,000 allocated as \$478.00 per dairy farm.	\$478.00	\$478.00	\$478.00
Flood protection and control works						
- Leith flood protection scheme	Capital value	Where the property is situated within the defined scheme area.	\$1,570,000 allocated as: Direct benefit zone: - Forsyth Barr Stadium \$32,000 - Excluding stadium \$753,000 Indirect benefit zone \$785,000	\$225.43 \$13.20	\$541.04 \$31.69	\$3,606.92 \$211.24

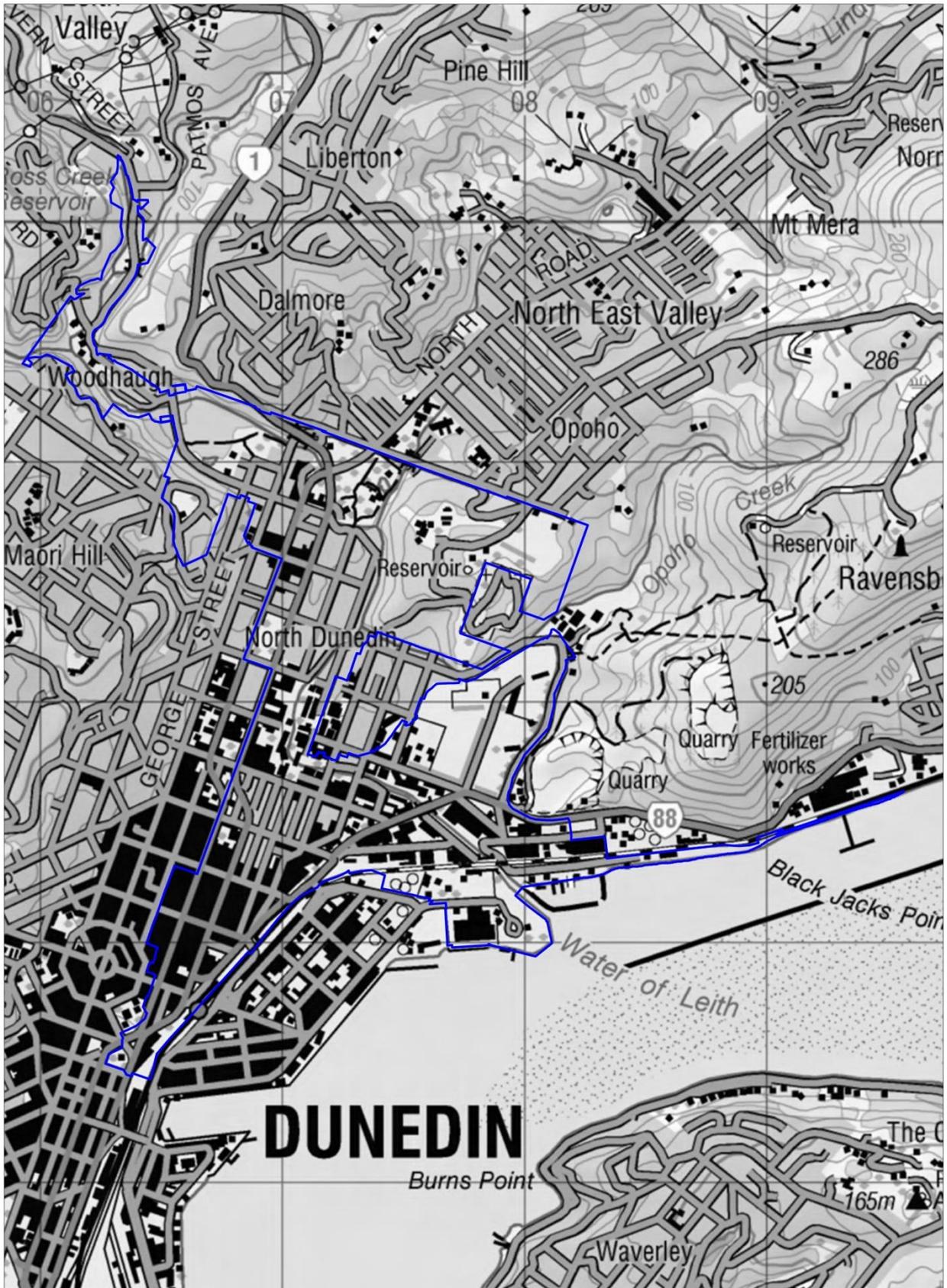
Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2017/18 including GST	Estimated rates payable including GST		
				Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
- Lower Clutha flood and drainage scheme	Capital value	Where the property is situated using approved classifications.	\$690,000 allocated as:			
			A \$52,000	\$1,302.71	\$3,126.51	\$20,843.40
			B \$131,000	\$517.25	\$1,241.41	\$8,276.04
			C \$257,000	\$488.52	\$1,172.44	\$7,816.28
			D \$44,000	\$306.52	\$735.65	\$4,904.36
			E \$38,000	\$162.84	\$390.82	\$2,605.44
			F \$21,000	\$19.16	\$45.98	\$306.52
			U1 \$2,000	\$517.26	\$1,241.41	\$8,276.08
			U2 \$109,000	\$172.42	\$413.80	\$2,758.68
			U3 \$6,000	\$38.32	\$91.96	\$613.04
			U4 \$29,000	\$28.74	\$68.96	\$459.76
- Lower Taieri flood protection scheme	Capital value	Where the property is situated using approved classifications.	\$805,000 allocated as:			
			WF1 \$403,300	\$489.94	\$1,175.84	\$7,838.96
			WF2 \$311,900	\$289.90	\$696.75	\$4,638.36
			WF3 \$190	\$4.59	\$11.00	\$73.36
			WF4 \$170	\$7.13	\$17.11	\$114.08
			WF5 \$1	\$0.68	\$1.64	\$10.92
			WF6 \$5	\$0.81	\$1.94	\$12.96
			WF7 \$1	\$0.44	\$1.04	\$6.96
			WF8 \$900	\$34.41	\$82.58	\$550.56
			WF9 \$1	\$0.27	\$0.65	\$4.32
			EF1 \$20,100	\$264.05	\$633.71	\$4,224.72
			EF2 \$30,100	\$276.22	\$662.92	\$4,419.44
			EF3 \$700	\$274.81	\$659.54	\$4,396.96
			EF4 \$7,000	\$223.09	\$535.40	\$3,569.36
			EF5 \$1,300	\$6.20	\$14.88	\$99.20
			EF6 \$1,000	\$274.25	\$658.19	\$4,387.92
EF7 \$500	\$3.77	\$9.05	\$60.28			
EF8 \$21,000	\$3.56	\$8.54	\$56.96			
EF9 \$1,600	\$1.65	\$3.96	\$26.40			
EF10 \$1,100	\$2.06	\$4.93	\$32.88			
EF12 \$1,500	\$324.35	\$778.45	\$5,189.64			
EF13 \$2,200	\$324.27	\$778.25	\$5,188.36			

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2017/18 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.	\$367,000 allocated as follows: ED1 \$132,000 ED2 \$89,000 ED4 \$14,000 ED5 \$53,000 ED7 \$16,000 ED8 \$32,000 ED9 \$21,000 ED10 \$10,000	\$145.23 \$110.78 \$122.44 \$55.23 \$192.52 \$36.64 \$31.78 \$28.24	\$145.23 \$110.78 \$122.44 \$55.23 \$192.52 \$36.64 \$31.78 \$28.24	\$145.23 \$110.78 \$122.44 \$55.23 \$192.52 \$36.64 \$31.78 \$28.24
	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$122,000 allocated to ED1, ED2, ED4, ED5, ED8, ED9 and ED10	\$26.10	\$26.10	\$26.10
- West Taieri drainage scheme	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$416,000 allocated as: WD1 \$334,000 WD2 \$56,000 WD3 \$18,000 WD4 \$8,000 WD5 \$152	\$78.76 \$21.64 \$58.77 \$78.76 \$0.32	\$78.76 \$21.64 \$58.77 \$78.76 \$0.32	\$78.76 \$21.64 \$58.77 \$78.76 \$0.32
	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$178,000 allocated to WD1, WD2, WD3 and WD4.	\$24.66	\$24.66	\$24.66
- Tokomairiro drainage scheme	Capital value	Where the property is situated within the defined scheme area.	\$109,000 allocated as: A \$7,000 B \$12,000 C \$16,000 D \$24,000 E \$10,000 F \$16,000 U1 \$24,000	\$151.70 \$113.78 \$91.02 \$68.27 \$37.93 \$15.17 \$22.76	\$364.08 \$273.06 \$218.45 \$163.84 \$91.02 \$36.41 \$54.61	\$2,427.20 \$1,820.40 \$1,456.32 \$1,092.24 \$606.80 \$242.72 \$364.08
- Shotover Delta	Capital Value	Where the property is situated within the defined scheme area.	\$172,000	\$3.86	\$9.26	\$61.76

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2017/18 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	\$1,646,000 allocated as: Central Otago \$345,000 Clutha \$305,000 Dunedin \$172,000 Waitaki \$460,000 Wakatipu \$172,000 Wanaka \$192,000	\$9.47 \$10.39 \$1.91 \$21.88 \$3.26 \$7.52	\$22.72 \$24.92 \$4.57 \$52.51 \$7.82 \$18.04	\$151.44 \$166.16 \$30.48 \$350.04 \$52.12 \$120.28
- Lower Waitaki	Capital value	Where the property is situated within the defined scheme area	\$144,000 allocated as: A \$90,000 B \$54,000	\$272.17 \$136.06	\$653.20 \$326.53	\$4,354.64 \$2,176.88
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 2 hectares and above	\$1,373,000 Central Otago \$266,000 Clutha \$410,000 Dunedin \$194,000 Queenstown \$279,000 Waitaki \$224,000	\$17.29 \$18.28 \$17.54 \$24.79 \$18.97	\$41.49 \$43.86 \$42.10 \$59.49 \$45.52	\$276.60 \$292.40 \$280.64 \$396.60 \$303.44
Wilding trees	Fixed charge per rating unit		\$230,000 allocated as \$2.12 per rating unit	\$2.12	\$2.12	\$2.12

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2017/18 including GST	Estimated rates payable including GST		
				Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
Emergency Management	Fixed charge per rating unit.		\$2,773,000 allocated as: Central Otago \$330,000 Clutha \$242,000 Dunedin \$1,325,000 Queenstown \$606,000 Waitaki \$270,000	\$25.56	\$25.56	\$25.56
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	\$4,177,000 allocated as: Class A \$1,260,000 Class B - Dunedin \$2,898,000 - Waitaki \$19,000	\$164.45	\$394.67	\$2,631.16
- 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	\$690,000 allocated as: Class A \$186,000 Class B \$504,000	\$25.86	\$62.06	\$413.72
				\$12.93	\$31.03	\$206.84

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



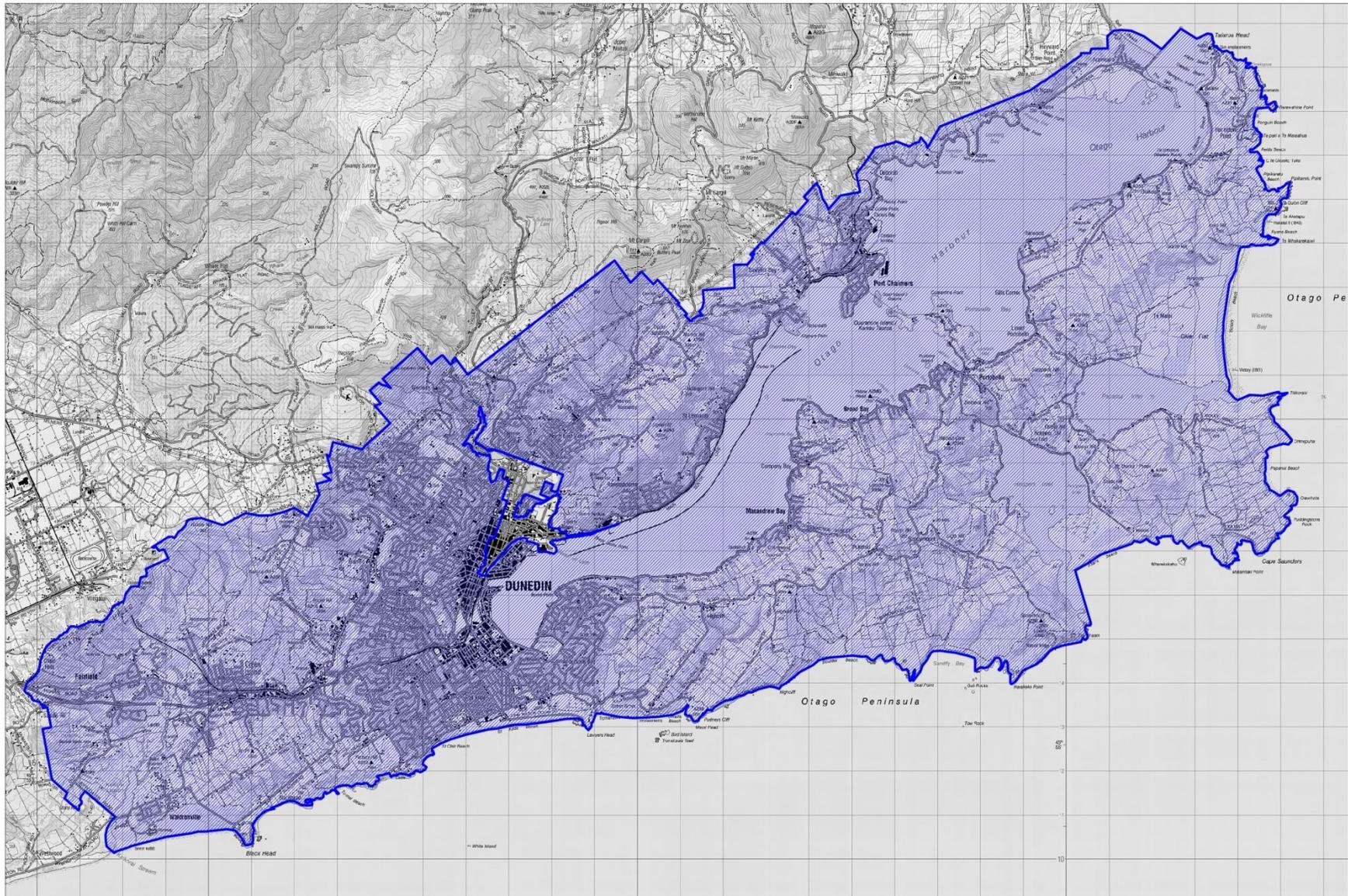
DUNEDIN

Burns Point

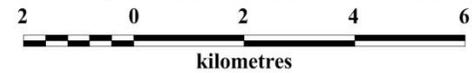
**Leith Flood Protection Scheme -
Direct Benefit Zone**

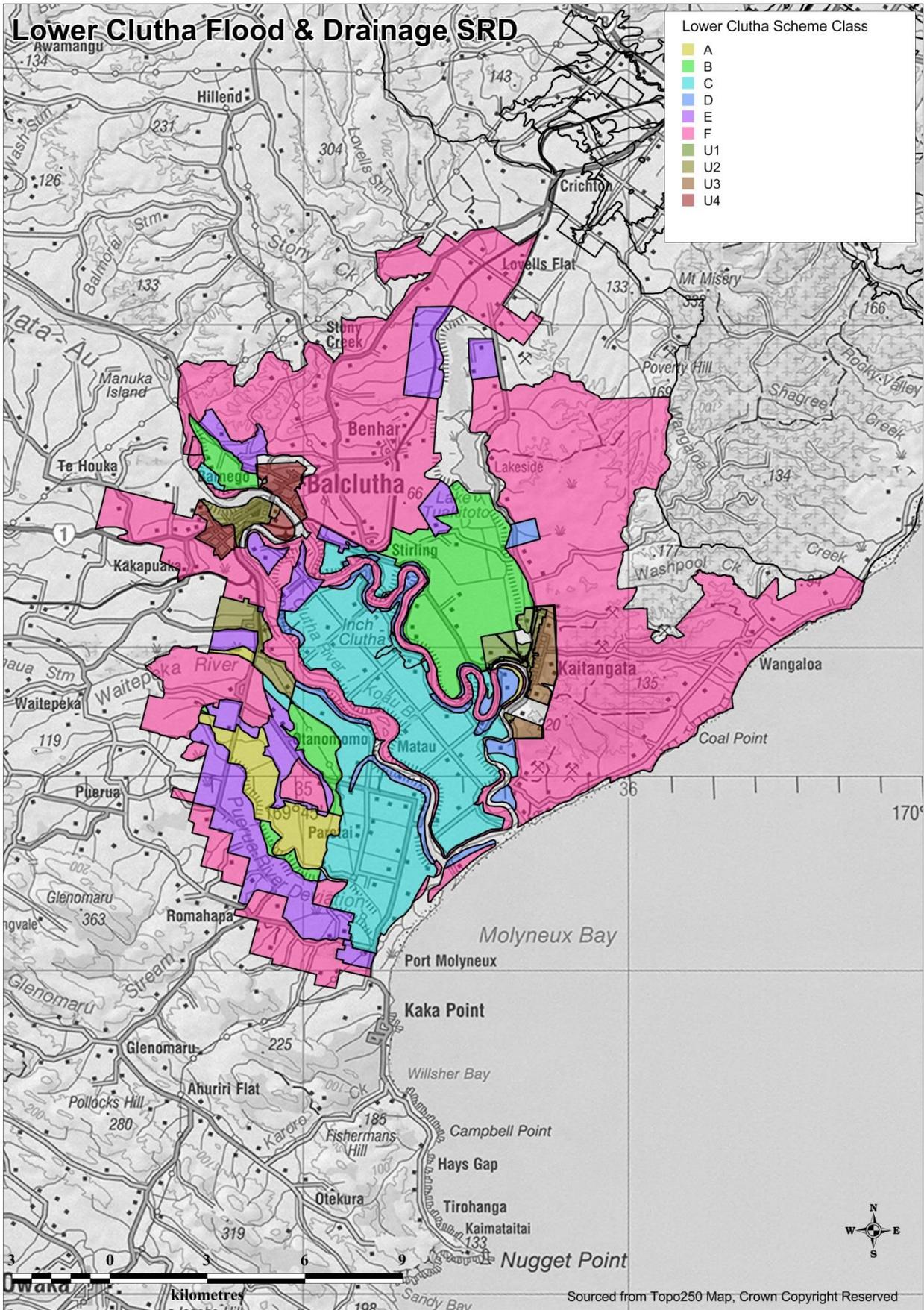
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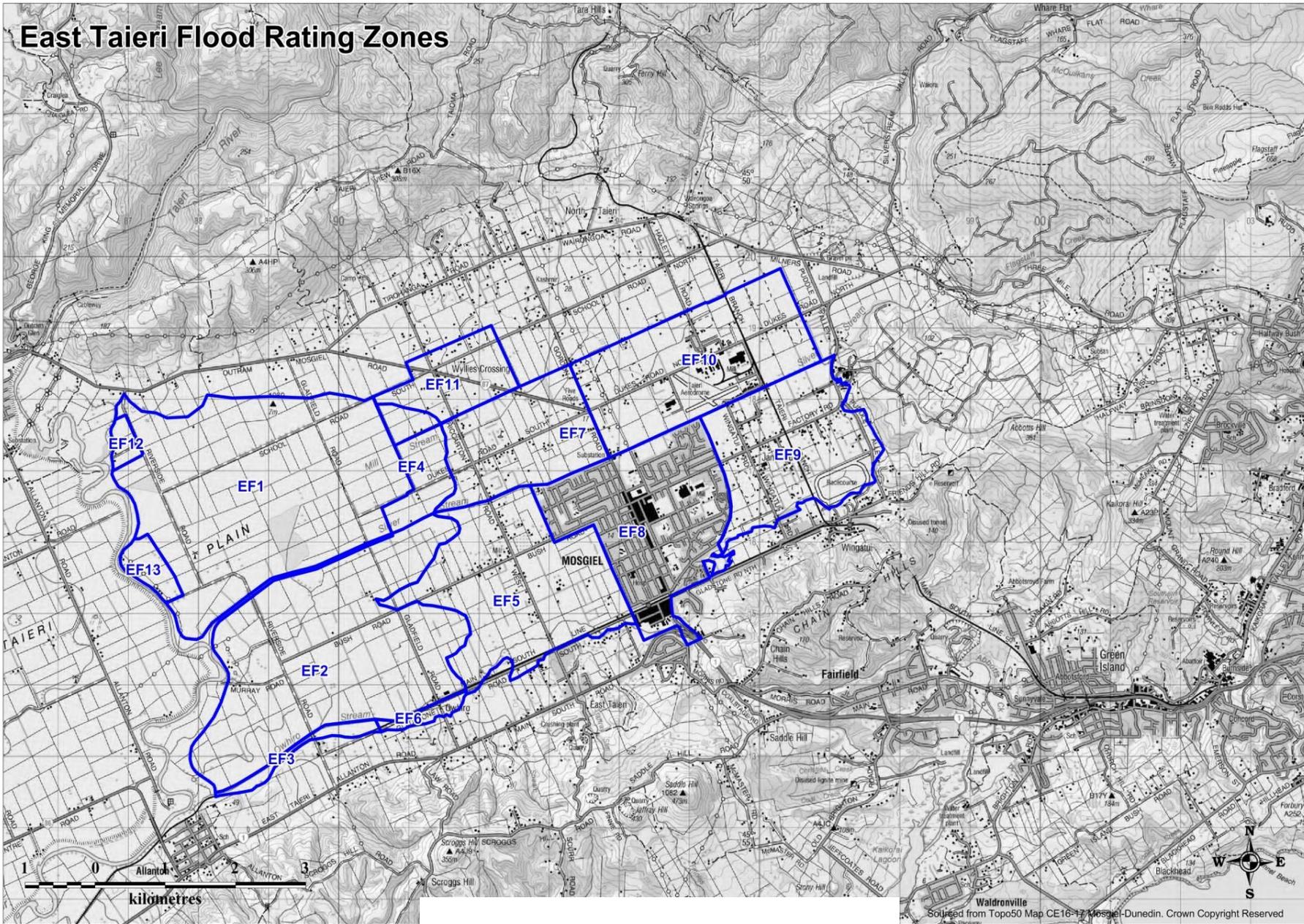


**Leith Flood Protection Scheme -
Indirect Benefit Zone**

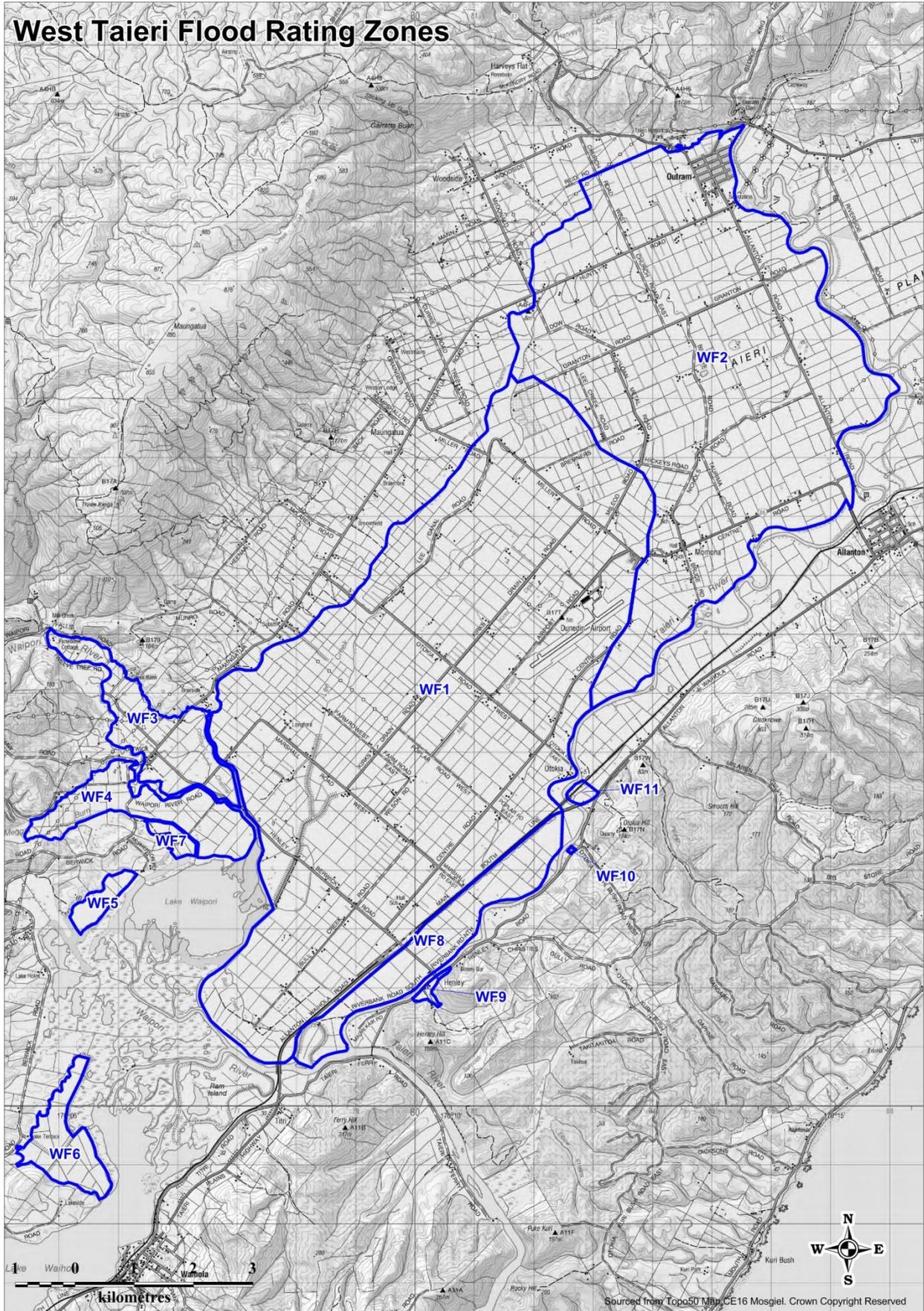




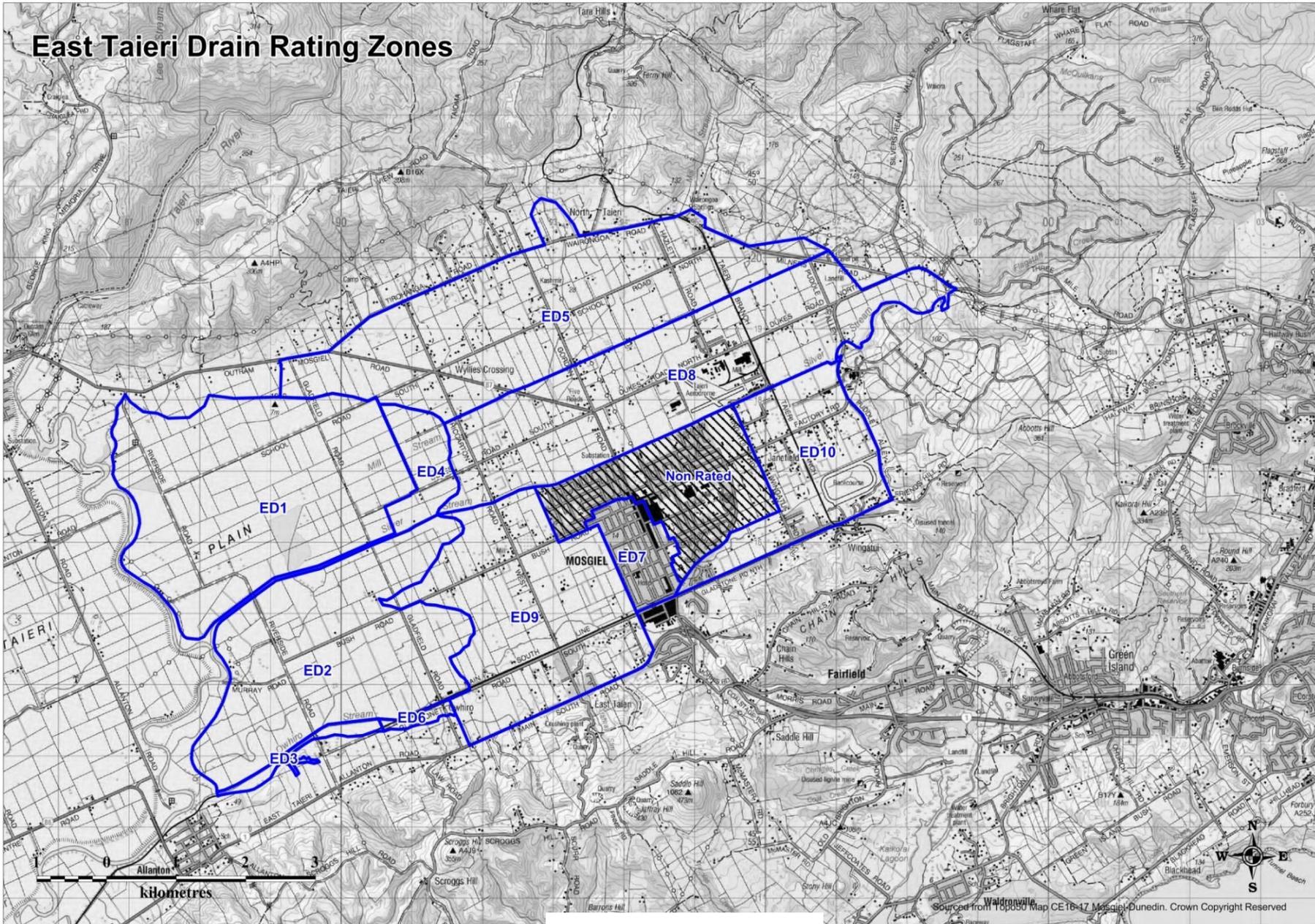
East Taieri Flood Rating Zones



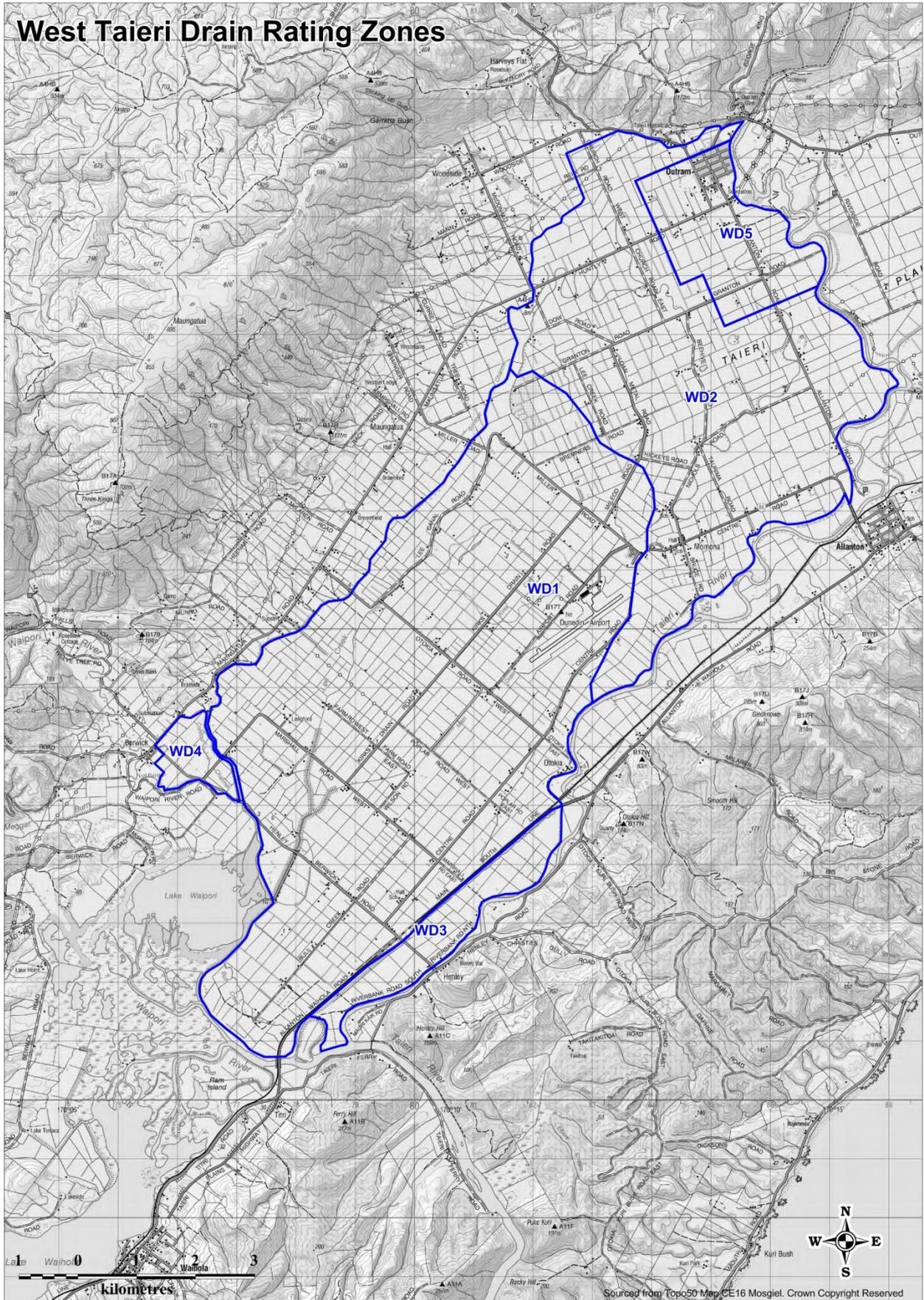
West Taieri Flood Rating Zones



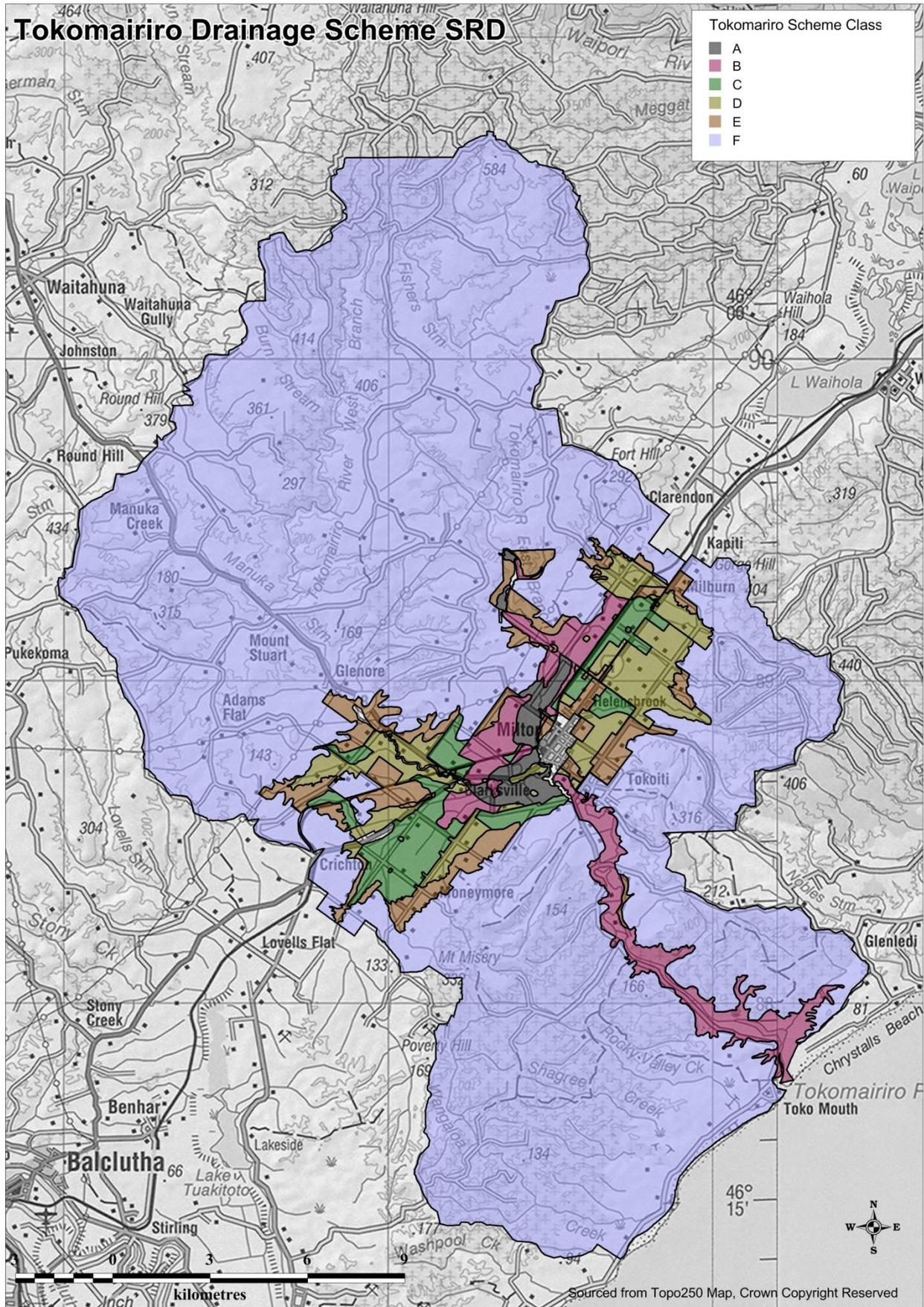
East Taieri Drain Rating Zones



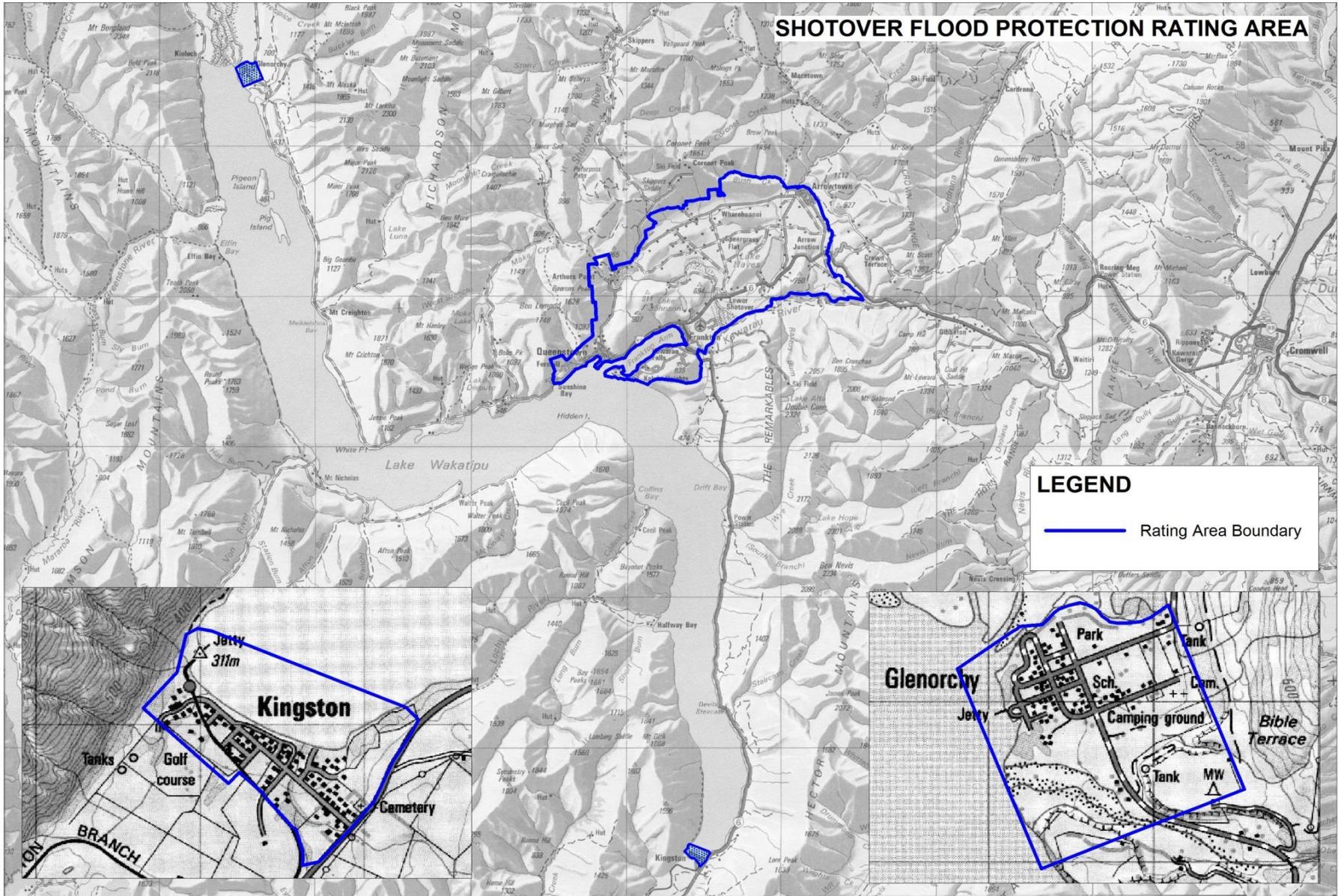
West Taieri Drain Rating Zones



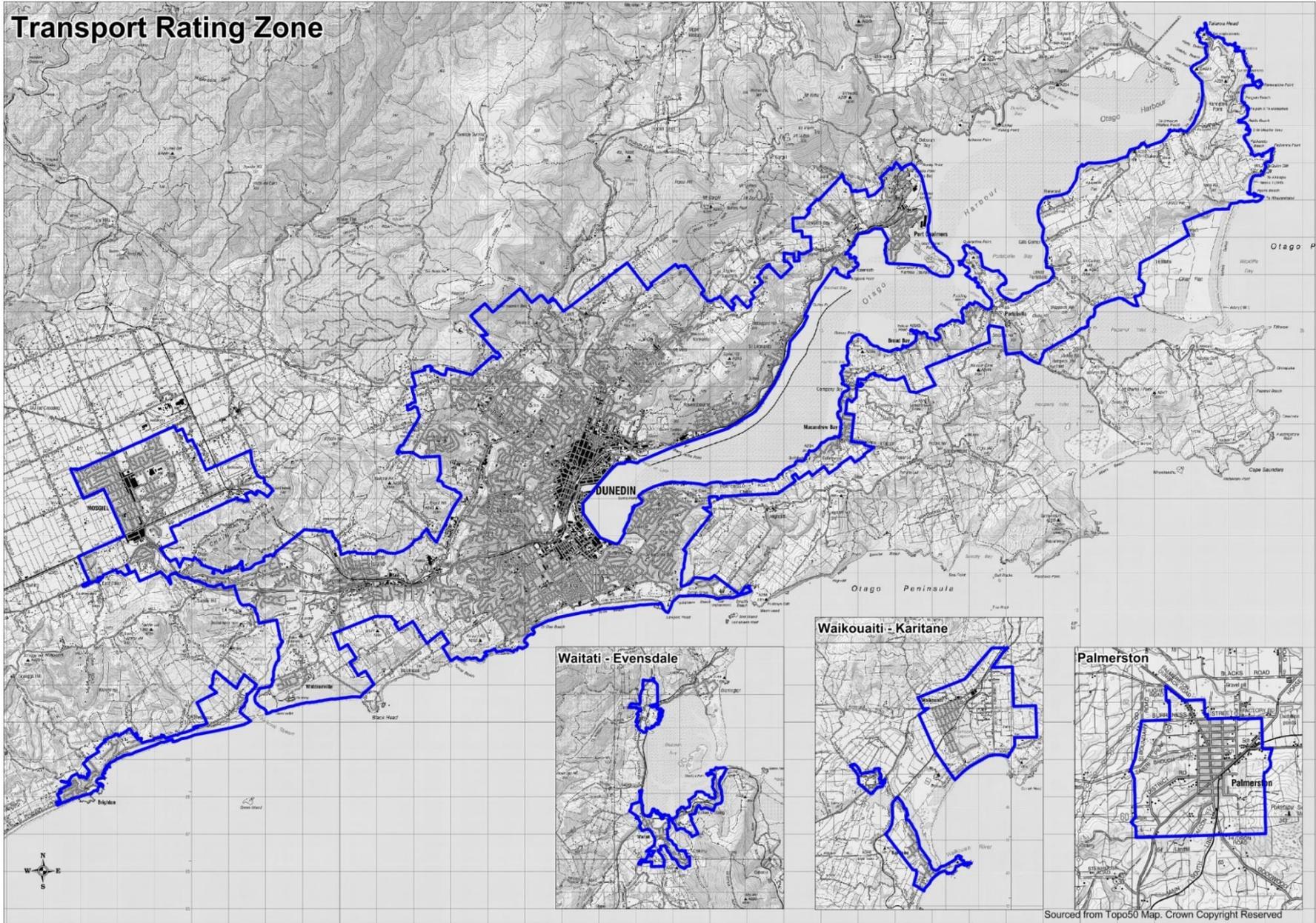
Tokomairiro Drainage Scheme SRD

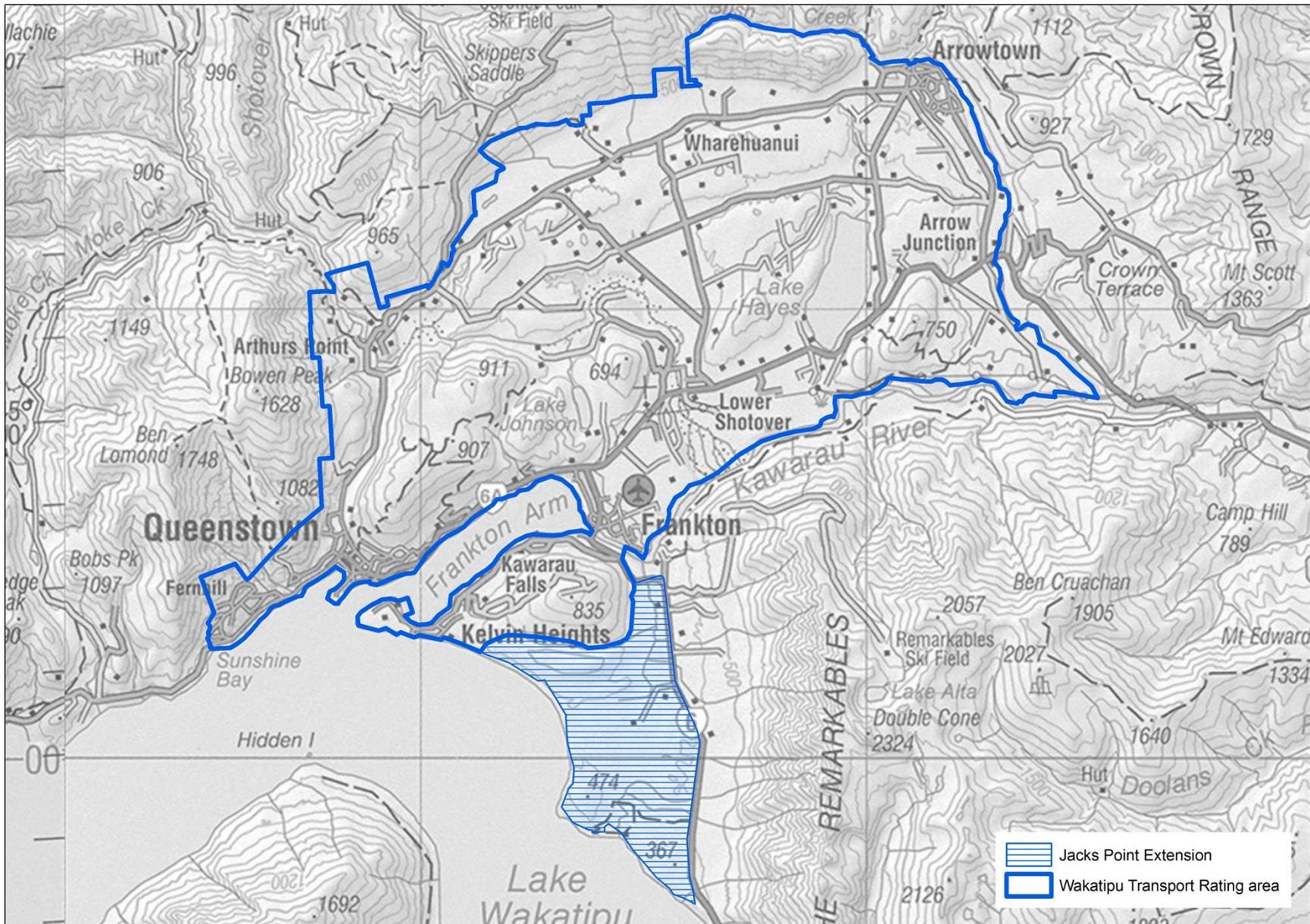


SHOTOVER FLOOD PROTECTION RATING AREA



Transport Rating Zone





Effect of Rating

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

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
6,341	General rates	7,275	5,840
-	Targeted air quality rates	-	100
639	Rural water quality rate	1,190	774
129	Dairy inspection rate	187	137
	Targeted River Management rates:		
300	- Central Otago District	300	350
265	- Clutha District	265	275
150	- Dunedin City	150	150
145	- Lower Waitaki River	126	118
200	- Wakatipu	150	200
167	- Wanaka	167	167
350	- Waitaki District	400	400
	Targeted Passenger Transport services rate:		
3,429	- Dunedin	3,632	3,633
55	- Queenstown	600	55
	Targeted Catchment rates:		
390	- East Taieri Drainage	425	483
1,275	- Leith Flood Protection	1,365	1,365
548	- Lower Clutha	600	708
640	- Lower Taieri	700	780
250	- Shotover Delta	150	200
80	- Tokomairiro	95	95
488	- West Taieri Drainage	517	580
	Targeted Wilding Tree rates:		
12	- Central Otago District	24	-
9	- Clutha District	17	-
48	- Dunedin City	96	-
21	- Queenstown Lakes District	44	-
10	- Waitaki District	19	-
	Emergency Management rates:		
-	- Central Otago District	286	-
-	- Clutha District	210	-
-	- Dunedin City	1,152	-
-	- Queenstown Lakes District	527	-
-	- Waitaki District	235	-

Statement of Comprehensive Revenue & Expense

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	Revenue from non-exchange transactions:		
15,940	Rates revenue	20,910	16,410
9,575	Grant revenue and subsidies	11,926	6,532
2,581	Other revenue	9,611	2,887
	Revenue from exchange transactions		
7,400	Dividend	9,000	7,500
2,150	Interest and investment revenue	1,511	2,150
2,538	Other revenue	2,955	3,238
40,184	Total revenue	55,913	38,717
	Expenditure:		
12,813	Employee benefits expenses	16,011	12,515
1,761	Depreciation	2,014	2,025
-	Finance costs	2	1
29,355	Operating expenses	39,612	24,017
43,929	Total operating expenditure	57,639	38,558
313	Other gains/(losses)	333	329
(3,432)	Surplus(Deficit) for period	(1,393)	488
	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
6,568	Total comprehensive revenue and expenses	8,607	10,488

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

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
(2,073)	Surplus(deficit) of operating funding per funding Impact statement	169	2,363
	<i>Add/(deduct):</i>		
(1,761)	Depreciation	(2,014)	(2,025)
313	Other gains/(losses)	333	329
89	Other	119	(179)
(3,432)	Surplus(Deficit) from activities per Statement of Comprehensive Revenue & Expense	(1,393)	488

Depreciation by Activity

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	Depreciation		
146	Environment	160	171
617	Flood protection & control works	720	888
2	Safety and Hazards	8	2
119	Regulatory	119	96
7	Transport	7	-
870	Corporate	1,000	868
1,761	Total depreciation	2,014	2,025

Statement of Financial Position

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	<i>Current assets:</i>		
2,095	Cash & cash equivalents	3,765	(403)
42,560	Other financial assets	41,198	37,053
3,448	Trade & other receivables	3,286	3,209
65	Inventories	-	65
2,365	Property intended for sale	1,284	320
162	Other current assets	207	89
50,695	Total current assets	49,740	40,333
	<i>Non-current assets:</i>		
94,334	Property, plant & equipment	93,922	101,200
10,747	Investment property	11,431	11,274
427,293	Shares in Port Otago Ltd	438,239	406,711
2,075	Intangible assets	3,357	3,002
-	Deferred tax asset	98	-
534,449	Total non-current assets	547,047	522,187
585,144	Total assets	596,787	562,520
	<i>Current liabilities:</i>		
4,252	Accounts payable	4,134	4,493
1,352	Employee entitlements	1,483	1,331
5,604	Total current liabilities	5,617	5,824
	<i>Non-current liabilities:</i>		
-	Other financial instruments	-	-
-	Total non-current liabilities	-	-
5,604	Total liabilities	5,617	5,824
579,540	Net assets	591,170	556,696
	<i>Equity:</i>		
136,888	Public equity	133,746	130,816
407,293	Available for sale reserve	418,239	386,711
3,467	Asset replacement reserve	4,560	1,654
11,514	Building reserve	13,770	15,027
-	Environmental enhancement reserve	242	-
4,005	Emergency response reserve	4,168	4,341
1,388	Water management reserve	736	1,152
6,299	Kuriwao endowment reserve	6,339	7,783
8,686	Asset revaluation reserve	9,370	9,212
579,540	Total equity	591,170	556,696

Statement of Changes in Net Assets / Equity

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
572,972	Balance at 1 July	582,563	546,208
6,568	Net comprehensive income	8,607	10,488
579,540	Balance at 30 June	591,170	556,696
	Net movements		
(3,432)	Net surplus transferred to public equity	(1,726)	488
170	Public equity	1,514	(996)
10,000	Available for sale revaluation reserve	10,000	10,000
(760)	Asset replacement reserve	(728)	(461)
572	Building reserve	(200)	716
-	Environmental enhancement reserve	8	-
135	Emergency response reserve	141	207
(198)	Water management reserve	(747)	(5)
80	Kuriwao reserve	12	211
313	Asset revaluation reserve	333	328
6,568	Net comprehensive income	8,607	10,488
579,540	Balance at 30 June	591,170	556,696

Reserves

Reserve	Opening Balance 1 July 2017 \$000s	Transfers In \$000s	Transfers Out \$000s	Closing Balance 30 June 2018 \$000s
Public equity	130,087	8,607	(5,999)	132,695
Asset replacement reserve	5,289	1,426	(2,155)	4,560
Asset revaluation reserve	9,037	333	-	9,370
Available for sale revaluation reserve	408,239	10,000	-	418,239
Building reserve	13,969	466	(665)	13,770
Emergency response reserve	4,027	141	-	4,168
Kuriwao endowment reserve	6,327	331	(319)	6,339
Water management reserve	1,483	25	(772)	736
Environmental enhancement reserve	234	258	(250)	242
Central Otago river management	323	49	-	372
Clutha river management	136	6	(2)	140
Dunedin river management	1,937	54	(468)	1,523
Lower Waitaki flood protection	(14)	-	-	(14)
Waitaki river management	(158)	72	(3)	(89)
Wakatipu river management	648	63	-	711
Wanaka river management	446	39	-	485
Alexandra flood protection	696	62	-	758
East Taieri drainage	369	8	(150)	227
Leith flood protection	(9,159)	-	(1,523)	(10,682)
Lower Clutha drainage & flood protection	454	7	(220)	241
Lower Taieri flood protection	980	347	-	1,327
Shotover flood protection	(37)	81	-	44
Tokomairiro drainage	136	4	(48)	92
West Taieri drainage	(1,117)	-	(78)	(1,195)
Dunedin transport	7,665	253	(1,287)	6,631
Wakatipu transport	62	-	-	62
Clean Heat reserve	504	14	(100)	418
Total	582,563	22,646	(14,039)	591,170

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.

Asset Revaluation Reserve

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

Available for Sale Revaluation Reserve

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

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.

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.

Water Management Reserve

This reserve allows for the provision of funding assistance to be given towards feasibility and preliminary design ideas for meeting future community water demand in Otago, and for co-operation with the provision of data and information held by Council for community water management purposes, aligned with the Council's objectives.

Environmental Enhancement Reserve

This reserve is available to provide funding assistance to community and other groups with projects aimed to enhance our environment.

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

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	Cashflows from operating activities		
	<i>Cash provided from:</i>		
15,940	Rates receipts	20,910	16,410
2,587	Other receipts – non exchange transactions	9,611	2,887
9,575	Grant income	11,926	6,532
2,538	Other receipts – exchange transactions	2,961	3,244
7,400	Dividends	9,000	7,500
2,150	Interest	1,511	2,150
40,190	Total income	55,919	38,723
	<i>Cash applied to:</i>		
42,168	Payment to employees & suppliers	55,624	36,531
-	Interest expense	2	1
42,168	Total payments	55,626	36,532
(1,978)	Net cash from operating activities	293	2,191
	Cashflows from investing activities		
	<i>Cash provided from:</i>		
-	Property, plant & equipment sales	-	-
-	Deferred tax asset realised	-	-
-	Managed fund withdrawal	15,000	-
-	Total cash in	15,000	-
	<i>Cash applied to:</i>		
7,950	Property, plant & equipment	5,210	3,941
335	Intangible assets	1,620	609
8,285	Total application of cash	6,830	4,550
(8,285)	Net cash from investing activities	8,170	(4,550)
	Cashflows from financing activities		
	<i>Cash provided from:</i>		
-	Borrowings	-	-
	<i>Cash applied to:</i>		
-	Repayment of borrowings	-	-
-	Net cash from financing activities	-	-
(10,263)	Net increase/(decrease) in cash held	8,463	(2,359)
12,358	Cash at 1 July	(4,698)	1,956
2,095	Cash at 30 June	3,765	(403)

Reconciliation of Net Surplus to Net Cash from Operating Activities

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
(3,432)	Net surplus(deficit) from activities	(1,393)	488
	<i>Add(deduct) non-cash items:</i>		
1,761	Depreciation	2,014	2,025
(313)	Other (gains)/losses	(333)	(329)
6	Bad debts	5	7
(1,978)	Net cash from operating Activities	293	2,191

Schedule of Capital Expenditure

Annual Plan 2016/17 \$000s		Annual Plan 2017/18 \$000s	Long Term Plan 2017/18 \$000s
	Environmental		
	- Air monitoring	35	-
-	- Pest management	15	-
265	-Water monitoring sites	186	155
	Transport		
425	-Stock truck effluent disposal sites	426	-
	Flood protection & control works		
25	- Alexandra flood	-	26
465	- Lower Clutha flood & drainage	755	735
126	- Lower Taieri flood protection	20	21
166	- West Taieri drainage	268	79
122	- East Taieri drainage	117	114
20	- Tokomairiro	45	-
4,611	- Leith flood protection	2,553	2,281
	Council		
1,050	- Property	300	159
320	- Cars & station wagons	360	106
615	- Computers & software	1,675	767
25	- Plant	25	53
50	- Sundry	50	53
8,285	Total capital expenditure	6,830	4,550

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 2016	112,230	58,643	29,277
June 2017	115,065	63,722	31,879

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 2017/18 year. Note is made that \$63,000 represents 1% of general rates. The total general rate increase is \$909,000, and has resulted from an increase in our work plan for the year. The plan includes work on urban water quality, minimum flows, dealing with wallabies, a Pest Management Plan review, and increased costs for harbour management.

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 includes in this Schedule of Fees and Charges:

Scale of Charges:	\$
Staff time per hour:	
- Executive	235.00
- Senior Technical/Scientist	180.00
- Technical/Scientist	120.00
- 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

Hearings Per Note 2 below

Transfer of Consent Holder and Certificates Deposits:	\$
Transfer of permits and consents	100.00
Priority Table	100.00
Section 417 Certificate	200.00
Certificate of Compliance	200.00
Section 125 – Extension of Term	100.00
All Other Costs	As per Scale of Charges

Notes:

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

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

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

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

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

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

Review of Consent Conditions

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

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

Compliance Monitoring

1. Performance Monitoring

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

<i>1.1 Discharge to Air Consent</i>	\$
Measurement of contaminants from a Stack report	86.00
Ambient air quality measurement of contaminants report	100.00
Management plans and maintenance records	33.50
Annual Assessment report	66.50
<i>1.2 Discharge to Water, Land and Coast</i>	
Effluent Systems	\$
o Environmental Quality report	46.50
o Installation producer statements	60.00
o Return of flow/discharge records	60.00
Active Landfills	
o Environmental Quality report	58.00
o Management Plans	130.00
Industrial Discharges	
o Environmental quality report	42.00
o Environmental report	92.00
o Return of flow/discharge records	60.00
Annual Assessment report	50.00
Management Plans – minor environmental effects	130.00
Management Plans – major environmental effects	260.00
Maintenance records	30.00
<i>1.3 Water Takes</i>	\$
Verification reports	60.00
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 take	35.00
Administration fee – water regulations	100.00
Low flow monitoring charge*	
o Kakanui at McCones*	327.00
o 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 Structures	\$
Inspection reports for small dams	130.00
Inspection reports for large dams	260.00
Structural integrity reports	80.00

1.5 Photographs	\$
Provision of photographs	60.00

1.6 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 of Consents and Certificates of Compliance

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</i> - \$2.01 for every \$1,000 (or part of \$1,000) of the estimated value of the building work. <i>BRANZ levy</i> - \$1.00 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required.
Issuing Certificates of Acceptance – estimated value of building work is \$20,000 or less	\$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</i> - \$2.01 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required. <i>BRANZ levy</i> - \$1.00 for every \$1,000 (or part of \$1,000) of the estimated value of the building work – if required.
Issuing of Code Compliance Certificates for building consent applications	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 are:

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 1 on page 105 shows the fare zone, defined in the Regional Public Transport Plan.

Wakatipu Basin Bus Services

Bus fares for the Wakatipu Basin bus services for Go Card users will be \$2.00 once ORC has contracted bus services in place and QLDC confirm their funding commitment. This fare is expected to commence by late September 2017.

Zone	Cash		Go Card	
	Child	Adult	Child	Adult
Zone 1 and 2	\$4.00	\$5.00	\$1.50	\$2.00
Zone 3 (Airport)	\$8.00	\$10.00	\$1.50	\$2.00

Map 2 on page 106 shows the fare zones, as defined in the Regional Public Transport Plan.

Disclaimer: Council may change fares during the year, as a result of operational or other needs. Significant fare changes will be consulted on.

Map 2: Wakatipu Transport

