

2019 - 2020

ORC ANNUAL PLAN

2019-2020



ANNUAL PLAN

OTAGO REGIONAL COUNCIL

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Contents

Foreword	3
Purpose & Approach.....	5
Priorities and Direction (LTP 2018-28)	7
Summary of Adjustments to the LTP	9
Council Activity	11
Environmental	13
Regional Leadership	20
Regulatory.....	24
Flood Protection and River Management.....	27
Safety and Hazards.....	30
Transport.....	33
Financial Information.....	35
Assumptions.....	35
Financial Statements.....	38
Accounting Policies	44
Prudence Disclosures.....	53
Rate Funding and Funding Impact Statements.....	54
Schedule of Fees and Charges	62

Foreword



Cr Stephen Woodhead
Chairperson

Welcome to the Otago Regional Council (ORC) annual plan for 2019-20. This document builds on our Long-term Plan 2018-2028 (LTP), focusing on our priorities for the coming financial year and how we will fund them.

Our number one priority is water – we all need it to live and we all need to work together to look after it. We're reviewing our regional Water Plan, which sets out rules about how we manage water in Otago, commencing this year. The revised plan will acknowledge the principle of Te Mana o te Wai, which recognises the health of our waterbodies, ecosystems and people, and ensures we are compliant with the National Policy Statement for Freshwater Management

We're taking a staged approach to the Water Plan review, starting with plan changes in the Arrow, Cardrona and Manuherikia catchments. We'll work with each community to determine catchment values, before we set objectives and limits for waterways to realise those values. To do this well we need your help and we encourage you to join us at our values discussions.

Climate change is here. It's impacting our weather, our assets and our lifestyle, which is why we are fast-tracking our work programme this year to get a better understanding of the impacts across all of Otago. This will help inform how we, as a community, can plan for climate change.

With increasing numbers of people settling in Otago, we have a responsibility to take a strong leadership role on urban growth issues. We're reviewing our Regional Policy Statement this year, to give more direction and guidance on future development. Our requirement to minimise the impacts of urban development on our water quality is increasing, as is ensuring natural hazards and climate change are accounted for. To ensure urban development impacts are managed, we are combining making submissions on plans and policies with greater attention on compliance in developing areas. For example, we are increasing our compliance leadership and staffing numbers across the Central Otago and Queenstown Lakes Districts.

Biodiversity in Otago is important for all of us. With so many native species and unique landscapes here in Otago, we all need to do our bit to look after them. The revised Pest Plan comes into effect soon; this will help us protect biodiversity by managing pest plants and animals that can have a negative impact on our ecosystems. A biodiverse environment is a resilient environment and with your help we can ensure Otago thrives.

This renewed focus has resulted in an increase in the rating requirement for 2019-20, compared to that stated in our LTP. You can check the impact on your rates by using our rates estimator calculator on our website.

We enjoyed the opportunity to speak with you at farmers markets and drop in sessions around Otago recently, where we discussed our work for the year ahead. Thank you for your feedback.

A handwritten signature in black ink that reads "S Woodhead". The signature is written in a cursive, flowing style.

Stephen Woodhead
Chairperson

Purpose & Approach

Purpose

A local authority must legally prepare and adopt an annual plan for each financial year, the next being from 1 July 2019 to 30 June 2020. The purpose of the annual plan, as stated in the Local Government Act 2002 (LGA), is to:

- contain the proposed annual budget and funding impact statement
- identify any variation from the financial statements and funding impact statement included in the local authority's long-term plan in respect to that year
- provide integrated decision-making and co-ordination of the resources of the local authority
- contribute to the accountability of the local authority to the community.

The LGA is also specific about the type of information that must be included in an annual plan, how it is decided, and how the community is engaged. Otago Regional Council has worked to meet these requirements and in a way that supports community involvement.

Approach – Annual Plan 2019-20

The Annual Plan 2019-20 (AP) includes the Otago Regional Council adjustments to the Long-Term Plan 2018–28 (LTP). The adjustments are reflected in the financial forecasts for the 2019-20 financial year. It is operational from 1 July 2019 following Council's adoption prior to 30 June 2019.

The 2019-20 financial forecasts reflect a process where Council staff have reviewed the LTP and recommended adjustments that the Council's elected members considered. The review process resulted in 'fine tuning' adjustments to the LTP financial forecasts which were made available to the public over April and May prior to a final Council decision in June 2019.

This document includes:

- a recap of the LTP priorities and direction
- a summary of the key changes to year two of the LTP, being 2019-20
- Overview of the Council's significant activities, service measures, operating expenditure and revenue
- Financial information, including key statements and accounting policy.

Community engagement & decision-making

A local authority must consult in a manner that gives effect to the requirements of Section 82 of the LGA before adopting an annual plan under this section. This requirement does not apply if the council does not intend to change the LTP in a significant or material way.

A decision was made at the 3 April 2019 Council meeting that the proposed changes to the LTP were not significant or differences material. This decision signalled to the regional community the Council's strategic intentions remained as agreed in the LTP.

Based on this decision it was pragmatic and cost effective not implement a full Local Government Act 2002 consultation process. Council agreed to an informal engagement approach that provided individuals and organisations an opportunity to connect with Councillors and staff. This occurred in venues across the region over April and May, was advertised, and supported by information about our key priorities and planned adjustments to the LTP.

Community feedback via the four communications channels included:

YourSay: Feedback via Council's website was of a general nature; we did not receive anything of a strategic nature, it was mainly about Dunedin public transport – having a 'hub' sitting within DCC to answer ORC related matters to save a walk up the hill to the ORC office, ensuring bus stops were smokefree, GPS monitoring for buses.

Social media: The comments received online were around the size of the percentage increase of the general rates and what we're spending this money on. Some of their comments suggested we need to change the way we communicate with them, e.g. one question was around what is governance and regulation?

Community events: Numbers at council-led events were low but those that did speak with us wanted clarification or reassurance on existing projects. At events where we went to the community (i.e. farmers markets), we had good interaction with people, and around 25 – 30 people approached us at both the Oamaru and Dunedin markets. At both the ORC-led events and farmers markets, people talked with us about similar topics. Their interest in the Annual Plan was low; they were more interested in business as usual processes – e.g. wanting to know more about the Pollution Hotline, noise pollution from Port Otago, possum traps, trees in South Dunedin that help reduce flood-risk are being removed from private properties, rabbit shooting, air pollution, development in Cromwell, an additional civil defence person for Cromwell to help the community understand where to go and what to do in their area.

Stakeholder groups: 20 stakeholder groups were invited to speak with Councillors at the ORC council chambers. The Otago Chamber of Commerce was the only group that attended this session to provide comment. Their concerns were mainly around increasing rates. They also made comment on Water and Public Transport. They would like to gain a better understanding of the work we're doing. The Dunedin City Council sent a written submission (see Appendix A).

Other – council meeting summary cycle trails

Council considered this feedback at its 13 June Finance and Corporate Committee meeting prior to adopting the Annual Plan 2019-20 at its 27 June 2019 meeting.

Priorities and Direction (LTP 2018-28)

Key issues

In June 2018, the Council approved the Long-Term Plan 2018-28 (LTP) containing priorities, actions and resources required to deliver over the next three financial years. Leading into the community consultation the Council's elected representatives acknowledged issues of potential interest across the regional community. They included:

- The quality and management of our natural environment, particularly our fresh water, but also the regions broader natural environment
- Climate change and the region's response to this issue
- The level and impacts of growth in Queenstown and more generally across the Otago region
- Reducing the Council's and regional community's dependence on Port of Otago dividends

Community consultation supported this view and the adopted LTP included additional work and associated funding. This included:

Work and funding to improve our monitoring of fresh water, particularly lakes with more sites and better technology. Maintained levels of funding for improving the Regional Plan: Water and 'on the ground' actions to maintain or improve water quality, particularly in our rivers

- Additional work focused on improving our understanding of adaptation to climate change, particularly to some of our more vulnerable low-lying areas
- Additional work and funding to support more biodiversity initiatives
- Additional work to better understand natural hazards and options particularly for some rivers in the Wakatipu
- Additional service for improving the safety related to the commercial and recreational use of our waterways and harbours
- Additional funding to engage with communities on the 'Clean Air Clean Heat' programme
- Maintain the momentum on improving public passenger transport.

The LTP forecasted the following rate funding requirements:

- Year 1 (2018-19) - the additional work resulted in increased expenditure of \$1.5 million for year one of the LTP compared to the previous year (2017-18). The rating requirement increased by \$2.26 million, equating to an average rate increase of 10.8% (including an average general rate increase of 21.1%).
- Year 2 (2019-20) – the Council signalled the need for additional rates funding to include important additional work and a reduction in the reliance on Port Otago dividends. The forecast rate requirement increased by \$2.8 million, compared to year one, and comprised \$2 million (22.8%) general rates and \$0.8million (5.7%) targeted rates.
- Year 3 (2020-21) - the forecast rate requirement increases by \$1.78 million, compared to year two, and comprised \$0.73 million (6.7%) general rates and \$1.05 million (6.9%) targeted rates.

This Annual Plan 2019-20 outlines the adjustments to the above forecasts.

Maori Participation & Decision-making

Also highlighted was the way in which our work was to be achieved, with closer working relationships and prudent financial management. We stated our intention to continue working alongside Ngāi Tahu, the territorial councils, and other agencies and organisations to provide a strong regional voice and alignment of thinking.

Port Otago Limited

The LTP maintained Council's 100% shareholding of Port Otago Limited. Council views its shareholding role as one of trustee for the people of Otago, a position widely supported throughout the region.

Council's view is that continued ownership is positively supported by:

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

Council also signalled that as a key strategic asset, this shareholding and the ownership structure of the Port should be reviewed during the LTP period to ensure the appropriate ownership structure is in place.

Summary of Adjustments to the LTP

In reviewing the direction, proposed work and detailed 2019-20 (Year two) LTP forecasts, the following adjustments have been made and are currently reflected in the Annual Plan 2019-20 (AP).

The table below summarises the adjustments with the highlighted activities being Otago Regional Council key priority areas.

The adjustments result in increased expenditure of \$3.7 million and additional rates funding of \$364,000 compared to that forecast in the LTP year 2. The change in expenditure and rates funding between the 2018-19 and 2019-20 Annual Plans is \$3.5 million and \$2.4 million respectively. The rates funding component equates to an average rate increase of 13.8%, made up of general rates (\$2.37 million) and targeted rates (\$0.82 million). This average rate increase is slightly above the Council's 12% policy benchmark.

Activity	Adjustment to Yr2 LTP	Funding impact
Regional Leadership		
Planning (Freshwater)	<p>Council's approach to freshwater is shifting reflecting:</p> <ul style="list-style-type: none"> • The new government policy framework • A revised position on the compliance of our Regional Plan: Water, resulting in a commitment to a full plan review • A catchment or freshwater management unit approach 	<p>\$185,000 additional expenditure</p> <p>General rates funded</p>
Urban Development Strategy	<p>Council has a partially operative Regional Policy Statement that includes policy direction for urban development. It does not however fully implement the National Policy Statement for Urban Development Capacity.</p> <p>Urban development is an important emerging issue for Council. In 2019-20 we need to:</p> <ul style="list-style-type: none"> • Address gaps in our Regional Policy Statement • Review capability • Determine shared responsibilities • Increase capacity to manage land use change and growth. 	<p>\$344,000 additional expenditure</p> <p>General rates funded</p>
Environmental Incidents	Increase resource levels to better cope with the increasing number of environmental incidents	<p>\$207,000 additional expenditure</p> <p>General rate funded</p>
Resource Consents	Meeting the trend and forecasted increase in consenting activity	Increase in budgeted recovery of costs
Compliance Monitoring	Meeting the trend and forecasted trend in compliance monitoring activity	Increase in budgeted recovery of costs
Environmental		
Air Strategy Implementaton	<p>Council's Air Quality Strategy, which was adopted on 27 June 2018, and the launch of a new heating subsidy by EECA (as part of Warmer Kiwi Homes) created the need to review Council's Clean Heat Clean Air programme.</p> <p>This review will be done in stages, within the short-term, a strategic realignment of the subsidy, within the current LTP funding.</p>	<p>\$57,000 additional expenditure</p> <p>General rates funded</p>

	<p>A more comprehensive review of alternative types of subsidies, and future funding sources, will be undertaken in future years.</p> <p>A small increase in funding has been budgeted to enable a pilot programme related to community engagement on 'Clean Heat Clean Air'.</p>	
Biosecurity and Biodiversity	Increase in the Wilding Pine Control programme	\$1.78m additional Grant Funding via Ministry Primary Industries
<p>Flood & River Management: Reviews and recent floods resulted in the following additional priority work being identified in the following flood and drainage protection schemes</p>		
Lower Clutha	The key project is flood forecasting & reassessment of the flood protection scheme, via hydraulic modelling	\$67,000 additional expenditure Reserve funded
Lower Taieri	Riverside Road Spillway	\$171,000 additional expenditure Reserve funded
West Taieri	<p>Various engineering projects:</p> <ul style="list-style-type: none"> • Bridge repair (contour drain) • Waipori Pump Station drives • Drainage or channel improvements 	\$453,000 additional expenditure Reserve funded
River Management Dunedin	Provision for repairs and further assessment of Kaikorai Stream Infrastructure. Initial repairs are proposed for the Kaikorai Stilling Basin	\$600,000 additional reserve funding
Leith	<p>Completion of the Dundas Bridge (August 2019)</p> <p>Complete approved Lower Leith amenity work</p> <p>Develop Upper Leith amenity proposals</p>	\$304,000 additional expenditure Reserve funded
<p>Safety & Hazards</p>		
Climate Change Adaptation	<p>Fast-track completion of the existing LTP work programme including:</p> <ul style="list-style-type: none"> • Risk assessment work • South Dunedin research <p>This work will inform consideration of climate change matters for the next LTP.</p>	\$316,000 additional expenditure General rates funded
<p>Transport</p>		
Stock truck effluent disposal (STED)	Council decision to install a STED State Highway 8 Tarris Lindis Peaks Straight	Grant & Reserve funded

Council Activity

This section describes Council significant activity, the work programmes (activities) that are carried out, a summary of expenditure and the key changes that are proposed.

The Council groups its twelve significant activities under the following six result areas. The bullet points show the significant activities that contribute to the result areas.

Environmental

'On the ground' action related to Otago's natural environment

- Fresh Water Implementation
- Biodiversity and Biosecurity
- Air
- State of the Environment Reporting

Regional Leadership

Supporting informed decision making and engaged community

- Regional Planning and Strategy
- Governance and Community Engagement

Regulatory

Professional service and action supporting the sustainable management of Otago's natural resource

- Consenting, monitoring, investigations and enforcement

Flood and River Management

Professional services, action and infrastructure to protect

- Flood and Drainage Schemes
- Rivers and Waterway Management

Safety and Hazards

Professional services, planning and action to protect

- Natural Hazards and Climate Change Adaptation
- Emergency Management

Transport

Planning, contract management and action to provide choice and support the regional economy

- Transport Planning and Public Passenger Transport

Summary of Expenditure and Revenue (000's)

Long-Term Plan 2018/19		Long-Term Plan 2019-20	Annual Plan 2019-20
11,634	Environmental	11,844	12,598
7,149	Regional Leadership	7,513	8,354
5,924	Regulatory	6,438	6,486
10,837	Flood and River Management	8,769	10,154
4,057	Safety and Hazards	3,818	4,272
24,620	Transport	25,633	25,838
64,221	Expenditure	64,015	67,702
8,808	General Rates	10,816	11,180
14,366	Targeted Rates	15,180	15,183
9,790	Grants	10,187	12,132
9,266	Other	9,730	9,774
3,310	Fees and Charges	3,415	3,570
9,614	Dividends and Investments	9,087	9,072
9,067	Reserves	5,600	6,791
64,221	Revenue	64,015	67,702

Environmental

Council has a critical role in supporting the communities of the Otago region to manage and care for its natural resources in a responsible and reasonable way. The 'Environmental' group of activities in most instances provide this supporting role via 'on-the-ground' actions to assist communities and business 'to do the right thing'.

This supporting role is done in conjunction with our 'Regulatory' activities that focuses on compliance and enforcement.

Guiding the above activity are the strategies and plans developed under our 'Regional Leadership' group activity.

The significant Council activities and work programmes that contribute to 'Environmental' are outlined below.

Significant Activity	Programmes
<p>Freshwater</p>	<p>Water is our number one priority, it's a precious resource. The quality of our water and its availability are critical to our way of life.</p> <p>This significant activity 'Water' is about those 'on-the-ground' actions that give effect to, or implement, our regional planning and regulatory framework. Our approach to developing this framework is discussed under the 'Regional Leadership' section of this plan. Importantly the approach to setting the policies and rules to manage water quality and availability in our aquifers, rivers and lakes is shifting.</p> <p>We also have a commitment to government to focus on our identified 'at risk' catchments. Those catchments are the Pomahaka, Kaikorai and the Upper Clutha Catchment (including Lake Hayes). This targeted approach will assist in maximising compliance with our permitted activity rules under this policy by 2020.</p> <p>Monitoring systems are required of rivers that are subject to 'low flows' due to low rainfall and/or 'water take' for irrigation. This enables intervention and/or more informed decision-making and policy on future water management.</p> <p>Special projects to manage unique water issues such as the planning for a solution for water quality issues at Lake Hayes will continue, however a funding decision will need to be made for implementation of proposed solutions.</p> <p>Other coastal implementation related work identified in the LTP is captured in the 'Hazards' significant activity.</p>
<p>Biosecurity & Biodiversity</p>	<p>The Council currently delivers a substantive Biosecurity programme that is driven off the Otago Regional Council Pest Management Plan (RPMP) – a plan that is currently being reviewed and programmed for adoption by June 2019.</p> <p>The management of plant and animal pests under the RPMP has a positive impact on both commercial production values (agri-related pests) and biodiversity values. The latter has really occurred as a secondary, albeit positive, consequence of a commercial/production focus. In addition, the Council partners with groups and agencies to assist with specific issues e.g. Lagarosiphon (lake weed).</p> <p>Biodiversity is separately flagged in the LTP 2018-28 as an important activity for Council and the community.</p> <p>Since the adoption of the LTP in June 2018 the Council's thinking about the importance of biosecurity and biodiversity and its role has continued to develop. Influencing factors have included:</p> <ul style="list-style-type: none"> • the scale and growth of community aspirations about our indigenous flora and fauna

	<ul style="list-style-type: none"> • desire to better integrate Council activity acknowledging that Biodiversity and Biosecurity activity to improve water quality and growing awareness of the importance of our eco-systems and their relationship to our wellbeing (social, cultural, environmental, economic) • Potential role for regional councils to maintain the TB eradication programme implemented by OSPRI for broader biosecurity and biodiversity reasons • Desire to review our operational approach learning from 'NZ best practice' in delivering biosecurity & biodiversity activity • NZ legislative framework and specific requirements, including national standards, that reflect the points above <p>In response, the Council is working to improve how our Biodiversity and Biosecurity activity integrates to enhance service and results. Completion of a business case during 2019-20 will present options for what Council delivers in the future and associated funding. Any significant change will involve community consultation.</p> <p>In the meantime, Council will continue to support biodiversity actions via the ECO Fund with the initial emphasis being:</p> <ul style="list-style-type: none"> • Citizen science initiatives • Tomahawk Lagoon restoration group • Catchment groups • Funding support to the Yellow Eyed Penguin Trust <p>Other work also planned includes, funding support to Predator Free Dunedin, the site-specific restoration projects of Lake Tuakitoto and Tomahawk Lagoon, and various tasks outlined in the Biodiversity Action Plan.</p>
Air	<p>Within Otago, there are certain areas where winter air emissions from home heating cause air quality to breach the standards set for healthy living.</p> <p>The Government has set National Environmental Standard for Air Quality, that 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 National Environmental Standard allowed up to three exceedances per year of the PM₁₀ standard to 2016, and full compliance (i.e. no more than one exceedance per year) is required by 2020.</p> <p>Council is responsible for ensuring compliance with the National Environmental Standard. Under the Resource Management Act, Council is also responsible for controlling the discharge of contaminants to air. The Regional Plan: Air sets out the rules for this.</p> <p>Monitors have been installed in selected Otago towns so that Council can measure air quality. Monitoring has shown many high readings in excess of the PM₁₀ standard in Arrowtown, Alexandra, Cromwell, Clyde and Milton, and fewer high readings in Mosgiel and Balclutha. The Central Dunedin air zone currently complies with the National Environmental Standard after several years of steady improvement.</p> <p>In 2016, Council commissioned an emissions inventory to understand the sources and magnitude of emissions in four Otago towns - Alexandra, Arrowtown, Milton and Mosgiel – and compared the results with 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. Reasons for the improvement include the reduction in coal use, and the replacement of older, inefficient wood burners with newer, compliant burners.</p> <p>These improvements are positive, but Council and the Air Zone 1 towns (including Milton) are still not complying with the National Environmental Standard for air quality. 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</p>

	<p>inversions means the air quality standards will likely not be met. Council has an interest in new solutions that will ensure people have warm homes while achieving clean air.</p> <p>An Air Quality Strategy was adopted in June 2018 coincided with the launch of a new heating subsidy by EECA (as part of Warmer Kiwi Homes). This created an opportunity to review Council's Clean Heat Clean Air programme.</p> <p>This review will be done in stages, with in the short-term, a strategic realignment of the subsidy, within the current Long-Term Plan funding. A more comprehensive review of alternative types of subsidies, and future funding sources, will be undertaken in future years.</p> <p>A small increase in funding has been budgeted to enable pilot research work related to community engagement on 'Clean Heat Clean Air'.</p>
<p>State of Environment</p>	<p>Council's State of the Environment monitoring programme covers water quality and quantity, and air quality. Council is required to undertake this monitoring under the Resource Management Act, and the National Policy Statement for Freshwater Management.</p> <p>Data collected is used across many activities of Council, assisting with developing policy and planning, compliance with plans, and evaluating how Council is doing in maintaining or improving our environment.</p> <p>The Environmental Monitoring and Reporting project is a joint project with regional councils across New Zealand, Ministry for the Environment and the Cawthron Institute. It involves developing and operating regional and national environmental data collection and providing information for all New Zealanders. Council administers the project on behalf of the other partners in Otago.</p>

Expenditure & key changes

Long-Term Plan 2018/19		Long-Term Plan 2019-20	Annual Plan 2019-20
3,486	Freshwater	3,527	3,139
3,540	Biodiversity and Biosecurity	3,714	5,083
300	Air	309	366
4,228	State of the Environment	4,210	4,010
80	Coast	84	0
11,634	Expenditure	11,844	12,598
(6,185)	General Rates	(6,926)	(6,200)
(1,502)	Targeted Rates	(1,543)	(1,535)
(650)	Grants	(769)	(2,605)
(953)	Fees/Other	(966)	(720)
(2,344)	Reserves	(1,640)	(1,538)
(11,634)	Revenue	(11,844)	(12,598)

Key changes in expenditure include:

- Water – a decrease in expenditure reflects Council’s review of earlier financial forecasts and confidence that planned work and acceptable progress can be made (*decrease \$388,000, mix of rates & reserve funding*).
- Air – a small increase in expenditure to enable Clean Heat Clean Air piloting work to occur (*increase \$57,000, rate funded*)
- Coast – the small scale of implementation work reflects Council and community priorities, particularly around fresh water. Much of planned work relating to ‘coast’, will occur under the ‘Safety and Hazards’ group of activity (*decrease \$84,000, rates*).
- State of the environment – the LTP forecasts have been refined resulting in a modest reduction in funding requirements (*decrease \$162,000, rates*).
- Biodiversity & Biosecurity – the large increase is due to the addition of government grant funding for Wilding Pines eradication (*increase \$1,369 million, grants*).
- This AP signals the Council’s intent to integrate pest management and biodiversity activity. A review to agree the key strategic components of an integrated service is currently underway. An initial report detailing service level and delivery options will be presented and considered as part of the 2020-21 budget round and possibly the next LTP 2021-31.

Measures & Targets – Environmental

Freshwater	
Service statement 1: Water quality across Otago is maintained and improved	
Measure	Target
Assessments are carried out to determine freshwater quality against the limits set out in the Regional Plan:	Report annually where water quality continues to meet limits; and where previously not meeting the limits is improving.
Increase the number of catchments included in catchment monitoring	Five catchments every two years.
Implement research and studies to advance the freshwater programme including prioritisation across freshwater management units	Progress is reported to Council
Develop and implement good management practice through regulatory and non-regulatory approaches to improve water quality	Development initiatives and implementation progress are reported to Council including: <ul style="list-style-type: none"> • Rural Liaison & engagement • Inspections & Compliance monitoring • Enforcement • Plan review and change

Biodiversity and Biosecurity	
Service statement 2: Collaborate with the regional community to potentially invest and fund environmental enhancement projects that deliver good environmental and social outcomes	
Measure	Target
The ECO Fund is administered to support community-led projects across Otago that protect and enhance the environment.	Report to Council on the allocation of the fund, status of fund recipients and on project outcomes
Service statement 3: Implement the Biodiversity Action Plan	
Measure	Target
Projects identified in the Biodiversity Action Plan are being advanced	Progress against the BAP is reported to Council

Service statement 4: Establish controls over animal and plant pests to maintain and enhance biodiversity, protect productive capacity and community health	
Measure	Target
The Regional Pest Management Plan is implemented	Complete the Regional Pest Operational Plan
Reducing trend in the pest plant and animal species across the Otago Region	Report to Council plant and animal pest trends
The level of compliance is managed to the provisions of the Regional Pest Management Plan	All properties with reported non-compliances of rabbit numbers over MAL3 are contacted regarding the requirement to respond in accordance with the Regional Pest Management Plan
	All reported non-compliances for pest plants will be followed up to ensure works to control pest plants have been carried out
	All complaints about boundary control of pest plants and pest animals will be responded to within 10 working days, and where necessary control works will be required to be carried out.
The Council supports government agencies conducting Lagarosiphon control in Lakes Dunstan and Wanaka	Agreed funding support to external partners for Lagarosiphon control Lakes Dunstan, Wanaka and Wakatipu is provided. Key planning information is disclosed in a timely way
Collaborate with community groups and pest companies to carry out control activities to eradicate Wallaby in Otago	Reported Wallaby sightings are investigated and responded to within 3 working days

AIR	
Service statement 5: In targeted towns we work to reduce PM10 emissions for ambient air quality	
Measure	Target
Monitor air quality to assess compliance with the National Environmental Standard requirement of no more than one daily average reading of PM ₁₀ per annum to be higher than 50 micrograms per cubic metre	Assessment completed
Administer the clean heat, clean air fund for Air Zone 1 and Milton	Achieved
Implement investigation and research programme to achieve goals under the Air Strategy including trialling options for low emission technologies.	Report to Council on programme delivered as at 30 June 2020

State of the Environment Reporting	
Service statement 6: Provide high quality and timely environmental information, indicators and advice to key decision makers and the community	
Measure	Target
Changes and trend in natural resource availability and quality are analysed and reported to the Council as per the schedule entitled " Monitoring Schedule for 2018-28 Long-Term Plan "	Information available for the Annual Report 2018/19
External audit shows good quality control of data collections and analysis as per the schedule entitled " Monitoring Schedule for 2018-28 Long-Term Plan "	External Audit completed by 30 June 2020

Assumptions

- Technology solutions will be available that provide landholders and Council with real time data on water quality.
- The market (i.e. consultants) will assist water management groups with replacing water permit applications.
- Demand for water will continue to increase.
- A revised Regional Pest Management Plan will be adopted early in the 2019-20 financial year. This will impact the current work programme and will influence consideration of service levels in future Annual and Long-Term Plans.
- There is likely to be a change in the National Environmental Standard for air quality in the next ten years.
- A revised National Environment Standard for Air Quality that includes PM2.5 as a compulsory attribute will be released by December 2019.
- Council will continue to administer the Environmental Monitoring and Reporting project during the ten-year life of this plan

Regional Leadership

At the broadest level the Council's purpose is to achieve positive results to community wellbeing. Strong regional leadership involves elected representatives, Otago Regional Councillors, working together in an effective and principled way. They are the decision-makers who decide direction and resource priorities and are tasked to do this in a participative and transparent way for the benefit of the Otago region.

This requires frameworks that support their role as decision-makers and includes:

- Local Government Act – sets out principles and approach for planning and decision-making about Council services and funding. This supports elected representatives in their decision-making role
- Resource Management Act and National Policy Statements – require regional planning and decision-making to manage Otago's natural resources
- Local Government Official Information and Meetings Act – requires the Council to conduct its meetings and decision-making in a way that promotes community participation and accountability - information is a key component
- Service delivery - the community's elected representatives decide the Chief Executive (CE) who is tasked with advising the elected representatives on Council services, and ultimately the delivery of agreed services. The CE achieves this via the 'Council Organisation' and the associated resource including, funding, staff, and various support assets (e.g. Office headquarters, customer service facilities, information technology; vehicles)

The 'Regional Leadership' group of activities ensures that these frameworks are in place, are effective, and enable the elected representatives to effectively conduct their Council duties to the best of their ability on behalf of the community.

Significant Activity	Programmes
<p>Governance & Community Engagement</p>	<p>Governance and democracy – this programme of work supports the elected councillors, the running of meetings, and the democratic process. Underpinning this programme is the requirement to provide information in a timely and accessible way.</p> <p>Public awareness – engaging and communicating with and to communities and stakeholders.</p> <p>Customer service - the provision of information and advice is a critical component of a strong democracy and good service delivery. Where it can educate, inform and encourage the community – enabling participation.</p>
<p>Regional Planning and Strategy</p>	<p>Under the Resource Management Act the Council has developed a Regional Policy Statement (RPS) that enables Regional Plans to achieve the sustainable management of the natural and physical resources of the Otago region. The natural resources or issue areas include water (including land & coast), air, and waste.</p> <p>Regional Plan: Water - The regional planning framework supports the management of the region's fresh water resources and is currently the Council's top priority. Land and Coast matters are also included in this review of water, albeit they are subject to resource being allocated to the freshwater planning priority.</p> <p>Since the adoption of the LTP in June 2018 there have been several developments nationally and internally that shift the way in which we think about our work on freshwater. They are:</p> <ul style="list-style-type: none"> • The new government policy framework, 'Essentials for Freshwater' (or similar) that is signalling increased interest in sedimentation of waterways, farming practise, at risk catchment management and water policy • New government expectations for improved water quality in five years (2023) • New commitments by Council regarding the quality of rivers and lakes for swimming • A revised position on the compliance of our current Regional Plan – Water. This has regard to the National Policy Statement Freshwater Management (NPS FM) which

influenced Council's commitment to a full Water Plan review and Progressive Implementation Plan (PIP) recently submitted to government

- More detailed implementation planning for the Good Water Programme which will be implemented as soon as possible
- Process development for deemed permit renewals
- New risks emerging for water quality such as 'E-coli' contamination e.g. in the Lower Waitaki aquifer

These points mean that our approach to water work is shifting. Up until recently our policy approach has been topic focused e.g. urban stormwater and rural water quality, we now need to work more in a spatial or catchment construct. This reflects the NPS FM framework of Freshwater Management Units (FMU). These are spatial representations of catchments of like values or characteristics where holistic water management occurs inside that unit.

This will result in less conversation on a whole of region basis and more targeted policy development inside these spatial units covering all aspects of water quality and quantity. That is not to say that more than one FMU could not end up the similar values, objectives and limits for water management.

As part of this shift the Council has not lost sight of the critical 'availability of water' issue and its allocation for irrigation. The process focused on priority catchments, including the Arrow, Cardrona, and Manuherekia rivers continues with urgency.

Regional Plans Air, and Waste - work to review Regional Plan: Air and Regional Plan: Waste (discharge & solid waste) will be progressed within the resource constraints and priority to the extent practicable

Urban Development Strategy

While the Council's Regional Policy Statement includes direction for urban development, it does not fully implement the National Policy Statement for Development Capacity.

Urban development is an important emerging issue for Council. In 2019-20 we plan to:

- Address gaps in our Regional Policy Statement
- Review capability
- Determine shared responsibilities
- Increase capacity to manage land use change and growth

Our current activity of 'Regional Land Transport Planning' is an important instrument available to the Council and its partners in achieving objectives as they are formalised.

Other Strategies and Plans

The Council also develops other plans and strategy including the Regional Pest Management Plan for Otago and related Biosecurity and Biodiversity Strategies (see *'Biodiversity & Biosecurity' activity for discussion on direction*).

Expenditure & key changes

Long-Term Plan 2018-19		Long-Term Plan 2019-20	Annual Plan 2019-20
3,333	Governance & Community Engagement	3,500	4,724
3,816	Regional Planning & Urban Development Strategy	4,013	3,629
7,149	Expenditure	7,513	8,354
(6,736)	General Rates	(7,257)	(8,203)
0	Targeted Rates	0	0
0	Grants	0	0
(131)	Fees/Other	(133)	(131)
(282)	Reserves	(123)	(20)
(7,149)	Revenue	(7,513)	(8,354)

Key changes to expenditure include:

- Governance and community engagement – reallocation of community engagement and communication expenditure from other activities, to ‘Governance and community engagement’, explains the increase shown above. The reallocation consolidates and improves reporting related to this type of activity.
- The underlying resource for community engagement activity has not changed (with the exception being ‘Air’ activity as reported above).
- Regional Planning and Strategy - there are four key changes that have a ‘net’ effect of reducing expenditure, they are:
 - Increase in expenditure for improving Otago’s Regional Water Plan (*increase \$185,000 rate funded*)
 - Increase in expenditure for activity associated with developing the Urban Development Strategy (*increase \$344,000 rate funded*)
 - Decrease in expenditure related to non-water regional plan review activity (*decrease \$557,000 rate funded*). This reflects Council’s immediate priority being water and assumes that future expenditure associated with the development of the Regional Policy Statement will be minimised.
 - Reallocation of Long Term and Annual Plan process expenditure from ‘Regional Leadership’ to all Council activity via overhead costs. Importantly the underlying expenditure for developing these plans has not changed.
- Otago Regional Council Head Office - no expenditure is currently budgeted for the replacement of the head office. Reserve funding exists and is tagged to a future Council decision on this matter.

Measures & Targets – Regional Leadership

Governance & Community Engagement	
Service statement 1: Governance support and process that enables a robust and transparent democratic practice for Council’s elected members and the community	
Measure	Target
Percentage of official information requests responded to within statutory timeframes	100%
Percentage of council agendas that are publicly available two working days or more before a meeting	100%
Conduct meetings in accordance with <i>Standing Orders</i> and the <i>Local Government Official Information and Meetings Act 1987</i>	All meetings

Service statement 2: Council has clearly articulated policy, purpose and activity to encourage participation in decision-making by the community	
Measure	Target
Council's Long-Term Plan, Annual Plans and Annual Reports are fit for purpose and accessible.	All Local Government Act statutory planning requirements and financial reporting standards are met Unmodified independent audit report for the Long-Term Plan and Annual Report

Regional Planning & Urban Development Strategy	
Service statement 3: Establish and maintain a robust, integrated and consistent environmental planning framework	
Measure	Target
Deliver against the Council's adopted 'Progressive Implementation Programme that outlines the staged implementation of actions to implement the National Policy Statement Freshwater Management.	Report progress against the PIP as published on Council's website
Service statement 4: Develop with our key partners an Urban Development Strategy	
Measure	Target
Provide region-wide direction on urban development in conjunction with the Territorial Local Authorities.	Report development to Council on the preparation of an urban development strategy

Assumptions

- There are likely to be appeals on plan changes.
- National planning standards will require amendments to be made to our plans during the 10-year period.

Regulatory

This group of activities enables Council to carry out tasks that assist in achieving the intent of Plans and Bylaws that have been prepared under empowering legislation. They include:

- Regional Plans prepared under the Resource Management Act
- Regional Pest Management Plan prepared under the Biosecurity Act
- Navigational Safety Bylaw prepared under the Maritime Transport Act

Importantly, these activities use the powers, duties and functions within legislation in combination with other approaches and tools (eg education, awareness campaigns, and incentive programmes). When used together they enable Council to find an acceptable balance between achieving positive results and, the costs and impacts associated with changing practice.

The significant Council activity and work programmes that contribute to 'Regulatory' are outlined below.

Significant Activity	Programmes
<p>Consenting, Monitoring and Enforcement</p>	<p>Consent processing - resource consents are issued by Council allowing the use of our natural resources, or discharging into water, air, coast and land resources. Council strives to issue consents that are consistent with the intent of Regional Plans and to meet the processing timeframes as set out in the Resource Management Act.</p> <p>Consents for water use are included in the programme and tied closely to the review of the Regional Plan: Water. For example, as policy and rules for minimum river and aquifer flows are reviewed, so too will the existing resource consents issued for the taking of water. Priority catchments have been identified to escalate review work and to provide certainty to communities and the Region about water use and the quality of Otago's natural environment.</p> <p>Compliance monitoring - after resource consents are issued, Council audits and monitors that resource use to ensure that consent conditions are being complied with. Consent conditions often include the need for monitoring to be carried out 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.</p> <p>Monitoring is also carried out on activity associated with the Regional Pest Management Plan (e.g. compliance with plant and animal pest management requirements)</p> <p>Council's activities in respect of dam safety are carried out under the Building Act 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. Council is accredited and registered as a Building Consent Authority. In addition to Otago, Council carries out certain dam safety and building control functions for dams in the Southland and West Coast regions under transfer agreements.</p> <p>Incident response, investigations & enforcement – environmental incidents and other resource management complaints are considered and where appropriate investigated. Action is taken where remedial measures are required. In serious cases enforcement action will be carried out.</p> <p>Regulatory action can also occur from Council compliance monitoring activity associated with resource consents and pest management.</p> <p>Contaminated sites – Managing contaminated sites involves investigating and managing historic and active industrial and trade-use sites that manufacture, use, or store hazardous substances and may be contaminated. Where necessary, enforcement, clean-up or remedial work is also carried out.</p>

Harbours & waterway management – Council is responsible for the regulation of ports, harbours, waters, and maritime-related activities in the Otago region under the Maritime Transport Act. The bylaw covers maritime safety in almost all inland waters and all coastal waters out to the 12-nautical limit of the territorial sea of Otago.

Responsibility for the waters of the Queenstown Lakes District and Lake Dunstan continues to lie with Queenstown Lakes District Council (QLDC) and Central Otago District Council (CODC), having previously been transferred by Otago Regional Council.

Expenditure & key changes

Long-Term Plan 2018-19		Long-Term Plan 2019-20	Annual Plan 2019-20
1,967	Consent processing	2,134	2,205
1,508	Compliance monitoring	1,435	1,674
219	Regulatory effectiveness	380	0
1,568	Response, investigations & enforcement	1,610	1,786
103	Contaminated sites	197	127
559	Harbour & waterway management	682	694
5,924	Expenditure	6,438	6,486
(2,881)	General Rates	(3,331)	(2,992)
0	Targeted Rates	0	0
(55)	Grants	(55)	(60)
(2,868)	Fees/Other	(3,031)	(3,434)
(120)	Reserves	(21)	0
(5,924)	Revenue	(6,438)	(6,486)

Key changes to expenditure include:

- Council is experiencing additional demand across most of its regulatory activity and this expected to continue into the foreseeable future. The AP includes resource for additional staff to assist with managing additional workload. Additionally, Council is considering its systems and processes (or tools) used to deliver regulatory services. Options and costs associated with new tools are not known and will be considered in future planning processes.
- Regulatory effectiveness – this activity has been subsumed into ‘Regional Leadership’ group of activity.
- Harbour and waterway management – the Council continues to make positive progress with a change in the level of service it provides. Options and expenditure associated with the operation of a new Harbourmaster vessel are becoming clear and will be considered in future planning processes.

Measures & Targets – Regulatory

Regulatory	
Service statement 1: Deliver consenting processes efficiently and effectively under the Resource Management Act 1991 to enable the lawful use of natural and physical resources	
Measure	Target
Percentage of resource consents application processed within Resource Management Act 1991 legislative timeframes	100%
Service statement 2: Administering and assessing performance monitoring data provided by consent holders	
Measure	Target
Percentage of performance returns received that will be assessed for compliance with consent conditions	100%

Service statement 3: Acting on non-compliances identified through consent audit or performance monitoring returns	
Measure	Target
Percentage of non-compliances found that have been followed up with enforcement action	100%
Service statement 4: Investigations and response to notifications of non-compliance and incidents	
Measure	Target
Maintain 24-hour/7 day a week response* for environmental incidents.	100%
Average time taken to respond to oil spills no more than 1.5 hours.	Achieved
Facilitate/carry out appropriate response training for staff and contractors.	Hold at least one pollution incident response training exercise for each of the following: <ul style="list-style-type: none"> • desktop exercise; • a field exercise for pollution incident response; and • an equipment training day.
	Hold at least one marine oil spill incident response training for each of the following: <ul style="list-style-type: none"> • desktop exercise; • a field exercise for marine oil incident response.
Service statement 5: Enable safe use and navigation for all users of Otago Harbour. Take appropriate action in response to notifications of non-compliance and incidents	
Measure	Target
Average time taken to respond to notification from harbour control of any incidents in Otago Harbour.	No more than 1 hour
Percentage of enforcement action taken when there are breaches of the Otago Maritime Safety Bylaw.	100%

*Options for responses:

- Desktop response
- Immediate site inspection
- Planning site inspection
- Phone call only
- Referred to external contractor
- Referred to investigations
- Referred to other

Assumptions

- The quantity of complaints received will increase as public awareness of environmental matters increases.
- The level of consent processing will increase up until 2021 when mining privileges expire.

Flood Protection and River Management

Council operates and maintains many flood protection and drainage schemes throughout Otago. Flood protection schemes are intended to protect people and property from flooding. Drainage schemes are intended to maintain productive capability of land. Council's infrastructure strategy looks out at least 30 years and highlights the requirement to think long-term when planning and implementing work.

This activity also includes rivers and waterway management across the city and districts within Otago.

The significant activities and work programmes contributing to 'Flood Protection and River Management' are outlined below.

Significant Activities	Programmes
<p>Flood and Drainage Schemes</p>	<p>Large developed areas of Otago are low-lying river flats, often close to sea level. 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. The Council manages eight flood and drainage schemes across the region.</p> <p>Flood protection works carried out by Council include constructing and maintaining flood banks, swales, bunds and spillways. Some works are necessary to ensure the safety and integrity of the scheme. Drainage scheme works also include the review and maintenance of drainage pumps and outfall structures. Recent floods have required the Council to carefully assess the condition and performance of specific infrastructure and as a result some planned work has been accelerated to reduce risk of asset failure.</p> <p>Council is also well advanced with 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 twenty years through to 2030-31.</p> <p>Predicted sea level rise over the next 30 years may generate additional flooding and drainage risks, particularly for the Taieri and Lower Clutha flood and drainage schemes. Council is currently investigating this risk, via its Climate Change Adaptation Programme. The results of this investigation will inform further work on the consequences for levels of service and future infrastructure requirements.</p> <p>There is a degree of complexity in terms of the nature of future impacts, solutions to issues, the cost of service options, who pays and how. Community feedback has clearly signalled to Council that improved communication and engagement is required on these matters.</p> <p>Across Council's flood and drainage schemes, there are many bridges that were built around 85 years ago. Some are reaching the end of their useful lives. Council is undertaking a programme of bridge inspections that look at safety standards, load capacity, railings and signage. A maintenance replacement programme for these bridges is provided for in the LTP.</p>
<p>River and Waterway Management</p>	<p>River and waterway management works are carried out to maintain river and stream channel capacity, channel stability and environmental outcomes in scheduled rivers and waterways. While a balance is sought, a primary purpose of this work is to prevent the loss of channel capacity and managing channel instability, so should a flood event occur, waters can flow without undue obstruction. This type of work includes willow maintenance, vegetation control and removing obstructions and blockages, and repairing critical erosion works.</p> <p>Importantly our intervention in river management issues is broader than simply managing for floods. For example, maintaining river form and riparian margins is needed to meet community expectations, demand for community safety and public enjoyment of rivers and streams.</p>

In response to this, river morphology and riparian management plans have been developed for many of the major rivers in Otago, which set out river values, management objectives and the roles of Council, landholders and other stakeholders. Implementation of those plans is underway.

The maintenance of flood protection and river control assets owned by Council that are not part of a flood and drainage scheme are also carried out under this activity. Examples include the Albert Town rock work bank protection and Lindsay Creek flood protection assets (non-scheme management).

Expenditure & key changes

Long-Term Plan 2018-19		Long-Term Plan 2019-20	Annual Plan 2019-20
8,607	Flood protection & drainage schemes	6,526	7,289
2,230	River management	2,243	2,865
10,837	Expenditure	8,769	10,154
(659)	General Rates	(612)	(682)
(5,717)	Targeted Rates	(5,992)	(5,995)
0	Grants	0	0
(557)	Fees/Other	(484)	(485)
(3,904)	Reserves	(1,681)	(2,992)
(10,837)	Revenue	(8,769)	(10,154)

Key changes in expenditure include:

- Flood protection and control works – the expenditure increase is related to revised forecasts for the following projects:
 - Lower Clutha Flood & Drainage Scheme – additional expenditure to complete flood forecasting and reassessment of the flood protection scheme (*increase \$67,000, reserves*)
 - Lower Taieri Flood Protection Scheme – additional expenditure to complete work on the Riverside Road Spillway (*increase \$170,000, reserves*)
 - West Taieri Drainage Scheme – additional expenditure related to various engineering projects (eg bridge repair - contour drain, Waipori pump station drives, drainage or channel improvements (*increase \$450,000, reserves*))
 - Leith Flood Protection Scheme - additional expenditure to complete the Dundas Bridge, complete approved Lower Leith amenity work and develop Upper Leith amenity proposals (*increase 300,000 reserves*).
- River Management – the expenditure increase is related to unplanned engineering works on Kaikorai Stream infrastructure situated in the Dunedin River Management area. Inspection has shown that urgent work is necessary to ensure both the level of protection is restored (where infrastructure is damaged) and the integrity of remaining infrastructure is maintained. This work is estimated to cost \$600,000 and is included in the AP.

Measures & Targets – Flood and River Management

Flood and Drainage Schemes	
Service statement 1: Manage flood risk to people and property. Maintain, repair and renew drainage assets to maintain and improve the productive capacity of land	
Measure	Target
Flood protection, control works and assets are maintained, repaired and renewed in line with the Infrastructure Strategy and defined standards set out in the operations and maintenance manuals for each scheme and primary assets.	Performance against defined standards of the flood protection schemes and primary scheme assets reported annually.
	Planned renewal works completed on programme and budget, and progress reported quarterly.
	Planned maintenance works completed on programme and budget, and progress reported quarterly.
	Complete review including recommendations on the performance of the Lower Taieri River and primary tributaries.
Drainage assets are maintained and renewed in line with defined standards set out in the operations and maintenance manuals for each asset.	Performance against defined standards of the drainage schemes and primary scheme assets reported annually.
	Planned renewal works completed on programme and budget, and progress reported quarterly.
	Planned maintenance works completed on programme and budget, and progress reported quarterly.

River and Waterway Management	
Service statement 2: Achieve a balance between maintaining channel capacity, channel stability and environmental outcomes in scheduled rivers and waterways	
Measure	Target
Investigate all reported blockages and obstructions along scheduled rivers and waterways and determine appropriate action within 20 working days	Report annual status of scheduled rivers and waterways
	100% of investigations have action determined within 20 days

Safety and Hazards

Council, along with 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 requires Council to investigate and provide information on natural hazards in our region.

The significant activities and work programmes contributing to 'Safety and Hazards' are outlined below.

Significant Activities	Programmes
<p>Emergency Management</p>	<p>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.</p> <p>All emergency management staff are employed by Council, which enables Council to be better prepared to respond, both locally and regionally, to emergency situations with greater efficiency and effectiveness.</p>
<p>Natural Hazards</p>	<p>Natural hazards work involves assessing the scale and significance of natural hazards in Otago,. The information obtained is published in the Otago Natural Hazards database, which is maintained by Council.</p> <p>Council assists territorial authorities with managing natural hazards in their areas through collaborative initiatives such as: the flood risk management strategy for the communities of Lakes Wakatipu and Wanaka; the Milton 2060 Strategy; working with the Dunedin City Council on the South Dunedin Future programme; and assisting with developing district plans.</p> <p>Flow forecasting - 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 and lake levels. In the case of an event, interested and potentially affected parties are provided direct information in a timely manner.</p> <p>As low flows and drought situations are becoming more frequent, the LTP provides for a new initiative to monitor and provide forecast information on low flow situations. This activity is planned to commence in the 2021-22 year with a pilot study in a test catchment.</p> <p>Climate change adaptation was a new initiative included in the LTP and considers the physical, economic and social impacts associated with climate change. This work focuses on improving the understanding of risk and will provide information to assist local authorities, communities and others to make informed decisions about preparing and adapting for the effects of climate change. Good progress was made over the 2018-19 year and the planned programme of work has been accelerated for early completion.</p> <p>Other projects - community feedback to the LTP highlighted perceived natural hazard issues associated with the Dart and Rees Rivers. In response the Council, in collaboration with QLDC and affected communities and stakeholders, is preparing a long-term natural hazards adaptation strategy for the wider area located at the northern end of Lake Wakatipu. This two-year project (2019-20 and 2020-21) is considering the area in a strategic and holistic way including; future climate change, multiple hazards, and pressure for land use intensification.</p>

Expenditure & key changes

Long-Term Plan 2018-19		Long-Term Plan 2019-20	Annual Plan 2019-20
2,454	Emergency Management	2,416	2,425
786	Natural Hazards	618	699
134	Flow forecasting	159	212
683	Climate change adaptation	625	936
4,057	Total expenditure	3,818	4,272
(1,310)	General Rates	(1,140)	(1,579)
(2,454)	Targeted Rates	(2,416)	(2,425)
0	Grants	0	0
(55)	Fees/Other	(20)	(20)
(238)	Reserves	(242)	(248)
(4,057)	Revenue	(3,818)	(4,272)

Key changes in expenditure include:

- Climate change adaptation – increase in expenditure reflecting the Councils desire and community concern to speed-up our understanding of how climate change will impact, what are the risks, and what can be done to manage, avoid or mitigate those risks. The Council is speeding up the delivery of the work programme agreed in the LTP (*increase \$316,000, rates*).

Measures & Targets

Emergency Management	
Service statement 1: Provide a region-wide coordinated response in the event of civil defence emergency to reduce the impacts on people	
Measure	Target
Time taken for the Group Emergency Coordination Centre to be activated in response to a civil defence event or emergency	60 minutes
A Group CDEM controller or alternate controller is available 24 hours, 7 day a week response for 365 days a year	Achieved
Service statement 2: Prepare and implement robust integrated suite of issue focused and community-based plans and strategies	
Measure	Target
An operative Group CDEM Plan is reviewed within statutory timeframes and fully implemented	Achieved
Full suite of community plans across the region is in place and remain under continuous review	Status and progress on the plans are reported to the Central Emergency Group and Council
Agreed region-wide issues plans are in place and reviewed according to each plan.	Status and progress on the agreed issues plans are reported to the Central Emergency Group and Council

Natural Hazards	
Service statement 3: Investigate and respond to priority natural hazard events	
Measure	Target
Natural hazard information is available to the public and to communities via an effective web-based Otago Natural Hazards Database 24 hours a day, 7 days a week	Achieved
Service statement 4: Delivering information to the community and decision-makers about natural hazards	
Measure	Target
Natural hazards events and consequences are properly and timely reported on so that appropriate measures to reduce risk are taken	Procedural review is completed and reported within 6 months of any significant event.
Service statement 5: Provide timely warnings of potential flood events	
Measure	Target
Accurate and reliable rainfall, lake levels, and river flow information is provided* to potentially affected groups and communities and is provided in an efficient and timely fashion.	All flood warning that exceed trigger levels are published on Otago Regional Councils website when notified
Service statement 6: Assist communities to understand and adapt to the effects of climate change	
Measure	Target
Knowledge and understanding of the likely effects of climate change in Otago is increased to inform decision-makers and the community	Initial Otago climate change risk assessment complete with summary report presented to Council

* Agreed trigger levels determine when flood alerts and warnings are required/notified.

Transport

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

Public passenger transport services are provided 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.

Providing public transport services including total mobility is undertaken with the financial assistance of the NZ Transport Agency.

The significant activities and work programmes contributing to 'Transport' are outlined below.

Significant Activity	Description
<p>Public Passenger Transport</p>	<p>Public Transport Dunedin & Wakatipu - Council has committed to consider increasing the level and frequency of services, particularly in the first three years of this LTP. Initiatives identified in the LTP include:</p> <ul style="list-style-type: none"> • Implementing increased off-peak services in Dunedin and Queenstown • Provide for additional services to support major events in Dunedin and Queenstown • Considering the feasibility, implementation and operation of a small ferry service on Lake Wakatipu • Investigating the feasibility of a Dunedin city to airport service • Investigating introducing a Malaghans Road loop service into the Queenstown network between Arrowtown and Queenstown • Investigating mass transit options for increased passenger transport capacity between Queenstown and Frankton <p>Re-tendering of expiring contracts starts from 2021-22 onwards. Council will seek to extend services where viable and appropriate as part of any tendering process.</p> <p>Community feedback to the LTP also resulted in the Council:</p> <ul style="list-style-type: none"> • Considering the Regional Public Transport Plan and current policy on school bus services under that plan • Exploring with Dunedin City Council and NZTA, the establishment of a joint governance group for the public transport bus service, Connecting Dunedin <p>Public Transport Regional - Council administers the Total Mobility Scheme in Otago to meet the transport needs of those with disabilities that are unable to access public transport.</p>
<p>Regional Transport Planning</p>	<p>Regional Land Transport Plan - will be prepared in collaboration with Environment Southland, to produce a single document for both regions. This will be completed by year three of this LTP.</p> <p>Stock Truck Effluent Disposal (STED) – the Council has installed a small number of STED sites in strategic points around the region. They enable a potential environmental and safety hazard to be managed. Council is planning to install an additional STED on State Highway 8 on the Tarris Lindis Peaks Straight.</p>

Expenditure & key changes

Long-Term Plan 2018-19		Long-Term Plan 2019-20	Annual Plan 2019-20
16,138	Public passenger transport – Dunedin	17,049	17,136
6,623	Public passenger transport – Wakatipu	6,766	6,855
1,391	Public passenger transport – Regional	1,388	1,522
343	Regional Land Transport Plan	308	235
125	Stock truck effluent disposal sites	122	90
24,620	Expenditure	25,633	25,838
(650)	General Rates	(637)	(595)
(4,694)	Targeted Rates	(5,229)	(5,229)
(9,085)	Grants	(9,365)	(9,467)
(8,012)	Other (includes fare revenue)	(8,509)	(8,554)
(2,179)	Reserves	(1,893)	(1,993)
24,620	Revenue	25,633	25,838

Key changes in expenditure include:

- Stock Truck Effluent Disposal Sites (STED) – at this stage the expenditure does not reflect a Council decision to install a new STED situated on the Tarris - Lindis Peaks straight, State Highway 8.

Measures & Targets

Public Passenger Transport	
Service statement 1: To provide efficient and reliable public transport services that meet community needs	
Measure	Target
Reliability of service – percentage of monitored services that leave the terminus on time	95%
Vehicle quality – percentage of vehicles that comply with Regional Passenger Transport Vehicle quality standard	100%
Public Satisfaction – percentage of bus users that are satisfied with the overall standard of service	85%
Patronage in Dunedin – percentage growth on contracted services above 2017/18 levels	3%
Patronage in Queenstown – percentage growth increase on contracted services	5%

Regional Transport Planning	
Service statement 2: Facilitate and support prioritised investment in Otago's transport network by local and central government	
Measure	Target
The Regional Land Transport Plan (RLTP) is prepared and submitted in line with the Land Transport Management Act 2003 and any guidance issued by the New Zealand Transport Agency (NZTA)	Initial strategic review has commenced.
Collaborate with Environment Southland and other South Island local authorities to establish and deliver on pan-regional priorities for transport investment	Achieved

Assumptions

- Collaborative planning with Environment Southland will continue and potentially grow.
- The Council will retain responsibility for the provision of bus services in Dunedin and Queenstown.

Financial Information

Assumptions

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

Sources of Funds for Future Replacement of Significant Assets

Sources of funds for the future replacement of significant assets are in accordance with Council's financing policy. For scheme related assets, these are funded through scheme depreciation, reserves, targeted rates from defined scheme areas and where necessary, borrowings. Council assets are funded from the asset replacement reserve and where necessary, general reserves and borrowings. A building reserve has been established for addressing 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 carried out 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.

Population within certain areas of Otago is forecast to grow over the next 10 years, the most significant being in the Queenstown Lakes district. Resident population in Queenstown is forecast to grow by 2.6% each year over the next 10 years, and visitor numbers to grow by 2.4% per annum.

Changes in population will impact on the level of certain activities carried out by Council, such as transport, demand on resource use, environmental incidents, civil defence and emergency management and natural hazards.

Council's work programmes have considered the projected growth in the region, with new initiatives and resources being provided to address the impacts of population growth. This assumption is assessed as having a medium level of risk.

Inflation

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

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Staff rates	-	2.5%	2.3%	2.4%	2.4%	2.5%	2.6%	2.6%	2.7%	2.8%
Other	-	2.5%	2.3%	2.4%	2.4%	2.5%	2.6%	2.6%	2.7%	2.8%

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

NZ Transport Agency Subsidy Rates

The following rates of subsidy used are based on rates currently advised by the NZ Transport Agency:

1. Transport planning and public passenger transport to receive 51% subsidy;
2. New bus ticketing system to receive 65% subsidy;
3. Total Mobility to receive 60% subsidy;
4. 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 NZ Transport Agency has given no indication that the rates may change during the period. If the subsidy for total mobility was to decrease, the impact would be directly on general rates. Any changes in subsidy for public passenger transport would impact directly on targeted rates.

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 that are revalued annually are Council's investment properties and its shareholding in Port Otago Limited. With respect to the Port Otago Limited investment, the actual results are dependent on factors outside the control of Council and the management of Port Otago Limited. For the purposes of this plan, an assumption has been made that the value of Council's investment in Port Otago will grow in value by around 2% every year of the plan.

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

The risk of these assumptions is assessed as having a high level of uncertainty. However, the revaluation of non-current assets does not directly impact rates.

Forecast Return on Investments

Forecast returns used in the estimates are as follows:

5. Rate of return and internal borrowing rate of between 3.1 and 4.1% per annum on cash balances and the managed fund.
6. All Port Otago Limited dividends will be received fully imputed and accordingly no taxation liability will arise in respect of them.

The risk of this assumption is assessed as having a low to medium level of uncertainty because Port Otago Limited has a stable trade base. Shipping trends over past years have been consistent, as are predictions for future trade, allowing for stable dividend payments. With respect to earning rates, the Statement of Investment Policy and Objectives for Council's managed fund estimates Council's rate of return at between 1.5% - 2.3% plus inflation. As investment income is used to reduce general rates, any change in return on investments will impact directly on the level of general rates.

Capital Expenditure

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

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

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

Investment Properties

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

Legislation

This plan assumes that there will be some changes in the legislation under which Council operates that will impact on its work programmes over the next 10 years. Council is aware of new requirements from central government such as new national policy statements for Biodiversity and Natural Hazards. Council's work programme has taken account of the known changes coming. 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. A new Climate Change Adaption activity is also included in the work programme which looks at understanding the effects of climate change on Otago. The risk of this assumption being incorrect is low.

Natural Disasters

The assumption is made that there could be major natural disasters over the next 10 years that could cause widespread and significant damage to Council's infrastructural assets, i.e. our flood and drainage schemes. What, when, where and how big are impossible to predict, but this Long-Term Plan provides for us to be ready to respond. Such initiatives include Council's civil defence and emergency management work programme, the retention of Council's Emergency Response Fund and a proactive approach to managing asset resilience through renewals.

This assumption has a high level of uncertainty.

Financial Statements

Statement of Comprehensive Revenue and Expense

Long-Term Plan 2018-19 \$000s		Long-Term Plan 2019-20 \$000s	Annual Plan 2019-20 \$000s
	Revenue from non-exchange transactions:		
23,173	Rates revenue	25,997	26,363
9,790	Grant revenue and subsidies	10,187	12,133
10,735	Other revenue	11,134	11,385
	Revenue from exchange transactions		
8,450	Dividend	7,900	7,900
1,512	Interest and investment revenue	1,512	1,512
2,561	Other revenue	2,745	2,678
56,221	Total revenue	59,475	61,971
	Expenditure:		
17,561	Employee benefits expenses	18,000	18,496
2,402	Depreciation	2,516	2,531
2	Finance costs	2	2
40,021	Operating expenses	41,372	43,561
59,986	Total operating expenditure	61,889	64,590
335	Other gains/(losses)	345	344
(3,430)	Surplus/(Deficit) for period	(2,070)	(2,275)
	Other comprehensive revenue and expenses		
	<i>Item that may be reclassified to surplus/(deficit)</i>		
7,000	Revaluation gain/(loss) – shares in subsidiary	7,000	7,000
3,570	Total comprehensive revenue and expenses	4,930	4,725

Depreciation by Activity

Long-Term Plan 2018-19 \$000s		Long-Term Plan 2019-20 \$000s	Annual Plan 2019-20 \$000s
	Depreciation		
229	Environment	275	234
805	Flood protection & control works	843	831
20	Safety and Hazards	20	20
9	Regulatory	12	212
40	Transport	40	72
1,300	Corporate	1,326	1,163
2,402	Total depreciation	2,516	2,531

Statement of Financial Position

Long-Term Plan 2018-19 \$000s		Long-Term Plan 2019-20 \$000s	Annual Plan 2019-20 \$000s
	Current assets:		
148	Cash & cash equivalents	918	432
43,557	Other financial assets	38,557	34,811
3,556	Trade & other receivables	3,550	8,697
-	Inventories	-	-
1,093	Property intended for sale	1,093	214
261	Other current assets	261	231
48,615	Total current assets	44,379	44,385
	Non-current assets:		
93,452	Property, plant & equipment	94,921	95,505
11,493	Investment property	11,838	11,816
456,037	Shares in Port Otago Ltd	463,037	502,508
4,233	Intangible assets	4,585	4,252
98	Deferred tax asset	98	98
565,313	Total non-current assets	574,479	614,179
613,928	Total assets	618,858	658,564
	Current liabilities:		
7,159	Accounts payable	7,159	9,019
1,665	Employee entitlements	1,665	1,701
8,824	Total current liabilities	8,824	10,720
	Non-current liabilities:		
-	Other financial instruments	-	-
-	Total non-current liabilities	-	-
8,824	Total liabilities	8,824	10,720
605,104	Net assets	610,034	647,844
	Equity:		
129,712	Public equity	127,844	126,078
436,037	Available for sale reserve	443,036	482,507
3,979	Asset replacement reserve	3,170	4,224
14,499	Building reserve	15,006	14,192
331	Environmental enhancement reserve	267	228
4,320	Emergency response reserve	4,471	4,480
403	Water management reserve	127	71
6,391	Kuriwao endowment reserve	6,336	6,309
9,432	Asset revaluation reserve	9,777	9,755
605,104	Total equity	610,034	647,844

Statement of Changes in Net Assets / Equity

Long-Term Plan 2018-19 \$000s		Long-Term Plan 2019-20 \$000s	Annual Plan 2019-20 \$000s
601,534	Balance at 1 July	605,104	643,119
3,570	Net comprehensive income	4,930	4,725
605,104	Balance at 30 June	610,034	647,844
	Net movements		
(3,765)	Net surplus transferred to public equity	(2,415)	(2,619)
1,423	Public equity	546	637
7,000	Available for sale revaluation reserve	7,000	7,000
(1,131)	Asset replacement reserve	(810)	(749)
408	Building reserve	507	480
(207)	Environmental enhancement reserve	(64)	(66)
146	Emergency response reserve	151	151
(584)	Water management reserve	(276)	(386)
(55)	Kuriwao reserve	(55)	(68)
335	Asset revaluation reserve	345	344
3,570	Net comprehensive income	4,930	4,725
605,104	Balance at 30 June	610,034	647,844

Reserves

Reserve	Opening Balance 1 July 2019 \$000s	Transfers In \$000s	Transfers Out \$000s	Closing Balance 30 June 2020 \$000s
Public equity	138,351	10,245	(6,707)	141,889
Asset replacement reserve	4,973	1,305	(2,054)	4,224
Asset revaluation reserve	9,411	344	-	9,755
Available for sale revaluation reserve	475,508	7,000	-	482,508
Building reserve	13,712	480	-	14,192
Emergency response reserve	4,328	151	-	4,480
Kuriwao endowment reserve	6,377	330	(398)	6,309
Water management reserve	456	2	(388)	71
Environmental enhancement reserve	294	260	(326)	228
Central Otago river management	401	313	(350)	364
Clutha river management	6	327	(488)	(154)
Dunedin river management	1,506	288	(1,089)	705
Lower Waitaki flood protection	(18)	162	(163)	(19)
Waitaki river management	193	408	(328)	273
Wakatipu river management	679	172	(233)	618
Wanaka river management	512	198	(174)	536
Alexandra flood protection	321	255	(244)	332
East Taieri drainage	(32)	540	(803)	(295)
Leith flood protection	(13,862)	1,641	(2,317)	(14,539)
Lower Clutha drainage & flood protection	(317)	1,222	(1,417)	(512)
Lower Taieri flood protection	627	1,010	(1,497)	140
Shotover flood protection	72	84	(86)	70
Tokomairiro drainage	103	126	(202)	27
West Taieri drainage	(1,955)	750	(1,193)	(2,398)
Dunedin transport	1,478	15,674	(17,136)	15
Wakatipu transport	(443)	6,467	(6,877)	(854)
Clean Heat reserve	217	5	(146)	76
Wilding Pines	(63)	209	(211)	(65)
Dairy Monitoring	53	190	(167)	76
Rural Water Quality	231	1,922	(2,361)	(208)
Total	643,119	48,944	(44,219)	647,844

Statement of Cashflows

Long-Term Plan 2018-19 \$000s		Long-Term Plan 2019-20 \$000s	Annual Plan 2019-20 \$000s
	Cashflows from operating activities		
	<i>Cash provided from:</i>		
23,174	Rates receipts	25,996	26,363
10,741	Other receipts – non-exchange transactions	11,140	11,391
9,790	Grant income	10,187	12,133
2,561	Other receipts – exchange transactions	2,745	2,678
8,450	Dividends	7,900	7,900
1,512	Interest	1,512	1,512
56,227	Total income	59,480	61,977
	<i>Cash applied to:</i>		
57,582	Payment to employees & suppliers	59,372	62,057
2	Interest expense	2	2
57,584	Total payments	59,374	62,059
(1,357)	Net cash from operating activities	107	(82)
	Cashflows from investing activities		
	<i>Cash provided from:</i>		
500	Property, plant & equipment sales	410	419
-	Deferred tax asset realised	-	-
500	Managed fund withdrawal	5,000	5,000
1,000	Total cash in	5,410	5,410
	<i>Cash applied to:</i>		
6,075	Property, plant & equipment	3,798	4,313
1,316	Intangible assets	949	960
7,391	Total application of cash	4,747	5,273
(6,391)	Net cash from investing activities	663	137
	Cashflows from financing activities		
	<i>Cash provided from:</i>		
-	Borrowings	-	-
	<i>Cash applied to:</i>		
-	Repayment of borrowings	-	-
-	Net cash from financing activities	-	-
(7,748)	Net increase/(decrease) in cash held	770	55
7,896	Cash at 1 July	148	377
148	Cash at 30 June	918	432

Reconciliation of Net Surplus to Net Cash from Operating Activities

Long-Term Plan 2018-19 \$000s		Long-Term Plan 2019-20 \$000s	Annual Plan 2019-20 \$000s
(3,430)	Net surplus(deficit) from activities	(2,070)	(2,275)
	<i>Add(deduct) non-cash items:</i>		
2,402	Depreciation	2,516	2,531
(335)	Other (gains)/losses	(345)	(344)
6	Bad debts	6	6
(1,357)	Net cash from operating Activities	107	2,191

Schedule of Capital Expenditure

Long-Term Plan 2018-19 \$000s		Long-Term Plan 2019-20 \$000s	Annual Plan 2019-20 \$000s
	Environmental		
80	- Air monitoring	51	51
5	- Pest management	5	5
638	-Water monitoring sites	446	445
	Transport		
-	-Stock truck effluent disposal sites	-	-
	Flood protection & control works		
50	- Alexandra flood	-	-
217	- Lower Clutha flood & drainage	65	68
727	- Lower Taieri flood protection	699	802
294	- West Taieri drainage	19	450
225	- East Taieri drainage	337	339
51	- Tokomairiro	95	95
2,671	- Leith flood protection	1,195	1,202
	Council		
60	- Property	62	50
810	- Cars & station wagons	677	677
1,371	- Computers & software	1,006	1,017
140	- Plant	42	21
50	- Sundry	51	51
7,391	Total capital expenditure	4,747	5,273

Accounting Policies

Overview

Reporting Entity

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

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

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself and the Group as public benefit entities for financial reporting purposes.

The prospective financial information contained in this Long-Term Plan relates to the Council only as the group parent. The Council has not presented group prospective financial statements because the Council believes that the parent prospective financial statements are more relevant to users. The main purpose of prospective financial statements in the Long-Term Plan is to provide users with information about the core services that the Council intends to provide ratepayers, the expected cost of those services and as a consequence how much the Council requires by way of rates to fund the intended levels of service. The level of rate funding required is not affected by subsidiaries except to the extent that the Council obtains distributions from those subsidiaries. Distributions from the Council's subsidiary Port Otago Limited are included in the prospective financial statements of the Council.

The Prospective Financial Statements of Council are to be adopted by Council on 27 June 2018.

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.

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.

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 and significant risks and rewards of ownership of assets have been transferred to the buyer.

(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 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 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 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 Surplus or Deficit

Financial assets are classified as financial assets at fair value through surplus or deficit where the financial asset:

- Has been acquired principally for 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.

Council has classified its managed funds as financial assets held for trading. This fund includes cash, fixed interest deposits, 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) 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, except for 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.

(d) 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.

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.

(e) 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 because 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, except for trade receivables, where the carrying amount is reduced via 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 recognised 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.

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.

Property Held for Sale

Property classified as held for sale is measured at:

- fair value for items transferred from investment property, and
- fair value less estimated costs of disposal, measured at time of transfer 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 is not depreciated or amortised while it is classified as held for sale.

Property, Plant and Equipment

Property, plant and equipment consist of the following.

Operational Assets

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

Infrastructural Assets

Infrastructural assets deliver benefits direct to the community and are mostly associated with major flood protection and land drainage schemes. Infrastructural assets include flood banks, protection works, structures, drains, bridges and culverts, and in the passenger transport, Dunedin bus hub and associated shelters.

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, excluding 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 flood banks, 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 initially at cost and subsequently at fair value. 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

Computer software assets are stated at cost, less accumulated amortisation and impairment. The amortisation periods range from 1 to 10 years.

Other Intangible Assets

Other intangible assets represent the excess of the cost of acquisition of the cost of Council's interest in the fair value of assets of any jointly controlled entity. Other intangibles are reassessed and reclassified to the cost of investment property and investment property inventories.

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 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.

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 is estimated to be less than it's carrying amount, the carrying amount of the asset 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 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 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.

Superannuation Schemes

Defined Contribution Schemes

Contributions to defined contribution superannuation schemes are expensed when incurred.

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.

Equity

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

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

Restricted and Council Created Reserves

Restricted reserves are those subject to specific conditions accepted as binding by 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. Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

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 first 3 years. The primary reason is to allow Council to use reserves to fund certain one-off operating expenditure.

Reserves are to be used to fund Environmental Enhancement initiatives, research and development for improving Otago's water quality, water management initiatives, climate change adaptation, flood protection designations and lakes monitoring equipment.

Dunedin transport reserves are also used to implement bus service improvements and to complete the bus hub for 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:

Financial year	Projected Rating Units
2019/20	116,746
2020/21	117,630
2021/22	118,523
2022/23	119,426
2023/24	120,338
2024/25	121,260
2025/26	122,193
2026/27	123,135
2027/28	124,088

Prudence Disclosures

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 statement is contained in the Long-Term Plan 2018-28 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.

Rate Funding and Funding Impact Statements

Funding Impact Statement

Long-Term Plan 2018-19 \$000s		Long-Term Plan 2019-20 \$000s	Annual Plan 2019-20 \$000s
	Sources of operating funding:		
8,808	General rates, UAGC & rate penalties	10,816	11,180
14,366	Targeted rates	15,180	15,183
9,790	Subsidies & grants	10,187	12,133
3,310	Fees & charges	3,415	3,570
9,962	Interest & dividends from investments	9,412	9,412
9,985	Fines, infringement fees & other receipts	10,465	10,493
56,221	Total operating funding	59,475	61,971
	Applications of operating funding:		
56,998	Payments to staff & suppliers	59,023	61,670
124	Finance costs	127	104
58	Other operating funding applications	59	52
57,180	Total applications of operating funding	59,209	61,826
(959)	Surplus(deficit) of operating funding	266	145
	Sources of capital funding:		
-	Subsidies & grants for capital expenditure	-	-
-	Financial contributions	-	-
-	Increase(decrease) in debt	-	-
500	Gross proceeds from sale of assets	410	410
-	Lump sum contributions	-	-
-	Other dedicated capital funding	-	-
500	Total sources of capital funding	410	410
	Application of capital funding:		
	<i>Capital expenditure:</i>		
-	- to meet demand	-	-
4,147	- to improve level of service	1,925	1,933
3,244	- to replace existing assets	2,822	3,341
(7,850)	Increase(decrease) in reserves	(4,071)	(4,719)
-	Increase(decrease) in investments	-	-
(459)	Total applications of capital funding	(676)	555
959	Surplus(deficit) of capital funding	(266)	(145)
-	Funding balance	-	-

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

Long-Term Plan 2018-19 \$000s		Long-Term Plan 2019-20 \$000s	Annual Plan 2019-20 \$000s
(959)	Surplus(deficit) of operating funding per funding Impact statement	266	145
	<i>Add/(deduct):</i>		
(2,402)	Depreciation	(2,516)	(2,531)
335	Other gains/(losses)	345	344
(404)	Other	(165)	(233)
(3,430)	Surplus/(Deficit) from activities per Statement Comprehensive Revenue & Expense	(2,070)	(2,275)

Funding Impact Statement – Calculation of Rates for the 2019-20 Financial Year

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2019-20 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.	\$9,642,000 allocated as: Central Otago \$994,000 Clutha \$934,000 Dunedin \$3,981,000 Queenstown \$2,991,000 Waitaki \$742,000	\$26.06 \$29.09 \$42.98 \$22.47 \$30.30	\$62.55 \$69.82 \$103.15 \$53.93 \$72.73	\$417.00 \$465.44 \$687.64 \$359.52 \$484.84
Uniform Annual General Charge - contributes to all activities of council	Fixed charge per rating unit.		\$3,214,000 calculated as \$29.42 per rating unit.	\$29.42	\$29.42	\$29.42
Targeted rates – refer to maps of targeted rating areas						
Dairy monitoring	Fixed charge per dairy shed	The activity of being a dairy farm.	\$216,000 allocated as \$505.14 per dairy shed.	\$505.14	\$505.14	\$505.14
Flood protection and control works - Leith flood protection scheme	Capital value	Where the property is situated within the defined scheme area.	\$1,680,000 allocated as: Direct benefit zone: - Forsyth Barr Stadium \$34,000 - Excluding stadium \$806,000 - Indirect benefit zone \$840,000	\$45.22 \$238.62 \$13.86	\$108.52 \$572.68 \$33.26	\$723.44 \$3,817.84 \$221.76

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2019-20 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.	\$805,000 allocated as:						
			A \$58,000	\$1,428.61	\$3,428.66	\$22,857.76			
			B \$146,000	\$567.25	\$1,361.40	\$9,076.00			
			C \$290,000	\$535.73	\$1,285.75	\$8,571.68			
			D \$50,000	\$336.15	\$806.76	\$5,378.40			
			E \$44,000	\$178.58	\$428.59	\$2,857.28			
			F \$25,000	\$21.01	\$50.42	\$336.16			
			U1 \$2,700	\$567.28	\$1,361.47	\$9,076.48			
			U2 \$143,300	\$189.08	\$453.79	\$3,025.28			
			U3 \$8,000	\$42.02	\$100.85	\$672.32			
			U4 \$38,000	\$31.52	\$75.65	\$504.32			
			- Lower Taieri flood protection scheme	Capital value	Where the property is situated using approved classifications.	\$920,000 allocated as:			
						WF1 \$450,500	\$555.69	\$1,333.66	\$8,891.04
WF2 \$365,000	\$328.80	\$789.12				\$5,260.80			
WF3 \$200	\$5.19	\$12.46				\$83.04			
WF4 \$200	\$8.10	\$19.44				\$129.60			
WF5 \$1	\$0.60	\$1.44				\$9.60			
WF6 \$5	\$1.07	\$2.57				\$17.12			
WF7 \$2	\$0.86	\$2.06				\$13.76			
WF8 \$1,000	\$39.06	\$93.74				\$624.96			
WF9 \$2	\$0.50	\$1.20				\$8.00			
EF1 \$23,000	\$299.49	\$718.78				\$4,791.84			
EF2 \$34,200	\$313.28	\$751.87				\$5,012.48			
EF3 \$1,100	\$311.26	\$747.02				\$4,980.16			
EF4 \$9,050	\$253.00	\$607.20				\$4,048.00			
EF5 \$1,500	\$7.03	\$16.87				\$112.48			
EF6 \$1,100	\$310.91	\$746.18				\$4,974.56			
EF7 \$540	\$4.27	\$10.25				\$68.32			
EF8 \$24,600	\$4.04	\$9.70	\$64.64						
EF9 \$2,400	\$1.87	\$4.49	\$29.92						
EF10 \$1,300	\$2.33	\$5.59	\$37.28						
EF12 \$1,700	\$367.77	\$882.65	\$5,884.32						
EF13 \$2,600	\$367.71	\$882.50	\$5,883.36						

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2019/20 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.	\$410,000 allocated as follows: ED1 \$150,000 ED2 \$97,000 ED4 \$16,000 ED5 \$60,000 ED7 \$17,000 ED8 \$36,000 ED9 \$24,000 ED10 \$10,000	\$164.21 \$125.25 \$138.45 \$62.45 \$213.41 \$41.43 \$35.94 \$31.93	\$164.21 \$125.25 \$138.45 \$62.45 \$213.41 \$41.43 \$35.94 \$31.93	\$164.21 \$125.25 \$138.45 \$62.45 \$213.41 \$41.43 \$35.94 \$31.93
	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$136,000 allocated across ED1, ED2, ED4, ED5, ED8, ED9 and ED10	\$29.64	\$29.64	\$29.64
- West Taieri drainage scheme	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$ 483,000 allocated as: WD1 \$386,000 WD2 \$66,000 WD3 \$21,000 WD4 \$9,900 WD5 \$100	\$92.94 \$25.54 \$69.35 \$92.94 \$0.38	\$92.94 \$25.54 \$69.35 \$92.94 \$0.38	\$92.94 \$25.54 \$69.35 \$92.94 \$0.38
	Fixed charge per hectare	Where the property is situated within the defined scheme area.	\$207,000 allocated across WD1, WD2, WD3 and WD4.	\$28.96	\$28.96	\$28.96
- Tokomairiro drainage scheme	Capital value	Where the property is situated within the defined scheme area.	\$142,000 allocated as: A \$8,000 B \$16,000 C \$20,000 D \$28,000 E \$15,000 F \$22,000 U1 \$33,000	\$189.23 \$141.93 \$113.54 \$85.16 \$47.31 \$18.92 \$28.39	\$454.16 \$341.62 \$272.50 \$204.37 \$113.54 \$45.41 \$68.12	\$3,027.72 \$2,270.80 \$1,816.64 \$1,362.48 \$756.92 \$302.76 \$454.16
- Shotover Delta	Capital Value	Where the property is situated within the defined scheme area.	\$92,000	\$1.18	\$2.83	\$18.88

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2019-20 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	\$1,852,000 allocated as: Central Otago \$345,000 Clutha \$380,000 Dunedin \$287,000 Wakatipu \$173,000 Wanaka \$207,000 Waitaki \$460,000	\$9.05 \$11.82 \$3.11 \$1.90 \$4.92 \$18.79	\$21.71 \$28.36 \$7.45 \$4.55 \$11.80 \$45.10	\$144.72 \$189.04 \$49.68 \$30.32 \$78.64 \$300.68
- Lower Waitaki	Capital value	Where the property is situated within the defined scheme area	\$168,000 allocated as: A \$104,000 B \$64,000	\$305.05 \$152.54	\$732.11 \$366.08	\$4,880.76 \$2,440.56
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	\$1,309,000 Central Otago \$281,000 Clutha \$364,000 Dunedin \$199,000 Queenstown \$265,000 Waitaki \$200,000	\$17.71 \$15.09 \$17.75 \$16.15 \$15.22	\$42.50 \$36.22 \$42.59 \$38.75 \$36.53	\$283.86 \$241.44 \$283.96 \$258.32 \$243.56
Wilding trees	Fixed charge per rating unit		\$240,000 allocated as \$2.18 per rating unit	\$2.18	\$2.18	\$2.18

Source of funding and activities	Valuation system and basis of calculation	Matters for differentiation	Est. Revenue sought for 2019/20 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		\$2,788,000 allocated as \$25.23 per rating unit	\$25.23	\$25.23	\$25.23
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	\$5,041,000 allocated as: Class A \$1,515,000 Class B - Dunedin \$3,505,000 - Waitaki \$21,000	\$193.36	\$464.05	\$3,093.68
- 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	\$972,000 allocated as: Class A \$256,000 Class B \$716,000	\$20.81	\$49.94	\$332.96

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

Effect of Rating

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

Long-Term Plan 2018-19 \$000s		Long-Term Plan 2019-20 \$000s	Annual Plan 2019-20 \$000s
8,808	General rates	10,816	11,180
-	Targeted air quality rates	-	-
1,104	Rural water quality rate	1,141	1,138
188	Dairy inspection rate	188	188
	Targeted River Management rates:		
300	- Central Otago District	300	300
300	- Clutha District	330	330
200	- Dunedin City	250	250
142	- Lower Waitaki River	144	146
150	- Wakatipu	150	150
180	- Wanaka	180	180
400	- Waitaki District	400	400
	Targeted Passenger Transport services rate:		
3,977	- Dunedin	4,384	4,384
718	- Queenstown	845	845
	Targeted Catchment rates:		
450	- East Taieri Drainage	475	475
1,461	- Leith Flood Protection	1,461	1,461
650	- Lower Clutha	700	700
750	- Lower Taieri	800	800
80	- Shotover Delta	80	80
105	- Tokomairiro	122	124
550	- West Taieri Drainage	600	600
	Targeted Wilding Tree rates:		
25	- Central Otago District	26	25
18	- Clutha District	18	18
100	- Dunedin City	102	100
46	- Queenstown Lakes District	47	46
20	- Waitaki District	20	20
	Emergency Management rates:		
291	- Central Otago District	287	287
214	- Clutha District	211	211
1,173	- Dunedin City	1,155	1,163
537	- Queenstown Lakes District	528	528
239	- Waitaki District	236	236

Schedule of Fees and Charges

Scale of Charges

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

Charge	\$
Staff time per hour:	
- Executive	235
- Senior Technical	170
- Technical	125
- Field staff	100
- Administration	85
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 carried out 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
Concurrent applications	225
Non-Notified Applications and Limited Notification Applications Deposits: ³	\$
First application (except those below)	1,000
Concurrent applications ¹	50
Variation to Conditions – s127	1000
Administrative Variation – s127	500
Exemptions from water metering regulations	200
Bores	500
Variation to Bore permit	500

Hearings	Per Note 2 below
Payment for Commissioner request – s100A	Per Note 4 below

Objections	
Payment for Commissioner request – s357AB	Per Note 4 below

Transfer of Consent Holder and Certificates Deposits:	\$
Transfer of permits and consents	100
Priority Table	100
Section 417 Certificate	200
Certificate of Compliance	200
Section 125 – Extension of Term	100
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 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.

3. Where actual and reasonable costs are less than the deposit paid, a refund will be given.
4. Where an applicant requests under s100A (for a consent hearing) or under s357AB (for the hearing of an objection) an independent commissioner(s); the applicant will be required to pay any increase in cost of having the commissioner(s).

Where a submitter(s) requests under s100A an independent commissioner(s) any increase in cost that is in addition to what the applicant would have paid shall be paid by the submitter. If there is more than one submitter who has made such request the costs shall be evenly shared.

Administrative Charges

The following one-off administration charges shall apply to all resource consent applications received:

Publicly Notified and Limited Notification Applications:	\$
First application	100
Concurrent applications	50
Non-Notified Applications:	\$
First application	50
Concurrent applications	25
Other:	\$
Certificate of Compliance	25
Section 417 Certificate	25
Exemptions from water metering regulations	25

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

Performance Monitoring

The following charges will apply to the review of performance monitoring reports for all consent holders, except those listed in section 1.6 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	95
Ambient air quality measurement of contaminants report	110
Management plans and maintenance records	38
Annual Assessment report	75
<i>1.2 Discharge to Water, Land and Coast</i>	
Effluent Systems	\$
- Environmental Quality report	50
- Installation producer statements	66
- Return of flow/discharge records	66
Active Landfills	\$
- Environmental Quality report	63
- Management Plans	140
Industrial Discharges	\$
- Environmental quality report	46
- Environmental report	101
- Return of flow/discharge records	66
Annual Assessment report	55
Management Plans – minor environmental effects	140
Management Plans – major environmental effects	280
Maintenance records	33
<i>1.3 Water Takes</i>	\$
Verification reports	66
Annual assessment report	56
Manual return of data per take	87
Data logger return of data per take sent to Council	55
Telemetry data per take	38
Administration fee – water regulations	100
Low flow monitoring charge*	
- Kakanui at McCones*	350
- Unnamed Stream at Gemmels*	1,550
* charge for monitoring sites established by the Council specifically to monitor consented activities in relation to river flows.	
<i>1.4 Structures</i>	\$
Inspection reports for small dams	135
Inspection reports for large dams	270
Structural integrity reports	85

1.5	<i>Photographs</i>	\$
	Provision of photographs	65

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
- Oceana Gold
- Port Otago

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

Audit of Consents

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

Other Compliance Activities

The following activities will be charged at the actual cost incurred, using the Scale of Charges:

- Performance monitoring of permitted activities under a National Environmental Standard;
- Monitoring Compliance Certificates.

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 carried out for external parties – Scale of Charges.

Private Plan Changes

Work carried out 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. The 'Scale of Charges' applies.

Biosecurity Act – Section 135 Charges

Pest Management Strategy Implementation

Work carried out resulting from inaction of landowners not complying with Council's Pest Management Strategy for Otago. The 'Scale of Charges' applies.

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

Local Government Act – Section 150 Charges

Transport Licensing Exempt Services

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

Bylaw Application Processing

Processing bylaw applications with the 'Scale of Charges' applying and deposit payable of \$300.

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

Information Requests

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

Building Act – Section 243 Charges

Dam Safety and Building Control

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

Activity	Deposit	Processing Fee	DBH and 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.	DBH levy - \$2.01 for every \$1,000 (or part of \$1,000) of the estimated value of the building work. BRANZ levy - \$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 Council is required to collect and pay DBH and BRANZ levies as regulated.

Bus Services

Dunedin Bus Services

Bus fares for Dunedin bus services for 2018/19 are:

Zones Travelled	Go Card			Cash	
	Adult	Child	Super Gold Card Off Peak and 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

Fare zones are detailed on Councils website and defined in the Regional Public Transport Plan.

Wakatipu Basin Bus Services

Bus fares for Wakatipu Basin bus services are:

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

Fare zones are detailed on Councils website and defined in the Regional Public Transport Plan.

Disclaimer: Council may change fares during the year due to operational or other needs. Significant fare changes will be consulted on.