

HAVE *YOUR SAY* ON *OUR* FUTURE

2021-2031 Long-term Plan
Consultation Document



Otago
Regional
Council

yoursay.orc.govt.nz/LTP

Have your
say before

9 MAY
2021

Kia ora koutou



Building a better future for you and for our environment

What a year 2020 was. We're pleased to see the back of it so we can focus on our future and it's more important than ever that we get our next 10-year plan right.



There are undoubtedly challenges ahead as central government responds to broader concerns of New Zealanders about the environment and climate change. In particular, the replacement of the Resource Management Act with three new pieces of legislation could have a large impact on us and how we work with you in the future.

This comes on top of last year's significant water quality policy changes as central government responded to increased community expectations of the quality of our cherished waterways. We have added staff and resources to support this and it accounts for a 35% increase from your 2020-21 rates before we even look at the other projects you told us are important to you.

We have attempted to balance your needs as a community with those projects we must undertake.

We plan to change the way we keep pests out and minimise the damage caused by established pests. We're also looking at the best way to balance our budget moving forward and how we prioritise the restoration of our treasured waterways.

One of Otago's undertakings will be around reducing carbon emissions to reduce the region's impact

on climate change. Our work to understand our emissions is an important start. The recent release of the Climate Change Commission's report confirmed for us that we must provide better public transport and work to get people out of their cars and onto buses and active forms of transport.

As your councillors, we understand this proposed Long-term Plan (LTP) includes a significant increase in the rates you could pay this year, with smaller increases in future years.

There's a lot of work to be done and we don't have enough money to do it all at once.

This document shows some of the ways we're looking at reducing the rates burden through using our investments and spreading costs over several years. This means we are not doing everything in year 1, but over time the important work will get done.

By doing things in this way we're helping ensure a sound and sustainable future for Otago.

If you like what you see or you have another option, we'd like to hear from you. Make your submission to help make a difference to Otago's future.

🕒 **YOUR COUNCILLORS** Back row (L-R): Marian Hobbs, Carmen Hope, Bryan Scott, Michael Deaker, Kevin Malcolm, Gretchen Robertson, Kate Wilson. On couch (L-R): Alexa Forbes, Michael Laws (Deputy Chair), Andrew Noone (Chair), Hilary Calvert, Gary Kelliher.

Community outcomes - your vision for Otago

We asked you in July 2020 what your vision for Otago was; this is what you told us is important for you.



Communities that connect with, and care for, Otago's environment

Otago's people are included in decisions made about the environment, and feel empowered to act for the environment, through a community group, or by themselves.

Our natural world and how we care for it contributes to how Otago's communities connect. All residents and visitors in Otago

have access to nature, and to Otago's outstanding landscapes, and to its rivers and lakes and coast, be it for fishing, swimming, boating, or for Kāi Tahu customary uses.

Otago's people have a deep appreciation of Otago's heritage, and its natural and cultural landscapes (wāhi tupuna).



An environment that supports healthy people and ecosystems

All living things depend upon the health of the ecosystem they are a part of:

- Otago's ecosystems are diverse, healthy and resilient, and we protect and restore our threatened and indigenous species and ecosystems.
- The mauri (vitality, quality and wellbeing) of Otago's natural environment is restored.
- Otago people enjoy healthy air quality, good water quality, and all the other "ecosystem services" nature provides to enhance the community's health, and its social, cultural and economic wellbeing.



Communities that are resilient in the face of natural hazards, climate change and other risks

Our communities are aware of climate change and are adapting to its effects on the region. Otago communities, like most of New Zealand, are exposed to the possibility of a wide range of natural hazards: floods, droughts, earthquakes and landslides. Vulnerability to those risks is reduced by building in low risk

areas or designing buildings and infrastructure to cater for these risks.

Otago's people and communities are well equipped to respond to emergency events, be they a pandemic, a natural disaster, or man-made emergencies.



A sustainable way of life for everyone in Otago

Otago’s people enjoy quality of life, and make environmentally sustainable choices, so that future generations can also enjoy a healthy environment. As a community, we minimise, re-use and recycle waste effectively, and adopt “best” environmental practices to reduce our environmental footprint.

Our communities are built to accommodate environmentally sustainable choices, and our industries and economy are viable for the long term while taking responsibility for their environmental impacts. We all play our part in reducing our greenhouse gas emissions.



Te Ao Māori and Mātauranga Kāi Tahu are embedded in Otago communities

Kāi Tahu whānui are the tangata whenua of and have mana whenua over Otago. Otago is whenua tūpuna (a cultural landscape), treasured for its wāhi tapu (sacred places), spiritual values, traditions, waterways, places and place names, mahinga kai, cultural values and associations and associated mātauranga.

As first peoples of the land the iwi established creation traditions and ancestral associations with land, water and sea, with rights to the resources being based on whakapapa and a kinship with the natural world. With rights came the responsibility to manage and maintain values and resources in a manner that future generations would enjoy the same benefits, responsibilities and knowledge. Mātauranga is the accumulated knowledge

and observations, codified for example in waiata, pepeha, customs and traditions transferred across the generations to inform and guide resource use and protection. In traditional times the kaitiaki were the Ātua (supernatural beings), the children of Rakinui and Papatūānuku. The advent of new people (settlers) to the land caused tangata whenua to take on the role of kaitiaki due to the rapid change and impacts that were occurring to the natural world.

Otago’s communities value the kaitiakitanga of Kāi Tahu for the region. They embrace Kāi Tahu’s worldview and perspectives, and the valuable knowledge they have developed on the region’s environment.



Sustainable, safe and inclusive transport

People travel safely in Otago, on land and on water. Otago’s people transition away from fossil-fuelled private cars, and increasingly choose to travel by bus, on foot or on a bike.

Public transport is accessible, and offers a sustainable, safe and inclusive means of transport.

OUR MISSION

Enriching all life
in a way that
ensures **positive
connections**
between
environment,
people and
place, **now and
for our future.**

It's Otago's future; you can make a difference...

Why are you receiving this document from us?

We're planning the next 10 years, based on what we've heard from you and also on what we must do to ensure we're compliant with central government legislation. We'd love to hear your feedback to make sure we've got it right.

-  **Helping you manage
pests in Otago
- biosecurity
service levels..... p8**
-  **Balancing
the budget p12**
-  **Funding the
rehabilitation
of Lake Hayes..... p16**



WE WANT TO KNOW YOUR THOUGHTS
ABOUT WHAT WE ARE PROPOSING FOR:

Helping you manage pests

Changing service level and how we fund it

Keeping pests out and minimising the damage caused by established pests is essential to protect Otago's diverse and internationally significant environment.

Pest management sits in our biodiversity activity. It supports Otago's ability to enable thriving biodiversity (the variety of life in a given habitat), maintain healthy ecosystems and maximise natural resources for economic gain.

Under the Biosecurity Act 1993, Otago's Regional Pest Management Plan (RPMP) identifies 51 species to be managed by land occupiers, with oversight from us.

Pest management focuses on five activity areas: exclusion, eradication, containment, sustained control, and supporting the site-led community control of pest plants and animals.

STICKING WITH THE STATUS QUO IS NOT AN OPTION

Our resourcing for pest management in biosecurity doesn't meet community expectations or achieve the Regional Pest Management Plan's (RPMP) intended outcomes. Inadequate resourcing limits opportunities to enhance biodiversity and support economic productivity.

To achieve Otago's objectives in biosecurity and biodiversity, increased investment and increasing our resourcing capacity and capability is needed to undertake new areas of work and expand services.

What should we deliver?

We've prepared two service delivery options for you to choose from. Each represents a different level of investment in year 1 of the LTP and timeframe for implementation.

Each option spreads the impact of increased resourcing so that we can meet our legislative requirements, strategic goals and, most importantly, better meet community expectations.

Option 1

Cost: \$4.6 million from year 1 onwards

An immediate and significant increase in capacity and capability to manage pests.

This enables us to rapidly plan and deliver a more comprehensive education, engagement and enforcement approach to manage pests identified in our RPMP. It features:

- More ORC team members covering a wider area and engaging directly with landowners and community groups
- More inspections and compliance checks, education for landowners on their responsibilities, facilitating landowner-led rabbit control operations, and monitoring and evaluating the environmental impact
- Support for community-led rabbit control, like rabbit control training and subsidies
- Continuing partnerships to maintain the gains already achieved by OSPRI's TBfree work and Predator Free Dunedin
- New areas of biosecurity focus, such as marine biosecurity and dedicated biosecurity advisers for wilding conifer control
- Provision of practical information and tools to assist landowners with biosecurity (including rabbit control)
- Risk assessment for non-established pests and pest pathways into Otago
- Development of a Regional Wilding Conifer Management Strategy, and Freshwater Lake Management Plan

Option 2 (PREFERRED)

Cost: \$3.3 million from year 1 onwards

A moderate increase in staff capacity to undertake more education, engagement and enforcement to manage pests.

This option means building capacity and capability over three years. It's largely based on Option 1 but includes the following adjustments:

- Continuing partnerships to maintain the gains already achieved by OSPRI's TBfree work and Predator Free Dunedin, starting after 2022-23
- The support provided to ensure community-led responses are successful is reduced (compared to Option 1). Support includes building knowledge on control techniques, facilitating large-scale control efforts and provision of community grants to enable action
- The number of new community-led responses that we can help start each year is reduced (compared to Option 1)
- New areas of biosecurity focus – including marine biosecurity and dedicated biosecurity advisers for wilding conifer control, starting after 2022-23
- Development of a Regional Wilding Conifer Management Strategy, and Freshwater Lake Management Plan, starting after 2022-23

How we will fund increased service for pest management?

To date, our biosecurity service has been funded via general rates. This means every ratepayer in Otago pays a share of the total spend based on the capital value of each property.

The issues associated with the status quo are:

- It isn't consistent with the Regional Pest Management Plan (RPMP), which reflects a principled approach based on equity between who benefits and who pays
- The capital value based general rate provides a disproportionate benefit to rural landowners
- It's difficult to establish reserve funds for biosecurity
- There is no transparency on the rating bill

WE ARE PROPOSING THREE OPTIONS FOR FUNDING PEST MANAGEMENT FROM 1 JULY 2021:

Option A

Regional General Rate based on **capital value (CV)**

This option reflects how we currently fund biosecurity activities, where all property owners across the region pay a share of biosecurity costs based on the capital value of their property. In general, this sees urban areas with higher concentrations of capital and low demand for or low direct benefit from our biosecurity service, yet paying an equal share.

Option B (PREFERRED)

Regional Targeted Rate - biosecurity activity costs are shared across all ratepayers based on their **land value (LV)**

This option would change how we currently fund biosecurity activities and would see all property owners across the region paying a share of biosecurity costs based on the value of land owned. In general, the larger the land ownership the more benefit that is likely to be gained from our biosecurity service.

Option C

Mixed rating - biosecurity activity costs are split 50:50. Half is paid as a targeted rate by rural and lifestyle ratepayers via **land value**. The other half is applied to all ratepayers via the **general rate (capital value)**.

This option also changes how we currently fund biosecurity activities and aligns more closely with how we consider the benefits from our increased biosecurity service level match the cost for property owners. However, over time our work programme and priorities can change, along with the alignment of who benefits, which is why we're not recommending this option.

How will this impact your rates?

The following tables show how much each service delivery option would cost in future rates based on the different funding options. The key comparison is between **rural/lifestyle** properties and **other** properties (mainly residential) across a range of capital values.

The **average** column gives another perspective by showing the average capital value. As rural/lifestyle properties are on average higher value than other properties, they pay more under a CV general rate but this doesn't fairly reflect the additional benefits they receive from the activity. The two targeted rate options take this into account.

In both Options 1 and 2, funding Option A is higher as no targeted rate reserve is available.

Option 1

\$4.6 million total spend from year 1 onwards

FUNDING OPTION		CAPITAL VALUE OF YOUR PROPERTY					TOTAL RATES COLLECTED
		\$350k	\$700k	\$1M	\$4M	Average	
Option A general rate (CV)	• RURAL/LIFESTYLE	\$19.21	\$38.41	\$54.88	\$219.51	\$79.96	\$4.4M
	• OTHER	\$19.21	\$38.41	\$54.88	\$219.51	\$36.66	
Option B (PREFERRED) regional targeted rate (LV)	• RURAL/LIFESTYLE	\$18.36	\$32.92	\$49.61	\$257.76	\$90.40	\$3.65M
	• OTHER	\$13.75	\$29.27	\$46.62	\$195.85	\$26.63	
Option C mixed rate	• RURAL/LIFESTYLE	\$34.36	\$63.24	\$94.05	\$461.50	\$163.09	\$3.65M
	• OTHER	\$7.97	\$15.93	\$22.76	\$91.05	\$15.21	

Option 2 (PREFERRED)

\$3.3 million total spend from year 1 onwards

FUNDING OPTION		CAPITAL VALUE OF YOUR PROPERTY					TOTAL RATES COLLECTED
		\$350k	\$700k	\$1M	\$4M	Average	
Option A general rate (CV)	• RURAL/LIFESTYLE	\$13.75	\$27.50	\$39.29	\$157.15	\$57.24	\$3.15M
	• OTHER	\$13.75	\$27.50	\$39.29	\$157.15	\$26.25	
Option B (PREFERRED) regional targeted rate (LV)	• RURAL/LIFESTYLE	\$12.07	\$21.64	\$32.62	\$169.49	\$59.44	\$2.4M
	• OTHER	\$9.04	\$19.24	\$30.66	\$128.78	\$17.51	
Option C mixed rate	• RURAL/LIFESTYLE	\$22.59	\$41.58	\$61.84	\$303.45	\$107.23	\$2.4M
	• OTHER	\$5.24	\$10.48	\$14.97	\$59.87	\$10.00	



HAVE YOUR SAY...

Tell us which option you prefer - or share your new ideas with us. Go to the form at the back of this booklet or jump online: yoursay.orc.govt.nz/LTP





WE WANT TO KNOW YOUR THOUGHTS
ABOUT WHAT WE ARE PROPOSING FOR:

Balancing the budget

LET'S TALK MONEY

We are continuing to grow as an organisation, to provide more for the community and our environment. With growth comes increased funding requirements and this impacts on the next 10 years. It's essential that we have a clear and prudent approach to aligning our expenses with our income, which includes rates. This is called a balanced budget and looks out 10 years.

Our growth and the decision by our councillors, at your request, to defer a general rates increase during the national COVID-19 lockdown in 2020 has required us to carefully consider what is needed to achieve a balanced budget.

We need to check in with you on what you think about our preferred option for achieving a balanced budget.

THE FUNDING CHALLENGES

We face a significant financial challenge over the next 10 years. Our planned expenditure has grown substantially compared to our previous Long-term Plan (LTP). The key reasons for this are highlighted on page 3.

Our operating expenditure is proposed to increase by \$20M in year 1 of the LTP in regional planning, environmental monitoring, science and regulatory activities. This includes an unplanned component of expenditure needed in 2020 to quickly respond to central government direction on freshwater management. It also builds on last year's expenditure increase of \$10M consulted publicly in the 2020-21 Annual Plan.

COVID-19 complicated matters and our councillors heard loudly from you and voted to fund \$4.9M of the above \$10M increase with a 'general reserve offset' (think of it as a loan). This means we used our financial reserves to avoid a general rates increase during the height of the crisis. The problem is that we can't keep using our reserves to subsidise our operational work – we need a sustainable and enduring source of funding.

So, to break it down – to fund the unplanned work and the COVID-19 general reserve offset equates to a 44% increase to general rates. That's before any new LTP funding is even factored in.

We've looked at other funding sources to reduce the rates requirement, including increased dividends from our investments, using reserves, and using external debt, which we haven't historically done.

Despite this, a significant increase in rates is still required in year 1 to meet the immediate increase in operating expenditure so that we have a balanced budget.

While the proposed increase in rates is large in percentage terms, the dollar amount of rates, particularly general rates collected, is relatively small. The average general rates paid in Otago is currently \$107 and the average total rates bill is \$259.

So, how are we proposing to solve this funding issue? *There are two options to consider:*

Option 1 (PREFERRED)

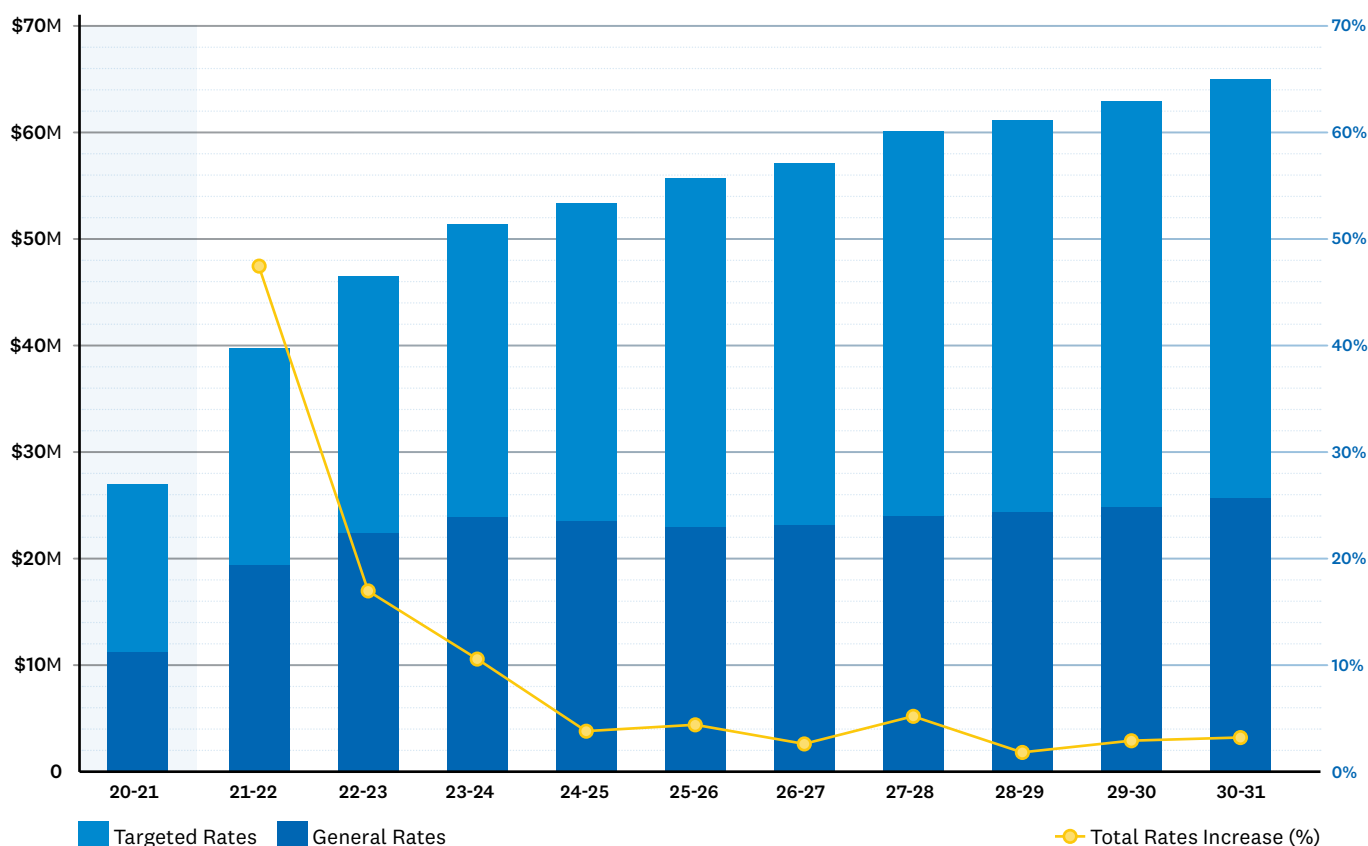
Increase total rates to achieve an immediate and sustainable funding source for our operational expenditure.

This is our preferred option. It would mean increasing total rates immediately in year 1 (47.5%) with smaller increases in years 2 (17.0%) and 3 (10.6%), before maintaining rates with minimal increases thereafter (an average of 3.5%).

The total rates increase comprises general rates increases of 73.2%, 15.7% and 6.8%, and targeted rates increases of 29.3%, 18.2% and 14.2% in years 1 to 3 respectively.

This ensures funding sources are increased to the sustainable level required by the time we fully review this Long-term Plan in three years and it doesn't continue into future LTPs.

Proposed total rates and increases over the next 10 years:



Total rates includes both general and targeted rates

For this option, the **general** rate component of the total rates bill in year 1 will increase on average from \$107 to \$186. This is an increase of \$79 for the year.

The **total** amount paid will vary across the region and increase as the capital value of your property increases.

If you'd like to find out what your rates are estimated to be in year 1, take a look at the rates estimator online, yoursay.orc.govt.nz/LTP

Examples of the general rates payable in year 1 under Option 1 are:

	CAPITAL VALUE OF YOUR PROPERTY				Median CV	Median Rate
	\$350k	\$700k	\$1M	\$4M		
CENTRAL OTAGO	\$103.30	\$157.67	\$204.27	\$670.33	\$550k	\$134.37
CLUTHA	\$105.54	\$162.16	\$210.69	\$696.00	\$300k	\$97.45
DUNEDIN	\$126.57	\$204.22	\$270.78	\$936.37	\$450k	\$148.76
QUEENSTOWN LAKES	\$101.69	\$154.46	\$199.69	\$652.00	\$900k	\$184.62
WAITAKI	\$102.25	\$155.58	\$201.28	\$658.37	\$350k	\$102.25

All the given examples in this table include a Uniform Annual General Charge of \$48.92 that applies to 25% of the regional general rate amount.

Option 2

Use a 'general reserve offset' (reserves), meaning smoother rates increases over the next 10 years to sustainably fund our operational expenditure. We'd need to borrow money to achieve this and then repay it; it's deferring the impact of our increased expenses.

While this will reduce the immediate rates burden, it will defer the funding of current operating expenditure until later years.

Although this option avoids a large rates increase in year 1 (as per Option 1), it still requires the same amount of rates funding over the 10 years of the LTP.

It also means that a significant level of debt (associated with the general rate offset balance) is built up until rates increase to a point where this begins to be repaid. So, it's delaying the year 1 increase to a later period, a bit like ripping the sticky plaster off slowly.

There is more risk to the community in this funding option.

As we saw in the 2020-21 year, with COVID-19 and changes in central government requirements, future spending and funding requirements are uncertain and may change. If this happens, it may become challenging to repay the 'loan' and future service delivery may be seriously compromised.

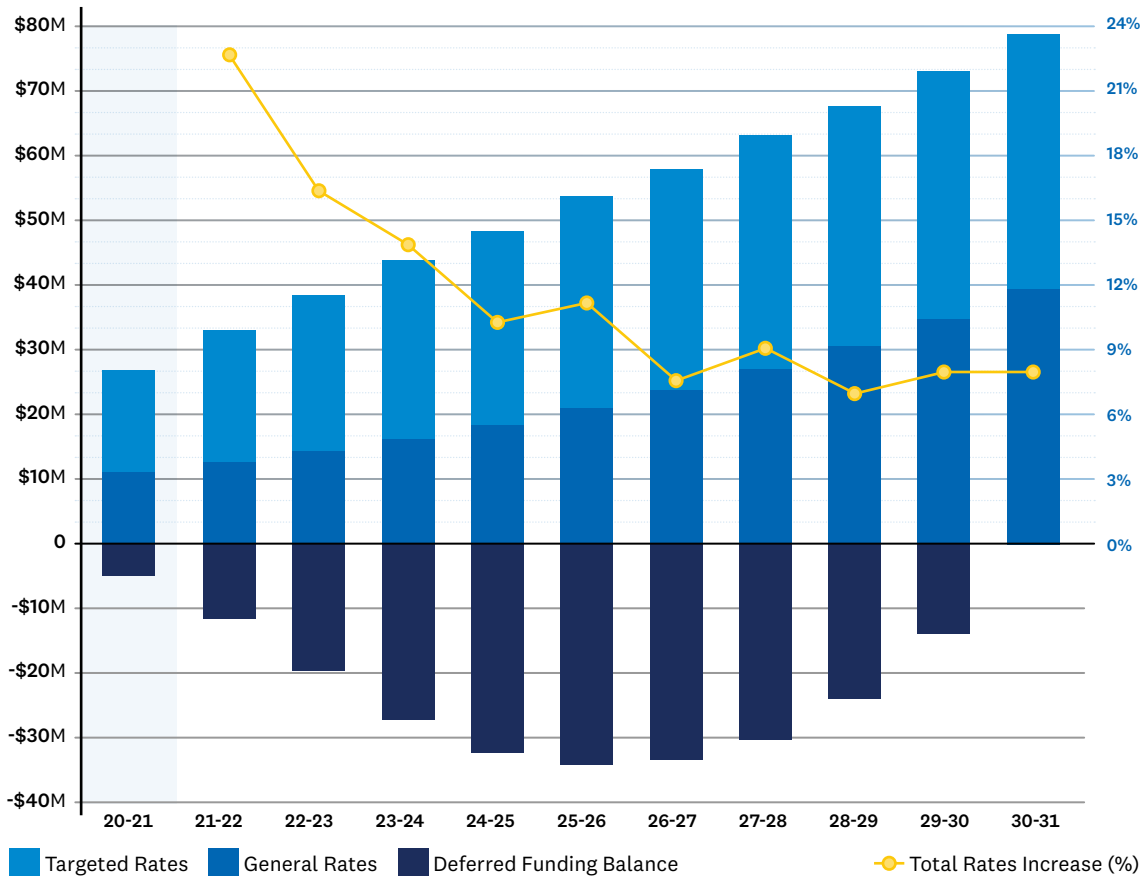
Under this option, we wouldn't be able to permanently fund the 2020-21 general rates offset with our reserves as these are required to reduce future rates increases. Once our reserves eventually run out, we'd look to external sources to loan us the funds to carry out the work required of us.

Over the 10 years of the LTP a general rates increase of 13.5% would be required every year.

Our deferred funding balance would increase over years 1-5 to a maximum of \$34M, at which point it would begin to be repaid.

Targeted rate increases remain the same as Option 1 so the total rate increase in year 1 drops to 22.7%. Years 2 (16.4%) and 3 (13.9%) are similar to Option 1 but increases thereafter are significantly higher than Option 1, with increases from 7.0% to 11.2%.

A summary of rates, increases and the deferred funding debt is shown below:



For this option the **general** rate component of the total rates bill in year 1 will increase on average from \$107 to \$122. This is an increase of \$15 for the year. The **total** amount paid will vary across the region and increase as the capital value of your property increases.

Examples of the general rates payable in year 1 under Option 2 are:

	CAPITAL VALUE OF YOUR PROPERTY				Median CV	Median Rate
	\$350k	\$700k	\$1M	\$4M		
CENTRAL OTAGO	\$65.90	\$99.75	\$128.77	\$418.95	\$550k	\$85.24
CLUTHA	\$69.62	\$107.20	\$139.41	\$461.52	\$300k	\$64.26
DUNEDIN	\$86.95	\$141.86	\$188.93	\$659.57	\$450k	\$102.64
QUEENSTOWN LAKES	\$63.59	\$95.14	\$122.18	\$392.60	\$900k	\$113.17
WAITAKI	\$66.60	\$101.16	\$130.78	\$426.99	\$350k	\$66.60

All the given examples include a Uniform Annual General Charge of \$32.04 that applies to 25% of the regional general rate amount.

Find out more about this proposal online, including our rates estimator, which indicates the impact of Option 1 on your rates.



HAVE YOUR SAY...

Tell us which option you prefer - or share your new ideas with us. Go to the form at the back of this booklet or jump online: yoursay.orc.govt.nz/LTP





WE WANT TO KNOW YOUR THOUGHTS
ABOUT WHAT WE ARE PROPOSING FOR:

Funding the rehabilitation of Lake Hayes

What's wrong with Lake Hayes?

Otago generally has good water quality in our lakes and rivers, however there are some waterbodies that have degraded. Over the next 10 years we plan to work closely with communities, at a water catchment level, to improve the quality of our precious waterways.

Lake Hayes is one of these degraded waterbodies. Located near Queenstown, it's a national treasure, known as one of the most photographed lakes in New Zealand. However, over the last 70 years this lake has suffered from a build-up of nutrients from human activity, including:

- Historic fertiliser application
- Industry development
- Septic tank effluent
- The removal of wetlands and riparian plantings

As a result, Lake Hayes now suffers from periodic algal blooms caused by the build-up of the nutrient phosphorous, which is in lakebed sediment.

We've been working with the local community to improve its water quality and have three options for how we propose to fund the work ahead.

Communities in Otago have also said they want to improve other degraded waterbodies, and we have prioritised Tomahawk Lagoon and Lake Tuakitoto to follow Lake Hayes. **It is important to note that this funding proposal only relates to Lake Hayes.**

What do we need from you?

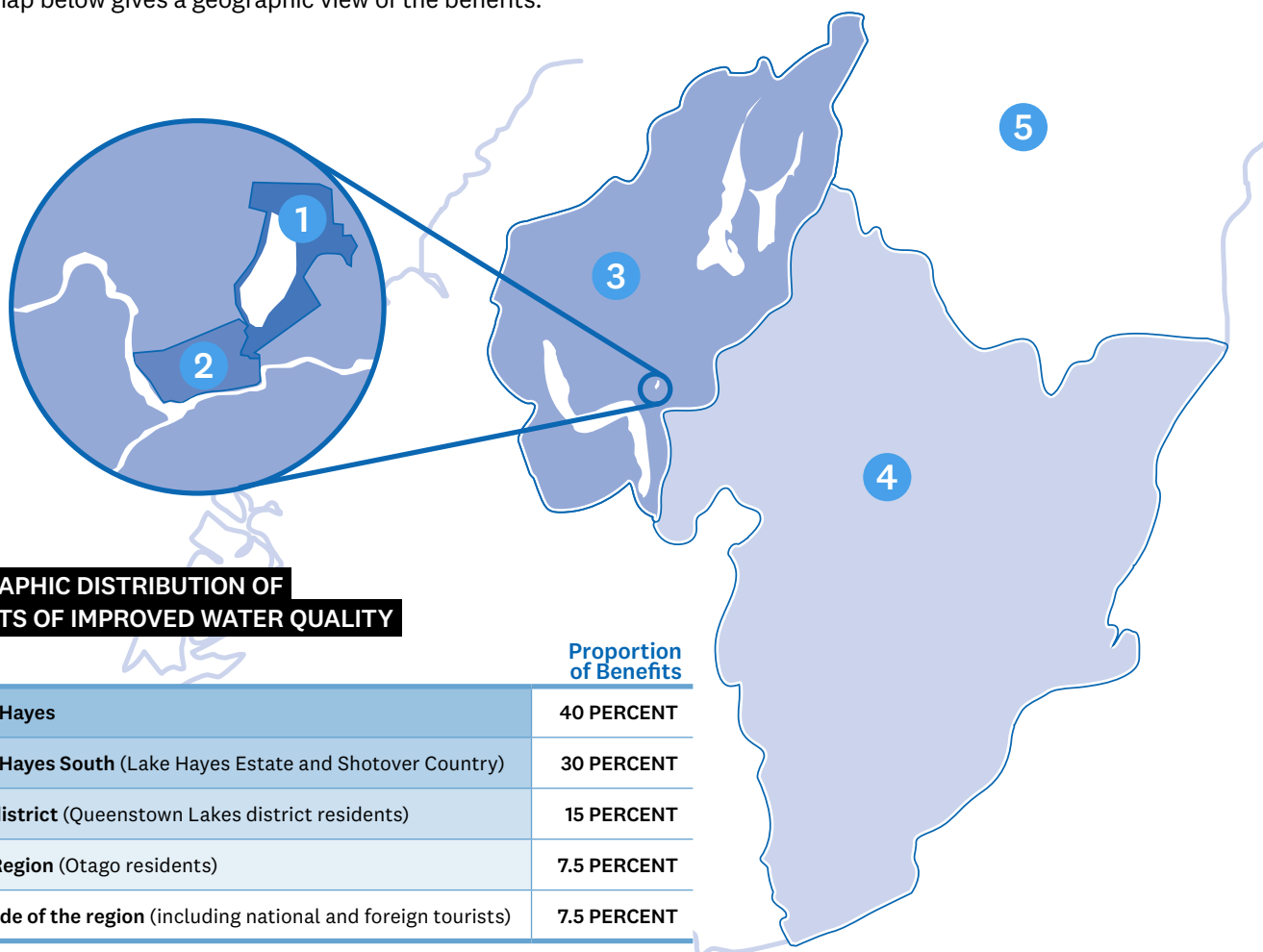
We have a decision to make about how to fund the ongoing work to improve Lake Hayes. We've put together three funding options and let you know our preferred option based on the factors outlined below. Your feedback is an important part of making this decision so let us know what you think.

FUNDING CONSIDERATIONS

There are some important considerations that we've made in developing this proposal. They include:

- Scale of work – it is likely to be large, involving infrastructure that requires ongoing maintenance (total spend is estimated at \$3.5M over the 10-year plan)
- Who benefits from the work? Is it the entire region, any identifiable part of the community, or individuals?
- When are the benefits expected to be seen?
- How we fund other infrastructure

To support the consideration of who benefits, an external company completed an economic benefits assessment for us. The map below gives a geographic view of the benefits.



What are the options?

We've prepared three funding options for you to consider. Let us know which option you like best:

Option 1 (PREFERRED)

New targeted rate for Lake Hayes.

Create a new targeted rate for Lake Hayes. This is based on the economic benefits assessment. Under this option:

- 70% of the funding will come from the benefit zones of Lake Hayes and nearby residents (Lake Hayes Estate and Shotover Country)
- The residents closer to Lake Hayes enjoy more benefit and therefore pay more of the funding requirement to rehabilitate the lake
- There are smaller benefits to and funds payable by the wider district and region

Option 2

Fund via existing river and water management targeted rate.

Use the existing river and water management targeted rate to fund this work. Key points to note include:

- Funding is allocated across the entire Queenstown Lakes district and includes both the Wakatipu and Wanaka river and water management rating zones
- This option only includes the Queenstown Lakes district as this rating method is more suited for smaller operational funding requirements that generally do not need broader funding support from other districts and/or the wider region
- This option reflects a benefit-based approach and is used for funding other service delivery and

implementation activities like flood protection and drainage schemes, biodiversity initiatives including Predator Free Dunedin, and harbour management, where the cost is funded by the district where that activity occurs

This is not our preferred option as the economic benefits assessment shows a district-wide approach is inequitable when there is a concentrated benefit to a defined localised area.

Option 3

New uniform targeted rate.

Create a new uniform targeted rate, spreading the cost evenly across every ratepayer in Otago. Under this funding option:

- Funding is allocated across the entire Otago region
- Under the uniform targeted rate the cost of work is allocated evenly across every rating unit in the region – every property pays the same amount
- This option is inconsistent with the benefit-based approach we use for funding other service delivery and implementation activities
- While this appears similar to the Wilding Pine uniform targeted rate, the benefits of wilding pine control are not localised to specific areas and control is undertaken to prevent further spread throughout all of Otago

This is not our preferred option as it is inconsistent with existing funding policies and will result in a disproportionate amount of funding burden placed on those who receive little benefit.



How much will each option cost you?

RATEPAYER'S PROPERTY LOCATION	RATE UNITS	Option 1 (PREFERRED) New Targeted Rate (CV based)		Option 2 Existing Targeted Rate (CV based)		Option 3 New Uniform Targeted Rate (Uniform)	
		ALLOCATION*	AVERAGE RATE	ALLOCATION	AVERAGE RATE	ALLOCATION	AVERAGE RATE
Lake Hayes	290	39.5%	\$334.86				
Lake Hayes South	1,569	28.9%	\$45.35				
Queenstown Lakes district	27,239	23.9%	\$2.16	100%	\$9.03		
Everyone in Otago	119,389	7.7%	\$0.16			100%	\$2.17

*Lake Hayes and Lake Hayes South allocations adjusted to ensure total paid remains at 40% and 30% respectively.

NOTE: above numbers are average for Options 1 and 2 – actual will vary depending on CV. Option 3 is based on a uniform rate and will only apply to 113,000 contiguous rate units. For all three options the total rates amount is \$214,000 (for year 1).

Find out more about this proposal online, including:

- Report to Finance Committee on 24 February 2021
- Economic benefits assessment report
- Rating map showing benefit zone for Option 1. This map will allow people to search their property in relation to the benefit zone.

HAVE YOUR SAY...



Tell us which option you prefer - or share your new ideas with us. Go to the form at the back of this booklet or jump online: yoursay.orc.govt.nz/LTP

Our must-do projects

Climate change

Climate change is an issue of international importance and is the subject of emerging national direction.

Working together and being proactive are key to effective response. With the benefit of our Otago Climate Change Risk Assessment, and our region-wide and inhouse emission inventories underway or almost completed, we are progressing right across the organisation to plan and respond to climate change.

Our immediate priorities, particularly Otago's freshwater, means we have maintained our resource levels associated with climate change over the short-term, and there is an expectation the level of work will build over the long-term. Importantly, we would like to partner regionally on our approach to climate change.



WE CONSIDER CLIMATE CHANGE IN EVERYTHING WE DO.

Environment



LAND, WATER AND BIODIVERSITY

When it comes to managing water, land and our biodiversity priorities we need the best possible information. This means we need to invest more in our monitoring networks and environmental studies.



AIR

We're pausing most of our air quality work – except for monitoring – over the next two years to reduce the rates increase in year 1.



Safety and resilience

Risk management and building resilience is a key focus for ORC. The challenge is to support our communities to understand the implications of risk and to make informed decisions.



Transport

Supporting economic growth and connecting communities and businesses.



Regional leadership

We're investing more in partnering with Kāi Tahu, in community engagement, and in responding to regional issues such as urban development and climate change.

Environment



Land and water

We need to understand Otago's environment better.

When it comes to managing water, land and our biodiversity priorities we need the best possible information. **This means we need to invest more in our monitoring networks and environmental studies.**

We're planning to:

- Establish new monitoring programmes, especially in estuaries and coastal waters
- Build a better understanding of the effect of land use on water
- Expand our current freshwater monitoring network to give effect to national legislation
- Work towards meeting the monitoring requirements for indigenous biodiversity

Our communities also need easy access to reliable, comprehensive information about Otago's environment, including our catchments. We'll be redesigning the way we share information about our environment to make sure that it's good quality, well communicated and well used.

Everything is interconnected in nature. That's why we're transitioning towards integrated catchment management.

From 2023-24, we'll begin to facilitate the preparation, implementation and review of integrated catchment action plans in collaboration with local communities, catchment groups, mana whenua and other interested parties.

Integrated catchment action plans will mean:

- We have a set of compatible catchment objectives for freshwater, biodiversity, pest management, natural hazard risks and climate change adaptation in Otago's catchments
- The community, mana whenua, ORC, catchment groups, government bodies and non-governmental organisations (NGOs) will collaborate to develop a road map to achieve catchment objectives

- Environmental initiatives in Otago's catchments will be well-coordinated across all parties
- ORC's interventions in catchments will be well targeted

Over time these plans will drive ORC's work programme managing freshwater, biodiversity, biosecurity, natural hazards risks and climate change.

In the meantime, we're strengthening our land and water management.

We recognise how important Otago's lakes, rivers, wetlands, aquifers and coast are to the region's identity and wellbeing.

We're continuing our work programme to review and notify the *Regional Plan: Water by 2023*. The plan sets out policies and rules to protect the important values of water. It will align Otago with national legislation on freshwater management. Our review process will continue to engage local communities, mana whenua and key stakeholders.

This LTP also consolidates our unplanned increase in capacity to regulate our current regional plans, particularly water. The increase occurred in 2020-21 following external and internal reviews that resulted in increasing our consenting and consent monitoring teams. The regulatory activity has also been supported by plan changes that improve direction and clarity for us and our consent holders.

The *Regional Plan: Coast*, which seeks to protect coastal values, will be reviewed and notified in 2025-2026.

While all of this is happening, **we'll continue to support catchment groups in their efforts to improve Otago's water.** Our ongoing support for the community will include advising land managers on best management practices and on how to comply with new national legislation (including obligations to prepare farm environment plans).

Biodiversity

We're listening to the community's concerns about biodiversity, our leadership role and level of service.

All aspects of our approach to biodiversity and biosecurity will be strengthened over the next 10 years. This includes planning, science and monitoring, activities such as restoration and threat management, and community awareness and engagement.

We will:

- Facilitate a regional biodiversity hui and strategy
- Increase our knowledge and develop a monitoring framework and research programme
- Increase our commitment to and expenditure for pest management such as possums, and completion of a freshwater lakes management plan, and regional wilding pine management strategy
- Continue to and over time increase our support for local community biodiversity projects through the ECO Fund and support for Catchments Otago
- Progressively integrate biodiversity protection and restoration into farm support programmes and, in the longer term, into farm environment plans

Air

We're pausing most of our air quality work – except for monitoring – over the next two years. Beyond that, we'll be striving to develop more effective solutions to manage air pollution in Otago.

Funding pressures and other priorities mean most of our air quality work (except for air quality monitoring and scientific analysis) will be paused from July 2021 to June 2023.

However, Otago faces significant air pollution challenges in winter, especially in Arrowtown, Clyde, Cromwell, Alexandra and Milton. Most emissions are from home heating.

In the past, we've addressed air pollution through an air quality programme that included providing subsidies for cleaner heating options. **Although emissions from home heating have significantly reduced, we have not met the national standards for air quality.**

As a result, we need to rethink our approach, review our policies and rules on air emissions, and implement a new, more effective air quality programme.

From 2023-24, we'll swing into action to develop and implement an effective air quality programme that focuses on strengthening rules on air emissions, and on working with local communities and partners for better housing and cleaner air.

HOW MUCH

\$25,425,000

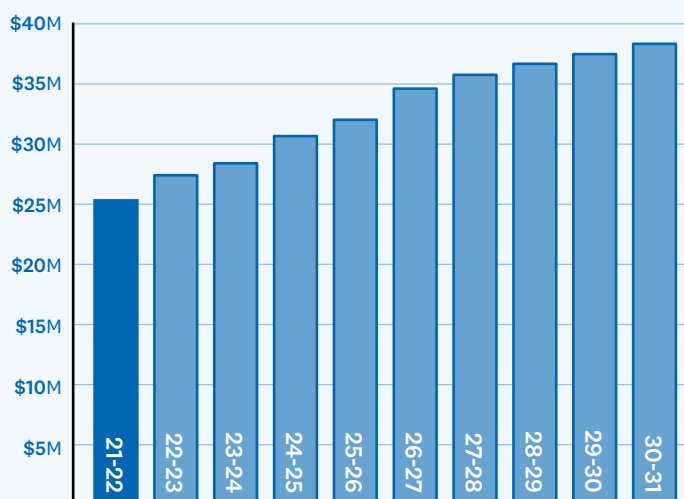
in the first year 2021-2022

WHO PAYS

We propose to fund this work through:

General Rates	\$13,875,000
Targeted Rates	\$3,309,000
Fees & Charges	\$200,000
Grants	\$3,877,000
Other Income	\$964,000
Reserves	\$3,200,000

THE SHAPE OF BUDGETED EXPENDITURE 2021-31



While we have budgeted for the workstreams we currently have planned, the scope of work identified through these projects may have an impact on future budgeting which will be addressed in the 2024-34 Long-term Plan.

Safety and resilience



Risk management and building resilience is a key focus for ORC. The challenge is to support our communities to understand the implications of risk and to make informed decisions.

Our priority focus areas for the next 10 years in safety and hazards are flood protection, drainage control and river management. Climate change is a critical and related issue. We'll develop a comprehensive spatial approach to natural hazard risks to inform future priorities, at the same time as undertaking specific projects for the risks we already know about.

Our proposed LTP contains an Infrastructure Strategy. It identifies the flood and drainage schemes that we manage and highlights six key issues that influence the services we provide. From these issues we understand that:

- There is complexity that needs to be better understood about how climate change and development impacts on catchments

- We need to improve our asset management planning to better understand how change impacts on our service and the decisions the community faces
- Our plan to maintain service levels is shadowed by uncertainty about our communities' expectations regarding managing changing risk (e.g. climate change impacts) and the associated costs

We work collaboratively on these issues with government, city and district councils, and technical advisory groups.

Our plan is to maintain current services and address the issues outlined above. Key components of work include:

- Climate change adaptation investigations
- Taieri and Clutha flood protection scheme reviews
- Flood damage repair programmes
- Asset management improvements
- Pump station infrastructure and technology improvements
- Fish passage adaptation investigations

HOW MUCH

\$17,500,000

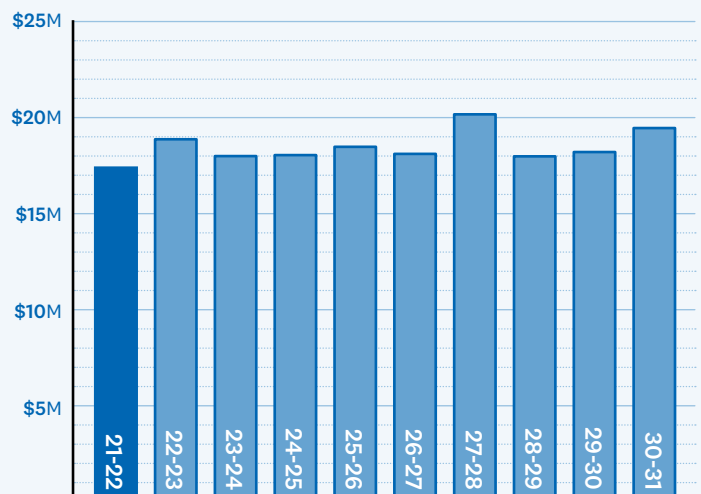
in the first year 2021-2022

WHO PAYS

We propose to fund this work through:

General Rates	\$3,116,000
Targeted Rates	\$9,611,000
Fees & Charges	\$408,000
Grants	\$1,700,000
Other Income	\$736,000
Reserves	\$1,929,000

THE SHAPE OF BUDGETED EXPENDITURE 2021-31



While we have budgeted for the workstreams we currently have planned, the scope of work identified through these projects may have an impact on future budgeting which will be addressed in the 2024-34 Long-term Plan.

Transport



Otago's regional transport system, including public transport, aims to support economic growth and connect communities and businesses.

Our Regional Land Transport Plan (RLTP) shapes decisions and actions about Otago's land transport system. The RLTP's strategic direction reflects central government's direction, who in addition want to:

- Improve accessibility to transport and create more choice in how we travel
- Reduce the impacts of transport on climate change
- Improve urban environments and public health
- Reduce deaths and serious injuries

We are engaged in a planning process with Waka Kotahi NZ Transport Agency that will influence future expenditure and funding decisions we make over the next 10 years. As part of this process we're completing a new Regional Land Transport Plan (RLTP) 2021-31, which is required by 30 June 2021.

We're responsible for providing sustainable, safe and inclusive transport that connects our community.

We contract operators to provide bus services in Dunedin, bus and water ferry services in Queenstown, and to provide the Total Mobility scheme. Orbus, our public transport network, is our largest work programme.

Our LTP supports this strategic direction by outlining how we will continue to improve Otago's public passenger transport services. This includes planning, working with partners on the long-term vision for public transport across the region and on the delivery of infrastructure that supports public transport services in Dunedin and Queenstown, and renewing contracts (with service improvements) for Dunedin and Queenstown public transport services as required.

The next 10 years will be a challenging but exciting period for our public transport system as it responds to changes from population growth and movement, to shifting economic drivers due to COVID-19. Technology is improving and more accessible, at the same time we have national goals to lower carbon emissions. Public transport will need to be the preferred mode of travel for more people more often to support our economy and contribute positively to our environment and communities.

An example included in this LTP is the funding for a business case to significantly improve public transport

in Queenstown. It's part of the Way To Go programme of integrated and complementary land transport projects supported by our councillors. They are designed to create an enduring, safe and affordable transport system that offers more accessible and convenient travel options.

We also need to be able to deliver a high-quality service whilst remaining financially sustainable for our customers, ratepayers and our funding partners. Investment in the network needs to be at a rate our communities can afford. The LTP assumes we'll achieve existing funding levels from Waka Kotahi of 51%. If this funding support is not achieved it will impact on future services, bus fares, and/or rates.

HOW MUCH In the first year 2021-2022:

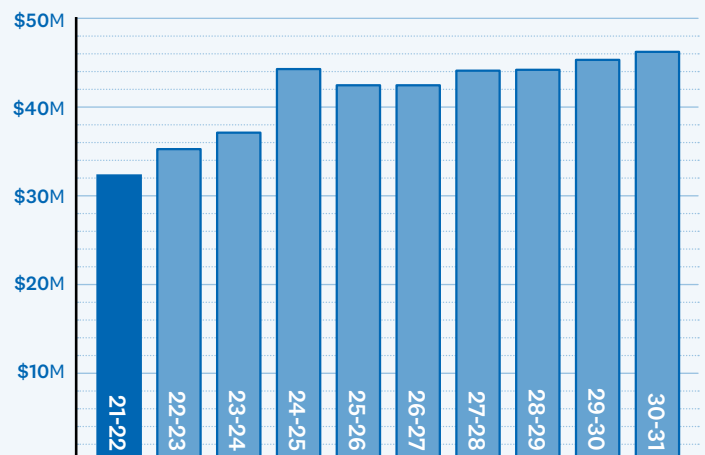
\$32,451,000

WHO PAYS

We propose to fund this work through:

General Rates	\$745,000
Targeted Rates	\$7,290,000
Fees & Charges	\$250,000
Grants	\$12,985,000
Fares/Other Income	\$8,517,000
Reserves	\$2,664,000

THE SHAPE OF BUDGETED EXPENDITURE 2021-31



While we have budgeted for the workstreams we currently have planned, the scope of work identified through these projects may have an impact on future budgeting which will be addressed in the 2024-34 Long-term Plan.

Regional leadership



We're investing more in partnering with Kāi Tahu, in community engagement, and in responding to regional issues such as urban development and climate change.

Supporting governance, good decision-making, and connecting and engaging with our communities are all aspects of our work.

We're investing in strengthening our partnership with Kāi Tahu and will be working to integrate Mātauranga Kai Tahu into our way of working and decision making. We are also investing in improving our engagement approach and capability across the organisation, including partnering with our communities to develop plans for protecting and managing waterways, and rabbit control work.

We'll continue to support the Mayoral Forum and we'll do more to identify and develop our understanding of broader regional wellbeing issues. This will enable us to

respond in the best way possible to community needs. Wherever possible our responses will be developed in partnership with communities and stakeholders.

We provide direction on resource management to Otago's city and district councils. This includes continuing our review of the Regional Policy Statement. Meanwhile, we will increasingly be involved in urban development, as required by national legislation.

As part of our role in regional leadership, we consider climate change in everything we do.

Our immediate priorities, particularly Otago's freshwater, means we have maintained our resource levels associated with climate change over the short-term, and there is an expectation the level of work will build over the long-term. **Importantly, we would like to partner regionally on our approach to climate change.**

HOW MUCH

\$21,622,000

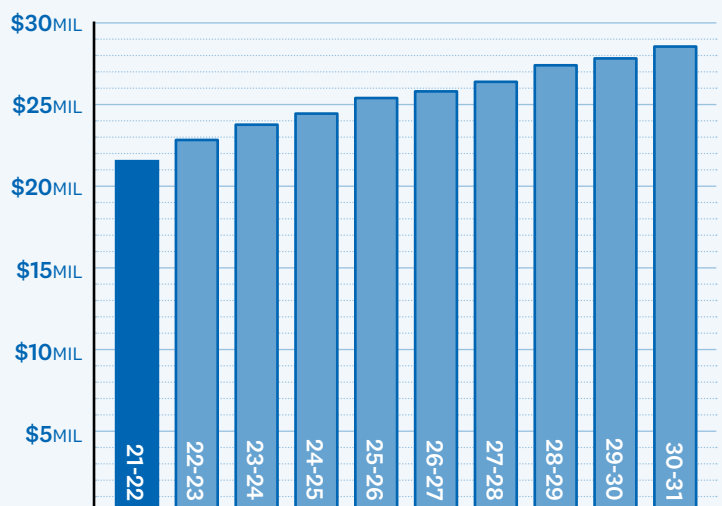
in the first year 2021-2022

WHO PAYS

We propose to fund this work through:

General Rates	\$15,556,000
Targeted Rates	\$188,000
Fees & Charges	\$5,300,000
Grants	\$75,000
Other Income	\$270,000
Reserves	\$233,000

THE SHAPE OF BUDGETED EXPENDITURE 2021-31



While we have budgeted for the workstreams we currently have planned, the scope of work identified through these projects may have an impact on future budgeting which will be addressed in the 2024-34 Long-term Plan.



What about the money?

➔ **How much and on what?**
(Expenditure – 10 years, by activity)

➔ **Who's paying for it?**
(Sources of funding and rate types)

➔ **How much do I pay?**
(Rating examples)

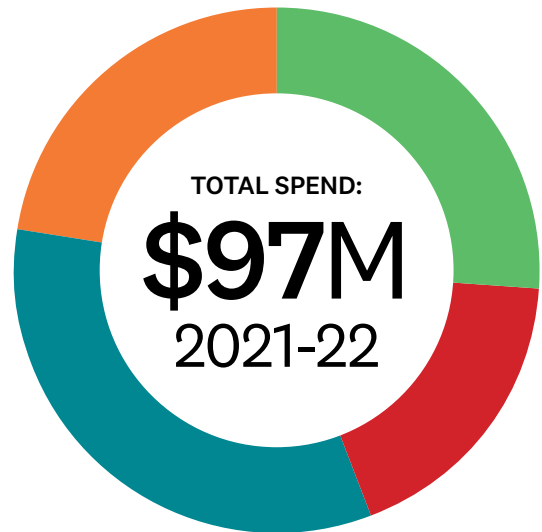
➔ **Financial Strategy**
(including Revenue and Financing Policy,
and Fees and Charges)

➔ **Infrastructure Strategy**
– 30 years

How much & on what?

We are expecting our total spend in year 1 to be **just under \$97 million.**

Here's a breakdown by work area:



Environment

This group of activities works to achieve the sustainable use of our water, land, air and coast. It also includes protecting our unique biodiversity and implementing our regional pest plan. The delivery of our land and water framework is a priority and this makes up the majority of the spend increase in year 1, with a focus on increasing our science and monitoring capacity. Our biosecurity proposal (page 8) and establishing a biodiversity monitoring programme accounts for further increases in this area. Wilding pine control spend has increased as well - this is covered by government grants.

⬆️ **\$9,864,992 increase from 2020-21 budget**

Safety and resilience

To ensure our communities are kept safe, we identify and monitor natural hazards, manage flood protection and drainage schemes, provide harbourmaster services, and support Otago Civil Defence and Emergency Management. While our flood protection and drainage schemes make up most of the expenditure in this area, there is also increased expenditure in years 1 and 2 for identifying and monitoring natural hazards and for climate change adaptation studies.

⬆️ **\$1,339,643 increase from 2020-21 budget**

Transport

We're responsible for public transport in Otago and provide services in Dunedin and Queenstown. We offer the Total Mobility scheme to meet the needs of people unable to use public transport. We also facilitate wider transport projects in Otago. The increased expenditure spans both Dunedin and Queenstown services, with the latter including funding for business case work for improving the future services and associated infrastructure.

⬆️ **\$3,642,410 increase from 2020-21 budget**

Regional leadership

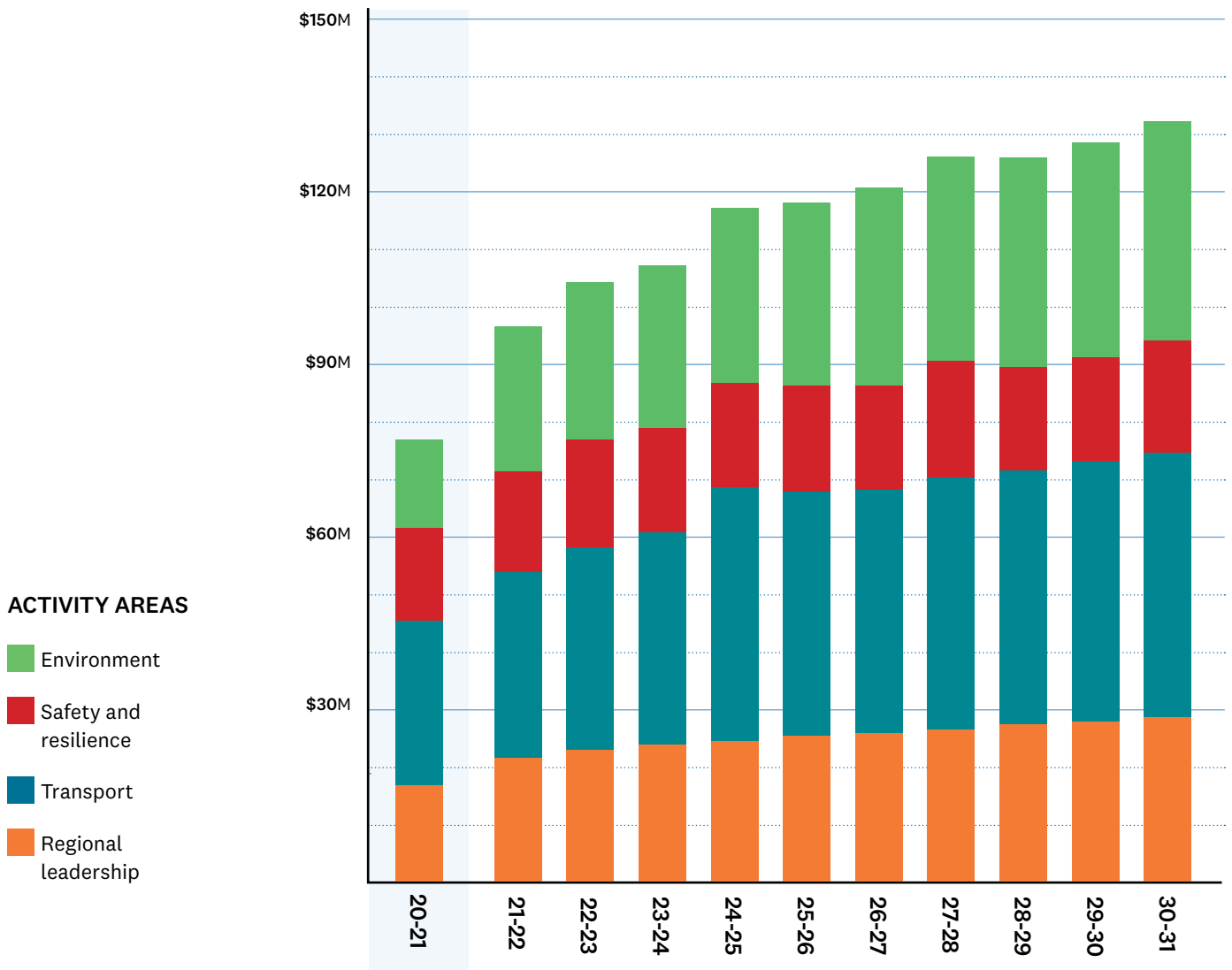
We have a responsibility to promote environmental, economic, social and cultural wellbeing across the region and engage and work in partnership with our partners and communities to do this. This group of activities also includes regional planning and regulatory service that provide elected leadership with an important lever to effect change in Otago. The increased spend is largely associated with a significant and required increase in staff to deliver a regulatory consenting activity that fits with Otago's needs. The increase also reflects more capacity for our regional planning activity.

⬆️ **\$4,871,856 increase from 2020-21 budget**

Further information about the activities and work programmes under these four areas is presented in PART 3 of our proposed Long-term Plan. This can be found online: yoursay.orc.govt.nz/LTP

Here’s how it looks over the next 10 years.
We included the current year for comparison:

TOTAL IN \$000s	20-21	21-22	22-23	23-24	24-25	25-26	26-27	27-28	28-29	29-30	30-31
Environment	15,560	25,425	27,512	28,501	30,756	32,107	34,687	35,829	36,743	37,548	38,399
Safety and resilience	16,161	17,500	18,976	18,103	18,155	18,585	18,218	20,269	18,090	18,314	19,557
Transport	28,808	32,451	35,406	37,255	44,393	42,575	42,575	44,215	44,312	45,428	46,328
Regional leadership	16,749	21,621	22,917	23,848	24,524	25,474	25,879	26,464	27,472	27,891	28,615
TOTAL	77,278	96,997	104,811	107,707	117,828	118,741	121,359	126,777	126,617	129,181	132,899

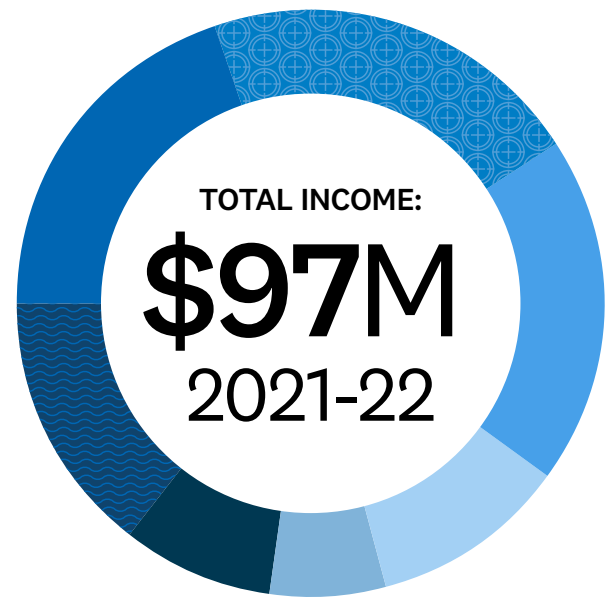


Who's paying for it?

While your rates go a long way toward paying for the work we do, we don't expect you to pay for everything. Some of our funds come from other sources.








This is how we expect to cover our costs in year 1 of our Long-term Plan:

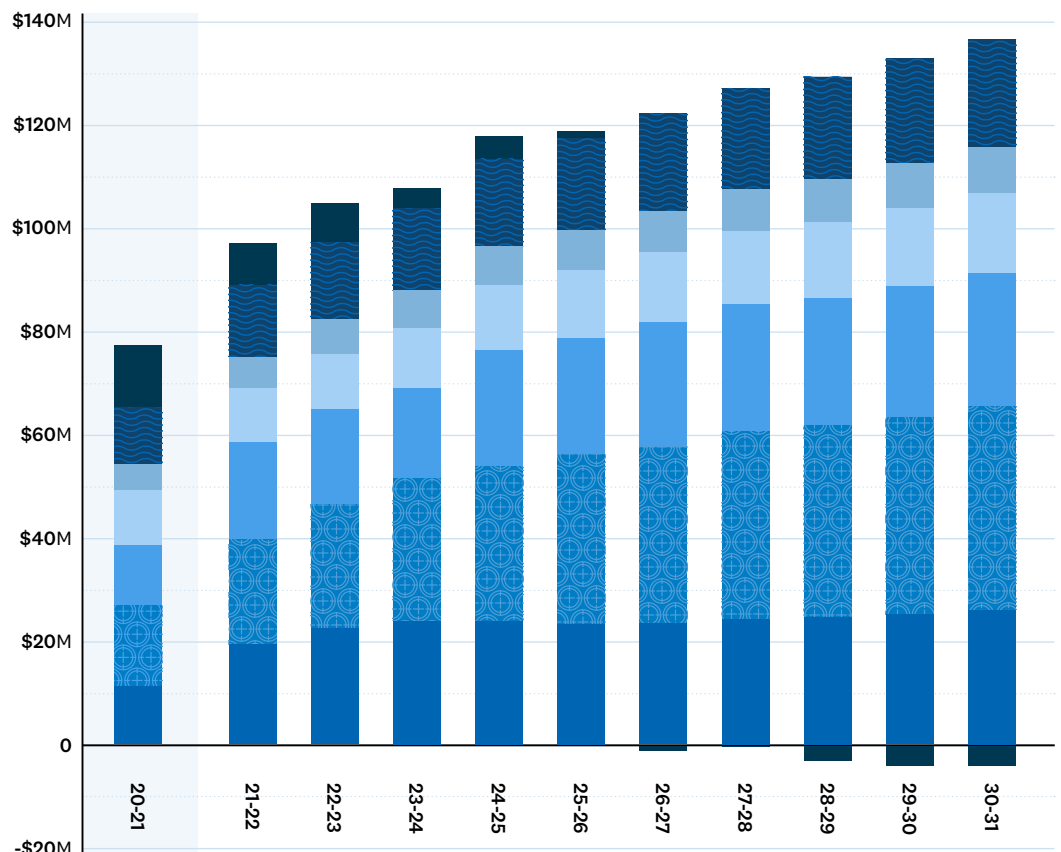
ACTIVITY AREA	2021-22
General Rates	\$19,364,000
Targeted Rates	\$20,398,000
Grants	\$18,637,000
Other income (e.g. bus fares)	\$10,487,000
Fees and Charges	\$6,158,000
Reserves	\$8,025,000
Dividends and Investments	\$13,928,000
TOTAL INCOME IN YEAR 1	\$96,997,000



Here's how it looks over the next 10 years. We included the current year for comparison:

Activity Areas

-  Reserves
-  Dividends and other investment income
-  Fees and charges
-  Other income (e.g. bus fares)
-  Grants
-  Targeted Rates
-  General Rates



How much do you pay?

You pay two different types of rates - general rates are charged to every property in Otago and then there are targeted rates which apply to specific locations or activities. These are much harder to compare so **the map below shows proposed general rates only. These examples are for a property of mid-range capital value in each district.**

As a rule of thumb, the increases stay in proportion to your property's CV. The rates bill you receive from us later this year will differ as it will include targeted rates, and your final rates are dependent on the outcomes of what you tell us in this consultation.

Queenstown Lakes district

For capital value
\$900,000

General rate would be
\$184.62

This is an increase of
⬆️ **\$77.65**
from last year.

Central Otago district

For capital value
\$550,000

General rate would be
\$134.37

This is an increase of
⬆️ **\$57.93**
from last year.

Waitaki district

For capital value
\$350,000

General rate would be
\$102.25

This is an increase of
⬆️ **\$47.70**
from last year.

Clutha district

For capital value
\$300,000

General rate would be
\$97.45

This is an increase of
⬆️ **\$46.81**
from last year.

Dunedin city

For capital value
\$450,000

General rate would be
\$148.76

This is an increase of
⬆️ **\$61.97**
from last year.



How much will my rates be?

For more detailed rate information check out our new rates estimator at yoursay.orc.govt.nz/LTP

Total rates:

Current year compared to 2021-22 year

Total Rates (\$000s)	20-21	21-22	CHANGE
General Rates	27,078	33,292	⬆️ 23%
Dividends/Interest/ Investments	(15,898)	(13,928)	⬇️ -12%
General Rates to Pay	11,180	19,364	⬆️ 73%

UNIFORM TARGETED RATES

Emergency Management	2,658	2,959	⬆️ 11%
Wilding Pines	210	200	⬇️ -5%
Dairy Monitoring	188	188	⬆️ 0%

TARGETED RATES - WATER

Rural Water Quality	680	523	⬇️ -23%
Lake Hayes	-	150	☆ New

TARGETED RATES - RIVER MANAGEMENT

Central Otago	300	320	⬆️ 7%
Clutha	330	360	⬆️ 9%
Dunedin	250	280	⬆️ 12%
Wakatipu	150	200	⬆️ 33%
Wanaka	180	200	⬆️ 11%
Waitaki	400	400	⬆️ 0%
Lower Waitaki	149	171	⬆️ 15%

TARGETED RATES - TRANSPORT

Dunedin	4,862	6,000	⬆️ 23%
Wakatipu	990	1,290	⬆️ 30%

TARGETED RATES - FLOOD & DRAINAGE

Leith	1,461	1,461	⬆️ 0%
Lower Clutha	750	850	⬆️ 13%
Lower Taieri	850	950	⬆️ 12%
West Taieri	650	730	⬆️ 12%
East Taieri	500	580	⬆️ 16%
Tokomairiro	140	150	⬆️ 7%
Shotover	80	-	-

TARGETED RATES - BIOSECURITY

	-	2,436	☆ New
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TOTAL	26,958	39,762	⬆️ 48%
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Examples of rates

by Capital Value for 2021-22

General Rates*

	CAPITAL VALUE OF YOUR PROPERTY			
	\$350k	\$700k	\$1M	\$4M
Central Otago district	\$103.30	\$157.67	\$204.27	\$670.33
Clutha district	\$105.54	\$162.16	\$210.69	\$696.00
Dunedin city	\$126.57	\$204.22	\$270.78	\$936.37
Queenstown Lakes district	\$101.69	\$154.46	\$199.69	\$652.00
Waitaki district	\$102.25	\$155.58	\$201.28	\$658.37

* includes Uniform Annual General Charge \$48.92

Transport TARGETED

	\$350k	\$700k	\$1M	\$4M
Dunedin - Commercial	\$276.35	\$552.69	\$789.56	\$3,158.25
Dunedin - Residential	\$73.69	\$147.39	\$210.55	\$842.20
Wakatipu - Commercial	\$42.64	\$85.28	\$121.83	\$487.31
Wakatipu - Residential	\$21.32	\$42.64	\$60.91	\$243.66

River Management Rates

TARGETED

	\$350k	\$700k	\$1M	\$4M
Central Otago district	\$10.44	\$20.87	\$29.82	\$119.26
Clutha district	\$17.96	\$35.92	\$51.32	\$205.28
Dunedin city	\$3.62	\$7.23	\$10.33	\$41.34
Queenstown Lakes district - Wakatipu	\$3.38	\$6.76	\$9.65	\$38.60
Queenstown Lakes district - Wanaka	\$7.31	\$14.63	\$20.90	\$83.58
Waitaki district	\$25.96	\$51.92	\$74.17	\$296.68

Uniform Targeted Rates

	\$350k	\$700k	\$1M	\$4M
Emergency Management	\$29.85	\$29.85	\$29.85	\$29.85
Wilding Pines	\$2.02	\$2.02	\$2.02	\$2.02



How much will my rates be?

Check out how this might look for your property using our online rates estimator at: yoursay.orc.govt.nz/LTP

Financial Strategy

This strategy is part of the proposed LTP and is available online. It sets out the financial direction for the next 10 years and includes matters such as:

- Levels of future rating
- Borrowings and investments
- Factors that influence the above

The strategy sets a path for prudent and sustainable funding of the LTP. This ensures the strategic priorities and associated work programmes can be delivered over the next 10 years.

Our Financial Strategy aims to ensure that each years' operating expenditure is funded from operating revenue in that same year. Council can however set operating revenue at a different level if it considers it financially prudent to do so. In the first three years of the LTP, operating revenue will not cover operating costs as we are proposing to use reserves to fund one-offs like climate change adaption and freshwater management unit water modelling. We also use reserves to smooth the impact of the initial rates increase in year 1 for work like pest management and Lake Hayes remediation.

A copy of the Financial Strategy is available on the LTP page of our website.

RATES IMPACT

The key challenge addressed in the financial strategy is how to fund a significant increase in operating expenditure, especially in year 1.

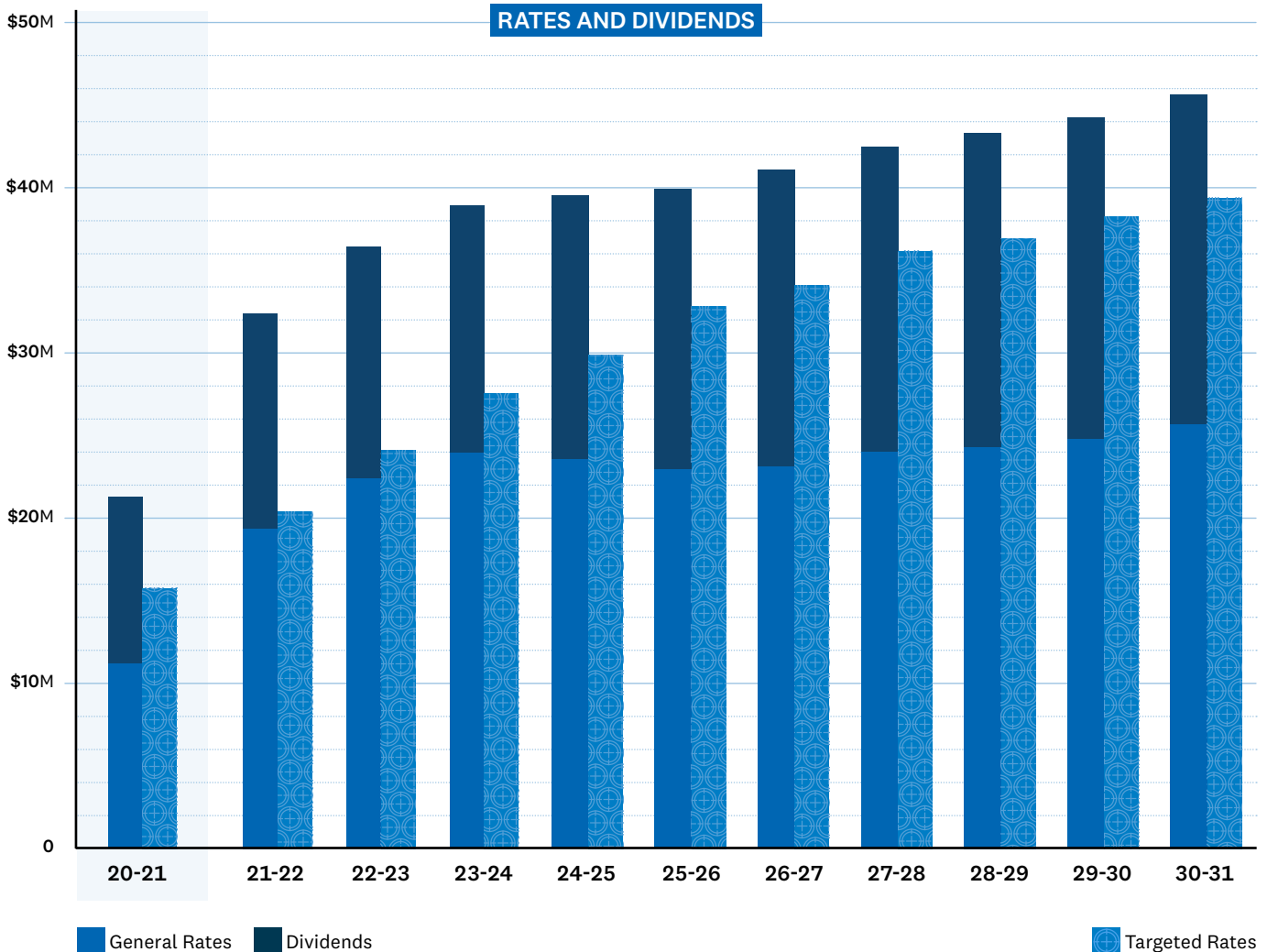
Our approach to meet this challenge is to:

- Increase the dividend requirements of Port Otago. Port Otago dividends are forecast to increase from current levels to provide \$13M in year 1, rising to \$20M in year 10
- Spread expenditure where possible over the first three years of the LTP. The significant increase in expenditure in year 1 is required immediately. We have however, been able to move some of the required funds into years 2 and 3

The graph below shows the proposed amount of general rates, dividends and targeted rates over the 10 years of the plan. General rates and dividends are shown together as dividends are used to offset the general rate requirement.

Total rates increases will be limited to 48% per annum in year 1 of this plan, 18% in year 2, 12% in year 3 and 6% for remaining years.

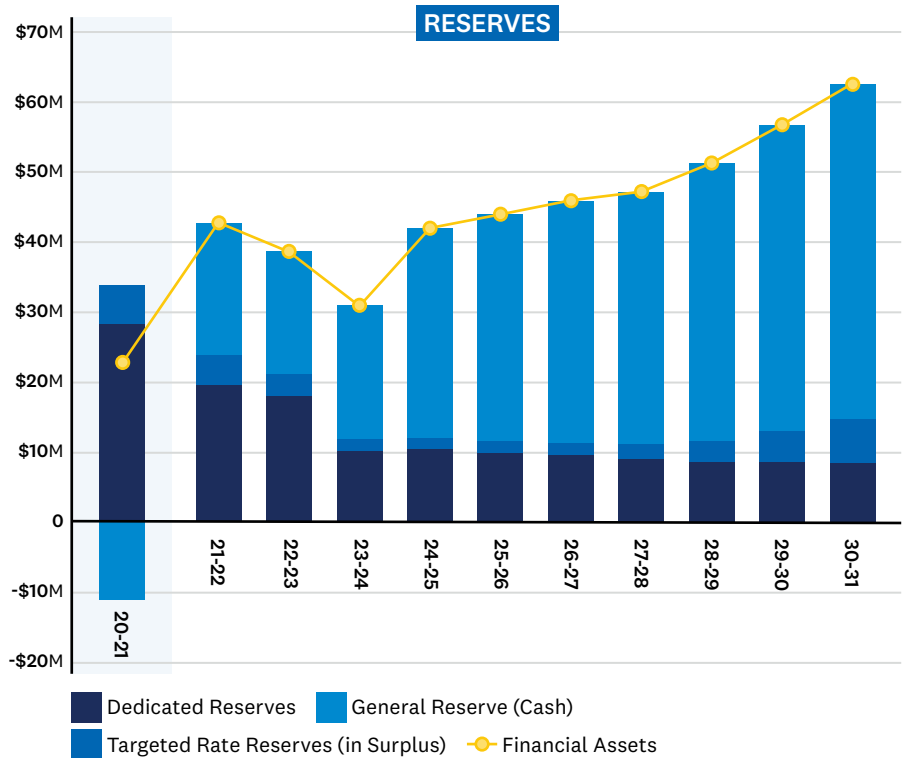
Further detail, including the proposed rates increases, is shown in the Balancing the Budget consultation section on page 12.



Reserves

Where possible, we have used reserves to minimise the amount required through rates. The financial strategy assumes we will be required to spend approximately half of the building reserve in year 3 to facilitate a move to a new leased head office premise in Dunedin and to move, redevelop or expand premises elsewhere in the region. Setting aside this amount, the remainder of this reserve is being transferred back to general reserves where it will be used to fund the 2020-21 general rates offset due to COVID-19 and assist with funding other general rates activity.

The graph at right shows cash reserves over the next 10 years. Reserves are topped up in year 1 as external debt replaces internal debt, which replenishes the general reserve. Reserves are decreasing over the first three years of the LTP, after which they are forecast to increase.



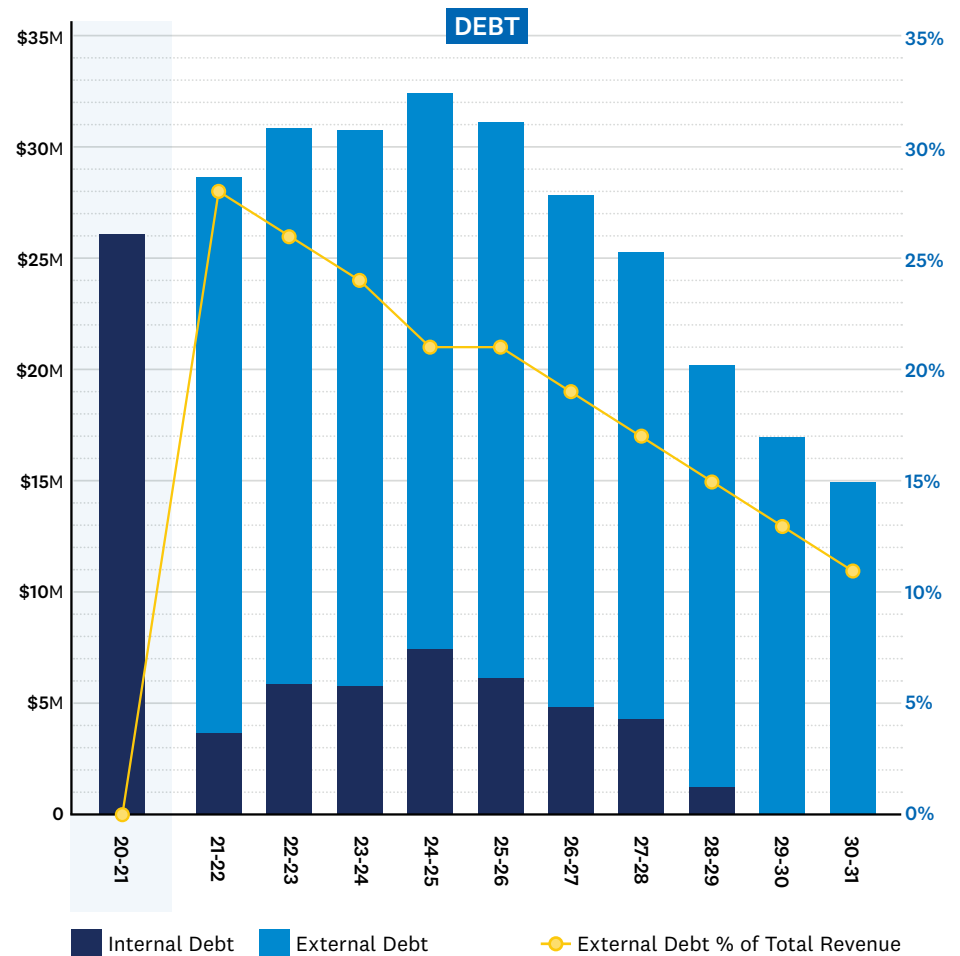
Debt

Another significant issue the financial strategy deals with is the use of external borrowing. We currently have no external borrowing or debt, however this is proposed to change from year 1 of this LTP. Historically, we have preferred to borrow internally, by lending from our general reserves to fund certain activities.

While the total level of borrowing (internal and external combined) remains similar to current levels, by borrowing externally we will reduce interest costs for reserves that are in deficit and it allows cashflow to be managed more efficiently as total borrowing is forecast to exceed the level of our financial assets.

We have set a borrowing limit where total debt can not exceed 175% of total revenue. The graph at right shows the proposed level of debt is 28% of total revenue in year 1 and this decreases to 11% by year 10 of the plan.

As part of this strategy we're considering joining the Local Government Funding Agency (LGFA) to enable borrowing costs to be minimised. While the financial strategy identifies that internal debt funding will be insufficient and proposes the use of external debt, the decision to join the LGFA will be consulted on separately.



Revenue and Financing Policy

Our Revenue and Financing Policy details how each of its activities should be funded, whether through rating, fees and charges, or other sources of income like government grants or contributions from other parties. In determining who pays, we have considered who benefits from each activity, how much they benefit and whether anyone else has played a part in causing the issue.

In this LTP, we've increased our implementation activity and we're proposing a change in how biosecurity and water improvement initiatives are funded.

New targeted rates are being introduced for implementation of the Regional Pest Management Plan (biosecurity - page 8) and for Lake Hayes (due to its scale and ongoing nature - page 16). For other less significant or one-off water body improvements we're proposing to fund these from each district's river and waterway management rate. Detail on the two new targeted rates is included in the proposals of this document.

In addition to the two new rates, some other rates and funding sources have been amended to better align with changes in the underlying activity structure of the LTP.

Full details on how we propose to fund activities is available in the Revenue and Financing Policy which is available online. This includes our schedule of fees and charges.

Our charges associated with performance monitoring have not been reviewed for some time and need to align to the cost of monitoring the conditions of consents. This affects a number of consent holders across the region; water consent monitoring in particular needs to increase to align with the revenue and financing policy. Changing our approach has been necessary because what we currently do reflects a complex historic charging regime which resulted in an inability to charge in a fair and reasonable way. This change also aligns Otago better with other regions.

Capital Expenditure

Total capital expenditure over the next 10 years is \$88M, ranging each year between \$6-8M.

Year 1 total capital expenditure is \$8M, of which \$3.6M is flood and drainage related.

Year 3 'other' includes \$7.3M to facilitate a move to a new leased head office premise in Dunedin and to move, redevelop or expand premises elsewhere in the region.

Year 4 'transport' includes \$3.2M for the move to a national public transport ticketing solution.

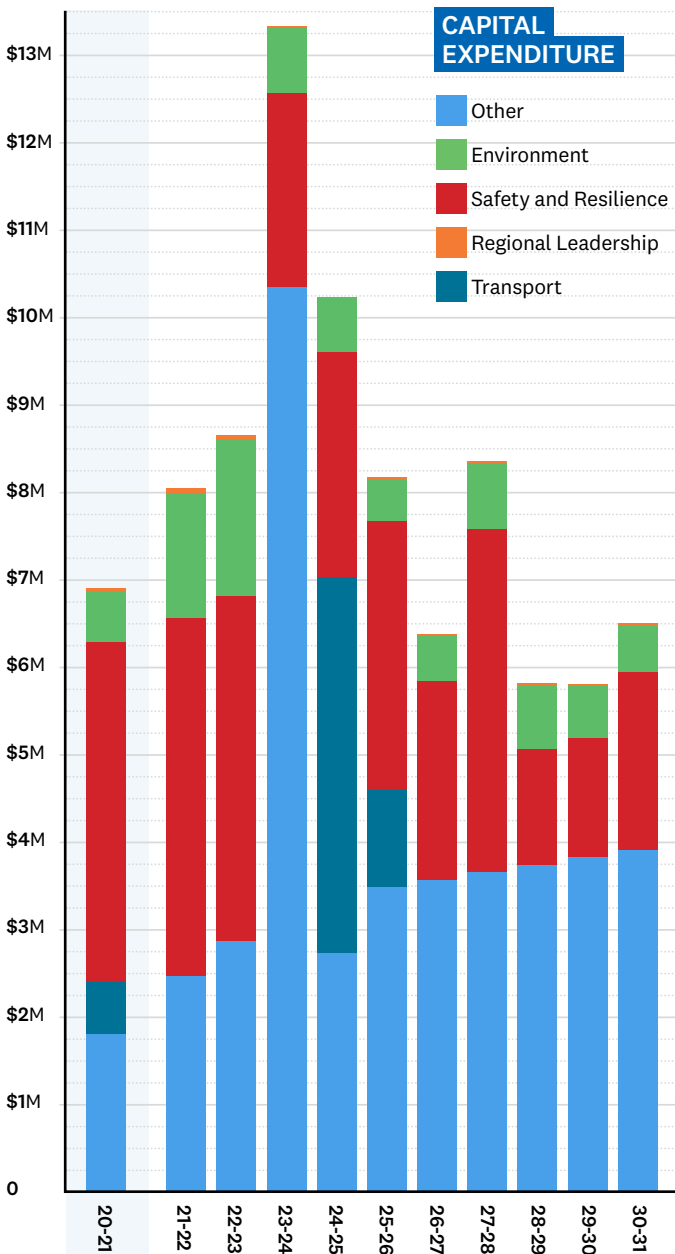
Infrastructure Strategy

Our infrastructure strategy is focused on the provision and management of assets required to provide our flood protection and drainage scheme activity. Importantly, we identify key issues and our proposed approach for each. This strategy identifies assumptions, risks and uncertainty that underpin the proposed approach. This includes, for example, uncertainty about future service as a result of climate change, and the asset planning options for future consideration. This is raised in the Safety and Resilience section (page 24) of this consultation document.

There is provision for an increased level of service capital expenditure from year 5 that is associated with a future response to the effects of climate change. This capital estimate, also reflected in the Financial Strategy, is based on limited information and a high level of uncertainty. The planned scheme reviews (i.e. years 1-2) will improve information and reduce this uncertainty to assist the Council and community to decide what future asset development is required.

There is an expectation that the 2024-2034 LTP will provide the forum for more detailed consideration of this matter.

A draft copy of the Infrastructure Strategy can be found on yoursay.orc.govt.nz/LTP





Have *your* say

Thanks for taking the time to read through our proposal for the next 10 years. Now it's up to you to have your say. Jump online for a faster, more reliable way to let us know; it's also better for the environment.

Tell us online

An easy step-by-step form has been provided for you to submit online: yoursay.orc.govt.nz/LTP



Write to us

Included at the back of this booklet is a tear off submission form, it folds into a freepost envelope.

Want to speak to your councillors?

They are ready and willing to chat with you about the proposals in the Long-term Plan, so get in touch:

DUNEDIN COUNCILLORS

Chairperson Andrew Noone

✉ Andrew.Noone@orc.govt.nz
☎ 027 430 1727

Cr Marian Hobbs

✉ Marian.Hobbs@orc.govt.nz

Cr Hilary Calvert

✉ Hilary.Calvert@orc.govt.nz
☎ 021 407 262

Cr Gretchen Robertson

✉ Gretchen.Robertson@orc.govt.nz

Cr Bryan Scott

✉ Bryan.Scott@orc.govt.nz
☎ 027 204 8872

Cr Michael Deaker

✉ Michael.Deaker@orc.govt.nz
☎ 021 323 009

MOLYNEUX COUNCILLORS

Cr Carmen Hope

✉ Carmen.Hope@orc.govt.nz
☎ 027 864 7360

Cr Kate Wilson

✉ Kate.Wilson@orc.govt.nz
☎ 027 443 8134

MOERAKI COUNCILLOR

Cr Kevin Malcolm

✉ Kevin.Malcolm@orc.govt.nz
☎ 027 8383 003

DUNSTAN COUNCILLORS

Deputy Chairperson Michael Laws

✉ Michael.Laws@orc.govt.nz
☎ 027 3060 600

Cr Alexa Forbes

✉ Alexa.Forbes@orc.govt.nz
☎ 021 296 4255

Cr Gary Kelliher

✉ Gary.Kelliher@orc.govt.nz
☎ 027 284 5890



We've told you our proposed plans for the next 10 years. Now, have your say and let us know what you think.

HAVE YOUR SAY




Have your say before

9 MAY 2021

All submissions are made available for public inspection. Note that names and feedback are included on papers available to the public and media. They can also be made public as part of Council's decision-making process (we will not make your phone or e-mail details public). For additional room, please include another sheet of paper and number your responses using the numbers we've used here.

NAME/ORGANISATION

STREET NO.

STREET NAME

POSTCODE

SUBURB

TOWN

I WOULD LIKE TO SPEAK WITH ORC ABOUT MY SUBMISSION
If yes, please provide us with your contact phone number

YES NO

PHONE

E-MAIL

Proposal 1 - Pest management service level (1 & 2) and funding (A, B, C)

SERVICE DELIVERY	FUNDING	FURTHER COMMENTS:
Option 1 \$4.6 million <input type="radio"/>	Option A General rate (CV) <input type="radio"/>	<hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> <hr/>
Option 2 \$3.3 million <input type="radio"/> PREFERRED	Option B Targeted rate (LV) <input type="radio"/> PREFERRED	
	Option C Mixed rating (CV and LV) <input type="radio"/>	

Proposal 2 - Balancing the budget

Option 1 increase rates in year 1 by 47.5% <input type="radio"/> PREFERRED	FURTHER COMMENTS: <hr/> <hr/> <hr/> <hr/>
Option 2 use a general reserve offset <input type="radio"/>	

Proposal 3 - Funding the rehabilitation of Lake Hayes

Option 1 New targeted rate for Lake Hayes <input type="radio"/> PREFERRED	FURTHER COMMENTS: <hr/> <hr/> <hr/> <hr/>
Option 2 Fund via existing river and water management targeted rate <input type="radio"/>	
Option 3 New Uniform Targeted Rate <input type="radio"/>	

Do you have anything further to add on our Long-term Plan?



Optional information

This is kept confidential for analysis only.

YOUR AGE: <25 25-44 45-54 55-64 65+ **GENDER:** MALE FEMALE OTHER

TELL US HOW YOU HEARD ABOUT THIS DOCUMENT:
(select as many as apply)
 Councillor Website Facebook Orbus Advertising Radio
 Newspaper Billboard Online (where):
 Other (where):

ETHNICITY: _____ **WHICH TOWN OR CITY DO YOU LIVE IN:** _____

Fold here

BACK OF ENVELOPE

Fold here



Otago Regional Council
For the Long-term Plan 2021-2031
Freepost 497
Private Bag 1954
Dunedin 9054



Independent auditor's report on Otago Regional Council's consultation document for its proposed 2021-31 Long-Term Plan

I am the Auditor-General's appointed auditor for Otago Regional Council (the Council). The Local Government Act 2002 (the Act) requires the Council to prepare a consultation document when developing its long-term plan. Section 93C of the Act sets out the content requirements of the consultation document and requires an audit report on the consultation document. I have done the work for this report using the staff and resources of Deloitte Limited. We completed our report on 24 March 2021.

Opinion

In our opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2021-31 long-term plan, because it:
 - fairly represents the matters proposed for inclusion in the long-term plan; and
 - identifies and explains the main issues and choices facing the Council and region, and the consequences of those choices; and
- the information and assumptions underlying the information in the consultation document are reasonable.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information* that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the consultation document.

We did not evaluate the security and controls over the publication of the consultation document.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements relating to its procedures, decisions, consultation, disclosures, and other actions associated with preparing and publishing the consultation document and long-term plan, whether in printed or electronic form;
- having systems and processes in place to provide the supporting information and analysis the Council needs to be able to prepare a consultation document and long-term plan that meet the purposes set out in the Act; and
- ensuring that any forecast financial information being presented has been prepared in accordance with generally accepted accounting practice in New Zealand.

We are responsible for reporting on the consultation document, as required by section 93C of the Act. We do not express an opinion on the merits of any policy content of the consultation document.

Independence and quality control

We have complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 issued by the New Zealand Auditing and Assurance Standards Board; and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended) issued by the New Zealand Auditing and Assurance Standards Board.

In addition to this audit and our report on Council's 2019/20 annual report, we have carried out engagements in the areas of tax and other services which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the Council or its subsidiaries or controlled entities.



Heidi Rautjoki
for Deloitte Limited
On behalf of the Auditor-General, Dunedin, New Zealand



Otago Regional Council

yoursay.orc.govt.nz/LTP

0800 474 082

JUMP ONLINE FOR:

- Draft Long-term Plan
- Financial strategy
- Infrastructure strategy
- Rates estimator for your property
- Easy, instant online submission form

