

FOR OUR FUTURE

Public Consultation Document
for the 2015-25 Long Term Plan

OUR REGION



REGIONAL ACTIVITIES

- Air quality improvement
- River management
- Flood protection
- Coastal strategy development
- Public transport

REGION HIGHLIGHTS

- Albatross colony
- Penguin colony
- Vineyards
- Fishing
- Water sports

Regional activities

Our activities will take place all over the region. Check out some of the things that will be happening in your area.

CENTRAL OTAGO

- Air quality improvement
- River management planning
- Flood protection
- Flood hazard investigations

CLUTHA DISTRICT

- Air quality improvement
- River management planning
- Flood and drainage schemes
- Reduce effects of flooding of Milton

DUNEDIN CITY

- Enhancements to public transport system
- Harbour management
- Flood and drainage schemes
- Coastal strategy development

QUEENSTOWN LAKES DISTRICT

- Shotover flood protection
- Public transport
- Air quality improvements
- Flood awareness campaign in Queenstown and Wanaka

WAITAKI DISTRICT

- River management planning
- Flood mitigation investigations
- Coastal strategy development
- Lower Waitaki River management plan implementation

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Otago is a special place. Most of us are here by choice because we can enjoy a good livelihood and a high quality of life without one being at the expense of the other.

The Otago Regional Council's role is to encourage this positive balance of livelihood and lifestyle as it manages natural resource use. Our Long Term Plan (2015 to 2025) identifies how we are going to do this over the next 10 years.

This consultation document offers everyone the chance to say what they think is important and what our long-term work priorities should be. The Long Term Plan, once completed, will be a detailed document describing our many priorities.

This document concentrates on four themes that we have assessed as being important for Otago's future: water, land protection, biodiversity, and air.

Proposed spending on significant new initiatives to improve Dunedin bus services is described. Our other activities are also outlined. They include responding to environmental incidents, emergency management planning, and undertaking our regulatory functions, (including processing resource consent applications and ensuring compliance with their conditions). These 'business as usual' activities are not changing significantly over the next 10 years, and so we have not discussed them in this consultation document.

Our main challenge over the next 10-years is to implement the plans and strategies that we've consulted on and adopted over recent years. These introduced new rules to protect Otago's water quality and the quantity of water in our rivers – our most valuable natural resource. We now need to invest in the implementation of these rules.

The success of this process will ensure our water resource can continue to provide a livelihood for our landholders and a safe and enjoyable outdoor playground for locals and visitors alike.

Another challenge we have is that it will be extremely difficult for us to meet air quality standards set by central government by 2020, and we will be talking to them about that.

Our land protection work includes implementing our Pest Management Strategy, and ensuring that pest plants and pest animals are being controlled. We also want to protect our land by maintaining our flood and drainage schemes, and by understanding the natural hazards our region may face in the future.



Stephen Woodhead
Chairman



Peter Bodeker
Chief Executive

Our financial reserves are available to enable funding of capital works, for example, the construction of the Leith flood protection scheme, and for keeping our other flood and drainage schemes up to standard.

We will also use our reserves for investing in research and development. We have identified a need for some research and development to help us implement our water quality rules, and for finding new tools to help our work controlling pest animals like rabbits, that can cause decay and erosion of our soil.

Ensuring Otago continues to grow and prosper is not something ORC can, or should, attempt to do alone. We will be looking to work closely with community interest groups, businesses, and all sorts of agencies in the community, as well as neighbouring regional councils and central government.

Our goals are ambitious, but essential. We want everyone – whether they are locals or visitors – to enjoy our quality of life and the unique biodiversity we have in Otago. We want important regional industries such as tourism, farming, forestry, fruit-growing, wine-making, and manufacturing, to prosper, and in doing so, to be able to rely on the sustainable supply of water to keep the thousands of people they employ in work, and sustain our regional economy.

We want to be fair in the way that we fund our activities. We use general rates, levied across all ratepayers, to fund activities that benefit everyone generally, and we use targeted rates to fund those activities that people benefit directly from. There will be rate increases but they will be small for the general rate (in dollar terms). There are larger increases in targeted rates and fees and charges, directed at resource users. As a result of using some reserves, their level will fall modestly over the 10-year period of the Long Term Plan.

Please play your part by reading this document and making a submission. Future generations will be grateful for your involvement.

FOR OUR FUTURE A PROSPEROUS AND SUSTAINABLE OTAGO

For our Future is the guiding principle that the Otago Regional Council has recently adopted to capture the spirit of what we are trying to achieve. It highlights sustainability — sustaining our people through economic activity and sustaining our environment, which in turn sustains all of us.

Our environment affects many areas of our lives and livelihoods. It attracts people here as tourists, or to live. It is fundamental to all the pastoral industries represented in Otago. As they are educated, our children learn to appreciate the value of the natural environment and how to protect it.

To achieve our goals for the region we all have to work together. We have limited resources and we can't do everything. Our preferred way of working with the community will be themed as enabling – doing what is within our capabilities and responsibilities and encouraging others to do what is within theirs.

We will shape the framework within which landholders can both use and sustain our resources. Often a regulatory framework like the Otago Water Plan will provide clarity about what is expected of resource users. We may provide information but we will also encourage landholders to get their own advice and draw on expertise around them to meet those regulations. This is not the responsibility of the ORC.

With the new water quality rules, we will seek to inform landholders about what these mean for them. In the area of natural hazards, we will encourage members of the community to be more aware of these hazards, and become equipped and ready to deal with events that might affect them.

Biodiversity is a particular focus in the coming 10 years. The first step is to develop an approach – we will write a biodiversity strategy for Otago. We don't consider ourselves experts on this subject. There are many groups who have been working on biodiversity projects for years. We won't take over their work but we'll look for ways to further encourage it.

Constrained resources mean we cannot be all things to all people. But we want to involve communities – large and small, urban and rural, near or remote – in shaping our policies and our methods of doing things within the context of the Long Term Plan.

We will then expect landholders, district and city councils, community agencies, and individuals to take responsibility for their own situation and act on it in line with the resource management directions we have established.



We also intend to be more expansive in our thinking and open to looking outside of Otago for ideas and solutions that will fit well here. We want to create partnerships with other regions on issues of common interest, which will improve our effectiveness.

We can envisage many ways in which an enabling approach would work well, such as:

- encouraging farmers or urban dwellers in catchment or water care groups work towards improvements in water quality
- assisting urban communities set priorities for public transport and air quality, where it is an issue
- supporting communities by providing technical and funding assistance for investigations and feasibility studies such as for water storage and irrigation.

What's new?

We are proposing to amend our Revenue and Financing Policy to introduce two new rates: a water quality targeted rate and a dairy monitoring targeted rate.

We are also proposing some changes to how we pay for compliance monitoring and compliance audits. These amendments are discussed in more detail later in this document.

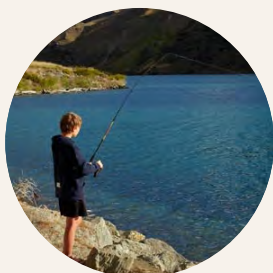
There are no other new significant items proposed for the 10-year period in the draft Long Term Plan.

We acknowledge that other than the proposed amendments to the Revenue and Financing Policy discussed above, we have not included any options for what we are proposing to do in this consultation document. The key issues we are working on all involve the implementation of existing policies and strategies.

Options were presented when those policies, strategies and levels of service were being developed and consulted on with our community. There are no proposed changes to our levels of service.

FOR OUR FUTURE WATER QUALITY AND QUANTITY





Water defines us — our rivers and lakes, our snow-covered mountains, our harbours and estuaries.

2015/16
TOTAL SPEND

\$7M

15% OF TOTAL ORC SPEND

\$2.5M RATES FUNDED \$4.5M OTHER*

OPERATING SPEND

\$6.7M

RESEARCH AND DEVELOPMENT

\$300,000

* Other funding includes Port Otago dividends, other investment income and reserves.

Many of Otago’s waterways are of a high quality relative to New Zealand as a whole. A large proportion of our rivers, lakes, wetlands, and aquifers continue to support safe recreation, food gathering, and healthy ecosystems. A few are at risk.

Our target is to maintain high water quality standards for all our waterways despite the increasing demand of agricultural and urban growth. During the last 10 years, the Council has developed practices and rules for water quality management for its rural sector, and it is now implementing these.

Urban sources of contamination that affect our water like leaking septic tanks, stormwater discharges, and industrial waste, also require careful management, and policy development in this area is included in the Long Term Plan.

Achieving and improving water quality requires widespread awareness of its importance, commitment to the task, and action to improve land management practices. We will employ strategies such as rules, awareness, training, and advice-giving.

The key actions proposed include:

- ensuring landholders become compliant with the rules, by working with key stakeholders who can educate and advise landholders of recommended methods and practices

- increasing the number of dairy farm inspections to ensure compliance with our permitted activity rules
- investing in, or contributing to the development of technologies to assist with water quality measurement, especially tools that landholders can themselves use to help them self-regulate, such as real time water quality testing
- developing plan changes to address urban water discharges.

The quantity of water flowing down our rivers is critical to protecting their overall ecology. We work with users and communities to establish minimum flows that enable ongoing agricultural activity while protecting the rivers ecology.

Historic gold mining privileges, which are now deemed water permits, allow landholders on more than 400 farms to take water from rivers. These deemed permits expire in 2021 and will be replaced with consents allocating water use. We will work with users to achieve a smooth transition to this new regime.

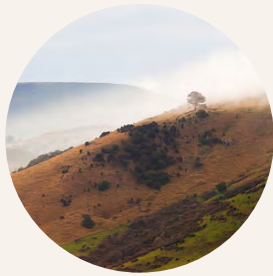
We will assist and facilitate community-led investigations into water storage and irrigation and work with the managers of Central Government funding streams to assist local projects that fit within our regulatory framework.

MAJOR WATER INITIATIVES UNDER CONSIDERATION FOR THE LONG TERM PLAN

- The development of a coastal strategy for Otago and continuation of coastal estuary monitoring and reporting.
- Establishment of minimum flows and allocation regimes for the Clutha River/Mata Au.
- Development of a Water Quality Strategy to cover issues not already in the Water Plan such as: human sewage on-site systems, urban stormwater and roads and industrial/ trade waste.
- Completion of a number of other minimum flow plan changes, including science monitoring and reporting.
- State of Environment monitoring and reporting of surface water quantity, groundwater and water quality.

FOR OUR FUTURE LAND PROTECTION





Otago has the most diverse landscape of all New Zealand's regions.

2015/16
PEST CONTROL
\$1.6M

3.5% OF TOTAL ORC SPEND[◇]



FLOOD PROTECTION AND CONTROL WORKS

\$8.3M[‡]

18% OF TOTAL ORC SPEND
\$3.2M OPERATING SPEND



RIVERS/WATERWAY MGMT

\$1.8M

4% OF TOTAL ORC SPEND[◇]



NATURAL HAZARDS

\$1.5M

3.3% OF TOTAL ORC SPEND[◇]



‡ \$5.1M capital spend

* Other funding includes Port Otago dividends, other investment income and reserves.

◇ All operating spend.

Otago has the most diverse landscape in New Zealand. Our challenge is to judge to what degree we should retain landscape heritage and how much we accept that change is inevitable. Many of the aspects of landscape we appreciate today, even the dry landscape, have been affected by human intervention, not just natural evolution.

For example, animal pests like rabbits, hares, and rooks which have made their presence felt, along with plant pests that have intruded onto that landscape, need ongoing control. Some existing controls have lost their effectiveness, and containment rather than eradication is the only realistic option in dealing with endemic pests like rabbits.

Hazards such as flood remain a constant threat in many parts of the region. Seismic events which have occurred throughout New Zealand like the Canterbury and Seddon earthquakes have made us all much more aware of such events and their potential impact on us here in Otago.

This has prompted us to look more closely at how these types of threats can be identified and managed.

- Floods are the most common form of Civil Defence emergency in Otago
- There is a 1-in-100 chance of a major flood every year
- In 2013/14 ORC inspected 228 properties covering 18,340 hectares to determine if landholder rabbit control was compliant
- Wilding pines are a growing problem. They have no economic value themselves but their presence reduces pasture value, displaces native biodiversity, reduces water availability, and alters landscape character.

The key actions proposed include:

- undertaking research on new tools and control methodologies for pests
- collaborating on the development of a new South Island pest strategy to achieve a broader approach to effectiveness
- investing in our flood and drainage schemes to continue to protect people and land from flooding.

MAJOR INITIATIVES ON NATURAL HAZARDS UNDER CONSIDERATION FOR THE LONG TERM PLAN

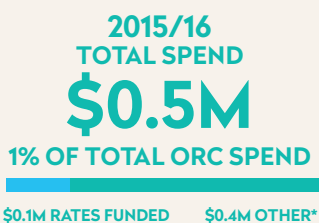
- Development of a geotechnical information database, including land contamination, landslide features, rock-fall hazards.
- Assessment of areas potentially prone to liquefaction.
- Collation of information on known active geological faults in Otago.
- Investigation of potential flood hazards risks in non-protected areas.
- Continue work with communities to monitor and provide information to manage localised risks, including coastal erosion, alluvial fans, land instability/dam failure, extreme rainfall, sedimentation.
- Development of a Natural Hazard Risk Management Strategy for South Dunedin including options for mitigation of groundwater and liquefaction hazards.
- Provision of flood communication systems and flood forecasting models.

FOR OUR FUTURE BIODIVERSITY





Otago has a wealth of natural biodiversity assets on land and in the rivers



**OPERATING SPEND
\$0.5M**

* Other funding includes Port Otago dividends, other investment income and reserves.

Biodiversity is defined as the variety of plant and animal life in a particular habitat, a high level of which is usually considered to be important and desirable.

Otago has a wealth of natural biodiversity assets on land and in the rivers. In particular, high country areas have a unique biodiversity that is limited to only a few places in New Zealand. The region also has a rich wildlife heritage, especially in coastal areas. There are native bush remnants and fauna throughout the region.

As plant and animal species numbers diminish around the world, communities are looking for more ways to not only protect biodiversity, but be involved in protection strategies. In fact, the extent of species and their location in our region is not well understood. There is therefore a strong need for the development of a biodiversity strategy.

Developing an approach to the protection of biodiversity is something ORC cannot do alone. Much of the land suitable for this protection is privately-owned and relies on private interests to act responsibly. There are groups and individuals who have developed a level of knowledge and expertise that ORC staff will never match. This is an area where ORC's community enablement approach is very important.

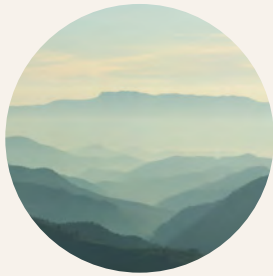
Pests are also a biodiversity issue. For example, wilding pines are considered by many to be a landscape biodiversity issue because of the way in which they modify the appearance of the natural landscape.

The key actions proposed include:

- developing a biodiversity strategy for Otago
- working with communities to identify key areas of significance and key biodiversity assets
- continuing to monitor significant wetlands
- providing financial support for yellow-eyed penguin research
- undertaking environmental restoration programmes
- preparing a wilding tree review and stocktake throughout the region.

FOR OUR FUTURE AIR QUALITY





2015/16
TOTAL SPEND
\$0.4M

1% OF TOTAL ORC SPEND



OPERATING SPEND
\$0.4M

* Other funding includes Port Otago dividends and other investment income.

In Otago, air pollution is essentially an urban problem and characteristic of inversion layers that form over some smaller towns on still winter nights fed by solid fuel-burning home fires.

- The air zone around Milton, Alexandra, Arrowtown, Clyde, and Cromwell requires the most improvement in Otago to meet the Government's National Environmental Standard for air quality.
- These areas routinely exceed the national standard on more than 10 days a year, sometimes more than 30 days.

There are specific areas that do not meet the national air standards. We want people to have warm homes but we all want clean air as well, so careful management is required to achieve both. The solutions are complex but the problem needs to be addressed.

The key actions proposed include:

- developing an air strategy for improving Otago air quality
- engaging all relevant stakeholders in policies and practices
- supporting the Cosy Homes Trust in the installation of clean heating appliances in targeted areas.

FOR OUR FUTURE OTHER ACTIVITIES





**2015/16
Transport**

TOTAL SPEND

\$14.4M

32% OF TOTAL ORC SPEND



OPERATING SPEND

\$14.4M

* Other funding includes grants and reserves.

We provide public transport services in Dunedin and Queenstown. Each year we review our bus fares to ensure that we strike the right balance between what bus users pay for services and what our ratepayers contribute.

Bus fares for Dunedin will be changing during the first year of the Long Term Plan. Our website www.orc.govt.nz has more detail on the new schedule of fares, and some of our initiatives for improving public transport services in the Dunedin area. Those initiatives include the development of a central bus hub in Dunedin, and implementing a new electronic ticketing system during 2015/16 and 2016/17. These projects are to be partly funded by NZTA and the remainder through the Dunedin transport reserve. The reserves will contribute \$3 million towards these initiatives, meaning there is no significant impact for ratepayers.

Dunedin transport targeted rates are projected to increase from \$3.4 million in 2015/16 to \$5.8 million by 2024/25, equating to a 6% increase each year over the 10-year period. The increases in targeted rates over the 10-year period are for improved bus services as consulted on and agreed to in the Regional Public Transport Plan.

Other activities:

The costs of our 'business as usual' activities not discussed in this consultation document are shown below.

**2015/16
Community**

TOTAL SPEND

\$4M

9% OF TOTAL ORC SPEND



OPERATING SPEND

\$4M

**2015/16
Emergency Mgmt**

TOTAL SPEND

\$0.4M

1% OF TOTAL ORC SPEND



OPERATING SPEND

\$0.4M

* Other funding includes Port Otago dividends, other investment income and grants.

**2015/16
Regulatory**

TOTAL SPEND

\$4.5M‡

10% OF TOTAL ORC SPEND



OPERATING SPEND

\$4.4M

**2015/16
Incident Response**

TOTAL SPEND

\$1M

2% OF TOTAL ORC SPEND



OPERATING SPEND

\$1M

‡ **\$0.1M capital spend**
* Other funding includes Port Otago dividends, other investment income and fees and charges.

HOW WE PAY FOR OUR ACTIVITIES

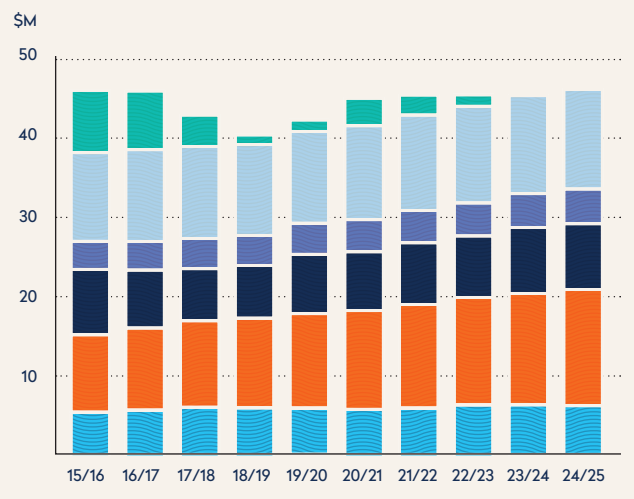
We have a wide range of activities, and the costs of those activities for the next three years are shown below. These costs are made up of both capital and operating expenditure.

ACTIVITY	2015/16 ('000)	2016/17 ('000)	2017/18 ('000)
Environmental			
Water	7,011	7,207	7,022
Air	440	368	266
Land	2,091	2,216	2,536
Rivers and waterway management	1,812	1,841	1,799
Environmental incident response	979	1,051	1,163
Community			
Democracy	1,375	1,561	1,438
Public information and awareness	1,933	2,038	2,096
Financial contributions	734	597	796
Regulatory			
Policy development	434	152	-
Consent processing and compliance	3,762	3,873	3,945
Harbour management	319	299	307
Flood protection and control works			
Flood and drainage schemes	8,303	8,481	6,943
Safety and hazards			
Emergency management	428	520	533
Natural hazards	1,502	1,559	1,640
Transport			
Regional transport planning	123	129	176
Public passenger transport	14,282	13,235	11,777
TOTAL EXPENDITURE	45,528	45,127	42,437

Our financial strategy sets the direction for financial decision making, and guides how we will pay for our activities. Our primary sources of revenue are rates (general and targeted), fees and charges, and investment income.

We also receive grants from agencies such as New Zealand Transport Agency for our transport work, and we use our reserves to pay for capital expenditure and items such as research and development.

We have no plans for borrowing during the 10-year period. A full copy of our Financial Strategy can be found on our website at www.orc.govt.nz



How we pay for our activities.

- Reserves
- Investment income
- Targeted rates
- Grants
- Fees and charges
- General rates

Investment income

Each year we receive a dividend from Port Otago Ltd. We also receive returns and rental income from other investments. The dividends and some of our investment income are used to reduce the amount of general rates that everyone has to pay. For example, for the first year of the Long Term Plan, we have around \$14.4 million of costs that should be paid for from general rates, but once we take off the dividend and investment income, we will only have to charge ratepayers around \$5.3 million.

While we think the risk is low, any reduction in the amount of dividends or investment income received will directly impact on general rates, e.g., a million dollar reduction in dividend would result in an increase in general rates of 19%.

General rates

The amount of work we need to do is increasing, for example, around water quality and water quantity, and so our level of expenditure is also increasing. To pay for the increases, we need to increase our general rates. In our first year of the plan, this increase is around \$260,000, and is paid for by approximately 115,000 households. The activities we fund by general rates are shown in figure 1.

The movement in general rates from year to year ranges from a rate increase of 5.2% in the first year of the plan, to a decrease of 2.9% in later years. General rate increases will be capped at 6.9% per annum, which includes inflationary increases. General rates will be limited to no more than \$6.2 million in any year.

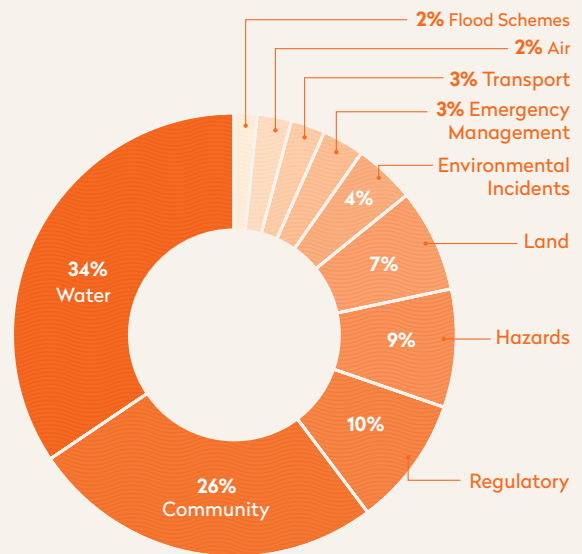


Figure 1. General Rates for 2015/2016.

Targeted rates

Targeted rates are used where there is a defined area of benefit or group of people that benefit from our work, for example, for our flood and drainage schemes and for public transport in Dunedin and Queenstown.

We are proposing to introduce two new targeted rates in the plan, a water quality targeted rate and a dairy monitoring targeted rate.

In our first year of the plan targeted rates will total \$9.7 million, as shown in figure 2.

The movement in targeted rates from year to year ranges from a rate increase of 14.3% in the first year of the plan, to smaller increases from between 6% to around 4% in each year thereafter. This first year sees the introduction of the two new targeted rates. Targeted rate increases will be capped at 14.3% per annum, which includes inflationary increases. Targeted rates will be limited to no more than \$14.6 million in any year.

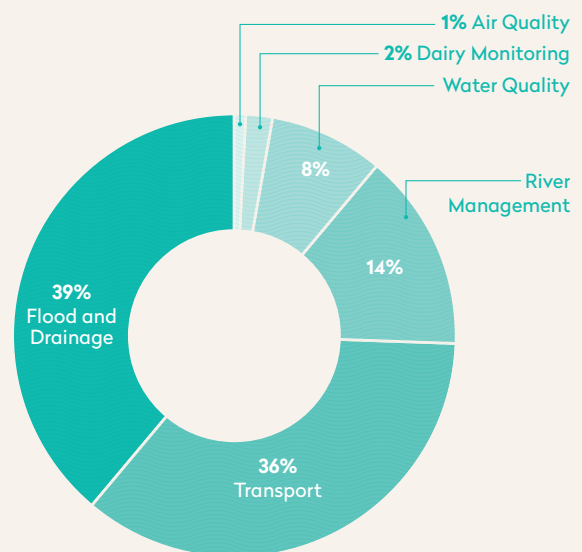


Figure 2. Targeted Rates for 2015/2016.

Total rates and property examples

Our total rates over the 10-year period are shown in figure 3.

The main increases in targeted rates over the 10-year period are for improved bus services as consulted on and agreed to in the Regional Public Transport Plan, taking the targeted transport rate from \$3.4 million in 2015/16 to \$5.8 million in 2024/25. The increases also include the repayment of internal borrowings on the construction of the Leith Flood Protection Scheme, increasing its targeted rates from \$1.2 million in 2015/16 to \$2.1 million in 2024/25.

Total rates to be collected for the 2015/16 year are as follows:

RATES PAYABLE	2015/16 \$000s	2014/15 \$000s
General rate for activities	14,474	14,270
Less investment income	(9,187)	(9,243)
General rates payable	5,287	5,027
Targeted rates		
Air quality rates	100	89
Water quality rate	813	-
Dairy monitoring rate	192	-
Targeted river management rates		
Central Otago District	225	155
Clutha District	225	185
Dunedin City	150	150
Lower Waitaki River	145	164
Wakatipu	200	250
Wanaka	167	167
Waitaki District	260	138
Targeted passenger transport services rates		
Dunedin	3,425	3,231
Queenstown	50	45
Targeted flood and drainage scheme rates		
East Taieri drainage	420	363
Leith flood protection	1,192	1,114
Lower Clutha	650	532
Lower Taieri	700	613
Shotover Delta	250	250
Tokomairiro	60	45
West Taieri drainage	510	475

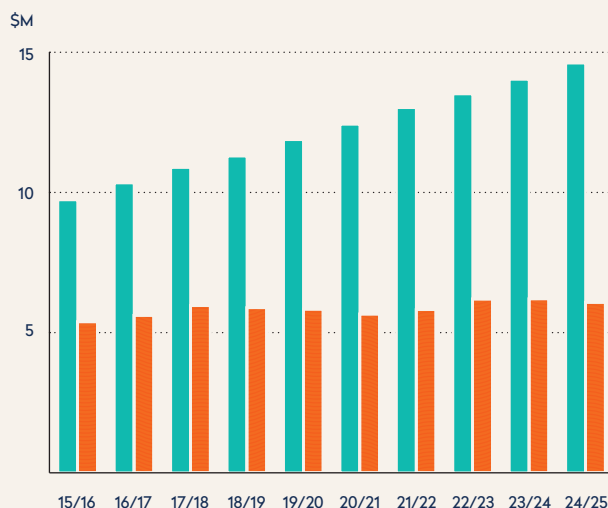


Figure 3. Total rates over the 10-year period 2015/2025.

■ Targeted rates ■ General rates

Council's Infrastructure Strategy identifies how we will manage our infrastructure assets, identifies significant issues around our flood protection and drainage schemes over the next 30 years through to 2045, and discusses how we will address those issues.

Over the next 30 years, we anticipate that we will spend around \$47 million on new capital items, either to replace what is there or provide new assets across each of our schemes, and another \$112 million maintaining those assets.

Big ticket capital items in the next 10 years include completing the construction of the Leith Flood Protection Scheme in Dunedin at a cost of \$12.3 million, work on the Lower Clutha Flood and Drainage scheme costing \$3.5 million, and work on the Lower Taieri Flood Protection Scheme costing \$7.1 million.

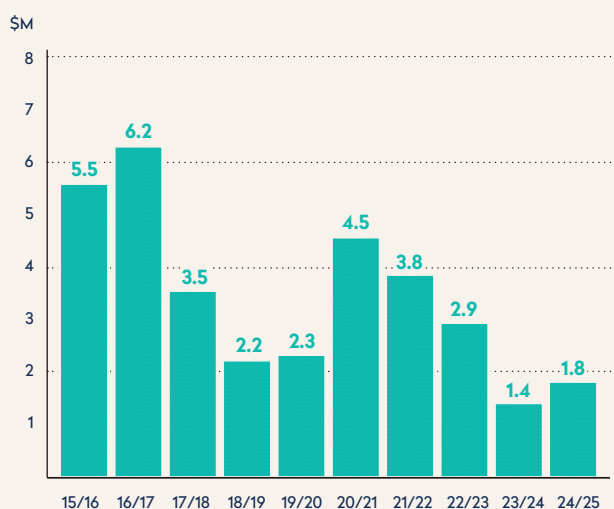


Figure 4. Proposed total capital budget (\$M) for infrastructure for our schemes and other fixed assets 2015/2025.



Apart from the construction of the Leith scheme, the costs for this work are for maintaining existing levels of service.

A full copy of our Infrastructure Strategy can be found on our website at www.orc.govt.nz

The proposed total capital budget for infrastructure for our schemes and other fixed assets for the next 10-years is shown in figure 4.

Building reserve

A building reserve was established in earlier years to start setting aside funding that would be available for new accommodation for our head office in the future. With interest, this reserve is estimated to grow to approximately \$21 million by June 2025. No provision has been made for new accommodation in the Long Term Plan, but when we find an answer, we will consult on our options in accordance with our Significance and Engagement Policy.

Balancing the budget

We are required to ensure that for each year, the estimated revenue is sufficient to cover its estimated operating costs. We can however set our revenue at a different level, if council resolves that it is financially prudent to do so. It is estimated that in the first two years of the proposed Long Term Plan, the estimated revenue will not cover estimated operating costs as shown in figure 5.

The primary reason for the shortfall in revenue is the use of reserves to fund operating expenditure. This has been planned for three activities of council as follows:

- Council intends investing approximately \$1 million over the next three years on research and development for two activities, for improving Otago’s water quality, and for investigating new non-biological control tools for pests. The use of reserves for research and development is considered prudent, and is in accordance with council’s revenue and financing policy
- The Dunedin Transport Reserve has funds available of approximately \$4.5 million. Approximately \$1.2 million of these reserves are going to be used to implement over the next two years, a new electronic bus ticketing system, and approximately \$900,000 will be used to develop a bus hub in Dunedin city. The transport reserve has been established to fund operating revenue, and its use in these circumstances is considered prudent.

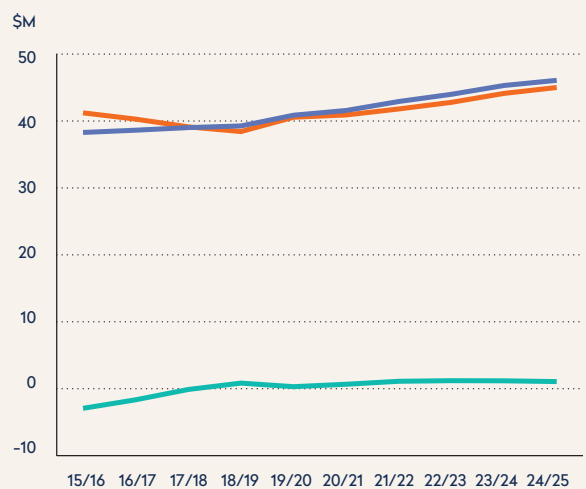


Figure 5. Balancing the budget.

— Revenue — Expenditure — Surplus/Deficit

How much are your rates?

There are a number of flood and drainage schemes within the Dunedin City boundary, Clutha District and Queenstown Lakes District. Given the number of different categories of rates, it is not practical to provide samples in this document of the total rates payable for any property in Otago. You can however visit www.orc.govt.nz to view your total estimated rates.

The following tables provide examples of some of the estimated rates payable for the 2015/16 year of the proposed Long Term Plan. These are estimates only, and the final rate charge may be more or less than these displayed below. The estimates rates shown include GST.

All ratepayers pay general rates, which includes a Uniform Annual General Charge, and river management rates.

Depending on where you live, you may also pay targeted rates for flood protection and drainage works, the provision of bus services, and a rate for improving air quality.

There are certain rural land use properties that will pay a targeted rate towards some of our water quality work, and if you are a dairy farmer, you will be paying a rate for the dairy inspections we carry out on your property.

The table below shows the general and river management rates for 2015/16 that we estimate are payable for the capital values shown within each district of Otago.

General and River Management Rates	Capital Value	Capital Value	Capital Value
	\$250,000	\$600,000	\$4,000,000
Central Otago District	\$42.82	\$82.72	\$470.33
Clutha District	\$40.41	\$76.91	\$431.62
Dunedin City	\$40.45	\$77.02	\$432.30
Queenstown Lakes District – Wakatipu	\$36.08	\$66.54	\$362.46
Queenstown Lakes District – Wanaka	\$39.42	\$74.55	\$415.86
Waitaki District	\$46.71	\$92.05	\$532.53

Our targeted rates for air quality are charged on properties in Milton, Arrowtown, Alexandra, Clyde and Cromwell. If you live within these areas, your targeted rates for 2015/16 are estimated to be as follows:

Targeted Rates for Air Quality	Capital Value	Capital Value	Capital Value
	\$250,000	\$600,000	\$4,000,000
Central Otago District	\$8.66	\$20.79	\$138.60
Clutha District	\$8.05	\$19.33	\$128.84
Queenstown	\$8.05	\$19.33	\$128.84

Transport targeted rates are charged on properties within Dunedin City and Queenstown, where bus services are provided. The estimated rates payable in 2015/16 for transport are shown below:

Targeted Rates for Transport	Capital Value	Capital Value	Capital Value
	\$250,000	\$600,000	\$4,000,000
Dunedin – residential	\$46.64	\$111.94	\$746.28
Dunedin – commercial	\$174.91	\$419.79	\$2,798.60
Queenstown – residential	\$1.21	\$2.91	\$19.40
Queenstown – commercial	\$2.43	\$5.82	\$38.80

Changes we are proposing to how we will pay for our activities

We are proposing to amend our Revenue and Financing Policy, which sets out how our activities are to be paid for. We are proposing the introduction of two new targeted rates – a water quality targeted rate and a dairy monitoring targeted rate and we are proposing some changes to how we pay for our compliance monitoring activity. This consultation document is your opportunity to have your say on our proposed changes. Our full policy can be found on our web site at www.orc.govt.nz

Significant changes are set out below, and we welcome your feedback on these.

Compliance monitoring

Compliance monitoring is made up of performance monitoring, where resource consent holders send us information about how they are complying with their resource consents, and we also check compliance by going out and auditing consent holder activities. We have assessed our policy for recovering costs from consent holders, and consider that the benefits to consent holders are greater than the level currently being charged for.

To date, performance monitoring has been paid for, half by consent holders through fees and charges, and half from general rates. We are proposing to increase the level of fees payable, so that 75% of the costs are paid for by consent holders and 25% by general rates.

Our audits have previously been paid for, half by consent holders and half from general rates. We are now proposing that audits be paid for in full by consent holders, and that there be no general rate contribution to this work.

Water quality targeted rate

Our work on water quality will cost around \$2 million in 2015/16, and will continue on through the life of the plan. It includes new monitoring and science work, at a cost of \$1.08 million, of which around \$813,000 is assessed as directly benefiting some rural landholders. We are therefore introducing a new targeted rate on certain rural land types, to contribute to the cost of the additional monitoring and new science work. Those rural land types affected are as follows:

- 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.

Our new monitoring and science work is being undertaken because of the activities of these rural land types. The rate will be calculated on a capital value basis. Costs for research and development (around \$400,000) will be funded from reserves, and the remaining costs will be paid for by general rates.

If you have a rural land type (above), you will be charged our targeted rate for water quality. The following rates are estimated to be payable in 2015/16 for the capital values shown.

Targeted Rates for Water Quality	Capital Value \$250,000	Capital Value \$600,000	Capital Value \$4,000,000
Water quality targeted rate	\$18.58	\$44.60	\$297.32

The impact of this rate is estimated to be \$7.43 per \$100,000 of capital value.

Dairy monitoring targeted rates

Every year we undertake a programme of monitoring dairy farms, because of the potential risks of this activity on our water quality. The Long Term Plan proposes that this activity will continue over the 10-year period.

We are proposing that we now pay for all of our monitoring costs through new targeted rating, and in 2015/16 this work will cost us about \$192,000.

Every dairy farm in Otago will have at least one monitoring visit by ORC to ensure that their activities are causing no adverse effects on our waterways. Some dairy farms may require two or more monitoring visits during a year. The number of visits will be based on the sensitivity of the receiving environment being the catchment/sub-catchment the property is situated in.

It is proposed that there will be three rates payable, each rate payable will be a fixed amount for each rating unit in that class as set out below:

Rating Classes	Environmental Factors	Rate Payable
Class 1	One visit per year: Sensitivity of the receiving environment - LOW	\$235.00
Class 2	Two visits per year: Sensitivity of the receiving environment - MEDIUM	\$470.00
Class 3	Three or more visits per year: Sensitivity of the receiving environment - HIGH	\$705.00

If you want to see which class your dairy farm is in, please visit our web site at www.orc.govt.nz

AUDIT OPINION

Independent auditor's report on Otago Regional Council's Consultation Document for its proposed 2015/25 Long-Term Plan

I am the Auditor-General's appointed auditor for Otago Regional Council (the Council). Section 93C of the Local Government Act (the Act) requires an audit report on the Council's consultation document. I have carried out this audit using the staff and resources of Deloitte. We completed this audit on 11 March 2015.

Opinion

In my opinion:

- the consultation document provides an effective basis for public participation in the Council's decisions about the proposed content of its 2015/25 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 Otago 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 Auditor-General's Auditing Standards, relevant international standards and the ethical requirements in those standards.

We assessed the evidence the Council has to support the information and disclosures in the consultation document. To select appropriate audit 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

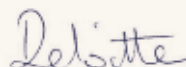
The Council is responsible for:

- 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.

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

Independence

We have followed the independence requirements of the Auditor-General, which incorporate those of the External Reporting Board. We have carried out other assurance services and assignments in the areas of conducting tax and advisory services which are compatible with those independence requirements. Other than our work in carrying out all legally required external audits and these assignments, we have no relationship with or interests in the Regional Council or any of its subsidiaries.



B E G Tomkins

Deloitte

On behalf of the Auditor-General, Dunedin, New Zealand

THE SUBMISSION PROCESS

COMPLETE YOUR FORM

Complete the attached submission form and post it back. Alternatively you can make an online submission by visiting www.orc.govt.nz where you will also find additional supporting information about the Long Term Plan. All submissions will be considered by Councillors before finalising our 2015-25 Long Term Plan.

SUBMIT BY 4 MAY 2015

The Council should receive all submissions by 4 May 2015. Up until this close-off date, staff will be available to answer any queries, or to meet with individuals and groups to discuss this document and our proposed activities. Further information supporting this consultation document can also be found on our website at www.orc.govt.nz

PRESENT IN PERSON

If you wish to present your submission in person, please indicate this on the submission form. Meetings will be arranged around the region if required, to enable people to make their presentations to Council, and these will be held during the week starting 11 May 2015.

If you wish to discuss any matter please contact the Council on
Phone (toll free): **0800 474 082** Phone (within the Dunedin area): **03 474 0827**
Fax: **03 479 0015** Email ltf@orc.govt.nz

LONG TERM PLAN SUBMISSION FORM

Please write your comments below and send your submission by 4 May 2015



Contact details

Name or representative _____

Organisational name (if applicable) _____

Address _____

Business hours phone _____

After hours phone _____

Email _____

Signature _____ Date _____

Hearings will be held from 11 May 2015

I would like to present my submission in person

PART 1

Submission on Council's proposed activities.

Comments on our proposed activities and their estimated costs.

My submission is: _____

PART 2
Submission on Council's proposed changes to its Revenue Policy.

Comments on our proposed changes to our Revenue Policy, that is, the new targeted rates for water quality and dairy monitoring, and the proposed changes to our compliance monitoring targeted rates.

**Compliance Monitoring – Performance monitoring charges from 50% to 75%;
Audit charges from 50% to 100%**

My submission is:

New Water Quality Targeted Rate –new monitoring and science work funded by targeted rate from listed rural land use types.

My submission is:

New Dairy Monitoring Targeted Rate – 3 classes of rates based on the sensitivity of the receiving environment being the catchment/sub-catchment the property is situated in.

My submission is:

FreePost Authority Number 497



Otago Regional Council
Consultation Document For The 10-year Plan
Private Bag 1954
Dunedin 9054



www.orc.govt.nz