

OTAGO REGIONAL COUNCIL

**Agenda for an additional Ordinary meeting of the Council to be held
in the Council Chamber, 70 Stafford Street, Dunedin on
Wednesday 15 October 2014 commencing at 1.30 pm**

Membership:

- Cr Stephen Woodhead (Chairperson)
- Cr Gretchen Robertson (Deputy Chairperson)
- Cr Graeme Bell
- Cr Doug Brown
- Cr Louise Croot MNZM
- Cr Michael Deaker
- Cr Gerrard Eckhoff
- Cr Gary Kelliher
- Cr Trevor Kempton
- Cr Sam Neill
- Cr Bryan Scott
- Cr David Shepherd

Apologies:

Leave of Absence:

In attendance:

Please note that there is an embargo on agenda items until 8.30 am on Monday 13 October.

CONFIRMATION OF AGENDA

PUBLIC FORUM

PART A – RECOMMENDATIONS

Page Nos.

Item 1
2014/1498 **Annual Report 2013-14.** DCS, 30/9/14

3 - 4

The Council's Annual Report for the period 1 July 2013 to 30 June 2014 has been completed and is presented to the Council for adoption. The full Annual Report document is circulated separately with the agenda.

Item 2

2014/1487 **Chief Executive's Report – Strategic Plan.** CE, 29/9/14

5 - 35

The report notes that through a series of workshops Councillors and directors have developed the Strategic Plan, which is presented at this meeting for formal discussion and adoption. The full Plan is circulated with the agenda.

REPORT

Document Id: A677577

Report Number: 2014/1498
Prepared For: Council
Prepared By: Projects Manager
Date: 30 September 2014

Subject: **Annual Report 2013-14**

1. Précis

The Council's Annual Report for the period 1 July 2013 to 30 June 2014 has been completed. It is presented to the Council for adoption.

2. Background

The Annual Report includes Statements of Service Performance for each outcome group of activities, and financial information of the Council and of the Group. The Group comprises the Council and its wholly owned company, Port Otago Limited, and its subsidiaries. An overview of some of the key activities for the year is provided for in the "Overview from the Chairman and Chief Executive" in the Annual Report document.

The Annual Report is separately circulated with the meeting papers, and is in draft form. Any audit matters arising will be finalised prior to the Council meeting.

3. Statement of Service Performance

The Statements of Service Performance for each outcome group of activities include planned levels of services and the key activities to be undertaken towards achieving those levels of service.

Budget information for the year along with actual revenues and expenses per activity are also provided. The Statement of Service Performance is based on the information included in the 12 month review considered by the Finance and Corporate Committee at its meeting on 4 September 2014. The individual project information considered at that meeting included detailed reporting on both financial and non-financial aspects of all projects.

4. Income Statement

The Council's reported operating result for the year ended 30 June 2014 is a surplus of \$5.167 million compared to a budgeted surplus of \$3.157 million.

The budgeted surplus of \$3.157 million included the following:

- Approximately \$2.2 million of targeted rates collected in respect of the Forsyth Barr Stadium. This income was collected to repay debt, which is not an expense in the Income Statement.
- Approximately \$1.7 million of revenue from targeted rates from our flood and drainage schemes used for capital expenditure that is not an expense in the Income Statement.

- The budget assumed that approximately \$650,000 would be used from the transport reserves to contribute to the cost of public passenger transport. The surplus was therefore reduced by this amount, as the expense was in the Income Statement, but not the income from reserves.

The difference between the budgeted surplus and the actual surplus achieved included the following:

- The budget provided for an irrigation grant of \$1 million to be paid during the year, however no payments were made.
- Grant income received was greater than that budgeted by approximately \$825,000. The difference arose because the budget assumed grant funding would not be received on bus contracts tendered in early 2013 for services commencing on 1 July 2013. Resolution of this matter with New Zealand Transport Agency meant that grant funding was received on those contracts. Council did not need to use reserves of \$650,000, as budgeted, for this purpose.
- Approximately \$700,000 of other gains (revenue) above that budgeted was recognised in the Income Statement in respect of the revaluation of investment properties and changes in the fair value of financial assets held.

5. Statement of Financial Position

The Council's Statement of Financial Position shows total equity as being approximately \$520 million, compared to approximately \$506 million as at 30 June 2013. This difference of \$14 million is made up of a revaluation of Council's investment in Port Otago Limited of approximately \$9 million, and the surplus of \$5 million as discussed above.

6. Audit and Risk Subcommittee

The Audit and Risk Subcommittee has given consideration to the Annual Report and Financial Statements, and has recommended their adoption.

7. Auditors

The Council's auditors are Deloitte, who undertakes the audit on behalf of the Auditor General. Mr Brett Tomkins is the Partner in charge of the audit. The auditors will be present at the meeting to present the audit report.

8. Recommendations

1. That this report be received.
2. That the Annual Report and Financial Statements for the year ended 30 June 2014, together with the report of the auditors, be adopted.

Wayne Scott
Director Corporate Services

REPORT

Document Id: A677209

Report Number: 2014/1487
Prepared For: Council
Prepared By: Chief Executive
Date: 29 September 2014

Subject: **Chief Executive's Report - October 2014**

1. Strategic Plan

All organisations regularly review their strategic direction and ORC is no exception. Over the past 10 months a combination of councillor and director workshops have developed the Strategic Plan which is presented at this meeting for formal discussion and adoption.

The Otago Regional Council has a proven track record of developing sound evidence-based policy which has been well implemented and enforced. That focus remains a cornerstone of Council activity. Notwithstanding the need for the continuation of that activity, the Otago Regional Council, with its strong balance sheet and unique regional focus, has the opportunity to look beyond what are its statutory requirements and consider additional activity which serves the region's future needs.

This proposed Strategic Plan considers ORC's direction over the upcoming 10 years focusing on providing constituents and stakeholders with services that give them clarity and certainty about what ORC expects, information for them to make sound decisions, facilitation to ensure all views are considered, and investment into areas of regional good.

The Strategic Plan is titled '*For our Future*' as ORC operates today to ensure both near and long term benefits for the region.

The Strategic Plan encourages ORC to consider activity outside those that are statutory requirements, and looks to engage with Otago's territorial authorities, Iwi, civic groups, stakeholders, as well as other regional councils to provide an enhanced level of service and cost efficiencies through acting together in partnerships.

Nine key operational and delivery areas are identified which will be the foundation of the Long Term Plan now being prepared.

The Strategic Plan, if adopted, will become a key document of ORC assisting in planning activity and organisational performance.

2. Recommendation

That the Strategic Plan be adopted.

Peter Bodeker
Chief Executive

Strategic Plan

10 October 2014

“For our Future”

A prosperous and sustainable Otago

The Otago Story

Otago has arguably the most diverse landscape found in a single region in New Zealand. There is a timelessness about this landscape which is less evident than in other parts of the country. With its early history of settlement it also has experienced an evolution of diverse land uses. That diversification is continuing today.

Prosperity arises from three principal sources – agriculture, tourism and lifestyle. At times these are complementary, while at other times they can be in conflict with one another. The leaders of the region, therefore, have a challenging task encouraging best and balanced resource use whilst recognising the rights of people to pursue prosperity through their particular jobs and businesses. Those leaders also need to manage the natural resources to create opportunities within their sustainable limits.

Economic data indicates that Otago has recently been growing well compared to other regions, with per capita output being more middle-of-the-pack. However, economic volatility is amongst the highest in the country.

The Otago Regional Council over most of its life, like many regional councils, has occupied itself with a resource management brief with a focus on freshwater quality, hazards and pests, with less consideration for the specific contribution of its work to social, economic, environmental and cultural goals for the region.

This strategic plan signals a somewhat different posture for ORC. Environmental sustainability remains, even increases as a priority, but so also does the active use of natural resources within their capacity to renew (as in the case of agricultural land) or within landscape guidelines (as with mineral exploration and urban expansion). ORC recognises the life-supporting capacity of natural resources and the environment for people and for plants and animals. It is a posture of active resource stewardship.

ORC now sees its role more as enabling development opportunities and unleashing potential to enhance prosperity through readiness planning executed by the use of the tools that it has at its disposal. These include regulation, information, community engagement, science and technical support (in the context of a ratepayer funded organisation). The pursuit of these opportunities would be guided by a long term vision with an emphasis on steady growth of value of the products and outputs of the region. ORC considers the possible rather than solely doing its statutory duty.

The outcome sought is a region known for the quality of its landscape and water, the value of its produce and the careful stewardship of its assets, both natural and human induced. It would be a region that ensures the very best value is gained from the high quality of its assets.

ORC does not see itself pursuing this approach alone. It sees a future of positive engagement with its community and the organisations and enterprises within that community. It sees itself as a partner with the Territorial Local Authorities and Ngai Tahu and as an example that other regions can emulate.

Purpose of the Strategic Plan

ORC is conscious that there is high interest, both nationally and regionally, in regional development. Growth studies are being undertaken around the country, economic development agencies are being integrated regionally and there is strong support for regional or place-based development strategies. We are in an era where regional development is high on the agenda of Central Government.

The purpose of this strategic plan is:

- Establish the case for a stronger regional role for ORC.
- Explore what it could mean to do what is possible, not just what is the statutory requirement.
- Preparatory thinking for the Long Term Plan (LTP).
- Anticipate any Government initiated regional plan that may emerge in the next year or so (as is happening in some other regions).
- Be prepared should economic development agencies be amalgamated as is happening in other parts of the country.
- Define the requirements for regional leadership.
- Assist councillors, the chief executive and directors to clarify and focus their thinking about opportunities for the region.
- Provide clear direction for all concerned, especially staff.
- Help councillors, the chief executive and directors consolidate between them, with the staff of the organisation, stakeholders and the public, what is important and what isn't.
- Help ORC assess what capability and capacity is required to capture opportunities for development.
- Help ORC be seen to be up-to-the-moment in its approach and actions, particularly in light of the fresh demands on regional councils such as with regard to water and biodiversity.
- Help position ORC with its colleague territorial local authorities in terms of responsibilities and expectations.
- Help strengthen ties with other regional councils, particularly ORC's near neighbours Southland, Canterbury and West Coast.

This strategy was developed as an internal ORC document and will be placed on the web site as a reference to be used as required, but most of its content will appear in other statutory documents, particularly the LTP. Through the LTP it will be subject to the normal public consultation processes.

“For our Future”

PURPOSE: To provide direction for all planning and delivery activity and a basis for stakeholder engagement.

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

Goal One

To achieve:
Active resource stewardship

Measurement

- Optimal water use – efficiency, irrigation
- Sustainable land use and water quality
- Ethical mineral use
- Evidence-based decision making
- Effective enforcement of plans, consents and rules

Goal Two

To achieve:
Active regional partnerships

Measurement

- Active and regular engagement with stakeholders
- A well connected ORC working closely with stakeholders and partners
- Strong connections with the Territorial Local Authorities and Ngai Tahu in the region
- Partnerships and common projects with nearby regions, eg. Southland, West Coast and Canterbury

Goal Three

To achieve:
Realisation of new opportunities

Measurement

- An active programme of enablement by ORC around new resource opportunities
- Active interest of private sector parties in opportunities in the region
- Active collaboration with regional TLAs and Ngai Tahu on opportunity identification and advancement

Goal Four

To achieve:
The emergence of a “Brand Otago”

Measurement

- A growing distinctiveness associated with Otago both domestically and internationally
- Association in the public mind of Otago with quality – products, experiences, lifestyle, etc
- Ultimately, that premium value is attached to things “Otago”

Situation

In assessing the situation of Otago it is first useful to make a number of observations about regional development. These are derived from the NZIER report “Regional Economies”, July 2014:

Economic Performance

- Otago is emerging from a period of lower economic performance and is again showing steady growth.
- It is still performing a little below the national average.
- While showing this steady growth Otago’s per capita output is only average.
- Steady growth in productivity is evident.
- GDP per capita and household incomes are both below the national average.
- The regional economy is subject to significant volatility as illustrated in the recent downturn.
- Lower than average unemployment.
- Slow population growth in Dunedin; high growth in Central Otago.
- Weak social cohesion across the whole region – fragmented between coastal and central.
- Otago has a resource-based economy subject to international commodity prices (like Taranaki and Southland), but it also has a significant tourism and tertiary education component.
- Growth in the Otago region can spill into other regions (and vice versa) meaning cooperation can increase the benefits for both.

Opportunity

- An iconic New Zealand region known for its unique landscape, education, mining, heritage and diverse primary production sector.
- A region of economic and social contrasts – Dunedin, Queenstown, Oamaru and many small communities, the lakes and Central Otago, the central high country and the south eastern down lands and coastal forests.
- Strong tourism industry in Central Otago and the Catlins with rapid population and economic growth.
- Varied agricultural industry with the likelihood of this diversity being maintained into the future.
- A national and international profile for some of its products such as wine and fruit.
- Growth in land use intensification.
- Educated and capable workforce.
- Strong community values.

Environment

- A highly prized natural and human-influenced environment.
- Significant biodiversity values supporting an active tourism industry, recreation and environmental services.
- A high level of water quality by New Zealand standards whilst allowing a trend to agricultural intensification.
- Significant mineral deposits, some currently being developed.
- Long coastline with harbour areas – notably Otago Harbour.
- Significant dry land areas in Central Otago.
- Nationally significant mountains and rivers from a sporting point of view.
- Significantly modified rivers from a hydro point of view; significant producer of hydro electricity.

Issues

- Significantly impacted by biosecurity risks such as weed plants, rabbits and exotic diseases.
- Legacy issues in the water management area, specifically the mining rights conversion to the RMA which takes place in 2021.
- The potential for water quality to degrade in the lakes and other areas as settlement increases.
- Geographical and socioeconomic factors limiting the ability to meet required air quality targets.
- There is also poverty and poor well-being in some parts of the region.

Opportunities

- With relatively low agricultural intensification there are significant intensification and expansion opportunities within environmental limits (but revenue will always be dependent on global prices).
- There is a growing global market for quality and for ethical products.
- Irrigation expansion has the potential to significantly increase agricultural production.
- The quality of the regional tourism offering means that there is considerable potential for greater returns from this industry.
- Land and sea based development such as aquaculture, seabed mining and non-quota species harvesting (eg. seaweed).
- The implementation of Plan Change 6A over the next five years will provide a major opportunity for engagement with the rural sector.
- There is significant private wealth in the region in both the City of Dunedin and the Queenstown Lakes areas for potential regional investment.
- The ORC has significant revenue and cash reserves based on its historical stewardship and ownership of infrastructure assets such as the Port of Otago.
- Positive relationships with tangata whenua and potential for co-development projects.

Some assumptions

- ORC is not expecting to be subject to a local body merger in the next three to five years.
- The council is in a sound financial position and potentially has investment funds to facilitate change, however the capital funds are used to offset rates.
- There is improving alignment with regional TLAs.
- There is a need for growth of talent and management of succession in the organisation if it is to achieve its potential.
- ORC is not an economic development agency as such although its actions have economic (and environmental) consequences.
- ORC has a regional development interest across all the wellbeings – social, cultural, environmental and economic.
- ORC's aspirations for regional development and its role in it are not widely known or understood.

Current generic strategic setting of the regional council

- ORC has historically seen itself as a hands-off regional council focusing only on its statutory responsibilities. This continues to be its approach, however management is focusing on a more engaging and customer focused approach to this role and function.
- Plan Change 6A is the only plan in the country that relies entirely on monitoring outputs (effects) with little provision for consenting land use.
- ORC has had a strong focus on rural water and air quality with a low regional and national profile.
- ORC is seen as an environmental regulator with little involvement in economic development.
- To move to a stronger 'opportunities' approach would involve a significant shift from current reality.
- Greater resourcing and development of staff capability and expertise.

Vision

For our Future

A prosperous and sustainable future for Otago

To pursue this vision ORC will:

- Provide direction.
- Be positive and pro-active.
- Focus on opportunities within a framework of sustainability.
- Build active relationships with communities.

About the vision

The region is abundant in natural resources and with a high level of educational attainment, it also possesses considerable human talent. The opportunity for Otago is to release and encourage the intelligent and strategic development of resources in a sustainable manner.

- **Regional leadership** - to take a position of regional environmental leadership in response to signals from government and the community. This implies filling what was perceived as a regional leadership vacuum. Providing resource-based information and making resources suitable and available for use.
- **Internal alignment** – an organisation that is coordinated and internally aligned will be in a strong position to respond to whatever is the requirement. Internal coherence should be the key strategic focus.

- **Parallel development** – showing leadership on how best to achieve convergence of interests. In so doing, to blend environmental enhancement and protection whilst enabling natural resource-based economic initiatives for the prosperity of the region. Linking with others, particularly the private sector that has an economic interest is important. It is important that ORC remains aware of, and attuned to the issues and aspirations of the people of Otago.
- **Framework** – clear and well worked frameworks within which business/community can operate. Plan Change 6A is the most obvious example of creating a framework within which landholders can operate. The emphasis is on clarity and certainty. Economic growth requires business and enterprise development within the framework.
- **Permissive** – within a permissive framework the strategic approach of ORC is to provide an environment that does not define how land users should use their land. For example, a consent is not required to alter land use as long as it operates within the framework. This permissive approach applies across the full spectrum of the regional council’s work.
- **Output-oriented** – the focus is on measuring outputs and outcomes rather than specifying inputs. This especially applies to land use activity, but the principle has a wider application such as healthy warm homes.
- **User responsibility** – in the regulatory environment outlined where there is minimal derogation of private property rights the user has to take responsibility for the outcomes rather than the regional council. It is the ORC’s belief that this will result in better outcomes (compared to those being achieved in other parts of the country), but it requires constant review to ensure it is working.
- **Innovation focus** – the clarity of the framework provides certainty (of thresholds, limits and boundaries) and allows individuals or businesses to innovate within the framework. Innovation can also include measurement of outputs and effects across areas such as water quality, effects of subdivisions, hazards and pests.
- **Tactical risk reduction** – the council can support innovation and the pursuit of opportunity by attempting to minimise risks for businesses operating within the framework. An example of this might be “readiness planning” on the part of the ORC.

Values

- **Future-focused** – that the council is forward-looking and approachable.
- **Honesty** – the council deals with all people on a principled basis. Dialogue within the organisation is clear and where necessary, frank and courageous in the search for options and solutions. Honesty includes integrity and openness.
- **Ethically-based** – the council as a significant influencer in the community will act ethically, considering both the needs of a community as well as the specific situation of an individual.
- **Evidence-based** – that council decisions are based on evidence and data as much as possible to blend legitimate political preferences reflected by councillors with factual evidence.
- **Boundaries** – that the boundaries, constraints and limitations on what the Council can do are clear and respected.
- **Flexibility** – whilst the council must operate within boundaries, within those boundaries the council should be nimble and able to respond to diverse demands.
- **Efficiency** – that efficiency of delivery is highly valued with a strong focus on doing what has to be done to complete the job. Less reacting, more forward planning.

Themes

This strategic plan needs to be placed in context. That context is how people in Otago might see its future. Otago is a region of contrasts which can be depicted in the following way:

- **Remote, yet cosmopolitan** – the landscape is large and extensive. There are parts of it that remain remote from civilisation. The experience of remoteness, or even just the thought of it, is also part of the charm of Otago. Yet Otago has an international culture – especially Queenstown.
- **Rural, yet highly urbanised** – Otago is rapidly urbanising in Queenstown, Wanaka and Arrowtown, with a traditionally urbanised city of Dunedin yet some of the small rural towns are still depopulating.
- **Traditional, yet modern** – there is a strong social fabric across the region based on traditional values. There is also leading education, science and innovation.
- **Rapidly changing, yet retaining value** – the region is in a state of growth and change and yet it manages to retain its heritage and values.

The region is characterised by different dimensions of its economy such as environment, heritage, agriculture, tourism and lifestyle – which can conflict and compete with one another.

This tension is evident in many areas – city fringes encroaching into rural areas, development of lifestyle blocks on agricultural land, opposition to irrigation development because of the desire to retain the traditional brown landscape so characteristic of Central Otago, preservation of pristine rivers whilst agriculture expands, the expectation from those who have their ‘piece of paradise’ that others can’t do the same, the challenge of pest control using traditional methods when dealing with urban values, the divergent views on how natural landscape changes should be controlled.

The tension is more marked in the interior but is also evident throughout the region. Besides the development tension between primary and tourism/lifestyle, there is also a strong preservation theme running through the region focusing on landscape, rivers and biodiversity.

The two growth industries – tourism/lifestyle and primary - make roughly the same contribution to the regional economy. Broadly they are compatible but butt up against each other at their boundaries. For example, some agriculture is seen as production and commodity driven, such as dairying in Central Otago. On the other hand, wine growing in the Gibbston Valley, deftly blends both agriculture and lifestyle values to make for a very successful industry (and sub-region).

Three themes

Three themes depicting the development areas of Otago are illustrated in the bubbles below. One is a future dominated by agriculture, another dominated by tourism/lifestyle and the last by preservation of heritage and environment. In the real world these interact positively and negatively:



These three themes are a way of looking at the current face of Otago and are at times complementary and at times bump up against each other. For example, agriculture impacts environment through irrigation, and lifestyle impacts agriculture with increasing urban demand engulfing agricultural land. The more important question is whether one of these scenarios might dominate. If not, and all three are of roughly equal weight, then how is the relationship between them to be managed? How are agricultural priorities set, mindful of landscape and tourism considerations and vice versa?

This strategic plan tries to be purposeful about how these possible futures interact to ensure that the best combination is achieved for the region.

Strategic Focus

Goals

Within this context there are four goals. Their purpose is to achieve:

- a. **Active regional partnerships** – the complexity of the situation demands thoughtful and effective leadership with a strong enablement flavour across the region and within ORC, based on establishing trusted and long term partnerships.

What will achievement of this goal look like:

- Active and regular engagement with stakeholders.
- A well connected ORC working closely with stakeholders and partners.
- Strong connections with the Territorial Local Authorities and Ngai Tahu in the region.
- Partnerships and common projects with nearby regions, eg. Southland, Canterbury and West Coast.

- b. **Active resource stewardship** – getting the best from Otago’s natural resources for development, and from ORC’s own resources including staff skills, political leadership and ORC’s strong balance sheet to make it happen.

What will achievement of this goal look like:

- Optimal water use – efficiency, irrigation.
- Sustainable land use and water quality.
- Ethical mineral use.
- Evidence-based decision making.
- Effective enforcement of plans, consents and rules.

- c. **Realisation of opportunities** – encouragement of new opportunities, especially those related to natural resources.

What will achievement of this goal look like:

- An active programme of enablement by ORC around new resource opportunities.
- Active interest of private sector parties in opportunities in the region.
- Active collaboration with regional TLAs on opportunity identification and advancement.

- d. **Emergence of a Brand Otago** – the unique profile and potential benefits from the region’s unique character: a tourism and lifestyle destination, an educational destination and a food producer.

- A growing distinctiveness associated with Otago both domestically and internationally.
- Association in the public mind of Otago with quality – products, experiences, lifestyle, etc.
- Ultimately, that premium value is attached to things Otago.

Approach and style

Characteristics of the current approach are:

- **An outward focus** - ORC has a history of remoteness from its community and has had an ethos of ‘just getting on with the job’. In the future the focus will be both nationally (Central Government) and locally (local leadership and connection).
- **Engaged** – ORC’s style has historically been reactive and as a result it is believed that opportunities have been missed. Engagement is seen as stretching from simple connection through to partnership involving local authorities, institutions (research, education and others), neighbouring regional councils and civic and community groups.
- **Leadership** – not dominating rather, leading from behind, professionally and technically competent.

- **Maori** – this is an area where ORC has historically had a tenuous connection. This connection is being strengthened but can offer more by way of shared values and common participation in activities and projects.
- **Evidence-based** – there will remain a strong technical focus in the organisation with active compliance. ORC will continue to be a go-to organisation for solid reliable information about natural resources and the environment.
- **Identity** – ORC will be better known and understood so that others can collaborate with it and it with them.
- **Value for money** - ORC understands the value of money and how it can be best used.
- **Rural and urban** – the strategy has application in both the rural and urban settings.

It is assessed that broadly there are four types of responses that ORC can make to achieve its goals in the context that it is a public organisation with a specific legislated brief. These are termed enabling functions and are outlined in the following diagram:

Enabling functions



Facilitation - is active engagement with businesses and organisations to advise and assist with entry into or expansion within Otago. It could involve casual advice or long term partnerships for outcomes. The emphasis is on people-to-people contact and engagement.

Investment – involves the application of the resources of ORC and the community into opportunities. This investment could take the form of human knowledge and skill, intellectual property and money. This might also involve readiness activity such as feasibility and investigation work. It also involves encouraging others to invest their own resources in development with a focus on opportunities that may be identified by ORC or partner agencies. It envisages enabling investment rather than equity investment in opportunities. It acknowledges that ORC has significant financial resources that can be used for enablement. Also implied in investment is accountability.

Certainty – involves clarity of regulations and requirements, consistency of rules and their application and a commitment to long term continuity such that businesses and organisations know where they stand. It also involves compliance with these rules in a consistent manner and education of those impacted by them.

Information – involves availability of information about opportunities in Otago and how to take advantage of them and the regulatory framework within which these opportunities can be pursued.

There are also a number of organisational behaviours that would make ORC more effective in achieving its goals. These behaviours are outlined here and operate within a framework of a commitment to getting better at what we do as an organisation:

- **Clear governance**

- Well-informed councillors.
- Councillors willing to give leadership and strategic direction.
- Expression of a clear regional voice in the Council's areas of responsibility and expertise.
- Clear lines between governance and management.
- Single and non-dissenting voices on key directions.
- Clear view of Central Government policies.

In seeking to bring together a strategy at this time the councillors are seeking to provide direction to the organisation and the region. Whilst they have different interests and priorities, they are able to resolve them within the broad strategic framework contained in this document.

- **Clear purpose**

- Well-formed priorities for allocation of resources that are well established in the minds of staff, constituents and stakeholders.
- Broader reach across the rural and urban sector.
- Broader focus incorporating biodiversity as well as land and water.

Currently ORC is relatively invisible. It is seen as a largely technical organisation focused on rural water issues. There is a need to broaden and sharpen its purpose and priorities.

- **Human capability**
 - Gradually raising staff capability across all specialities with the ability to engage community and give leadership.
 - Effective succession.
 - More technical expertise.
 - A place where good governors want to be part of the governance team.

- **Policy consistency**

Regulatory frameworks need to be clear and consistent over time (and with TLAs) to create certainty, but within them there needs to be a permissiveness which encourages innovation and development. The ORC would also play a role of reducing barriers to development opportunities so that they are easier for people to identify and take hold of.

- **Partnership**

Consolidated, long term relationships outcome focused. Not picking winners but supporting and assisting achievers.

Delivery

To deliver the strategy there are nine areas of focus proposed. It needs to be borne in mind that this does not necessarily cover all the areas of operation of the council. It is not a list of statutory responsibilities, but a list of strategic priorities. Most of the current activities of the ORC should be covered, however.

I. Land use change

Context

- Land use change is a response to many different factors including economy and social preferences.
- There are optimal land uses relative to environmental and social outcomes.
- Land use and conflicts between land uses can have negative impacts on the environment and people's enjoyment of it.
- They can also impose unnecessary costs on individuals and communities.

The opportunity

- To encourage and incentivise land use that optimises benefits for development whilst maintaining landscape and heritage values.
 - Economic activities using natural resources are encouraged and only constrained to the extent necessary to ensure that the quality of those resources, and associated ecosystems and ecosystem services are retained.
 - Individual and community wellbeing is assured, and social and cultural connections to natural resources are recognised and provided for.

Approach

- ORC will provide regional leadership around optimal management of land use and development so that negative impacts of activities and conflict between activities are avoided while resources remain available.
- ORC will provide clear definition of appropriate locations for various land use activities and performance standards for those uses, to avoid negative impacts and conflicts.
- ORC will show a preference for location and other control definitions through permitted activity rather than consent controls.
- ORC will encourage creativity and innovation in land management through avoiding unnecessary restriction of individual rights.
- ORC will accept diversity within and between land uses and developments except where special circumstances warrant commonality.

Outcome

Developers of economic activity can readily access water, land, coastal and air resources for land use and development and there are limited and controlled effects that negatively impact the natural environment or reduce people's enjoyment.

Resources required

- Indicative land use plan, collaboratively developed, which provides a vision of optimal land use in Otago.
- Provision of information about natural resources, including quality, extent and location.
- Regional leadership in coordination of managing land use to reduce risk and expression of negative impacts on the natural environment, and conflicts between activities and communities.
- Provision of science, community liaison and policy capability to deliver to this focus area.

II. River and stream form and integrity**Context**

- Semi-braided gravel bed rivers are integral parts of the Otago landscape. They contribute to the region's landscape, heritage and biodiversity values.
- There is a long history of these rivers being used and regarded as readily accessible sources of gravel and freshwater. Those resources cannot be utilised without the potential for effects on river form, character and integrity.
- The risk of damage to public and private property/assets has increased due to land use changes near rivers. At the same time, some of the river engineering practices of the past that the community has become accustomed to are no longer appropriate.
- The optimal balance between resource use, maintaining and enhancing river character and ecosystems and managing the risks of damage to public and private property and assets is not known. It varies from river to river and changes over time due to environmental and human influences.
- Stakeholders accept the need for balance but lack a unified view of the optimal balance and how that should be achieved.
- ORC and stakeholder roles are not defined well. Some stakeholders expect ORC to be more proactive. ORC tends to have a narrow definition of stakeholder.

The opportunity

- Adopt a more holistic approach to rivers that recognises the catchment context and particularly the resource and ecosystem benefits rivers provide both for the maintenance of natural resources such as farmland and the protection of landscape, heritage and recreational values.

Approach

- Develop a shared vision for each river with the stakeholders to it. Identify the values to be preserved and enhanced. Maintain continuity of awareness within the community of that vision and those values and adapt over time as necessary.
- Recognise the breadth of stakeholder interest in Otago's rivers and in doing so extend ORC's reach of consultation. For example, there is a potentially wider base of consultation, incorporating dimensions such as tourism and lifestyle. Consultation may extend outside the region.
- Build and maintain a complete understanding of future demands on gravel (and other) resources across Otago and assess the impact of that on rivers. Establish relationships with end users of those resources (i.e. TAs) and understand their needs (rather than just reacting through intermediaries i.e. contractors).
- Ensure a coherent regulatory framework for decisions that affect the balance between resource use, maintaining and enhancing river character/ecosystems and managing the risks of damage to public and private property/assets.
- Ensure a good fit between ORC and TA rules and between in-river rules and near-river rules.

Outcome

- Rivers that reflect a balance between resource demands including non-tangible demands such as tourism, lifestyle and recreation.

Resources required

- Capability and resources to undertake river by river use planning.
- Science and hydrological input?

III. Water use efficiency

Context

- Demand for water is likely to increase with climate change and the desire for farmers to achieve greater productivity.
- Otago's rivers are a vital part of the landscape and character of the region. They also provide the venue for a wide range of tourism and recreational activities that bring people and prosperity to the region.
- As a result the management of water demand is vital to Otago's future.

The opportunity

- To ensure the best use of water within Otago by involving the community in the decisions made about the use of water, to enable economic growth and diversification of land use.
- In doing so, ORC leads the way in how water use is viewed.

Approach

- Facilitate and review the use of water while still regulating the taking of water.
- Undertake activities that protect the environment while ensuring water is available for users by monitoring the effects.
- Assist in the economic development of the region while still ensuring water use is efficient and the Otago environment is protected.
- Involve water users in deciding the best way to use the water on their properties and encouraging group management of water within areas including the transferring of water amongst the group, and ensuring the wider community has a good understanding of water use.
- Regulation – investigate whether making the use of water a permitted activity while continuing to regulate the taking of water. Also, investigate whether the transferring of water amongst users within a water management group could work for Otago.
- Practice – continue to encourage water management groups to help ensure the water is being used in the most efficient manner while still protecting the environment.

Outcome

That the minimum amount of water required is drawn from Otago's rivers so that they remain a key asset for all relevant economic uses and ensure that they continue to supply the ecosystem services benefits they currently supply.

Resource requirement

- Good water science clearly identifying the effects of water use.
- Policy is developed to meet the community expectations in regard to efficient water use.
- Input is required from engineering, science, natural hazard, community liaison and policy.

IV. Biodiversity

Context

- Public sentiment around the protection and enhancement of biodiversity has strengthened and this is expected to continue.
- The ecosystem services benefits of biodiversity are more commonly recognised and valued.
- ORC alone will never have enough resource to meet all the community expectations with respect to biodiversity.

The opportunity

- To create a comprehensive policy on the approach to the treatment and enhancement of biodiversity that reflects the changes in community values and perspectives.

Approach

- ORC must, as a minimum, undertake activities which maintain indigenous biodiversity (Sec. 30(1) (ga)).
- It will also play a leadership and facilitation role in all aspects of biodiversity from planning, community engagement through to implementation.
- It will also act as the enabler that enables communities, territorial authorities and government agencies to cooperatively deliver biodiversity outcomes.
- The approach may include: community facilitation, advocacy, planning and consent support and co-funding.
- The approach would also recognise that:
 - Biodiversity is place-based within Otago exhibiting different values in different locations.
 - There are areas of named and protected biodiversity in Otago.
 - Biodiversity within Otago provides environmental services for the benefit of those wider than the immediate proximity.
 - Biodiversity is a combined activity between ORC, Central Government, Territorial Local Authorities, civic groups and the wider public thereby adding to community cohesion.

- The approach would ensure that:
 - The role of ORC with respect to biodiversity is clarified and re-defined.
 - The minimum requirement for the Otago region to maintain indigenous biodiversity is identified and achieved.
 - ORC prepares a biodiversity strategy for Otago which becomes an integral part of the ORC's strategic plan and LTP.
 - That such a strategy has a strong ORC-initiated community participatory element in its development and delivery.

Outcome

- The Otago community will know, understand and support ORC's role in biodiversity.
- Biodiversity is seen as having an intrinsic value and is key to ORC's vision which is 'value through quality'.
- That there is significantly increased participation by the community in biodiversity understanding and initiatives.

Resources required

- Professional planning capability.
- Professional policy development skills.

V. Coastal

Context

- Consideration of coastal issues has been a lower priority area for ORC in the past relative to its other responsibilities.
- The coastal and marine area is a difficult area of responsibility for ORC due to the paucity of information linking land use activity with the quality and diversity of the coastal and marine area.
- ORC needs to determine what, if any, activity it will conduct in this space. The role of estuaries and coastal weed beds as a source of juvenile fish stock and for its own kaimoana and recreational fish and shellfish life is increasingly being recognised.
- The increasing marine and marine based eco-tourism industry in and around Otago will demand ORC has a position on many of the relationships between water quality and marine flora and fauna where currently it does not have one.
- ORC has responsibility from an RMA perspective for the coastal and marine environment as far as 12 nautical miles offshore.
- The coastal marine area is a diverse mix of plant and marine life of value to biodiversity, tourism, kaimoana, recreational and commercial fishing and aquaculture interests.
- The coastal marine area is a potential source of minerals and petroleum deposits.
- The coastal environment is of value to the tourism industry as an interface between terrestrial and marine bird species, and marine mammals.
- Land-based activity may have an impact on marine food sources affecting the food chain.

- Coastal erosion is being impacted by climate change.

The opportunity

- To bring consideration of opportunities and potential in the coastal area onto a par with the remainder of the region.

Approach

- ORC reviews and rewrites its Coastal Plan.
- That the plan recognises the development opportunities associated with the coastal environment.
- That the ORC's vision of value through quality is reflected in the coastal plan.

Outcomes

- Greater recognition of the actual and potential benefits to the region in the coastal space.
- A well protected coastal and marine environment.

Resource requirement

- Professional planning capability.
- Professional policy development skills.

VI. Biosecurity

Context

- The physical harm to the Otago environment caused by plant and animal pests could result in land/water degradation, landscape changes and biodiversity threats, and economic loss to the region through the presence of unwanted pests or organisms.
- There are unique biosecurity concerns within Otago which are area specific and this should be recognised ensuring that a blanket approach towards biosecurity is not implemented.
 - Direct flights – risk.
 - New Zealand’s most rabbit prone land.
 - Susceptibility – pristine environment.
 - Rapid spread of wilding pines.

The opportunity

- Realistic and achievable policies are required around these pests.
- Become a leader in developing solutions to chronic pest issues.

Approach

- ORC acts as the regional leader in developing solutions to biosecurity concerns within Otago to benefit biodiversity and protect economic production through:
 - A revitalised pest management strategy.
 - Improved preparedness for incidents or threats.
 - Working more closely with TLA’s.
- ORC identifies how biosecurity concerns effect individual/community assets and natural resources so that solutions can be better targeted by:
 - Clearly identifying a capability network within Otago for rapid response.
 - Implementing a regional response capability network.

- Create solutions for individuals and communities that can be introduced to help them take action on biosecurity concerns within their own areas by developing pest pathway maps and an identification tool box.
- Develop a Regional Pest Management Plan that would give regulatory control and assist with the development of self-help programmes through community groups and individuals.

Outcome

- A higher state of awareness and readiness to be able to respond to any threat in conjunction with other relevant agencies.
- Protection of the Otago environment from economic loss while retaining the biodiversity values and protecting community enjoyment.

Resource requirement

- Leadership capacity at a regional level to develop solutions to biosecurity concerns, present and future.
- Clear communication capability for solutions to aid individuals and communities to help implement them. Pest Plan, self-help programmes.
- Professional expertise and research into the extension of the toolbox available to respond.

VII. Hazards

Context

- There is physical and emotional harm done by hazards, along with unacceptable damage to property resulting from natural hazard events.
- There are low levels of awareness about hazards and levels of risk associated with each of them.

The Opportunity

- To gain recognition of ORC as a centre of excellence in definition of likely natural hazard events and means to reduce negative impacts; and development of thinking to promote resource use and development that accommodates and grows from the disorder associated with natural hazard events.

Approach

- Innovative community measures to define the limit of reasonable modification of future natural hazard events.
- No expenditure on inappropriate responses to managing natural hazard events or impacts of events. Experience only tolerable individual and community cost resulting from natural hazard events.
- Create innovative individual and community responses and reduced costs of negative impacts from natural hazard events.
- Promote a range of responses that recognise increasing risk – from minimum standards to specific standards, and through community response to avoidance.
- Provide clear definition of areas to avoid for vulnerable subdivision, use and development, and set standards to address likely magnitude of natural hazard events elsewhere.
- Rely upon individual capacity to tolerate or modify impacts of natural hazard events, except where support for community response warrants ORC intervention.

Outcome

- Future land use and development that recognises natural hazard risk and is able to accommodate/adapt to the impact of potential events.

Resource requirement

- Provision of regional, and more finely defined, information about natural hazards occurrence, including risk, scale, location and extent.
- Regional leadership in managing to reduce risk and impact of natural hazard events.
- Input to readiness response decision making by TLAs and identify opportunities to engage the private sector.

VIII. Air

Description

- There are significant challenges in the air quality area, particularly in Dunedin and Alexandra.
- The issues are complicated by socio-economic considerations of the affected populations, particularly in Dunedin City.

Opportunity

- To align affected areas with national standards.

Approach

- Focus on specific areas that do not meet air quality standards.
- Undertake a community engagement process to carry communities through the challenges of meeting standards.
- Gain a variation from the NES for air (together with the TLAs).
- Assess whether there are alternative strategies to those currently being pursued.

Outcome

- Be seen as a performer in this area in terms of national standards.
- Equity of outcomes for those involved.

IX. Transport in Otago**Description**

- While there is a well-developed roading network, travel throughout Otago is vulnerable to disruption because of weather events, natural hazards and crashes.
- Conflict between transport modes and actions of travellers reduces travel safety.

The Opportunity

- State highways and local roads, cycle-paths and walkways operate as an uninterrupted single network to enable people to travel for work, education, social and recreation reasons; and freight movement for local distribution and export, thereby mobilising the region to a high level of efficiency and supporting the economy.
- Investment in maintenance of natural and physical resources and amenity values of Otago by the implementation of measures that limit unacceptable effects from the transport network providing value for money.
- Continuous access throughout Otago as a result of well-considered expenditure on the transport network.
- Safe individual and community travel using a variety of connected travel modes, within and between centres throughout Otago, and with the rest of New Zealand.

Approach

- Provide clear definition of valued areas so that they are protected from the effects of use, maintenance and development of the transport network.
- Set standards to address the causes of factors that may have adverse effects on natural and physical resources and amenity values.
- Develop proposals to address safe and efficient transport of people and freight through coordinated transport expenditure achieving a single integrated network.
- Provision for an appropriate variety of transport modes that meet the needs of industry, lifestyle and tourism.

Outcome sought

- People and communities can safely and efficiently access natural and physical resources for social and economic activities, including land use and development, by appropriate transport modes.