

## **Chairman's message**

### **Tena Kotou Katoa. Greetings everyone!**

It's that time of year when councils are seeking your feedback on their plans for the year ahead. This year we are proposing some new activities as well as increasing our efforts in existing programmes. These changes have come about because of legislative requirements, as well as responding to calls from communities to better service them.

These activities include funding a dedicated Otago harbourmaster; increased staffing to meet demand in civil defence and natural hazard analysis, more resourcing to support the implementation of our water plan; and a change in how some of our flood and drainage schemes are funded.

To meet these expectations we will need to increase the general rate for 2016-17 – however, even with this planned increase, ORC still has among the lowest general rates of all regional councils in the country and the lowest by far of regional councils in the South Island.

We are lucky enough in Otago to have a significant asset in Port Otago that returns over \$7 million in dividends to us each year and means we can keep general rates as low as possible. A total of 67 percent of our work is funded by investments, interest, user charges, or grants.

On average, the general rate increase proposed is around \$7.50 per household, but bear in mind rates are directly linked to property value, so the actual increase you see on your bill will depend on this value.

This document explains the work we have planned for this year and the proposed changes from our Long Term Plan. We've broken down our work into key areas of our business and provided the dollar amount the 'average' ratepayer contributes.

This is based on the average property value in the region of \$260,000. The financial section of this document provides more detail on how the changes affect different districts within the region.

The changes put forward in this document are proposals only at this stage - it's important that you let us know what you think of them. So, whether you support or oppose the planned activity, let us know.

**Stephen Woodhead**

**Chairman**

**Otago Regional Council**

## **RIVERS, LAKES AND COAST (\$15.33)**

*Water is central to Otago's social, economic and cultural well-being. It grows our food, powers our business and is highly valued for its recreational uses.*

### **Improving Water Quality**

In 2014 we adopted the updated Otago Water Plan, incorporating new provisions for rural water quality (among other things) which ensures that rural landowners maintain water quality where it is good and improve it where it is poor.

Landowners are looking at their farming practices to see what changes they can make to achieve better water quality.

A key priority over the next few years is ensuring that rural landowners in Otago meet new water quality standards. Our approach to regulating land-based activities allows farmers to manage their land as they choose - provided their activities don't pollute waterways and breach our Water Plan.

We are supporting landowners to meet our standards by investing in new technology to allow for real-time water quality monitoring, through a programme of education and liaison with the community and key stakeholders, and by carrying out monitoring and science work.

To achieve these activities we are proposing an additional \$110,000 of funding in 2016-17.

### **Pomahaka farmers water quality trailblazers**

Farmers in the Pomahaka River catchment in southwest Otago are a great example of communities taking responsibility for improving water quality.

In a catchment where water quality has historically been poor in places, the NZ Landcare Trust, supported by ORC, started the Pathway for the Pomahaka initiative in 2013. This brought farmers and stakeholders together to develop a catchment plan, focussing on ways to improve water quality.

Their collaboration won them joint success with a North Island project as winners of the Story category in the annual NZ River Awards.

Category judge Rebecca Macfie said the Pomahaka project stood out because of the scale of the undertaking, the range of farmers involved (intensive dairy, sheep and beef, and deer), and the group's commitment to restoring the health of their river.

### **Rural water quality rate**

Recognising the effect rural residents' activities have on water quality through the combined impact of stock, fertiliser use, and septic tanks, we have a targeted rural water quality rate that has previously applied to lifestyle blocks 4ha and above.

We propose extending this rate to lifestyle block properties 2ha and above in 2016-17, as these properties are also commonly used in a way which can affect water quality.

There are approximately 2,400 ratepayers in the 2ha to 4ha lifestyle block category, and the median value of these properties is \$455,000. The rural water quality rate for a median valued property is estimated to be \$19.90.

### **Time to refocus on urban water quality**

Cities and towns also have an impact on water quality in our rivers, lakes and coast.

Good progress has been made towards reducing major causes of waterway pollution from wastewater overflows from domestic and industrial systems, but as technology in this field advances, more can be done.

We will be looking more closely at the impacts our urban communities have on water quality in 2016-17. This will involve consultation with the community, city and district councils, iwi, New Zealand Transport Agency, and Public Health South.

A Water Quality Forum is planned with key stakeholders to identify and share information about management of these resources.

The end result will be an Urban Water Quality Strategy complementing the existing rural water quality provisions in the Water Plan, and the development of a Coastal Strategy for Otago.

### **Break out into box**

The scope of ORC's Urban Water Quality Strategy will include discharges of:

- stormwater (on-site and reticulated);
- wastewater (on-site and reticulated);
- hazardous substances;
- from large consented dams to rivers; and
- all discharges to the coastal marine area.

## **Have Your Say**

Do you support the extension of payment of the rural water quality targeted rate to owners of lifestyle blocks in the 2ha to 4ha category?

## **New era for water management in Otago**

Otago has the gold miners of old to thank for many of the irrigation schemes which today power our rural economy.

Many landowners use water from races, dams, creeks, and channels carved out of the original water races dug by the miners. This water use is covered by permits authorised more than 100 years ago, and which expire in 2021, meaning some 500 or so water permit holders across the region will have to re-apply for a new consent to take water.

In 2012, in consultation with our community, we updated our Otago Water Plan to set out how different users should take and share water, and to support our process of setting minimum flows in rivers.

In 2016-17 we'll be continuing our work to support groups of permit holders who are keen to work together to apply for a new consent and manage the water available to them. By working together, irrigators could save on consent costs and will be able to fairly share the water available during times of shortage.

## **Setting minimum flows**

We'll be continuing our work to establish minimum flows and limits on the amount of water that can be taken from our rivers.

Minimum flows are used under the Resource Management Act to control the amount of water taken out of individual rivers. It's the level below which no more water can be taken to protect the values of the river.

It also gives irrigators certainty about when and how much water they take within the parameters of their consent.

In 2016-17 our minimum flow work will include:

- Completion of a change to the Otago Water Plan establishing a minimum flow for the Lindis River;
- Developing options and consulting on suggested minimum flows for the Manuherikia River, the Clutha/Mata Au main stem, and the Queensberry/Pisa aquifers; and
- Consultation on suggested minimum flow and notification of changes to the Otago Water Plan for the Cardrona River, the Waikouaiti River, and the Bengier Burn and Ettrick aquifer.

## LAND AND BIODIVERSITY (\$3.01)

*Otago has some of the most spectacular and iconic landscapes in New Zealand, as well some of the most productive. We want to work with communities to balance the protection of these natural assets with the economic benefit they offer our region.*

### **Wilding conifer management**

Wilding conifers are identified as a pest tree in New Zealand. They detract from iconic landscapes, reduce water yields in already dry catchments, reduce the productivity of pastoral land, and damage environmentally sensitive areas.

The spread of the pest tree is increasing in Otago and will continue to do so without intervention. There are already some community groups in Queenstown Lakes District and Central Otago District - where the wildings problem is most serious - doing valuable work to try and contain its spread.

To help these groups in the management of wilding conifers, we are proposing to provide \$100,000 of funding to community groups working to control the trees' spread.

We are seeking your feedback on two funding options for this:

#### **Option 1** (our preferred option).

A targeted uniform rate that is 50% regionally funded and 50% funded by the most affected districts. The charge per property in this option would be:

Central Otago	\$2.81
Queenstown Lakes	\$1.82
Rest of region	\$0.54

#### **Option 2**

A targeted uniform rate of \$1.07 per property across the whole region.

Be aware that in the future, we may need to provide more funding than the \$100,000 proposed to be spent in 2016/17. The funding option favoured would apply to future years.

A review of Otago's pest management plan will occur in 2017/18, where further control options will be considered.

### **Have your say**

Do you agree that \$100,000 should be provided to community groups working to control wilding pines?

Which option for funding wilding pines do you prefer – Option 1 or Option 2?

## **Biodiversity Strategy**

One of our key priorities in this area is the development of a biodiversity strategy.

Our Long Term Plan consultation process in 2015 demonstrated strong public support for this proposal, and so now we are including it in our Annual Plan. We're looking forward to working with the Otago community to develop it.

When we talk about biodiversity, we mean the management and protection of our land, freshwater, and coastal environments, and the special fish, birds, and insects that call our region home.

We're keen to become more involved in community biodiversity projects in Otago and assist in the protection of important biodiversity areas.

We don't plan to do this alone and want to work with the Government, city and district councils, iwi, and community groups.

We want to lay out a plan through which council-led biodiversity projects and those carried out by community organisations complement each other, and where possible that the community projects are strengthened and enhanced.

## **AIR QUALITY (\$1.23)**

*Like water, air is something we all need to survive. It's our aim to keep you breathing easy by maintaining and improving air quality throughout Otago, reducing pollutants that can harm people and the environment.*

## **Otago Air Strategy**

There are parts of Otago where smoke from home heating is affecting the quality of our air.



People's reliance on solid-fuel burners for domestic heating means that many Otago towns have high pollution levels during winter.

The problem is made more difficult by weather patterns which trap smoke and make it difficult to disperse.

Even with the most compliant of wood burners, air quality standards set for healthy living are not always met. These standards are set by the Government, and in Otago, ORC is responsible for ensuring they are met through rules and emission limits in the Otago Air Plan.

We believe that while having clean air is a priority, it's also important that people have warm homes.

To try and achieve both, we will be developing an air strategy for the region - a key part of which is to investigate new technology-based solutions for lowering the emission of smoke particles from solid fuel burners.

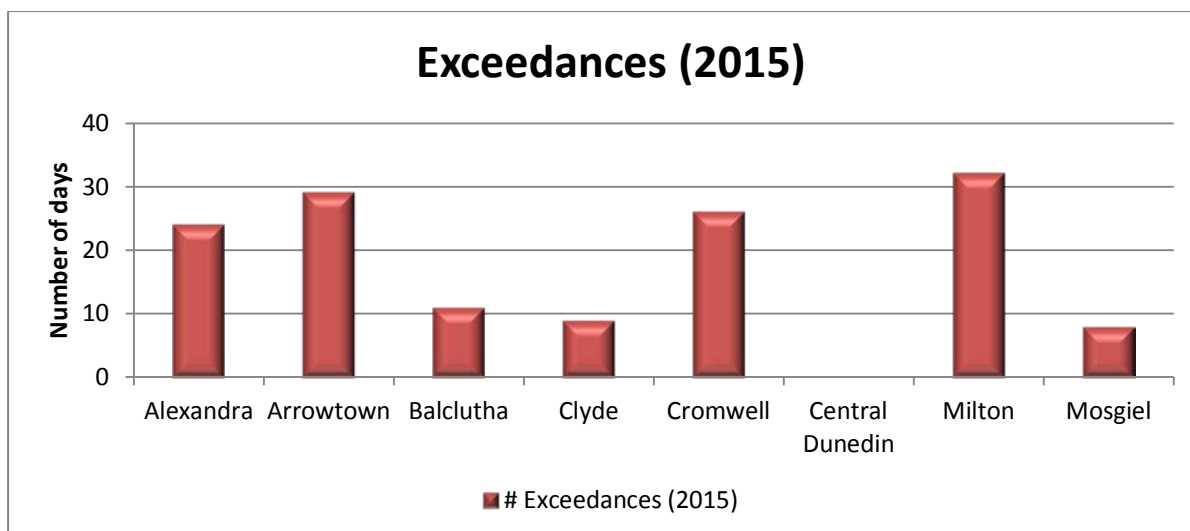
Our goal is to make sure Otago's air is safe to breathe anywhere, anytime.

### **2015 air quality results**

Otago towns generally have good air quality throughout most of the year. In winter, however, air quality in some parts of the region regularly fails to meet the national standard as shown in the graph to the right.

Dunedin consistently met the standard in 2015. We have worked closely with local industries in the city to encourage use of new, more efficient technology to lower their emissions. The increasing popularity of heat pumps for domestic heating may also be contributing to improved air quality in Dunedin.

We are continuing with our Clean Heat Clean Air initiative through which subsidies for low-emission heating appliances are available for Milton, Arrowtown, Alexandra, Balclutha, Clyde, and Cromwell. See our website for details on how to apply.



### Air quality data to be added to LAWA website

This winter, environmental monitoring website Land, Air, Water Aotearoa (LAWA) will display real-time air quality information, meaning you can see how clean the air near you is.

LAWA ([www.lawa.org.nz](http://www.lawa.org.nz)) is a collaboration between regional/unitary councils, the Ministry for the Environment, Cawthron Institute, and is supported by the Tindall Foundation. It is administered from our head office in Dunedin.

The website currently shows water quality and quantity data for lake, river, and beach monitoring sites from around New Zealand, as well as real-time river flow and rainfall data.

Last November the website scooped top honours at the annual Science Communicators Association of New Zealand Awards.

## **TRANSPORT (\$1.22)**

*Keeping Otago moving is important to us, whether it's working with our district and city councils on roading network issues or ensuring our public transport services are accessible and affordable.*

### **Stock effluent disposal**

Stock effluent (or animal waste) spilled on Otago roads and their surroundings can be dangerous to other road users. These spillages can cause:

- Road safety hazards for vehicles, motorcyclists, cyclists, pedestrians, and contractors;
- Potential health risks for those who come into contact with spilled effluent;
- Contamination of land and waterways; and
- Unpleasant smells.

There is a network of six stock truck effluent disposal sites in Otago, on State Highway 1 between Pukeuri in North Otago and Clinton in South Otago.

Next year we are proposing a new initiative, to install a new stock truck effluent disposal site in Central Otago, co-funded by NZTA. This facility will reduce the amount of stock effluent discharging from trucks onto roads.

We will fund our share from reserves so there is no impact on the general rate.

### **Growing public transport in Dunedin and Queenstown**

We provide public passenger transport services in Dunedin and Queenstown to meet the needs of people in these communities. We contract out those services to ensure ratepayers and bus users get value for money.

Our goal is to increase the number of people using the buses, so that over the long-term, the extent to which these services need public subsidy reduces. We're currently working with other regional councils on an electronic ticketing system that will make it easier for bus users to pay on-board our buses.

Dunedin's new bus hub/interchange in the central city will be the place to go to change services easily, top up your GoCard, and get information.

Great King Street between Moray Place and St Andrew Street has been identified as the preferred location for the hub.

There have been delays in establishing the bus hub and electronic ticketing system so approximately \$3.4 million of costs are being transferred from 2015/16 into the 2016/17 year. These costs are funded from the transport reserve and so there is no impact on rating.

### **Have Your Say**

Tell us whether or not you support our plan to install a new stock effluent disposal site in Central Otago in 2016-17.

## **DEMOCRACY AND COMMUNITY ENGAGEMENT (\$9.57)**

Otago Regional Council is governed by 12 councillors, elected by the people of Otago. Your feedback on our plans and policies is important. As well as seeking your views, we also aim to keep you informed of progress towards our goals.

### **Public Information**

We are working on improving accessibility to information held by our organisation.

We are committed to offering open data, which includes improving access to our environmental monitoring data and information on consents held throughout our region.

We get a lot of enquiries from people wanting to carry out activities that may affect the environment. It's our policy to provide the first 30 minutes of advice at no cost.

Enquiries to our consents department have been increasing over the last few years, meaning we need to provide more funding to be able to continue to offer the first 30 minutes for free.

This will mean \$95,000 previously funded from fees and charges will be general rates-funded.

### **Regional economic growth**

Otago has been fortunate to avoid the economic decline suffered by many provincial regions in New Zealand.

We have a stable economy, strongly supported by agriculture, tourism, and technology. We want to make sure our economy remains stable and that opportunities for growth are investigated.

Working closely with our city and district councils, iwi, and the business community, we are proposing a new initiative to fund a regional economic development strategy for our region.

The strategy will identify the key economic drivers for the region, the barriers to achieving economic growth, and how those barriers may be overcome.

A total of \$100,000 has been earmarked from our reserves for this, so it won't affect your rates.

## **Elections 2016**

Local elections turnout in New Zealand has been declining since the 1980s, and has been less than 50 per cent since 1998.

Our region needs representatives who understand the unique issues and opportunities our communities face, and who have the passion to make our region the best it can be.

By choosing to stand in your community or by voting this October, you ensure the right decisions are being made about the issues that matter to you. You will have a direct role in shaping the future of your community.

## **Sponsorship and support**

Since 2008, we have been proud to assist the life-saving work of the Otago Rescue Helicopter Trust as its major supporter, providing \$350,000 a year.

The trust's dedicated rescue helicopter service is on call 24 hours a day every day of the year to attend emergencies across the lower South Island, providing immediate intensive care and life support to the largest geographic area in New Zealand (66,500 sq km).

Our other key sponsorship is of the ORC Water Quality Management Award at the annual Ballance Agri-nutrients Otago Farm Environment Awards. This specialist award recognises excellence in farming practices aimed at improving water quality in waterways. We provide \$13,000 to the Ballance Farm Environment Awards.

## **Regional signs**

Otago consists of Dunedin city and four districts – Waitaki, Central Otago, Clutha, and Queenstown Lakes. To mark Otago Regional Council boundaries, we have earmarked \$150,000 from reserves to put up signs around the region.

## **Have Your Say**

Tell us whether or not you support \$100,000 going towards the development of a regional economic growth strategy and funded from reserves.

Tell us whether or not you support us spending \$150,000 on putting up regional signs.

## **HAZARDS, CIVIL DEFENCE, AND FLOOD AND DRAINAGE SCHEMES (\$6.36)**

*Mother Nature can't be controlled, but we can be prepared for what she might throw our way. Civil Defence readiness and response, harbour safety, and flood and drainage management are all activities we are involved in.*

### **Responding to Civil Defence requirements**

Due to our location and environment, New Zealand faces many potential disasters. In some cases there may be time for a warning. But an earthquake or a tsunami close to land could strike without warning.

All disasters have the potential to cause disruption, damage property, and take lives, reinforcing the need for the Otago region and its communities to be well prepared should such an event happen locally.

One man determined to ensure this is the case is the new manager for the Otago Civil Defence Emergency Management (CDEM) Group, Chris Hawker.

The CDEM Group is a partnership of all local authorities in Otago and is responsible for the planning and delivery of civil defence emergency services across the region, and supporting a national response where required.

Previously with the University of Canterbury, Mr Hawker led the University's response to the September 2010 and February 2011 Canterbury earthquakes.

He will be leading the review and development of a Group plan for 2017-22, which focus on risk reduction, dam failure and the Alpine Fault.

Providing for the welfare of people is a fundamental part of the response to, and recovery from, an emergency. People affected by an emergency will need welfare support including food, shelter, clothing, financial assistance and psychological and social support.

We are required by legislation to now provide a welfare function for civil defence for the Otago region. We have therefore made provision for the appointment of a Welfare Manager /



Emergency Management Officer and we are proposing to fund this through the 2016-17 Annual Plan.

### **South Dunedin sea level rise**

We have been working for some time throughout the region on natural hazard analysis and policy planning to anticipate the effects of sea level rise in Otago. Our collaborative work with Dunedin City Council in South Dunedin is part of this effort.

It includes groundwater monitoring and trend analysis, and helping to develop long-term management plans for groundwater and liquefaction hazards.

In our Long Term Plan for 2015-2025 we signalled that we would lead the development of a natural hazards management strategy for South Dunedin. After discussions with Dunedin City Council, it has been agreed that we will take a support role, providing hazard analysis and participating in the City Council's response to the issue.

Our Annual Plan for 2016-17 includes provision for an additional natural hazards analyst to support our growing hazard analysis work throughout the region.

Our programme includes working with territorial authorities monitoring and providing information on natural hazards, investigating and assessing risks associated with landslide features, known geological faults in Otago, flooding risk in Milton, and between Pukeuri and the Waitaki Bridge.

### **Harbour and waterway safety**

As a regional council, we have responsibilities in harbour safety. Our priority is to ensure harbours are safe for all users, and to be ready to respond promptly to issues as they occur.

We have been reviewing harbour and waterway safety bylaws for Otago Harbour, particularly in relation to navigational safety for commercial and recreational vessels.

To better meet our community's desire for a safe and accessible harbour we are proposing to appoint a dedicated harbourmaster, who will be responsible for:

- promoting and regulating harbour safety;

- making sure navigation aids are kept in good condition;
- responding to incidents reported by the public.

### **Have Your Say**

Do you support funding for a new harbourmaster for the Otago harbour?

Do you support us increasing funding of our natural hazards work?

Do you support us employing additional staff in the civil defence area to meet legislative requirements?

## **Reviewing the public benefit of flood and drainage schemes in Taieri and Lower Clutha**

We manage several flood and drainage schemes throughout the region, which are designed to minimise the impact of flooding on lives and livelihoods. These include three schemes on the Taieri Plain, one in Alexandra, one on the Tokomairiro, one on the Clutha, and one on the Leith in Dunedin.

Households, farms, and businesses within the schemes all benefit from the protection these schemes offer, but there are also benefits for the wider public. Critical infrastructure like state highways, bridges, railway lines and the Dunedin airport are captured by some of these schemes.

Damage to these assets would affect people outside of the scheme's protection area and have a flow on economic impact to surrounding businesses.

Last year ratepayers contributing to the Taieri flood and drainage schemes asked us to review the split between the schemes' public and private benefits. Council agreed to their request, extending the scope of the review to include the Lower Clutha flood and drainage scheme.

The review was carried out by external economic consultants Castalia, who looked at the impact a flood would have on those inside and outside the scheme areas, and considered what the impact on the communities would be if there were no schemes.

They concluded that small, frequent flood events have a higher proportion of private benefits whereas larger, more severe and less frequent events would have region-wide impacts. By protecting against these impacts, the schemes provide wider public benefits greater than what is reflected in our current funding policy.

Based on Castalia's findings, we are proposing to increase the portion of rates the public outside of the schemes' areas contribute. In line with this, we are proposing that \$284,000 of costs associated with the schemes be redistributed to general rates rather than from targeted scheme rates.

This represents a general rate increase of 5.3%, of which we are proposing to spread \$176,000 across approximately 52,000 ratepayers in Dunedin, \$76,000 across about 10,000 in Clutha district, and \$32,000 over the whole Otago region.

The table below shows Castalia's analysis of public versus private benefit ratios, compared to the current way we rate for our flood and drainage schemes.

Scheme	Current public-private ratio	Castalia recommended Public- private ratio
Lower Taieri flood	4 : 96	17:83
West Taieri drainage	0 : 100	8 : 92
East Taieri drainage	0 :100	8 : 92
Lower Clutha flood	2 : 98	16 : 84
Lower Clutha drainage	0 : 100	6 : 94

The table below shows the additional general rates that Dunedin and Clutha district ratepayers are estimated to pay for the flood and drainage schemes in their area.

Capital value	Dunedin additional general Rates	Clutha additional general rates
\$250,000	\$2.54	\$2.98
\$500,000	\$5.07	\$5.97
\$5,000,000	\$50.73	\$59.70

We are seeking your feedback on our proposal to re-allocate funding for flood and drainage schemes in the region. We are also seeking your feedback on whether we should review the allocation of benefits for the Lower Waitaki River Control Scheme.

### Have Your Say

Do you agree with the proposed allocation of benefits for our Taieri and Clutha flood and drainage schemes?

Do you agree that \$284,000 should now be paid for by general rates?

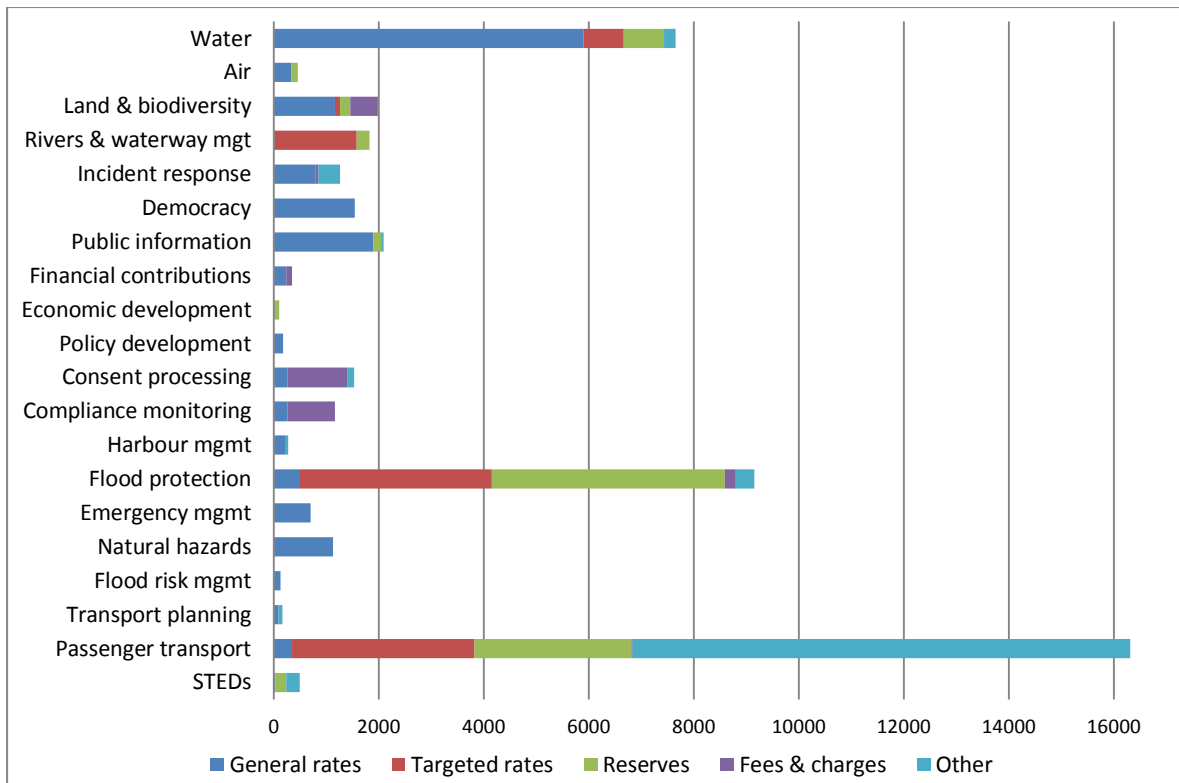
Do you support us reviewing the allocation of benefits for the Lower Waitaki River Control Scheme?



## FINANCIAL INFORMATION

In this section you'll find more detail about the costs of our activities and whether these are funded from general rates, targeted rates, reserves, or fees and charges.

LTP 2015/16 \$000s	LTP 2016/17 \$000s	Activity	Draft plan 2016/17 \$000s
<b><i>Environmental</i></b>			
7,498	7,710	- Water	7,652
440	368	- Air	451
2,085	2,181	- Land	1,982
1,958	1,991	- Rivers & waterway mgmt.	1,821
1,116	1,222	- Environmental incident response	1,262
<b><i>Community</i></b>			
1,375	1,560	- Democracy	1,548
1,934	2,039	- Public info & awareness	2,087
504	361	- Financial contributions	350
-	-	- Regional economic development	100
<b><i>Regulatory</i></b>			
434	152	- Policy development	176
1,860	1,906	- Consent processing	1,531
1,197	1,326	- Compliance monitoring	1,163
319	300	- Harbour management	273
<b><i>Flood protection &amp; control works</i></b>			
8,303	8,481	- Flood & drainage schemes	9,150
<b><i>Safety &amp; hazards</i></b>			
428	520	- Emergency management	702
1,172	1,096	- Natural hazards	1,130
451	462	- Flood risk mgmt.	130
<b><i>Transport</i></b>			
123	129	- Regional transport planning	168
13,988	12,922	- Public passenger transport	16,319
52	64	- Stock truck effluent disposal	495
<b>45,238</b>	<b>44,791</b>	<b>Total Expenditure</b>	<b>48,489</b>



## General rates

The amount of work we need to do is increasing, especially in our water quality, emergency management, and natural hazards areas. Because of this, we need to increase our general rates so that we can provide our community with appropriate levels of these important services.

To pay for our increase in work and the switch from targeted rates to general rates, our proposal is to increase general rates by around \$986,000, taking our general rates to \$6,340,000, compared to \$5,354,000 in 2015/16.

A summary of general rates is shown in the table below:

	Draft Annual Plan 2016/17 \$000s	Long Term Plan 2016/17 \$000s	Annual Plan 2015/16 \$000s
General rates for activities	15,355	14,952	14,541
Switch from targeted rates to general rates (flood & drainage schemes)	284	-	-
Total general rates	15,693	14,952	14,541
Less investment income	(9,353)	(9,352)	(9,187)
<b>General rates payable</b>	<b>6,340</b>	<b>5,600</b>	<b>5,354</b>
<b>% increase on 2015/16</b>	<b>18.4%</b>	<b>4.6%</b>	

Investment income includes a dividend of \$7.4 million that we are expecting to receive from our subsidiary company, Port Otago Ltd.

In Otago we have around 115,000 ratepayers and a 1% increase in general rates equates to \$53,000. That means that a small dollar increase represents a high percentage increase.

In addition to the LTP proposed general rate increase of 4.6% (\$246,000), the impact of switching \$284,000 from targeted rates to general rates has added 5.3% to our general rate requirement.

As discussed earlier, a further 8.5% (\$456,000) is needed for increasing our emergency management and natural hazard resources, and for our water quality work.

Our financial strategy sets out benchmarks for the total amount of general rates we should aim to collect, and how much our rate increases should be. The strategy says that our general rates should not exceed \$6.2 million and that our rate increase should not be greater than 6.9%. Our draft annual plan proposals mean that we will not be complying with our strategy for the 2016/17 financial year.

The table below shows the general rates that we estimate are payable for the capital values shown within each district of Otago.



General Rates	Capital value \$250,000	Capital value \$600,000	Capital value \$4,000,000
Central Otago district	\$39.86	\$71.79	\$381.97
Clutha district	\$40.06	\$72.28	\$385.25
Dunedin City	\$44.64	\$83.27	\$458.49
Queenstown Lakes district	\$36.86	\$64.60	\$334.05
Waitaki district	\$38.20	\$67.82	\$355.49

### Targeted rates

Targeted rates are used where there is a defined area of benefit or group of people that benefit from our work. This year we are proposing two changes to targeted rates which are discussed in the section “*Changes we are proposing to our Revenue Policy*”.

Targeted rates to be collected for the 2016/15 year are proposed as:

LTP 2015/16 \$000s		16/17 Draft Plan \$000s	LTP 2016/17 \$000s
100	Air quality	0	100
507	Water quality	639	604
103	Dairy inspection	129	106
3,296	Transport – Dunedin	3,429	3,427
50	Transport - Queenstown	55	55
0	Wilding trees	100	0
<b><i>River management rates</i></b>			
225	Central Otago District	300	300
225	Clutha District	265	265
150	Dunedin City	150	150
200	Wakatipu	200	200
167	Wanaka	167	167

260	Waitaki District	350	350
<b><i>Flood &amp; drainage scheme rates</i></b>			
399	East Taieri Drainage*	390	439
1,192	Leith Flood	1,275	1,275
585	Lower Clutha*	548	643
668	Lower Taieri*	640	722
145	Lower Waitaki District	145	145
250	Shotover Delta	250	250
60	Tokomairiro	80	80
510	West Taieri Drainage*	488	545
<b>9,092</b>	<b>Total</b>	<b>9,600</b>	<b>9,823</b>

*\*The targeted rates for these schemes have been adjusted to reflect the transfer of \$284,000 to general rates.*

Air quality rate - rather than continuing to rate Airzone 1 and Milton properties, the Clean Heat initiative of providing subsidy for clean heating appliances is now being funded from air quality reserves.

Targeted rates for inspections of dairy farms will increase from \$235 (including GST) in 2015/16 to \$325 in 2016/17. The revenue policy provides for 100% cost recovery through fees and charges from all dairy farms, noting that all farms will have one dairy inspection undertaken during the year. The 2015/16 charge of \$235 was insufficient to recover all costs.

### **Changes we are proposing to our revenue policy**

We are proposing to amend our Revenue and Financing Policy, which sets out how our activities are to be paid for. Details of the changes are presented below, and we welcome your feedback on these.

### **Flood and drainage schemes**

In 2015/16, ratepayers from the Lower Taieri flood protection scheme, and the West Taieri and East Taieri drainage schemes, asked that council undertake an independent economic assessment of the public versus private benefits of the schemes. Council agreed to their request, and decided that the review should also be extended to include the Lower Clutha flood and drainage scheme.

Castalia was engaged to undertake the review, and their recommended allocations of benefits for those schemes are shown in the table below.

Scheme	Current revenue policy	Proposed policy from the Castalia review
Lower Taieri flood	After receipt of rental income:	
	<ul style="list-style-type: none"> <li>• 2% general rates regional</li> <li>• 2% general rates Dunedin City</li> <li>• 96% targeted rates</li> </ul>	<ul style="list-style-type: none"> <li>• 4% general rates regional</li> <li>• 13% general rates Dunedin City</li> <li>• 83% targeted rates</li> </ul>
West Taieri drainage	After receipt of rental income:	
	<ul style="list-style-type: none"> <li>• 100% targeted rates</li> </ul>	<ul style="list-style-type: none"> <li>• 8% general rates Dunedin City</li> <li>• 92% targeted rates</li> </ul>
East Taieri drainage	After receipt of rental income:	
	<ul style="list-style-type: none"> <li>• 100% targeted rates</li> </ul>	<ul style="list-style-type: none"> <li>• 8% general rates Dunedin City</li> <li>• 92% targeted rates</li> </ul>
Lower Clutha flood	After receipt of rental income and contribution from Kuriwao reserve:	
	<ul style="list-style-type: none"> <li>• 2% general rates Clutha district</li> <li>• 98% targeted rates</li> </ul>	<ul style="list-style-type: none"> <li>• 12% general rates regional</li> <li>• 4% general rates Clutha district</li> <li>• 84% targeted rates</li> </ul>
Lower Clutha drainage	After receipt of rental income and contribution from Kuriwao reserve:	
	<ul style="list-style-type: none"> <li>• 100% targeted rates</li> </ul>	<ul style="list-style-type: none"> <li>• 6% general rates Clutha</li> </ul>

district

- 94% targeted rates

The impact of the Castalia findings is to fund an additional \$284,000 of cost from general rates rather than from targeted rates as is being charged under the current revenue policy. This is a general rate increase on 2015/16 of 5.3%.

### **Wilding conifers**

A new initiative to provide a funding contribution of \$100,000 towards the eradication of wilding conifers in Central Otago and Queenstown is proposed. Our assumption is that Central Otago and Queenstown would receive \$50,000 each, but should this change, the rates payable would change accordingly.

### **Rural water quality rate**

In 2015/16 a new rural water quality rate was introduced. At the time the revenue policy was established, consideration was given to those who should be charged the rate. Land owners with rural land use categories on their properties, and lifestyle blocks 4ha and over were charged the rate.

Consideration is now being given to including lifestyle block owners 2ha and above, as these sized properties are commonly used for purposes that can have an impact on rural water quality.

There are approximately 2,400 ratepayers in the 2ha to 4ha lifestyle block category, and the median value of these properties is \$455,000. This group of ratepayers would contribute approximately \$59,000 of the rural water quality rate requirement. Sample rates payable for 2ha to 4ha property owners are shown in the table below.

<b>Capital value</b>	<b>2ha to 4ha lifestyle block rates</b>
\$250,000	\$11.00
\$600,000	\$26.40
\$5,000,000	\$220.00



**Option 1**

A targeted uniform rate across the region of \$1.07 (our preferred option)

**Option 2**

A targeted uniform rate split 50% regionally and 50% in the Queenstown and Central Otago districts

Queenstown: \$1.82

Central Otago \$2.81

Rest of region \$0.54

I don't support Otago Regional Council funding the control of wilding pines

Additional comments:

**Do you support the proposal to increase the portion of rates the wider community pays for flood and drainage schemes by 5.3%?**

Yes

No

Additional comments

**Do you support the proposal to include properties 2-4ha in the rural water quality target rate?**

Yes

No

Additional comments:

**If you have feedback on any of the other proposed changes, let us know your views:**