Council Supplementary Agenda 29 July 2026

Meeting will be held at the Otago Regional Council Chamber, Aonui, 180 High Street, Dunedin, Otago, and live streamed on the ORC YouTube channel.

Members:
Cr Hilary Calvert (Chair)
Cr Kevin Malcolm (Deputy Chair)
Cr Robbie Byars
Cr Chanel Gardner
Cr Neil Gillespie
Cr Matt Hollyer
Cr Gary Kelliher
Cr Michael Laws
Cr Andrew Noone
Cr Gretchen Robertson
Cr Alan Somerville
Cr Kate Wilson

Senior Officer: Richard Saunders, Chief Executive
Meeting Support: Kylie Darragh, Governance Support Officer

29 July 2026 10:30 AM

Agenda Topic — Page

1.1. Rates Review

Prepared for:	Council
Report No.	S&R2618
Activity:	Engineering
Authors:	Brett Paterson (Manager Engineering), Kirsten Tebbutt (Team Leader Planning & Partnerships), Hayley Nicholson (Engagement Specialist)
Endorsed by:	Tom Dyer (General Manager Science and Resilience)
Date:	29 July 2026
Portfolio Leads:	Cr Kelliher and Cr Robertson, Science and Resilience

PURPOSE

[1] To update the Council on the early feedback from the Lower Clutha and Lower Taieri Flood and Drainage Scheme Liaison Groups in respect of the review of rates across the Lower Taieri and Lower Clutha Flood Protection and Drainage Schemes.

[2] To seek the Council's approval to:

- Commence formal consultation under the Local Government Act 2002 and Local Government (Rating) Act 2002 on the Council's preferred option; and
- Consult on the basis of the attached Summary of Information and Statement of Proposal, prepared in accordance with sections 83 and 87 of the Act.

EXECUTIVE SUMMARY

[3] When adopting the 2024–2034 Long-Term Plan, the Council directed staff to undertake further review of rating policies for all flood protection and drainage schemes. This report provides an update on that workstream and summarises early feedback from key groups across the East Taieri and West Taieri Drainage Schemes, the Lower Taieri Flood Protection Scheme, and the Lower Clutha Flood Protection and Drainage Scheme.

[4] At the Non-Public Council Workshop on 11 June 2026, staff presented the modelled options for a refreshed rating approach. The 6 Options considered and the shortlisting process were presented. Option 4 was recommended for the purpose of consultation as it strikes the balance between simplicity for the purpose of understanding and fairness for the collection of rates.

[5] Option 4 and the Status Quo will be included in the consultation material, with the Council's preferred option clearly identified.

[6] Under the Council's Significance, Engagement and Māori Participation Policy 2022 (He Mahi Rau Rika), and consistent with section 83 of the LGA, the Special Consultative Procedure must be used where a decision may significantly affect a community,

including through changes to rates. Staff propose to undertake consultation on the preferred option from 10 August 2026, followed by a hearing of submissions in mid October 2026, to be overseen by four Councillors with delegated authority.

RECOMMENDATION

That the Council:

1) ***Notes** this report.*
2) ***Notes** the Statement of Proposal and the draft consultation plan.*
3) ***Approves** public consultation on the proposed options, noting the Council's preferred option, in accordance with the draft consultation plan, under the Local Government Act 2002, subject to any changes discussed.*
4) ***Delegates to the Chief Executive** the authority to correct any minor typographical errors in the Statement of Proposal as required prior to notification.*
5) ***Delegates** authority to four Councillors to hear submissions on the outcome of the Scheme Rates Review and make recommendations to Council on adopting the confirmed option.*

BACKGROUND

[7] During consultation on the 2024–2034 Long-Term Plan, the Council heard concerns from ratepayers—particularly in the Taieri Scheme areas—regarding the equity and transparency of the current targeted rating approach. In its deliberations, the Council signalled that changes may be required to better reflect the benefits provided by Council assets in these locations.

[8] Flood and Drainage Schemes are typically funded using a mix of:

a. General Rates collected regionally and;

b. Targeted Rates collected from specified ratepayers that benefit from the scheme.

[9] The targeted and general rate setting for each scheme is set out in the Funding and Finance Policy. This review includes the model for collection of flood and drainage targeted rates only; it does not consider the general rate contribution to the schemes.

[10] Staff have progressed this workstream, developed modelled options, and undertaken early engagement with key groups.

DISCUSSION

Process to date

[11] The project has been developed to achieve three key goals:

- Develop transparent and easy-to-understand rating model options.
- Balance technical fairness with administrative simplicity and efficiency.
- Engage stakeholders and support effective and transparent community consultation.

[12] Following a discovery phase to fully understand the existing model, a wide range of options was evaluated against the Guiding Principles in the Council's Revenue and Finance Policy. Key considerations included workability (simple, efficient, transparent,

accountable), fairness (equitable, benefits-based, consistent, incentivised), and sustainability (affordable, intergenerationally equitable, and certain).

[13] These options were then shared with the Lower Taieri and Lower Clutha Liaison Groups and the Mosgiel Taieri Community Board, prior to the Council workshop on 11 June.

[14] A consultation plan has been developed that covers the full project lifecycle.

Consultation Plan

[15] The Consultation Plan (attached as Attachment 2) identifies four key stages of engagement for this project, as follows:

- Early Engagement and Testing (April - June 2026) involved socialising a shortlist of options, and engaging with key groups. The outputs of this early engagement has been set out below.
- Collateral Development (May-July 2026) involves preparing for the consultative stage. This has involved planning consultation activities and developing the collateral that will be used to support planned consultation activities.
- Community Consultation (August-September 2026) involves raising community awareness of the review, and gathering feedback. Methods of engagement include a range of ORC channels (including the ORC website, newsletter, flyers/letters to properties, social media etc), in person drop-in sessions and paid advertising. Feedback will be gathered primarily via an online survey, with hard copy surveys available if required.
- Analysis and Reporting (October-December 2026) analysis of the results of community consultation and subsequent hearings by the project team and then made available to the public through ORC's website. Any changes that have been made to the preferred direction will also be communicated before fully developing and finalising the preferred option. All outputs of this will be made available to the public when complete.
- The final model will then be developed for consideration by Council, and inclusion in the 2027-37 LTP and the associated consultation document.

Early feedback – who we talked to, what they said

[16] Early engagement was undertaken with the Lower Taieri Liaison Group, the Lower Clutha Liaison Group, and the Mosgiel Taieri Community Board. Themes included:

- Desire for simple, logical models supported by examples.
- Interest in middle-ground scenarios and sensitivity testing – the very simple models we considered too coarse.
- Questions about boundary fairness and treatment of edge properties.
- Recognition of differing benefits across East and West Taieri.
- Interest in the role of exacerbators and development behaviour.
- Preference from the Lower Clutha Liaison Group for Option 4, with interest in the general/targeted rate split.

[17] In addition to this targeted consultation, staff have also signalled the intention to undertake a review of the rating approach in these Scheme areas at the following public sessions:

- Balclutha drop in session, 5 August 2025

- Taieri drop in session, 2 September 2025
- Taieri drop in session, 31 March 2026
- Lower Taieri Liaison Group Annual Public Meeting, 22 April 2026
- Balclutha drop in session, 28 May 2026

[18] The feedback themes to date have informed refinements to the modelled options, supports proceeding to formal consultation. As a consequence, staff expect strong engagement and feedback during formal consultation.

Statement of Proposal

[19] The Statement of Proposal (Attachment 1) sets out the options, analysis, and the Council's preferred approach, as required under sections 83 and 87 of the LGA.

Hearings Panel

[20] Formal Hearings conducted by a panel of elected members is an appropriate way to ensure robust consideration of submission points and subsequent decision making. This paper recommends that four councillors are appointed to sit on a hearings panel and to make a final recommendation to council.

[21] Alternatively, Council may choose to appoint an appropriately qualified independent Chairperson for the hearings panel in lieu of, or in addition to Councillor representation.

OPTIONS

Option 1 – Consult on the Council's Preferred Option (Recommended)

[22] This option involves publicly consulting on the Council's preferred rating approach, while also presenting all other modelled options for transparency. Consultation would be undertaken in accordance with the Special Consultative Procedure, using the attached Summary of Information and Statement of Proposal.

Advantages	Disadvantages
• Provides a clear signal of the Council's direction.	• May attract opposition from groups who prefer alternative options.
• Meets statutory obligations under the LGA 2002 and the Council's Significance, Engagement and Māori Participation Policy.	• May attract strong feedback from ratepayers who would see a significant increase in the rates levied on their property under the proposal
• Ensures affected communities can provide feedback on all options.	• Requires additional staff and governance time to support hearings and deliberations.
• Gives effect to a prior resolution of Council which was an expectation of the community.	•

Option 2 – Consult Without Identifying a Preferred Option

[23] Under this option, the Council would consult on all modelled options but would not identify a preferred approach.

Advantages	Disadvantages
• Perceived as more neutral by stakeholders.	• Provides less clarity to the community.
• Allows the Council to consider community views before signalling a direction, which will occur via the 2027-2037 LTP.	• May reduce the effectiveness of engagement, as submitters often respond more meaningfully when a preferred option is identified.
• Gives effect to a prior resolution of Council which was an expectation of the community.	• Still requires the full SCP.
	• Not all options are developed to the same level, further work would be required to develop suitable consultation material for all options. This would delay consultation.

Option 3 – Do Not Proceed to Consultation at This Time

[24] The Council could choose to pause the review and seek further analysis or certainty with respect to local government review before consulting.

Advantages	Disadvantages
• Allows additional time for modelling or engagement with specific groups.	• Delays implementation of a more equitable and transparent rating approach.
• Reflects the present uncertainty within the local government environment.	• Inconsistent with the direction set during the 2024–2034 Long-Term Plan.
	• May create enduring uncertainty for scheme stakeholders whilst local government reform is contemplated at a national level.

SUMMARY OF CONSIDERATIONS

COMMUNITY OUTCOMES

This work aligns with the following community outcomes from the ORC 2024-2034 Long-Term Plan:

Resilience

Otago builds resilience in a way that contributes to community and environmental wellbeing through planned and well-managed responses to shocks and stresses, including natural hazards. The implementation of a targeted rates scheme that is fit for purpose.

ALIGNMENT WITH CENTRAL GOVERNMENT LEGISLATION

There is no specific national policy statement or central government direction that is directly applicable to this work.

The Local Government (Rating) Act 2002 outlines appropriate rating tools. All rating model options considered are consistent with the act.

ALIGNMENT WITH ORC INTERNAL POLICY
There is no specific ORC policy that is directly applicable to this work.

FINANCIAL CONSIDERATIONS
The budget for this work was approved through the 2024-2034 Long-Term Plan and comes from the Council Organisation activity budget.

LEGAL/COMPLIANCE RISK
There is insignificant/minor risk that decisions arising from this report could expose Council to litigation, regulatory non-compliance, or breach of policy/legislation.

REPUTATIONAL RISK
There is insignificant/minor risk that decisions arising from this report could adversely impact Council's reputation or community trust.

CLIMATE RESILIENCE
The impacts of climate-related risks (e.g. flooding, drought, extreme winds, coastal erosion, wildfires) on this work has not been assessed.

CARBON EMMISSIONS
The implications of this work on organisational or regional greenhouse gas emissions has not been assessed.

HE MAHI RAU RIKA: SIGNIFICANCE, ENGAGEMENT AND MĀORI PARTICIPATION POLICY
This work is of HIGH significance as assessed against He Mahi Rau Rika.

ENGAGEMENT WITH MANA WHENUA
There has been no engagement with mana whenua or tangata whenua specifically for this work.

STAKEHOLDER ENGAGEMENT
This workstream is underpinned by a detailed consultation process and communications plan for the impacted community.

COMMUNICATIONS
This workstream is underpinned by a detailed consultation process and communications plan for the impacted community.

NEXT STEPS

[25] The next steps are:

a. Finalise consultation materials – Staff will finalise the Summary of Information and Statement of Proposal in accordance with sections 83 and 87 of the LGA.
b. Commence consultation – Consultation will run from 10 August – 10 September 2026, with materials published on the Council's website and distributed to key stakeholders.

c. Engagement activities – Staff and consultants will continue to undertake targeted engagement with scheme liaison groups, mana whenua, and affected communities to support informed submissions.
d. Hearing of submissions – A hearing will be held in mid October 2026, overseen by four Councillors with delegated authority.
e. Report back – Following the hearing, the Hearing Panel's recommendation will be reported back to the Council for a decision.
f. Engagement for Long-Term Plan 2027-2037 – decisions made by Council will be applied to the draft Long-Term plan.

ATTACHMENTS

1. Flood and Drainage Rating Model Review Statement of Proposal June 2026 FINAL [**9.1.1** - 31 pages]
2. Flood Protection and Drainage Scheme Rates Model Review Engagement Summary [**9.1.2** - 3 pages]

Otago Regional Council

Statement of Proposal

Lower Clutha/Mata-Au and Lower Taieri Flood Protection and Drainage Scheme Rating Model Review

June 2026

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1 Executive summary

Otago Regional Council owns and manages flood protection and drainage schemes in Otago, including the Lower Clutha/Mata-Au and Lower Taieri Flood Protection and Drainage Schemes. These schemes reduce flood risk to land and property, support community resilience, and enable productive use of low-lying land.

The current rating models for these schemes have developed over many years. Some parts of the existing models are based on historical arrangements that are difficult to explain and do not always clearly reflect the benefits different properties receive or the demand different land uses place on infrastructure.

Council is proposing to replace the current rating models for the schemes with a differential targeted rating model. The proposed model is **Option 4 (Differential targeted rate – benefitted properties /exacerbators pay)** as a model that allocates flood protection costs based on benefit zones and allocates drainage costs based on land area and land-use factors that reflect drainage demand.

This proposal is about how the cost of flood protection and drainage schemes is shared between properties. It is not, by itself, a proposal to change the level of service provided by the schemes or to increase the total scheme fundings.

This proposal deals with the method of collection for targeted rate funding for each scheme consistent with Council's current Funding and Finance Policy, it does not propose any change to the current proportion of general rate and targeted funding for the schemes.

Under the proposed model, properties that receive higher flood protection benefits, or place greater demand on drainage infrastructure, would generally pay a higher share of the relevant scheme costs. Properties that receive lower benefits, or place lower demand on drainage infrastructure, would generally pay a lower share.

Council is seeking feedback on whether this proposed approach strikes the right balance between fairness, transparency, simplicity, workability and long-term sustainability.

An indicative rates comparison tool has been developed so property owners can see estimated rates changes for their own property and compare the proposed model with the current approach.

The tool is available online at [insert URL]

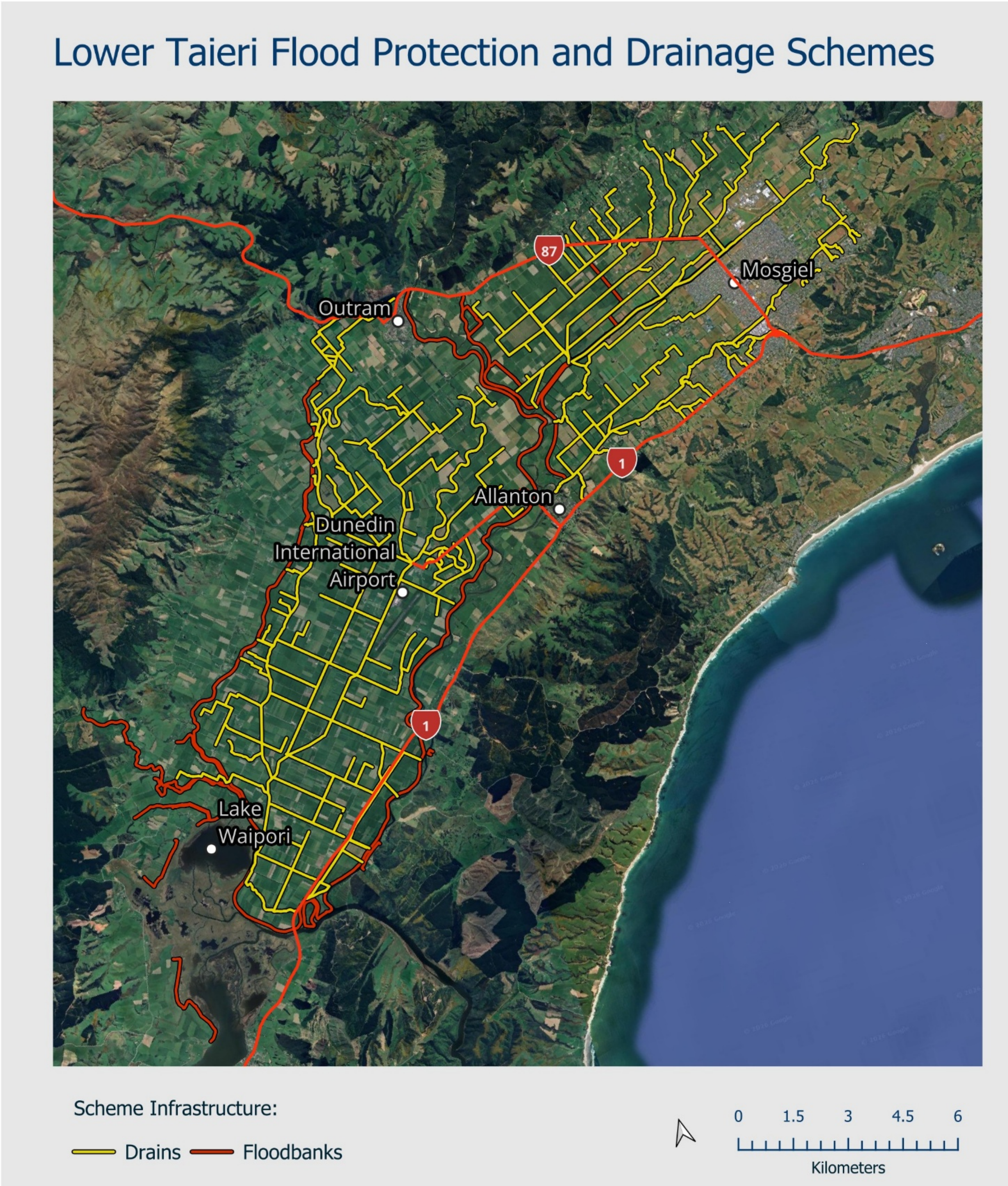


Figure 1: Lower Taieri Scheme Overview

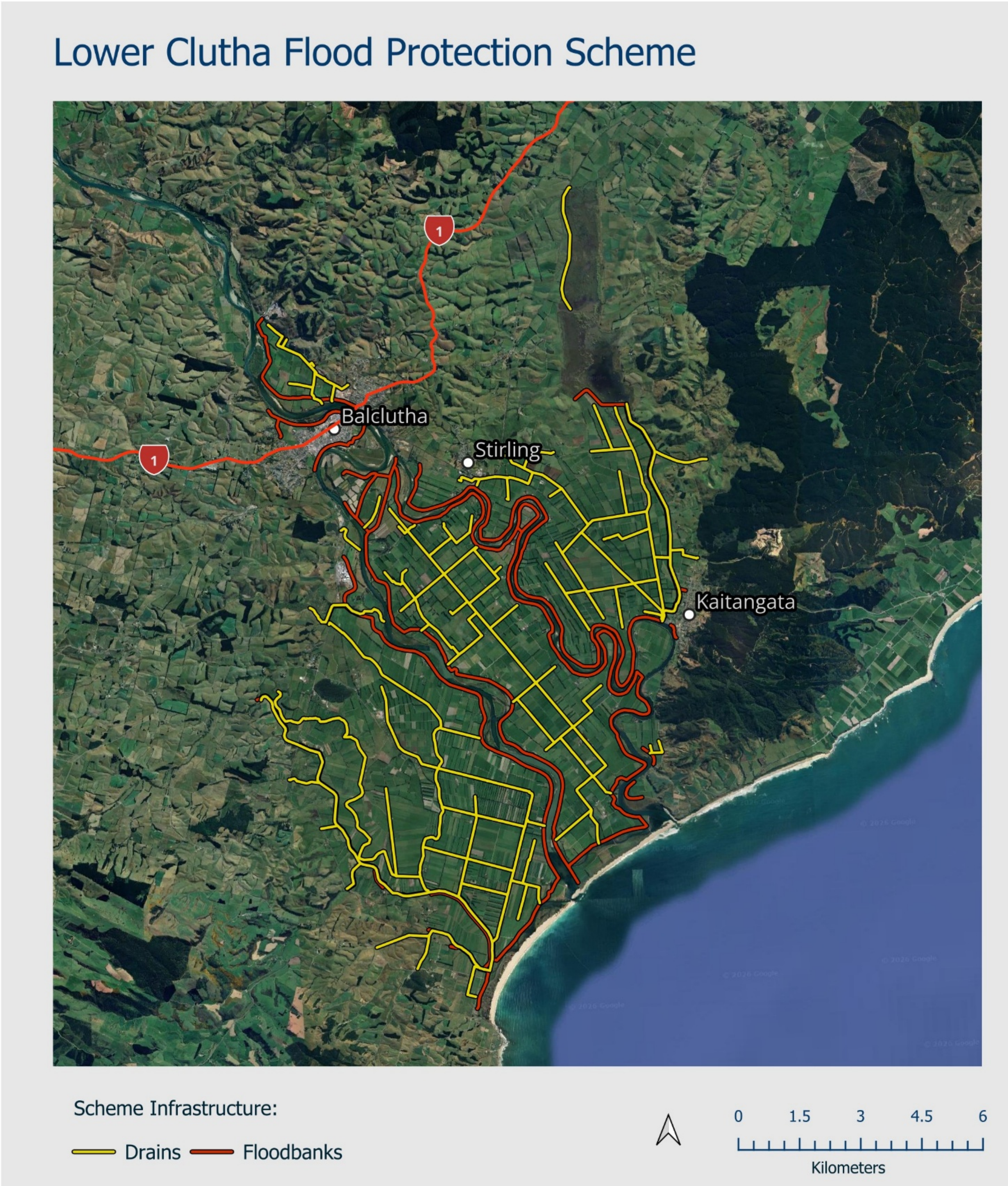


Figure 2: Lower Clutha Scheme Overview

2 About this Statement of Proposal

This Statement of Proposal has been prepared for consultation on the review of the rating model for the Lower Clutha/Mata-Au and Lower Taieri Flood Protection and Drainage Schemes.

Council is using the Special Consultative Procedure under the Local Government Act 2002 for this consultation. For a proposal of this type, the Statement of Proposal should provide a detailed statement of the proposal, the reasons for the proposal, an analysis of reasonably practicable options, and any other information Council identifies as relevant.

2.1 What this consultation is about

This consultation seeks feedback on proposed changes to the rating models for the Lower Clutha/Mata-Au and Lower Taieri Flood Protection and Drainage Schemes.

The review aims to develop a rating model that is transparent, easy to understand, and fair to scheme users, while remaining practical and cost-effective to administer.

Community feedback will help inform Council's final decision and the development of a preferred model for inclusion in the 2027–37 Long-Term Plan.

2.2 What this consultation is not about

This consultation is not a detailed review of scheme levels of service, engineering design standards, or flood bank alignments, unless Council determines otherwise through separate future processes.

It is also not a rates-setting exercise. Final rates will be determined through the 2027–37 Long-Term Plan, Funding Impact Statement, and annual rates resolution processes.

The purpose of this consultation is solely to seek feedback on how the costs of the flood protection and drainage schemes are allocated among ratepayers.

This proposal deals with the method of collection for targeted rate funding for each scheme consistent with Council’s current Funding and Finance Policy, it does not propose any change to the current proportion of general rate and targeted funding for the schemes.

2.3 The Proposal at a glance

What	How
Preferred option	Option 4 - differential targeted rate based on properties that benefit from flood protection and land-use that places differing demands on drainage infrastructure.
Flood protection	Use benefit zones identified through flood modelling and apply a capital-value-based targeted rate to reflect protection of assets.
Drainage	Use a land-area-based targeted rate, adjusted by land-use/exacerbator factors to reflect relative drainage demand and runoff.
Implementation timing	Intended to inform the 2027-37 Long-Term Plan.
Rates calculator	An online calculator will show indicative property-level impacts.
Consultation period	Consultation opens on Monday 10 August 2026 and closes at 11:59pm on Friday 11 September 2026.

3 Scope

This proposal covers the rating model for the following flood protection and drainage schemes:

- Lower Clutha/Mata-Au Flood Protection and Drainage Scheme
- Lower Taieri Flood Protection Scheme
- East Taieri Drainage Scheme
- West Taieri Drainage Scheme

3.1 Lower Clutha/Mata-Au Flood Protection and Drainage Scheme

The Lower Clutha flood protection and drainage scheme is in place to protect an area of approximately 9,300 hectares and includes:

- 110 km of floodbanks
- 153 km of open drains
- 189 culverts
- Five pump stations
- Four bridges

The scheme plays a vital role in managing flood risk and ensuring productive land use in the Lower Clutha area in Otago. The scheme extends from four kilometres north of the Balclutha township and ends at the sea. It was built over several decades between 1960 and 1991 to protect the towns of Balclutha, Kaitangata and Stirling as well as low-lying farmland.

The Clutha River/Mata Au is the second longest river in New Zealand, and the largest by mean flow. Its headwaters are in the Southern Alps above lakes Whakatipu, Wānaka and Hāwea. The Clutha River splits into two just downstream of Balclutha. Between 60% and 70% of the flow goes down the Koau Branch and 30% to 40% down the Matau Branch. Between the branches is an island called Inch Clutha – at the top of this is a floodway (an area designed to carry floodwaters when the river level rises).

The scheme comprises both flood protection and drainage assets. Flood banks around the Clutha River, and other tributaries, prevent water from flooding onto low lying land. A comprehensive network of drainage infrastructure, including pumps, channels, and culverts, is in place to manage internal runoff and maintain arable land conditions.

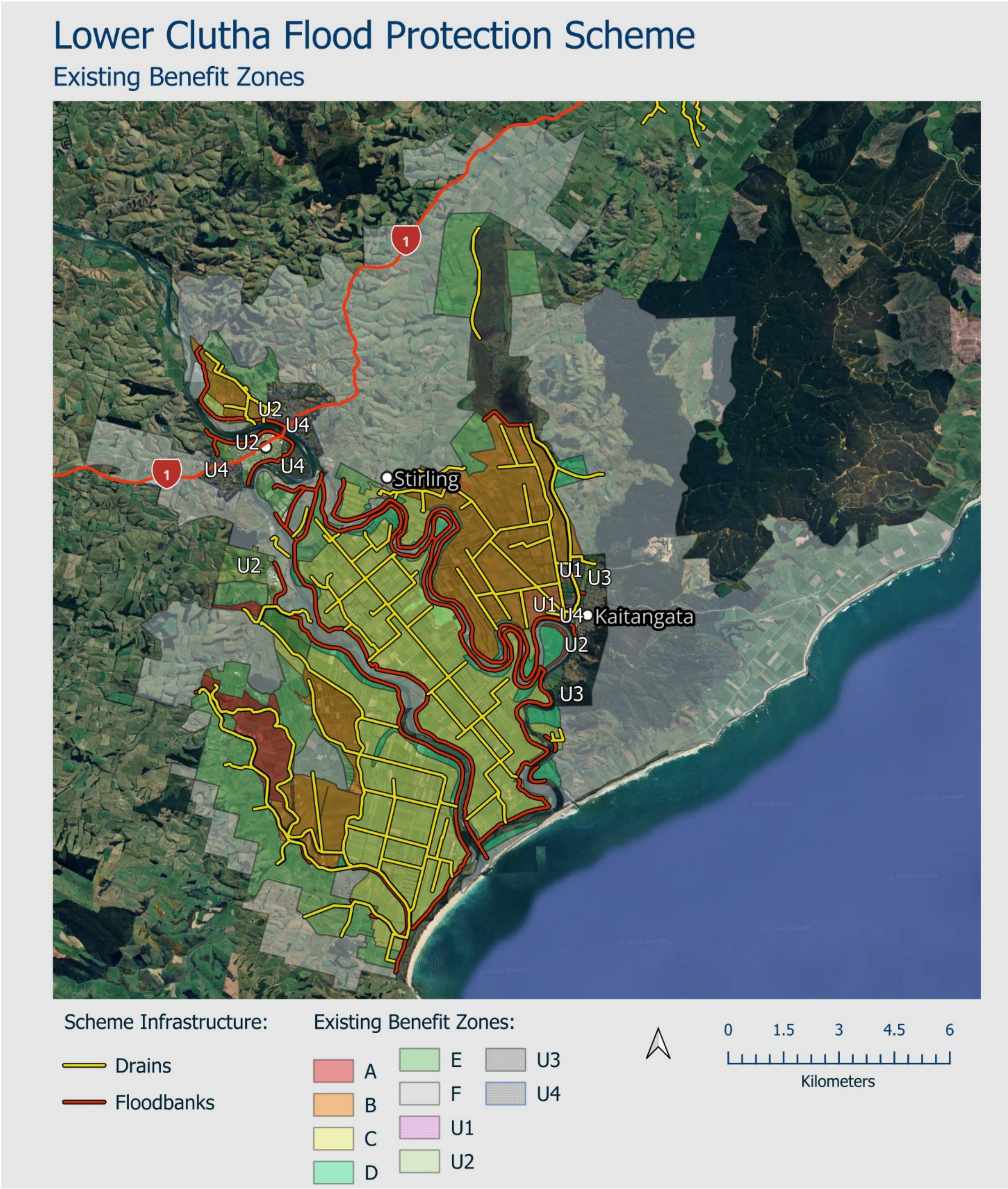


Figure 3: Lower Clutha/Mata-Au Flood Protection and Drainage Scheme – existing boundaries and benefit zones

3.2 Lower Taieri Flood Protection and Drainage Schemes

The Lower Taieri Flood Protection Scheme, East Taieri Drainage Scheme and West Taieri Drainage Scheme outlined below is in place to protect an area of approximately 25,900 hectares and includes:

These schemes include the following infrastructure:

- 272 km of open drains
- 107 km of flood banks
- 106 culverts
- 6 pump stations
- 21 bridges

3.2.1 LOWER TAIERI FLOOD PROTECTION SCHEME

The Lower Taieri Flood Protection Scheme mitigates the risk of flooding to the Taieri plain, including the townships of Mosgiel, Outram and Henley. It also protects critical infrastructure such as key transport routes (state highway and railway networks), Dunedin airport, electricity and three waters infrastructure.

Along with the East and West Taieri drainage schemes, the Lower Taieri Flood Protection Scheme was the first to be developed in Otago – works started in 1870. It is a complex network affected by many rivers. The scheme uses ponding areas to detain peak flows and ease pressure on the schemes downstream, minimising the risk that the schemes will fail. Silver Stream, Waipori River and the Ōwhiro Stream are tributaries to this lower portion of the Taiari/Taieri River.

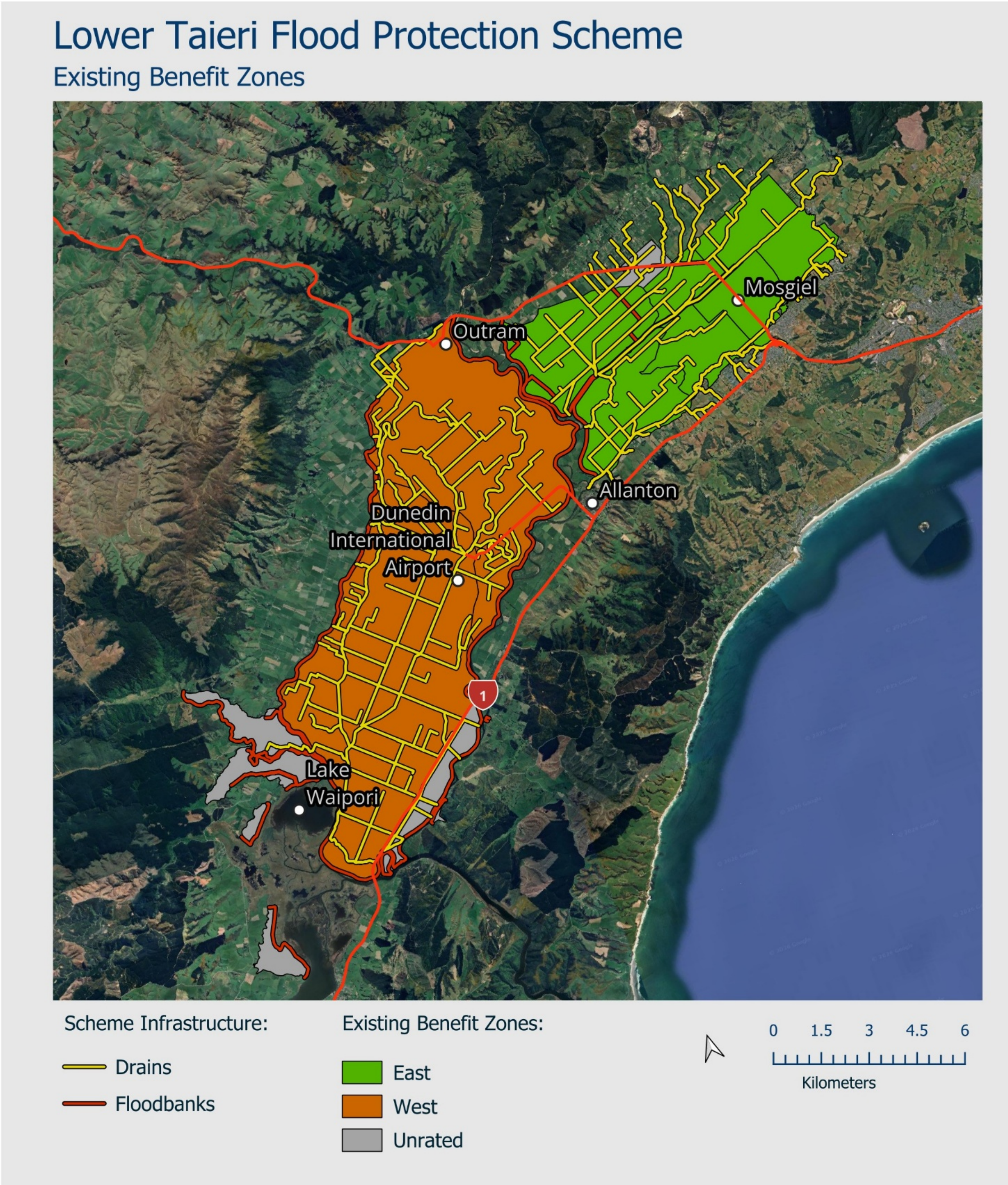


Figure 4: Lower Taieri Flood Protection Scheme – existing boundaries

3.2.2 EAST TAIERI DRAINAGE SCHEME

The East Taieri Drainage Scheme is split into two areas by the Silver Stream, which flows south-west across the Taieri Plain. Drains on the northern side of the Silver Stream generally flow toward what is called the Upper Ponding area.

Drains on the southern side of the Silver Stream flow toward the Lower Ponding area. When the flow of the Taiari/Taieri River is low, these drains flow out to the river by gravity. Gravity gates close and pump stations are used when flows in the Taiari/Taieri River are high.

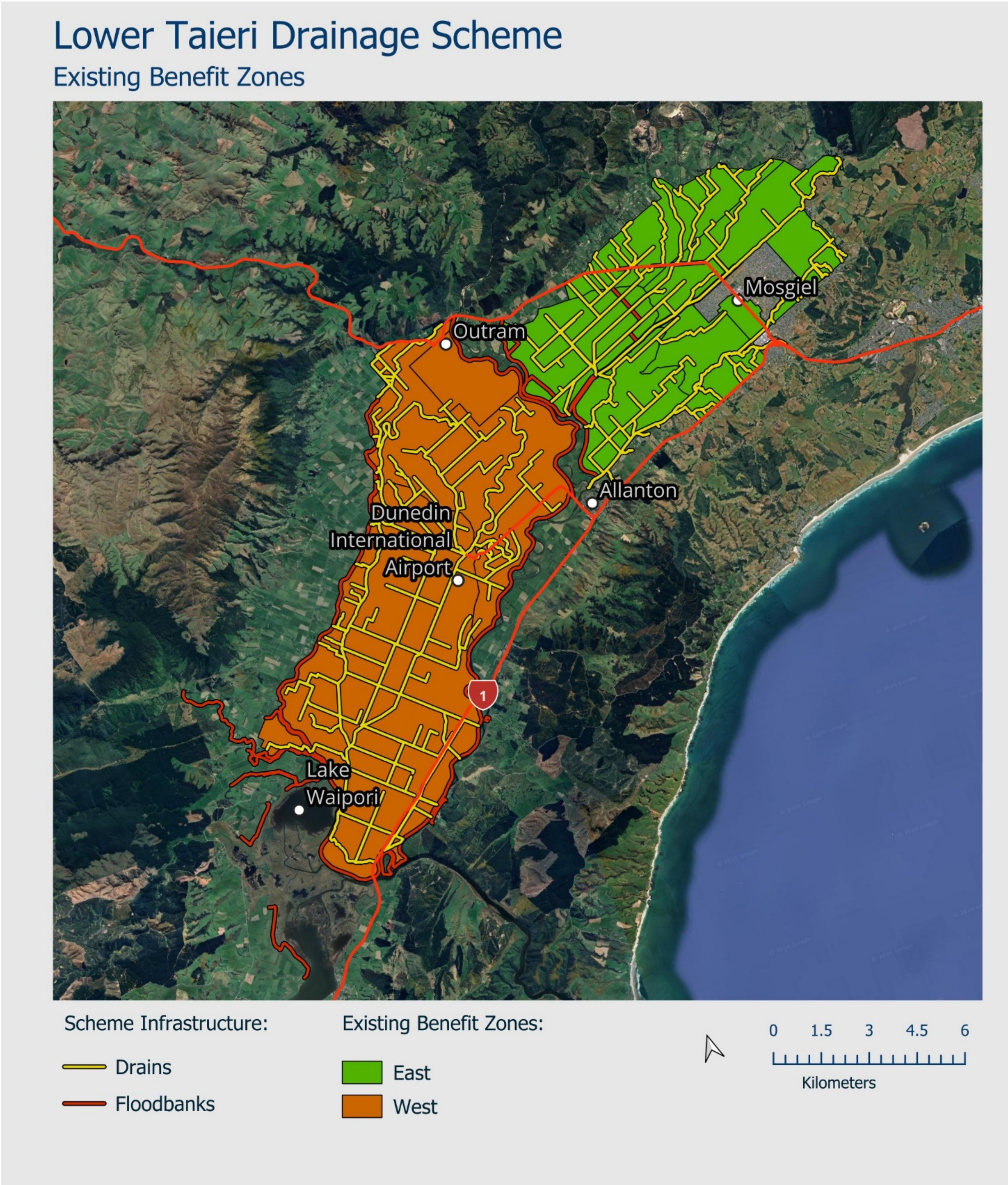


Figure 5: Lower Taieri Drainage Scheme- existing East and West boundaries

3.2.3 WEST TAIERI DRAINAGE SCHEME

The West Taieri Drainage Scheme drains part of the Lower Taieri Flood Protection Scheme – the area bounded by the Taiari/Taieri River, Lake Waipori and the West Taieri Contour Channel. A small part of this scheme lies in the Henley Floodway.

The West Taieri area differs from the other drainage scheme areas in that water must be pumped out – gravity cannot be used to drain water out of the scheme because a significant portion lies at or below 1 m of sea level. Pump stations at Waipori, Henley and Lake Ascog are used to drain the scheme.

3.3 Activities and costs covered

The proposal is intended to apply to targeted rates used to fund flood protection and drainage activities for all of the schemes. The proposal has not included a review of the current proportion of general rate and targeted funding for the schemes set through Councils Funding and Finance Policy.

3.4 Properties and boundaries covered

The proposal applies to rating units within the relevant scheme rating areas and any additional areas Council proposes to include because they receive benefit from, or place demand on, the schemes.

The below maps outline the areas where boundary changes have been proposed.

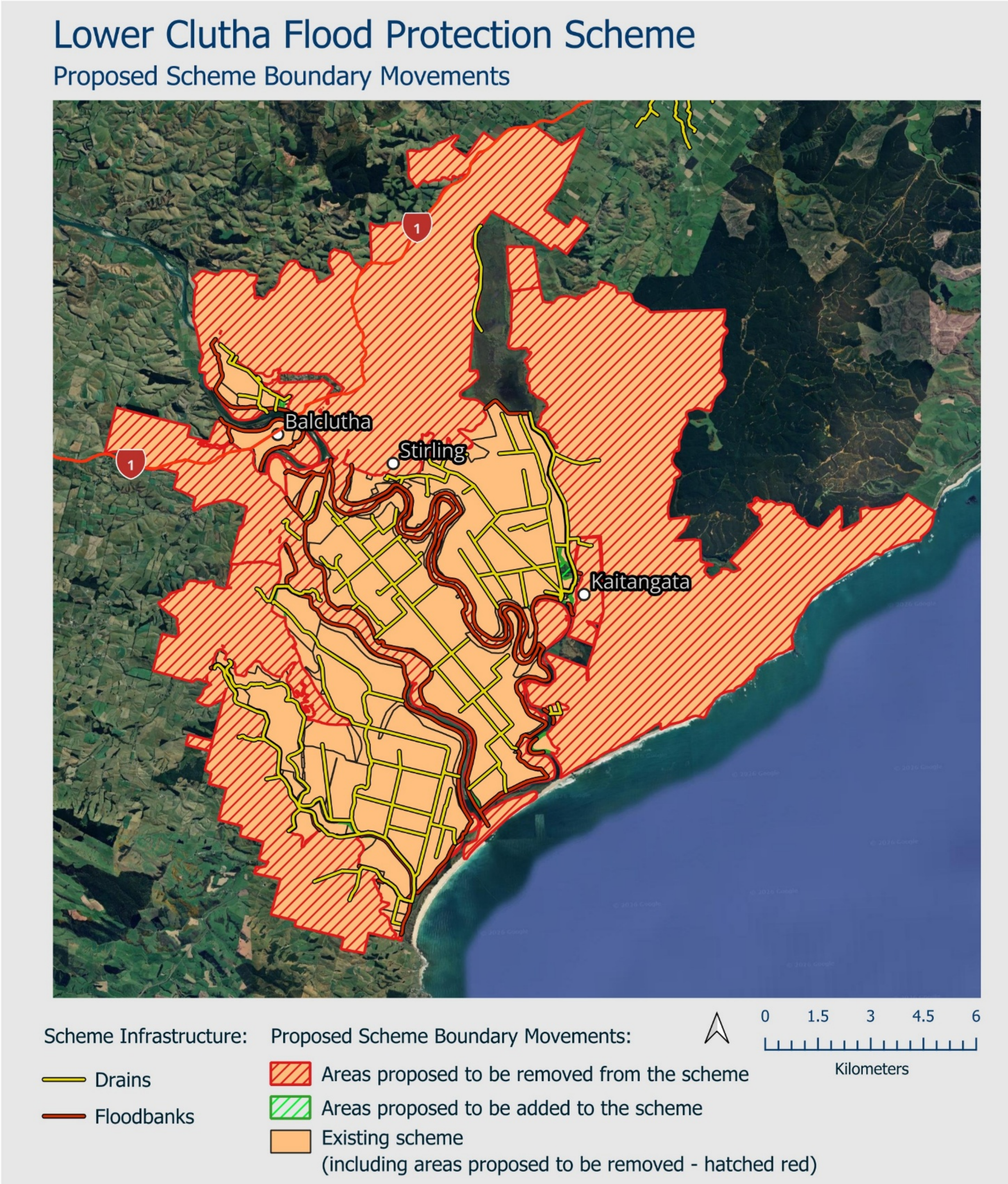


Figure 6: Proposed scheme boundary changes to Lower Clutha Flood Protection scheme

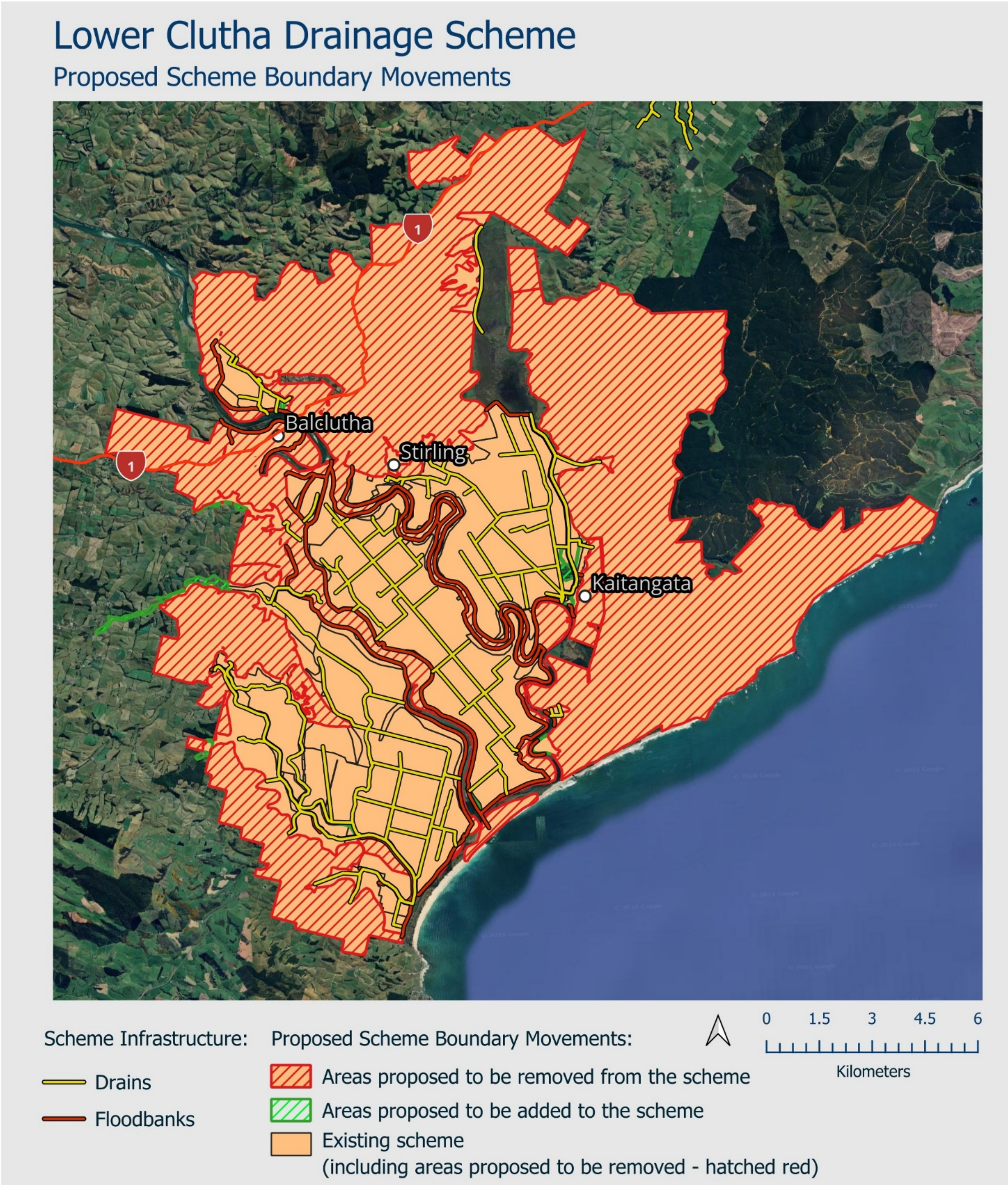


Figure 7: Proposed scheme boundary changes to Lower Clutha Drainage scheme

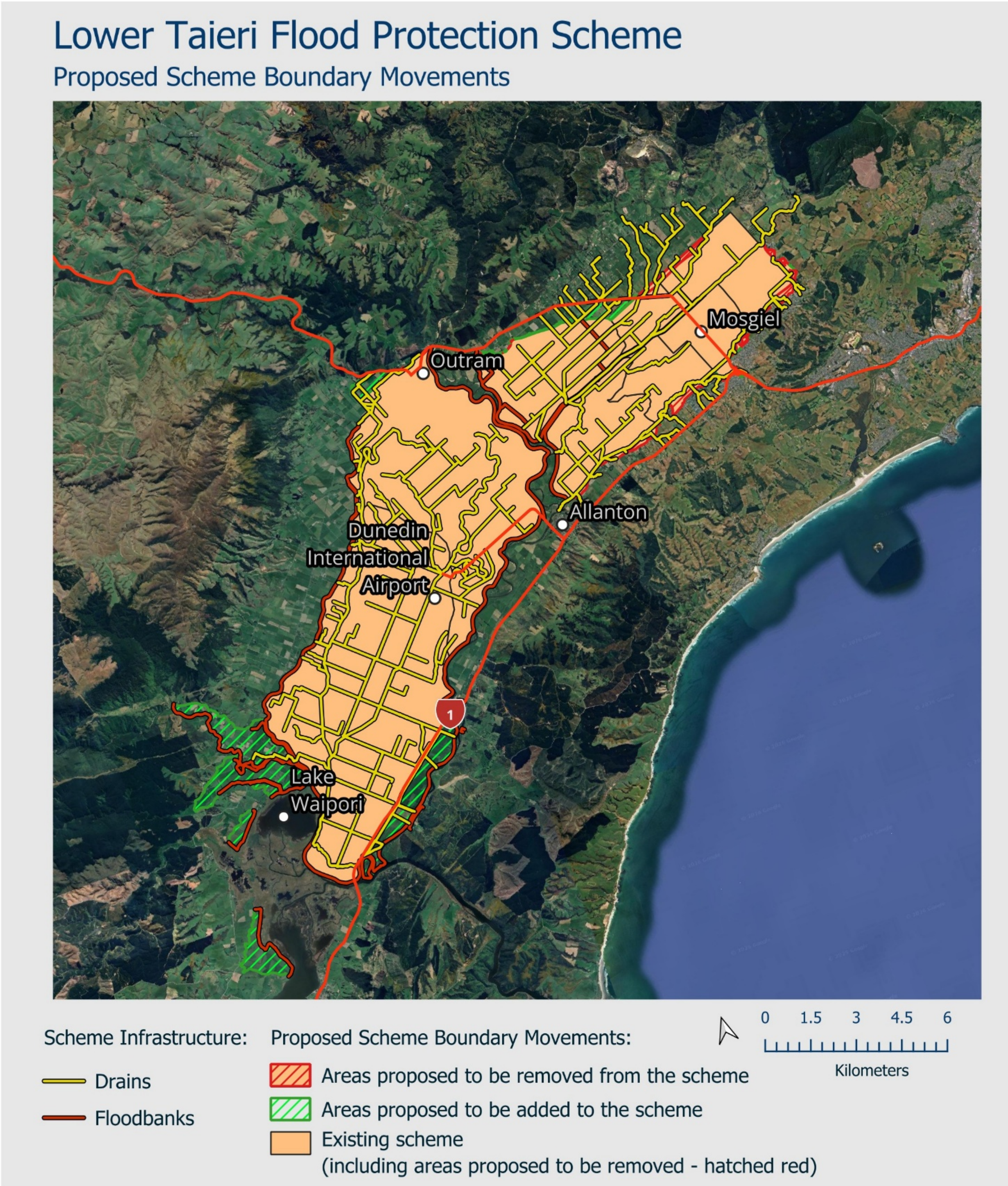


Figure 8: Proposed scheme boundary changes to Lower Taieri Flood Protection scheme

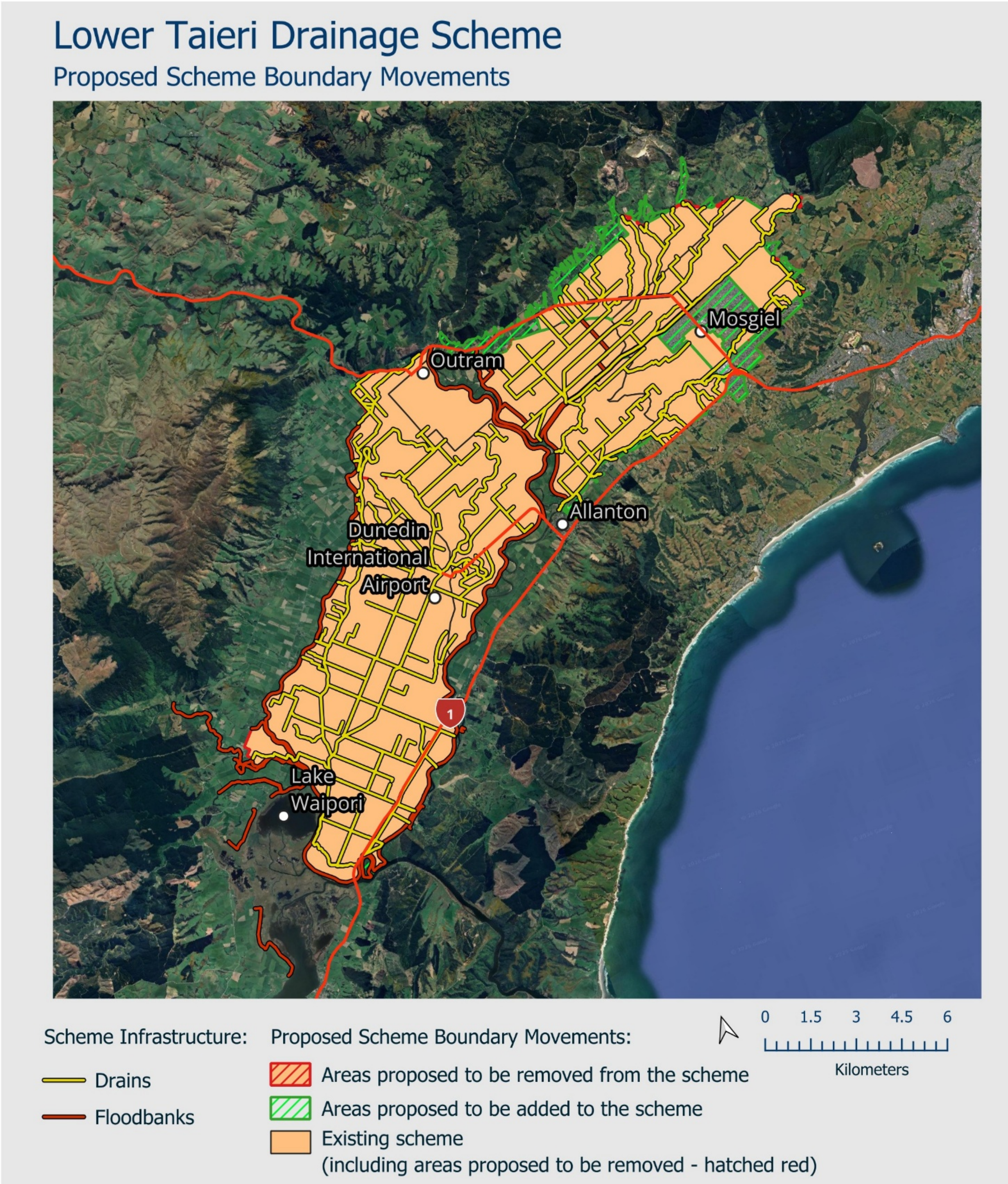


Figure 9: Proposed scheme boundary changes to Lower Taieri Drainage scheme

4 Why Council is reviewing the rating models

Local ratepayers fund the majority of the development, operation and maintenance of the schemes.

Over time, the rating models have evolved in ways that are difficult for ratepayers and stakeholders to understand. Some cost allocations are based on historical arrangements or calculations that are no longer easy to explain or justify.

Council has identified the need for a clearer, more transparent and more defensible approach that can be understood by the communities served by the schemes and included in the 2027-37 Long-Term Plan.

4.1 Objectives of the review

- Develop transparent and easy-to-understand rating model options.
- Balance technical fairness with model simplicity and administrative efficiency.
- Prepare robust documentation for Council endorsement and future implementation.
- Provide a clear basis for inclusion in the 2027-37 Long-Term Plan.

5 How the current rating models work

The current rating models were developed and modified over several decades, and have evolved in ways that are no longer fit for purpose. This has created confusion for ratepayers and stakeholders. Existing allocation models, some of which rely on outdated or arbitrary splits, lack transparency and can be difficult to justify, particularly when communities question how costs are apportioned. Council has identified the need for a clear, defensible, and easily communicated ratings approach, with a recent opportunity for community consultation.

The Lower Clutha and Lower Taieri flood protection and drainage schemes are currently funded via a combination of general rates and targeted rates, as shown in the figure below.

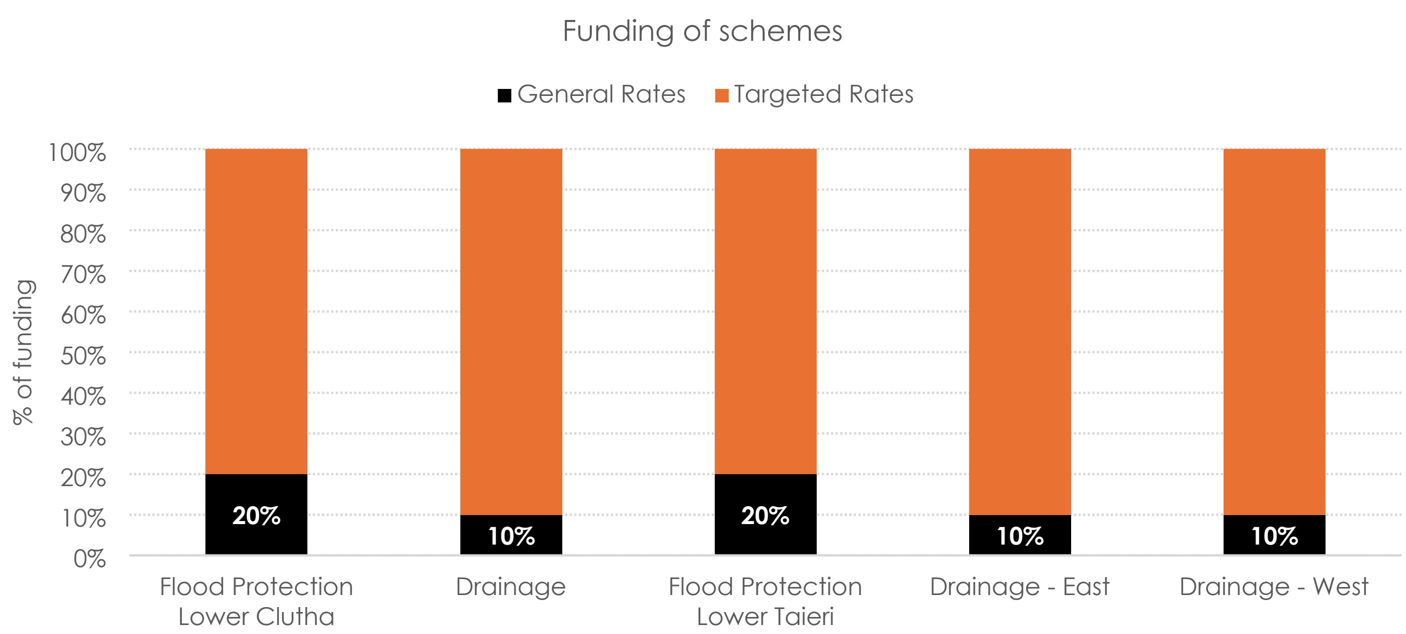


Figure 10: general and targeted rates funding level for each scheme

The Lower Clutha area currently has one combined scheme for flood protection and drainage, with properties rated based on capital value to reflect the protection of assets. There are four urban benefit zones, U1 to U4, and six rural benefit zones, A to F.

The scheme captures a wider area of indirect effects through Zone F, which has a substantially lower rate differential and was designed to account for indirect impacts. However, because a significant portion of scheme funding currently comes from general rates, 20% for flood protection and 10% for drainage, the use of Zone F has become somewhat obsolete. The proposed scheme boundaries reflect this through a reduced scheme area.

The Lower Taieri area currently has one flood protection scheme and two separate drainage schemes, East Taieri and West Taieri. The flood protection scheme has two benefit zones, with a differential applied across them. Units are rated based on capital value, reflecting the protection of assets. In contrast, the two drainage schemes apply a uniform rate across each scheme, with units rated based on land area to reflect land productivity.

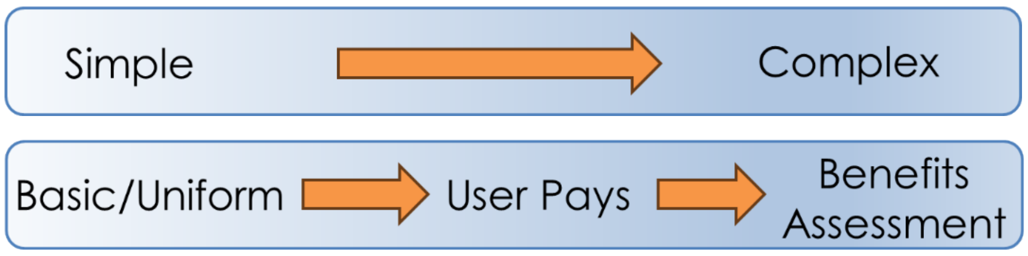
6 The proposed rating model – options development

6.1 How the options have been developed

Council has evaluated a range of options, that range from simple and equitable, to complex and fairer.

We have aimed to:

- Develop transparent and easy-to-understand rating model options.
- Balance technical fairness with model simplicity and administrative efficiency.



By reviewing the current rating models that underpin the schemes, Council is seeking to strike a balance between simplicity and fairness across all of the schemes.

6.2 The options considered

We have developed and assessed seven options, ranging from retaining the status quo through to a model that calculates individual property rates based on land area, cost allocation and the level of protection offered.

These options are summarised below:

Option	summary
Status quo	Retains the current rating model with no changes. While familiar and requiring no changes to implementation, the model is based on historic calculations that are difficult to explain and no longer provide a transparent basis for allocating costs.
Option 1: Uniform targeted rate with merged activities (flood protection and drainage)	Applies a single uniform rate across each scheme for both flood protection and drainage, regardless of property size, location or level of benefit. This is the simplest option to administer and understand, but it does not distinguish between the different services properties receive or the varying levels of benefit across a scheme.
Option 2: Uniform targeted rate with separate activities (flood protection and drainage separated)	Applies separate uniform rates for flood protection and drainage, recognising the two services independently while maintaining a simple rating approach. Rates remain uniform within each service, regardless of differences in the level of benefit received.
Option 3: Differential targeted rate – user pays	Allocates costs across geographic benefit zones based on the cost of managing each zone. This creates a closer link between costs and where they are incurred but requires costs to be tracked at the zone level and may not fully reflect differences in the level of benefit received by individual properties.
Option 4: Differential targeted rate – benefiting	**Preferred Option** Allocates costs across geographic benefit zones according to the extent to which properties benefit from flood protection or contribute to drainage

properties and contributors to drainage pay	requirements. This provides a more targeted approach to cost allocation that reflects the characteristics of each scheme, although it is more detailed and complex to implement than a uniform rating model.
Option 5: Differential targeted rate – user pays and benefitted properties pay	Combines a user-pays approach with consideration of the benefits received, allocating costs based on geographic zone, level of protection and land use. This provides a highly targeted allocation of costs but increases the complexity and administration required.
Option 6: Differential targeted rate – user pays and detailed benefits assessment	Builds on Option 5 by including a detailed assessment of benefits within each geographic zone. This provides the most targeted allocation of costs but is also the most resource-intensive, complex and costly option to administer.

6.3 Identification of the preferred option

In the initial analysis, Option 2 (Uniform targeted rate with separate activities) scored the highest, but further analysis showed it created significant imbalance between some properties, particularly between those in rural and urban areas.

LOWER CLUTHA AND LOWER TAIERI FLOOD PROTECTION AND DRAINAGE SCHEME LIAISON GROUPS

Following discussions with both the Lower Clutha and Lower Taieri Flood Protection and Drainage Scheme Liaison Groups, it was agreed to move forward with **Option 4 (Differential targeted rate – benefiting properties/exacerbators pay)** as the preferred option, as although it is slightly more complex, it creates a fairer outcome across all users.

7 Option 4 - Differential targeted rate (benefiting properties/exacerbators pay)

Council proposes to replace the current targeted rating allocation models for the Lower Clutha/Mata-Au and Lower Taieri Flood Protection and Drainage Schemes with Option 4: a differential targeted rating model based on the benefits properties receive from flood protection and the demand properties place on drainage infrastructure.

The proposed model separates flood protection and drainage because the two activities provide different types of benefit and are driven by different cost factors.

Activity	Proposed rating approach	Rating calculation basis	Rationale
Flood protection	Benefit-zone-based targeted rate	Capital value, adjusted by benefit zone / level of protection	Reflects protection of homes, businesses, productive land, infrastructure and other assets from flood risk
Drainage	Land-area-based targeted rate	Land area, adjusted by land-use/exacerbator factor	Reflects the land productivity benefit from drainage and the relative runoff/drainage demand generated by different land uses

To summarise, the proposed model means:

- Properties receiving a higher level of flood protection would generally pay a higher share of flood protection costs.
- Properties receiving a lower level of flood protection would generally pay a lower share of flood protection costs.

- Properties with land uses that create more runoff or drainage demand would generally pay a higher share of drainage costs.
- Properties with land uses that create less runoff or drainage demand would generally pay a lower share of drainage costs.

7.1 Flood Protection Benefit Zones

For flood protection, benefit zones have been developed based on flood modelling. The draft model uses Average Recurrence Interval (ARI) bands to describe the level of flood protection or benefit received. ARI is the average time between floods of a certain size. A larger ARI event is generally less frequent but larger in scale.

For example, a 200-year ARI flood has a 1-in-200 chance of occurring in any given year. This does not mean it can only happen once every 200 years; the probability resets each year.

Benefit Zone (ARI Bands)	Assumed benefit received
100+ Year	100%
50 – 100 Years	50%
10 – 50 Years	25%
10 Years	10%
< 10 Years	5%
Minimal or no protection	0%

7.2 Drainage Exacerbators

Exacerbators reflect how individual properties increase drainage demand and operating costs. Things such as land use, runoff generation, impervious surfaces, and benefit received are weighted so properties contributing more to drainage pressures pay a higher share of the scheme's costs.

An exacerbator factor is a weighting percentage applied to different land uses to reflect their relative contribution to runoff and demand on the drainage network, and is calculated by comparing the estimated volume of stormwater runoff generated by each land-use type relative to a baseline land use.

The below table outlines how exacerbator factors have been calculated for the rating model.

Land Use Type	Run-off Coefficient	Exacerbator Factor
Business (Commercial/Industrial)	0.65	217%
Residential	0.55	183%
Lifestyle	0.45	150%
Rural	0.30	100%

7.3 Rating boundaries and newly included areas

As shown in Section 3.4, there are a number of proposed boundary changes.

7.3.1 LOWER CLUTHA BOUNDARY CHANGES

Council's flood hazard layers have been used as the new basis for defining the scheme boundaries.

The proposed changes for Lower Clutha reflect a reduction in scheme boundaries, primarily through the removal of the previously used Zone F which captured indirect effects and applied a very low rate differential.

The only significant additions to the scheme boundaries are a small number of parcels just west of Kaitangata, across the stream, and, for drainage, a gully west of Finegand which forms part of the Council flood hazard layer and is considered to drain into a drainage asset. Notably, the proposed drainage scheme excludes both Balclutha and Finegand, as neither town is serviced by council drainage infrastructure.

7.3.2 LOWER TAIERI BOUNDARY CHANGES

The proposed changes for the Lower Taieri includes the addition of part of the North Taieri alluvial fans, which were not included in the existing boundaries. Land in this part of the North Taieri area is considered to drain into, and contribute to the use of, drainage infrastructure.

Another important change is the proposed inclusion of urban areas in Mosgiel and immediately south of Mosgiel. District Plan residential zones have been used to identify these areas for inclusion, with residential development considered to exacerbate drainage demand. Properties south of Owhiro Stream have also been added to reflect the extent of the drainage network.

For the Lower Taieri Flood Protection Scheme, significant additions include land northwest of Outram and land just south of the intersection of Outram-Mosgiel Road with Riccarton Road West. The addition of these areas is a result of alignment to Council's current flood hazard layer.

Other important proposed additions for the Lower Taieri include areas around Waipori and Waihola. These areas were part of the existing scheme as zones WF3 to WF8, but were previously not rated. Given the presence of floodbanks protecting these areas, they are proposed to now be included in the scheme.

Proposed exclusions from the Lower Taieri Flood Protection Scheme include the North Taieri alluvial fans, the area south of Owhiro Stream, and the alluvial fan and flood transition areas near the coastal hills just south of Mosgiel.

7.4 Properties that fall partially within the scheme

Some properties extend across a scheme boundary, or more than one flood protection benefit zone. Under the proposed model, the targeted rate would be apportioned to reflect the part of the property that falls within each relevant area.

For flood protection, the property's capital value would be apportioned based on the proportion of its land area within the scheme. Where a property falls within more than one benefit zone, the capital value would be apportioned between those zones on the same basis. For drainage, only the land area within the drainage scheme boundary would be included in the rates calculation.

A simpler approach was considered, under which properties would be rated in full if more than half of their land area fell within the scheme and not rated if half or less fell within it. However, this could create unfair outcomes for properties near the boundary, particularly large properties where a substantial area may receive a scheme benefit despite representing less than half of the total property.

Also considered was the option of separately valuing the part of each property that falls within a flood protection scheme. While this may provide a more precise measure of the capital value protected, it would be costly and complex to administer. These valuations would also need to be reviewed following each three-yearly rating valuation. The proposed area-based apportionment provides a reasonable balance between fairness, simplicity and administrative efficiency.

7.5 Indicative rates impacts

The below tables outline how proposed changes to the rating model will impact various property types. As can be seen in both tables, option four has been selected as the preferred option, as it is the most balanced in terms of the impacts on both rural and urban properties.

7.5.1 LOWER TAIERI RATES IMPACT

The following figures show the proposed scheme boundaries and preliminary rate impacts calculated based on 2025/26 rates requirements.

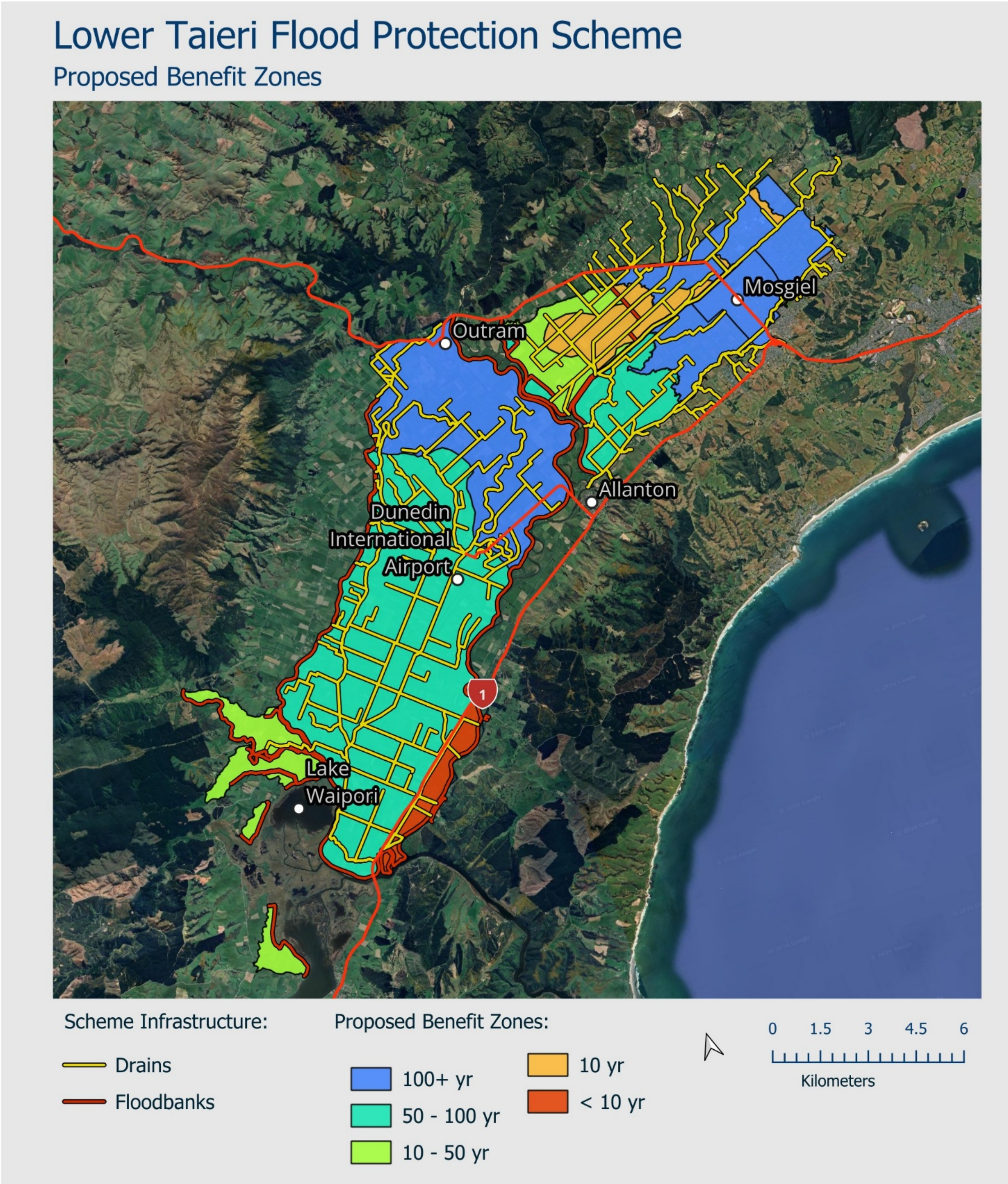


Figure 11: Proposed Lower Taieri Flood Protection scheme boundaries and Benefit Zones

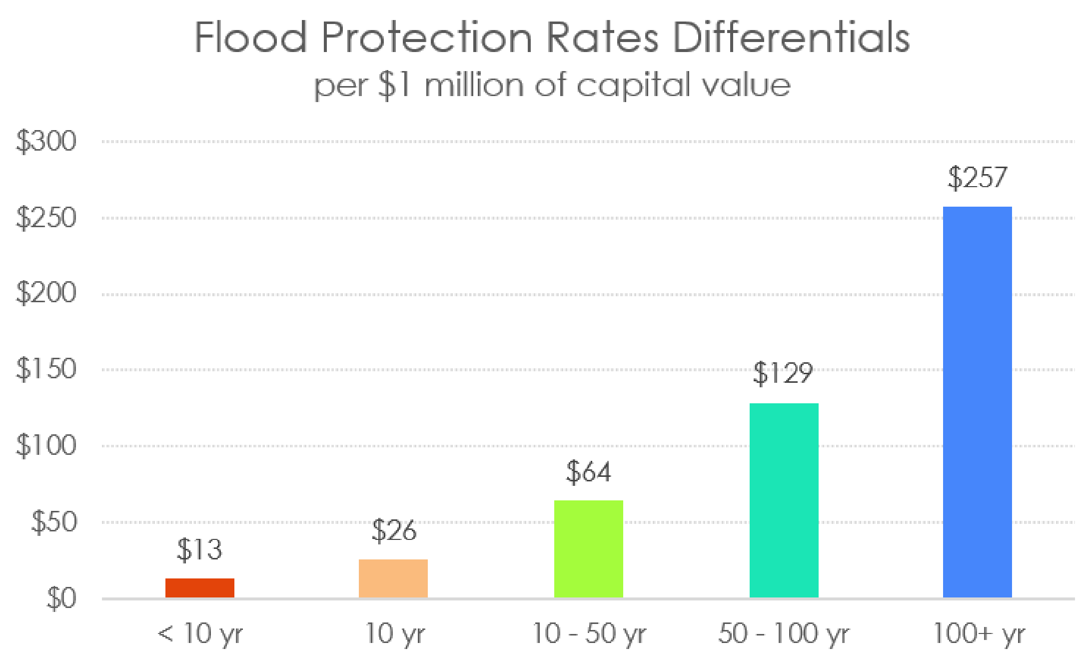


Figure 12: Indicative Lower Taieri Flood Protection scheme rate differentials based on proposed boundaries and Benefit Zones and 2025/26 rates requirement

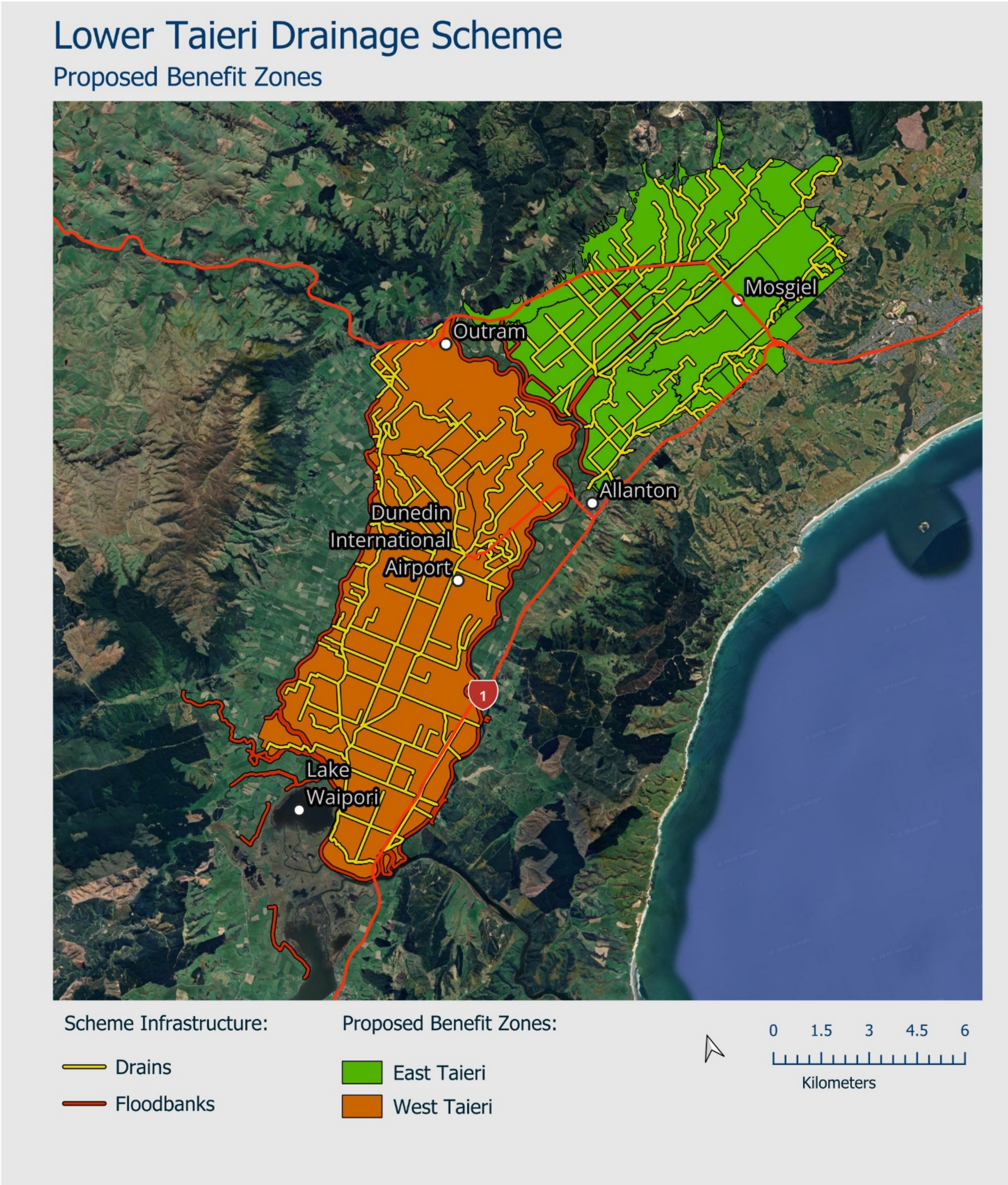


Figure 13: Proposed Lower Taieri Drainage scheme boundaries

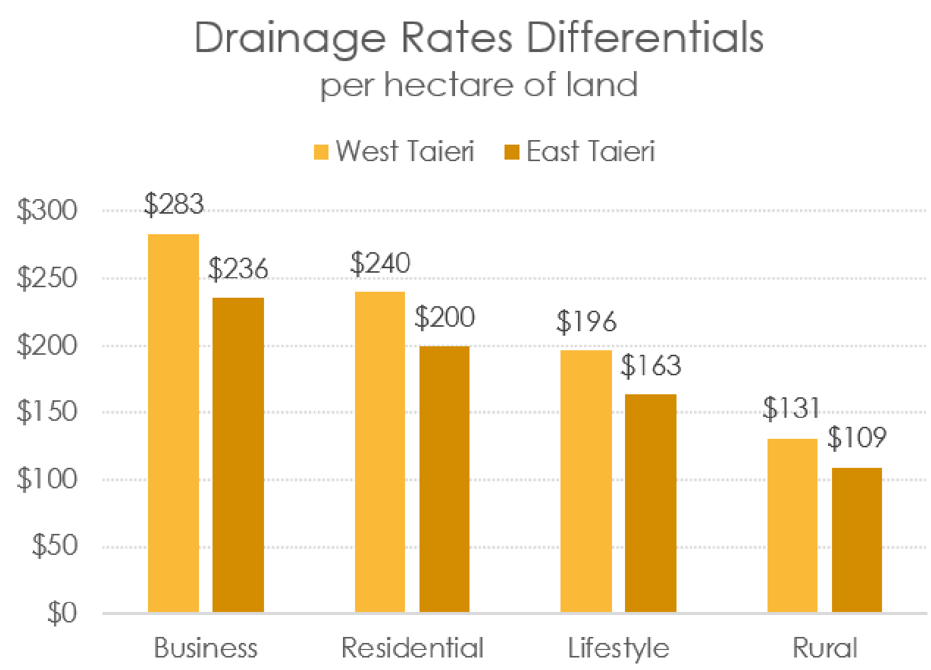


Figure 14: Indicative Lower Taieri Drainage scheme rate differentials based on proposed boundaries and 2025/22025/26 rates requirement

The following table provides indicative rates impact for a typical property across different areas in the scheme.

Table 1: Preliminary rates impact comparison for typical properties in Lower Taieri

	Status Quo	Option 1	Option 2	Option 4 (preferred)
	Uniform Targeted Rate	Uniform Targeted Rate	Uniform Targeted Rate	Differential Targeted Rate
	Status Quo	Merged Activities	Separate Activities	Benefiting properties/Exacerbators Pay
Typical Residential Property CV: $500,000 LA: 750m2				
Mosgiel	$ 30	$ 300	$ 130	$ 140
Outram	$ 720	$ 300	$ 130	$ 150
Typical Rural Property CV: $2,000,000 LA: 500,000m2				
East Taieri - 100+yr area	$ 8,350	$ 1,200	$ 7,340	$ 5,960
East Taieri - 50-100yr (Lower Ponding)	$ 8,350	$ 1,200	$ 7,340	$ 5,700
East Taieri - 10-50yr	$ 8,350	$ 1,200	$ 7,340	$ 5,570
East Taieri - 10yr area	$ 8,350	$ 1,200	$ 7,340	$ 5,500
West Taieri - 100+yr area	$ 9,340	$ 1,200	$ 7,240	$ 7,050
West Taieri - 50-100yr area	$ 9,340	$ 1,200	$ 7,240	$ 6,800
West Taieri - 10-50yr area	$ 9,340	$ 1,200	$ 7,240	$ 6,670
West Taieri < 10yr area	$ 9,340	$ 1,200	$ 7,240	$ 6,560

7.5.2 LOWER CLUTHA RATES IMPACT

The following figures show the proposed scheme boundaries and preliminary rate impacts calculated based on 2025/26 rates requirements.

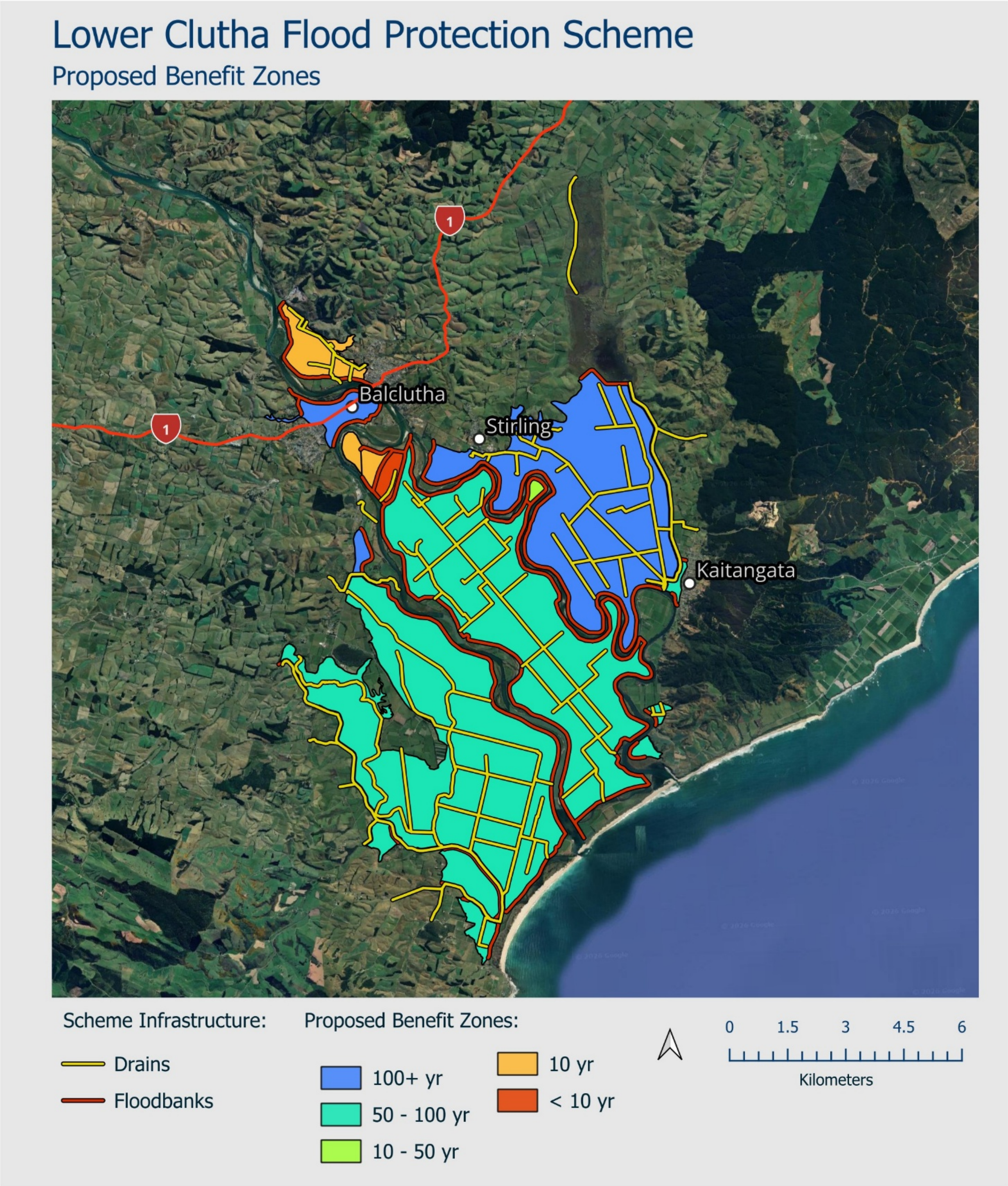


Figure 15: Proposed Lower Clutha Flood Protection scheme boundaries and benefit zones

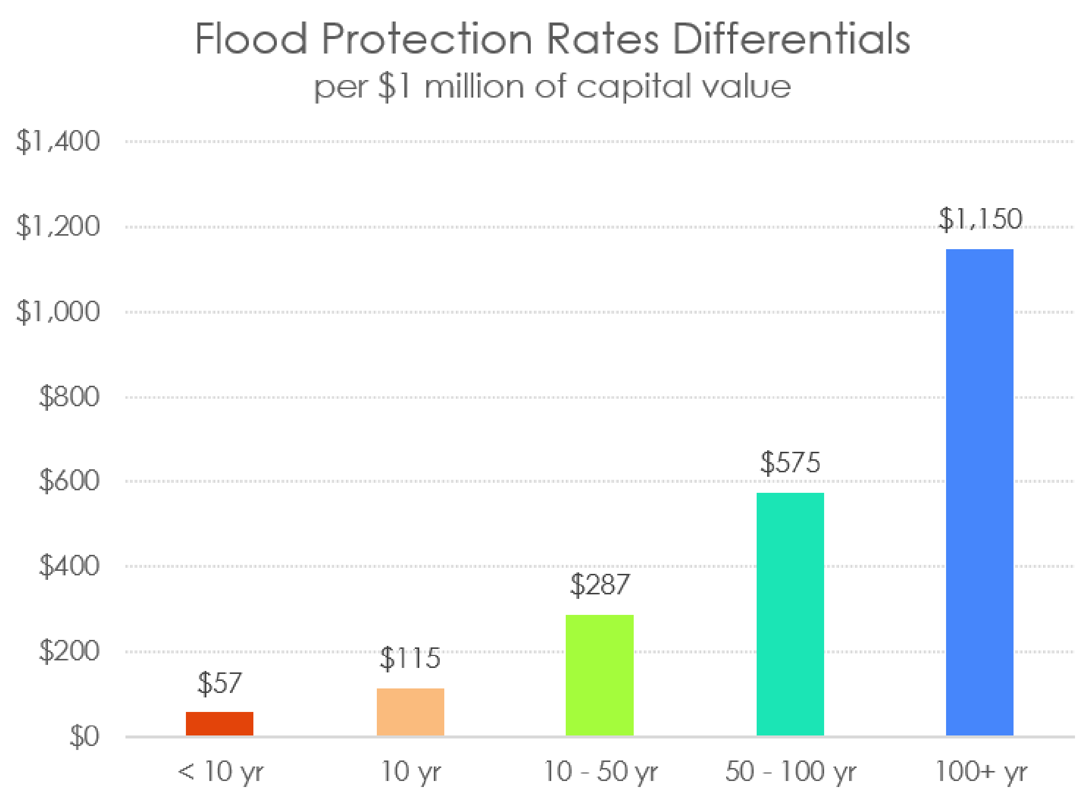


Figure 16: Indicative Lower Clutha Flood Protection scheme rate differentials based on proposed scheme boundaries and benefit zones and 2025/26 rates requirement

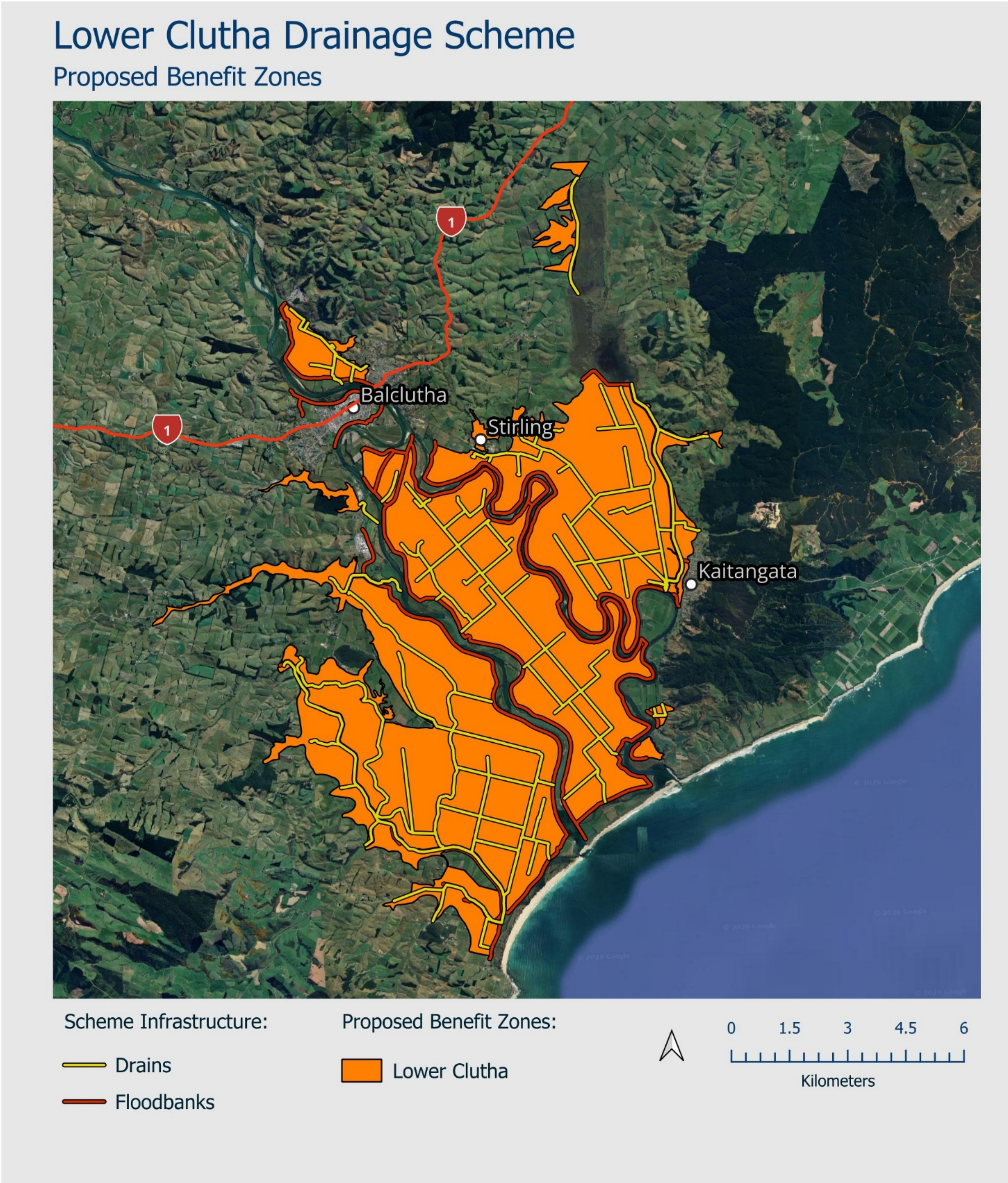


Figure 17: Proposed Lower Clutha Drainage scheme boundaries

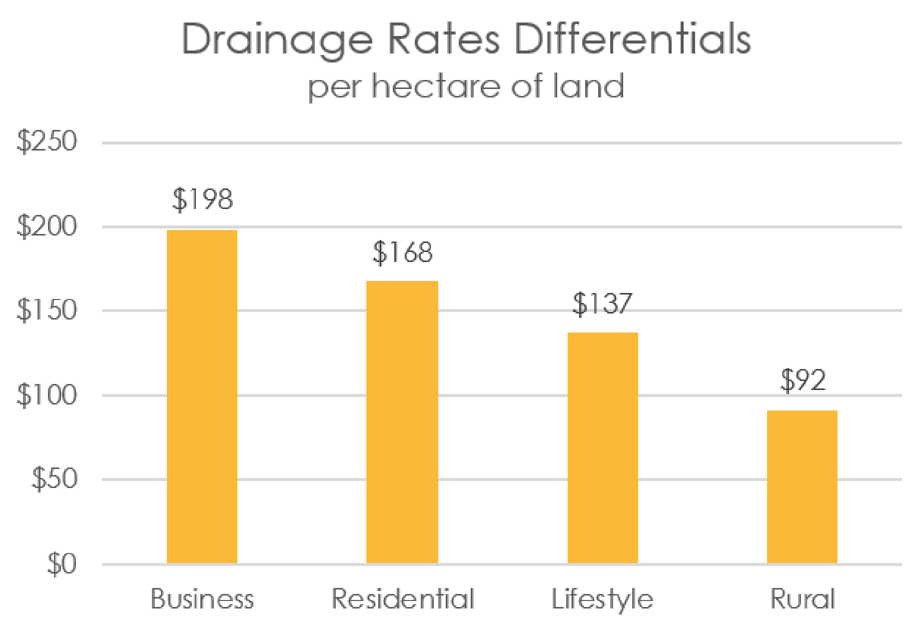


Figure 18: Indicative Lower Clutha Drainage scheme rate differentials based on proposed scheme boundaries and 2025/26 rates requirement

The following table provides indicative rates impact for a typical property across different areas in the scheme. It is important to note that the general increase in rates from the Status Quo is due to the reduced scheme area from the current boundary.

Table 2: Preliminary rates impact comparison for typical properties in Lower Clutha

	Status Quo	Option 1	Option 2	Option 4 (preferred)
	Differential Targeted Rate	Uniform Targeted Rate	Uniform Targeted Rate	Differential Targeted Rate
	Status Quo	Merged Activities	Separate Activities	Benefiting properties/Exacerbators Pay
Typical Residential Property CV: $500,000 LA: 750m2				
Balclutha and Finegand	$ 510	$ 1,140	$ 470	$ 590
Typical Rural Property CV: $2,000,000 LA: 500,000m2				
Stirling	$ 6,120	$ 4,580	$ 6,490	$ 5,730
Inch Clutha	$ 5,780	$ 4,580	$ 6,490	$ 5,730
Paretai	$ 5,780	$ 4,580	$ 6,490	$ 5,730
Barnego	$ 6,120	$ 4,580	$ 6,490	$ 4,810

7.6 Indicative rates comparison tool

An indicative rates comparison tool has been developed so property owners can see estimated rates changes for their own property and compare the proposed model with the current approach.

The tool is available online here [insert URL]

7.7 Have your say

Council welcomes your input into the development of the Flood and Drainage Scheme Rating Model Review, and we invite any member of the public or organisation to make a submission. You are welcome to raise any other relevant matters relating to the rating model you think should be considered.

7.8 Timetable for consultation

10 August 2026 - Public notice of rates review – submissions open

20 August — Lower Clutha Drop-In Session - Balclutha

26 August — Lower Taieri Drop-In Session - Outram

27 August — Lower Taieri Drop-In Sessions - Mosgiel

11 September 2026 - Submissions close

October 2026 (date to be confirmed) - Council Hearing (if sufficient interest)

Once a ratings model is approved by Council it will be published on the Council website and included in the 2027-37 Long Term Plan consultation.

7.9 How to make a submission

Any person or organisation can make a submission on the Lower Clutha/Mata-Au and Lower Taieri Flood Protection and Drainage Schemes Rates Review. Submissions can be made via email or by post. You can also use the Council Open for Feedback page to submit an online consultation form, this will be available on the council's website during the consultation period.

A hearing on submissions may occur if there is sufficient interest. If you would like the opportunity to speak to your written submission, please note this in your submission.

All submissions should state:

1. the submitter's name,
2. details of any organisation the submitter is representing (if applicable),
3. the submitter's contact details (email preferred) and
4. whether or not the submitter would like to speak at a hearing on the draft bylaw.

Written submissions can be delivered or posted to:

180 High Street
Otago Regional Council
Private Bag 1954
Dunedin 9054

Or email submissions to: engineering@orc.govt.nz

Or submit through the Open for Feedback portal online at [Insert URL] or scan the below QR code

Consultation opens on Monday 10 August 2026 and closes at 11:59pm on Friday 11 September 2026.

Flood Protection and Drainage Scheme Rates Model Review Engagement Summary

1. Introduction

This engagement summary outlines how the Otago Regional Council (ORC) intends to engage with scheme users, stakeholders and the wider community to inform the review of the Lower Clutha/Mata-Au and Lower Taieri flood protection and drainage scheme rating models.

The engagement process will support the development of fairer, more transparent and easier-to-understand targeted rating models ahead of the 2027–37 Long-Term Plan.

2. Project context and purpose

ORC owns and manages flood protection and drainage schemes across Otago, including the Lower Clutha/Mata-Au and Lower Taieri schemes. These schemes protect communities, infrastructure, farmland and businesses from flooding and support productive land use across the region.

Over time, the current rating models have become increasingly complex and difficult to explain. Some cost allocations are based on historical arrangements that are no longer well understood or easy to justify. ORC has identified the need for clearer, more transparent and defensible rating approaches that are supported by the community.

The project aims to comprehensively review and redesign the targeted rates allocation models for both schemes. Several rating model options will be developed, ranging from simple to more complex approaches, to help balance fairness, transparency and administrative efficiency.

Key engagement objectives are to:

- Raise awareness about how the current rating systems operate
- Improve understanding of the benefits provided by the flood protection and drainage schemes
- Gather informed community feedback on future rating model options
- Support transparent and meaningful community participation
- Help develop a preferred option that is supported by scheme users and stakeholders
- Provide a robust foundation for inclusion in the 2027–37 Long-Term Plan

3. Target audiences

3.1 Scheme users and ratepayers

The primary audience for engagement will be ratepayers and residents within the Lower Clutha/Mata-Au and Lower Taieri flood protection and drainage scheme boundaries. This includes both rural and urban communities who contribute to the schemes through targeted rates and benefit either directly or indirectly from flood protection and drainage infrastructure.

3.2 Liaison groups

The Lower Clutha and Lower Taieri Liaison Groups will play an important role throughout the project. These groups represent scheme users and will help test rating model options, provide early feedback, and act as a conduit between ORC and the wider community.

3.3 Key stakeholders

A range of stakeholder organisations are expected to have an interest in the review, including Federated Farmers, DairyNZ, community boards, infrastructure providers and other community groups. These stakeholders will help distribute information and encourage participation in the consultation process.

3.4 Elected members

Councillors and elected members will be engaged throughout the process to ensure they understand the rationale for the review, the consultation process, and the implications of the proposed rating model options.

4. Engagement methods

Engagement methods for target audiences under Phase 1 are set out in the table below.

Target audience	Engagement methods
Scheme users and ratepayers	• Online consultation material and FAQs on the ORC website • Flyer and/or letter delivered to scheme properties • Online and hard copy surveys • Public notices and print advertising • Social media posts • Media releases • Community drop-in sessions

Liaison groups	• Online meetings and workshops • Early testing of rating model options • Ongoing project briefings and updates
Key stakeholders	• Stakeholder emails and updates • Direct engagement with identified organisations and groups
Elected members	• Internal briefings and staff-led engagement • Workshops and updates throughout the process

5. Timeframes

The key timeframes and tasks are summarised in the table below.

Timeframe	Stakeholder Engagement	Public Engagement
Feb – May	• Early engagement with liaison groups • Testing and refinement of rating model options	
May – Jul	• Development of consultation materials • Stakeholder identification and communications planning • Finalisation of preferred option	• Consultation documents and web content developed • Surveys and engagement resources prepared
Aug – Sep	• Stakeholder communications and updates • Optional webinar	• Community consultation period • Online and hard copy surveys • Drop-in sessions in Lower Clutha, Outram and Mosgiel
Sep – Nov	• Hearings and analysis of submissions	• Public engagement summary released

6. Role of Councillors

Staff propose that Councillors support engagement on the flood protection and drainage scheme rating model review by promoting awareness of the consultation process, encouraging participation across affected communities, and supporting constructive community discussion.

Councillors may also assist in connecting the project team with relevant stakeholders and helping communicate the purpose of the review and the importance of community feedback in shaping future rating models.