



THE
OTAGO
CHAMBER OF
COMMERCE

Submission

Otago Regional Council
2021-31 Long Term Plan

Connecting People & Advancing Business

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INTRODUCTION

1. The Otago Chamber of Commerce welcomes the opportunity to provide a submission on the proposed Otago Regional Council's 2021-31 Long Term Plan. The Chamber has consistently worked to ensure the district business community has a voice in council matters, and long term plans are an essential part of this.
2. We provide constructive comments on the positive initiatives and what changes we would like to see in the final Long Term Plan document. These are based on a range of research, member surveys, and our observations and expectations from our member base. We also provide some recommendations to the Council for amendments to this draft LTP to meet the Council's vision.
3. The Chamber would welcome the opportunity to discuss this submission with the Council.

ABOUT THE CHAMBER

4. The Chamber is a membership based service organisation that has been the home and voice of business in the Otago region¹ since 1861. It offers business and business people a range of services and advocacy. We are dedicated to promoting and actively encouraging business growth and opportunity throughout the Otago region.
5. Comprised of over 950 members, the Chamber actively provides information, advocacy and support for business, connecting members through networking events and functions, and developing capability and skills through our training workshops and programmes.
6. We also advocate and offer a voice for business concerns and submit on behalf of members on local and national government policy. Representation occurs on behalf of a broad cross-section of business demographics including size, location and industry type, with the full range from small businesses through to large employers and stakeholders in the region.

SUMMARY

7. We are pleased to make a submission on behalf of our members, who live and work across the Otago Region. Overall, the Chamber supports the Council's vision "building a better future for you and for our environment" and the continuing focus on sustainability, which helps ensure our industries and economy are viable in the Otago Region over the next 10 years and into the future.
8. The goals of having positive "connections between environment, people and place" in a region that is "resilient in the face of natural hazards and climate change" with

¹ There are two chambers operating within the Queenstown Lakes District Council area ie. Queenstown Chamber of Commerce and Ignite Wanaka.

“healthy people and ecosystems” and has a “sustainable way of life” fits well with the mission of the Otago Chamber of Commerce to have a “Thriving Otago Community”. The relationship between the health of the environment, the people and the economy is clear, if the region is doing well the whole community benefits. Also the Chamber is all about connections and having a connected community is vital on so many levels. Last but not least, the Chamber is committed to growth that is sustainable both in the environmental and in the economic sense.

9. The Chamber welcomes:

- a. The focus on investing in the region and keeping services running.
- b. The use of targeted rates, where applicable, when there is an identifiable group of the community which will benefit from the service/activity.
- c. An increase in capacity and capability to manage pests.
- d. Priority being given to infrastructure asset investment with planned capital expenditure and development to ensure investment for the long-term future including: protection for the Taieri Plain; Clutha Delta and South Dunedin flood and drainage schemes; managing stormwater/land drainage including Mosgiel and Wingatui.
- e. The continued investment in the region’s transport system which is positive in the longer-term to support economic growth and connect communities and businesses.

10. We would like to see the following reflected in the final LTP document:

- a. Acknowledgement of under investment and deferred infrastructure maintenance/development leading to a need to invest now.
- b. More detail on the need to invest substantially in regional leadership.
- c. A broader consideration of options for funding, including possible asset sales through Chalmers Properties or shareholding sales through Port Otago.
- d. A commitment to finding efficiencies in current spending and ensuring there is not duplication with work being done by others to save costs.
- e. Collaboration, innovation and partnerships with the business community.
- f. An intent to minimise any administrative ‘red tape’ and keep costs down for new and existing businesses, particularly in light of those impacted due to COVID-19.

11. Whilst it is apparent that substantial investment in the environment, safety & resilience and transport is necessary, there is not much detail in the plan on the considerable investment in regional leadership. It seems as though this is a significant part of the costs increase and justification for this is not clearly set out in the document. We would like to have more information on what this investment will return.

12. Feedback received from our members indicates a high degree of concern about the steep rates increase. Whilst it is apparent that significant investment is needed in the region are there other ways to fund this? For example, has consideration been given to selling shares in Port Otago? This has been modelled in other parts of the country with the Bay of Plenty Regional Council, which has majority ownership of the Port of Tauranga and the public collectively own around 48% of the shares. Similarly, with South Port in Invercargill where the public can also purchase shares in that port

company. Another alternative is to consider the sale of assets under Chalmers Properties. Neither of these options are proposed as part of the financial strategy but should be considered.

13. The Chamber would also like to see:

- a. Businesses within the district being given the opportunity have a role in providing the labour, skills and expertise to undertake work in council priority work and other projects, whether that be in a one-off or ongoing regular basis.
- b. How the Council plans to do things differently to create efficiencies to afford future projects. The Chamber is concerned the current draft plan does not describe how this will happen. What projects / services is the Council going to stop, merge or redesign?
- c. Brave decisions to ensure value and sustainability for ratepayers. Do it once and do it right is a common theme for Chamber members.

FEEDBACK ON PROPOSALS

14. The Chamber has the following feedback on the proposed projects and options as detailed in the *Have your say On Our Future* consultation document. Members were surveyed to get their feedback on the range of options. Our membership does not include those businesses in the Queenstown Lakes district, although feedback was sought on proposals within that district as our members are still impacted by rate levels, whether general or targeted.

Note: comments below from members are noted in italics.

Issue	Feedback
Financial strategy	<p>The Council's financial strategy for the proposed mix for spending, borrowing and rating does require further consultation.</p> <p>We note the proposal for a different strategy in financing to use external debt, including over \$25M in year 1 (28% of revenue).</p> <p>The Chamber would like to see further discussion on how to fully utilise the shareholding in the Port of Otago to its full capacity to maximise the benefit for ratepayers.</p> <p>We would also like to see consideration given to the possible sale of some Chalmers Property assets to fund investment in the community.</p>
Rates – funding the increase in operating expenditure and balance the budget	<p>The Chamber supports the mix of general rates (wider community benefit) and targeted rates (defined area/group benefit from an activity).</p> <p>The Chamber supports using reserves to keep rates down in the short term. However, as noted</p>

	<p>above there may be other options, which were not presented.</p> <ul style="list-style-type: none"> - 59% of members support Option 2 using a general reserve offset (need to borrow money and then repay it). - 23% were unsure of supporting either option, which means that further discussions could happen in the business community to fully understand the implications. <p><i>Comments:</i></p> <ul style="list-style-type: none"> - <i>I have to question why a 47% increase in one year is required. I do not believe that you are honestly telling ratepayers why the huge increase? Own your mistakes.</i> - <i>An almost 50% increase is too much for many people. Why has this not been phased in or why is it not being phased in a more manageable way over a longer period of time.</i> - <i>Sell assets</i> - <i>The proposed increase is unsustainable. The ORC needs to look inwardly for greater efficiencies and prudent business practices, rather than looking at ratepayers as a bottomless pit. For example, the expenditure of approx \$10m on reviewing new site options would be considered irresponsible and reckless in a private business. The organisation appears to be in desperate need of a culture change and review of business practices.</i> - <i>Rates increases at these levels are unacceptable in the current environment</i>
<p>Creating a new targeted rate for the rehabilitation of Lake Hayes for owners of Lake Hayes residents, Lake Hayes Estate and Shotover Country</p>	<p>61% supported a new targeted rate for the rehabilitation of Lake Hayes, with 22% unsure whether this should happen.</p> <p><i>Comments:</i></p> <ul style="list-style-type: none"> - <i>Do not really know much about this</i> - <i>While it is very disappointing that some of our waterways have been allowed to get in the very poor state they are in, it is important that we clean them up.</i> - <i>The rapid urban development is likely to have contributed to the problems at Lake Hayes and the wealthy that sit in their holiday homes and drive their BMW's and Audi's should pay for the rehabilitation.</i>

<p>Funding the rehabilitation of Lake Hayes</p>	<p>Evenly split at 40% between Option 1 and 2. 10% supported Option 3 and 10% do not support the council funding the rehabilitation of Lake Hayes.</p> <p><i>Comment:</i></p> <ul style="list-style-type: none"> - <i>I like that we all contribute but I think that the "close proximity" people pay more.</i>
<p>Increase investment in pest management</p>	<p>74% supported an increase in investment in pest management in the region. 22% are unsure of the investment.</p> <p><i>Comments:</i></p> <ul style="list-style-type: none"> - <i>Whatever you have done to date is not working. Having read through your 10 year plan you have not stated what you currently do.</i> - <i>Consideration should be given to what the Government is also doing across Otago.</i> - <i>Review current effectiveness and obtain feedback from high risk ratepayers before making any decisions. More money does not necessarily equate to better results!</i> - <i>They need to partner with DOC on this.</i> - <i>Possums are a huge problem and where we live there is no support. Family members in other locations are receiving support.</i>
<p>Increase the capacity of pest management</p>	<p>41% supported Option 1 (an immediate increase in capacity and capability to manage pests (\$4.6M from year 1 onwards).</p> <p>32% supported Option 2 (a moderate increase for education, engagement and enforcement to manage pests (\$3.3M from year 1 onwards)</p> <p>The remaining 27% are unsure of the options presented.</p>
<p>How to fund the proposed rates increases for pest management</p>	<p>The majority of members 41% supported Option C (mixed rating 50:50 targeted rural/lifestyle via land value and all ratepayer vis general rate capital value), closely followed by 36% for Option B (targeted rate where all costs are shared across all ratepayers based on their land value).</p> <p>It is worth noting that 14% were unsure of supporting any option.</p> <p><i>Comments:</i></p> <ul style="list-style-type: none"> - <i>If the benefits are for all then the cost should be shared but why is an increase really needed as there has always been</i>

	<p><i>pest issues. Rate increases are very hard on home owners</i></p> <ul style="list-style-type: none"> - <i>This is a way for the collected and allocated funds to be justified in results</i> - <i>On the basis of a user-pays philosophy, pest management costs are more likely to relate to size of land than the value of improvements. Bare land covered with gorse and possums should attract a higher targeted rate than a higher capital value property with minimal land.</i>
<p>Areas or gaps in public transport networks that connect an individual business or businesses generally</p>	<p>Feedback on public transport was mixed depending on location. If the regional transport system aims to support economic growth and connect communities and businesses there is concern that it is not achieving its aims. There are large areas of the region in which there is very limited or no public transport eg Oamaru; Cromwell & Alexandra. This needs to be addressed, particularly in light of the growth of these areas and consideration of the environment.</p> <p><i>Comments:</i></p> <ul style="list-style-type: none"> - <i>Lack of some sort of public transport which is low cost especially to the north end is an issue. The low cost taxi van which travelled once a day to north end and back wound up during lock down last year. Unfortunately it was not that well known the service existed either.</i> - <i>Some bus bases around the city that people can drive to, park their car and bus into the CBD. Parking is already shocking in the CBD and only going to get worse with the hospital build.</i> - <i>Big issue in Dunedin is parking and easing traffic flows to not discourage shoppers from coming to town. This will get worse once the hospital build starts. Not an ORC responsibility but needs to be addressed.</i> - <i>buses after peak hours are empty on Highgate. timetables need revisiting. there should be data presented on use, time of use and more appropriate use of assets</i> - <i>Public transport is of little use to our industry and our low population makes it difficult to service well.</i>
<p>Other issues raised</p>	<p><i>Comments:</i></p> <p><i>The ORC needs to look inwardly for greater efficiencies and prudent business practices, rather than looking at ratepayers as a bottomless pit. For</i></p>

	<p><i>example, the expenditure of approx \$10m on reviewing new site options would be considered irresponsible and reckless in a private business. The organisation appears to be in desperate need of a culture change and review of business practices.</i></p> <p><i>ORC rates need to be based on LV and not CV. The ORC primary concerns relate to issues surrounding land/water/air and not the dwelling on which these reside. Ie flood protection schemes... Often neighbouring sections of the same size pay a disparity in their rates charged due to varying CValues, why should someone who has a better house on the same size block of land pay more for their flood protection than the person with an older dwelling of lessor CV. The land area is the same therefore the rate should be based on LV only, the more expensive home receives no more benefit for the dollars charged. Why is there such a huge increase to rates proposed? Where has the extra cost come from ? staffing? OPEX? New buildings? a 47% proposed increase looks on the surface to be driven by OPEX salaries/Buildings and not core costs.</i></p>
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CONCLUSION

15. The Chamber supports the Council's commitment to building a better future for our region, being connected resilient, and a healthy sustainable environment. We recognise that a strong environmental infrastructure and active transport options is important to support sustainable growth and that well considered proposals can bring multiple benefits to the region long term.
16. This submission is submitted on the basis that it provides feedback and the opportunity to further engage with the council on a number of issues. We are committed to joining and working with the Council to achieve our shared objective of attracting and encouraging the development of business opportunities in the Otago Region.
17. Thank you again for the opportunity to submit. The Chamber would welcome the opportunity to discuss this submission with the Council.

Yours sincerely

Nicky Aldridge-Masters
Acting Chief Executive

