



11 April 2017

Mr Stephen Woodhead  
Chairman  
Otago Regional Council  
Private Bag 1954  
Dunedin 9024

Dear Chairman Woodhead

## **SUBMISSION ON BEHALF OF THE QUEENSTOWN LAKES DISTRICT COUNCIL**

Thank you for the opportunity to submit on your 2017/18 Annual Plan. This plan comes at a time of unprecedented growth in the Queenstown Lakes District and unprecedented environmental threats to our lakes.

On that basis we note from the outset that there is no invitation in your submission feedback construct that asks the more strategic question as to whether the Otago Regional Council ('ORC') investment in the fastest growing district in New Zealand is adequate.

This is no longer a matter of regional parity but a critical matter of ensuring that within the context of the region that you are meeting your priorities. Our overall impression of the ORC Annual Plan 2017/18 is that it does not reflect a strategic approach in relation to QLDC issues and an accordingly inadequate proposed investment in the Queenstown Lakes District.

- A. *Significant Forecasting Assumptions*: As outlined the Queenstown Lakes District is experiencing unprecedented growth and our growth forecasting predicts this scenario will continue. The QLDC is strategically looking to proactively prepare for and manage this significant challenge. On page 55 of the ORC Annual Plan we submit the assumption regarding Growth Change Factors, which assumes 'no impact' on the ORC's level of activity in the next Ten Years.

This assumption is worryingly inadequate and we submit that the ORC undertakes some detailed analysis to adopt a programme that meets the needs of growth areas (we refer you to the QLDC Annual Plan which highlights the challenge. For example traffic movements in Frankton have had an annual increase of 19.4% 2015 – 2016 and resource consent applications increased 25.6% 2015 – 2016). It is also in conflict with your Public Transport statements.

In that context our submission speaks directly to the tension created between our fast changing district and the delivery of the ORC community outcomes, particularly in relation to sustainable development and meeting the needs of 'Otago' people.

- B. *Queenstown Office*: We do favourably note the proposal to re-introduce a Queenstown Office. The response is supported in principle; however we would like to be further engaged on this proposal.

- C. *Transport*: The Queenstown Lakes District Council supports the Otago Regional Council contribution of \$600,000 towards matching the contribution being made by Queenstown Lakes District Council (subject to consultation) and NZTA funding. It is now critical that transport issues are addressed in the Wakatipu, with public transport being a critical part of a suite of solutions needed to address traffic solutions.

The ORC will need to join with us in some innovative thinking in the solution space that takes us beyond a standard metro fix, namely the provision of bus transport. We have a unique environment that calls for unique solutions, for example ferries. The government is encouraging this innovation and whilst the proposed enhancement of the bus service is welcome, we challenge the ORC to join us in showing some leadership in this critical space.

A risk adverse or process bound response carries the real risk of impugning the reputation of our district and experience of ORC ratepayers (QLDC residents) and visitors alike in a destination that is the jewel in New Zealand's tourism crown.

Transport is fundamental to unlocking the potential of the district and we know that a second stream of work will also be required in the Wanaka environs. Again this is in direct conflict with the ORC growth assumptions.

It will be critical for the ORC to work with haste to ensure the proposed transport solution outlined in our respective Annual Plans is implemented as soon as possible. We submit that we would like a discussion on a draft plan for implementation within the next two months.

On behalf of our community we request this matter becomes an ORC delivery priority, particularly given the additional at risk component of \$300,000, in addition to \$600,000 that QLDC has put towards this critical project. This project must succeed and given the wide-spread support in our community our view is we simply need to get on with it.

- D. *Water*: Our lakes and rivers are a key economic asset, both to the district and the country. This plan appears to contain \$30,000 - if the project is to receive a third share of \$90,000 page 11 (CD) but we would like this clarified - towards a vision and action plan to restore the quality of Lake Hayes and \$100,000 to find out about lake snow, which is seriously impacting Lakes Wanaka, Wakatipu and Hawea.

This small scale commitment merely to 'research the problem' is concerning to the community and the QLDC, who have in the case of Wanaka in particular been investing hundreds of thousands of dollars to manage this issue over almost a decade. This Council (QLDC) is now facing the prospect of investing millions of dollars of filtration equipment to counter this issue. The scale of ORC's investment is frankly unacceptable. This is not a remote science problem. Again, this is an issue that carries with it major reputational implications.

The lakes and rivers are an essential environmental and economical asset, locally, nationally and globally. Again, we submit that the ORC work with the QLDC to produce a solution-based plan. The Queenstown Lakes District ratepayer is already facing the largest ORC general rate increase (in dollar terms) in the region page 5 (CD) and we are not suggesting this be funded through rates.

Given the significantly wider implication of this environmental matter we submit that the ORC offset an increase and solution-based fund for this work from its considerable reserves (\$13m) as outlined. We note specifically that the ORC holds two river management reserves for Wakatipu and Wanaka (total value \$1.2m on page 80 Annual Plan). This may be a wholly appropriate fund to utilise on this occasion.

On page 96 (Annual Plan), we note your intention to utilise reserves to fund research into water quality but we suggest the Council 'digs deeper' to enable an escalation of response to this concerning issue.

An alternative funding option may be to reconsider allocation of the \$3m Port Otago special payment dividend over the next two years that you have flagged as offsetting the general rate, as outlined on page 1 (CD) or the ability to dispose of assets as proposed through a change in your Significance and Engagement Policy on page 15 (CD).

Returning to the Lake Hayes proposal and in the context of our submission regarding increasing the investment in water quality, we submit that the budget be increased (our understanding is the solution is already understood and the cost is in the vicinity of \$200,000) to fix permanently the water quality issue for Lake Hayes.

We do acknowledge your proposed investment in urban water quality in accordance with the national policy statement on urban development targets and look forward to understanding how this work relates to and benefits our district.

Finally, it is with concern that on review, we have identified that the ORC may in fact be investing less in Wakatipu waterways in the proposed Annual Plan than on the previous Annual Plan and Ten Year Plan (page 14 CD). This indicates a reduction in the targeted rate of \$50,000 (\$150,000 take as compared to \$200,000 in the previous two years). Can you please clarify?

- E. *Pest control*: On page 11 (CD) of your consultation document the ORC outlines the issue created by wallabies. By simply exchanging the word wallaby for rabbit, the commentary would adequately outline the serious threat that the escalating rabbit population poses for Central Otago. The QLDC does not support any delay in solutions for rabbit eradication and submits that funds must be included in this Annual Plan. Again we submit this could be funded through reserves.
- F. *Working with your capital*: The ORC has developed a wholly prudent approach to its finances that does not effectively use the capital that the ORC has on its balance sheet nor utilise debt funding as a tool to enable future generations to pay for today's investment. We are not promoting a reduction or cap on regional rates but as outlined we ask the ORC to see how best it can add value to the urgent programmes in our district.

We submit that the ORC needs to recognise the significant and unprecedented growth in the Queenstown Lakes District and more effectively partner the QLDC to find critical solutions to challenges as outlined and to become more strategic in its forecasting to meet the future challenges.

We submit that the ORC may wish to revisit the stated intention to have general rates at a sustainable level so that the ORC will not have to draw down on special payments (Port Otago) by 2019 on page 1 (CD) under the context of significant growth in its region.

G. *Emergency Management*: QLDC supports the regional council's critical role in civil defence and emergency management. We would note that QLDC, like all Council continues to make a financial investment in emergency management.

If Option 1 as outlined page 6 (CD) is the preferred option then we would caution that the investment in resilience and response for Lakes District ratepayers is not disproportionate with areas of higher population.

As previously stated our support for this initiative will be predicated on ensuring that an appropriate investment in resource and readiness specific to QLDC is made. We look forward to seeing further detail in this space.

We have before us all some significant challenges. I have every confidence that if our Councils work in a united and constructive way we will be able to overcome these challenges together.

Yours sincerely

Jim Boulton ONZM  
MAYOR, QUEENSTOWN LAKES DISTRICT

*Adopted and endorsed by Full Council on 20 April 2017.*

*Please note that QLDC wishes to speak to its submission at the ORC Annual Plan hearing.*