

OTAGO REGIONAL COUNCIL

**Agenda for a meeting of the Finance and Corporate Committee
to be held in the Council Chamber, 70 Stafford Street, Dunedin
on Wednesday 3 May 2017, commencing at 9:00am**

Membership:

- Cr Doug Brown (Chairperson)**
- Cr Andrew Noone (Deputy Chairperson)**
- Cr Graeme Bell**
- Cr Michael Deaker**
- Cr Carmen Hope**
- Cr Trevor Kempton**
- Cr Michael Laws**
- Cr Sam Neill**
- Cr Gretchen Robertson**
- Cr Bryan Scott**
- Cr Stephen Woodhead**

Apologies:

In attendance:

**Please note that there is an embargo on agenda items until 8.30 am on
Monday 1 May 2017**

CONFIRMATION OF AGENDA

CONFLICT OF INTEREST

PUBLIC FORUM

MINUTES

The minutes of the meeting held on 22 March 2017, having been circulated, for adoption.

The minutes of the meeting of the Audit and Risk Subcommittee on 8 March 2017, having been circulated for adoption.

ACTIONS

Status report on the resolutions of Finance & Corporate Committee

Report No.	Meeting	Resolution	Status
2016/1136 Terms of Reference for the Finance and Corporate Committee	23/11/16	<i>That the Terms of Reference for the Technical Committee be considered a final version to be presented to the Council on 7 December 2016 for adoption</i>	Adopted by Council on 7/12/16
2016/1151 Passenger Transport Update	23/11/16	<i>endorse staff taking a collaborative approach with the Ministry of Education regarding School Services in the Wakatipu Basin.</i>	
2017/0686 2017-18 Draft Annual Plan and Consultation Document	22/3/17	<i>That a Hearing sub committee be appointed.</i>	Hearing Panel appointed at the 22 March 2017 meeting

PART A- RECOMMENDATIONS

Page Nos.

Item 1

2017/0778 **Passenger Transport Update – April 2017**. DCS, 24/04/17

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The report provides an update on tenders for Unit 1, Unit 2, and Part Unit 3 for the Dunedin Network, seeking delegated approval for the Chief Executive to award contracts in consultation with the Chairperson and Chair of the Finance and Corporate Committee.

The report also notes the public consultation process for the Wakatipu and Concord related amendments to the Regional Public Transport Plan, and the community engagement regarding the Belleknowes Arthur Street extension. There is also an update on the petition received at the Finance and Corporate Committee meeting of 22 March 2017, and the award of the replacement ticketing system contract, total mobility and patronage trends for the twelve months 1 April 2016 to 31 March 2017.

Item 2

2017/0769 **Director's report – April 2017**. DCS, 09/03/17

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The report provides an update on the draft Annual Plan, response to the public forum discussion on Port Otago Ltd's impact on the Port Chalmers community and environment, and account payments for endorsement.

PART C – FOR NOTING

Item 3

2017/0781 **Grants, Legal Cases and Personal Grievances** DES, 26/04/17 -

As requested at the Audit and Risk Subcommittee meeting of 8 March 2017, this report provides details on financial grants made by Council for the period 1 July 2012 through to March 2017 and their effectiveness. The report also provides information on personal grievances and legal cases

Item 4

2017/0772 **Financial Report to 31 March 2017**. DCS, 28/04/17 -

The report provides information in respect of the overall Council finances for the nine months ended 31 March 2017.

PART D- RESOLUTION TO EXCLUDE THE PUBLIC

I move that the public be excluded from the following parts of the proceedings of this meeting, namely:

Item 5 Confirmation of the Minutes of the public excluded portion of the Finance & Corporate Committee meeting of 22 March 2017

Item 6 Confirmation of the Minutes of the public excluded portion of the Audit & Risk Subcommittee meeting of 8 March 2017

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under [section 48\(1\)](#) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item 5 – Confirmation of the Minutes of the public excluded portion of the Finance & Corporate Committee meeting of 22 March 2017	enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). <i>Section 7 (2)(i)</i>	Section 48 (1) (a) Section 7(2)(i)
Item 6 – Confirmation of the Minutes of the public excluded portion of the Audit & Risk Subcommittee meeting of	to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities. <i>Section 7 (2) (h)</i>	Section 48(1)(a) Section 7(2)(h) Section 7 (2) (c) (i) Section S7(2)

8 March 2017	<p>to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied. <i>Section 7 (2) (c) (i)</i></p> <p>to protect information where the making available of the information - (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; <i>Section S7(2) (b) (ii)</i></p>	(b) (ii)
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This resolution is made in reliance on [section 48\(1\)\(a\)](#) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by [section 6](#) or [section 7](#) of that Act or [section 6](#) or [section 7](#) or [section 9](#) of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

Item 6 enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). *Section 7 (2)(i)*

Item 7 to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities. *Section 7 (2) (h)*

to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied. *Section 7 (2) (c) (i)*

to protect information where the making available of the information - (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; *Section S7(2) (b) (ii)*

OTAGO REGIONAL COUNCIL

Minutes of a meeting of the Finance and Corporate Committee held in the Council Chamber, 70 Stafford Street, Dunedin on Wednesday 22 March 2017, commencing at 1:00pm

Membership: Cr Doug Brown (Chairperson)
Cr Andrew Noone (Deputy Chairperson)
Cr Graeme Bell
Cr Michael Deaker
Cr Carmen Hope
Cr Trevor Kempton
Cr Michael Laws
Cr Sam Neill
Cr Gretchen Robertson
Cr Bryan Scott
Cr Stephen Woodhead

Apologies: Nil

In attendance: Peter Bodeker (CEO)
Nick Donnelly
Gavin Palmer
Caroline Rowe
Scott MacLean
Lauren McDonald (Committee Secretary)
Sean Geary
Sharon Bodeker
Michael Templeton
Eleanor Ross

Cr Brown welcomed the public forum speakers and the Port Otago Ltd Chairman, Mr David Faulkner; Deputy Chairman Mr Paul Rea; current CEO, Mr Geoff Plunket; and CEO designate, Mr Kevin Winders.

CONFIRMATION OF AGENDA

Additional agenda item - Discussion of the By-Election for the Dunstan Ward to be held in public exclusion.

CONFLICT OF INTEREST

No conflicts of interest advised.

MINUTES

The minutes of the meeting held on 8 February 2017, having been circulated, were adopted on the motion of Crs Woodhead and Noone.

PUBLIC FORUM

Presentation of a petition to retain the Centre City New World bus stop for the Mosgiel bus services.

Mrs Lynne Hill read a prepared statement and outlined the concerns of a downgrade of the Mosgiel bus service due to the extra distance Mosgiel bus users would need to walk from the Bus Hub location (compared to the existing bus stop at Centre City New World) to the public hospital. She advised this would place additional stress on those with physical limitations to cover this extra distance from the bus hub location to the hospital. Mrs Hill presented the 180 signature petition from Mosgiel residents to the Chairperson seeking retention of the City Centre New World bus stop while the public hospital remains at the present site.

Mrs Hill responded to questions from Councillors and advised increased distance from the bus hub to the hospital to be approximately an additional 100 metres.

Cr Brown thanked Mrs Hill for taking the time to address the concerns of the petition to the Council and advised due consideration would be given to the petition request and a response would be sent to her.

Impact of the Port Otago Ltd operation on the Port Chalmers community and environment

Mary McFarlane, a Port Chalmers resident addressed Council on the impacts of the Port Otago Ltd operations on the harbour area. She acknowledged she had a constructive and continuing dialogue with Port Otago Ltd.

She questioned if the Council had given due consideration to the economic and lifestyle impact to the community and environment from the Port Otago Ltd operations. She advised the impacts included: operational noise; erosion of the Te Rauone and Back Beaches due to larger ships to the port, side channels silting up, heavy laden truck traffic impacting buildings in the heritage precinct due to road speed limits not being adhered to; cruise ship visitor numbers, and the visual impact of the port operations on local residents.

She advised she felt that the quality of life in the harbour area was being progressively eroded by the Port Otago Ltd commercial operations.

Ms McFarlane responded to questions from Councillors.

Cr Brown thanked Ms McFarlane for refreshing the issues with Council and confirmed a response would be sent to her in due course.

Public Forum concluded at 1:26pm

PART A – PRESENTATIONS

Item 1 Port Otago Ltd Interim Six Month report

In attendance Mr David Faulkner, Chairperson; Mr Kevin Winder, CEO designate; Deputy Chairperson, Paul Rea, and Geoff Plunket, outgoing CEO.

Mr Faulkner presented the Port Otago Ltd Six Month Interim Report, as tabled to the meeting.

Main points from the presentation included:

- Trade - Container volume up by 5%, log exports up 38%, a significant change. Vessel arrivals up from 213 to 226.
- Cruise vessels – 92 vessels booked for next year.
- Port development – extension to A shed, this is working well.
- New Generation work – looking to complete channel deepening to 14 metres by December 2017 - Wharf extension at Port Chalmers due for completion by December 2018.
- Chalmers Properties - Steel & Tube warehouse site fully occupied. Te Rapa site development proceeding well.

Mr Faulkner and Mr Plunket responded to questions from Councillors.

Port Otago Ltd members left the meeting at 1:54 pm.

PART B - RECOMMENDATIONS

Item 2

2017/0686 **2017-18 Draft Annual Plan and Consultation Document**. DCS, 06/03/17

The Draft Annual Plan (draft plan) was presented to the Finance and Corporate Committee for adoption and for it to be made available on the ORC website as supporting documentation to the consultation document.

The consultation document was also presented for consideration and adoption, so that it may be distributed to the Otago community, inviting comment on the Council proposed activities for the 2017/18 year.

The full *Draft Annual Plan 2017/18* and the *Draft Annual Plan 2017/18 consultation document* were circulated separately with the agenda. The full Castalia Ltd report entitled “*Economic Assessment of the Lower Waitaki River Control Scheme*” was circulated separately with the agenda.

Cr Brown advised the confirmed as Annual Plan hearing panel members as himself, Crs Woodhead Noone, Deaker, Kempton, Hope and Laws for the Draft Annual Plan for 2017/18. Cr Laws requested he be removed from membership of the hearing panel. Cr Bell was requested to replace Cr Laws, and accepted.

Moved Cr Laws

That \$100,000 is placed in the draft Annual Plan for the mitigation of lagarosiphon and management of lagarosiphon in the lakes in waterways of the Otago Regional Council.
No seconder, motion lapsed.

That the \$665,000 for the further development of the ORC Head Office building design be removed from the 2017/18 Annual Plan.
No seconder, motion lapsed.

That Port Otago Ltd dividend be increased from \$7.5million to \$10 million.
No seconder, motion lapsed.

Moved Cr Brown

Seconded Cr Woodhead

That the Draft Annual Plan be adopted as the information relied upon to support the consultation document, and that it be made available on council's web site.

- 1. That the consultation document be adopted for consultation purposes, subject to any minor editorial amendments.*
- 2. That changes to the Revenue Policy be adopted for consultation purposes.*
- 3. That it is financially prudent to have an operating deficit in the 2017/18 year.*
- 4. That submissions on the consultation document will close on 12 May 2017, and hearings will be held during the week commencing 22 May 2017.*
- 5. That a Hearing sub-committee be appointed.*

Motion carried

Crs Brown, Woodhead, Noone, Deaker, Kempton, Hope and Bell confirmed as the Hearing Panel members for the Draft Annual Plan for 2017/18.

Item 3

2017/0682 **Leith Flood Protection Scheme, Union Street to Leith Footbridge Construction** DES, 15/03/17

The report provided an update on the Union Street to Leith Footbridge stage of the Leith Flood Protection Scheme. Council approval was sought to award the contract for the construction of this stage to Downer New Zealand Limited (Downer) for the sum of \$2,497,034.74 (excluding GST).

Moved Cr Noone

Seconded Cr Deaker

1. *This report is received;*
2. *The award of a construction contract to Downer New Zealand Limited for the sum of \$2,497,034.74 (excluding GST) for construction of the Union Street to Leith Footbridge stage of the Leith Flood Protection Scheme is noted.*

Motion carried

Item 4

2017/0700 **Director's report – March 2017**. DCS, 09/03/17 -

The report outlined the Irrigation Scheme Rates and account payments for endorsement.

Moved Cr Woodhead

Seconded Cr Noone

- a) *That this report be received.*
- b) *That the payments and investments summarised in the table above and detailed in the payment schedule, totalling \$11,074,041.44, be endorsed.*

Motion carried

PART C – FOR NOTING

Item 5

2017/0687 **Financial Report to 31 January 2017**. DCS, 06/03/17 -

The report provided information in respect of the overall Council finances for the seven months ended 31 January 2017.

Moved Cr Noone

Seconded Cr Hope

That the report be received.

Motion carried

PART D- RESOLUTION TO EXCLUDE THE PUBLIC

Moved Cr Woodhead

Seconded Cr Noone

That the public be excluded from the following parts of the proceedings of the meeting, namely:

Item 6

2017/0707 **Replacement Ticketing System – Update**, DCS, 10/03/17

Council's approval sought to participate in the implementation of the Regional Integrated Ticketing System (RITS) interim solution as part of the Transport Agency National

Ticketing Programme (NTP) with the preferred supplier identified through the collective procurement process, and to act as the lead agency for the implementation, and the operation of the new system.

Item 7

2017/0708 **Designation Notice of Requirement – Authority**, DCS 10/03/17

The report requested for Council to delegate to the Chief Executive authority to lodge a Notice of Requirement with the Dunedin City Council for the construction, implementation and ongoing operation of the Central City Bus Hub/Interchange in Great King Street between St Andrew Street and Moray Place.

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item 6 – Replacement Ticketing System - Update	enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). <i>Section 7 (2)(i)</i>	Section 48 (1) (a) Section 7(2)(i)
Item 7 – Designation Notice of Requirement - Authority for the Central City Bus Hub	enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations). <i>Section 7 (2)(i)</i>	Section 48(1)(a) Section 7(2)(i)

Also moved that staff be permitted to remain in this meeting, after the public has been excluded, because of their knowledge of the: Regional Integrated Ticketing System (RITS); Transport Agency National Ticketing Programme (NTP), and the Notice of Requirement with the Dunedin City Council.

Motion carried

At the conclusion of discussion of items 6 and 7, Crs Brown and Woodhead moved that the meeting resume in public session.

The meeting was declared closed at 2:48pm

Chairperson

OTAGO REGIONAL COUNCIL

Minutes meeting of the Audit and Risk Subcommittee held in the Council Chamber, 70 Stafford Street, Dunedin on Wednesday 8 March 2017, commencing at 1:06pm

Membership: **Mr David Benham** (Chair)
 Cr Stephen Woodhead (ORC Chairperson)
 Cr Gretchen Robertson (ORC Deputy Chairperson)
 Cr Doug Brown (Chair, Finance & Corporate Committee)
 Cr Trevor Kempton
 Cr Michael Laws

Apologies: Nil

In attendance: Peter Bodeker (CEO)
 Nick Donnelly (Director Corporate Services)
 Lauren McDonald (Committee Secretary)

Mr Benham thanked councillors for his reappointment as Chair of the Audit & Risk subcommittee and advised he was looking forward to next 3 year term.

CONFIRMATION OF AGENDA

Mr Benham confirmed the meeting would move into public exclusion for items 5, 6 and 7.

CONFLICT OF INTEREST

No conflicts of interest were advised.

PUBLIC FORUM

No public forum was held.

Members commented that the minutes from the last subcommittee meeting of the 2013-16 triennium would be useful to provide context to discussion.

Action minutes of the previous meeting (21 September 2016) to be circulated to members.

PART A - RECOMMENDATIONS

Item 1
2017/0680 **Health and Safety Report**. Human Resources Manager, 03/03/17-

The report summarised health and safety activities and incident statistics for the period September 2016 to February 2017.

It was suggested that the report could be reformatted to ensure line controls are better aligned with the identified hazards.

Cr Laws left the room at 1:14pm.

Mr Bodeker confirmed contractor accreditation was well underway and would be reported to the next meeting.

Cr Laws returned to the room at 1:16pm

Clarification was sought on the Health & Safety responsibilities and legislation in regard to elected members.

Mr Bodeker advised that councillors were independent contractors in regard to the Health & Safety legislation.

Action: Mr Bodeker to report back on the relevant Health & Safety legislation.

Moved Cr Woodhead
Seconded Cr Robertson

That the report be received.

Motion carried

Item 2

2017/0640 **Legislative Compliance.** Legal Counsel, 28/02/17

The report reviewed Council's performance in regard to the responsibilities, functions and duties of Council in relation to Acts, Regulations, Bylaws and other Government directives.

Agreed there is a requirement for a comprehensive review of all legislative compliance to ensure Council is meeting its legal obligations. Mr Donnelly advised legislative compliance software had been reviewed but was expensive and a spreadsheet based checklist was being investigated for implementation.

Moved Cr Robertson
Seconded Cr Brown

That the report be received.

Motion carried

Item 3

2017/0673 **Section 17A Reviews.** Manager Projects, 01/03/17

The report provided information on work completed to date, along with a programme of work for the Section 17A reviews for the Otago Regional Council.

A question arose regarding the relevance of this report to Audit and Risk and whether it should sit with another Committee, or Council itself.

Cr Woodhead confirmed that the recommendations of the Section 17A review work programme will be made to the Finance and Corporate Committee and then to Council for adoption.

Moved Cr Kempton
Seconded Cr Woodhead

That the report be noted.

Motion carried

Item 4

2017/0608 **Financial Report to 31 January 2017**. Finance Manager, 02/03/17

The report provided information in respect of the overall Council finances for the seven months ended 31 January 2017. Discussion was held on reasons for overspends in port and harbour safety and emergency management for the region.

Mr Bodeker advised the harbourmaster role has been re advertised. The role currently being covered by experienced contractors and this was the reason for the overspend.

A request was made for the report to include a forecast to the end of the financial year. Mr Donnelly advised that the forecast will be included in the upcoming 8 month review.

A question was raised on the monitoring of grants provided by Council. Mr Bodeker advised that information is provided through the CE's report.

A comment was for Council to have clear policy guidelines of the criteria for grant applications, and that monitoring and reporting requirements are in place, to ensure Council is able to verify the grants provided are meeting the criteria set.

Mr Donnelly confirmed that both the Environmental Enhancement Fund and the Water Management Reserve (Bulk Rural Water Fund) were covered in the CE's Council report when the grants were made and also in the 4 and 12 month activity reporting.

Mr Benham agreed that a report be provided to the Audit & Risk subcommittee of grants made, with an assessment of the effectiveness of the grants.

Moved Cr Woodhead
Seconded Cr Robertson

That the report be received.

Motion carried

A question was raised as to how legal risks to Council were reported. Mr Donnelly advised that that should occur under risk reporting which was included in Item 7, the In Committee director's report covering risk management strategy framework and an update on risk reporting development.

Mr Donnelly confirmed he would provide a copy of risk management framework adopted at the 21 September 2016 Audit and Risk subcommittee meeting to the elected members.

PART C - RESOLUTION TO EXCLUDE THE PUBLIC

Moved Cr Woodhead
Seconded Cr Robertson

That the public be excluded from the following parts of the proceedings of this meeting (pursuant to the provisions of the Local Government Official Information and Meetings Act 1987), namely:

Item 5 BNZ Managed Fund Report to 31 December 2016. DCS, 03/03/17

Item 6 Audit Management Letter Report, Finance Manager, 03/03/17

Item 7 Director's Report, DCS, 03/03/2017

The general subject of each matter to be considered while the public is excluded, the reason for passing this resolution in relation to each matter, and the specific grounds under [section 48\(1\)](#) of the Local Government Official Information and Meetings Act 1987 for the passing of this resolution are as follows:

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item 5 – BNZ Managed Fund Report to 31 December 2016	Section 7 (2) (h) to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.	Section 48 (1) (a) Section 7 (2)(h)
Item 6 – Audit Management Letter – June 2016	Section 7 (2) (c) (i) to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.	Section 48(1) (a) Section 7 (2) (c) (i)
Item 7 – Director's Report including: BNZ Controls Report; Statement of Investment Policies and Objectives; Audit contract; Risk Reporting.	Section S7(2) (b) (ii) to protect information where the making available of the information - (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; and Section 7 (2) (c) (i) to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.	Section 48 (1) (a) Section S7(2) (b) (ii) Section 7 (2) (c) (i)

This resolution is made in reliance on [section 48\(1\)\(a\)](#) of the Local Government Official Information and Meetings Act 1987 and the particular interest or interests protected by [section 6](#) or [section 7](#) of that Act or [section 6](#) or [section 7](#) or [section 9](#) of the Official Information Act 1982, as the case may require, which would be prejudiced by the holding of the whole or the relevant part of the proceedings of the meeting in public are as follows:

That staff be permitted to remain in this meeting, after the public has been excluded, because of their knowledge of the BNZ Managed Fund, Audit Management letter and BNZ Controls Report and SIPO.

Vote: For 5, Against 1 (Cr Laws)

Motion carried

Cr Robertson left the meeting at 2:34pm

At the conclusion of discussions of items 5, 6 and 7 it was moved by Cr Woodhead and Mr Benham

To resume in public session.

Motion carried

The meeting was declared closed at 3:16.pm

Chairperson

REPORT

Document Id: A996974
Report No: 2017/0778
Prepared For: Finance and Corporate Committee
Prepared By: Manager Support Services
Date: 24 April 2017

Subject: Passenger Transport Update – April 2017

1 Précis

This report provides an update on tenders for Unit 1, Unit 2, and Part Unit 3 for the Dunedin Network seeking delegated approval for the CE to award contracts in consultation with the Chairperson and Chair of the Finance and Corporate Committee.

The report also notes the public consultation process currently in hand for the Wakatipu and Concord related amendments to the Regional Public Transport Plan, and the community engagement regarding the Belleknowes Arthur Street extension.

There are updates on the petition received at the 22 March Finance and Corporate Committee meeting, the award of the replacement ticketing system contract, total mobility and patronage trends for the twelve months 1 April 2016 to 31 March 2017 which show a slight improvement in patronage for the Dunedin network, but a continuing decline for the Wakatipu network.

2 Dunedin Bus Tenders

The next round of tenders for services within the Dunedin Network are currently in the market. The tenders represent the services defined in the Regional Public Transport Plan for Units 1 and 2.

A tender for the trial of the Ridge Runner (part Unit 3) service is also being tendered. The term of the trial is aligned with the final commencement of Unit 3 which is scheduled for 1 July 2019.

The tendered services are scheduled to commence on 18 September 2017 which aligns with the expiry of the existing contracts for the affected services.

The services being tendered are as follows:

Unit 1

Balaclava – Logan Park (Stadium)
Port Chalmers
Peninsula
Northern (Palmerston) and
Concord (from 1 July 2017)

Unit 2

Normanby – St Clair
Corstorphine – Wakari
St Clair Park – Helensburgh

Unit 3

Ridge Runner (Cargill's Corner – Mornington – Roslyn – Highgate – University)
(note Pine Hill – Lookout Point and Opoho – Shiel Hill are not being tendered until 2018).

The new contracts will continue the alignment of the weekday, evenings, weekends and public holiday services onto the same routes (without multiple variations), along with consistent frequencies and coordinated timetables as prescribed in the RPTP.

Funding for the revised services is contained within Council's Long Term Plan.

Due to the timing of the tenders and the need to ensure a timely award to allow the implementation of the services, it will not be possible to bring the tender results back to Council prior to contract award. It is therefore recommended that Council delegate the authority to award the contracts for these services to the Chief Executive, in consultation with the Chairperson and the Chair of the Finance and Corporate Committee.

3 Regional Public Transport Plan (RPTP) Amendments

Wakatipu

The public submission period for consultation on the proposed amendments to the RPTP for the new Wakatipu Public Transport Network closed on 21 April. Staff are now collating the 411 submissions received. A hearing will be held in Queenstown on 8 May by a joint panel consisting of two ORC councillors and one QLDC councillor. Once the hearing is complete the submissions will be considered and the panel will make a recommendation on the proposed addendum.

Concord

The public submission period for consultation on the proposed amendments to the RPTP for the inclusion of a new link between Green Island and Concord into Unit 5 close on 28 April. A hearing is being arranged for the week commencing 8 May 2017. Once the hearing is complete the submissions will be considered and the panel will make a recommendation on the proposed addendum.

4 Belleknowes (Arthur Street – Canongate Extension)

A mail box survey of residents and ratepayers in the immediate vicinity of Arthur Street, Russell Street and Canongate is scheduled for mail-out on 28 April 2017.

The survey will seek to gain an understanding of the level of support for a reintroduction of the Arthur Street / Russell Street and Canongate extension of the Belleknowes Service. Those receiving the survey have been asked to respond by 19 May 2017. Staff hope to have the

results of the survey available along with any recommendation to the next Finance and Corporate Committee meeting.

5 Petition – Mosgiel Bus Service Stop at Centre City New World

A petition (with 180 signatures) on behalf of Mosgiel residents, was presented to the 22 March Finance and Corporate Committee meeting. The petition seeks to retain the Centre City New World stop for the Mosgiel service, once the bus hub becomes operational, and while the hospital remains in its current location.

The individual presenting the petition expressed the view that the need to transfer buses at the interchange and/or the additional walk required, would place additional stress on those with physical impairments.

Under the current arrangement it is approximately a 270m walk from the Centre City New World stop to the Cumberland Street entrance of the Hospital, and a 380m walk to the Great King Street entrance.

Once the hub becomes operational, the Mosgiel service will turn down St Andrew Street and enter the Great King Street entrance of the hub from the north.

If the hub is implemented as planned, there will be two options available to those wishing to access the hospital:

- a) Transfer from the Mosgiel Service to the Balaclava – Logan Park (Stadium) Service which will be operating on a 15 minute weekday frequency, (noting stops are to be placed in the hospital block of Great King Street in consultation with the DCC); or
- b) Walk from the hub to the hospital entrance, being approximately 420m to the Great King Street entrance and approximately 500m to the Cumberland Street entrance.

Staff have considered the matter further and still remain of the view that, even with a transfer, access to the hospital is improved for all bus users as a result of the changes. Therefore it is recommended that the service change be implemented as planned.

6 Ticketing System Replacement

A contract for the replacement of Council's ageing ticketing system has been awarded to INIT, an international transport technology provider with more than 30 years experience in ticketing and transport solutions worldwide. The contract with INIT is a joint agreement between the supplier and nine Councils being:

- Northland Regional Council
- Waikato Regional Council
- Bay of Plenty Regional Council
- Horizons Regional Council
- Hawke's Bay Regional Council
- Taranaki Regional Council

- Nelson City Council
- Otago Regional Council, and
- Invercargill City Council.

Work has commenced on the system definition and development with the implementation targeted for early in 2018.

7 Total Mobility

The new Total Mobility system, which includes the new personalised photo identification cards, is scheduled to become operational on 18 May 2017.

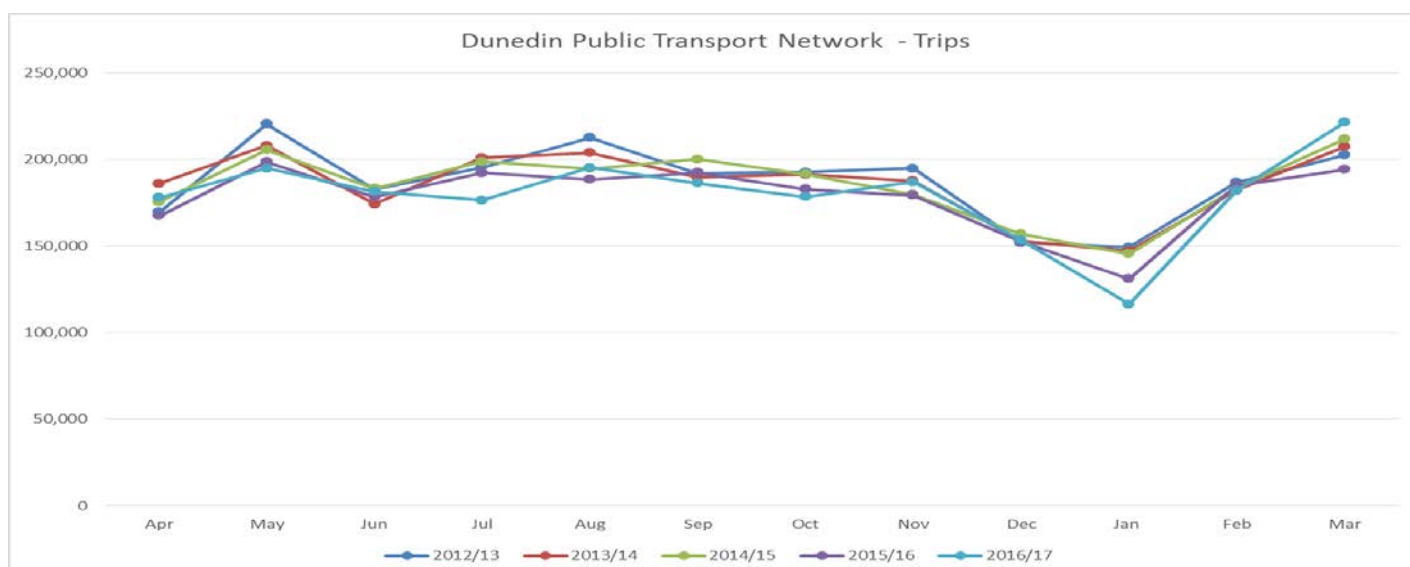
There will be a short period where both the existing voucher scheme and the new cards scheme will run concurrently.

From 9 June 2017 all Total Mobility clients will be required to use their ID cards as vouchers will no longer be accepted.

The new cards will be able to be used in Auckland, Wellington and Christchurch to access the scheme.

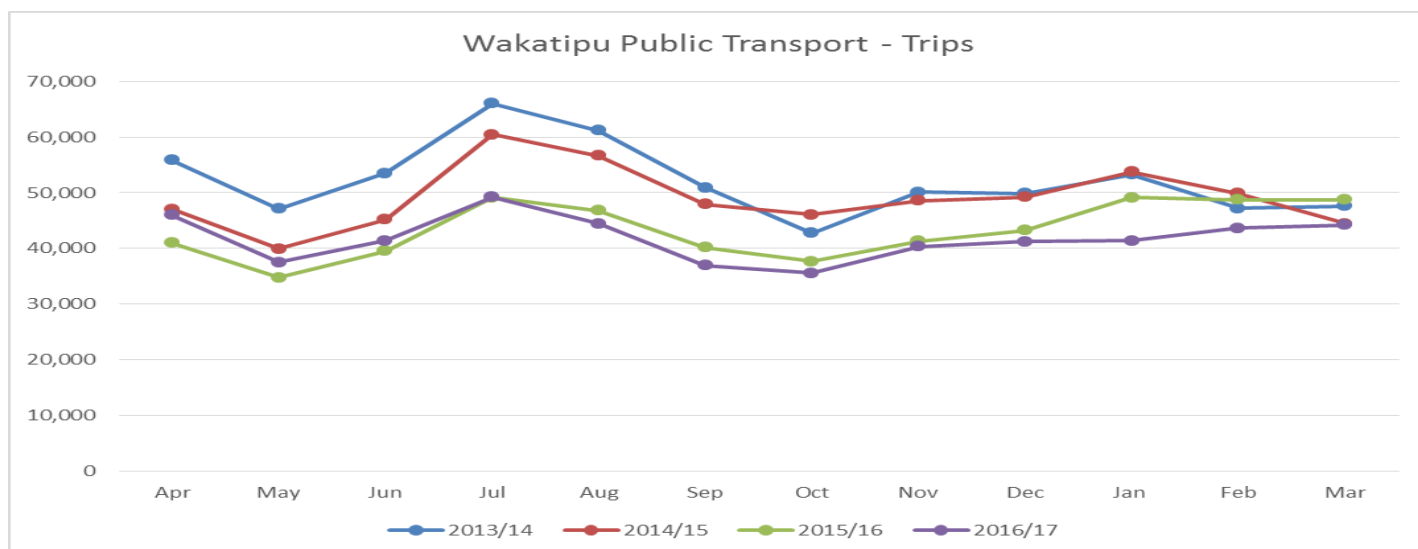
8 Patronage Dunedin and Wakatipu Networks

The following graphs provide a representation of the patronage trends over the last five years for the Dunedin network, and four years for the Wakatipu network.



Dunedin Network patronage April to March 2012-2017

The twelve months 1 April 2016 to 31 March 2017 results in a 0.04% gain in patronage against the corresponding period 1 April 2015 to 31 March 2016.



Wakatipu Network patronage April to March 2013 -2017

The twelve months 1 April 2016 to 31 March 2017 results in a 3.5% loss in patronage against the corresponding period 1 April 2015 to 31 March 2016.

9 Recommendations

That:

- a. *This report is received.*
- b. *The request to retain the Centre City New World Stop for Mosgiel Services once the hub becomes operational be declined.*
- c. *The Chief Executive, in consultation with the Chairperson and the Chair of the Finance and Corporate Committee, be delegated authority to award contracts for Unit 1, Unit 2, and Part Unit 3.*

Nick Donnelly
Director Corporate Services

REPORT

Document Id: A995902

Report Number: 2017/0769
Prepared For: Finance and Corporate
Prepared By: Director Corporate Services
Date: 20 April 2017

Subject: **Director Report - April 2017**

1. Annual Plan Update

Following the adoption of our consultation document at the Finance and Corporate Committee meeting on 22 March, submissions on our draft annual plan opened on 3 April. We have had a very positive response to date, with over 500 submissions having been received already. Submissions will close on 12 May 2017.

A summary of submissions is being prepared. Once closed, the summary and copies of all submissions will be made available to councillors. Hearings are scheduled for the week beginning 22 May. Details of when and where the hearings will be held will be based on the number of submitters who wish to be heard. This will be determined as soon as possible after submissions close on 12 May.

2. Response to the 22 March Public Forum – Port Otago Limited’s impact on the Port Chalmers community and environment

At the Finance and Corporate Committee meeting on 22 March 2017 Mary McFarlane presented to the Public Forum regarding the impact of Port Otago Limited’s operation on the Port Chalmers community and environment.

Ms McFarlane, a Port Chalmers resident, advised the impacts included operational noise pollution, erosion of Te Rauone and Back Beaches, heavy truck traffic, cruise ship visitor numbers. She advised she felt that the quality of life in the harbour area was being eroded by Port Otago Limited’s operations. She suggested that there were aesthetic improvements Port Otago Limited could make to their operations which would benefit those residents overlooking the port.

Staff have reviewed the issues raised and consider there is no specific action required by Council. These issues have been raised in the past and form the main focus of community liaison initiatives undertaken by Port Otago Limited as part of its ongoing commitment to the local community and the environment.

Port Otago Limited has established a Port Environment Liaison Committee which provides a vital link to the community and is an important forum to monitor the company's environmental performance. The Committee, which comprises representatives from Port Otago, the Otago Regional Council, the Port Chalmers community and Port users, meets six-weekly to discuss a range of issues including noise, landscaping and lighting within the port area.

A Port Environment Plan has been developed to ensure a long-term commitment by Port Otago Limited to the environment in which the Port operates. Port Otago has also successfully completed a significant number of acoustic treatment works on properties neighbouring the Port over the last eight years.

A Statement of Corporate Intent (SCI) is presented to Council annually. The next update of this document will occur in July 2017 and provides Council with the opportunity to comment on the objectives of Port Otago Limited. Current objectives include:

- To recognise in all aspects of the Group's activities the environmental sensitivity of the Otago Harbour and the impact on local communities.
- To conduct itself as a good corporate citizen consulting on matters of public interest.

Inclusion of these objectives ensures that the concerns raised by Ms McFarlane are considered by Port Otago Limited and they will continue to work closely with the local community regarding the issues she has raised.

It is recommended that staff respond to Ms McFarlane outlining the above points and thank her for taking the time to present her concerns to Council.

3. Account Payments

Schedules of payments made are referred to the Finance and Corporate Committee for endorsement. The financial commitments and payment authorisation are made in accordance with Council's financial delegations and internal control procedures.

Payment Category	March 2017
Trade payments	2,780,817.18
Payroll	733,219.95
Investments	0.00
Total	3,514,037.13

4. Recommendations

- a) That this report be received.
- b) That a response be made to Mary McFarlane as outlined above.
- c) That the payments and investments summarised in the table above and detailed in the payment schedule, totalling \$3,514,037.13, be endorsed.

Nick Donnelly
Director Corporate Services

REPORT

Document Id: A997394

Report Number: 2017/0781

Prepared For: Finance and Corporate

Prepared By: Director Corporate Services

Date: 26 April 2017

Subject: **Grants, Legal Cases and Personal Grievances**

1. Précis

At the Audit and Risk Committee meeting on 8 March 2017 a report was requested on grants made by Council and their effectiveness. There was also enquiry about legal and personal grievance cases although no report was requested on these matters. This information was subsequently requested on 9 March 2017 under the Local Government Official Information and Meetings Act 1987 (LGOIMA). Part of the LGOIMA request was refused under section 17(d) of LGOIMA as the information would soon be publically available at a forthcoming meeting. Staff considered it appropriate to respond as directed by the Committee and extend this to cover the information requested on the personal grievance cases. As the information was requested via the Audit and Risk Committee it had been intended to report back through that Committee. Given the next Audit and Risk Committee meeting isn't scheduled until June the report is being presented to this meeting of Finance and Corporate.

2. Grants

A list of all financial grants is appended to this report. It details grants made from 1 July 2012 being the beginning of the 2012/13 financial year through to March 2017 in the current financial year.

The summary is grouped into the various activities that grants are applied from. It lists who the grant has been paid to and the total amount paid to that payee for each financial year. The approval for each activity / grant is also detailed. In general the activity at a project level was approved by Council as part of the Long Term Plan or Annual Plan process and individual grants were then allocated under the CE's delegation. In the case of the Environmental Enhancement Fund the CE has delegation for amounts up to \$50,000 with requests for amounts over that requiring Council approval i.e. the Halo project. Environmental Enhancement Fund grants made through the CE's delegation have been reported to Council via the CE's report following the provision of the grant. Payments made under other activities have been regularly reported to Council as part of the 4, 8 and 12 month service delivery reviews.

Reports on the effectiveness of the grants and/or comment on the status of the work being undertaken is also included in the report. In the case of the Manuherikia Water Strategy Group a reference to their website is provided. There are numerous reports available and it is not prudent to print and append the individual documents. The CE represents Council on this group and attends meetings when timing permits. Grants made under the Environmental Enhancement Fund include a requirement for the recipients to report back annually. The first of these reports is due in June 2017.

3. Personal Grievances

Payments in relation to personal grievances have been reported in the annual report. The notes to the Financial Statements includes details of severance payments as part of the Remuneration note (Note 20, pages 86 and 87 of the Annual Report 2015/16). This disclosure details the number of severance payments made and the amount of each payment. The payments that have been reported and relate to personal grievance claims are as follows:

Year	2013	2014	2015	2016	2017 to date
Number	0	1	0	4	0
Amounts	\$0	\$56,250	\$0	\$55,000 \$50,000 \$45,500 \$30,000	\$0

Only one claim resulted in legal expenses incurred by Council being \$1,150.

These settlement amounts are audited by Council's auditors annually as sensitive expenditure and related party transactions are a specific area of focus under the AOG auditing standards. The details of these payments including who and what they relate to are confidential and cannot be disclosed.

4. Legal Cases

The LGOIMA request for "A list of **all legal cases** in which the Otago Regional Council is currently involved in, with whom, and the legal expenses paid for and/or liable or due for each of those legal cases. These legal cases including cases in which the Otago Regional Council is listed as a party and are yet to be formally heard or are currently in mediation" was granted. However some of the information requested under this point will require specific additional work from our external solicitor and staff which we have advised the requester that we would charge for. Council has not received a response indicating whether the requestor wishes to proceed.

5. Recommendations

That this report be received.

Nick Donnelly
Director Corporate Services

Activity	Payee	12/13	13/14	14/15	15/16	16/17	Total	Approval
Bulk Rural Water Manuherikia	CENTRAL OTAGO DISTRICT COUNCIL	83,063	175,000	95,000	142,500	49,000	544,563	LTP then CE
Bulk Rural Water Strath Taieri	AQUALINC RESEARCH LTD				1,433		1,433	
	DAVID HAMILTON & ASSOCIATES				9,540		9,540	
	RAINEFFECTS LTD				6,600		6,600	
Bulk Rural Water Strath Taieri		-	-	-	17,573	-	17,573	LTP then CE
Falcon Study	PARKER CONSERVATION				10,000		10,000	CE
Otago Peninsula Biodiversity	OTAGO PENINSULA BIODIVERSITY GROUP				27,000		27,000	CE
HALO Project	LANDSCAPE CONNECTIONS TRUST					132,030	132,030	Council
Wakatipu Island Reforestation Trust	WAKATIPU ISLANDS REFOREST					3,817	3,817	CE
Forest & Bird - Makaroa Project	FOREST & BIRD PROTECTION					23,395	23,395	CE
Kakaho Creek Wetland	WAITAKI DISTRICT COUNCIL					4,348	4,348	CE
Lindis Pass Conservation Group	LINDIS PASS CONSERVATION					4,232	4,232	CE
Environment Enhancement Fund		-	-	-	37,000	167,821	204,821	LTP then CE/Council
	CENTRAL OTAGO WILDING CONIFER GROUP	-	-	10,000	-	34,783	44,783	
	WAKATIPU WILDING CONIFER GROUP					40,000	40,000	
Wilding Pines		-	-	10,000	-	74,783	84,783	Annual Plan
Biodiversity - Penguins	YELLOW-EYED PENGUIN TRUST	-	-	-	29,167	52,500	81,667	Annual Plan
Rural Landscape Study	LINCOLN UNIVERSITY	36,876	38,072	13,100	-	-	88,048	
Lakes Water Quality	UNIVERSITY OF OTAGO	37,322	28,091	-	-	-	65,414	
Graduate Research Contributions		74,198	66,163	13,100	-	-	153,461	LTP then CE
TOTAL		157,262	241,163	118,100	226,240	344,104	1,086,868	

reports available on mcwater.co.nz, CE represents ORC on this group

CE is in regular contact with this group and has requested a formal report back
annual report back due in Jun 2017
annual report back due in Jun 2017
annual report back due in Sep 2017
annual report back due in Aug 2017
annual report back due in Sep 2017
annual report back due in Mar 2018
annual report back due in Mar 2018

ORC has a staff representative on this group

DEHS meets with the trust for progress updates and they are presenting to Council on 17 May

\$150k pa (\$50k per project) was allocated prior to the current 2015/25 LTP

REPORT

Document Id: A995993

Report Number: 2017/0772

Prepared For: Finance and Corporate Committee

Prepared By: Finance Manager

Date: 28 April 2017

Subject: **Financial Report to 31 March 2017**

The following information is provided in respect of the overall Council finances for the nine months ended 31 March 2017.

1. Statement of Comprehensive Revenue and Expense and Statement of Financial Position.

Otago Regional Council Statement of Comprehensive Revenue and Expense For the nine months to 31 March 2017

	Note Ref.	\$000s			
		Annual Budget	Year to date to 31 March 2017		
			Budget	Actual	Variance Note *
Revenue:					
Rate revenue		15,940	11,958	11,967	9
Government subsidies	Note 1	9,575	6,377	4,885	(1,492)
Other revenue	Note 2	3,892	2,982	4,129	1,147
Dividend income from Port Otago Ltd	Note 3	7,400	5,550	5,550	-
Interest and investment income	Note 4	2,150	1,613	1,643	30
Rental income	Note 5	1,111	834	764	(70)
Gain in value of investment Property	Note 6	313	-	-	-
Total Revenue		40,381	29,314	28,938	(376)
Less Expenses:					
Operating expenses		27,734	19,341	17,791	1,550
Employee benefits expense		12,133	9,100	9,351	(251)
Depreciation/Amortization charge	Note 7	1,761	1,321	1,418	(97)
Total Expenses		41,628	29,762	28,560	1,202
Surplus/(deficit)		(1,247)	(448)	378	826
Income tax benefit		115	73	73	-
Surplus/(deficit) after tax		(1,132)	(375)	451	826
Revaluation gain – shares in subsidiary	Note 8	10,000	-	-	-
Net comprehensive revenue		8,868	(375)	451	826

Note *

In the above statement, bracketed variances indicate revenue less than the budgeted level, and expenditure in excess of the budgeted level.

Note 1 – Government Subsidies

The Council receives subsidies from Government agencies on eligible expenditure. The level of subsidy income is therefore directly related to the level of eligible expenditure.

Subsidy income from the Public Passenger Transport project is down \$1,349,000 on the budget of \$6,090,000.

Within this project, some individual variances are the result of lower than budgeted expenditure levels in respect of developmental work of a capital nature, resulting in a lower level of claimable subsidy at this time.

These subsidy variances are the Electronic Ticketing System Replacement project with a variance of \$684,000, the Real-time Information Dunedin project with a variance of \$176,000 and the Bus Hub project with a variance of \$165,000.

The Dunedin Bus Contracts activity also has a lower level of subsidy of \$402,000 against a budget of \$2,721,000 – reflecting a change from the budgeted basis and level of contract activity.

The net variance on the remaining sub-projects within the Public Passenger Transport activity amounts to \$78,000 in excess of the budgeted subsidy level.

Subsidy income related to the Stock Truck Effluent Disposal Site capital expenditure in Central Otago is budgeted at \$189,000. The project is currently in the initial planning phase with the consequential effect that the budgeted subsidy income is not yet claimable.

Note 2 – Other Revenue

The amount of other revenue earned of \$4,129,000 exceeds the budgeted amount of \$2,982,000 by \$1,147,000.

The major reason for revenue exceeding budget is the receipt of unbudgeted gross contract bus fare revenue of \$1,061,000. Bus contracts were fully budgeted on a net contract basis where the Council makes payments to operators net of fare revenue. Some contractual arrangements are now on a gross basis, where Council pays the gross amount to operators and receives fare revenue from the operators. This change in arrangement results in higher than budgeted expenditure and revenue, in respect of the gross contracts.

Note 3 – Dividend Income from Port Otago Limited

Dividend income is accrued during the year based on the budgeted dividend level set in the Annual Plan.

An interim dividend of \$3,500,000 was received on 16th February 2017 and a further interim dividend is expected to be received in June 2017. A final dividend is expected to be declared and paid in September 2017.

Note 4 – Interest and Investment Income

This revenue line comprises interest earned on term deposits and bank accounts of \$1,018,000 and an increase in fair value of the managed fund portfolio of \$625,000.

Interest earned on the term deposit portfolio for the nine months to 31 March 2017, amounts to a weighted average interest rate of 3.51%.

The increase in fair value of the managed fund incorporates income received and changes in the market value of investments due to price changes, and foreign exchange rates where applicable. The overall change in fair value is subject to monthly fluctuations due to movements in the market valuation factors.

Note 5 – Rental Income

The prime reason for rental income being less than budget is that the budget provided for income on property that has been disposed of subsequent to formulation of the budget. This includes properties formerly held for the Leith Flood Protection Scheme and sub-lease income on the former Queenstown office.

Note 6 – Gain in Value of Investment Property

Investment Property is revalued annually, with the next revaluation date being 30 June 2017. Accordingly the year to date budget and actual amounts reflect nil values.

Note 7 – Depreciation and Amortization

The total of the depreciation and amortization charge of \$1,418,000 exceeds the budgeted amount by \$97,000.

A significant factor in this variance is additional depreciation on flood protection and drainage scheme assets – with the Leith scheme accounting for \$44,000 of the overall variance, and the Lower Clutha Scheme \$16,000. Additional depreciation charges on computer hardware, and amortization charges on consents and compliance and general software systems, accounts for a further \$25,000 of the variance.

Depreciation and amortization charges are a non-cash charge, and may vary from budget due to several factors including cost and timing of acquisition.

Note 8 – Revaluation Gain – Shares in Subsidiary

The annual budget makes provision for an increase in the valuation of the Council's 100% shareholding in Port Otago Limited. The shares are valued annually, with the next revaluation date being 30 June 2017. Accordingly, the year to date budget and actual amounts reflect nil values.

**Otago Regional Council
Statement of Financial Position as at 31 March 2017**

		31 March 2017 \$000's	30 June 2016 \$000's
Current Assets			
Cash and cash equivalents	Note 1	3,682	2,540
Other financial assets	Note 1	57,767	56,198
Trade and other receivables	Note 2	3,792	3,298
Other current assets		223	207
Property held for sale and inventory		1,284	1,284
Dividends Receivable	Note 3	1,250	-
		67,998	63,527
Non-Current Assets			
Property plant and equipment		85,031	84,138
Intangible assets (computer software)		1,877	1,800
Investment Property	Note 4	10,785	10,785
Deferred tax asset		70	98
Shares in subsidiary Port Otago Ltd	Note 5	418,239	418,239
		516,002	515,060
Total Assets		584,000	578,587
Current Liabilities			
Trade and other payables		3,894	4,134
Employee entitlements		1,419	1,483
Revenue in advance	Note 2	5,268	-
		10,581	5,617
Non-current Liabilities			
		-	-
Total Liabilities		10,581	5,617
Net Assets		573,419	572,970
Total Equity and Reserves			
Public equity		134,821	137,205
Reserves			
Available-for-sale revaluation reserve	Note 5	398,239	398,239
Asset revaluation reserve	Note 4	8,724	8,724
Building reserve	Note 6	13,858	10,997
Asset replacement reserve		5,888	5,987
Emergency response reserve		3,996	3,891
Water management reserve		1,423	1,433
Kuriwao endowment reserve		6,336	6,271
Environmental Enhancement Reserve	Note 7	134	223
		438,598	435,765
Total Equity and Reserves		573,419	572,970

Note 1 – Cash and Cash Equivalents and Other Financial Assets

Funds surplus to the Council's immediate and short term requirements are managed on Council's behalf by the BNZ. An Investment Portfolio and term deposits with durations of 4-12 months are included in the classification Other Financial Assets. Current bank balances and term deposits with durations of less than 4 months are included in Cash and Cash Equivalents.

Note 2 – Trade and other Receivables and Revenue in Advance

The Trade and Other Receivables amount of \$3,792,000 includes rates outstanding of \$603,000. This is the remaining balance outstanding following issue of the Council's rate assessments of \$18,385,000 in September 2016 and subsequent payments.

The Revenue in Advance amount of \$5,268,000 includes rate revenue of \$3,997,000, being the portion of rate revenue that will be earned and released to the Statement of Revenue and Expenses in the months of April to June 2017.

The Revenue in Advance amount also includes Ministry of Primary Industries (MPI) funding of \$1,171,000 (excl GST) related to Wilding Conifer Control work in the Otago region.

The MPI funding held in advance will be transferred to revenue when work is performed and the parties participating in the arrangement become eligible to receive the funding. At that time, Council will include both the funding received and the payments for control work performed in the Statement of Revenue and Expenditure.

Note 3 – Dividends Receivable

The dividend receivable amount reflects the accrual of expected dividends from Port Otago Limited for the period of this report, less the final dividend for the June 2016 year of \$800,000 received in September 2016, and an interim dividend of \$3,500,000 received in February 2017.

Note 4 – Investment Property and Asset Revaluation Reserve

Investment property is revalued annually and is included at the 30 June 2016 valuation. The asset revaluation reserve reflects the revaluation amount of the investment property at 30 June 2016.

Note 5 – Shares in Port Otago Ltd and Available-for-Sale Revaluation Reserve

The shares in Port Otago Ltd are included at the 30 June 2016 valuation, and the Available-for-Sale Revaluation Reserve reflects the revaluation amount of the shares. The shares will next be revalued as at 30 June 2017.

Note 6 – Building Reserve

The 2016/17 Annual Plan provides for the transfer to the reserve of \$2,500,000 from public equity. The transfer is fully reflected in the reserve balance to 31 March 2017, along with interest earned to date.

Note 7 – Environmental Enhancement Reserve

Note is made that in the nine months to 31 March 2017, five grants amounting to \$168,000 have been made to organisations in support of community projects contributing to the enhancement of the local environment, the purpose for which the reserve was established.

The reserve has been increased by the appropriation of monies received from an enforcement matter in the sum of \$75,000.

2. Activity Expenditure

The table below summarises activity operating and capital expenditure to 31 March 2017, and the notes following identify the projects that have significantly contributed to the major overall activity variances.

Activity Expenditure Summary

		Annual Budget 30 June 2017 \$000's	Budget March 2017 \$000's	Actual March 2017 \$000's	Variance * Actual vs Budget \$000's
Environment	Note 1				
Air		451	329	284	45
Environmental Incident Response		1,263	977	900	77
Land		1,982	1,484	1,503	(19)
Rivers and Waterway Management		1,822	1,303	1,101	202
Water		7,654	5,729	5,358	371
		13,172	9,822	9,146	676
Community	Note 2				
Public Information and Awareness		1,937	1,450	1,743	(293)
Democracy		1,548	1,121	1,178	(57)
Financial Contributions		350	263	263	-
Regional Economic Development		100	75	6	69
		3,935	2,909	3,190	(281)
Regulatory	Note 3				
Policy Development		176	133	349	(216)
Consents and Compliance		2,712	2,028	2,034	(6)
Harbour Management		273	176	485	(309)
		3,161	2,337	2,868	(531)
Flood Protection & Control Works	Note 4				
Leith Scheme		5,020	2,416	1,356	1,060
Taieri Schemes		2,034	1,524	1,000	524
Clutha Schemes		1,810	1,354	801	553
Other projects		267	201	236	(35)
		9,131	5,495	3,393	2,102
Safety and Hazards	Note 5				
Natural Hazards		1,261	945	956	(11)
Emergency Management		702	528	1,039	(511)
		1,963	1,473	1,995	(522)
Transport	Note 6				
Regional Land Transport Planning		167	126	256	(130)
Public Passenger Transport		16,320	10,881	9,534	1,347
Stock Truck Effluent Disposal Sites		495	371	27	344
		16,982	11,378	9,817	1,561
		48,344	33,414	30,409	3,005

* Variances – bracketed variances denote expenditure in excess of budget.

Note 1 – Environment

The Environment activity is under-expended by \$676,000 in total, against a budget of \$9,822,000. The project groups contributing significantly to this overall variance are the Rivers and Waterway Management and the Water related project groups.

The Rivers and Waterway Management projects are under-expended by \$202,000 against a budget of \$1,303,000.

The Dunedin district is over-expended by \$28,000 against a budget of \$211,000 whereas the other districts currently record under-expenditure as the budgets set for natural hazards work was over estimated.

Water related projects with expenditure of \$5,358,000 are \$371,000 under budget with significant project variances as follows:

Rural Water Quality Implementation (6A)

This project is under-expended by \$238,000 against the budget of \$1,624,000. Science work for Kakanui, Ettrick and Glendu has been carried forward into the 2017/18 Annual Plan and capital expenditure of \$75,000, funded from reserves, will not be required.

Implementation of Regional Plan Water (1C)

This project is under-expended by \$247,000 against the budget of \$561,000, mainly due to the re-organisation of staff groupings that has resulted in fewer staff performing this work than was provided for in the budget. The variance is also due in part to the development of a data portal which enables the public to get flow information and historic water use data etc., and which has reduced staff time required to provide this information

Coastal Strategy

This project is under-expended by \$265,000 against the budget of \$345,000 mainly due to the diversion of policy staff to higher priority project work, primarily the RPS.

Bulk Rural Water Fund

The budget provided for applications amounting to \$184,000 to be paid by 31 March 2017 however one application only of \$49,000 has been received and paid in this reporting period.

Minimum Flows and Allocation Units project

Additional expenditure of \$331,000 against the budget of \$895,000 was recorded arising mainly from accelerated work programmes (timing) and an increase in monitoring requirements, resulting in increased work.

Water Quality and Quantity SOE project

This project is over-expended by \$272,000 against a budget of \$1,568,000. The over-expenditure is primarily due to undertaking unbudgeted work such as trophic lake monitoring and lake snow related work.

Note 2 - Community

The Public Information and Awareness group of projects shows net over-expenditure of \$293,000 against a budget of \$1,450,000.

The primary cause of the variance is a change in the way the LAWA project is administered and accounted for, with expenditure of \$319,000 being recorded against the budget of \$11,000.

The Regional Economic Development project is under-expended by \$69,000 against the budget of \$75,000. A consultant has been engaged and is underway with the initial phase of this project, however some initial costs incurred have yet to come to hand.

Note 3 – Regulatory

The Regional Policy Statement project was budgeted to be completed prior to this financial year, however, completion took longer than anticipated and the RPS was released in late September 2016.

The current year budget provides for annual expenditure of \$176,000 with \$133,000 anticipated to have been spent to 31 March. Actual expenditure incurred in the nine months to 31 March has amounted to \$349,000 resulting in over-expenditure of \$216,000.

The Harbour Management project is over-expended by \$309,000 against a budget of \$176,000. Harbourmaster services are currently being contracted out while permanent resourcing is recruited. External harbourmaster resourcing comes at a higher cost than the budgeted internal resource basis of operation.

Note 4 – Flood Protection and Control Works

The Flood Protection and Control activity overall is under-expended by \$2,102,000 against the budget of \$5,495,000.

The Leith Scheme is under-expended by \$1,060,000 against the budget of \$2,416,000, largely resulting from work in respect of the ITS Bend section of the scheme progressing at a different rate than that provided for in the budget phasing.

The Taieri and Clutha schemes are under-expended by \$524,000 (budget \$1,524,000) and \$553,000 (budget \$1,354,000) respectively.

These variances comprise both timing in terms of work phasing and permanent savings on budget.

In respect of permanent savings, at the time of budget preparation there was uncertainty regarding the nature and extent of water quality improvement work necessary for the consenting of pump stations. The budgets allowed for infrastructure improvement work – however it has transpired that changes to operational procedures at minimal cost will be sufficient.

The infrastructural improvement work allowed for in the year to date budgets amounts to \$151,000 in the Lower Clutha scheme, \$91,000 in the West Taieri scheme and \$95,000 in the East Taieri scheme.

Note 5 – Safety and Hazards

The Emergency Management project is over-expended by \$511,000 against the budget of \$528,000. The additional expenditure relates to the establishment of Emergency Management Otago, creation of a new EMO website and additional costs over that budgeted with the transition to an integrated staff structure, and other associated costs.

Note 6 – Transport

The Public Passenger Transport project is under-expended by \$1,347,000 against the budget of \$10,881,000.

There are some significant individual sub-project variances within this project however most of these are in respect of developmental work of a capital nature, and result from work progressing through different stages at a different rate than anticipated in the budget.

The significant areas of under-expenditure were in respect of the National Electronic Ticketing System replacement with a variance of \$1,074,000 (budget of \$1,801,000), the Dunedin Real-time Information System with a variance of \$348,000 (budget of \$355,000), the Bus Hub facility with a variance of \$332,000 (budget of \$558,000) and the New Infrastructure project with a variance of \$130,000 (budget of \$200,000).

The most significant areas of additional expenditure are in respect of the Bus Contracts activity where costs are \$237,000 in excess of the budgeted amount of \$5,371,000 and expenditure related to the replacement Total Mobility System with expenditure of \$199,000 carried over from the 2015/16 budget.

The Regional Land Transport Planning project is over-expended by \$130,000 against the budget of \$126,000, largely reflecting the fact that the work entailed in this project is significantly more comprehensive and costly than was provided for in the budget.

The Stock Truck Effluent Disposal Sites project is under-expended by \$344,000 against the budget of \$371,000. The project is tracking through the initial planning phases including site selection whereas the budgeted timing anticipated a greater level of progression and therefore cost through to this point.

3. Recommendation

That this report be received.

Nick Donnelly
Director Corporate Services