



FINANCE AND CORPORATE COMMITTEE AGENDA

WEDNESDAY 29 NOVEMBER 2017

Council Chamber
70 Stafford Street, Dunedin

Membership

Cr Doug Brown	<i>(Chairperson)</i>
Cr Andrew Noone	<i>(Deputy Chairperson)</i>
Cr Graeme Bell	
Cr Michael Deaker	
Cr Carmen Hope	
Cr Trevor Kempton	
Cr Michael Laws	
Cr Ella Lawton	
Cr Sam Neill	
Cr Gretchen Robertson	
Cr Bryan Scott	
Cr Stephen Woodhead	

Disclaimer

Please note that there is an embargo on agenda items until 8:30 am on Monday 27 November 2017. Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.

For our future

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1. APOLOGIES

2. LEAVE OF ABSENCE

Leave of Absence for Cr Laws noted.

3. ATTENDANCE

Nick Donnelly, (Acting CE, Director Corporate Services)
Sian Sutton, (Director Stakeholder Engagement)
Tanya Winter, (Director Policy, Planning & Resource Management)
Gavin Palmer, (Director Engineering, Hazards and Science)
Scott MacLean, (Director Environmental Monitoring and Operations)
Sally Giddens, (Director People & Safety)
Lauren McDonald, (Committee Secretary)
Ian McCabe, (Executive Officer)

4. CONFIRMATION OF AGENDA

5. CONFLICT OF INTEREST

Members are reminded of the need to stand aside from decision-making when a conflict arises between their role as an elected representative and any private or other external interest they might have.

6. PUBLIC FORUM

NIL

7. PRESENTATIONS

NIL

8. CONFIRMATION OF MINUTES

Recommendation

That the minutes of the (public portion of the) meeting held on 18 October 2017 be received and confirmed as a true and accurate record.

Attachments

1. 08 Finance and Corporate Committee - 18 October 2017 **[8.1.1]**



Minutes of a meeting of the
Finance and Corporate Committee
held in the Council Chambers at
Otago Regional Council on
Wednesday 18 October 2017,
commencing at 11:12am.

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 Ella Lawton
Cr Sam Neill
Cr Gretchen Robertson
Cr Bryan Scott
Cr Stephen Woodhead

Welcome

Cr Noone welcomed Councillors, members of the public and staff to the meeting.

1. APOLOGIES

Resolution

That the apologies for Cr Brown be accepted.

Moved: Cr Noone
Seconded: Cr Hope
CARRIED

2. LEAVE OF ABSENCE

Leave of absence for Cr Michael Deaker was noted.

3. ATTENDANCE

Peter Bodeker	<i>(CEO)</i>
Nick Donnelly	<i>(DCS)</i>
Tanya Winter	<i>(DPPRM)</i>
Sian Sutton	<i>(DSHE)</i>
Gavin Palmer	<i>(DEHS)</i>
Scott MacLean	<i>(DEMO)</i>
Fraser McRae	<i>(Executive Officer)</i>
Lauren McDonald	<i>(Committee Secretary)</i>

4. CONFIRMATION OF AGENDA

The agenda was confirmed noting a Public Forum speaker - Ms Mary McFarlane.

5. CONFLICT OF INTEREST

No conflicts of interest were advised.

6. PUBLIC FORUM

Mary McFarlane spoke in response to the presentation by Port Otago Ltd (POL) of their Annual Report at the 13 September Finance and Corporate Committee meeting. She advised she sought more opportunity for community involvement in regard to the new POL Health & Safety mandate and for noise control mitigation for the wharf extension. She expressed her concern of the impact of the increased operations at the port, including cruise ship visits on the local community.

7. PRESENTATIONS

7.1. Otago Rescue Helicopter Trust

Presentation of the Otago Helicopter Trust Annual Report by Chairman, Ross Black. (Board member, Martin Dippie and HeliOtago operational manager, Graeme Gale in attendance)

Mr Black summarised the Trust's activities for the year ended 30 June 2017 and thanked the ORC for their continued support. He highlighted the flight safety enhancement of the HeliOtago helicopters (utilizing GPS) for safe travel routes in adverse weather and hoped this would become a national standard. Mr Black outlined the upcoming tender procurement process with the core users of the service, the ACC, Ministry of Health and the Southern DHB. He confirmed that the Otago Helicopter Trust would not submit for the tender but would support Graeme Gale, HeliOtago (as operator) and that the Trust would continue in an active role for community advocacy.

Cr Noone thanked and acknowledged the efforts of the trustees and the skilled team lead by Graeme Gale and offered the support of the ORC for the tender process.

8. CONFIRMATION OF MINUTES

Resolution

That the minutes of the (public portion of the) meeting held on 13 September 2017 be received and confirmed as a true and accurate record.

Moved: Cr Noone
Seconded: Cr Lawton
CARRIED

9. ACTIONS

(Status report on the resolutions of the Finance and Corporate Committee).
No current items for action.

10. MATTERS FOR COUNCIL DECISION

10.1. Director's Report - October 2017

The report provided the significant financial and corporate activity for the reporting period along with account payments for endorsement.

Resolution

- a) *That this report be received.*
- b) *That the payments and investments summarised in the table above and detailed in the payment schedule, totalling \$5,787,442.25, be endorsed.*

Moved: Cr Bell
Seconded: Cr Hope
CARRIED

11. MATTERS FOR NOTING

11.1. Public Transport Update - October 2017

The report provided an update on the implementation of the Dunedin and Wakatipu Public Transport Network upgrades and the outcome of the Dunedin commercial schools transport service withdrawal by GoBus Ltd. The report sought Council endorsement of the Queenstown Integrated Transport Programme Business Case.

Mr Collings, Manager Support Services responded to questions from councillors and confirmed the Queenstown Integrated Transport Programme Business Case had been endorsed by QLDC and the NZTA.

Resolution

- a) *That this report be received.*
- b) *The Finance and Corporate Committee endorse the Queenstown Integrated Transport Programme Business Case*

Moved: Cr Woodhead
Seconded: Cr Kempton
CARRIED

11.2. Financial Report - August 2017

The report provided a summary of the Council's financial performance, in comparison to the budget, for the two months ended 31 August 2017 along with the financial position as of that date.

Resolution

that this report be received.

Moved: Cr Hope
Seconded: Cr Woodhead
CARRIED

12. NOTICES OF MOTION

No Notices of Motion were advised.

13. RECOMMENDATIONS OF MEETINGS

13.1. Recommendations of the Audit and Risk Subcommittee

Resolution

That the recommendations of the public portion of the Audit and Risk Subcommittee meeting of 21 September 2017 be adopted.

Moved: Cr Robertson
Seconded: Cr Woodhead
CARRIED

14. RESOLUTION TO EXCLUDE THE PUBLIC

Resolution

That the public be excluded from the following parts of the proceedings of this meeting, namely: *Adoption of the recommendations of the public excluded portion of the Audit and Risk Subcommittee meeting held on 21 September 2017.*

I also move that Mr Peter Bodeker and Mr Nick Donnelly be permitted to remain at this meeting after the public has been excluded, because of their knowledge of the matters subject to the recommendations. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to the matter because of their membership or attendance of the Audit and Risk Subcommittee.

Moved: Cr Noone
Seconded: Cr Hope
CARRIED

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
Adoption of the recommendations of the public excluded portion of the Audit and Risk Subcommittee meeting held on 21 September 2017.	<p>To protect information where the making available of the information—would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information – Section 7(2)(b)(ii)</p> <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—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)</p> <p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h)</p>	Section 48(1)(a); Section 7(2)(b)(ii) Section 7(2)(c)(i) Section 7(2)(h)

After discussion of item 14, the meeting returned to public session on the motion of Crs Noone and Lawton.

15. CLOSURE

The meeting was declared closed at 12:32pm.

Chairperson

9. ACTIONS

Status report on the resolutions of the Finance and Corporate Committee.

No current actions.

Attachments

Nil

10. MATTERS FOR COUNCIL DECISION

10.1. Director's Report

Prepared for: Finance and Corporate Committee
Activity: Governance Report
Prepared by: Nick Donnelly, Director Corporate Services
Date: 17 November 2017

1. Précis

This report informs the Finance and Corporate Committee of significant financial and corporate activity and presents account payments to the Committee for endorsement.

2. Long Term Plan Timetable

Development of the Long Term Plan for 2018-28 has been progressing as outlined in the timetable presented to this Committee at the 2 August meeting. Key activity to date has included a series of meetings for each activity to develop the work plan and associated financial estimates. A number of Council workshops have also been held to review the activity framework, and based on this, the high level activities were reviewed at a workshop in early November.

Based on feedback from that workshop, activity estimates are being finalised, and a first draft of the activity, together with those estimates, will be presented at a workshop following this Committee round.

The draft LTP and Consultation Document are to be presented to the Finance and Corporate Committee meeting on 21 March 2018 for endorsement to release for consultation. Submissions will close on 9 May and hearings on submissions will commence on Wednesday 23 May and run through to Tuesday 29 May, if required. The timing and locations of hearings will be determined after submissions close. Recommendations following the submissions and hearings will be incorporated into a final LTP which will be considered by the Finance and Corporate Committee on 13 June. The finalised Annual Plan is due to be adopted at the Council meeting on 27 June 2018.

The following table shows the key dates for 2018-28 LTP:

Workshop on draft activity plans and estimates	Workshop after Committees	29 November
Workshop on Infrastructure Strategy and Fees & Charges	Workshop after Council	13 December
Workshop on Financial Strategy and second review of estimates	Workshop after Committees	31 January 2018
Workshop on Draft LTP and Consultation Document	Workshop after Council	21 February
Endorsement of LTP and Consultation Document and Hearings Subcommittee determined	F&C Committee	21 March
Submissions close		Wed 9 May
Hearings on submissions	Hearing Subcommittee	Wed 23 to Tues 29 May
Recommendations and final LTP presented to Finance and Corporate Committee	F&C Committee	13 June

Council adopt LTP	Council	27 June 2018
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3. Rates

For the 2017/18 rating period, Council struck \$24,061,200 (16/17, \$18,385,920) of rates which were due on 31 October 2017. At their due date, 84% (16/17, 84%) of the rates struck had been collected. Of the \$3.9m outstanding, a further \$835,400 was scheduled to be paid by triannual direct debit.

4. Alexandra and Queenstown Offices

The move and fit-out of the Alexandra office was undertaken on 16-17 November, and is now largely complete.

The fit-out of the Queenstown office in Terrace Junction has commenced, with furniture and communications equipment being installed from mid to late November. Some structural work to install a meeting room is yet to occur. Staffing is being finalised, and staff will progressively relocate as workloads and circumstances permit. At this stage it is envisaged the office will be fully operational in early February.

5. 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	September 2017	October 2017	TOTAL
Trade payments	6,648,046.46	3,064,663.02	9,712,709.48
Payroll	804,554.73	805,402.53	1,609,947.26
Total	7,452,591.19	3,870,107.75	11,322,698.94

Note the September trade payments include a payment of \$2,738,411 to Inland Revenue. This includes GST payable on annual rate invoices.

6. Recommendation

- a) *That this report is received.*
- b) *That the payments summarised in the table above and detailed in the payments schedule, totalling \$11,322,698.94, be endorsed.*

Endorsed by: Nick Donnelly
Director Corporate Services

Attachments

Nil

11. MATTERS FOR NOTING

11.1. Financial Report - September 2017

Prepared for: Finance and Corporate Committee
Activity: Financial report to 30 September 2017
Prepared by: Stuart Lanham, Finance Manager
Date: 15 November 2017

1. Précis

The purpose of this report is to provide a summary of the Council's financial performance compared to budget for the three months ended 30 September 2017, and a summary of the financial position as at that date.

2. Statement of Comprehensive Revenue and Expenses

The following Statement of Comprehensive Revenue and Expenses shows income from all external revenue sources, and all external operating expenditure for the period of the report.

Otago Regional Council					
Statement of Comprehensive Revenue and Expenses					
For the three months ended 30 September 2017					
<i>\$000's</i>					
Description	Note	Annual Budget	Year to date 30 September 2017		
			Budget	Actual	Variance
Revenue:					
Rate revenue		20,910	5,227	5,217	(10)
Government subsidies	2.1	11,926	2,576	1,816	(760)
Other revenue	2.2	11,449	2,191	1,128	(1,063)
Dividend from Port Otago Ltd	2.3	9,000	2,250	2,250	0
Interest & investment income	2.4	1,512	378	490	112
Rental income		1,002	250	266	16
Investment property revaluation gain	2.5	333	0	0	0
		56,132	12,872	11,167	(1,705)
Less expenses:					
Operating expenses		39,748	8,560	8,064	496
Employee benefits expense		15,311	3,828	3,736	92
Depreciation & amortisation		2,014	503	494	9
Finance expenses		2	1	2	(1)
		57,075	12,892	12,296	596
Surplus/(deficit)		(943)	(20)	(1,129)	(1,109)
Income tax benefit		115	29	25	(4)
Surplus/(deficit) after tax		(828)	9	(1,104)	(1,113)
Other comprehensive revenue and expense:					
Revaluation gain on POL shares	2.6	10,000	0	0	0
Net Comprehensive Revenue and Expense		9,172	9	(1,104)	(1,113)

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

Note 2.1 – Government subsidies

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 \$555,000 on the budget of \$2,309,000.

The main variance in this activity group is the electronic ticketing system replacement project with a variance of \$298,000 against the budget amount of \$500,000. This variance is due to the timing of the project differing from that anticipated in the budget, resulting in a lower level of claimable subsidy at this time.

The Dunedin bus contracts activity also has a lower level of subsidy than budgeted, with a variance of \$218,000 against a budget of \$1,084,000. This is a result of the new services in relation to Units 1, 2 and part 3 commencing in September, but being budgeted from the start of the financial year.

The wilding pines project has budgeted income of \$150,000 to 30 September, however this subsidy income will only become claimable from MPI once the current year's expenditure programme has been agreed.

Note 2.2 – Other revenue

The amount of other revenue earned of \$1,128,000 is \$1,063,000 less than the budgeted amount of \$2,191,000.

The major reason for revenue being less than budgeted is that gross contract bus fare revenue of \$516,000 is \$484,000 less than the budgeted level of \$1,000,000. The lower revenue is due to the new Dunedin units commencing later than estimated in the budget, as noted in 2.1 above.

Revenue associated with other projects is also down, with some of the variances following the lower level of related expenditure, such as the consents and compliance activity. However, there are other activities which are primarily dependent on external sources, such as infringement fee income which was budgeted at \$127,000, and no income has been received to date.

Note 2.3 – Dividend income from Port Otago Limited

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

Note 2.4 – Interest and investment income

This revenue line comprises interest earned on term deposits and bank accounts of \$281,000, and an increase in fair value of the managed fund portfolio of \$209,000.

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 2.5 – Investment property revaluation gain

Investment property is revalued annually, with the next revaluation date being 30 June 2018. Accordingly, the year to date budget and actual amounts reflect nil values.

Note 2.6 – Revaluation gain on Port Otago Ltd shares

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 2018. Accordingly, the year to date budget and actual amounts reflect nil values.

3. Statement of Financial Position

A Statement of Financial Position follows, and shows the Council's financial position at 30 September 2017, along with budgeted amounts for the financial position at 30 June 2018, and comparative amounts as at 30 June 2017.

Otago Regional Council
Statement of Financial Position
as at 30 September 2017

Description	Note	\$000's		
		Budget 30 June 2018	Actual 30 September 2017	Actual 30 June 2017
Current assets				
Other financial assets	3.1	41,198	45,848	54,057
Cash and cash equivalents	3.1	3,765	4,637	4,433
Trade and other receivables	3.2	3,286	21,467	3,568
Dividends receivable	3.3	-	1,750	-
Property held for sale		1,284	1,093	1,093
Other current assets		207	489	261
		49,740	75,284	63,412
Non-current assets				
Shares in Port Otago Ltd	3.4	438,239	439,037	439,037
Property plant and equipment		93,922	87,047	86,313
Investment property	3.5	11,431	10,825	10,825
Intangible assets		3,357	1,996	2,066
Deferred tax asset		98	123	98
		547,047	539,028	538,339
Total assets		596,787	614,312	601,751
Liabilities - all current				
Revenue in advance	3.6	-	15,978	-
Trade and other payables		4,134	4,867	7,159
Employee entitlements		1,483	1,659	1,665
		5,617	22,504	8,824
Net assets		591,170	591,808	592,927
Public equity and revaluation reserves				
Public equity		133,746	131,942	133,549
Available-for-sale revaluation reserve	3.4	418,239	419,037	419,037
Asset revaluation reserve	3.5	9,370	8,764	8,764
		561,355	559,743	561,350
Other reserves				
Building reserve		13,770	13,716	13,614
Kuriwao endowment reserve		6,339	6,388	6,361
Asset replacement reserve		4,560	5,965	5,820
Emergency response reserve		4,168	4,071	4,033
Water management reserve		736	1,348	1,427
Environmental enhancement reserve		242	577	322
		29,815	32,065	31,577
Total equity and reserves		591,170	591,808	592,927

Note 3.1 – Other financial assets and cash and cash equivalents

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.

The decrease in other financial assets since 30 June 2017 reflects the fact that the major portion of rate and dividend income is not received until after 30 September, requiring a significant portion of expenditure to be funded from cash reserves.

Note 3.2 – Trade and other receivables

The receivables amount at 30 September of \$21.467 million includes rate receivables of \$18.460 million. Rates assessments amounting to \$24.061 million (GST inclusive) were issued during August 2017, with the due date being 31 October 2017. In comparison, end of year balances, i.e. the estimated balance at 30 June 2018, and the actual balance at 30 June 2017, are significantly less, reflecting only those remaining rate amounts unsettled at that time.

Note 3.3 – Dividends receivable

The dividend receivable amount to 30 September reflects the accrual of expected dividends from Port Otago Limited for the three month period to that date, less the final dividend for the 2016/2017 year received in September.

Note 3.4 – Shares in Port Otago Ltd and available-for-sale revaluation reserve

The shares in Port Otago Ltd are revalued annually and are included at the 30 June 2017 valuation date. The available-for-sale revaluation reserve reflects the revaluation amount of the shares as at that date.

Note 3.5 – Investment property and asset revaluation reserve

Investment property is revalued annually and is included at the 30 June 2017 valuation. The asset revaluation reserve reflects the revaluation amount of the investment property at 30 June 2017.

Note 3.6 – Revenue in advance

Rate revenue is allocated evenly over the twelve-month period to 30 June 2018. The revenue in advance amount reflects the portion of rate revenue invoiced in August 2017 that will be released to the statement of revenue and expenses over the remaining months of the financial year.

4. Statement of Activity Expenditure

The following Statement of Activity Expenditure includes capital and internal expenditure, and summarises expenditure for the three months ended 30 September 2017.

The notes to the statement identify and provide brief comment on projects that have contributed significantly to the major overall activity variances.

Otago Regional Council
Statement of Activity Expenditure
For the three months ended 30 September 2017

Activities	Note	\$000's			
		Annual Budget	Year to date 30 September 2017 Budget	Actual	Variance
Environment					
Air		423	135	120	15
Environmental Incident Response		1,412	393	428	(35)
Land	4.1	4,113	960	675	285
Rivers and Waterway Management		1,889	301	314	(13)
Water	4.2	9,848	2,536	1,953	583
		17,685	4,325	3,490	835
Community					
Democracy		1,570	394	355	39
Public Information and Awareness		2,012	509	536	(27)
Financial Contributions		350	87	87	0
Land Air Water Aotearoa		427	107	159	(52)
Dunedin Head Office Replacement		665	167	27	140
Regional Economic Development		0	0	9	(9)
		5,024	1,264	1,173	91
Regulatory					
Policy Development		191	48	143	(95)
Consents		1,798	476	346	130
Compliance		1,289	322	281	41
Harbour Management		406	106	186	(80)
		3,684	952	956	(4)
Flood Protection & Control Works					
Leith Scheme	4.3	2,993	544	1,116	(572)
Taieri Schemes	4.4	2,014	401	1,318	(917)
Clutha Schemes		1,977	446	366	80
Other projects		398	118	58	60
		7,382	1,509	2,858	(1,349)
Safety and Hazards					
Emergency Management		2,412	626	683	(57)
Natural Hazards		1,329	350	355	(5)
		3,741	976	1,038	(62)
Transport					
Regional Land Transport Planning		318	83	77	6
Public Passenger Transport	4.5	24,357	5,055	3,657	1,398
Stock Truck Effluent Disposal Sites		508	96	17	79
		25,183	5,234	3,751	1,483
Total		62,699	14,260	13,266	994

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

Note 4.1 – Land

The under-expenditure in Land is mainly due to lower levels of activity than budgeted in the wilding pines and pest contracting activities which are under-spent by \$67,000 and \$109,000 respectively. The work programme for wilding pines is yet to be agreed with MPI, and pest contract work is demand driven.

Additionally, the environmental enhancement fund project is underspent by \$87,000, reflecting the lower level of applications received and approved to date.

Note 4.2 – Water

Water related projects with expenditure of \$1,953,000 are \$583,000 under-expended against the budget of \$2,536,000.

The rural water quality implementation activity is under-expended by \$386,000 due to dairy farm inspections being deferred following the July flood event and the Mycoplasma Bovis outbreak. Implementation activities are anticipated to increase over the coming months.

The Regional Plan: Water project is under-expended by \$146,000. There has been a delay in commencement of some plan changes while the urban water quality strategy is finalised, and other elements of work are not scheduled to commence until later in the year.

The coastal strategy project is under-expended by \$131,000 against a budget of \$158,000, as timing of this work programme is still being determined, and contracts for work are in the preparation stage.

The minimum flows project is over-expended by \$62,000 against the budget of \$520,000. This is due to an acceleration of work on the project over the timing reflected in the budget, and additional unbudgeted costs to ensure sufficient hydrological information is available.

Note 4.3 – Leith Scheme

The Leith Scheme is over-expended by \$572,000 against the budget of \$544,000, primarily reflecting timing in respect of the ITS Bend section of the works. This phase of work was budgeted in the previous financial year, and was delayed due to contaminated land and weather-related issues.

Note 4.4 – Taieri Schemes

The Taieri Schemes are over-expended by \$917,000 against the budget of \$401,000, primarily due to expenditure incurred in responding to the significant flood event that occurred in late July and subsequent remediation work.

Repair costs were incurred in relation to the Mill Creek and Ascog pump stations, as well as additional portable pumping being deployed. The nature of flood events of this magnitude is that there is no budgetary provision for the costs of responding to such events. The costs are allocated to the appropriate scheme reserve and will be recovered over time.

Note 4.5 – Public Passenger Transport

The Public Passenger Transport project is under-expended by \$1,398,000 against the budget of \$5,055,000. While there are various individual sub-project variances within this project, some of the variance is in respect of developmental work of a capital nature, and result from work progressing at a different rate than anticipated in the budget.

The most significant area of operating under-expenditure is in respect of the Dunedin bus contracts activity where expenditure is \$912,000 less than the budgeted amount of \$3,125,000. As noted in 2.1 and 2.2, this relates to timing of the commencement of the new service units which was later than planned in the budget.

The most significant area of developmental under-expenditure is in respect of the National Electronic Ticketing System replacement with a variance of \$459,000 against the budget of \$770,000. This is timing related however the project remains on track for completion by 30 June 2018.

5. Recommendation

That this report is received.

Endorsed by: Nick Donnelly
Director Corporate Services

Attachments

Nil

11.2. Passenger Transport Update

Prepared for: Finance and Corporate Committee
Activity: Transport – Public Passenger Transport
Prepared by: Gerard Collings, Manager Support Services
Date: 23 November 2017

1. Précis

This report informs the Finance and Corporate Committee of significant public passenger transport activity including;

- The September 2017 Dunedin network changes.
- A complaint to the Human Rights Commission regarding changes to the Dunedin network and fare concessions.
- The implementation of the Wakatipu Basin Public Transport Network.
- A request from the Queenstown Resort College to allow its tertiary students access to the child concession fare on the Wakatipu Public Transport Network.

Dunedin Public Transport Network

Changes made to the Dunedin network introduced in September have now bedded in. Ritchies advise initial issues with available driver numbers for Units 1 and 3 are in hand. However, they are continuing to actively recruit in Dunedin which will allow cross-utilisation of drivers between Dunedin and Queenstown.

Concerns have been raised by a number of residents in the Helensburgh/Wakari area with regard to the change in route configuration on those two services. The concerns raised relate to the placement and location of the temporary bus stops in this area, and the steepness of Shetland and Lynn Streets. Staff have been in discussion with DCC regarding the placement/location of the temporary stops. Permanent stops will require some physical works which will occur after stop locations have been confirmed through DCC's statutory process.

2. Human Rights Commission Complaint

A member of the community has lodged a complaint with the Human Rights Commission regarding the Public Transport Network changes.

The complaint relates to the September changes to the Dunedin network, including accessibility of routes and stops, and the GoExtra fare concession changes that occurred with the introduction of the new zone structure. The complainant further alleges that the changes were introduced without adequate consultation.

The matter is currently in mediation through the Commission. This process is confidential between the parties. Despite the confidential nature of the mediation, the complainant has chosen to speak publicly regarding the allegations, and matters discussed in the mediation. It would not be appropriate for Council, or staff, to comment publicly at this time.

3. Dunedin Bus Hub/Interchange

DCC's hearing panel has now released its recommendation on the Notice of Requirement for the construction of an operation of the Dunedin Central City Bus Hub/Interchange. The panel's recommendation is that ORC approve the Designation with conditions.

Staff and our consultants are reviewing the panel's recommendation, in particular, the recommended conditions, and how they differ from the conditions proposed by this Council, and what impact, if any, those conditions may have on the development and operation of the Hub/Interchange. Staff expect to provide a report to the 13 December Council meeting seeking this Council's final approval for the Designation. Council's final decision will be subject to the Statutory appeal period.

4. Wakatipu Public Transport Network

Launch

The new Wakatipu Public Transport Network was launched on 20 November. The first day of operation, and the events surrounding the commencement of the new services, have received positive exposure both locally and nationally. The travelling public have been particularly complimentary of the free GoCard issue, and the free travel, in the first week.

As expected, there were a number of operational issues that affected some services over the first few days. Availability of drivers remains a concern, however Ritchies have, and will, continue to resource the service from outside Queenstown until sufficient numbers are available locally.

In order to meet the launch schedule, Ritchies have had to make use of some temporary fleet which has meant that not all buses have been fitted with bike racks. Ritchies have confirmed that the required fleet will be branded and fitted with bike racks by Christmas. Currently, all buses have free Wi-fi available.

Since the launch, in excess of 5,000 free GoCards have been issued, and some services have been reported as standing room only.

Student Fare Concession

Queenstown Resort College (QRC) has raised concerns about the lack of a tertiary student concession in the Wakatipu network. Prior to the new network, a commercial arrangement between the operator and QRC was in place, whereby the students paid QRC \$150 per term, which allowed the students to travel on the Fernhill to Remarkables service without paying a fare.

Currently, there are only two concession that apply on the Wakatipu network, being SuperGold Off-Peak, and the Child Concession, (which is 5-15years, and up to 20 years if attending a secondary school). QRC have requested that Council consider allowing QRC students access to the Child Fare Concession.

There are 250-350 students attending QRC at any one time compared with approximately 25,000 tertiary students in Dunedin.

It is noted that in the Dunedin network, the tertiary student concession is limited to local tertiary institutions and that the concession is approximately 10% off the adult GoCard fare. In Queenstown, the child fare is 25% off the adult GoCard fare. In Dunedin, the Adult Card fare range is \$1.92–\$11.41, and the tertiary concession range is \$1.72–\$10.27.

QRC have been advised that this is a matter for Council's consideration. Council are asked to confirm their position with regard to whether or not QRC students should be given entitlement to the child fare.

5. Recommendation

- a) *That this report be received; and either*
- b) *That the Finance and Corporate Committee recommend Council accept Queenstown Resort College's request to allow its students to receive a child concession on the Wakatipu Public Transport Network; or*
- c) *That the Finance and Corporate Committee recommend Council reject Queenstown Resort College's request to allow its students to receive a child concession on the Wakatipu Public Transport Network.*

Endorsed by: Nick Donnelly
Director Corporate Services

Attachments

Nil

12. NOTICES OF MOTION

NIL

13. RECOMMENDATIONS OF MEETINGS

14. RESOLUTION TO EXCLUDE THE PUBLIC

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

Item 4.1 Confirmation of the minutes of the public excluded section of the Finance and Corporate Committee meeting of 18 October 2017.

Item 10.1 Leith Flood Protection Scheme - Update on programme and costs for construction of the Union Street to Leith Footbridge stage. The report includes a recommendation for staff financial delegations for contract payments to the contractor for this stage of the Leith Flood Protection Scheme.

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
4.1 Confirmation of the Minutes of the public excluded portion of the Finance and Corporate Committee meeting of 18 October 2017.	To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)	Section 48(1)(a); Section 7(2)(h) 7(2)(i)
10.1 Update on the programme and costs for construction of the Union Street to Leith footbridge stage of the Leith Flood Protection Scheme. The report also includes	To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities – Section 7(2)(h) To enable any local authority holding the information to carry on, without prejudice or disadvantage, negotiations (including commercial and industrial negotiations) – Section 7(2)(i)	

recommendations for staff financial delegations for contract payments.		
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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:

4.1 Confirmation of the Minutes of the public excluded portion of the Finance and Corporate Committee meeting of 18 October 2017.

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

10.1 Update on the programme and costs for construction of the Union Street to Leith footbridge stage of the Leith Flood Protection Scheme. The report also includes recommendations for staff financial delegations for contract payments.

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

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

I also move that Mr Nick Donnelly and Dr Gavin Palmer be permitted to remain at this meeting after the public has been excluded, because of their knowledge of the matters subject to the recommendations. This knowledge, which will be of assistance in relation to the matter to be discussed.

15. CLOSURE