

## Finance Committee 27 November 2019

Meeting is held in the Council Chamber, Level 2, Philip Laing House  
144 Rattray Street, Dunedin



### Members:

Hon Marian Hobbs, Chairperson	Cr Gary Kelliher
Cr Michael Laws, Deputy Chairperson	Cr Kevin Malcolm
Cr Hilary Calvert	Cr Andrew Noone
Cr Michael Deaker	Cr Gretchen Robertson
Cr Alexa Forbes	Cr Bryan Scott
Cr Carmen Hope	Cr Kate Wilson

Senior Officer: Sarah Gardner, Chief Executive

Meeting Support: Dianne Railton, Acting Committee Secretary

27 November 2019 01:00 PM - 02:00 PM

## Agenda Topic

## Page

### 1. APOLOGIES

No apologies were received prior to publication of the agenda.

### 2. ATTENDANCE

Staff present will be identified.

### 3. CONFIRMATION OF AGENDA

Note: Any additions must be approved by resolution with an explanation as to why they cannot be delayed until a future meeting.

### 4. 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.

### 5. PUBLIC FORUM

Members of the public may request to speak to the Council.

### 6. ACTIONS

Nil

### 7. MATTERS FOR DECISION

3

#### 7.1 [Consideration of Draft Terms of Reference - Finance Committee and Audit & Risk Subcommittee](#)

3

### 8. MATTERS FOR NOTING

9

#### 8.1 [Activity Review 2019-2020 Q1 - September 2019](#)

9

8.2 Finance Report 2019-2020 Q1 - September 2019

42

9. CLOSURE

## 7.1. Consideration of Draft Terms of Reference

**Prepared for:** Finance Committee  
**Report No.** GOV1873  
**Activity:** Governance Report  
**Author:** Amanda Vercoe, Executive Advisor  
**Endorsed by:** Nick Donnelly, General Manager Corporate Services  
**Date:** 27 November 2019

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### PURPOSE

- [1] To agree terms of reference for the Finance Committee and Audit and Risk Subcommittee and refer the final versions to Council for adoption.

### EXECUTIVE SUMMARY

- [2] At its meeting on 13 November 2019, the Council adopted a high-level committee structure, which included a Finance Committee and Audit and Risk Subcommittee. It was also agreed that committees would recommend to Council more detailed terms of reference, following a discussion at the first meeting of those committees.
- [3] Draft terms of reference for the Finance Committee and Audit and Risk Subcommittee are attached for consideration.

### RECOMMENDATION

*That the Council:*

- 1) **Receives** this report.
- 2) **Refers**, following discussion, the proposed terms of reference for the Finance Committee to Council for adoption on 11 December 2019.
- 3) **Refers**, following discussion, the proposed terms of reference for the Audit and Risk Subcommittee to Council for adoption on 11 December 2019.

### BACKGROUND

- [4] Detailed terms of reference need to be adopted for each of the committees established by the Otago Regional Council.

### ISSUE

- [5] Terms of reference for the Finance Committee and Audit and Risk Subcommittee are attached for discussion.

### DISCUSSION

- [6] See attachment.

## **OPTIONS**

[7] See attachment.

## **CONSIDERATIONS**

### **Policy Considerations**

[8] Not applicable

### **Financial Considerations**

[9] Not applicable.

### **Significance and Engagement**

[10] Not applicable.

### **Legislative Considerations**

[11] The Finance Committee and Audit and Risk Subcommittee must operate within the Local Government Act 2002 and the Local Government Official Information and Meetings Act 1987.

### **Risk Considerations**

[12] Have been included in the draft Terms of Reference.

## **NEXT STEPS**

[13] The next steps are for Council to adopt the finalised terms of reference for the Finance Committee and Audit and Risk Subcommittee at its next meeting on 11 December 2019.

## **ATTACHMENTS**

1. Finance Committee To R 2019-22 DRAFT [7.1.1 - 2 pages]
2. Audit and Risk Subcommittee To R 2019-22 DRAFT [7.1.2 - 2 pages]

## **Finance Committee Terms of Reference 2019-2022**

### **Purpose**

To guide and monitor the Council's financial, commercial and administrative affairs, including the Port shareholding and operational performance, Long Term Plan, Annual Plans and implementation of the Local Government Act 2002.

### **Reporting**

The Finance Committee reports to Council.

### **Membership**

Co-Chair – Cr Hilary Calvert  
Co-Chair – Cr Andrew Noone

The Finance Committee shall have a membership of all elected Councillors.

A quorum of the Finance Committee shall be six members.

### **Meetings**

The Finance Committee will have ordinary meetings at quarterly intervals and will otherwise meet as required.

### **Key Responsibilities**

The Finance Committee has the following key responsibilities:

- Monitor and review Council's operational performance against the agreed levels of service and target measures outlined in the Long-Term and Annual Plans.
- Review quarterly and annual financial statements including the statement of comprehensive income, balance sheet and treasury report.
- Oversee the Long Term and Annual Plan process including consultation and hearings and make recommendations to Council for adoption.
- Oversee all financial policies including the Financial Strategy and Revenue and Financing Policy.
- Review and make recommendation on rates, fees, charges, royalties and rentals.
- Review the Statement of Corporate Intent and receive the six month and annual reports of Port Otago Limited.
- Review and make recommendations concerning any commercial activities, trading activities or investments held by the Council.
- Maintain an overview of Council's assets, leases and financial reserves.
- Maintain oversight of Council's financial risk and management of that risk.
- Endorse submission in relation to the Local Government Act 2002.

### **Delegations**

The Finance and Committee shall have the following delegations:

- To award or approve contracts and tenders in excess of staff delegations.

- To approve the Draft Annual Plan and Draft Long-Term Plan and associated policies, and to conduct all consultation and hearings with the public concerning them.
- To consider matters of financial impact other than as provided for in the Annual Plan.
- To endorse submissions in relation to the Local Government Act 2002.

The Finance Committee may appoint subcommittees or working parties as appropriate provided they are limited to a time duration consistent with performance of their specified tasks.

DRAFT

## **Audit and Risk Subcommittee Terms of Reference 2019-2022**

### **Purpose**

To assist the ORC in fulfilling governance responsibilities relating to its financial, reporting, legislative, health and risk management practices.

### **Reporting**

The Audit and Risk Subcommittee reports to the Finance Committee.

### **Membership**

Chair – Independent, to be appointed  
Cr Hilary Calvert (Co-chair of Finance Committee)  
Cr Andrew Noone (Co-chair of Finance Committee)  
Cr Kate Wilson  
Cr Kevin Malcolm

The Subcommittee has the ability to co-opt other Councillors.  
Other Councillors are encouraged to attend and participate in meetings of the Subcommittee.

A quorum of the Audit and Risk Subcommittee shall be three members.

### **Meetings**

The Audit and Risk Subcommittee will have ordinary meetings at quarterly intervals and will otherwise meet as required.

### **Attendance at Meetings**

- The Chief Executive and the General Manager Corporate Services are to attend meetings.
- Other external parties may be invited to attend by the Subcommittee as required.
- There shall be at least one meeting per year where the external Auditors shall attend.

### **Key Responsibilities**

The Audit and Risk Subcommittee has the following key responsibilities:

#### ***Audit and Reporting***

- Review the external Auditor's audit plan, audit management letter and management response to any issues raised during the external audit.
- Oversee any internal audit functions or reviews and consider any matters referred to it by that function.
- Oversee internal control processes and procedures including financial policies, delegations and sensitive expenditure.
- Consider changes in accounting policies, standards or reporting requirements and make recommendations for Council adoption.
- Review the draft Annual Report including the Statement of Service and Performance and Financial Statements and make recommendation for Council adoption.

***Risk Management***

- Ensure a corporate risk management framework is in place and review risk reports.
- Review Council's insurance matters and annual renewal process.
- Review Council's business continuity and disaster recovery matters.

***Health and Safety***

- Review Council's adherence to the Health and Safety at Work Act 2015 including monitoring health and safety performance, incidents and response.

***Investments***

- Review the performance of Council's investment portfolio including the long-term managed fund.
- Oversee the performance of Council's investment manager including compliance of the managed fund with the Statement of Investment Policies and Objectives (SIPO).
- Review the Treasury Management Policy and SIPO and recommend changes to Council as required.
- Oversee the Investment Manager appointment process and make recommendations to Council on that appointment.

***Legal Compliance***

- Receive and consider updates on legislation that Council is required to operate under and/or enact.
- Review Council's adherence to legislation that affects Council.

***Other***

- Review any other financial matters referred to the Subcommittee by Council or the Finance Committee.

***Reporting***

- The Subcommittee shall conduct an annual review of its work and the Chairperson shall report to Council at the end of each financial year.

**Delegations**

The Audit and Risk Subcommittee shall have the following delegations:

- Review matters within its terms of reference and make recommendations to Council or the Finance Committee on those matters.
- Seek information it requires from the Chief Executive who is required to co-operate with appropriate request from the Subcommittee.
- Request access to outside legal or independent professional advice should it consider this necessary.

The Audit and Risk Subcommittee may not delegate any of its responsibilities, duties or powers.



### 8.1. Activity Review 2019-20 Q1, September 2019

<b>Prepared for:</b>	Finance Committee
<b>Report No.</b>	GOV1862
<b>Activity:</b>	Community - Long Term Planning and Annual Plan Report
<b>Author:</b>	Mike Roesler, Manager Corporate Planning
<b>Endorsed by:</b>	Nick Donnelly, General Manager Corporate Services
<b>Date:</b>	18 November 2019

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#### PURPOSE

- [1] To report on operational performance by significant activity for the period ended 30 September 2019.

#### RECOMMENDATION

*That the Council:*

- a) **Receives** the activity performance report for the period ended 30 September 2019.

#### BACKGROUND

- [2] The Council activity performance report includes financial and non-financial performance information relating to service delivery for quarter one of the 2019-20 financial year.

#### OVERALL PERFORMANCE

- [3] Of the 63 measured level of service (LoS) performance targets for the year, 45 are on track to be achieved. The remaining 18 targets include:
- Freshwater (3 yellow):
    - Freshwater assessed against the Regional Plan: Water.
    - Implementation of research to advance freshwater programme.
    - Developing and implementing good management practice.
  - Biodiversity (1 yellow) – the following target may not be met. All properties with reported non-compliance of rabbit numbers are contacted regarding their requirements.
  - Governance and engagement (1 red) – the aspirational target of 100% of official information Act requests being processed within the legal timeframe will not be met. Currently tracking at 97% due to one response being a day late.
  - Regulatory (3 yellow) – the following targets are difficult to assess, don't provide a meaningful perspective on the service deliverable and are therefore subject to review in future AP/LTP:
    - percentage of performance returns assessed for compliance. The target of 100% may not be achieved at year end given the historical backlog. The work programme is focused on clearing the backlog.
    - The target of 100% of non-compliance followed up with enforcement action may not be met. The focus has been to fully recruit against planned staff levels.
-

- The target of 1.5 hours to respond to oil spills may not be achieved. This relates to a process issue about how Council measures timeliness of response. This was identified in an external audit (September 2019) and a solution is being sought.
  - Flood Protection and River management (all yellow) – reflects a conservative assessment based on a slower than ideal start to the extensive work programme. A combination of weather delays (prolonged wet weather), staffing issues due to restructure and vacant roles, and transition of new management into engineering have contributed. As the summer period progresses and the engineering team settles, a significant portion of the programme is expected to be achieved.
  - Transport (1 yellow) - the process and information underlying the 'bus reliability' target needs to be verified before a 'green' is reported.
- [4] As at 30 September 2019 Council had an operating deficit of \$1.308M compared to a budgeted deficit of \$1.658M, a variance of \$0.350M.
- [5] The variance is a result of spending \$0.644M less than budget and receiving \$0.294M less revenue than budget.

#### **PERFORMANCE AGAINST LEVELS OF SERVICE**

- [6] The 2019-20 Annual Plan contains 25 Levels of Service, 49 measures and 63 targets. All targets relate to activity to be delivered in the 2019-20 year.
- [7] Currently all targets are on track to be delivered by the end of the financial year except those indicated in overall performance above.

#### **FINANCIAL PERFORMANCE**

- [8] The performance of each significant activity is displayed in the attached report. The significant variances include:
- Fresh Water - \$141k below budget expenditure. All activity that contributes to freshwater implementation is reporting below budget, with the exception of communications and engagement. The significant contributing activities include rural liaison, science, compliance and environmental monitoring.
  - State of Environment - \$171k above budget expenditure. Largely due to upfront expenditure for the 'Land Air Water Aotearoa' (LAWA) reporting project.
  - Governance – overall \$105k above budget expenditure comprised of ORC support to the QLDC and DCC district plan reviews being above budget, and, communications and engagement work being below budget.
  - Regional Planning and Strategy - \$327k below budget. This is expected to change as the budgeted programme gains momentum the unbudgeted work associated with the Regional Pest Plan review, RPS High Court appeals, and RPS review is expended. The budgeted planned programme will include filling staff vacancies, Iwi representation, science data collection work, and urban development strategy work
  - Flood Protection – overall \$400k below budget expenditure comprised of the Clutha and Taieri Schemes being below budget, and Leith Flood project being above budget.
  - River Management - \$152k below budget expenditure. The river scheme programme gears up in the summer period.

## **CONSIDERATIONS**

### **Policy Considerations**

[9] No considerations.

### **Financial Considerations**

[10] No further considerations.

### **Significance and Engagement**

[11] No required considerations.

### **Legislative Considerations**

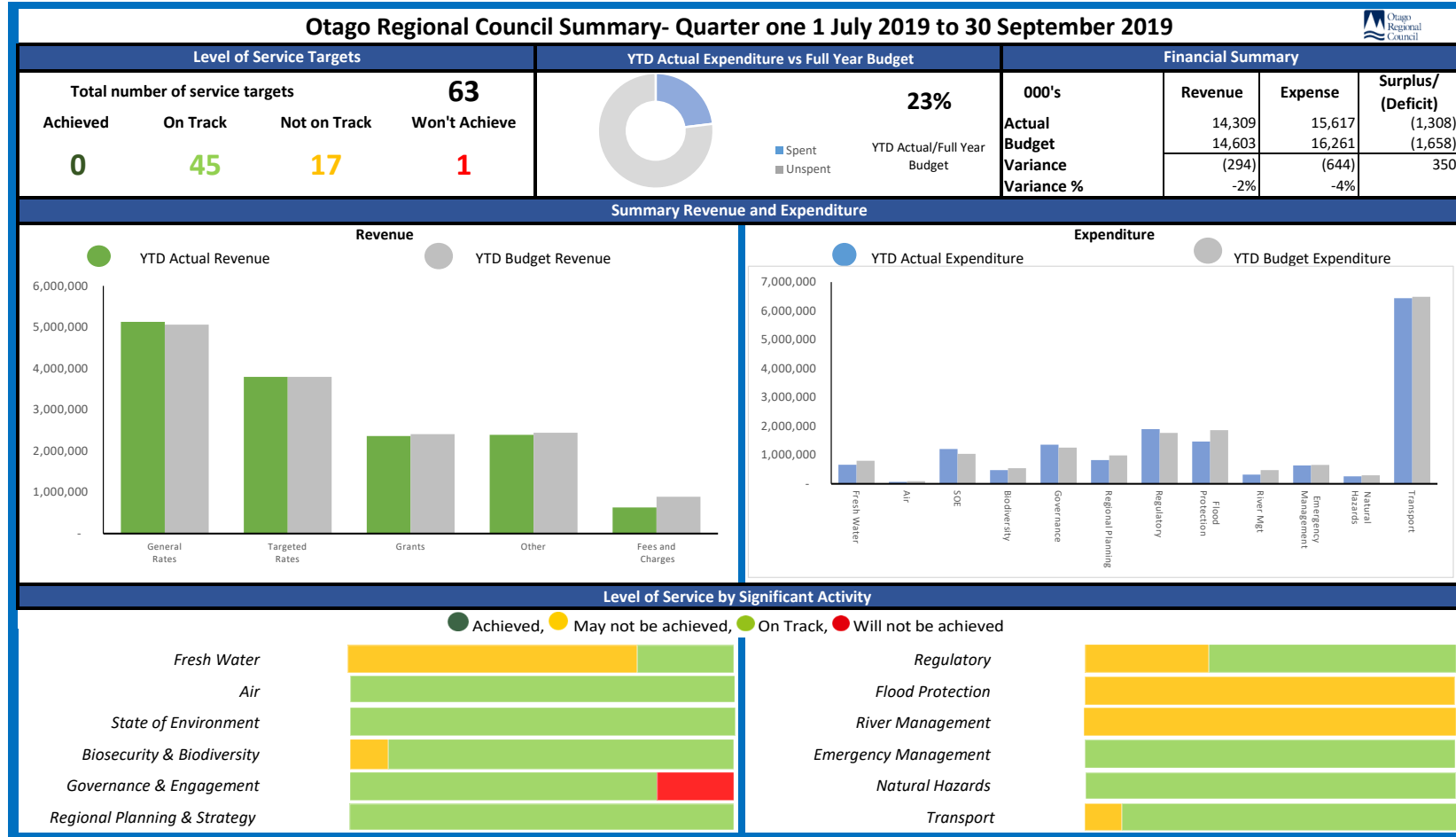
[12] No considerations.


### **Risk Considerations**

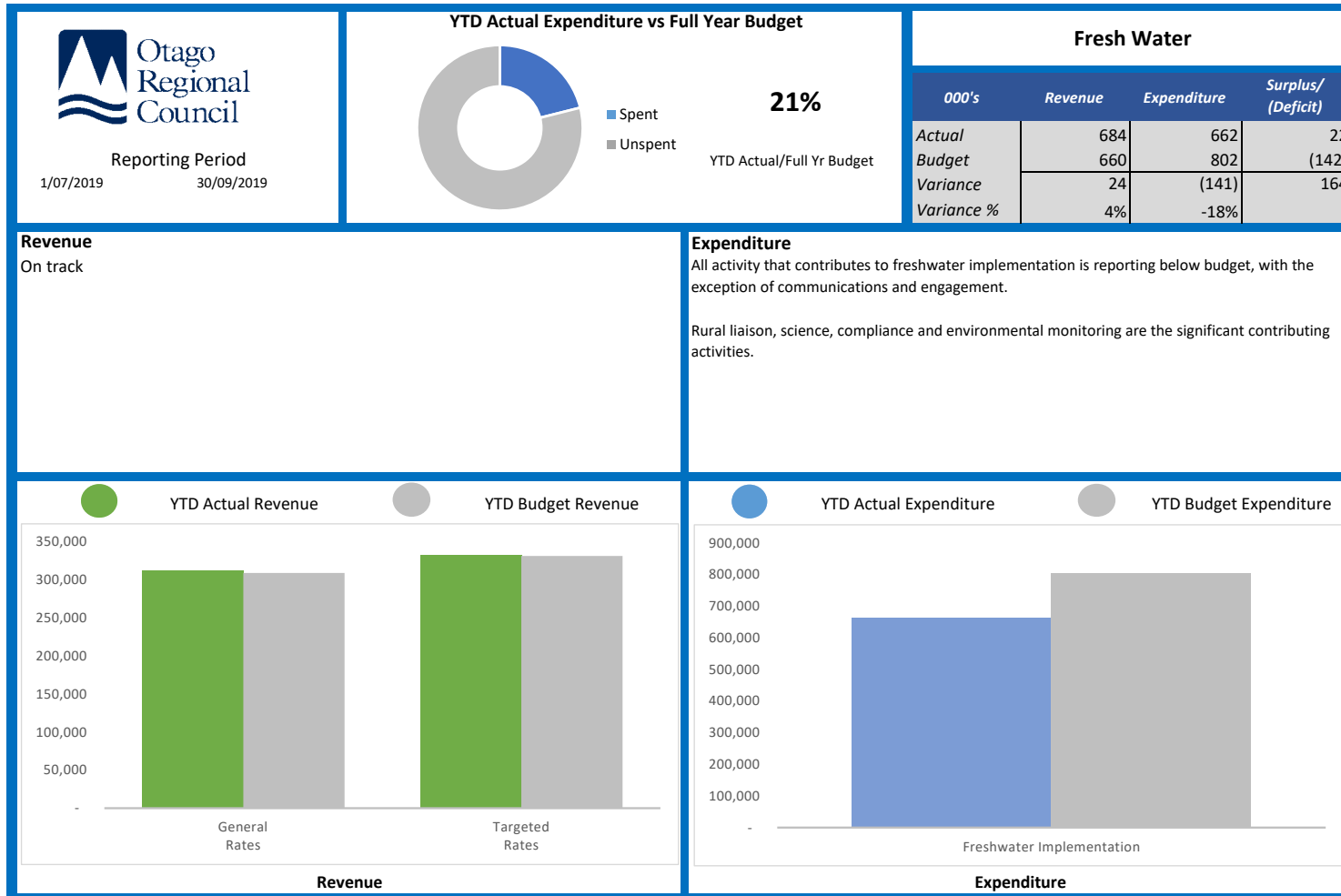
[13] No considerations.


## **ATTACHMENTS**

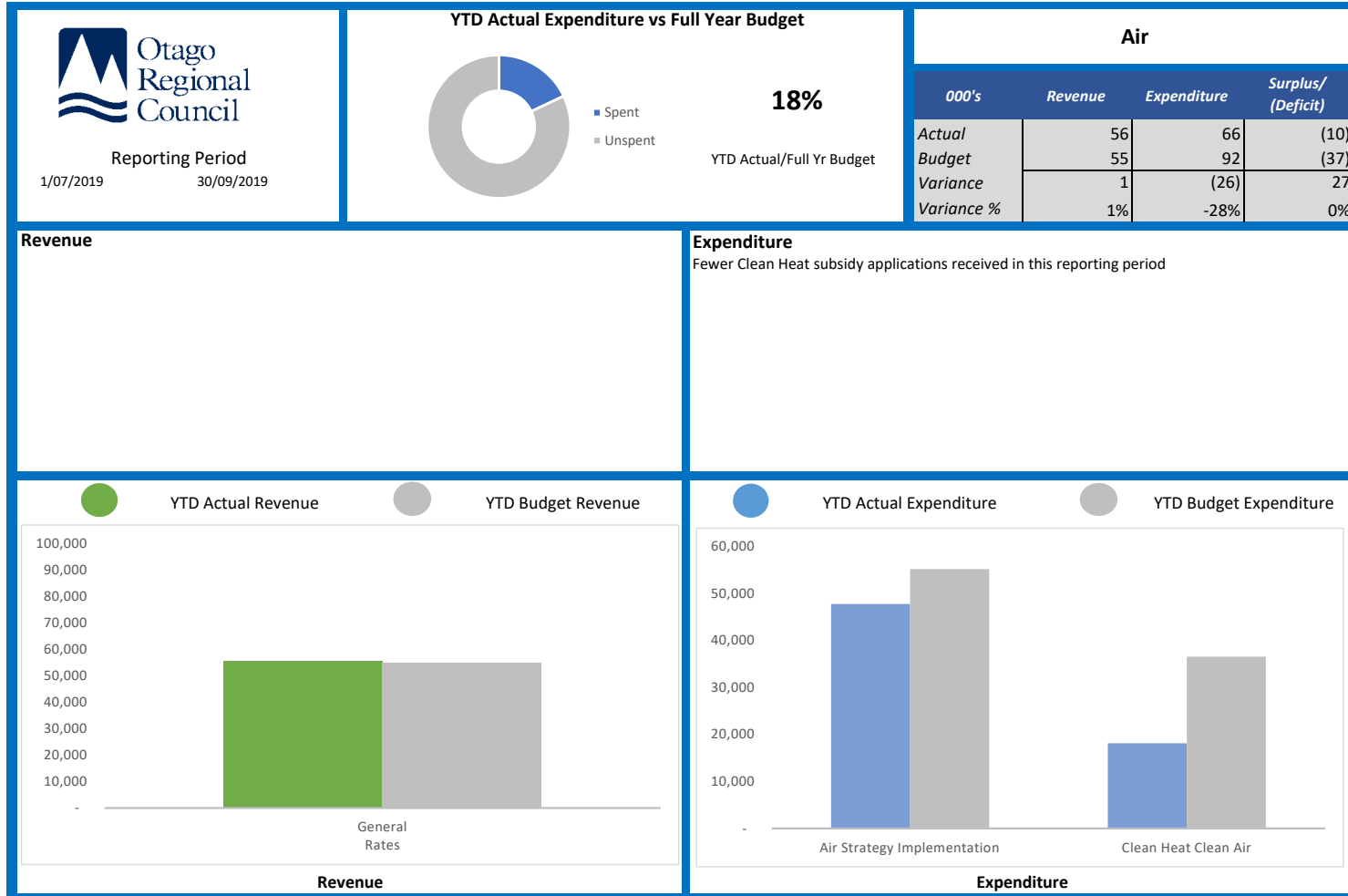
1. Council Activity Review - Q1 2019-2020 [8.1.1 - 30 pages]




 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Fresh Water</h3>				<h4>Status : Levels of Service Targets</h4> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>							
	<h4>Levels of Service Targets</h4> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	1	3	0
Achieved	On Track	Not on Track	Won't Achieve									
0	1	3	0									
<p>Level of Service</p> <p style="text-align: center;"><b>1</b></p>	<h4>Comment on Service Delivery</h4> <p>This significant activity engages with 'on the ground' action that positively influences water quality – action that is collectively captured under the 'Good Water Programme'.</p>				<h4>Target</h4> <p>Three targets are reporting 'yellow' and relate to:</p> <ul style="list-style-type: none"> <li># Freshwater assessed against the Regional Plan: Water</li> <li># Implementation of research to advance freshwater programme</li> <li># Developing and implementing good management practice.</li> </ul> <p>The 'yellow' reflects uncertainty during a period of both improving performance for existing work and developing new approaches to meet expectations on freshwater.</p>							
<p>Measures</p> <p style="text-align: center;"><b>4</b></p>	<p>The fresh water planning approach and all those that utilise fresh water sets the context for what occurs under the 'Good Water Programme'.</p> <p>The Council has communicated the need for change to its fresh water planning approach, including improving the plan rules regarding fresh water. This will provide greater clarity to both the community about what is required and the Council about its 'on the ground' action.</p>				<h4>Watchlist</h4> <p>Changes to National Policy Statement for Freshwater Management and Regional Water Plan is expected to impact on Good Water implementation planning and project prioritisation</p>							
<p>Targets</p> <p style="text-align: center;"><b>4</b></p>	<p><b>This quarter has involved:</b></p> <p>The establishment of a Good Water Programme Steering Committee and a Good Water Programme Delivery Team. These two groups will provide governance and management oversight, and operation delivery of a series of projects to progress the Council's Good Water strategic objectives. Workstreams include:</p>				<h4>Emerging Issues</h4> <p>Proposed National Environmental Standards ORC and community understanding of issues and the response to successfully manage freshwater</p>							
<p>Not Measured this Year</p> <p style="text-align: center;"><b>0</b></p>	<ul style="list-style-type: none"> <li>• Community Liaison &amp; Best Practice</li> <li>• Science &amp; Research</li> <li>• Environmental Monitoring</li> <li>• Compliance &amp; Enforcement</li> <li>• Stakeholder Engagement</li> <li>• Benefit Realisation</li> </ul>											

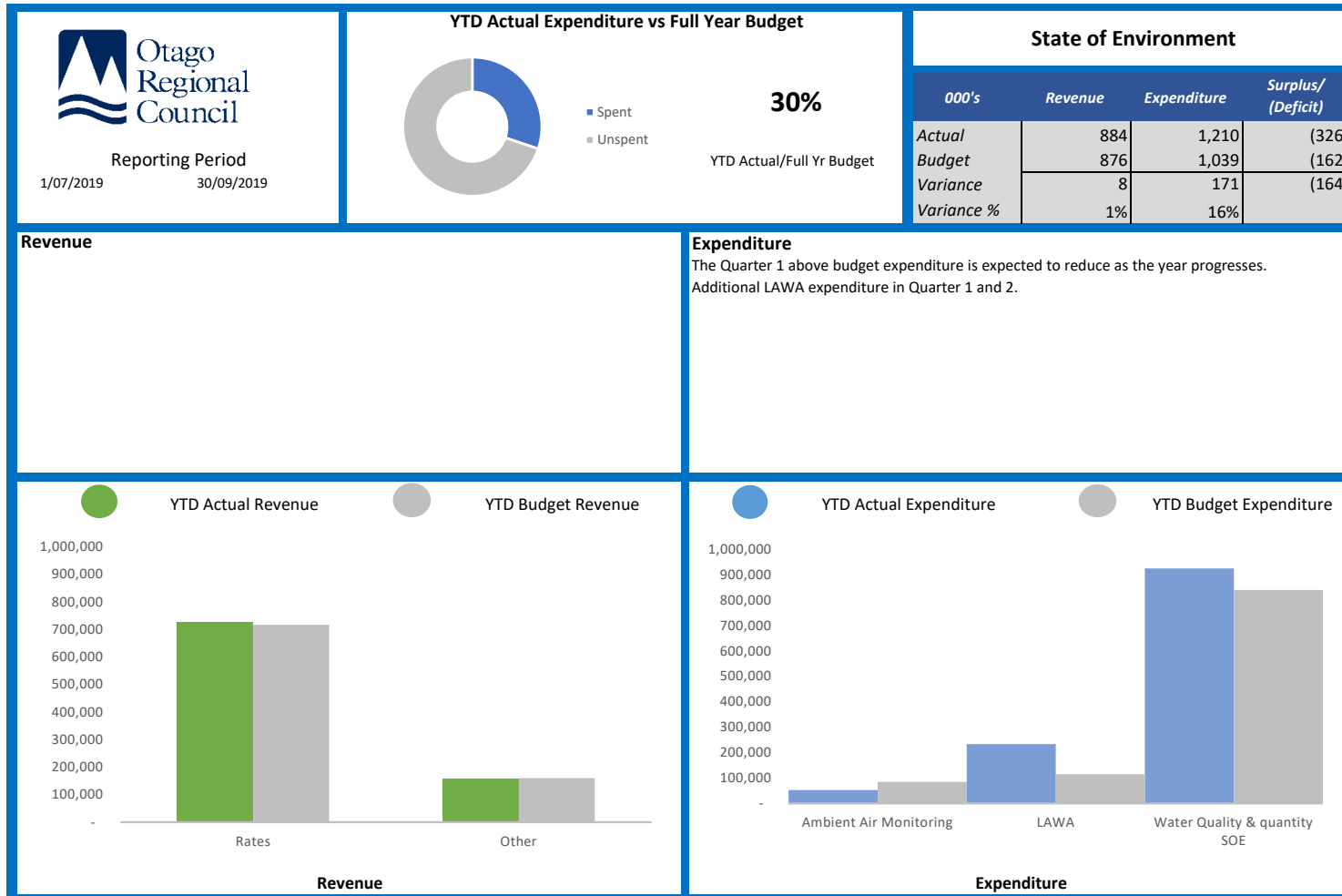



 <p>Reporting Period 1/07/2019 30/09/2019</p>	<p><b>Air</b></p>				<p><b>Status : Levels of Service Targets</b></p> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>							
	<p><b>Levels of Service Targets</b></p> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	3	0	0
Achieved	On Track	Not on Track	Won't Achieve									
0	3	0	0									
<p>Level of Service</p> <p style="text-align: center;"><b>1</b></p>	<p><b>Comment on Service Delivery</b></p> <p>This significant activity implements the Air Quality Strategy that is underpinned by the Councils responsibility for achieving compliance with the National Environmental Standard for Air Quality. While emissions have dropped significantly over the last decade, various airsheds are still not compliant.</p>				<p><b>Target</b></p> <p>No issues on targets to report</p>							
<p>Measures</p> <p style="text-align: center;"><b>3</b></p>	<p>The Council's 'Clean Heat Clean Air Programme' is a key initiative that encourages householders to swap outdated burners for ultra low emission heating appliances. Council has previously acknowledged the need to review this programme and decide the scope of the programme and associated funding. Other air implementation activity include; education and promotion, complaint response, trialling of clean burning technologies, and pilot research work related to community engagement on 'Clean Heat Clean Air'.</p>				<p><b>Watchlist</b></p> <p>Future number of 'Clean Heat Clean Air' subsidy applications impacts the funding reserve</p>							
<p>Targets</p> <p style="text-align: center;"><b>3</b></p>	<p><b>This quarter has involved:</b></p> <ul style="list-style-type: none"> <li>Administration of nine Clean Heat grants</li> <li>Pilot research programme has been developed and is underway</li> </ul>				<p><b>Emerging Issues</b></p> <p>Proposed National Environmental Standards</p>							
<p>Not Measured this Year</p> <p style="text-align: center;"><b>0</b></p>												

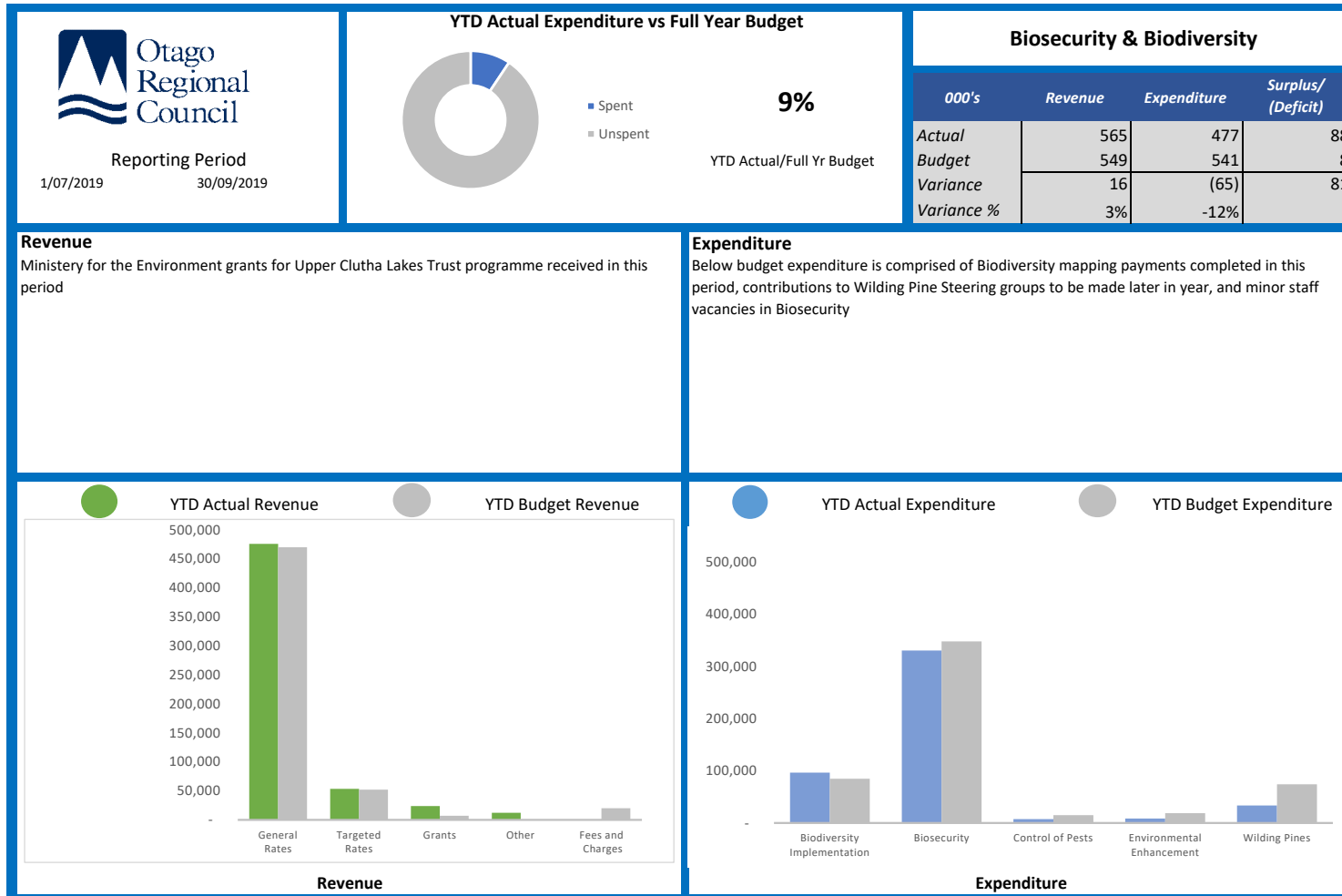






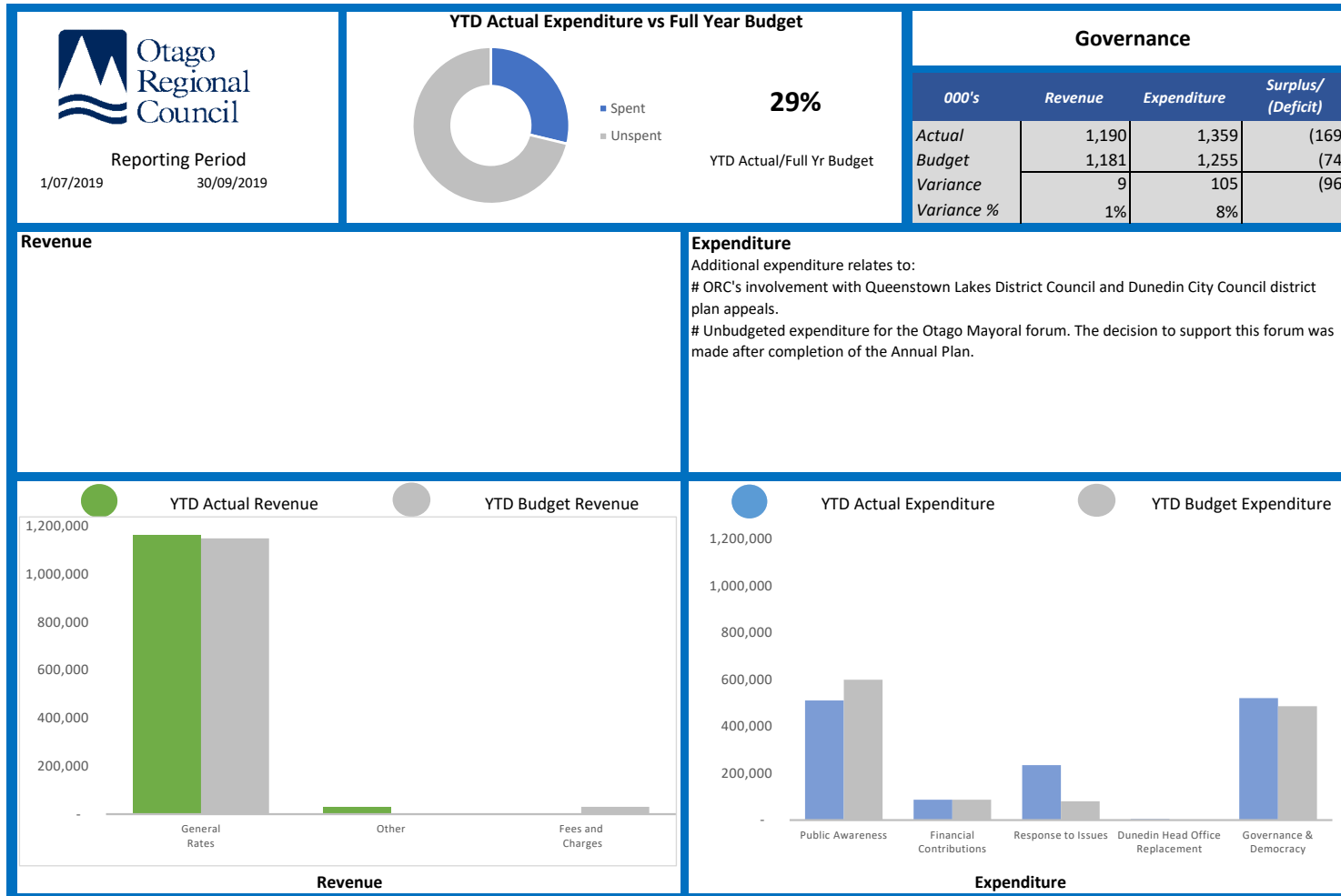
 <p>Reporting Period 1/07/2019 30/09/2019</p>	<p><b>State of the Environment</b></p>				<p><b>Status : Levels of Service Targets</b></p> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>							
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Achieved	On Track	Not on Track	Won't Achieve									
0	2	0	0									
<p>Level of Service</p> <p style="text-align: center;"><b>1</b></p>	<p><b>Comment on Service Delivery</b></p> <p>This significant activity implements the Council's programme that monitors water quality and quantity, and air quality. This is required under the RMA and the National Policy Statement for Fresh Water and informs both national and internal policy, planning and reporting needs. Additionally, the Council also acts as 'project lead' for 'Environmental Monitoring and Reporting' (EMaR), which co-ordinates the collection of information across New Zealand's regional councils.</p> <p><b>This quarter has involved:</b></p> <ul style="list-style-type: none"> <li>The collection of fresh water and air data to the SOE programme</li> <li>EMaR proceeded to the agreed national work plan</li> </ul>				<p><b>Target</b></p> <p>No issues on targets to report</p>							
<p>Measures</p> <p style="text-align: center;"><b>2</b></p>					<p><b>Watchlist</b></p>							
<p>Targets</p> <p style="text-align: center;"><b>2</b></p>					<p><b>Emerging Issues</b></p>							
<p>Not Measured this Year</p> <p style="text-align: center;"><b>0</b></p>												




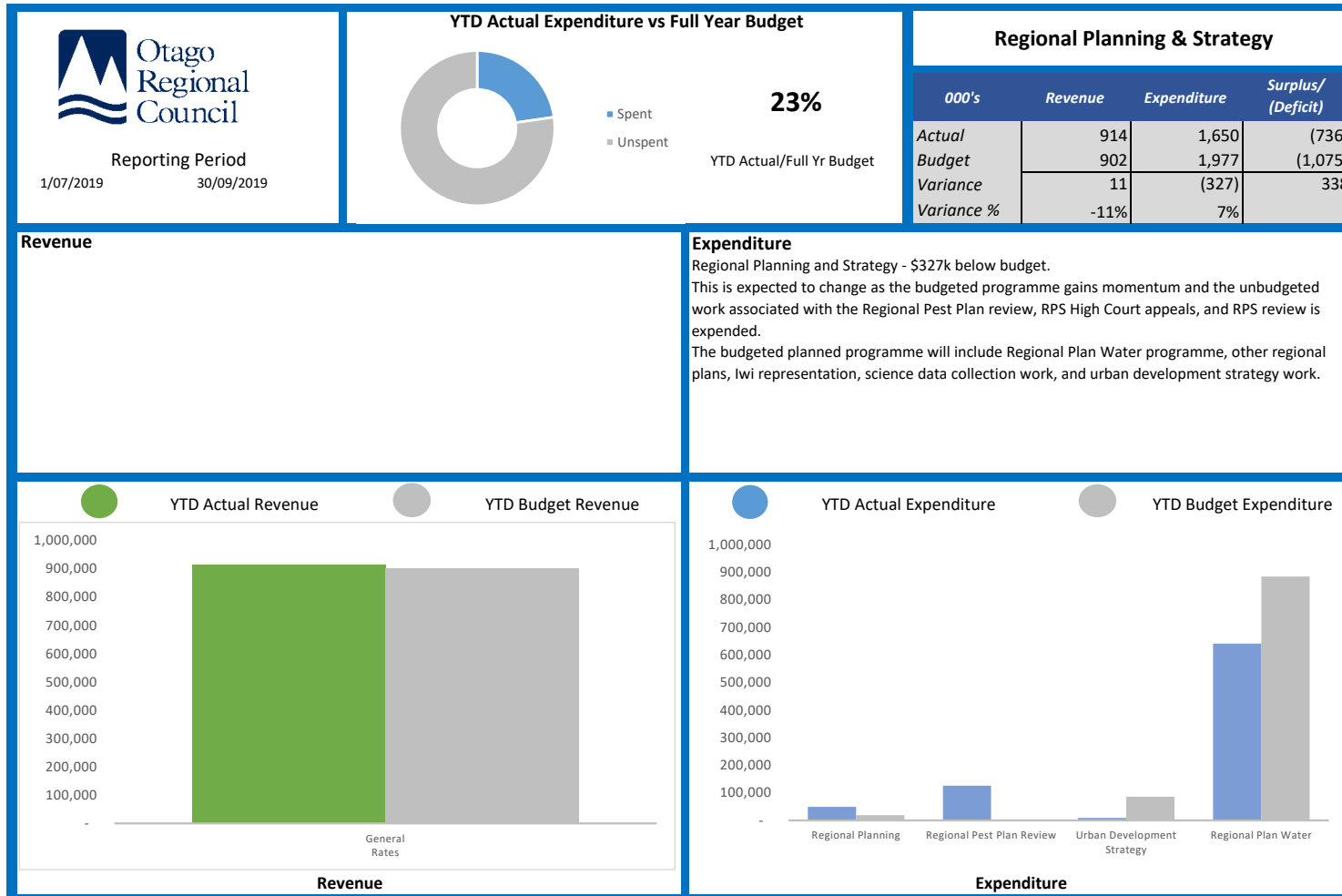
 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Biosecurity &amp; Biodiversity</h3>				<h4>Status : Levels of Service Targets</h4> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>							
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Achieved	On Track	Not on Track	Won't Achieve									
0	9	1	0									
<p>Level of Service</p> <p><b>3</b></p>	<h4>Comment on Service Delivery</h4> <p>This significant activity delivers a biosecurity programme that is driven by the priorities of the Regional Pest Management Plan (RPMP). The work is focused on animal and plant pest control and provides benefits for biodiversity and agri-business productivity. The adoption of a new RPMP this year signals the potential for a broader operating scope with reviewed priorities and improved compliance measures.</p>				<h4>Target</h4> <p>The target for managing non-compliances of rabbit numbers is not on track.</p>							
<p>Measures</p> <p><b>7</b></p>	<p>The biodiversity work programme is a developing service with an initial focus on completing an inventory of Otago biodiversity. Completing the inventory enables Council to better plan and decide its service levels and priorities. Importantly, the Council is also providing or administering support funding to selected community-based organisations delivering biodiversity outcomes that align with its strategic objectives. This includes: Predator Free Dunedin (PFD), Yellow Eyed Penguin Trust (YEPT), Wakatipu Wilding Conifer Group, and ECO Funding for various smaller groups.</p>				<h4>Watchlist</h4>							
<p>Targets</p> <p><b>10</b></p>	<p><b>This quarter has involved:</b></p> <ul style="list-style-type: none"> <li>• Pest management compliance – plant and animal inspection work continues to plan, albeit at reduced levels for rabbit inspections. Deployed staff are currently less than planned.</li> <li>• Biocontrol - Some RHD sampling has been completed. The rest of the work is scheduled for later in this year and early - mid new year.</li> <li>• Biodiversity – work on completing the inventory remains on-track. Planning for the ECO Funding rounds is on track. Administration of funding and contracts with key partners is on track, including MPI, DOC, PFD, and YEPT.</li> <li>• RPMP Operative and completion of Operational Plan scheduled in quarter 2.</li> </ul>				<h4>Emerging Issues</h4> <p>Review of the Biosecurity Act</p>							
<p>Not Measured this Year</p> <p><b>0</b></p>												





 <p>Reporting Period 1/07/2019 30/09/2019</p>	<p><b>Governance &amp; Engagement</b></p>				<p><b>Status : Levels of Service Targets</b></p> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p> 						
	<p><b>Levels of Service Targets</b></p> <table border="1"> <tr> <td>Achieved</td> <td>On Track</td> <td>Not on Track</td> <td>Won't Achieve</td> </tr> <tr> <td>0</td> <td>4</td> <td>0</td> <td>1</td> </tr> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	4
Achieved	On Track	Not on Track	Won't Achieve								
0	4	0	1								
<p>Level of Service</p> <p><b>2</b></p>	<p><b>Comment on Service Delivery</b> This significant activity enables the regional elected representatives to perform their role and involves:</p> <ul style="list-style-type: none"> <li>Administering remuneration and providing information technology support</li> <li>Provision of meetings and the timely access to relevant information</li> <li>Communicating Council's directions, decisions and progress to Otago communities</li> <li>Supporting the region's mayoral forum</li> </ul> <p><b>This quarter involved:</b></p> <ul style="list-style-type: none"> <li>Preparation for the newly-elected Council</li> <li>Final meetings for the previous triennium</li> <li>Mayoral forum convened</li> <li>32 official information requests received and responded to</li> </ul> <p>Responding to national proposals on Urban Development, Highly Productive Land, Freshwater and RMA changes. Appeals across the QLDC and DCC District Plan Reviews were also advanced.</p>				<p><b>Target</b></p> <p>The LGOIMA target is aspirational at 100% within legal timeframes. Council was late with 1 request in Quarter 1.</p>						
<p>Measures</p> <p><b>4</b></p>					<p><b>Watchlist</b></p>						
<p>Targets</p> <p><b>5</b></p>					<p><b>Emerging Issues</b></p>						
<p>Not Measured this Year</p> <p><b>0</b></p>											




 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Regional Planning &amp; Strategy</h3>				<h3>Status : Levels of Service Targets</h3> <p> <span style="color: green;">●</span> Achieved,                  <span style="color: yellow;">●</span> May not be achieved,                  <span style="color: lightgreen;">●</span> On Track,                  <span style="color: red;">●</span> Will not be achieved             </p>							
	<h3>Levels of Service Targets</h3> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">2</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	2	0	0
Achieved	On Track	Not on Track	Won't Achieve									
0	2	0	0									
<h3>Level of Service</h3> <p style="text-align: center;">2</p>	<h3>Comment on Service Delivery</h3> <p>This significant activity includes the Regional Policy Statement (RPS) and the Regional Plans. The natural resource areas include water (fresh water, land and coast), air, and waste. This activity also includes strategy and non-RMA plans, such as the urban development and biodiversity strategies.</p> <p>Completion of work associated with the fresh water framework is a priority and includes:</p> <ul style="list-style-type: none"> <li>• Notifying a plan change (October 2019) to extend the deadline for some 6A rules</li> <li>• Notifying a plan change (March 2020) to establish strong, clear, enforceable water quality rules</li> <li>• Progressive notifications of the Freshwater Management Unit (FMU) plan changes, starting with Arrow, Cardrona (March 2020) and Manuherikia (August 2020) catchments.</li> <li>• More broadly, a review of the Regional Policy Statement (RPS)</li> </ul> <p><b>This quarter included:</b></p> <ul style="list-style-type: none"> <li>• High court appeals on the RPS (unbudgeted)</li> <li>• Work to notify plan change 6AA is on track (ie to extend the 6A deadline for certain rules)</li> <li>• Work on the water plan omnibus plan change is on track, including issues and options papers (ie to establish strong, clear, enforceable rules)</li> <li>• Stakeholder workshops scheduled for late November, early December</li> <li>• Supporting science and monitoring, especially for the priority FMUs, progressing</li> <li>• CHES hydrological model is now operational</li> <li>• Preparations to recruit staff to advance the Urban Development Strategy</li> <li>• Preparations to commence a review of the RPS</li> </ul>				<h3>Target</h3> <p>No issues on targets to report</p>							
<h3>Measures</h3> <p style="text-align: center;">2</p>	<h3>Watchlist</h3>											
<h3>Targets</h3> <p style="text-align: center;">2</p>	<h3>Emerging Issues</h3> <p>Proposed National Environmental Standards</p>											
<h3>Not Measured this Year</h3> <p style="text-align: center;">0</p>												

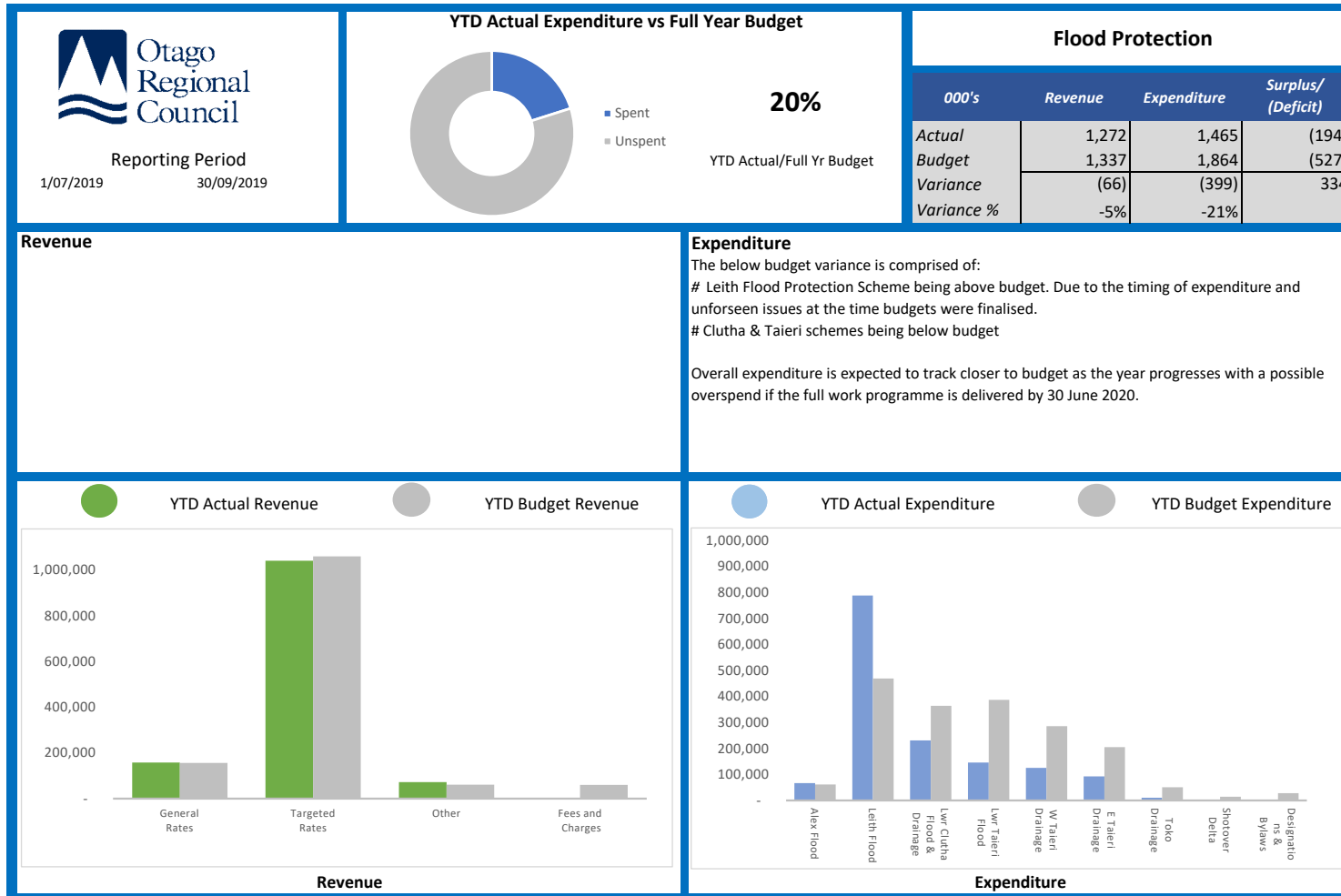





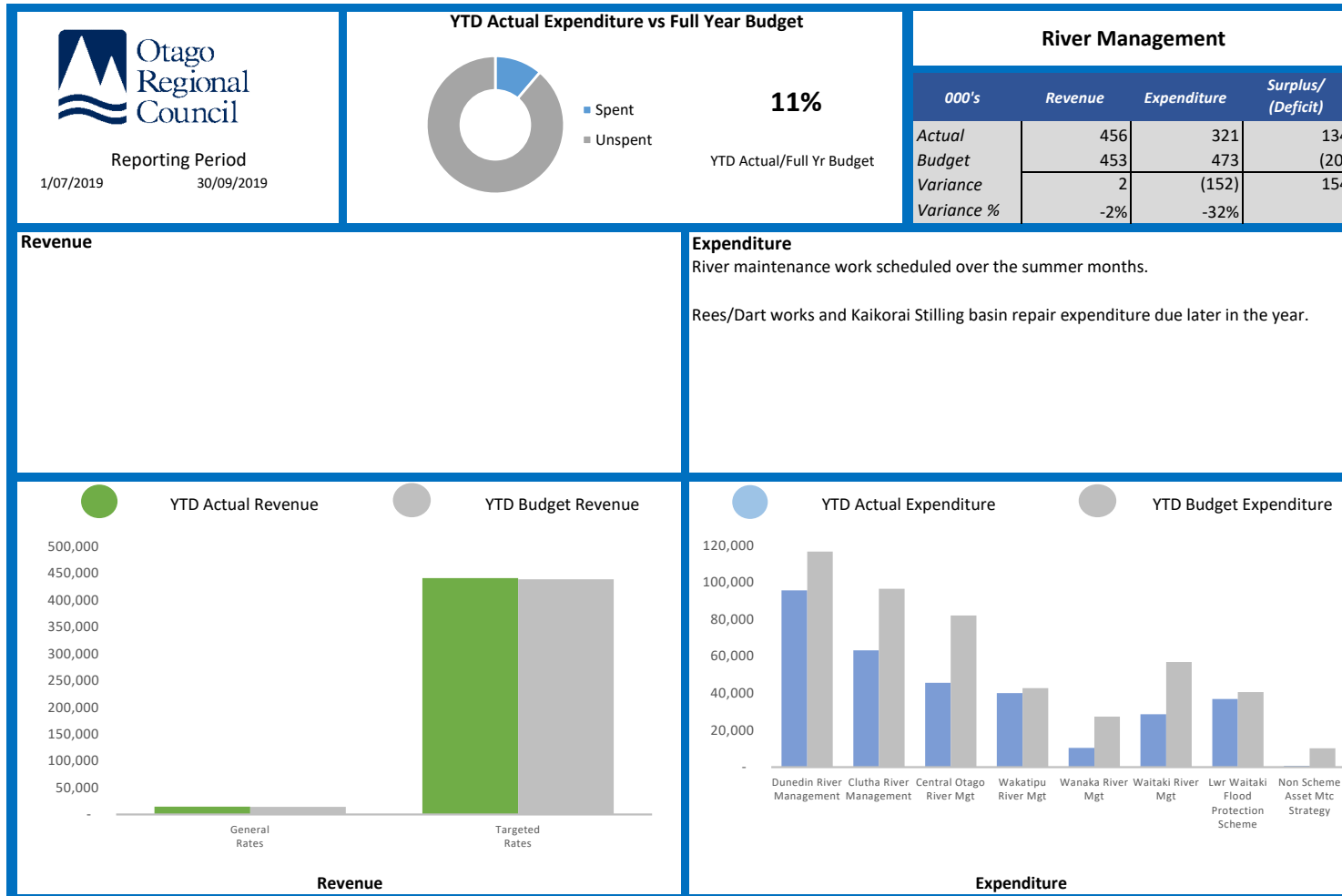
 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Regulatory</h3>				<h4>Status : Levels of Service Targets</h4> <p> <span style="color: green;">●</span> Achieved,                  <span style="color: yellow;">●</span> May not be achieved,                  <span style="color: lightgreen;">●</span> On Track,                  <span style="color: red;">●</span> Will not be achieved             </p> 						
	<h4>Levels of Service Targets</h4> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">6</td> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	6
Achieved	On Track	Not on Track	Won't Achieve								
0	6	3	0								
<p>Level of Service</p> <p style="text-align: center; font-size: 24pt;"><b>5</b></p>	<h4>Comment on Service Delivery</h4> <p>This significant activity gives effect to the Council's Regional Plans under the RMA, and other specific requirements such as the regulation of ports. Work includes:</p> <ul style="list-style-type: none"> <li>Consent processing (including deemed permits, buildings), and the monitoring of compliance with those consents</li> <li>Incidence response, investigation and enforcement</li> <li>Contaminated sites</li> <li>Harbours and waterway management</li> </ul> <p><b>This quarter involved:</b></p> <ul style="list-style-type: none"> <li>Consent processing is currently meeting the aspirational target of 100% processed within timeframe</li> <li>Recruitment of enforcement officers. Near full contingent.</li> <li>Preparation for recruiting budgeted staff in consenting processing, consent monitoring and incidence response</li> <li>Harbours and water management – no serious incidents to report. Broadly, the ramping-up of service for this activity is involving: a gradual increase in waterbourne interactions and responses via the Kaitiaki; on-going education on navigational safety; on-going upgrade of navigational marks; alignment of the infringement framework is underway.</li> <li>No serious reported oil spill incidents</li> </ul>				<h4>Target</h4> <p>The General Manager Regulatory has identified a need to restate the regulatory measures and targets to better reflect future planned levels of service. This will occur in future plan process. Importantly service delivery is occurring to programme despite the 'not on track' targets.</p>						
<p>Measures</p> <p style="text-align: center; font-size: 24pt;"><b>8</b></p>					<h4>Watchlist</h4>						
<p>Targets</p> <p style="text-align: center; font-size: 24pt;"><b>9</b></p>					<h4>Emerging Issues</h4>						
<p>Not Measured this Year</p> <p style="text-align: center; font-size: 24pt;"><b>0</b></p>											





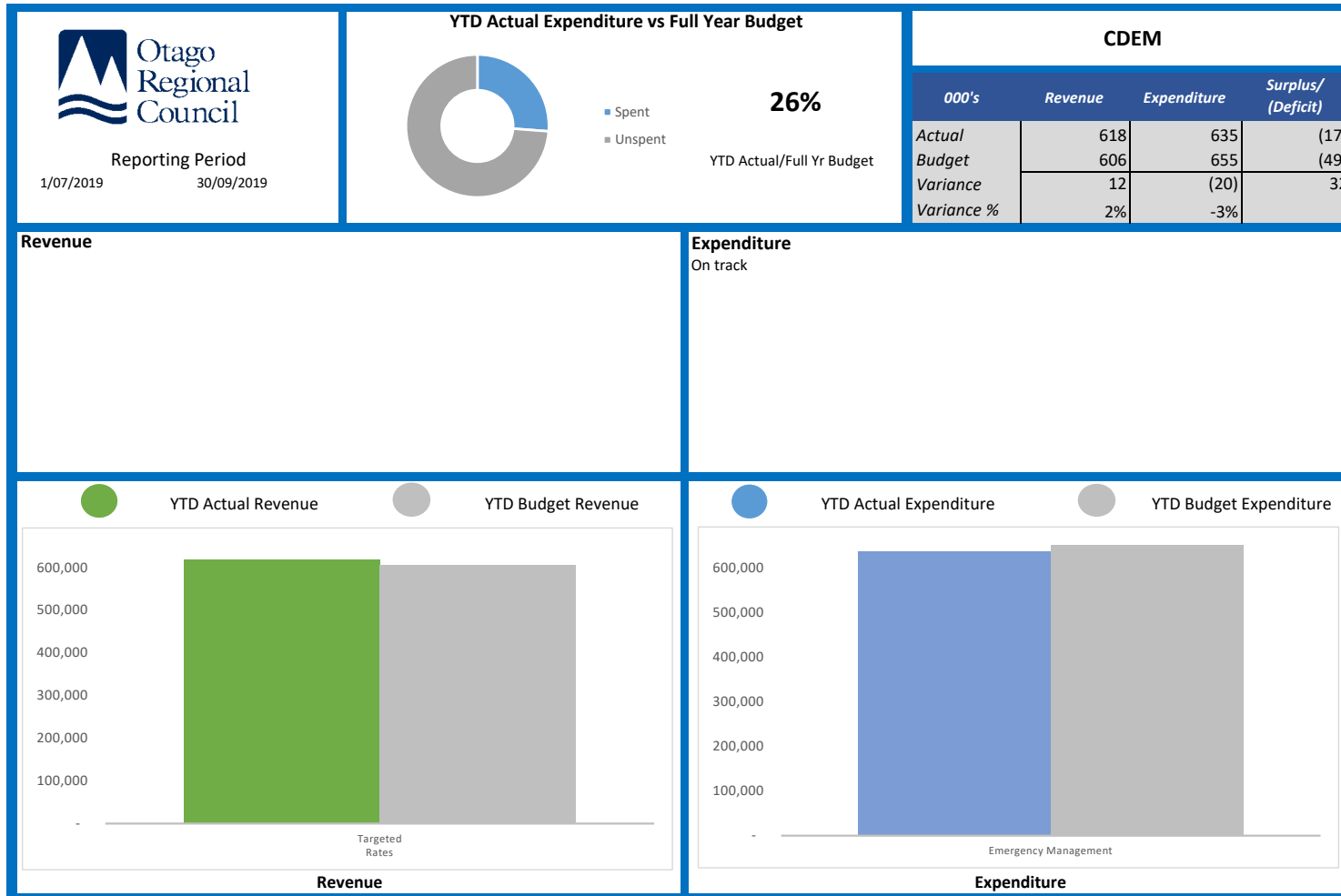
 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Flood Protection</h3>				<h3>Status : Levels of Service Targets</h3> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>							
	<h4>Levels of Service Targets</h4> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">7</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	0	7	0
Achieved	On Track	Not on Track	Won't Achieve									
0	0	7	0									
<p>Level of Service</p> <p style="text-align: center;"><b>1</b></p>	<h4>Comment on Service Delivery</h4> <p>This significant activity gives effect to Council's responsibilities under the Soil Conservation and Rivers Control Act 1941, and other specific requirements such as the management and maintenance of our flood protection and land drainage assets. The schemes protect 20,000 Ha of land. Core functions include:</p> <ul style="list-style-type: none"> <li>• Bylaw processing, and the monitoring of technical compliance with these bylaws</li> <li>• Scheduled maintenance of critical assets</li> <li>• Development and renewal of critical infrastructure and amenity projects</li> </ul> <p><b>This quarter involved:</b></p> <ul style="list-style-type: none"> <li>• Dundas Street stage of the Leith Flood Protection Scheme is progressing.</li> <li>• Completion of tender documents for the Mill Creek pump station upgrade (East Taieri Drainage Scheme).</li> <li>• Continued investigations for Waipori pump station reliability upgrade (West Taieri Drainage Scheme). Approval of options and recommendations and subsequent tender preparation expected in next quarter.</li> <li>• Community consultations with: Middlemarch residents, Balclutha Adverse Events Planning Group (with Civil Defence), Lawrence residents, Gordon Road Spillway Residents Group, Taieri Flood Group, Otago Taieri Agricultural &amp; Pastoral Society and numerous stakeholders including DOC, F&amp;G, Contact Energy and DCC.</li> <li>• Assessment of the performance of the Taieri Flood Protection Scheme in progress.</li> <li>• Works on Henley floodbank</li> <li>• Works on Silverstream Spillway being planned and scheduled</li> <li>• Processing of bylaws and consents that interface with flood protection assets</li> <li>• Continued investigations source clay to continue contour channel upgrade in Taieri</li> <li>• Bridge replacement investigations on engineering solutions</li> <li>• Repairs to concrete lined channel in Kaikorai stream at green island.</li> <li>• Scheduled drain maintenance</li> </ul>				<h4>Target</h4> <p>Seven targets are reported 'yellow' and reflects a conservative assessment based on a slower than ideal start to the extensive work programme. A combination of weather delays (prolonged wet weather), staffing issues due to restructure and vacant roles, and transition of new management into Engineering have contributed. As the summer period arrives and the engineering team settles a significant portion of the programme is expected to be achieved.</p>							
<p>Measures</p> <p style="text-align: center;"><b>2</b></p>	<h4>Watchlist</h4>											
<p>Targets</p> <p style="text-align: center;"><b>7</b></p>	<h4>Emerging Issues</h4>											
<p>Not Measured this Year</p> <p style="text-align: center;"><b>0</b></p>												




 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>River Management</h3>				<h3>Status : Levels of Service Targets</h3> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>							
	<h4>Levels of Service Targets</h4> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">2</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	0	2	0
Achieved	On Track	Not on Track	Won't Achieve									
0	0	2	0									
<p>Level of Service</p> <p style="text-align: center;"><b>1</b></p>	<h4>Comment on Service Delivery</h4> <p>This significant activity gives effect to Council’s responsibilities under the Soil Conservation and Rivers Control Act 1941, and the management and maintenance of Otago rivers. Core functions include:</p> <ul style="list-style-type: none"> <li>River management including the control of channel erosion and channel realignment</li> <li>Management of gravel extraction through third party consents</li> <li>Processing of consents in conjunction with Council’s Natural Hazards activity where consent applications may affect flood protections assets and/or rivers.</li> </ul> <p><b>This quarter involved:</b></p> <ul style="list-style-type: none"> <li>Annual aerial river surveys of all major rivers including, Manuherikia, Shotover, Clutha, Dart, Shag, Waitaki, Tuapeka, Pomahaka, Tokomairiro and Kawarau Gorge were completed across Otago. These surveys collect video and photographic record of the river channels positioning.</li> <li>Planning for river remediation works on some rivers during summer has commenced, including and not limited to, Clutha – Balclutha and Roxborough, Manuherikia and Taieri Rivers.</li> <li>Willow pole riparian planting has been carried out by ORC at the Taieri River Middlemarch.</li> </ul>				<h4>Target</h4> <p>As for the flood &amp; drainage activity the targets are reported 'yellow' reflecting a conservative assessment based on a slower than ideal start to the operational work programme. There is an expectation that as the summer period arrives and the engineering and operations teams settle, all of the programme is expected to be achieved.</p>							
<p>Measures</p> <p style="text-align: center;"><b>1</b></p>					<h4>Watchlist</h4>							
<p>Targets</p> <p style="text-align: center;"><b>2</b></p>					<h4>Emerging Issues</h4>							
<p>Not Measured this Year</p> <p style="text-align: center;"><b>0</b></p>												

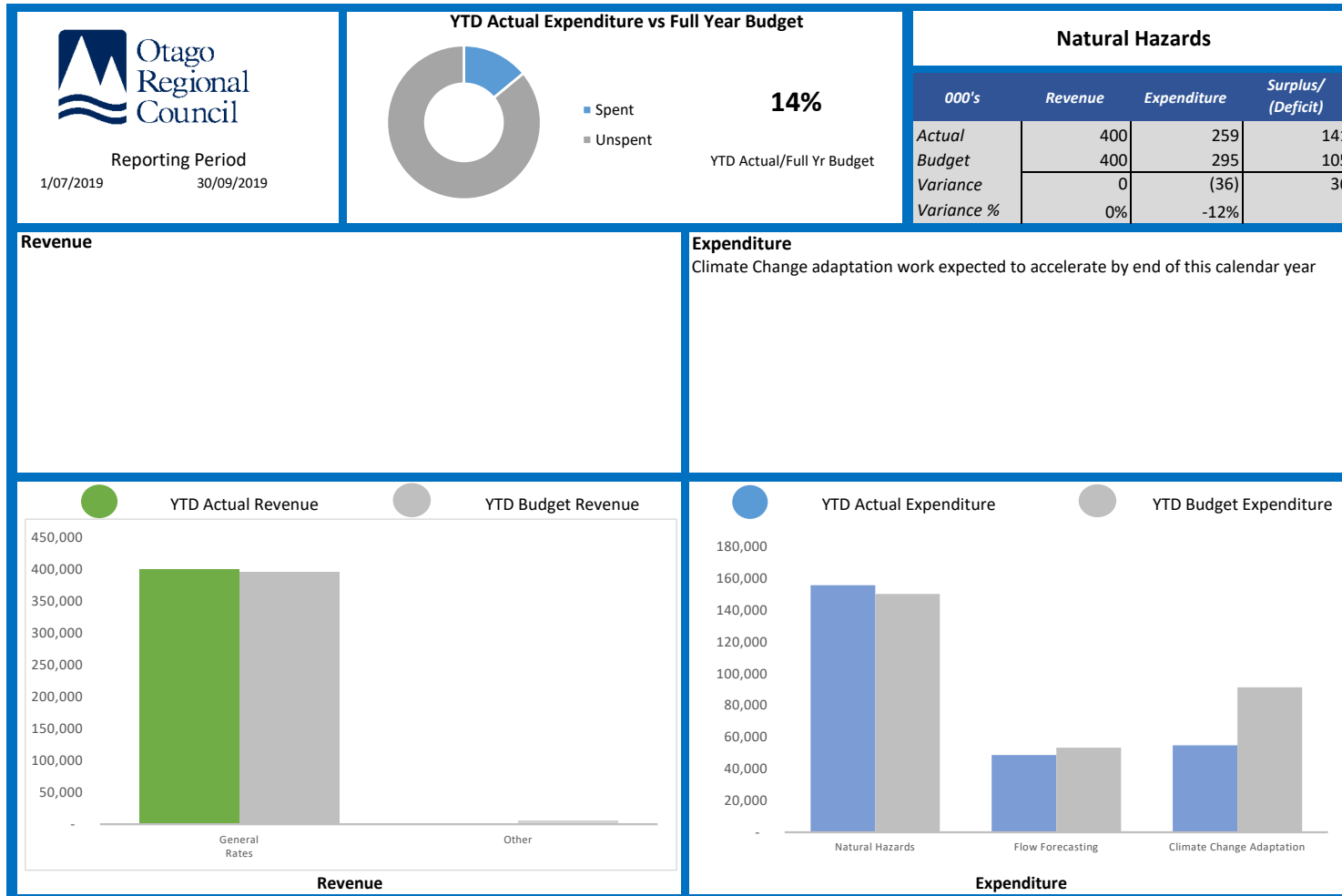



 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Emergency Management</h3>				<b>Status : Levels of Service Targets</b> ● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved
	<b>Levels of Service Targets</b>				
Level of Service	Achieved <b>0</b>	On Track <b>5</b>	Not on Track <b>0</b>	Won't Achieve <b>0</b>	
2	<b>Comment on Service Delivery</b> This activity is responsible for the co-ordination of hazard reduction, readiness, response and recovery for emergency events. It is provided in partnership with councils, emergency response organisations and other stakeholders of the Otago region.				<b>Target</b> No issues on targets to report
Measures	<b>This quarter involved:</b> <ul style="list-style-type: none"> <li>Ensuring backup to the Group Controller is in place. The aim is to have a minimum of three accredited Group Controllers by 30 June 2020.</li> <li>Approved Otago CDEM Group Plan in place. The aim is to have this plan reviewed following the creation of the National Emergency Management Agency (NEMA)</li> <li>Implementation of the EMO operational system has been progressed with application across three minor events by partnering councils.</li> <li>Progress and status of region-wide issues plans reported to the Co-ordinating Executive Group (CEG) and CDEM Joint Committee. All but the Region-wide Dam Failure Plan are in place</li> <li>Recruitment of the Training and Capability Advisor</li> </ul>				<b>Watchlist</b>
Targets					<b>Emerging Issues</b>
Not Measured this Year					
0					

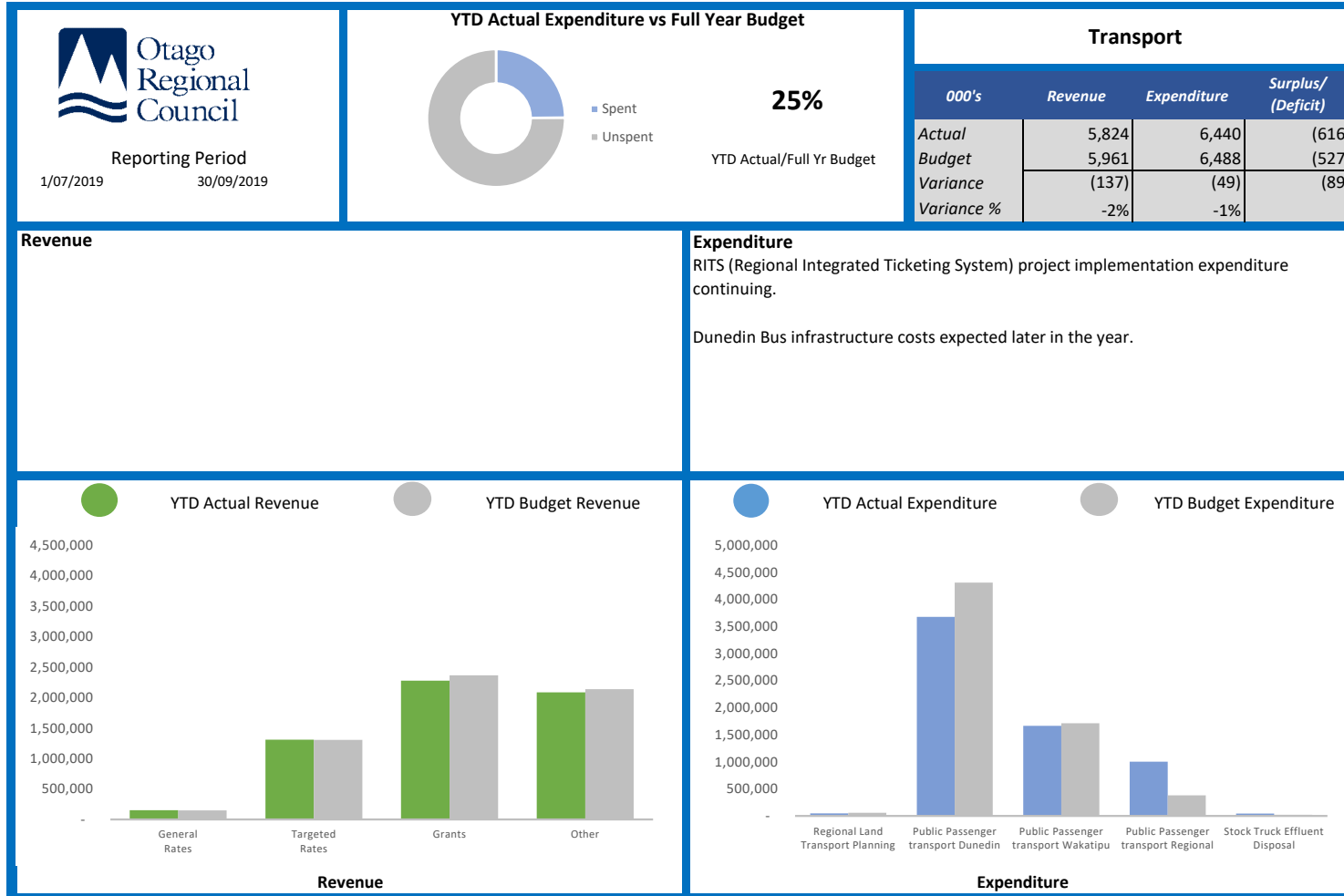




 <p>Reporting Period 1/07/2019 30/09/2019</p>	<p><b>Natural Hazards</b></p>				<p><b>Status : Levels of Service Targets</b></p> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>							
	<p><b>Levels of Service Targets</b></p> <table border="1"> <tr> <td>Achieved</td> <td>On Track</td> <td>Not on Track</td> <td>Won't Achieve</td> </tr> <tr> <td>0</td> <td>4</td> <td>0</td> <td>0</td> </tr> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	4	0	0
Achieved	On Track	Not on Track	Won't Achieve									
0	4	0	0									
<p>Level of Service</p> <p><b>4</b></p>	<p><b>Comment on Service Delivery</b></p> <p>This activity involves assessing the scale and significance of natural hazards in Otago. It includes risk assessment projects such as those relating to climate change adaptation, and also flow forecasting to understand and monitor flood events. A lot of this work is done in collaboration with councils and communities in Otago, with an emphasis on access to timely information.</p> <p>This quarter involved:</p> <ul style="list-style-type: none"> <li>• Programmed climate change adaptation projects are on track</li> <li>• Improved flood forecasting model progressed and to be delivered in quarter two</li> <li>• Improved natural hazards database platform on track for 'website go-live' in quarter two</li> <li>• All public information systems operating to agreed service levels over the reporting period</li> </ul>				<p><b>Target</b></p> <p>No issues on targets to report</p>							
<p>Measures</p> <p><b>4</b></p>												
<p>Targets</p> <p><b>4</b></p>												
<p>Not Measured this Year</p> <p><b>0</b></p>												
					<p><b>Watchlist</b></p>							
					<p><b>Emerging Issues</b></p>							



 <p>Reporting Period 1/07/2019 30/09/2019</p>	<p><b>Transport</b></p>				<p><b>Status : Levels of Service Targets</b></p> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>							
	<p><b>Levels of Service Targets</b></p> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">9</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	9	1	0
Achieved	On Track	Not on Track	Won't Achieve									
0	9	1	0									
<p>Level of Service</p> <p style="text-align: center;"><b>2</b></p>	<p><b>Comment on Service Delivery</b></p> <p>This activity involves the delivery of public passenger transport in Dunedin and Queenstown, and the co-ordination of regional transport planning to enable a resilient, multi modal transport system for the efficient and effective movement of people and goods. An Otago-Southland Regional Transport Plan is central to this and is developed collaboratively.</p> <p><b>This quarter involved:</b></p> <ul style="list-style-type: none"> <li>• Bus patronage targets on track. Dunedin patronage +5% compared to Q1 2018/19 and +12% in Queenstown.</li> <li>• Reliability of bus services – ‘real time’ tracking has been trialled in Queenstown and planned for Dunedin in Quarter two.</li> <li>• Bus satisfaction survey in June 2019 showed that 88% of Dunedin and 97% of Queenstown customers were satisfied with the overall standard of service.</li> <li>• Bus vehicle quality – Dunedin compliant and Queenstown inspection process has been initiated.</li> <li>• Appointed the Manager Transport.</li> </ul>				<p><b>Target</b></p> <p>The 'bus reliability' target is reported 'yellow' until the verification process is checked and the service measure validated.</p>							
<p>Measures</p> <p style="text-align: center;"><b>7</b></p>	<p><b>Watchlist</b></p>											
<p>Targets</p> <p style="text-align: center;"><b>10</b></p>	<p><b>Emerging Issues</b></p>											
<p>Not Measured this Year</p> <p style="text-align: center;"><b>0</b></p>												



**Levels of Service Measures  
- for all Significant Activities**



<b>Freshwater</b>				
<b>Service statement 1: Water quality across Otago is maintained and improved</b>				
1.1	Assessments are carried out to determine freshwater quality against the limits set out in the Regional Plan:	1.1	Report annually where water quality continues to meet limits; and where previously not meeting the limits is improving.	May not be achieved
1.2	Increase the number of catchments included in catchment monitoring	1.2	Five catchments every two years.	On track to be achieved
1.3	Implement research and studies to advance the freshwater programme including prioritisation across freshwater management units	1.3	Progress is reported to Council	May not be achieved
1.4	Develop and implement good management practice through regulatory and non-regulatory approaches to improve water quality	1.4	Development initiatives and implementation progress are reported to Council including: <ul style="list-style-type: none"> <li>- Rural Liaison &amp; engagement</li> <li>- Inspections &amp; Compliance monitoring</li> <li>- Enforcement</li> <li>- Plan review and change</li> </ul>	May not be achieved
<b>Biodiversity and Biosecurity</b>				
<b>Service statement 2: Collaborate with the regional community to potentially invest and fund environmental enhancement projects that deliver good environmental and social outcomes</b>				
2.1	The ECO Fund is administered to support community-led projects across Otago that protect and enhance the environment.	2.1	Report to Council on the allocation of the fund, status of fund recipients and on project outcomes	On track to be achieved
<b>Service statement 3: Implement the Biodiversity Action Plan</b>				
2.2	Projects identified in the Biodiversity Action Plan are being advanced	2.2	Progress against the BAP is reported to Council	On track to be achieved
<b>Service statement 4: Establish controls over animal and plant pests to maintain and enhance biodiversity, protect productive capacity and community health</b>				
2.3	The Regional Pest Management Plan is implemented	2.3	Complete the Regional Pest Operational Plan	On track to be achieved
2.4	Reducing trend in the pest plant and animal species across the Otago Region	2.4	Report to Council plant and animal pest trends	On track to be achieved
		2.5a	All properties with reported non-compliances of rabbit numbers over MAL3 are contacted regarding the requirement to respond in accordance with the Regional Pest Management Plan	May not be achieved
2.5	The level of compliance is managed to the provisions of the Regional Pest Management Plan	2.5b	All reported non-compliances for pest plants will be followed up to ensure works to control pest plants have been carried out	On track to be achieved
		2.5c	All complaints about boundary control of pest plants and pest animals will be responded to within 10 working days, and where necessary control works will be required to be carried out.	On track to be achieved
2.6	The Council supports government agencies conducting Lagarosiphon control in Lakes Dunstan and Wanaka	2.6a	Agreed funding support to external partners for Lagarosiphon control Lakes Dunstan, Wanaka and Wakatipu is provided.	On track to be achieved
		2.6b	Key planning information is disclosed in a timely way	On track to be achieved
2.7	Collaborate with community groups and pest companies to carry out control activities to eradicate Wallaby in Otago	2.7	Reported Wallaby sightings are investigated and responded to within 3 working days	On track to be achieved

AIR			
Service statement 5: In targeted towns we work to reduce PM10 emissions for ambient air quality			
3.1	Monitor air quality to assess compliance with the National Environmental Standard requirement of no more than one daily average reading of PM <sub>10</sub> per annum to be higher than 50 micrograms per cubic metre	3.1 Assessment completed	On track to be achieved
3.2	Administer the clean heat, clean air fund for Air Zone 1 and Milton	3.2 Achieved	On track to be achieved
3.3	Implement investigation and research programme to achieve goals under the Air Strategy including trialling options for low emission technologies.	3.3 Report to Council on programme delivered as at 30 June 2020	On track to be achieved
State of the Environment Reporting			
Service statement 6: Provide high quality and timely environmental information, indicators and advice to key decision makers and the community			
4.1	Changes and trend in natural resource availability and quality are analysed and reported to the Council as per the schedule entitled " <b>Monitoring Schedule for 2018-28 Long-Term Plan</b> "	4.1 Information available for the Annual Report 2018/19	On track to be achieved
4.2	External audit shows good quality control of data collections and analysis as per the schedule entitled " <b>Monitoring Schedule for 2018-28 Long-Term Plan</b> "	4.2 External Audit completed by 30 June 2020	On track to be achieved
Governance & Community Engagement			
Service statement 1: Governance support and process that enables a robust and transparent democratic practice for Council's elected members and the community			
5.1	Percentage of official information requests responded to within statutory timeframes	5.1 100%	Will not be achieved
5.2	Percentage of council agendas that are publicly available two working days or more before a meeting	5.2 100%	On track to be achieved
5.3	Conduct meetings in accordance with <i>Standing Orders</i> and the <i>Local Government Official Information and Meetings Act 1987</i>	5.3 All meetings	On track to be achieved
Service statement 2: Council has clearly articulated policy, purpose and activity to encourage participation in decision-making by the community			
5.4	Council's Long-Term Plan, Annual Plans and Annual Reports are fit for purpose and accessible.	5.4a All Local Government Act statutory planning requirements and financial reporting standards are met 5.4b Unmodified independent audit report for the Long-Term Plan and Annual Report	On track to be achieved On track to be achieved
Regional Planning & Urban Development Strategy			
Service statement 3: Establish and maintain a robust, integrated and consistent environmental planning framework			
6.1	Deliver against the Council's adopted 'Progressive Implementation Programme that outlines the staged implementation of actions to implement the National Policy Statement Freshwater Management.	6.1 Report progress against the PIP as published on Council's website	On track to be achieved
Service statement 4: Develop with our key partners an Urban Development Strategy			
6.2	Provide region-wide direction on urban development in conjunction with the Territorial Local Authorities.	6.2 Report development to Council on the preparation of an urban development strategy	On track to be achieved

Regulatory				
Service statement 1: Deliver consenting processes efficiently and effectively under the Resource Management Act 1991 to enable the lawful use of natural and physical resources				
7.1	Percentage of resource consents application processed within Resource Management Act 1991 legislative timeframes	7.1	100%	On track to be achieved
Service statement 2: Administering and assessing performance monitoring data provided by consent holders				
7.2	Percentage of performance returns received that will be assessed for compliance with consent conditions	7.2	100%	May not be achieved
Service statement 3: Acting on non-compliances identified through consent audit or performance monitoring returns				
7.3	Percentage of non-compliances found that have been followed up with enforcement action	7.3	100%	May not be achieved
Service statement 4: Investigations and response to notifications of non-compliance and incidents				
7.4	Maintain 24-hour/7 day a week response* for environmental incidents.	7.4	100%	On track to be achieved
7.5	Average time taken to respond to oil spills no more than 1.5 hours.	7.5	Achieved	May not be achieved
7.6	Facilitate/carry out appropriate response training for staff and contractors.	7.6a	Hold at least one pollution incident response training exercise for each of the following: <ul style="list-style-type: none"> <li>- desktop exercise</li> <li>- a field exercise for pollution incident response</li> <li>- an equipment training day.</li> </ul>	On track to be achieved
		7.6b	Hold at least one marine oil spill incident response training for each of the following: <ul style="list-style-type: none"> <li>- desktop exercise;</li> <li>- a field exercise for marine oil incident response.</li> </ul>	On track to be achieved
Service statement 5: Enable safe use and navigation for all users of Otago Harbour. Take appropriate action in response to notifications of non-compliance and incidents				
7.7	Average time taken to respond to notification from harbour control of any incidents in Otago Harbour.	7.7	No more than 1 hour	On track to be achieved
7.8	Percentage of enforcement action taken when there are breaches of the Otago Maritime Safety Bylaw.	7.8	100%	On track to be achieved
Flood and Drainage Schemes				
Service statement 1: Manage flood risk to people and property. Maintain, repair and renew drainage assets to maintain and improve the productive capacity of land				
8.1	Flood protection, control works and assets are maintained, repaired and renewed in line with the Infrastructure Strategy and defined standards set out in the operations and maintenance manuals for each scheme and primary assets.	8.1a	Performance against defined standards of the flood protection schemes and primary scheme assets reported annually.	May not be achieved
		8.1b	Planned renewal works completed on programme and budget, and progress reported quarterly.	May not be achieved
		8.1c	Planned maintenance works completed on programme and budget, and progress reported quarterly.	May not be achieved
		8.1d	Complete review including recommendations on the performance of the Lower Taieri River and primary tributaries.	May not be achieved
8.2	Drainage assets are maintained and renewed in line with defined standards set out in the operations and maintenance manuals for each asset.	8.2a	Performance against defined standards of the drainage schemes and primary scheme assets reported annually.	May not be achieved
		8.2b	Planned renewal works completed on programme and budget, and progress reported quarterly.	May not be achieved
		8.2c	Planned maintenance works completed on programme and budget, and progress reported quarterly.	May not be achieved

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River and Waterway Management		
Service statement 2: Achieve a balance between maintaining channel capacity, channel stability and environmental outcomes in scheduled rivers and waterways		
9.1 Investigate all reported blockages and obstructions along scheduled rivers and waterways and determine appropriate action within 20 working days	9.1a Report annual status of scheduled rivers and waterways	On track to be achieved
	9.1b 100% of investigations have action determined within 20 days	On track to be achieved
Emergency Management		
Service statement 1: Provide a region-wide coordinated response in the event of civil defence emergency to reduce the impacts on people		
10.1 Time taken for the Group Emergency Coordination Centre to be activated in response to a civil defence event or emergency	10.1 60 minutes	On track to be achieved
10.2 A Group CDEM controller or alternate controller is available 24 hours, 7 day a week response for 365 days a year	10.2 Achieved	On track to be achieved
Service statement 2: Prepare and implement robust integrated suite of issue focused and community-based plans and strategies		
10.3 An operative Group CDEM Plan is reviewed within statutory timeframes and fully implemented	10.3 Achieved	On track to be achieved
10.4 Full suite of community plans across the region is in place and remain under continuous review	10.4 Status and progress on the plans are reported to the Central Emergency Group and Council	On track to be achieved
10.5 Agreed region-wide issues plans are in place and reviewed according to each plan.	10.5 Status and progress on the agreed issues plans are reported to the Central Emergency Group and Council	On track to be achieved
Natural Hazards		
Service statement 3: Investigate and respond to priority natural hazard events		
11.1 Natural hazard information is available to the public and to communities via an effective web-based Otago Natural Hazards Database 24 hours a day, 7 days a week	11.1 Achieved	On track to be achieved
Service statement 4: Delivering information to the community and decision-makers about natural hazards		
11.2 Natural hazards events and consequences are properly and timely reported on so that appropriate measures to reduce risk are taken	11.2 Procedural review is completed and reported within 6 months of any significant event.	On track to be achieved
Service statement 5: Provide timely warnings of potential flood events		
11.3 Accurate and reliable rainfall, lake levels, and river flow information is provided* to potentially affected groups and communities and is provided in an efficient and timely fashion.	11.3 All flood warning that exceed trigger levels are published on Otago Regional Councils website when notified	On track to be achieved
Service statement 6: Assist communities to understand and adapt to the effects of climate change		
11.4 Knowledge and understanding of the likely effects of climate change in Otago is increased to inform decision-makers and the community	11.4 Initial Otago climate change risk assessment complete with summary report presented to Council	On track to be achieved



Public Passenger Transport				
Service statement 1: To provide efficient and reliable public transport services that meet community needs				
12.1	Reliability of service – percentage of monitored services that leave the terminus on time	12.1	95%	May not be achieved
12.2	Vehicle quality – percentage of vehicles that comply with Regional Passenger Transport Vehicle quality standard	12.2	100%	On track to be achieved
12.3	Public Satisfaction – percentage of bus users that are satisfied with the overall standard of service	12.3	85%	On track to be achieved
12.4	Patronage in Dunedin – percentage growth on contracted services above 2017/18 levels	12.4	3%	On track to be achieved
12.5	Patronage in Queenstown – percentage growth increase on contracted services	12.5	5%	On track to be achieved
Service statement 2: Facilitate and support prioritised investment in Otago's transport network by local and central government				
12.6	The Regional Land Transport Plan (RLTP) is prepared and submitted in line with the Land Transport Management Act 2003 and any guidance issued by the New Zealand Transport Agency (NZTA)	12.6	Initial strategic review has commenced.	On track to be achieved
12.7	Collaborate with Environment Southland and other South Island local authorities to establish and deliver on pan-regional priorities for transport investment	12.7	Achieved	On track to be achieved

## 8.2. Finance Report 2019-20 Q1, September 2019

**Prepared for:** Finance Committee  
**Report No.** CS1919  
**Activity:** Governance Report  
**Author:** Sarah Munro, Finance Manager – Expenditure and Reporting  
**Endorsed by:** Nick Donnelly, General Manager Corporate Services  
**Date:** 18 November 2019

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### PURPOSE

- [1] This report provides information on the financial performance of Council for the period included in quarter one of the 2019-20 financial year being 1 July 2019 to 30 September 2019.
- [2] The report includes:
- Statement of Comprehensive Income
  - Statement of Financial Position
  - Treasury Report detailing the position of short-term investments and the long-term managed fund portfolio.

### RECOMMENDATION

*That the Finance Committee:*

- a) ***Receives this report and the attached financial reports.***

Statement of Comprehensive Income for Quarter 1 July 2019 to 30 September 2019						
Explanation notes	Actual YTD 2019/2020	Budget YTD 2019/2020	Variance	Budget Full Year 2019/2020	Actual Prior Year 2018/2019	
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>	<b>Sept 2019</b>	<b>Sept 2019</b>		<b>June 2020</b>	<b>June 2019</b>	
Rate revenue	6,617	6,591	26	26,363	23,283	
Subsidies and grant revenue	2,362	2,408	(47)	12,133	14,686	
Other income [1]	3,194	3,516	(322)	14,063	13,609	
Dividends [2]	2,171	1,975	196	7,900	8,450	
Interest and investment income	113	378	(265)	1,512	638	
<b>Total Revenue</b>	<b>14,457</b>	<b>14,868</b>	<b>(411)</b>	<b>61,971</b>	<b>60,666</b>	
<b>Expenditure</b>						
Employee benefits expense [3]	(4,314)	(4,624)	310	(18,496)	(15,641)	
Depreciation and amortisation	(686)	(633)	(53)	(2,531)	(2,510)	
Finance costs	(0)	(1)	0	(2)	(1)	
Other expenses	(9,752)	(9,684)	(69)	(43,561)	(51,647)	
<b>Total Expenditure</b>	<b>(14,752)</b>	<b>(14,941)</b>	<b>189</b>	<b>(64,590)</b>	<b>(69,799)</b>	
Surplus/(deficit)	(295)	(73)	(222)	(2,619)	(9,133)	
Other gains/(losses) [4]	562	86	476	344	3,814	
Revaluation gain/(loss)- shares of subsidiary	-	-	-	7,000	45,727	
Income tax benefit/(expense)	25	-	25	-	98	
<b>Surplus/(deficit) before tax</b>	<b>291</b>	<b>13</b>	<b>279</b>	<b>4,725</b>	<b>40,506</b>	

Explanation of variances Actual to Budget for Quarter 1	
Explanation note ref	Explanation of Variances
	<b>Revenue</b>
	Revenue is \$411,000 lower than budget for quarter 1 due to the following:
[1]	<b>Other Income</b> Other Income is \$322,000 less than budget caused by fees and charges income being \$257,000 and infringement fees being \$94,000 less than budget. The variances in the other income categories was minor, resulting in a positive variance of \$23,000.  Fees and charges are below budget because of the under recovery of performance monitoring fees. This is being reviewed as part of the Revenue Funding Review currently planned to be reported to Council as part of the Annual Plan process.  Infringement fees are set by the court and are difficult to estimate for budget purposes due to a wide range of judgement decisions.
[2]	<b>Dividends and interest and investment income</b> Dividends is \$196,000 greater than budget due to the managed funds dividends being separated from investment income and recorded in the dividend category in the current year.  Interest and investment income is \$265,000 lower than budget due to the dividends of \$196,000 earned on the JB Were managed fund investment portfolio being recorded in dividend income. The remaining decrease in the interest and investment income balance has been caused by the managed fund balance being lower than budget which has resulted in less income being earned.
	<b>Expenditure</b>
	Expenditure is \$189,000 lower than budget for quarter 1 due to the following:
[3]	<b>Employee benefits expense</b> Employee benefits expense is \$310,000 lower than budget due to a number of vacancies currently at Council.
[4]	<b>Other gains/(losses)</b> Other gains/(losses) is \$476,000 greater than budget due to higher than expected gains in the market value of the JB Were managed fund investment portfolio. Refer to the treasury report for a detailed analysis of the managed fund balance.

Balance Sheet Quarter 1 July 2019 to 30 September 2019					
	Explanation notes	Actual YTD 2019/2020 Quarter 1	Actual PY 2018/2019	Variance	Budget 2019/2020
		\$000	\$000	\$000	\$000
Current Assets		Sept 2019	June 2019		June 2020
Cash and cash equivalents	[1]	8,913	15,432	(6,519)	432
Trade receivables	[2]	30,376	9,604	20,772	8,697
Inventories - property intended for sale		-	-	-	214
Other financial assets	[3]	23,206	22,502	704	34,811
Other current assets		742	442	300	231
<b>Total Current Assets</b>		<b>63,238</b>	<b>47,980</b>	<b>15,258</b>	<b>44,385</b>
Non-current Assets					
Property, plant and equipment		95,025	94,441	584	95,505
Investment property	[4]	13,562	13,562	-	11,816
Shares in subsidiary	[5]	534,235	534,235	-	502,508
Deferred Tax Asset		123	98	25	98
Intangible assets - computer software		4,044	3,884	160	4,252
<b>Total Non-current Assets</b>		<b>646,989</b>	<b>646,220</b>	<b>769</b>	<b>614,179</b>
<b>TOTAL ASSETS</b>		<b>710,227</b>	<b>694,200</b>	<b>16,027</b>	<b>658,564</b>
Current Liabilities					
Trade and other payables	[6]	(28,294)	(12,503)	(15,791)	(9,019)
Borrowings (current)		-	-	-	-
Employee entitlements current		(1,579)	(1,639)	60	(1,701)
<b>Total Current Liabilities</b>		<b>(29,873)</b>	<b>(14,142)</b>	<b>(15,731)</b>	<b>(10,720)</b>
<b>NET ASSETS</b>		<b>680,354</b>	<b>680,058</b>	<b>296</b>	<b>647,844</b>
Equity					
Reserves	[7]	(555,515)	(555,621)	106	(521,766)
Public equity		(124,839)	(124,437)	(402)	(126,078)
<b>Total Equity &amp; Reserves</b>		<b>(680,354)</b>	<b>(680,058)</b>	<b>(296)</b>	<b>(647,844)</b>

Explanation of variances Actual to PY for Quarter 1	
Explanation note ref	Explanation of Variances
[1]	<b>Cash and cash equivalents</b> Cash and cash equivalents have decreased by \$6,519,000 from the prior year balance due to Council using on-demand cash for day to day Council operational costs. Refer to the treasury report for discussion of on-demand cash balances.
[2]	<b>Trade receivables and Trade and other payables</b> Trade receivables is \$20,772,000 greater than the prior year end balance because of rates receivables. Rates receivables are not due until 31 October and at the end of quarter 1 (30 September) a large number of ratepayers have not paid their rates balance waiting for the due date. At the 13th November 80% of rates due on 31 October had been collected.
[3]	<b>Other financial assets</b> Other financial assets have increase by \$704,000 from the prior year end balance. This balance is the JB Were Managed Fund which has increased due to revenue received and an increase in the market value of Council investments held.
[4]	<b>Investment property</b> Council owns 3 investment properties which are revalued once a year on 30 June for financial reporting purposes.
[5]	<b>Shares in Subsidiary</b> Shares in subsidiary is the market value of the investment in Port Otago Limited. Port Otago Limited is revalued once a year on 30 June for financial reporting purposes.
[6]	<b>Trade Payables</b> Trade Payables has increased by \$15,791,000 due to the treatment of rate payments. Rate revenue is spread evenly on a monthly basis as the revenue is earned over the 12-month financial period. Included in the trade payables balance are rates receipts that are held as a liability and each month 1/12th of the rates revenue and liability is released to the Statement of Comprehensive Income.

## Treasury

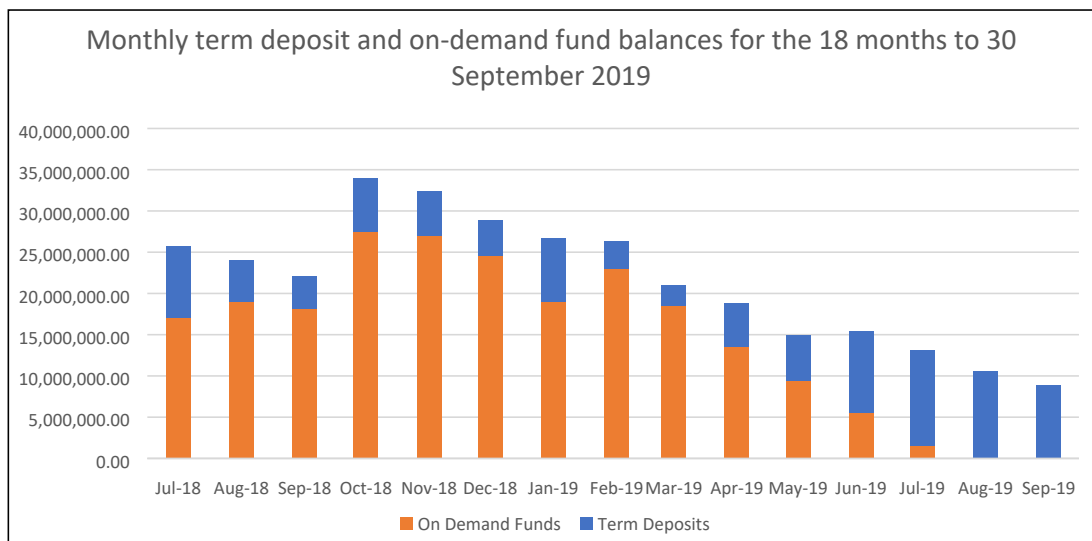
- [1] This section provides information on the management and performance of the Council’s short-term deposits and the managed fund held with JB Were for quarter one, 3 months ended 30 September 2019.

### Short Term Investments

- [2] Short term investments held by Council are in the form of term deposits held with banking institutions and managed on the Council’s behalf by a separate investment arm of the BNZ under a multi-bank arrangement.
- [3] The day-to-day working capital cash requirement of the Council, including forecasting cash movements in the short term based on forecast revenues and expenditure, is managed by finance staff.
- [4] Council’s cash-flow in terms of receipts and payments fluctuates significantly during the year, particularly with significant revenue streams such as rates and dividends coming in at particular times, and large payments such as GST output tax collected on rates income, becoming payable at one time.
- [5] Funds surplus to immediate cash requirements are deposited into the term deposit portfolio. The BNZ seeks competitive quotes from participating banks for new deposits and places new funds accordingly, based on the quotes received and other factors to ensure the portfolio is maintained within agreed parameters.

### Term Deposits - Portfolio Composition

- [6] The amount held on term deposit at 30 September 2019 was Nil.
- [7] A sufficient amount of funds is held on-demand to meet the operational day-to-day requirements of the Council. The 2019/2020 rate bills were sent in August with a due date of 31 October. Due to the timing of receipts from rates, the monthly expenditure payments and the low interest rates for a 1 to 2 month term deposits (period until 31 October receipts would be received) no funds were reinvested.
- [8] The chart below shows the amount held at the end of each month during the 18 months to 30 September 2019, identifying the term deposit amount and the amount held on-demand with the BNZ.



As at the 13<sup>th</sup> November 2019 c.80% of the rates due on 31 October 2019 had being collected and our on-demand funds was \$24,845,000.

**Managed Fund Portfolio**

[9] The Council's managed fund comprises a portfolio of financial instruments managed externally by JB Were.

**Portfolio Performance – 3 months to 30 September 2019**

[10] The following table shows the income received on the portfolio for the 3 month period ended 30 September 2019.

[11] The market value increase was \$539,639 (budget \$86,000) for the 3 month period to 30 September 2019.

<b>Managed fund income</b>	
Interest on management fund	\$9,463
Dividends	\$102,841
Other Income	\$83,298
Market Value movement	\$539,639
<b>Total increase in managed fund</b>	<b>\$735,241</b>

**Portfolio Summary as at 30 September 2019**

[12] The following table was compiled from JB Were reports and shows the valuation of the fund by asset class as at 30 September 2019 and the percentage of each asset class held.

[13] The table compares the percentage of each asset class held with the asset allocation percentage specified in the Statement of Investment Policies and Objectives (SIPO). The SIPO a target as well as an acceptable range for each asset class.

[14] The variance columns show the actual variances from the SIPO allocation – in terms of the percentage and the effect on the valuation.

**Asset Class position as at 30 September 2019**

Asset Class	Actual amount allocated	%	SIPO amount expected	SIPO target	SIPO acceptable range		SIPO met
Cash	1,081,721	5%	1,098,920	5%	0%	25%	Yes
NZ Fixed Interest	8,469,466	39%	7,692,442	35%	25%	45%	Yes
International Fixed Interest	1,425,599	6%	2,197,841	10%	5%	15%	Yes
<b>Defensive Total</b>	<b>10,976,786</b>	<b>50%</b>	<b>10,989,204</b>	<b>50%</b>	<b>40%</b>	<b>60%</b>	<b>Yes</b>
NZ Property	1,265,834	6%	1,098,920	5%	2%	8%	Yes
NZ Equities	3,192,696	15%	3,296,761	15%	10%	20%	Yes
Australian Equities	3,231,679	15%	3,296,761	15%	10%	20%	Yes
International Equities	3,311,412	15%	3,296,761	15%	10%	20%	Yes
<b>Growth Total</b>	<b>11,001,621</b>	<b>50%</b>	<b>10,989,204</b>	<b>50%</b>	<b>40%</b>	<b>60%</b>	<b>Yes</b>
<b>Total</b>	<b>21,978,407</b>						

There is no breach of the SIPO as at 30 September 2019.

[15] The following chart graphically represents the actual asset allocation within the managed fund compared with the target SIPO allocation at 30 September 2019.

