

Finance Committee 26 February 2020

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



Members:

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

Senior Officer: Sarah Gardner, Chief Executive

Meeting Support: Liz Spector, Committee Secretary

26 February 2020 10:00 AM

Agenda Topic

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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

Requests to speak should be made to the Committee Secretary on 0800 474 082 or liz.spector@orc.govt.nz at least 24 hours prior to the meeting; however, this requirement may be waived by the Chairperson.

6. CONFIRMATION OF MINUTES

Minutes of the 27 November 2019 Finance Committee meeting will be considered as a true and accurate record with or without corrections.

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6.1 [Minutes - 27 November 2019 Finance Committee](#)

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7. ACTIONS

There are no outstanding actions of the Finance Committee.

8. PRESENTATIONS

Port Otago Ltd Board Chair Paul Rae, Chief Executive Kevin Winders, and Chief Financial Officer Stephen Connolly will present the Port Otago Interim Report.

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	To enable decisions to be taken to advance the 2020-21 Annual Plan process.	
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	To report on operational performance by significant activity for the period ended 31 December 2020.	
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10.2	FINANCE REPORT - Q2 31 DECEMBER 2019	61
	This report provides a summary of the Council's financial performance for 1 July 2019 to 31 December 2019 (Quarter 2 of the 2019/20 financial year).	
10.3	TREASURY REPORT - Q2 DECEMBER 2019	66
	This report provides information on the management and performance of the Council's short-term deposits and the managed fund, for the 6 months ended 31 December 2019.	
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	To provide the Finance Committee with an opportunity to review Port Otago Limited's Constitution and propose a course of action to undertake a review of that document.	
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Minutes of a meeting of the
Finance and Corporate Committee held in the
Council Chamber on Wednesday 27 November 2019,
commencing at 1:00 pm

Membership

Cr Hilary Calvert (Co-Chair)
Cr Andrew Noone (Co-Chair)
Cr Michael Deaker
Cr Alexa Forbes
Hon Marian Hobbs
Cr Carmen Hope
Cr Gary Kelliher
Cr Michael Laws
Cr Kevin Malcolm
Cr Gretchen Robertson
Cr Bryan Scott
Cr Kate Wilson

Welcome

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

For our future

70 Stafford St, Private Bag 1954, Dunedin 9054 | ph (03) 474 0827 or 0800 474 082 | www.orc.govt.nz

1. APOLOGIES

There were no apologies.

2. ATTENDANCE

Sarah Gardner	<i>(Chief Executive)</i>
Nick Donnelly	<i>(General Manager Corporate Services and CFO)</i>
Gavin Palmer	<i>(General Manager Operations)</i>
Sally Giddens	<i>(General Manager People, Culture and Communications)</i>
Richard Saunders	<i>(General Manager Regulatory)</i>
Gwyneth Elsum	<i>(General Manager Strategy, Policy and Science)</i>
Amanda Vercoe	<i>(Executive Advisor)</i>
Dianne Railton	<i>(Executive Assistant, minute taker)</i>

3. CONFIRMATION OF AGENDA

The agenda was confirmed as circulated.

4. CONFLICT OF INTEREST

No conflicts of interest were advised.

5. PUBLIC FORUM

No public forum was held.

6. ACTIONS

There are no outstanding actions of the Finance Committee.

7. MATTERS FOR COMMITTEE DECISION

7.1. Consideration of Draft Terms of Reference

The draft Terms of Reference for Finance Committee and Audit & Risk Subcommittee were discussed. Both committees will now meet quarterly. Changes to the Terms of Reference:

1. Standing Order 9.1 replicate the standing order wording regarding agenda setting and consulting with the Chair.
2. Attendance at meetings for the Finance Committee to include the Chief Executive and General Manager Corporate Services.
3. The Finance Committee shall carry out any other function or duty delegated to it by the Council.
4. Audit & Risk Subcommittee delegations – take out ‘appropriate’ and replace with ‘Chief Executive required to cooperate with any requests unless excused by the Chair of the ORC (Cr Marian Hobbs)’.
5. Audit & Risk membership
 - a) Change: ‘Chair – Independent, to be appointed’ to ‘Chair, to be appointed by Audit & Risk Subcommittee’.
 - b) Add: Independent member with skills and experience in audit.

6. Councillors asked staff to suggest a limit to the Finance Committee's delegation: Staff have recommended \$2 million.

Resolution

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 with the amendments.

Moved: Cr Noone
Seconded: Cr Calvert
CARRIED

8. MATTERS FOR NOTING

8.1. Activity Review 2019-20 Q1, September 2019

That the Council:

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

8.2. Finance Report 2019-20 Q1, September 2019

Resolution

That the Finance Committee:

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

Moved: Cr Wilson
Seconded: Cr Robertson
CARRIED

9. CLOSURE

The meeting was declared closed at 02:30 pm.

Chairperson

Date

9.1. Annual Plan 2020-21

Prepared for:	Finance Committee
Report No.	GOV1892
Activity:	Community: Governance & Community
Author:	Mike Roesler, Manager Corporate Planning; Sean Geary, Management Accountant
Endorsed by:	Nick Donnelly, General Manager Corporate Services
Date:	20 February 2020

PURPOSE

- [1] The purpose of this report is to enable decisions to be taken to advance the 2020-21 Annual Plan process. This report enables Council to agree proposed adjustments to the detailed financial forecasts defined in year 3 of the Otago Regional Council 2018-28 Long-Term Plan (LTP). It also determines the community consultation approach related to the proposed adjustments.

EXECUTIVE SUMMARY

- [2] The Council has completed an important step in reviewing the detail financial forecasts defined in year 3 of its LTP. This review has resulted in proposed adjustments to the financial estimates and work programmes for 2020-21 financial year. The adjustments in the LTP work programme are summarised in Attachment 1. The financial impacts of these adjustments are outlined in the 'Discussion' section of this report.
- [3] The proposed adjustments to the Council work programme contained in Attachment 1 are consistent with the strategic direction as consulted and agreed with the community in the 2018-28 Long-Term Plan. This report recommends that the adjustments do not trigger Council's Significance and Engagement Policy in that they do not equate to significant or material differences to the LTP.
- [4] Council staff recommend a community consultation approach that reflects the assessment on 'significance', and the Council's motivation to communicate its intentions for 2020-21 and invite associated feedback.

RECOMMENDATION

That the Finance Committee:

- 1) **Approves** the proposed adjustments to the 2018-28 Long-Term Plan as contained in Attachment 1 as providing the basis for engaging with the community.
 - 2) **Approves** the proposed forecasted expenditure and funding requirements to deliver the proposed work programme for the 2020-21 financial year.
 - 3) **Agrees** that the proposed adjustments provided in Attachment 1 do not represent significant or material differences from the 2018-28 Long-Term Plan.
 - 4) **Approves** an 'informal consultation' approach as identified in the 'Community Consultation' section of this report.
-

BACKGROUND

- [5] The LTP contains detailed financial forecasts for the 2018-19, 2019-20 and 2020-21 financial years. This plan was consulted with the Otago regional community and approved by Council in June 2018.
- [6] Council staff have completed a review of the 2020-21 (LTP year3) financial forecasts and associated work programmes. This review process provides a means of changing the LTP if required. It will result in the approval of the 2020-21 Annual Plan in June this year and the commencement of the programme of work for the 1 July 2020 to 30 June 2021 financial year.
- [7] Councillors have completed workshops considering proposed adjustments to the LTP and the impact on the funding requirements, particularly rating.

DISCUSSION

Proposed Adjustments

- [8] Attachment 1 provides a summary of the key adjustments that the Council is proposing to year 3 of the LTP.
- [9] The highlighted portions show work that is occurring under the Council's four priority areas. These are areas that the Council is particularly focused on and is at various stages of developing its service and partnerships. They include:
- Fresh Water
 - Climate Change Adaptation
 - Urban Development Strategy
 - Biosecurity and Biodiversity
- [10] Wakatipu Ferry Service – Attachment 1 signals that a proposal relating to a ferry service on Lake Wakatipu is being separately developed and consulted on based on a timeframe that enables the Council to decide on funding an option in the 2020-21 Annual Plan.

Financial Implications

[11] A summary of the estimated cost of completing our activities (both operating and capital) for the 2020-21 financial year is shown in the table below:

LTP 2020/21 \$000s	Activity Expenditure	Draft Annual Plan 2020/21 \$000s	Annual Plan 2019/20 \$000s
	Regional Leadership		
3,797	Governance & Community	5,657	4,724
4,109	Regional Planning	5,578	3,629
	Environment		
3,798	Water	2,731	2,972
3,194	Biodiversity & Biosecurity	4,048	5,083
347	Air	358	366
4,584	State of the Environment	4,812	4,010
	Regulatory		
1,915	Consent Processing	3,014	2,205
1,864	Compliance Monitoring	3,079	1,842
1,705	Incidents & Contaminated Sites	1,938	1,799
822	Harbour Management	741	809
	Flood & River Management		
7,014	Flood & Drainage	8,731	7,289
2,387	River Management	2,648	2,865
	Safety & Hazards		
2,460	Emergency Management	2,485	2,425
584	Natural Hazards	919	699
199	Flood & Low Flow Risk Management	202	212
510	Climate Change Adaptation	1,012	937
	Transport		
396	Regional Transport Planning	404	235
16,800	Public Transport Dunedin	17,585	17,136
6,673	Public Transport Wakatipu	7,040	6,855
1,446	Public Transport Regional	2,284	1,522
123	Stock Truck Effluent Disposal	126	90
64,728	Total Expenditure	75,494	67,702

[12] Total expenditure for 2020-21 is forecast to be \$75.494M which is \$7.792M (11.5%) greater than the current year (2019/20 Annual Plan).

[13] The current year, 2019-20 Annual Plan expenditure is \$2.974M higher than the amount forecast in year 3 of the LTP. This reflects activity adjustments made in the 2019-20 Annual Plan compared to year 2 of the LTP.

[14] The reasons for the variations in activity work programmes have been discussed earlier in the 'Proposed Adjustments' section of this report and further in Attachment 1.

- [15] The sources of revenue budgeted to cover the cost of our activities for the 2020-21 financial year are as follows:

LTP 2020/21 \$000s	Activity Funding	Draft Annual Plan 2020/21 \$000s	Annual Plan 2019/20 \$000s
11,546	General Rates	12,197	11,180
16,234	Targeted Rates	15,620	15,183
3,202	Reserves – Special Rating Schemes	5,199	5,010
9,145	Grants	10,799	12,133
3,407	Fees & Charges	4,907	3,570
1,171	Interest & Investment Income	915	1,122
10,124	Other Income	10,333	9,824
8,100	Dividends	10,100	7,900
1,799	Reserves	1,426	1,780
-	General Reserve Offset	4,000	-
64,728	Total Funding	75,494	67,702

General rates

- [16] The general rate increase for the 2020-21 financial year is \$1.017M (9.1%), as shown below:

LTP 2020/21 \$000s	General Rates Funding Summary	Draft Annual Plan 2020/21 \$000s	Annual Plan 2019/20 \$000s
20,817	General Rates (Gross)	27,212	20,201
	Less:		
(8,100)	Dividend as per LTP	(8,100)	(7,900)
(1,171)	Interest and Investment Income	(915)	(1,122)
11,546		18,197	11,180
	Less:		
-	Additional Ordinary Dividend	(2,000)	-
-	General Rate Offset	(4,000)	-
11,546	General Rates Payable	12,197	11,180
730	Increase \$	1,017	2,372
6.7%	Increase %	9.1%	26.9%

- [17] The LTP provided that general rates would be \$11.546M in the 2020-21 year. After accounting for the dividend, interest, investment income and general reserve offset the proposed 2020-21 general rate is \$12,197M which is \$650,000 higher than the LTP.
- [18] The LTP assumed general rates would increase \$730,000 (6.7%) in year 3. The proposed 2020-21 Annual Plan estimates an increase of \$1,017M (9.1%) from the current year (2019-20 Annual Plan).

- [19] The gross amount of spend in general rate funded activity is increasing from the amount budgeted in the 2019-20 Annual Plan and from that assumed in year 3 of the LTP.
- [20] Council is the 100% owner of Port Otago Limited. Each year Council budgets to receive a dividend from the Port which is used to reduce the general rate requirement. The LTP assumed the dividend amount to be \$8.1M for the 2020-21 year.
- [21] In order to keep the general rate increase broadly in line with the LTP increase of 6.7%, Council is proposing to further offset and reduce the general rate requirement with other (non-rates) sources of funding.
- [22] That includes seeking additional dividends from Port Otago and using reserves to further reduce general rates via a general reserve offset.
- [23] In total it is estimated that an additional \$6M of other funding is required to offset general rates in the proposed 2020-21 financial forecast. At this stage the estimates assume this includes an additional \$2M of dividend from Port Otago and \$4M from general reserves.
- [24] A review of Port Otago's historical returns and dividend policy is currently underway, and the Port have been advised that Council's funding requirements indicate an increased level of dividend is desirable.
- [25] The exact quantum of intended additional dividends (if any) will be confirmed with the Board of Port Otago during the consultation period for inclusion in the final Annual Plan and the Port's Statement of Corporate Intent.
- [26] It should be noted that any dividend included in the Annual Plan is an intended estimate only and is dependent on multiple factors which means the actual level of dividend may be different.
- [27] Any difference as a result of an additional dividend higher or lower than \$2M (either intended or actual) will be balanced against the amount of general reserve offset (currently estimated at \$4M).
- [28] Interest and investment income is lower than estimated in the LTP and 2019-20 Annual Plan. Interest rates and the balance of short-term investments (term deposits) have decreased since our original LTP planning in 2018 so estimates have been reduced to reflect current market rates and fund balances.
- [29] The general rate impact on individual properties in dollar terms is small. For example, it is estimated that a median CV \$420,000 home in Dunedin will be charged general rates of \$90 in 2020-21 compared to \$81 in 2019-20 an increase of \$9. A median CV \$850,000 home in Queenstown will be charged general rates of \$115 in 2020-21 compared to \$106 in 2019-20, an increase of \$11.

[30] The table below shows the general rates that we estimate are payable for the capital values shown within each district of Otago, inclusive of a UAGC of \$31.08, and GST.

General Rates Examples by District	Median Capital Value	Draft Annual Plan 2020/21	Annual Plan 2019/20
Residential			
Central Otago District	520,000 (380,000)	\$69.03	\$81.72
Clutha District	200,000	\$52.36	\$55.46
Dunedin City	420,000 (300,000)	\$80.80	\$89.75
Queenstown Lakes District	850,000	\$106.48	\$115.47
Waitaki District	250,000	\$59.15	\$59.53
Rural			
Central Otago District	1,500,000 (1,000,000)	\$81.72	\$176.52
Clutha District	1,000,000	\$55.46	\$151.66
Dunedin City	500,000 (400,000)	\$89.75	\$100.86
Queenstown Lakes District	2,000,000	\$115.47	\$229.19
Waitaki District	1,000,000	\$59.53	\$143.86

[31] Both Central Otago and Dunedin capital values were revalued during the current year, so comparison for those districts is made against the pre valuation median CV in the 2019-20 year. That amount is shown in brackets in the table above.

Targeted Rates

[32] Total targeted rates are estimated to increase \$437,000 (2.9%) in the 2020-21 financial year, as shown below:

LTP 2020/21 \$000s	Targeted Rates	Draft Annual Plan 2020/21 \$000s	Annual Plan 2019/20 \$000s
2,460	Emergency management	2,485	2,425
210	Wilding trees	210	209
1,442	Rural water quality	684	1,138
188	Dairy inspection	188	188
	Transport Rates		
4,774	Transport – Dunedin	4,862	4,384
948	Transport – Queenstown	880	845
	River Management Rates		
300	Dunedin	300	250
360	Clutha	350	330
300	Central Otago	320	300
150	Wakatipu	150	150
180	Wanaka	200	180
400	Waitaki	400	400
148	Lower Waitaki	149	146
	Flood & Drainage Scheme Rates		
1,461	Leith Flood	1,461	1,461
750	Lower Clutha Flood & Drainage	750	700
800	Lower Taieri Flood	850	800
650	West Taieri Drainage	650	600
500	East Taieri Drainage	500	475
134	Tokomairiro Drainage	140	124
80	Shotover Delta	80	80
16,234	Total	15,620	15,183

[33] Most targeted rates remain in line with year 3 of the LTP and the Annual Plan 2019-20.

[34] The exception is the Rural Water Quality rate which has decreased in the current year and is estimated to decrease further in 2020-21. This targeted rate funds 75% of the monitoring and science programme in the freshwater implementation activity. Overall freshwater monitoring and science work is increasing across the organisation in the 2020-21 year with increases the water SOE and water planning activities which are general rate funded.

Total Rates

- [35] Council's LTP and Financial Strategy set rates affordability benchmarks, in terms of total rates and rate increases.
- [36] The total rates limit is set at \$35M or 50% of total revenue. The estimates in the 2020-21 financial forecast show total rates of \$27.8M (42%) of total revenue which are both under the benchmark.
- [37] The affordability limit for year 3 of the LTP is a total increase of no more than 7%. The estimates in the 2020-21 financial forecast show total rates increasing by 5.5% which is within the benchmark limit.
- [38] Note, the total rates may increase depending on the consultation and decision regarding Wakatipu Water Ferries. If the increase exceeds 7% this will require disclosure in the 2020-21 Annual Report.

Balancing the Budget

- [39] Council is required to ensure that estimated revenue is sufficient to cover estimated operating costs. Council can however set its revenue at a different level, if Council resolves that it is financially prudent to do so. It is estimated that for the 2020-21 financial year, the estimated revenue will not cover estimated operating costs and there is an estimated operating deficit of approximately \$4,958,000.
- [40] The primary reason for the shortfall in revenue is the use of reserves to fund operating expenditure. General reserves budgeted to be used for:

Use of General Reserves	Draft Annual Plan 2020/21 \$000s
Environment Enhancement	326
Flood Designation and Bylaws	193
Freshwater Implementation	50
General Reserve Offset	4,000
Total general reserves	4,569

- [41] Council's Financial Strategy outlines how Council will manage its finances. Affordability for ratepayers is a key aspect of the Financial Strategy.
- [42] Council's strategy states that it will not use reserves to fund day to day business as usual type operating costs. However, the strategy does allow for reserves to be used to fund operating expenditure in certain circumstances i.e. special one-off activities.
- [43] Council's work programme is increasing, and the proposed work programme changes are mandatory and necessary for our region. This increased level of work is expected to continue for the immediate future but will not continue at this level indefinitely, so the proposed changes are not viewed as business as usual expenditure.

- [44] We anticipate continuing to manage this increased workload and general rate requirement over the medium term via the same use of increased ordinary dividend and/or a general reserve offset.
- [45] Those future funding requirements will be confirmed and consulted on during the 2020-21 year as part of the LTP 2021-31 process. It is anticipated that the amounts being drawn from general reserves via the general rate offset in the 2020-21 year and, if required, early years of the LTP 2021-31 will be repaid in subsequent years when the current increase in workload is expected to be complete.
- [46] The proposed adjustments include an element of delivery risk. While the resource requirements have been costed at a high level the workplans and actual delivery in these areas may change. Resource availability may also cause delays.
- [47] Budgeting to fund a larger portion of the general rate activity increase from reserves mitigates that delivery risk rather than requiring it to be fully rate funded up front. This approach aligns with the rates affordability objective of the Financial Strategy.
- [48] A summary of Council's general reserve position is shown below. This summary reconciles the amount of general reserve available in financial assets (cash, term deposits and managed investment funds).
- [49] A portion of Council's cash reserves relates to dedicated reserves and special rating district reserves that are in funds. Offsetting this, other special rating districts are in deficit and have internally borrowed from other reserves (including the general reserve). The underlying general reserve amount is the amount of general reserve assuming these borrowed funds were repaid.

General Reserve Reconciliation	Actual June 2019 \$000s	Forecast June 2020 \$000s	Annual Plan June 2021 \$000s
Financial Assets	37,934	32,989	25,254
Asset Replacement Reserve	5,034	4,246	3,943
Emergency Response Reserve	4,325	4,433	4,544
Kuriwao Reserve	6,472	6,346	6,266
Water Management Reserve	875	499	349
Building Reserve	13,105	13,433	13,768
Environmental Enhancement	74	0	(76)
Dedicated Reserves	29,885	28,956	28,794
General Reserve – Cash	8,049	4,033	(3,540)
Owed to SRD's	5,674	3,822	3,040
Owed by SRD's	(19,960)	(22,960)	(27,605)
General Reserve – Underlying	22,335	23,171	21,025
<i>Note:</i>			
<i>Includes Managed Fund Withdrawal</i>		<i>(5,000)</i>	<i>(7,750)</i>

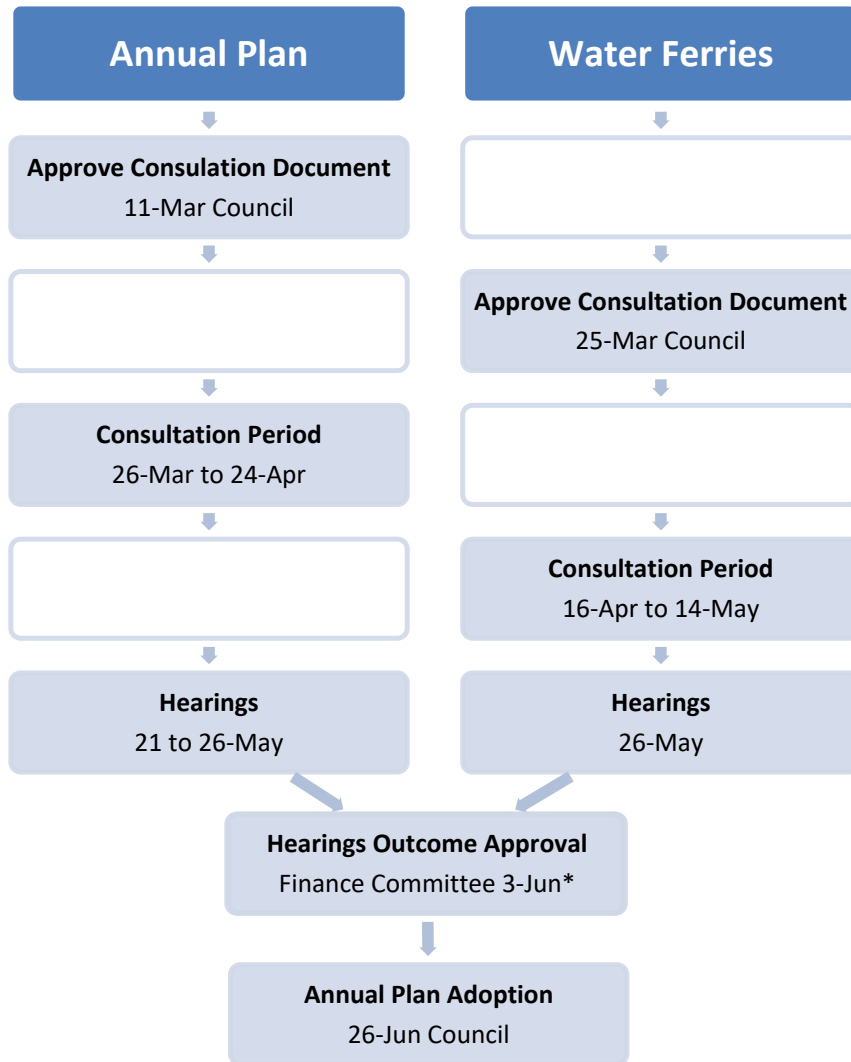
- [50] As noted, the table above assumes funds are withdrawn from the managed fund to provide the cash required to fund Council's estimated activity. The main driver of this is the continued internal borrowing by special rating districts from other reserves (including the general reserve).
- [51] Council's Financial Strategy allows the use of external borrowing and this may be considered in the 2020-21 year as an alternative to internal debt funding and withdrawals from investment funds.

Wakatipu Water Ferries

- [52] At its 29 January 2020 meeting Council decided to make a final decision on contracting for a trial Lake Wakatipu Public Water Ferry Service at the time it deliberates on the 2020-21 Draft Annual Plan once it has received feedback from the community and further refined information on wharves and patronage.
- [53] The financial and funding impacts of trialling water ferries has been excluded from the 2020-21 annual plan financial estimates as shown in this paper as additional time is required to prepare the information and documentation needed to consult on this proposal.
- [54] It is proposed to keep water ferries separate from the draft annual plan to be presented for approval to consult on 11 March and that consultation on water ferries will be undertaken separately to the 2020-21 Annual Plan consultation.
- [55] This will commence slightly after the annual plan consultation however it is envisaged the two consultation processes will converge in late May and the decision on water ferries will then be included in final Annual Plan for adoption in June 2020.

Community Consultation

- [56] The options and approach for consulting on the 2020-21 Annual Plan were discussed at the 12 February 2020 Councillor workshop. Three broad options were discussed including:
- **Inform the community** – no consultation or hearings. Information about new work for 2020-21 and overall rating impacts is communicated.
 - **Informal consultation** – prepare consultation material on adjustments to the LTP and the draft financial forecast. Invite and report on feedback from the community including an opportunity for verbal submissions prior to making final decisions. This would be a Hearings format/approach as provided in previous years.
 - **Formal consultation (SCP)** – Council decides that change(s) to the LTP are significant and trigger a ‘Special Consultative Procedure’ under the Local Government Act. A consultation document is completed and subject to external audit as prescribed under the LGA.
- [57] Based on the assessment provided in the ‘Considerations’ section of this report, an ‘informal consultation’ approach is recommended. The assessment indicates that a SCP is not necessary and would also introduce costs and delay to the process for no benefit.
- [58] The ‘informal consultation’ approach includes:
- A consultation booklet that outlines the key changes that are proposed for 2020-21. The four priority areas as workshopped with Councillors provides a structural theme. High level financial information, including rating impacts, will be included in the booklet.
 - The consultation booklet will be accessible online and hard copies available on request. Hard copies will not be distributed to households i.e. no letter box delivery.
 - The consultation opportunity will be promoted via the usual channels available across the region. A submission form and underlying process to administer the feedback underpin this opportunity.
 - An opportunity to verbally present submissions to Councillors will also occur in, at least, Queenstown and Dunedin. Other locations will depend on where submitters who wish to be heard are from, Councillor availability and Council resource.
- [59] At the 12 February Councillor workshop potential engagement opportunities were discussed. The idea of Councillors in each constituency holding ‘drop-in’ sessions at the local ORC office/depot/Council chamber for community members was discussed. It appeared there was some consensus for Council’s communications team to progress this idea.
- [60] Consultation on a ferry service for Lake Wakatipu will be managed as a separate proposal and to a slightly different timeline. Importantly, the Council will be positioned to make a final decision on this matter in this AP process. The reason for this approach is due to the need for additional time to finalise a proposal that turns a complex report into consultation messaging that enables the community to provide feedback. Funding options also need to be developed for feedback.
- [61] The proposed timeline for consultation and approval of the Annual Plan 2020-21 is shown in the table below:



* Finance Committee is currently set for 27-May. Proposing to move 1 week to 3-Jun to allow time to write paper on Hearings outcomes.

Fees and Charges

- [62] Changes to fees and charges will be included in the consultation document. The table below details the proposed changes to fees and charges that are included in the draft 2020-21 financial forecast.
- [63] The schedule of Fees & Charges was last reviewed in 2018 for inclusion in year 1 of the LTP 2018-28. Since then there has been a review of the average cost of consent applications and consent deposits are no longer in line with the cost of processing consent applications. Increasing the deposit amounts to accurately reflect the cost of processing application should reduce the need for additional invoices at the conclusion of the process. Consent processing fees have also been adjusted to better reflect the current staff structure.

	Proposed 2020/21	Actual 2019/20
Scale of charges: (staff time / hour including GST)		
Management (current Executive)	190	235
Team Leader / Principle (new)	170	-
Senior Technical	135	170
Technical	115	125
Field Staff	115	100
Administration	85	85
Publicly Notified Application Deposits		
Concurrent applications (remove)	-	225
Non-Notified Application Deposits and Fixed Fees		
Single consent application	1,750	1,000
Multiple consent application (new)	2,300	-
Concurrent applications (remove)	-	50
Variation to conditions section 127	1,750	1,000
Administrative variation section 127	1,750	500
Exemptions from water metering regulations (from deposit to a fixed fee)	400 fixed fee	200 deposit
Bore permit (from deposit to a fixed fee)	600 fixed fee	500 Deposit
Variation to a bore permit (remove)	-	500
Transfer of Consent Holder and Certificate Deposits		
Transfer of permits and consents	200	100
Priority table	200	100
Section 147 certificate	500	200
Certificate of compliance	1,750	200
Section 125 extension of term (remove)	-	100
Administrative Charges		
Remove all one-off administrative charges		

Bus Fares

- [64] The 2020-21 will include the schedule of bus fares for both Dunedin and Wakatipu. The draft financial forecast assumes bus fares will remain unchanged from 2019-20. Fares are scheduled to be reviewed as part of the Regional Public Transport Plan (RPTP) review to be undertaken in the 2020-21 year.
- [65] Proposed fares for ferry services will be determined and consulted on separately as outlined in the 'Wakatipu Water Ferries' section of this report.

CONSIDERATIONS

Significance and Engagement

- [66] The table below provides a staff assessment, at Activity level, on the proposed adjustments to year 3 of the LTP. The assessment is made against the criteria defined in the Council's Significance and Engagement Policy and is essentially a matter of judgement for Council. The degree of significance influences the approach to decision making and the nature of community consultation and engagement.
- [67] The result of the assessment shows that the proposed adjustments to year 3 of the LTP are not significant or material. As such, a special consultative procedure and decision-making provisions of the Local Government Act are not triggered.
- [68] Recommendation 3 of this report is based on this assessment.
- [69] The proposed adjustments to year 3 of the LTP do not introduce any new levels of service or significantly alter existing levels of service. They largely reflect increased resources required to deliver the levels of service that are already included in the LTP:
- Water and regional planning are provided for in the LTP. Changes reflect increased timelines following the ministerial review.
 - Fresh water implementation work continues with resource increased and reallocated to water planning and State of the Environment Reporting (SOE) activities.
 - Water ferries are not currently provided as a mode of public passenger transport but the LTP level of service is "to provide efficient and reliable public transport services that meet community needs". The LTP also specifically outlined that the feasibility, implementation and operation of a small ferry service on Lake Wakatipu would be considered. The proposal to be outlined and consulted on meets the intent of the LTP.
- [70] The overall funding impact is mitigated by the use of other sources of funding and rates increases. Overall, rate increases remain in line with the LTP.
- Most changes are general rate funded activities.
 - Other rates are either not changing or decreasing.
 - Regulatory is assumed to be user pays.
 - Funding options for water ferries will be consulted on separately. It is envisaged that the preferred funding option will not have a significant rate impact in the 2020-21 financial year.
- [71] There is no impact on Council performing its role, carrying out its activities or meeting statutory timeframes.

[72] There are no impacts on people's ability to use property or essential service.

[73] None of the proposals involve the acquisition or disposal of a strategic asset.

[74] Assessment of levels of service, funding and overall significance is as follows:

Activity	LTP Level of Service Unchanged	Funding Impact	Overall Significant
Public awareness	Yes	No (General Rate)	No
Governance	Yes	No (General Rate)	No
Water / regional planning	Yes	No (General Rate)	No
Biosecurity (pests)	Yes	No (General Rate)	No
Water SOE	Yes	No (General Rate)	No
Freshwater implementation	Yes	No (Decreases)	No
Regulatory	Yes	No (User pays)	No
Transport – buses	Yes	No (Unchanged)	No
Transport – water ferries	Yes	No (Options TBC)	No

[75] There is likely to be a level of public interest generated in these activities especially the water ferries proposal. For this reason, the informal consultation approach is recommended.

Legislative Considerations

[76] Council staff have provided the advice and recommendations included in this report with reference to, and compliance with the Local Government Act 2002.

Policy Considerations

[77] Council's Financial Strategy and Revenue and Financing Policy have been assessed by staff to ensure they enable the recommended funding approach for the 2020-21 financial year.

Risk Considerations

[78] There are risks associated with developing and approving the Annual Plan:

- Legislative – the Annual Plan and rates resolution are required to be approved by 30 June before the year to which they apply.
- Delivery risk – the increase in resourcing required in a short period of time involves risk that will not occur as planned.
- Funding risk – increased use of reserves reduces investment funds and earnings on those funds that is used to offset general rates. Dividends and investment income are not guaranteed and subject to market risk that may result in budgeted amounts not being attainable.

NEXT STEPS

[79] The next steps are:

- Council staff consider the 26 February Finance Committees recommendations on this report.
- 11 March Council approval to consult with the community on the proposed adjustments.
- Report community feedback to the 27 May Finance Committee meeting (may move to first week of June). Council directs staff on final changes to the 2020-21 Annual Plan.
- Approve the 2020-21 Annual Plan at the 24 June Council meeting.

ATTACHMENTS

1. A P 20-21 Summary of Adjustments - Fin Comm 26 Feb [9.1.1 - 4 pages]

Summary of Adjustments to the LTP

In reviewing the direction, proposed work and detailed 2020-21 (yr3) LTP forecasts, the following adjustments have been made and are reflected in the proposed 2020-21 draft financial forecasts.

The adjustments below are shown under each of the Council Group Activities and is the proposed reporting structure for 2020-21.

Activity	Adjustment to Yr3 LTP	Funding impact
Environmental		
Fresh Water Implementation	<p>What and how the Council influences and delivers 'on the ground' initiatives for desired fresh water outcomes needs to be refocused and retasked. This is because a new approach to fresh water planning has been adopted and this will influence how the Council and the community achieve desired results.</p> <p>The planning approach will be fully completed over the next 3 to 5 years. It is expected that 'on the ground' initiatives will also develop over this timeframe and as Council and communities work together.</p> <p>For 20/21 the approach includes:</p> <ul style="list-style-type: none"> • rationalise what council work is included under this activity <ul style="list-style-type: none"> ○ focus on specific and targeted 'Good Water Programme' initiatives (ie. research; information & communication) ○ shift core functions (eg regulatory; SOE related science) to other appropriate activities • Reduce the level of funding collected from the Rural Water Quality Rate. While the Council refocuses and retasks, expenditure will be general rate funded. • Resource to maintain momentum for the Lake Hayes programme • Introduce modest level of new funding to develop the Council - catchment groups partnership. • Consider 'on the ground' opportunities associated with immediate plan changes • Where feasible, support high value implementation projects with science support. The priorities for Council science resource will be on developing the SOE monitoring programme, supporting regional planning and the fresh water management unit (FMU) approach, and servicing the consents process. • introduce new work and potential funding as future options become clear and are developed with the community. 	<p>\$241,000 reduced expenditure</p> <p>General and Targeted Rates funded</p>
Biorecure & Biodiversity	<p>Biorecure - the new Pest Management Plan and overarching Strategy is an important step forward and includes more effective powers to achieve desired results. What Council doesn't have and what we intend on formalising over 20/21 is a clearer sense of what a sustainable level of service is for pest management. In the interim a modest increase in funding is included. This is in anticipation of a community desire to do more and some initial work assessing the cost of implementing the new RPMP.</p> <p>Biodiversity – while this a priority area Council is constrained by the level of resource it can deploy given the other mandatory and necessary worked outlined in this schedule.</p> <p>In 20/21, work on prioritising the mapped ecosystems and developing a monitoring programme will occur. Importantly, partnering initiatives and delivery mechanisms (eg Regional Trust) will be also be advanced.</p>	<p>\$576,000 additional expenditure</p> <p>General rates funded</p> <p>\$83,000 additional expenditure</p> <p>General rates funded</p>

<p>Air Implementation</p>	<p>Council's Air Quality Strategy, which was adopted on 27 June 2018. The 'Clean Heat Clean Air' programme anchors the implementation of this strategy.</p> <p>Council staff are questioning the effectiveness of the programme and the level of funding actually needed to achieve acceptable air quality results.</p> <p>Council flagged in its 19/20 AP that a comprehensive review of alternative types of subsidies and future funding sources was required. There is also potential to take a broader review of the situation through a future Regional Plan: Air review.</p> <p>As it stands the proposed 20/21 AP Council maintains previous funding to deliver the LTP programme. However, the reserve funding is likely to be depleted during 20/21. At that point the Council will decide whether to maintain the 'Clean Heat Clean Air' subsidy programme.</p> <p>While air quality is important, other activities (i.e. fresh water) are taking priority at this time.</p>	<p>\$8,000 reduced expenditure</p> <p>General rates and reserve funded</p>
<p>State of the Environment Reporting (SOE)</p>	<p>The Council is accelerating its efforts to develop its SOE network to:</p> <ul style="list-style-type: none"> • Appropriately report and model on Fresh Water Management Units (supports regional planning process) • Meet National Policy Statement requirements & National Environmental Monitoring Standards • Monitor regional plans and support implementation 	<p>\$925,000 additional expenditure</p> <p>General rates funded</p>
<p>Regional Leadership</p>		
<p>Regional Planning & Strategy <i>(incl. Urban Development Strategy)</i></p>	<p>The reset of Council's regional planning programme has been well publicised during 2019. In 20/21 resource is included to advance our existing programme:</p> <ul style="list-style-type: none"> • The review of the Regional Plan: Water & Land, with notification planned in 2023 • Complete a range of immediate water plan changes to improve rules and provisions (ie. Omnibus Plan Change) • Complete the review of the Regional Policy Statement, with notification planned during 20/21. • The development of Urban Development Strategy – includes completing an assessment of highly productive land to inform the strategy. It also integrates with the deliverables from other activity (eg Transport Planning; Regional Policy Statement) <p>New work will include:</p> <ul style="list-style-type: none"> • scoping the development of new regional plans including the Regional Plan: Coast. 	<p>\$2,049,000 additional expenditure</p> <p>General rates funded</p>
<p>Governance & Community Engagement</p>	<p>This activity includes additional funding for supporting an Otago Mayoral Forum. It provides secretariate support and a base level of advisory support that enables this group to discuss and explore matters that provide benefit for the region.</p> <p>Also included is our input into the district plan reviews occurring across the City and District Councils of Otago. A regional perspective to these planning processes is expected and necessary.</p>	<p>\$932,000 additional expenditure</p> <p>General rates funded</p>
<p>Regulatory</p>		
<p>Consenting, monitoring, investigations & enforcement</p>	<p>Council has responded to recent external reviews and its own understanding of the communities needs. This has resulted in:</p> <ul style="list-style-type: none"> • Additional consent processing staff • Increase level of service for incident response (pollution hotline). Improves the coverage across the region. • Increase in compliance monitoring resources 	<p>\$2,118,000 additional expenditure</p> <p>Fees & Charges and general rates funded</p>

Flood & River Management		
Flood Protection	<p>The Council has a planned asset maintenance, renewal and development programme. Council has been focusing on identifying and catching up on the deferred work associated with this programme. Also future focused work, being the Lower Clutha and Taieri River scheme reviews, will be completed during 20/21. This work supports consideration of future service and associated asset development and will occur in partnership with the community.</p> <p>Additional work included for 20/21 includes:</p> <ul style="list-style-type: none"> • Development of asset management systems & data • Lower & West Taieri Schemes - increase programme and support with a new Project Manager role • Coastal Hazards – followup on completed Hazard risk report • Improve work on designations, bylaws & compliance with additional resource 	<p>\$518,000 additional opex \$925,000 additional capex</p> <p>General rates, Targeted rates and reserves funded</p>
River Management	No significant change from the LTP programme	<p>\$217,000 reduced expenditure</p> <p>Targeted rates and reserve funded</p>
Safety & Hazards		
Emergency Management	No significant change from the LTP programme	<p>\$61,000 additional expenditure</p> <p>Targeted rates funded</p>
Natural Hazards	No significant change from the LTP programme	<p>\$220,000 additional expenditure</p> <p>General rates funded</p>
Flood & Low Flow Risk Management	No significant change from the LTP programme	<p>\$10,000 reduced expenditure</p> <p>General rates funded</p>
Climate Change Adaptation	<p>No significant change from the LTP programme</p> <ul style="list-style-type: none"> • Importantly 20/21 will involve utilising completed risk assessments for climate change adaptation work. • Assessment work to be completed on CO's emissions both at a Council organisation level, feasibility of low emission public transport, and for the Otago region. 	<p>\$76,000 additional expenditure</p> <p>General rates and reserve funded</p>

Transport		
Transport Planning	<p>Additional funding has been included to:</p> <ul style="list-style-type: none"> Ensure an appropriate level of resource to complete a review of the Regional Land Transport Plan. The Council's expanded interests in Urban Development requires more or improved transport planning input. 	<p>\$170,000 additional expenditure</p> <p>Grants and general rates funded</p>
Passenger Transport Dunedin	<p>Additional funding has been included to:</p> <ul style="list-style-type: none"> Accommodate changes operational contracts (eg, driver conditions, living wage) 	<p>\$449,000 additional expenditure</p> <p>Grants, targeted rate and reserve funded</p>
Passenger Transport Queenstown	<p>Additional funding has been included to:</p> <ul style="list-style-type: none"> Accommodate changes operational contracts (eg, driver conditions, living wage) A Lake Wakatipu Ferry service is being separately consulted with the affected communities. A decision on whether this proposal is included in the Annual Plan 20/21 will be made in June 2020 when it is adopted by Council. 	<p>\$185,000 additional expenditure</p> <p>Grants, targeted rate and reserve funded</p>
Passenger Transport Regional	<p>Additional funding has been included to:</p> <ul style="list-style-type: none"> Ensure an appropriate level of resource to complete a full review of the Regional Passenger Transport Plan Hosting the regional consortium ticketing operations office 	<p>\$762,000 additional expenditure</p> <p>Grants, other income and general rates funded</p>
Stock Truck Effluent Disposal Sites (STEDS)	No significant change from the LTP programme	<p>\$36,000 additional expenditure</p> <p>Grants and general rates funded</p>

10.1. Activity Review 2019-20, 1 July to 31 December 2019

Prepared for:	Finance Committee
Report No.	GOV1884
Activity:	Governance Report
Author:	Mike Roesler, Manager Corporate Planning
Endorsed by:	Nick Donnelly, General Manager Corporate Services
Date:	14 February 2020

PURPOSE

To report on operational performance by significant activity for the period ended 31 December 2020.

RECOMMENDATION

That the Finance Committee:

- a) **Receives** the Council Activity Performance Report for the period 1 July to 31 December 2019 (Q2).

BACKGROUND

- [1] The Council Activity Performance Report includes financial and non-financial performance information relating to service delivery for the 2019-20 financial year. Progress is reported on a quarterly basis with the first quarter (Q1) considered at the 27 November 2019 Finance Committee.

OVERALL PERFORMANCE

- [2] For Q1 it was reported that the majority of measured level of service (LoS) performance targets were on track. Measures 'not on track' were identified at the 27 November meeting.
 - [3] Attachment 2 provides the 'Council Activity Performance Report - for the period 1 July to 31 December 2019 (Q2). The key changes that are reported since Q1 include:
 - Freshwater (green to yellow)
 - The target 'Increasing the number of catchments...' does not reflect the planned programme. However detailed water quality studies are being conducted in the Matukituki, Glendhu Bay, Luggate Creek and Urban Wanaka areas in 2019/20.
 - Biodiversity (green to yellow)
 - 'Report progress against the Biodiversity Action Plan'. This is a soft target that while technically can be met, actual delivery against the 'Action Plan' will be partial as already socialised with Councillors.
 - 'Report plant and animal pest trends'. Again, this is a soft target that while technically can be met, is difficult to justify 'green' as providing a meaningful and reliable report on trends at an Otago wide level is not currently feasible.
 - Air (green to yellow)
 - The measure 'Implement investigations & research.....' Work is being completed but not to the full programme.
-

- Regulatory (yellow to red)
 - 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 and is making positive progress.
- Flood Protection
 - While the 'status' has not changed, the 'watchlist' is flagging a potential change to 'non delivery' at a scheme level due to the recent flood events.
- River management
 - As per 'flood protection' above.
- Emergency Management (green to yellow)
 - 'Time taken for the Group Emergency Coordination Centre to be activated...' Work is underway to improve activation time. While this work will improve the speed of establishing the location, it will not speed up the staffing element of activation.
 - 'Full suite of community plans across the region is in place...'
 - 'Agreed region-wide issues plans are in place...' The Regional Dam Failure Plan has not been prioritised nor progressed. However, each dam operator has a plan in place associated with their infrastructure.

- [4] As at 31 December 2019 Council had an operating deficit (including capital expenditure) of \$3.506M compared to a budgeted deficit of \$3.039M, a variance of \$0.467M.
- [5] The variance is a result of spending \$0.493M more than budget and receiving \$0.026M more revenue than budget.

PERFORMANCE AGAINST LEVELS OF SERVICE

- [6] The 2019-20 Annual Plan contains 25 Levels of Service, 49 measures and 60 targets. All targets relate to activity to be delivered in the 2019-20 year.
- [7] Currently 38 targets are on track to be delivered by the end of the financial year.

FINANCIAL PERFORMANCE

- [8] The performance of each significant activity is displayed in the attached report. The significant variances include:
- State of Environment – overall \$145k above budget.
 - Fresh water - overall \$414k below budget.
 - Flood Protection – overall \$295 below budget with \$448k below budgeted expenditure largely due to timing of review, upgrade or repair work. Revenue is \$154k less than budgeted.
 - Governance – overall \$272k above budget expenditure comprised of ORC support to the QLDC and DCC district plan reviews being above budget, plus unbudgeted expenditure for the Otago Mayoral forum.
 - Regional Planning and Strategy – overall \$293k above budget which includes \$316k expenditure above budget.
 - Regulatory – overall \$928k above budget, with \$709k above budget expenditure and \$219k revenue shortfall in Performance monitoring fees and Infringement & fine revenue.
 - River management – \$583k below budget due to timing of scheduled maintenance work.

- Transport – overall \$230k over budget comprised of \$273k increase in revenue and \$503k above budgeted expenditure due to increased bus contracted service costs.

CONSIDERATIONS

Policy Considerations

[9] No considerations.

Financial Considerations

[10] No considerations.

Significance and Engagement

[11] No considerations.

Legislative Considerations

[12] No considerations.

Risk Considerations


[13] No considerations.

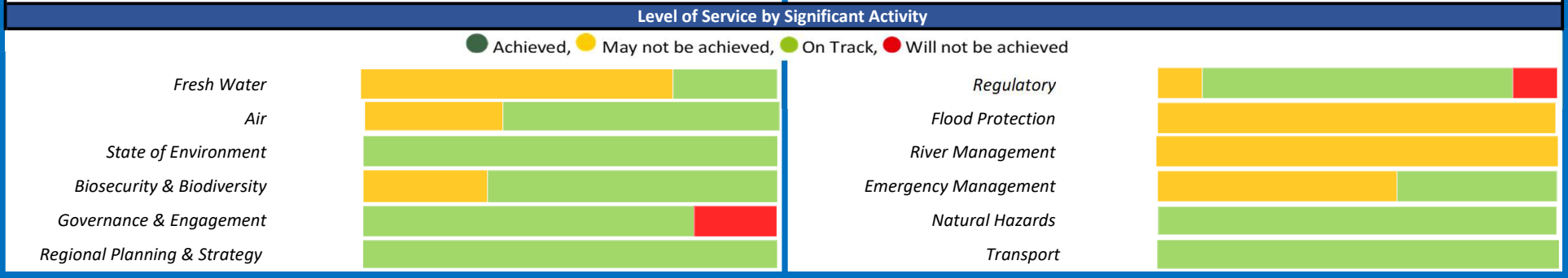
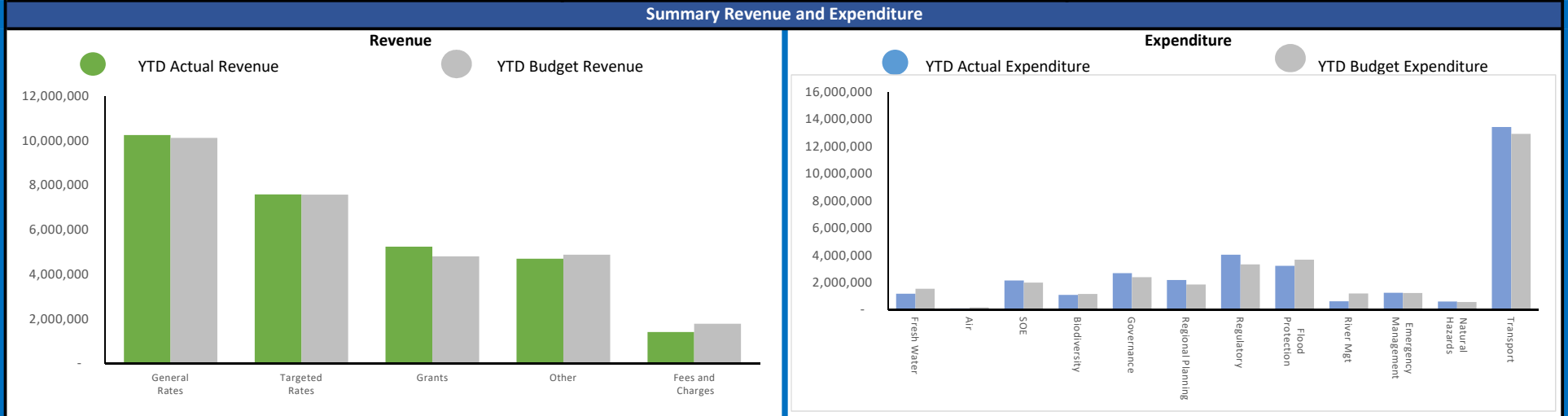
ATTACHMENTS



1. Council Activity Review - December 2019 Qtr 2 [10.1.1 - 32 pages]

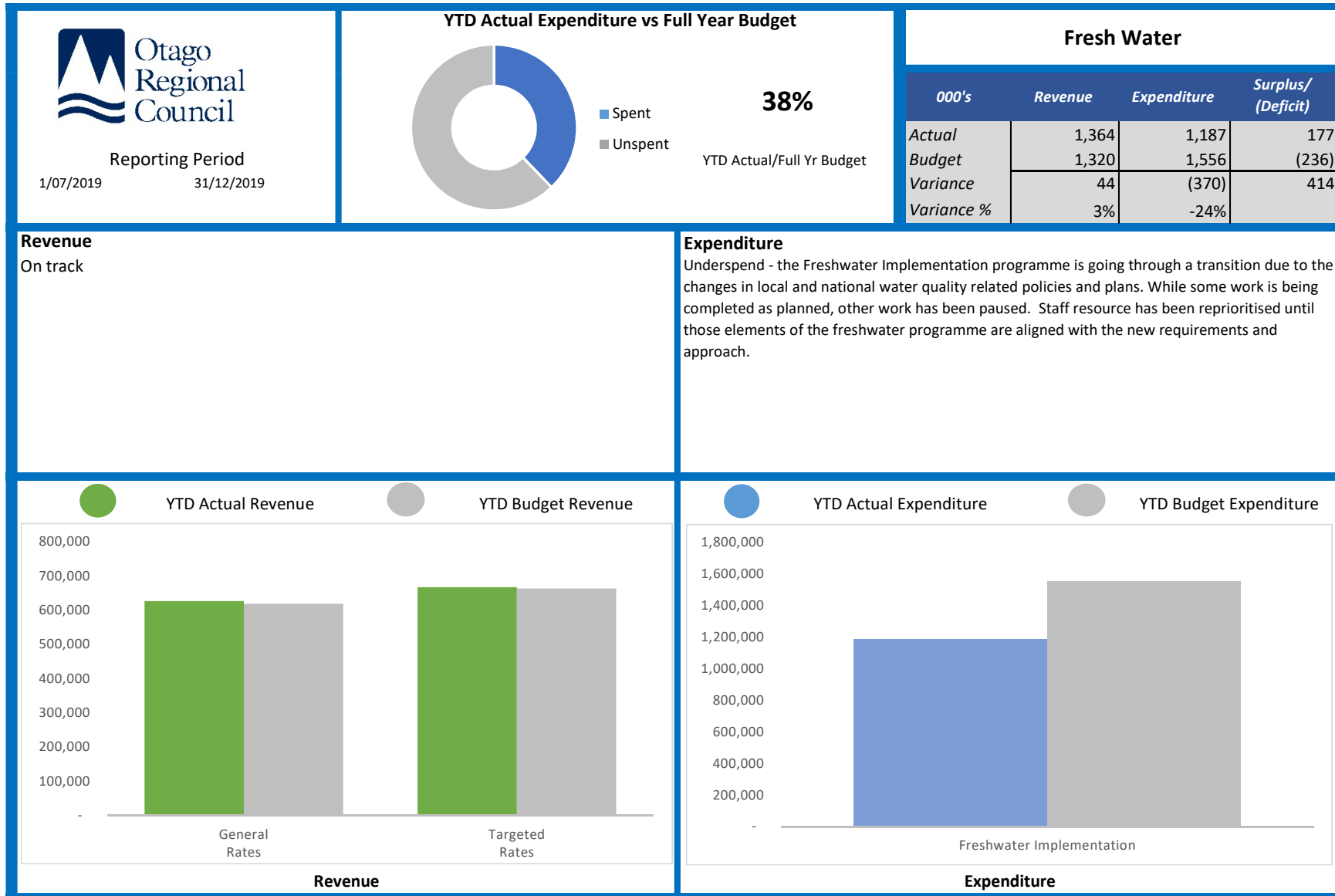




Council Activity Performance Report - for the period 1 July to 31 December 2019 (Q2)

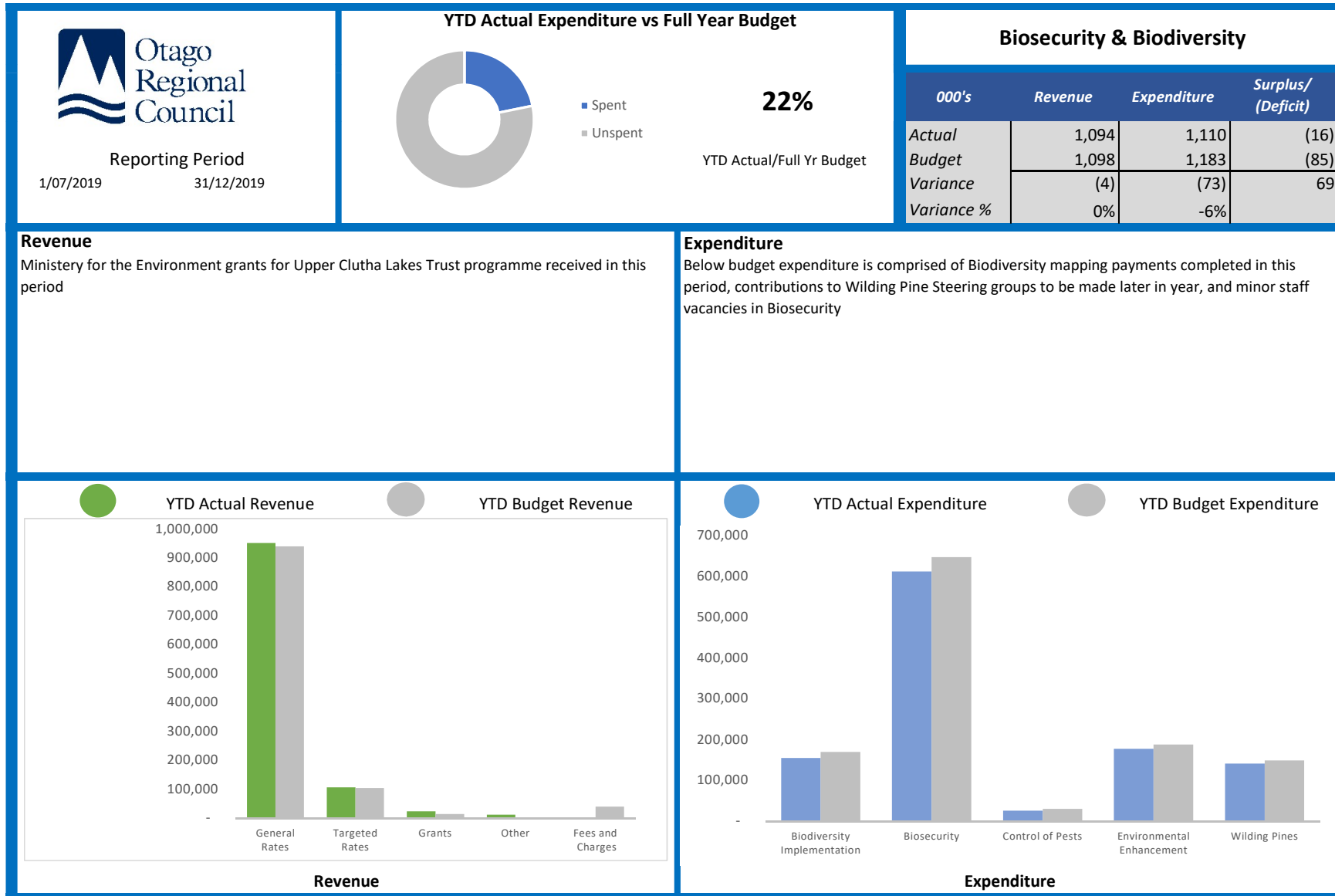
Level of Service Targets				YTD Actual Expenditure vs Full Year Budget		Financial Summary			
Total number of service targets 60				 <p>48% YTD Actual/Full Year Budget</p> <p>■ Spent ■ Unspent</p>		000's Actual Budget Variance Variance %	Revenue	Expense	Surplus/ (Deficit)
Achieved	On Track	Not on Track	Won't Achieve				29,232	32,738	(3,506)
0	38	20	2				29,206	32,244	(3,039)
							26	493	(467)
						0%	2%		





 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h2>Fresh Water</h2>			<h3>Status : Levels of Service Targets</h3>	
<p>Level of Service</p>	<h3>Levels of Service Targets</h3>			<p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>	
<p>1</p>	<p>Achieved 0</p>	<p>On Track 1</p>	<p>Not on Track 3</p>	<p>Won't Achieve 0</p>	
<p>Measures 4</p>	<h3>Comment on Service Delivery</h3> <p>This significant activity engages with 'on the ground' action to influence fresh water quality. This action is collectively captured under the Council's 'Good Water Programme'. The programme sits within the context of our:</p> <ul style="list-style-type: none"> Fresh water planning approach Our knowledge and understanding of the fresh water resource and what it supports Role and relationships with individuals, groups and organisations with an interest in fresh water. <p>Improving these elements will better support 'on the ground' results achieved under the 'Good Water Programme'.</p>			<h3>Target</h3> <p>Change from Q1: #(yellow to green) - water quality assessments will be achieved Decline: #(green to yellow) The measure 'Increasing the number of catchments.....' Detailed water quality studies are being conducted in the Matukituki, Glendhu Bay, Luggate Creek and Urban Wanaka areas in 2019/20. The wording of the measure does not reflect the planned programme and will be recast for 20/21 reporting.</p>	
<p>Targets 4</p>	<p>Work to the end of quarter two included:</p> <p>The year to date has focused on the establishment of a strong leadership approach including a 'Good Water Programme Steering Committee' and a 'Good Water Programme Delivery Team' and building internal capabilities. These two groups provide governance and management oversight, and operation delivery of work that's aligned with the Council's objectives.</p> <p>Specific programme activities include:</p> <ul style="list-style-type: none"> Development of Good Water Programme benefits. Exploring collaboration options with the University of Otago's 'Catchments Otago' research theme. Launch of Good Water in Otago website. Consideration of support for community Catchment Groups. Development of a Good Water operational activity report for Council. Input into 6AA and Omnibus Plan changes. 			<h3>Watchlist</h3> <p>Proposed changes to both local and national water quality statements, policies and plans may alter operational priorities and planned deliverables. This will be assessed on an ongoing basis, and business plans adjusted accordingly.</p>	
<p>Not Measured this Year 0</p>				<h3>Emerging Issues</h3> <p>It is expected that some level of change will be required to both regulatory and non-regulatory work undertaken by the ORC as the result of changing government legislation.</p>	





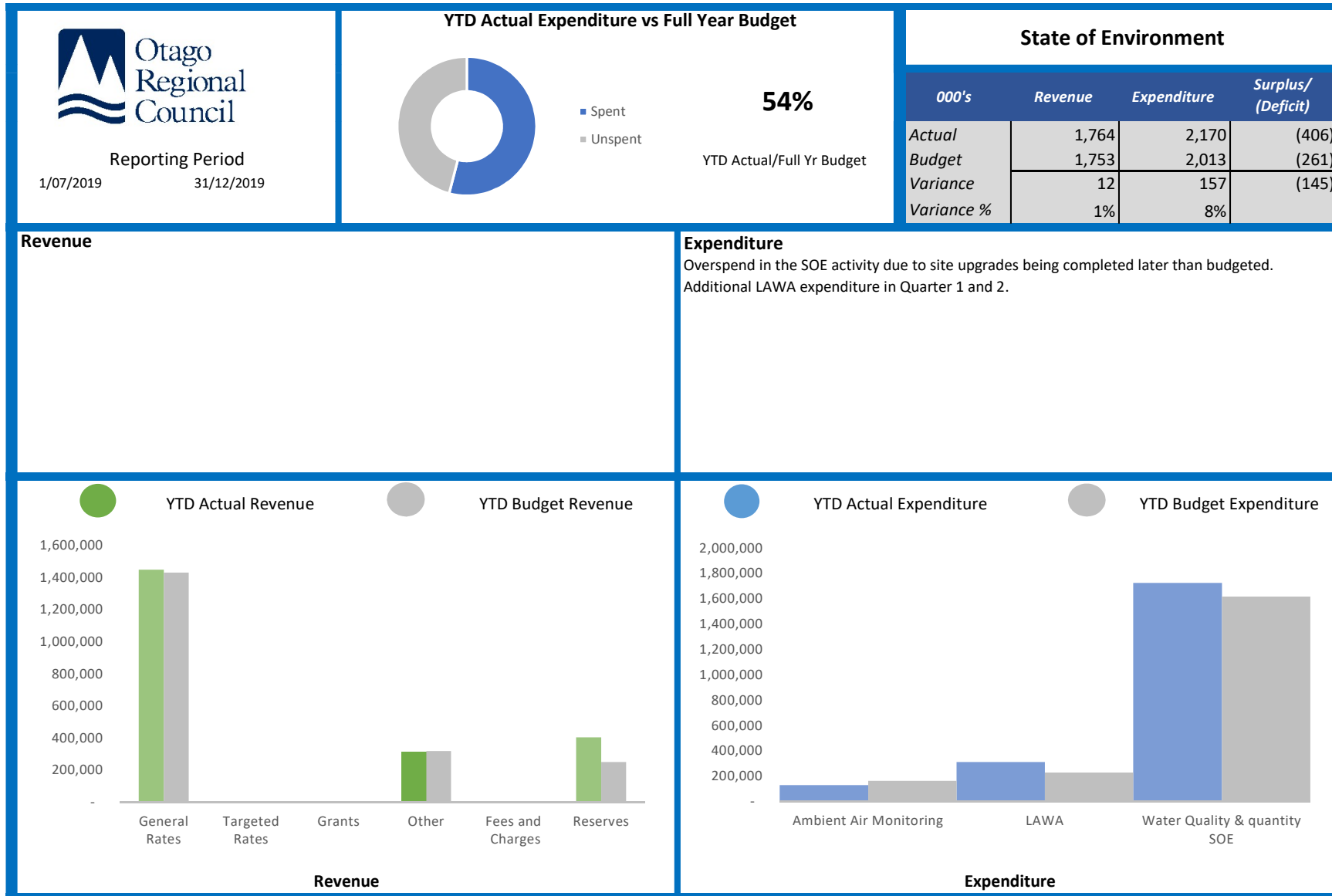
 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Biosecurity & Biodiversity</h3>				<h3>Status : Levels of Service Targets</h3>								
	<h4>Levels of Service Targets</h4> <table border="1"> <tr> <td>Achieved</td> <td>On Track</td> <td>Not on Track</td> <td>Won't Achieve</td> </tr> <tr> <td>0</td> <td>7</td> <td>3</td> <td>0</td> </tr> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	7	3	0	<p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p> 
Achieved	On Track	Not on Track	Won't Achieve										
0	7	3	0										
<p>Level of Service</p> <p>3</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>Change from Q1: (Green to yellow) measures 'progressing Biodiversity Action Plan.....'; and 'reducing trend in pest plant and animal species....'</p>								
<p>Measures</p> <p>7</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>10</p>	<ul style="list-style-type: none"> • Results to the end of quarter two included: Pest management compliance – plant and animal inspection work continues to plan, albeit at reduced inspection levels across pest animal and some plant species. Deployed staff has been less than planned. • Biocontrol - the majority of the work is scheduled for quarter 3 and 4. • Biodiversity – a key element of the Biodiversity Action Plan is to complete an Otago Biodiversity inventory – this work is on-track. To date 11 projects were supported via the ECO Fund process. Administration of funding and contracts with key partners is on track, including MPI, DOC, PFD, and YEPT. • RPMP is operative and the Operational Plan is near completion. 				<h4>Emerging Issues</h4> <p>Review of the Biosecurity Act</p>								
<p>Not Measured this Year</p> <p>0</p>													





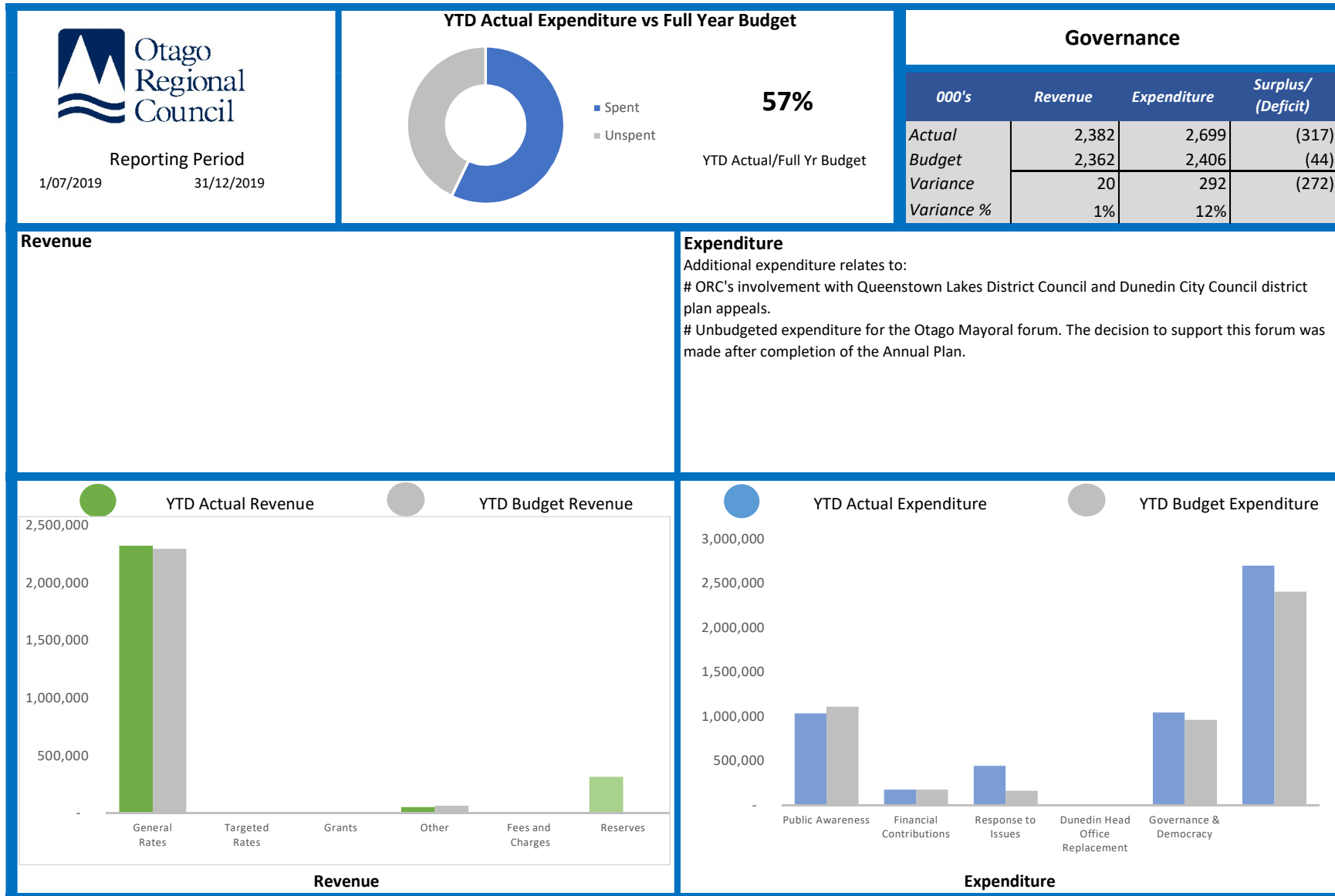
 <p>Otago Regional Council</p>	<p>Air</p>				<p>Status : Levels of Service Targets</p>
<p>Reporting Period 1/07/2019 30/09/2019</p>	<p>Levels of Service Targets</p>				<p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>
<p>Level of Service</p>	<p>Achieved 0</p>	<p>On Track 2</p>	<p>Not on Track 1</p>	<p>Won't Achieve 0</p>	
<p>1</p>	<p>Comment on Service Delivery</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>Target</p> <p>Results compared to Q1: (Green to Yellow) The measure 'Implement investigations & research.....' may not be achieved. We are currently investigating whether similar studies have been undertaken by other Councils.</p>
<p>Measures</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>Targets</p>	<p>Results to the end of quarter two included:</p> <ul style="list-style-type: none"> Administration of fifteen (nine Q1) Clean Heat grants Pilot research work related to community engagement has been developed and is underway Trialling clean burning technologies is not expected to start by 30 June 2020 due to science resource and fresh water priorities. 				<p>Watchlist</p> <p>Future number of 'Clean Heat Clean Air' subsidy applications impacts the funding reserve</p>
<p>Not Measured this Year</p>	<p>0</p>				<p>Emerging Issues</p> <p>Proposed National Environmental Standards</p>





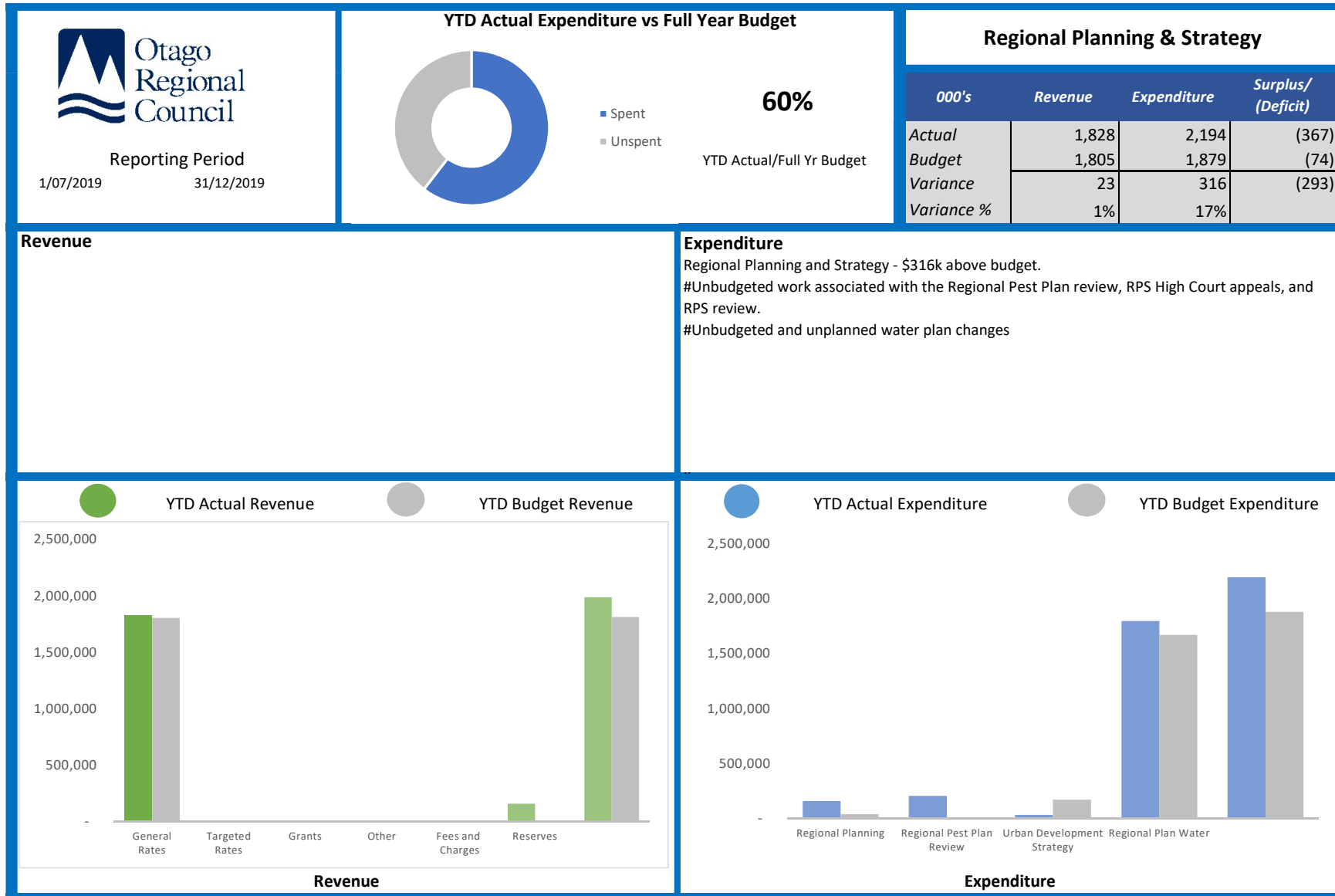
 Reporting Period 1/07/2019 30/09/2019	State of the Environment				Status : Levels of Service Targets ● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved
	Levels of Service Targets				
Level of Service	Achieved	On Track	Not on Track	Won't Achieve	
1	0	2	0	0	
Measures	Comment on Service Delivery 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.				Target No change from Q1 Measure 1.1 (fresh water assessments....) and measure 4.1 (Changes and trends in natural resource availability...) refer to the same work programme. This measure duplication will be corrected in 20/21 reporting.
2	<ul style="list-style-type: none"> Results to the end of quarter two included: The collection of fresh water and air data to the SOE programme EMaR proceeded to the agreed national work plan 				
Targets					Watchlist
2					
Not Measured this Year					Emerging Issues
0					





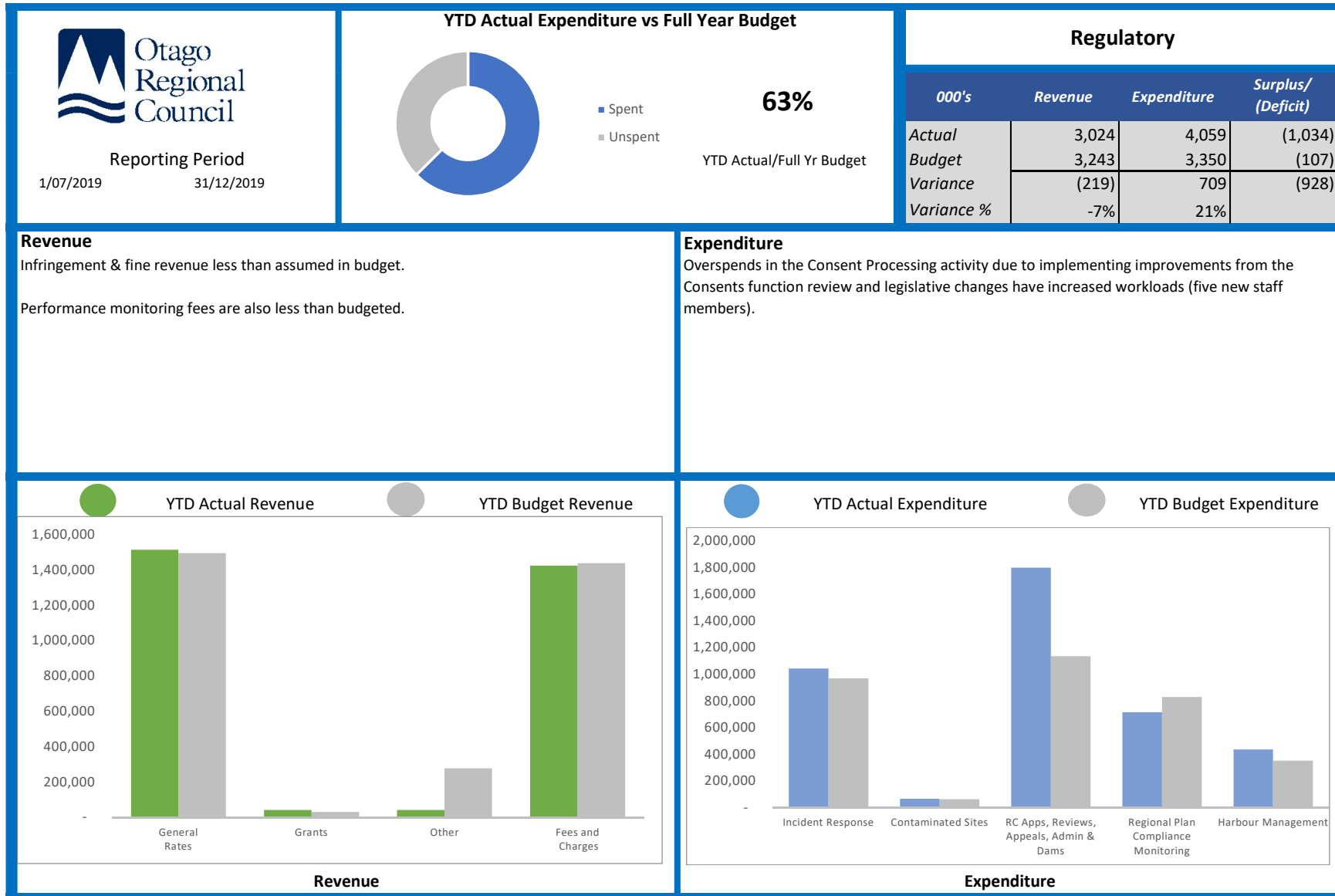
 <p>Otago Regional Council</p>	<h3>Governance & Engagement</h3>			<h3>Status : Levels of Service Targets</h3>	
<p>Reporting Period 1/07/2019 30/09/2019</p>	<h4>Levels of Service Targets</h4>			<p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>	
<p>Level of Service</p>	<p>Achieved 0</p>	<p>On Track 4</p>	<p>Not on Track 0</p>	<p>Won't Achieve 1</p>	
<p>2</p>	<h4>Comment on Service Delivery</h4> <p>This significant activity enables the regional elected representatives to perform their role and involves:</p> <ul style="list-style-type: none"> Administering remuneration and providing information technology support Provision of meetings and the timely access to relevant information Communicating and engaging on Council matters Supporting the region's mayoral forum Responding to external proposals 			<h4>Target</h4> <p>No change from Q1</p>	
<p>Measures</p>	<p>4</p> <p>Results to the end of quarter two included:</p> <ul style="list-style-type: none"> Governance <ul style="list-style-type: none"> Final meetings for the previous elected member governance trianniem Induction and establishment of the newly-elected Council eg. committee structure, delegations & meeting timetable. An extraordinary council meeting in response to the Minister for the Environment investigation under s24A RMA 2002. Otago Mayoral forum - convened in November 2019 (agenda included; triennial agreement, 2020 forum workplan, meeting of Te Rōpū Taiao) Communication and engagement <ul style="list-style-type: none"> 74 official information requests processed, 72 fulfilled statutory requirement Key 'one-off' communications on: public transport; Flood related matters; Dundas Bridge; and Fresh Water issues (including ministerial review) Initiatives included: climate change web page; natural hazards database & video; Pest Hub; Good Water Otago website; public transport newsletter. External proposals - Response to national proposals on Urban Development, Highly Productive Land, Freshwater and RMA changes. Appeals across the QLDC and DCC District Plan Reviews and response to resource consent applications. 			<h4>Watchlist</h4>	
<p>Targets</p>	<p>5</p>			<h4>Emerging Issues</h4> <p># Proposed National Environmental Standards</p> <p># ORC and community understanding of issues and the response to successfully manage freshwater</p>	
<p>Not Measured this Year</p>	<p>0</p>				




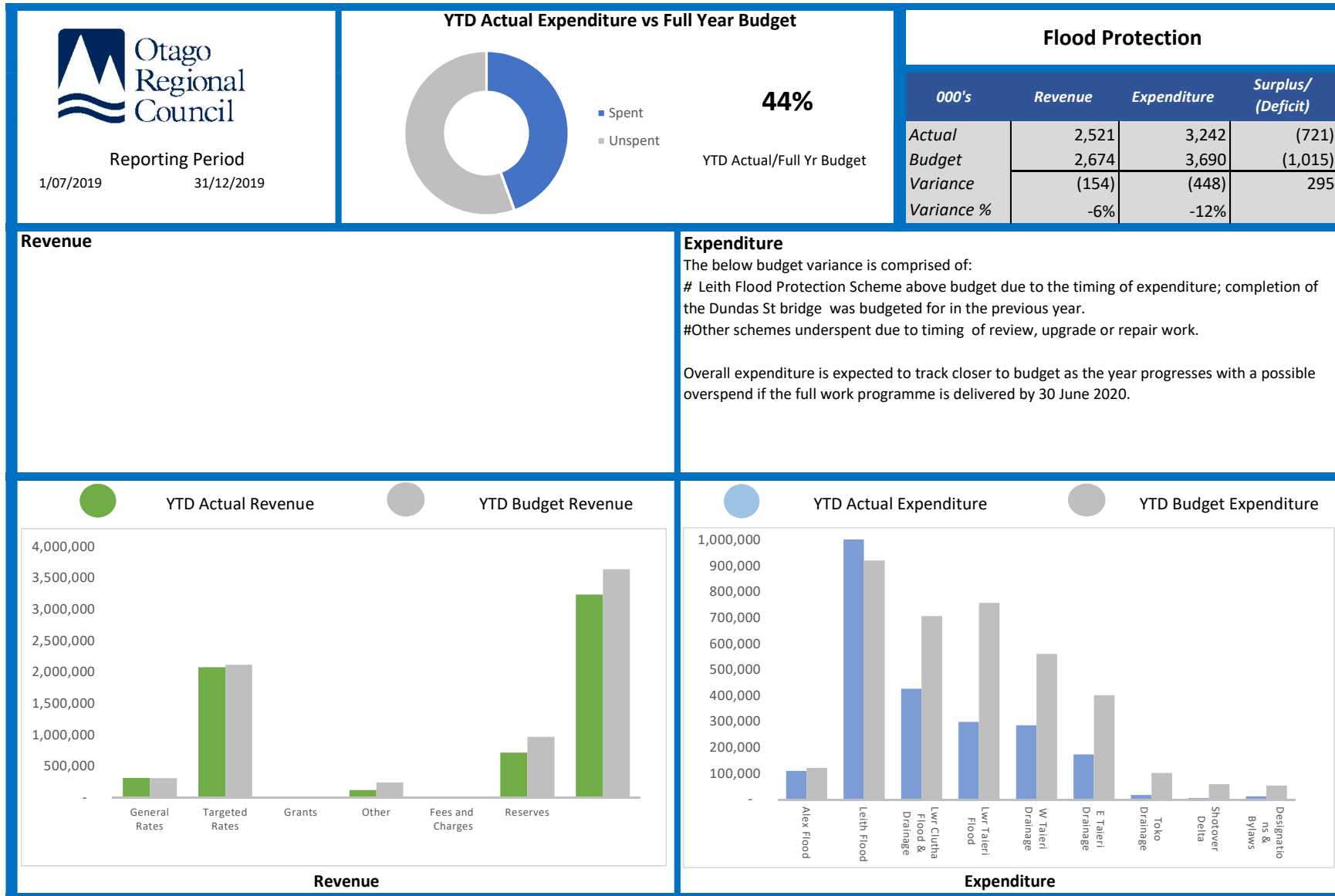
 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Regional Planning & Strategy</h3>				<p>Status : Levels of Service Targets</p> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p> 						
	<p>Levels of Service Targets</p> <table border="1"> <tr> <td>Achieved</td> <td>On Track</td> <td>Not on Track</td> <td>Won't Achieve</td> </tr> <tr> <td>0</td> <td>2</td> <td>0</td> <td>0</td> </tr> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	2
Achieved	On Track	Not on Track	Won't Achieve								
0	2	0	0								
<p>Level of Service</p> <p>2</p>	<p>Comment on Service Delivery</p> <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>The fresh water framework is currently a priority and includes:</p> <ul style="list-style-type: none"> • Notifying a water permits plan change – enables processing of water permits until the new Land and Water Regional Plan is notified. • Notifying plan change 6AA (Oct 2019) to defer the implementation of certain water quality provisions in the current plan (ie some 6A rules). Notify Omnibus plan change (Mar 2020) to introduce provisions to immediately remedy water quality deficiencies in the current Water Plan. • Full review of the Regional Water Plan with notifying a new Land and Water Regional Plan by December 2023. • Completion of science, consultation and planning work for the Freshwater Management Units (FMU), starting with Arrow, Cardrona (March 2020) and Manuherikia (August 2020) catchments. • Full review Regional Policy Statement (RPS) (notified Nov2020 & operative 1Apr2022) • Results to the end of quarter two included: Ontrack with advancing the fresh water planning framework • Supporting science and monitoring, especially for the priority FMUs, progressing • Preparations to commence a review of the RPS 				<p>Target</p> <p>No change from Q1</p>						
<p>Measures</p> <p>2</p>					<p>Watchlist</p>						
<p>Targets</p> <p>2</p>					<p>Emerging Issues</p> <p>Proposed National Environmental Standards</p>						
<p>Not Measured this Year</p> <p>0</p>											


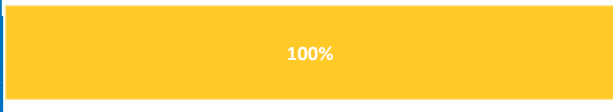


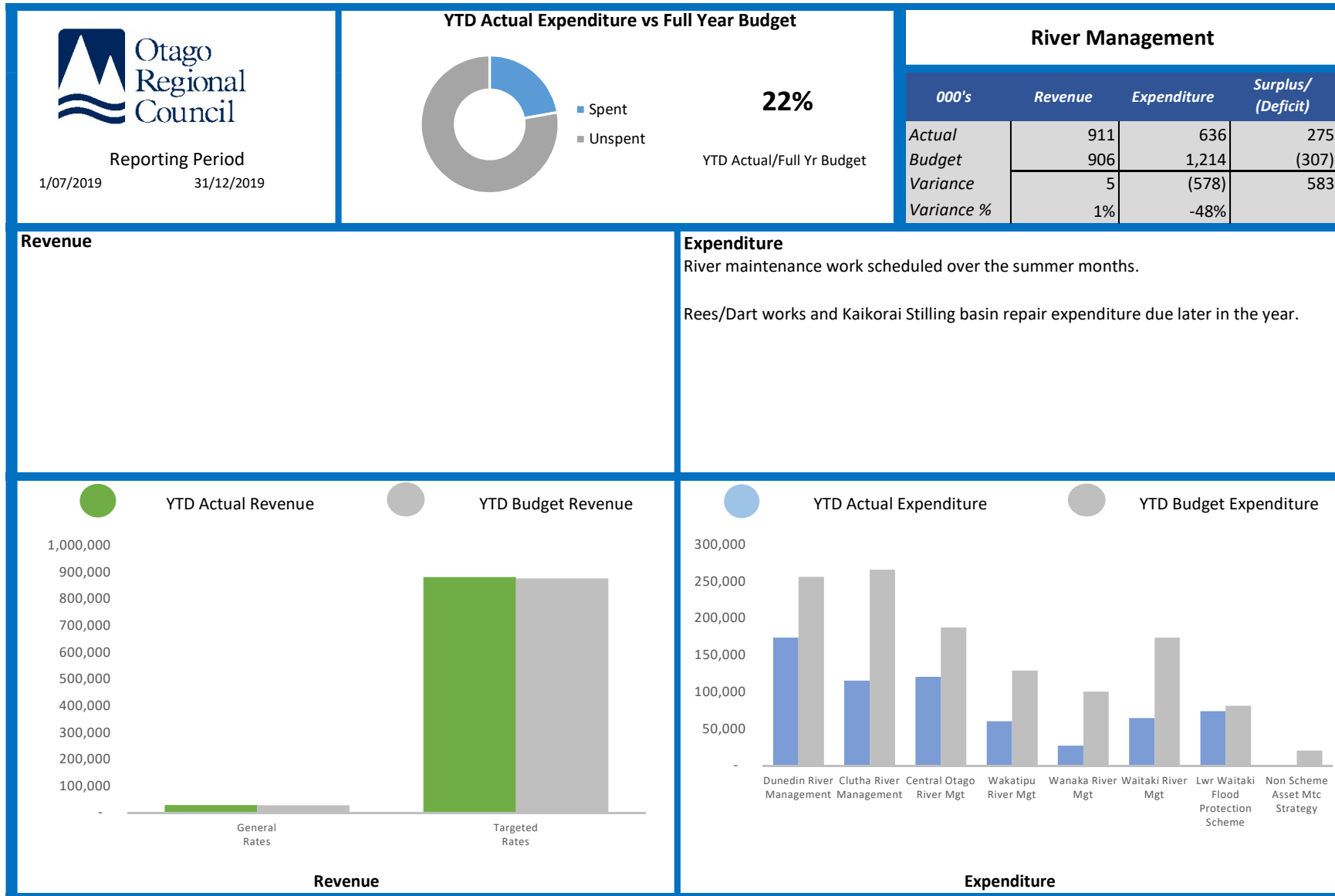
 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Regulatory</h3>				<h3>Status : Levels of Service Targets</h3> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p> 						
	<h3>Levels of Service Targets</h3> <table border="1"> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> <tr> <td>0</td> <td>7</td> <td>1</td> <td>1</td> </tr> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	7
Achieved	On Track	Not on Track	Won't Achieve								
0	7	1	1								
Level of Service	<h3>Comment on Service Delivery</h3> <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"> Consent processing (including deemed permits, buildings), and monitoring of compliance with those consents Incident response, investigations and enforcement Contaminated sites Harbours and waterway management Results to the end of quarter two included: All consenting decisions were made within RMM mandated timeframes. As at December 252 applications were in progress. The backlog on consent performance monitoring and auditing is being reduced given planned staff levels are now deployed. The backlog will not be cleared by 30 June 2020. The TLA wastewater treatment systems have been a priority issue in quarter 2 and will require further work in Q3. Incident response, investigations, & enforcement - service requests continue to be high with 715 received in the year to 31 December with 589 identified as incidents. To date 14 infringement notices and 13 abatement notices have been issued. Harbours and water management – no serious incidents to report. Broadly, the ramping-up of service for this activity is involving: an 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. Two minor oil spill related incidents attended too. Oil spill exercise was undertaken on 27 November as part of our Maritime NZ response capability. 				<h3>Target</h3> <p>Change from Q1: #(yellow to red) - measure '% of consent performance returns.....' While work is occurring to programme, this measure and target needs to be restated to reflect planned levels of service. This will occur for 20/21 reporting</p> <p>#(yellow to green) - measure 'Average time taken to respond to oil spills...'</p>						
Measures					<h3>Watchlist</h3> <p>Increase pressure is expected on consent processing in Q3 & Q4 due to legislative changes, Council Plan notifications.</p>						
Targets					<h3>Emerging Issues</h3>						
Not Measured this Year											
5											
8											
9											
0											





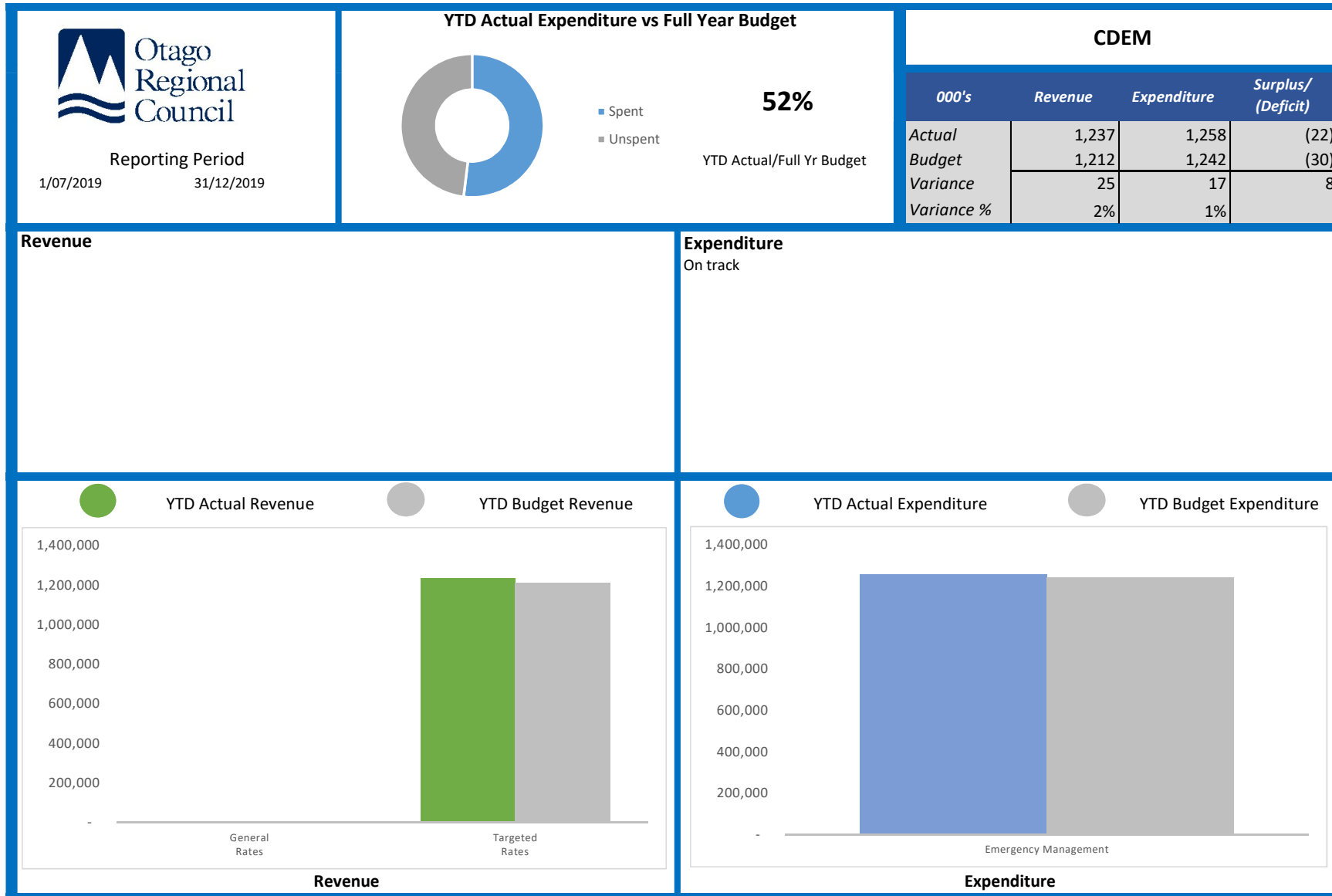
 <p>Otago Regional Council</p> <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Flood Protection</h3>				<h3>Status : Levels of Service Targets</h3> <p> ● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved </p> <div style="background-color: yellow; width: 100%; height: 20px; display: flex; align-items: center; justify-content: center;"> 100% </div>						
	<h3>Levels of Service Targets</h3> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #0056b3; color: white;">Achieved</td> <td style="background-color: #0056b3; color: white;">On Track</td> <td style="background-color: #0056b3; color: white;">Not on Track</td> <td style="background-color: #0056b3; color: white;">Won't Achieve</td> </tr> <tr> <td style="font-size: 24pt; color: white;">0</td> <td style="font-size: 24pt; color: white;">0</td> <td style="font-size: 24pt; color: white;">7</td> <td style="font-size: 24pt; color: white;">0</td> </tr> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	0
Achieved	On Track	Not on Track	Won't Achieve								
0	0	7	0								
<p>Level of Service</p> <p style="font-size: 24pt; text-align: center;">1</p>	<h3>Comment on Service Delivery</h3> <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"> Scheduled maintenance of critical assets Development and renewal of critical infrastructure and amenity projects Operation of flood and drainage schemes during floods Bylaw processing, and the monitoring of technical compliance with these bylaws <p>Results to the end of quarter two included:</p> <ul style="list-style-type: none"> Dundas Street stage of the Leith Flood Protection Scheme was completed. Mill Creek pump station upgrade (East Taieri Drainage Scheme) Tenders were received from 5 (five) Contractors. Tender evaluation to commence January 2020, Tender Award scheduled for end of January 2020. Report on Waipori pump station reliability upgrade (West Taieri Drainage Scheme) completed December 2019. Engineering evaluating options and recommendations. Community consultations with: Fonterra and Taieri Dairy Farm visit attended by Operations staff with Rural Liaison and Lower Waitaki River Control Scheme Liaison Group meeting. Taieri Flood Protection Scheme Performance Review progressed with external Project Manager assigned. 				<h3>Target</h3> <p>No change from Q1: #(yellow) - Seven targets are reported 'yellow' and reflects an 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.</p>						
<p>Measures</p> <p style="font-size: 24pt; text-align: center;">2</p>	<ul style="list-style-type: none"> Works on Henley floodbank (Lower Taieri) completed Work on Silverstream Gordon Road Spillway (Lower Taieri) being planned and scheduled for Q3. Processing of bylaws and consents that interface with flood protection assets Scheduled drain maintenance Bridge repairs on West Taieri contour channel being assessed for commencement Q3. 'Flood event' erosion assessments planned for Q3 to assess extent of damage to schemes in Central Lakes, Central Otago and Clutha. 				<h3>Watchlist</h3> <p>At a scheme level the year-end result for some key maintenance and renewal projects may trend 'red' given the recent flooding events</p>						
<p>Targets</p> <p style="font-size: 24pt; text-align: center;">7</p>					<h3>Emerging Issues</h3> <p>Cumulative impacts on costs and delivery of four significant floods in less than four years.</p>						
<p>Not Measured this Year</p> <p style="font-size: 24pt; text-align: center;">0</p>											




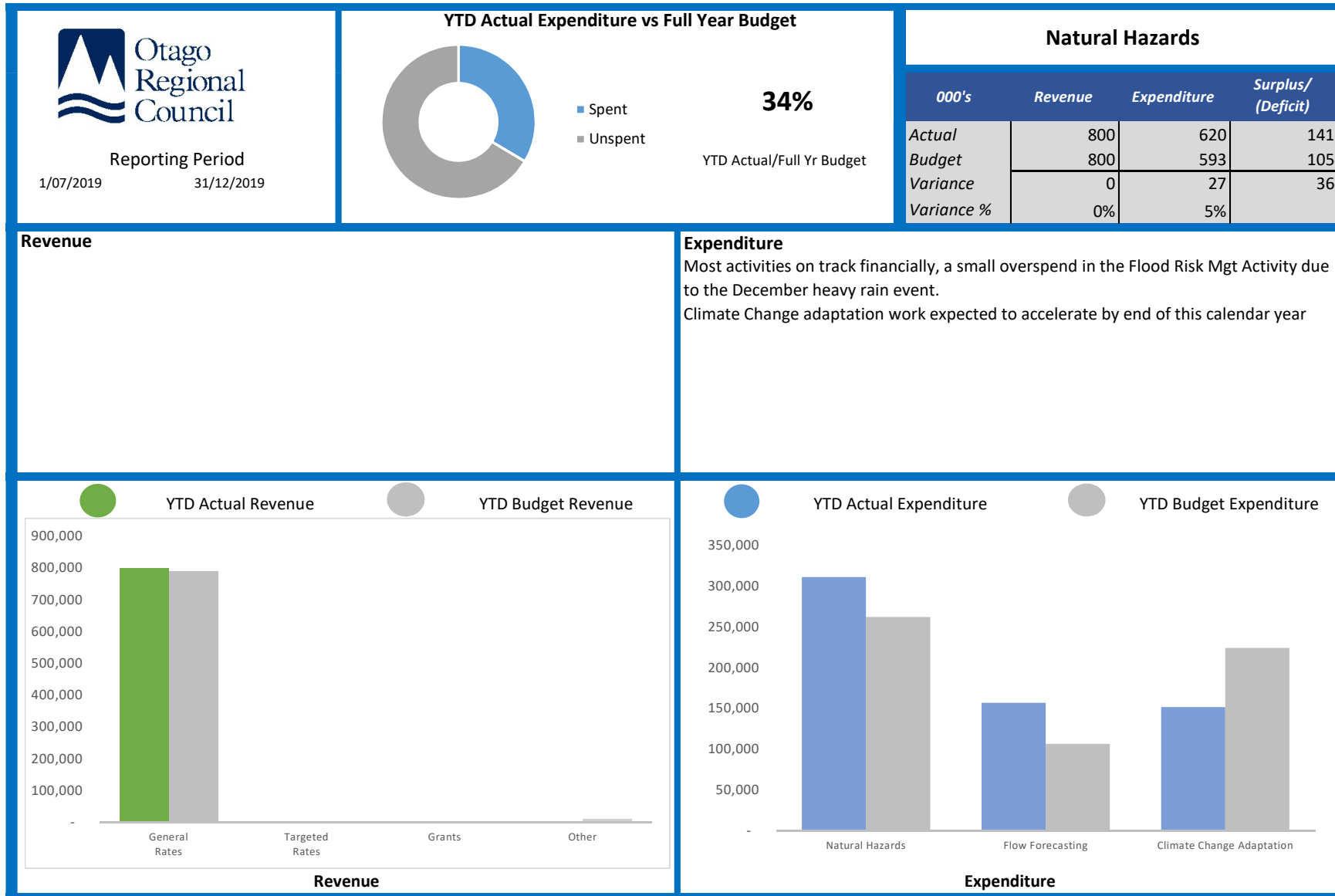
 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>River Management</h3>				<h3>Status : Levels of Service Targets</h3> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p> 						
	<h3>Levels of Service Targets</h3> <table border="1"> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> <tr> <td>0</td> <td>0</td> <td>2</td> <td>0</td> </tr> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	0
Achieved	On Track	Not on Track	Won't Achieve								
0	0	2	0								
<p>Level of Service</p> <p>1</p>	<h3>Comment on Service Delivery</h3> <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"> River management including the control of channel erosion and channel realignment Management of gravel extraction through third party consents Processing of consents in conjunction with Council's Natural Hazards activity where consent applications may affect flood protections assets and/or rivers. Results to the end of quarter two included: Planned river remediation works on Clutha – Balclutha and Roxburgh, Manuherikia suspended due to December 2019 flooding event. Willow pole riparian planting carried out: Taieri River Middlemarch (Q1); and Inch Clutha area (Q2). Rock stabilisation works carried out on Clutha channel near River Road (Balclutha) to repair erosion. Flood erosion and damage assessments to be carried out in Q3 across Central Otago, Lakes District and Clutha in rivers and lake areas to determine priority areas for erosion damage and repair. Annual aerial river surveys completed (Q1) 				<h3>Target</h3> <p>No change from Q1: As for the flood & drainage activity the targets are reported 'yellow' reflecting a conservative assessment based on a slower than ideal start to the operational work programme. Some catchup is expected over Q3 & Q4.</p>						
<p>Measures</p> <p>1</p>	<h3>Watchlist</h3> <p>If a catchup isn't achieved then the year end report on 'status of scheduled rivers and waterways' will trend 'red' at a scheme level</p>										
<p>Targets</p> <p>2</p>	<h3>Emerging Issues</h3> <p>Cumulative impacts on costs and delivery of four significant floods in less than four years, including damage to Albert Town rockwork in Q2.</p>										
<p>Not Measured this Year</p> <p>0</p>											


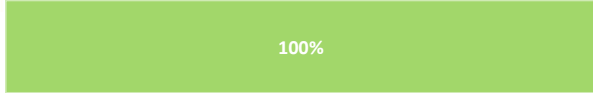


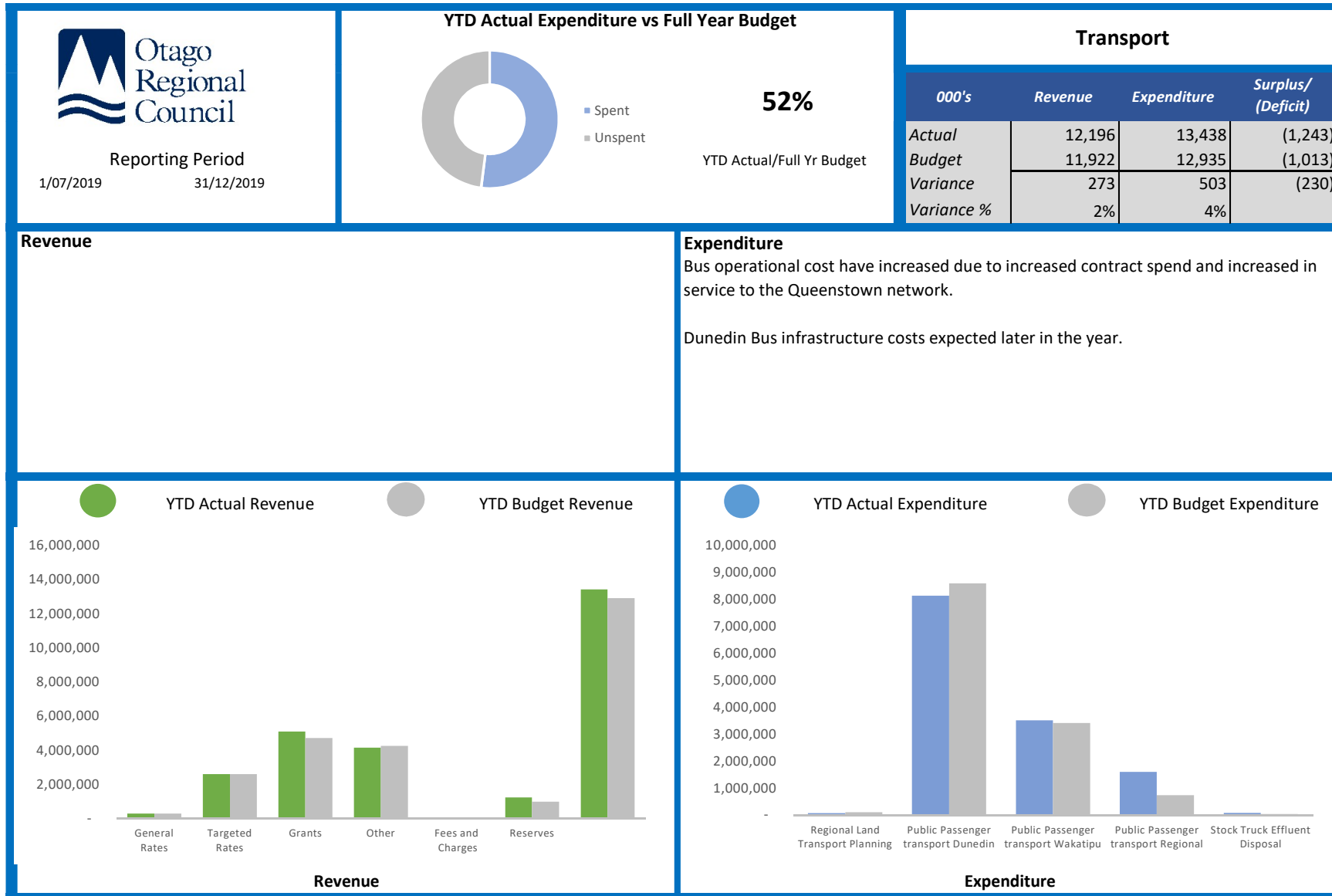
 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Emergency Management</h3>				<h3>Status : Levels of Service Targets</h3> <p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p> 						
	<h3>Levels of Service Targets</h3> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td>0</td> <td>2</td> <td>3</td> <td>0</td> </tr> </tbody> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	2
Achieved	On Track	Not on Track	Won't Achieve								
0	2	3	0								
Level of Service	<h3>Comment on Service Delivery</h3> <p>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.</p> <ul style="list-style-type: none"> Results to the end of quarter two included: 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. 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) Implementation of the EMO operational system has been progressed with application across three minor events by partnering councils. 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 Recruitment of the Training and Capability Advisor 				<h3>Target</h3> <p>Change from Q1: #(green to yellow) - measures 'Time taken for the Group Emergency Coordination Centre to be activated...; 'Full suite of community plans across the region is in place...; 'Agreed region-wide issues plans are in place...'</p>						
Measures					<h3>Watchlist</h3>						
Targets					<h3>Emerging Issues</h3>						
Not Measured this Year											



 <p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Natural Hazards</h3>				<h3>Status : Levels of Service Targets</h3> <p> ● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved </p> <div style="background-color: #90EE90; width: 100%; text-align: center; padding: 5px;">100%</div>						
	<h3>Levels of Service Targets</h3> <table border="1" style="width: 100%; text-align: center;"> <tr> <td style="background-color: #0056b3; color: white;">Achieved</td> <td style="background-color: #0056b3; color: white;">On Track</td> <td style="background-color: #0056b3; color: white;">Not on Track</td> <td style="background-color: #0056b3; color: white;">Won't Achieve</td> </tr> <tr> <td style="font-size: 24pt; color: white;">0</td> <td style="font-size: 24pt; color: yellow;">4</td> <td style="font-size: 24pt; color: yellow;">0</td> <td style="font-size: 24pt; color: red;">0</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	0								
Level of Service	<h3>Comment on Service Delivery</h3> <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. This work is often done in collaboration with Otago councils and communities with an emphasis on access to quality timely information.</p> <ul style="list-style-type: none"> • Results to the end of quarter two included: Programmed climate change adaptation projects are on track. • Framework on the Otago Climate Change Risk Assessment completed, report on climate change prediction for Otago completed and engagement (workshop) with district and city councils on the risk assessment started. • Engagement with the Ministry for the Environment on the National Climate Change Risk Assessment (workshops and feedback on interim reports). • Improved flood forecasting model for the Lower Clutha River (including the Pomahaka River catchment and Balclutha) progressed and to be delivered in quarter two • Improved Otago natural hazards database platform delivered. It improves user experience and is easier to administer. • All public information systems (Otago natural hazard database and WaterInfo website) operating to agreed service levels over the reporting period. • Management (provision of flow and water level information and forecast) of the December 2019 flood event in the Clutha Catchment. 				Target						
4					Target						
Measures					Target						
4					Target						
Targets					Target						
4	Target										
Not Measured this Year	Target										
0	Target										
	Watchlist										
	Emerging Issues										



 <p>Otago Regional Council</p>	<h2>Transport</h2>				<h3>Status : Levels of Service Targets</h3>
<p>Reporting Period 1/07/2019 30/09/2019</p>	<h3>Levels of Service Targets</h3>				<p>● Achieved, ● May not be achieved, ● On Track, ● Will not be achieved</p>
<p>Level of Service</p>	<p>Achieved 0</p>	<p>On Track 7</p>	<p>Not on Track 0</p>	<p>Won't Achieve 0</p>	
<p>2</p>	<h3>Comment on Service Delivery</h3>				<h3>Target</h3>
<p>Measures 7</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> <ul style="list-style-type: none"> • Results to the end of quarter two included: • Bus patronage targets set in the 2019/20 Annual Plan are on track. Dunedin and Queenstown patronage are both exceeding their respective +3% and +5% targets: <ul style="list-style-type: none"> ○ Dunedin YTD Patronage up 4% compared to previous financial year (1,500,948 compared to 1,438,390) ○ Queenstown YTD Patronage up 8% compared to previous financial year (901,562 vs 836,499) 				<p>Change from Q1</p> <p>(Yellow to Green) The 'bus reliability' target is reported 'green'. Real time tracking implemented.</p>
<p>Targets 10</p>	<ul style="list-style-type: none"> • Reliability of bus services – 'real time' tracking has been implemented in Queenstown and is in the process of being integrated to the Dunedin fleet, with approximately 50% of vehicles tracked and being system tested • Bus vehicle quality – The Dunedin fleet is 100% compliant and the Queenstown inspection process is underway, with around one third of the fleet being replaced in Q3 (January – March 2020) with brand-new vehicles • The preferred Wakatipu Ferry Service business case option was presented to, and accepted by, Council in January 2020. • The new Lake Hayes Direct service has been launched and planned adjustments to the network in Q3 include servicing the Hanleys Farm estate, a permanent Sunshine Bay service, and refinements to the Remarkables Park service. • The Total Mobility scheme is benefitting from two new wheelchair accessible vehicles entering the fleet together with one new operator (subject to contract). 				<h3>Watchlist</h3>
<p>Not Measured this Year 0</p>					<h3>Emerging Issues</h3>



Levels of Service Measures - for all Significant Activities



Freshwater					
Service statement 1: Water quality across Otago is maintained and improved					
			Q1	Q2	
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	P6
1.2	Increase the number of catchments included in catchment monitoring	1.2	Five catchments every two years.	On track to be achieved	P7
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	P5
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"> · Rural Liaison & engagement · Inspections & Compliance monitoring · Enforcement · Plan review and change 	May not be achieved	
Biodiversity and Biosecurity					
Service statement 2: Collaborate with the regional community to potentially invest and fund environmental enhancement projects that					
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	P5
Service statement 3: Implement the Biodiversity Action Plan					
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	P5
Service statement 4: Establish controls over animal and plant pests to maintain and enhance biodiversity, protect productive capacity					
2.3	The Regional Pest Management Plan is implemented	2.3	Complete the Regional Pest Operational Plan	On track to be achieved	P5
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	P5

		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	P5
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	P5
		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	P5
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	P5
		2.6b	Key planning information is disclosed in a timely way	On track to be achieved	P5
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	P5
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 ₁₀ per annum to be higher than 50 micrograms per cubic metre	3.1	Assessment completed	On track to be achieved	P5
3.2	Administer the clean heat, clean air fund for Air Zone 1 and Milton	3.2	Achieved	On track to be achieved	P6
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	P5
State of the Environment Reporting					
Service statement 6: Provide high quality and timely environmental information, indicators and advice to key decision makers and the					

4.1	Changes and trend in natural resource availability and quality are analysed and reported to the Council as per the schedule entitled " Monitoring Schedule for 2018-28 Long-Term Plan "	4.1	Information available for the Annual Report 2018/19	On track to be achieved	P6
4.2	External audit shows good quality control of data collections and analysis as per the schedule entitled " Monitoring Schedule for 2018-28 Long-Term Plan "	4.2	External Audit completed by 30 June 2020	On track to be achieved	P5
Governance & Community Engagement					
Service statement 1: Governance support and process that enables a robust and transparent democratic practice for Council's					
5.1	Percentage of official information requests responded to within statutory timeframes	5.1	100%	Will not be achieved	P6
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	P6
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	P6
Service statement 2: Council has clearly articulated policy, purpose and activity to encourage participation in decision-making by the					
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	On track to be achieved	P5
		5.4b	Unmodified independent audit report for the Long-Term Plan and Annual Report	On track to be achieved	P5
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	P6
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	P6
Regulatory					
Service statement 1: Deliver consenting processes efficiently and effectively under the Resource Management Act 1991 to enable the					

7.1	Percentage of resource consents application processed within Resource Management Act 1991 legislative timeframes	7.1	100%	On track to be achieved	P6
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	P6
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	P6
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	P6
7.5	Average time taken to respond to oil spills no more than 1.5 hours.	7.5	Achieved	May not be achieved	P6
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"> · desktop exercise · a field exercise for pollution incident response · an equipment training day. 	On track to be achieved	P6
		7.6b	Hold at least one marine oil spill incident response training for each of the following: <ul style="list-style-type: none"> · desktop exercise; · a field exercise for marine oil incident response. 	On track to be achieved	P6
Service statement 5: Enable safe use and navigation for all users of Otago Harbour. Take appropriate action in response to					
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	P6
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	P6

Flood and Drainage Schemes					
Service statement 1: Manage flood risk to people and property. Maintain, repair and renew drainage assets to maintain and improve					
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	
River and Waterway Management					
Service statement 2: Achieve a balance between maintaining channel capacity, channel stability and environmental outcomes in					
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	May not be achieved	
		9.1b	100% of investigations have action determined within 20 days	May not 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					
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	P6

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	P6
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	P6
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	P6
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	P6
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	P5
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	P5
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	P5
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	P5
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	P6

12.2	Vehicle quality – percentage of vehicles that comply with Regional Passenger Transport Vehicle quality standard	12.2	100%	On track to be achieved	P6
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	P6
12.4	Patronage in Dunedin – percentage growth on contracted services above 2017/18 levels	12.4	3%	On track to be achieved	P6
12.5	Patronage in Queenstown – percentage growth increase on contracted services	12.5	5%	On track to be achieved	P6
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	P5
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	P5

10.2. Finance Report - 31 December 2019

Prepared for: Finance Committee
Report No. CS1922
Activity: Governance Report
Author: Sarah Munro, Finance Manager Reporting and Expenditure
Endorsed by: Nick Donnelly, General Manager Corporate Services
Date: 14 February 2020

PURPOSE

This report provides a summary of the Council's financial performance for 1 July 2019 to 31 December 2019 (Quarter 2 of the 2019/20 financial year).

RECOMMENDATION

That the Finance Committee:

- a) **Receives** this report.

EXECUTIVE SUMMARY

- [1] This report includes two financial statements:
1. A Statement of Comprehensive Revenue and Expenses for the 6-month period 1 July 2019 to 31 December 2019
 2. A Statement of Financial Position as at 31 December 2019

Statement of Comprehensive Revenue and Expenses

- [2] The Statement of Comprehensive Revenue and Expenses shows the quarter 2 year to date deficit of \$743,000 to be \$278,000 higher than the budgeted deficit of \$465,000.
- [3] This variance is the net result of expenditure of \$31,235,000 being \$862,000 (3%) above budget and revenue of \$29,895,000 being \$159,000 (1%) under budget.

Statement of Financial Position

- [4] The Statement of Financial Position shows the balance sheet position at 31 December 2019 as well as the prior year comparative as at June 2019 and the Annual Plan budgeted position for June 2019.

Statement of Comprehensive Revenue and Expenses
1 July 2019 to 31 December 2019

Paragraph reference	Actual YTD 2019/2020	Budget YTD 2019/2020	Variance	Budget Full Year	Actual Prior Year
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	for notes	Dec 2019	Dec 2019		2019/2020 June 2020	2018/2019 June 2019
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rate revenue		13,245	13,181	64	26,363	23,283
Subsidies and grant revenue	[5]	5,246	4,817	429	12,133	14,686
Other income	[6]	6,886	7,032	(145)	14,063	13,609
Dividends	[7]	4,390	3,950	440	7,900	8,450
Interest and investment income	[8]	127	756	(629)	1,512	638
Total Revenue		29,895	29,736	159	61,971	60,666
Expenditure						
Employee benefits expense	[9]	(8,949)	(9,248)	299	(18,496)	(15,641)
Depreciation and amortisation		(1,387)	(1,266)	(121)	(2,531)	(2,510)
Finance costs		(0)	(1)	1	(2)	(1)
Other expenses	[10]	(20,899)	(19,858)	(1,041)	(43,561)	(51,647)
Total Expenditure		(31,235)	(30,372)	(862)	(64,590)	(69,799)
Surplus/(deficit)		(1,340)	(637)	(703)	(2,619)	(9,133)
Other gains/(losses)	[11]	548	172	376	344	3,814
Revaluation gain/(loss)- shares of subsidiary		-	-	-	7,000	-
Income tax benefit/(expense)		49	-	49	-	98
Surplus/(deficit) before tax		(743)	(465)	(278)	4,725	(5,221)

Explanation of Actual to Budget Variances for Quarter 2

Revenue

Revenue is \$159,000 greater than budgeted for quarter 2 due to the following:

- [5] Subsidiaries and grant revenue is \$429,000 greater than budget. The majority of this variance is caused by a \$341,000 increase in New Zealand Transport Authority grant revenue to fund increased bus operational costs. Bus operational costs have increased due to an increase in the contract inflation factor and an increase in services in the Queenstown network.
- [6] Other income is \$145,000 less than budget. The majority of this decrease has been caused by a reduction in consent revenue compared to budget. This has been caused by staff time being unchargeable due to the training for new staff and a delay in the submission of water take consents until after the water take consent maximum period was decided in the 22 January council meeting.
- [7] Dividends is \$440,000 greater than budget due to the managed funds dividends being separated from investment income and recorded as dividends in the current year.
- [8] Interest and investment income is \$629,000 lower than budget due to the dividends of \$440,000 earned on the JB Were managed fund investment portfolio being recorded in dividends income. The remaining decrease in the interest and investment income

balance has been caused by the term deposits being lower than budget which has resulted in less income being earned.

Expenditure

Expenditure is \$862,000 greater than budgeted for quarter 2 due to the following:

- [9] Employee benefits expense is \$299,000 less than budget due to a number of vacancies currently at Council. These vacancies have been filled by consultants and casual labour to allow council to meet service levels until these positions can be filled.
- [10] Other expenses is \$1,041,000 above budget. This has been caused by the following factors:
- Legal expense is \$500,000 over budget due to increased legal expenditure in policy and consents.
 - Travel expense is \$130,000 over budget due to increased travel costs of consultants from outside of the Otago region to support planning and hearings.
 - Casual labour is \$158,000 over budget due to temporary labour requirements caused by staff vacancies.
 - The remaining over budget expenditure has been caused by additional inflation cost of services used by Council above budgeted costs.
- [11] Other gains/(losses) is \$376,000 above 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 detailed analysis of the managed fund balance.

Balance Sheet

Quarter 2 as at 31 December 2019

	Paragraph reference for notes	Actual YTD 2019/2020 Quarter 2 Dec 2019	Actual PY 2018/2019 June 2019	Variance	Budget 2019/2020 June 2020
		\$000	\$000	\$000	\$000
Current Assets					
Cash and cash equivalents	[12]	18,324	15,432	2,892	432
Trade receivables	[13]	12,131	9,604	2,527	8,697
Inventories - property intended for sale		-	-	-	214
Other financial assets	[14]	23,399	22,502	897	34,811
Other current assets	[15]	889	442	447	231
Total Current Assets		54,743	47,980	6,763	44,385
Non-current Assets					
Property, plant and equipment		95,820	94,441	1,379	95,505
Investment property		13,562	13,562	-	11,816
Shares in subsidiary		534,235	534,235	-	502,508
Deferred Tax Asset		147	98	49	98
Intangible assets - computer software		4,254	3,884	370	4,252
Total Non-current Assets		648,018	646,220	1,798	614,179
TOTAL ASSETS		702,761	694,200	8,561	658,564
Current Liabilities					
Trade and other payables	[16]	(22,114)	(12,503)	(9,611)	(9,019)
Borrowings (current)		-	-	-	-
Employee entitlements current		(1,327)	(1,639)	312	(1,701)
Total Current Liabilities		(23,441)	(14,142)	(9,299)	(10,720)
NET ASSETS		679,320	680,058	(738)	647,844
Equity					
Reserves	[17]	(555,734)	(555,621)	(113)	(521,766)
Public equity	[18]	(123,586)	(124,437)	851	(126,078)
Total Equity & Reserves		(679,320)	(680,058)	738	(647,844)

Explanation of Actual to Budget Variances for Quarter 2

- [12] Cash and cash equivalents increased by \$2,892,000 from the 30 June 2019 position of \$15,432,000 due to the collection of rates for the 2019/2020 financial year which were due on 31 October 2019. Details of the cash levels at Council for the last 18-month period is detailed in the Treasury Report section [8].
- [13] Trade Receivables increased by \$2,527,000 from the 30 June 2019 position due to an accrual accounting entry for the earning of monthly revenue on the Port Otago dividend due for payment in February 2020. At 30 June 2019 all projected dividends had been received by Port Otago and the accrued dividend balance was nil.

- [14] Other financial assets has increased by \$897,000 from the 30 June 2019 position balance of \$22,502,000 due to movements in the JB Were management investment fund.
- [15] Other current assets has increased by \$447,000 from the 30 June 2019 position of \$442,000 due to an increase in prepayments. Annual insurance and other software license fees are treated as a prepayment until the service has been used. These costs are due for payment at the start of the financial period and released from prepayments on a monthly basis as the service is used by council.
- [16] Trade and other payables has increased by \$9,611,000 from the 30 June 2019 position due to the accounting treatment of rates revenue. Rates for the 2019/2020 year are due on the 31 October 2019 for the period 1 July 2019 to 30 June 2020. Rates payments are released to income on a monthly 1/12th basis during the year to evenly reflect monthly revenue as Council performed the service which the rates were collected for.
- [17] Reserves has moved by \$113,000 from the 30 June 2019 position.
- [18] Public Equity has decreased by \$851,000 from the 30 June 2019 position due to an operating deficit in the funding of Council activities.

ATTACHMENTS

Nil

10.3. Treasury Report - December 2019

Prepared for: Finance Committee
Report No. CS1923
Activity: Governance Report
Author: Sarah Munro, Finance Manager- Reporting and Expenditure
Endorsed by: Nick Donnelly, General Manager Corporate Services
Date: 14 February 2020

PURPOSE

This report provides information on the management and performance of the Council's short-term deposits and the managed fund, for the 6 months ended 31 December 2019.

RECOMMENDATION

That the Finance Committee:

- 1) **Receives** this report.

EXECUTIVE SUMMARY

- [1] The attached report outlines the performance and investment value of all financial investments held by Council.
- [2] Short term investments held by the 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] Long term investments held by Council are in a Managed Fund portfolio managed externally by JB Were.

ATTACHMENTS

1. Treasury Report Q 2 period ending 31 December 2019 [**10.3.1** - 3 pages]

Treasury Report

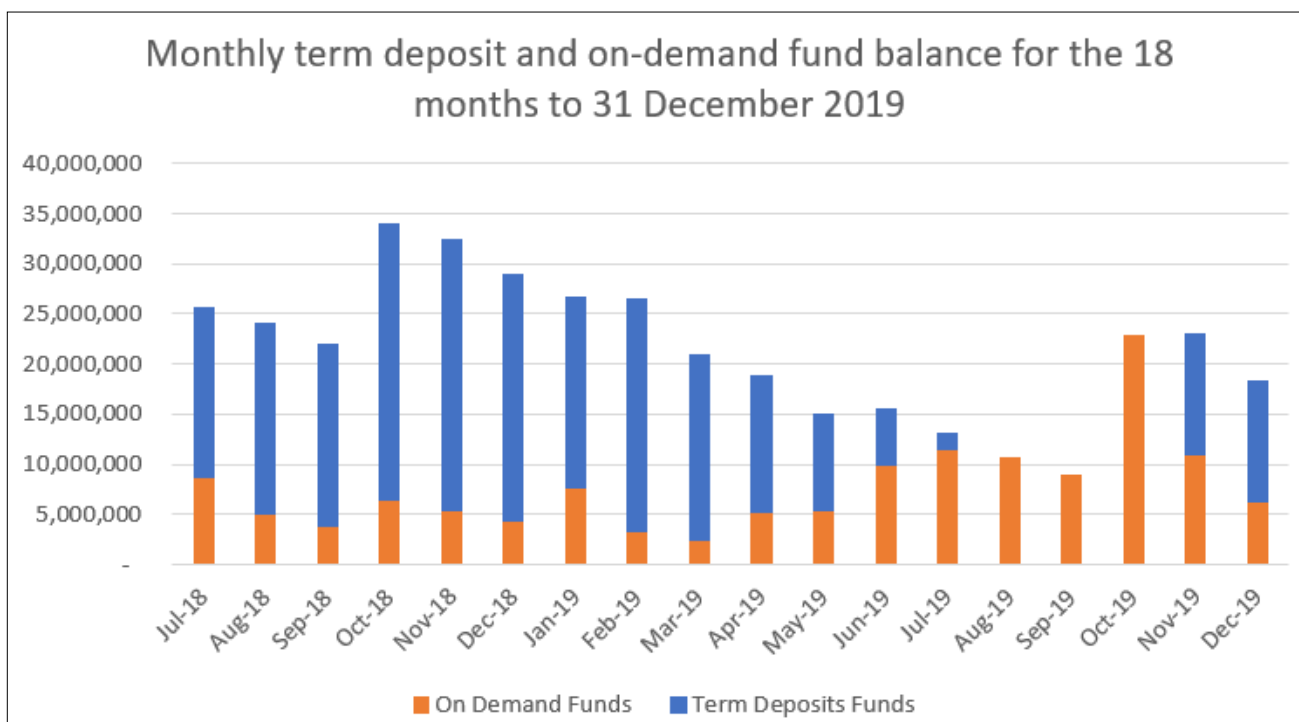
- [1] This section provides information on the management and performance of the Council’s short-term deposits and the managed fund held with JB Were for quarter two, 6 months ended 31 December 2019.

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 31 December 2019 was \$12,000,000.
- [7] A sufficient amount of funds needs to be held on-demand to meet the operational day-to-day requirements of the Council. The 2019/2020 rates bills were sent in August with a due date of 31 October. The receipt of rate funds in October has caused the large increase in on-demand funds which was invested into term deposits in November 2019.
- [8] The graph below shows the amount held at the end of each month during the 18 months to 31 December 2019, identifying the term deposit amount and the amount held on-demand with the BNZ.



Managed Fund Portfolio

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

Portfolio Performance – 6 months to 31 December 2019

[10] The following table shows the income received on the portfolio for the 6 month period ended 31 December 2019.

[11] The market value increase was \$519,236 (budget \$172,000) for the 6 month period to 31 December 2019.

Managed fund income	YTD Quarter 1 2020 3 month period	YTD Quarter 2 2020 6 month period
Interest on management fund	\$9,463	\$10,479
Dividends	\$102,841	\$209,252
Other Income	\$83,298	\$220,485
Market Value movement	\$539,639	\$519,236
Total increase in managed fund	\$735,241	\$959,452

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 31 December 2019 and the percentage of each asset class held.

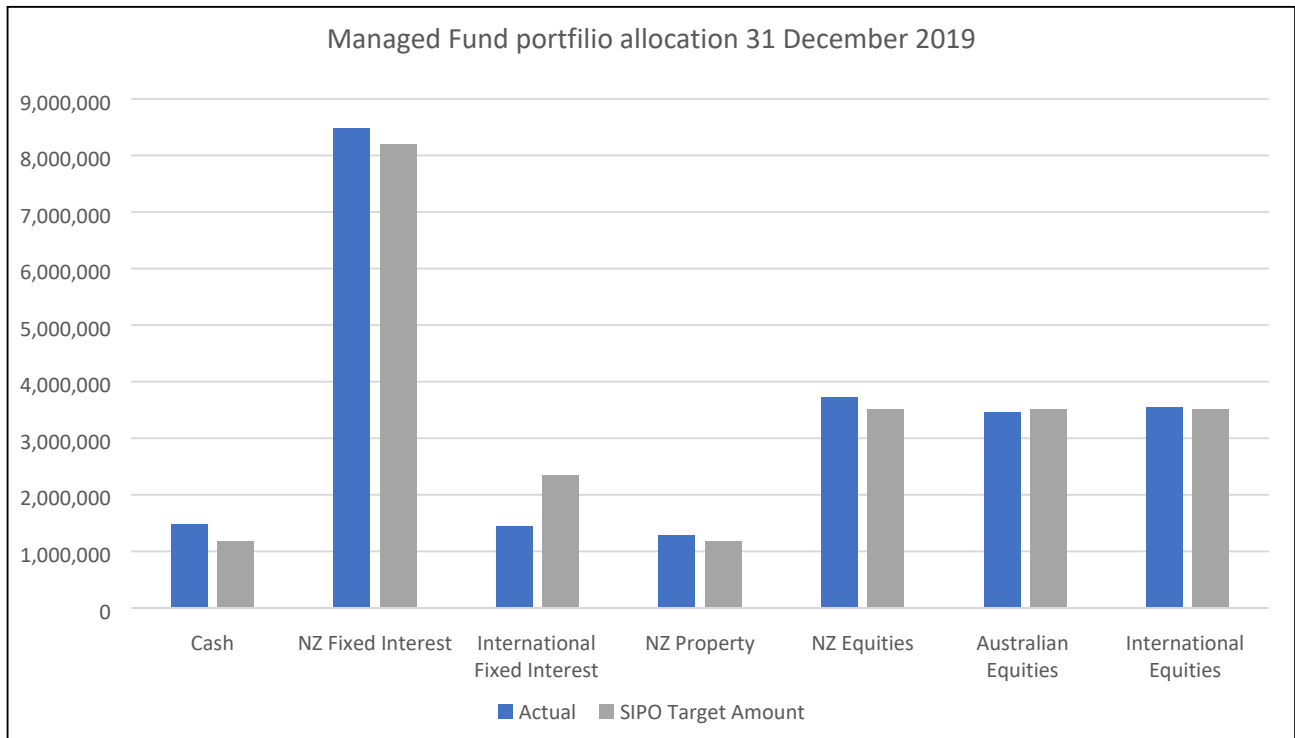
[13] The table also compares the percentage of each asset class held with the asset allocation percentage specified in the Statement of Investment Policies and Objectives (SIPO), the SIPO target, as well as an acceptable range for each asset class.

Asset Class position as at 31 December 2019

Asset Class	Actual amount allocated	%	SIPO amount expected	SIPO target	SIPO acceptable range		SIPO met
Cash	1,481,121	6%	1,169,910	5%	0%	25%	Yes
NZ Fixed Interest	8,473,537	36%	8,189,369	35%	25%	45%	Yes
International Fixed Interest	1,434,091	6%	2,339,820	10%	5%	15%	Yes
Defensive Total	11,388,748	49%	11,699,099	50%	40%	60%	Yes
NZ Property	1,275,949	5%	1,169,910	5%	2%	8%	Yes
NZ Equities	3,727,156	16%	3,509,730	15%	10%	20%	Yes
Australian Equities	3,460,621	15%	3,509,730	15%	10%	20%	Yes
International Equities	3,545,723	15%	3,509,730	15%	10%	20%	Yes
Growth Total	12,009,450	51%	11,699,100	50%	40%	60%	Yes
Total	23,398,198						

There is no breach of the SIPO as at 31 December 2019.

[14] The following graph graphically represents the actual asset allocation within the managed fund compared with the target SIPO allocation at 31 December 2019.



11.4. Rates Strike, Collection 31 October, Penalties

Prepared for:	Finance Committee
Report No.	CS1925
Activity:	Governance Report
Author:	Sarah Harrisson – Finance Manager Revenue
Endorsed by:	Nick Donnelly, General Manager Corporate Services
Date:	14 February 2020

PURPOSE

This report provides the Finance Committee with an update on rates struck for the 2019/20 financial year.

RECOMMENDATION

That the Finance Committee:

- a) **Receives** this report.

RATES COLLECTION

- [1] For the 2019/20 rating period Council struck \$30,488,645 (18/19 \$26,786,278) of rates (GST inclusive) which were due on 31 October 2019.
- [2] At their due date 82% (18/19 84%) of the rates struck had been collected. Of the \$5.8m outstanding, \$1,237,559 was scheduled to be paid by triannual direct debit.

Penalties

- [3] All balances that were outstanding at 1 November 2019 were charged a 10% penalty. There were 19,505 penalty notices sent in the current year compared to 17,003 in 2018.

Date	Total Penalty Amount	Percentage of Total Rates
Nov-19	\$452,085	1.48%
Nov-18	\$339,168	1.27%
Nov-17	\$296,727	1.23%
Nov-16	\$211,218	1.15%
Nov-15	\$191,263	1.15%
Nov-14	\$216,276	1.39%

- [4] Penalties charged have remained largely in line with the previous year as a percentage of rates charged. Following the November Penalty Strike a further c. \$2.5m has been collected as at 31 January 2020.
- [5] Council has continued with our debt collection procedure activities including:
- Sending May Statements which reminds the ratepayer of overdue rates and offers them the ability to establish a payment plan if required.
 - Management of Arrangement to Pay plans

- Debt collection procedures if the reminder letter is unsuccessful.
- Mortgage demand on arrears rates balances (at least 12 months old) scheduled to be carried out in March/April 2020.

[6] Trends in the debt collection procedures show that the majority of people who have rates overdue by more than 3 months will only make payment once debt collection procedures with a third-party collection agency or mortgage demand have been initiated.

Direct Debits and Online Payments

[7] In late 2015 we implemented a paperless direct debit website which allowed ratepayers to set up a direct debit without needing to complete and sign a manual form. This has been continually advertised in our rates notices, penalty notices, website and other digital media communication.

[8] We have continued to see an increase in direct debits with 21,207 direct debits now in place. This is 18% of ORC ratepayers compared to 18,121 (15.6%) in the prior year.

[9] Communication from ratepayers about direct debits continues to be positive, however due to rates only being due once a year some ratepayers do prefer not to have a direct debit in place as they struggle to remember when the direct debit will be actioned.

[10] Online payment methods continue to increase with fewer customers using cheques or the pay in person payment options. Online payment methods account for 91% of payments received by council. Council is also encouraging more ratepayers to receive their rates notices via email to further aid timely payment.

ATTACHMENTS

Nil

10.5. Port Otago Constitution

Prepared for:	Finance Committee
Report No.	CS1929
Activity:	Governance Report
Author:	Nick Donnelly, General Manager Corporate Services
Endorsed by:	Sarah Gardner, Chief Executive
Date:	17 February 2020

PURPOSE

To provide the Finance Committee with an opportunity to review Port Otago Limited's Constitution and propose a course of action to undertake a review of that document.

RECOMMENDATION

That the Finance Committee:

- a) **Receives** this report.
- b) **Approves** that the Chief Executive contacts the Board of Directors of Port Otago and request the company undertake a review of the companies Constitution for the approval by Council.
- c) **Notes** any specific items they wish the Board of Port Otago to consider in that review.

CONSTITUTION

- [1] At its 11 December 2019 meeting, Council resolved:
"That the Finance Committee review the Port Otago constitution and rules to ensure the director appointments procedure reflects best practice and report back to Council on options"
 - [2] The current Constitution dated May 1997 (and alteration in September 1997) is attached for the information and review of Councilors'.
 - [3] The constitution of a company is required to be registered on the Companies Register of the New Zealand Companies Office. The directors of a company are responsible for keeping information about the company up to date on the Companies Register including filing annual returns, director and shareholder details and updates to documents such as the constitution if the company has one.
 - [4] Sections 32 and 33 of the Companies Act 1993 prescribe how adoption, alteration, revocation and a new form of constitution should occur. These sections place responsibility for compliance with the board of a company. Failure to comply may result in every director of the company being liable for a fine of up to \$10,000.
 - [5] The constitution of a company states the rules of the company rather than relying on the default provisions of the Companies Act.
-

- [6] A constitution may include shareholder provisions, but it is primarily a document for the running of the company and should be maintained by the Board of Directors on behalf of the company. Many companies also maintain separate shareholder agreements outside of their constitution.
- [7] Approval of the Constitution sits with the Council as the sole shareholder. Any proposed amendments to the Constitution must be approved by special resolution which requires 75% shareholder approval.
- [8] It is recommended that Councillors outline any specific items from the Constitution they wish to be addressed in a review and that information is then forwarded to the Board of Directors of Port Otago requesting them to undertake a review of the Constitution and report back to Council for their consideration and approval.

PORT OTAGO LIAISON GROUP

- [9] At the same meeting in December the minutes record that:
“Cr Hobbs also suggested that Mr Donnelly provide an update to the Finance Committee about the role of the Port Liaison Group and the regular reporting schedule for Port Otago to the Committee.”
- [10] In previous trienniums Council has appointed a Port Otago Liaison Group.
- [11] Its purpose was to liaise with Port Otago Chair and Chief Executive and report to Council.
- [12] It met as and when required.
- [13] Membership was Council’s Chairperson, Deputy Chairperson, Chair of the Finance and Corporate Committee, one other appointed Councillor and Council’s Chief Executive.
- [14] This group oversaw the Director appointment process on behalf of Council. They conducted any recruitment and selection process from which a Director appointment recommendation was put forward for Council approval.

REPORTING SCHEDULE FOR PORT OTAGO

- [15] Port Otago reports three times per year to either the Finance Committee or Council depending on the timing of the meetings and the item to be presented.
- [16] Those reports and usual meeting dates are:
- Interim Report – February
 - Draft Statement of Corporate Intent – Late July / Early August
 - Annual Report – Late August / Early September
- [17] The Chair of the Board of Directors, Chief Executive and Chief Financial Officer attend and present on the above topics.

CONSIDERATIONS

Policy Considerations

[18] There are no policy considerations.

Financial Considerations

[19] There are no financial considerations with the recommended course of action.

Significance and Engagement

[20] There are no significance and engagement considerations.

Legislative Considerations

[21] There are no legislative considerations.

Risk Considerations

[22] There are no risk considerations.

ATTACHMENTS

1. Port Otago Limited Constitution May 1997 [**10.5.1** - 13 pages]
2. Port Otago Limited Constitution Alteration September 1997 [**10.5.2** - 2 pages]



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CONSTITUTION OF PORT OTAGO LI

1 CONSTITUTION AND THE COMPANIES ACT

1.1 Registration

The company is registered under the Companies Act 1993 and is regulated by the Act and this constitution.

1.2 Definitions

The defined words and expressions in clause 17 shall, where used in this constitution, have the meaning given to them in clause 17.

2 ISSUE OF SHARES

2.1 Board may issue shares

The board may, with the prior written consent of the Otago Regional Council (if and for so long as it shall own fifty per centum or more of the equity securities issued by the company), issue shares with preferred, deferred or other special rights or restrictions, whether in regard to distributions, voting, return of capital or otherwise.

2.2 Offer to Shareholders

New shares must be offered to all shareholders in proportion to the number of existing shares held by them. The offer must be made by written notice to each shareholder stating:

- (a) ~~the number of shares to which that shareholder is entitled;~~
- (b) the consideration for which the shares will be issued and the terms on which they will be issued;
- (c) the time (not being less than 14 days nor more than 28 days) within which the offer, if not accepted, will be deemed to be declined;
- (d) that any shareholder who wishes to acquire shares in excess of that shareholder's entitlement must, when accepting the offer, state the number of excess shares which that shareholder wishes to acquire;
- (e) that any unclaimed shares will be used for satisfying the requests for excess shares; and
- (f) that if, thereafter, any shares remain unallocated, the board may offer them to any person whom the board is prepared to register as a shareholder provided that the consideration and terms of issue are no more advantageous to that person than those offered to the shareholders.

3 PURCHASE BY COMPANY OF ITS SHARES

3.1 Purchase of shares

The company may, with the prior written consent of the Otago Regional Council (if and for so long as it shall own fifty per centum or more of the equity securities issued by the company), purchase or otherwise acquire shares issued by the company.

- 3.2 Offer to purchase shares**
The company may make an offer to all shareholders or to one or more shareholders to purchase or otherwise acquire shares issued by the company.

4 TRANSFER OF SHARES

- 4.1 Right to refuse registration of transfer**
The board may refuse or delay the registration of a duly completed transfer of any share if the board (subject only to its duty to act in good faith) considers that:

- (a) to effect the transfer would result in a breach of the law or this constitution; or
- (b) the shareholder has failed to pay to the company any amount due in respect of that share; or
- (c) the transferee is a person without legal capacity to contract; or
- (d) the transfer has not been properly executed; or
- (e) where a share certificate has been issued, the transfer is not accompanied by the relevant share certificate, or by evidence as to its loss or destruction and, if required, an indemnity in a form required by the board; or
- (f) it is not in the best interests of the company to register the transfer

5 TRUSTS NOT RECOGNISED

Except as required by law, no person will be recognised by the company as holding any share upon trust and the company shall not be bound by or be compelled in any way to recognise (even when having notice of it) any equitable, contingent, future or partial interest in any share or any interest in a fractional part except the absolute legal right to the entirety of the share vested in the registered shareholder.

6 CALLS ON SHARES

6.1 Board may make calls

- 6.1.1 The board may make calls for the payment of any amounts unpaid on shares which are not payable at a fixed time or times by the terms of issue of those shares. Each shareholder shall, subject to receiving at least 14 days' written notice specifying the time or times and place of payment, pay to the company at the time or times and place so specified the amount called. A call may be revoked or postponed as the board may determine.
- 6.1.2 Failure to give notice to a shareholder will not invalidate a call but the call will not be payable by a shareholder until a notice has been served on that shareholder.
- 6.1.3 The board may, in making any call, differentiate between the shareholders as to the amount to be paid and the time of payment.

- 6.2 Timing of calls**
A call may be made payable at the times and in the amounts which the directors decide.
- 6.3 Liability of joint holders**
Joint shareholders of a share are jointly and severally liable to pay all calls in respect of the share.
- 6.4 Interest and expenses**
If a sum called in respect of a share is not paid before or on the time payment is due, the person from whom the sum is due shall pay:
- (a) interest on that sum from the day payment was due to the day of actual payment, at the rate which the board determines either at or after the time of the call; and
 - (b) all expenses which the company may incur by reason of non-payment of the sum called in respect of a share.
- The board may waive payment of all or part of that interest or expense.
- 6.5 Instalments**
Any sum which by the terms of issue of a share becomes payable on issue or at any fixed time shall, for all purposes, be deemed to be a call duly made and payable at the time at which by the terms of issue the same becomes payable. In case of non-payment all the relevant provisions of this constitution relating to payment of interest and expenses, or otherwise shall apply as if the sum had become payable by virtue of a call duly made and notified and the terms of issue shall be deemed to be written notice specifying the time and place of payment.
- 7 SUSPENSION OF RIGHT TO DIVIDENDS AND LIEN**
- 7.1 Notice of suspension of right to dividends**
If a shareholder fails to pay any call on the day appointed for payment, the board may, at any time after that date, while any part of the call remains unpaid, suspend payment of any distributions payable to the shareholder until so much of the call as is unpaid together with any interest which may have accrued and all expenses that may have been incurred by the company by reason of the non-payment have been paid to the company in full.
- 7.2 Application of suspended dividends**
- 7.2.1 All distributions which would have been payable in respect of shares which are subject to a suspension of the right to distributions must be withheld and applied by the company to reduce the amount owing under the call, including amounts owing under clause 7.3.
- 7.2.2 The amount owing under the call may include any interest which may have accrued and all expenses which may have been incurred by the company by reason of non-payment by the shareholder under the call.
- 7.3 Lifting of suspension of right to dividends**
When the total distributions withheld and applied under clause 7.2.1 equal the total amount owing under the call, including amounts owing under clause 7.2.2, the suspension of the right to distributions will be lifted, and all rights to be paid distributions on the shares will resume.

7.4**Lien**

The company has a first and paramount lien upon every share registered in the name of a shareholder (whether solely or jointly with others) and upon the proceeds of sale of those shares, and upon any distributions from time to time payable in respect of the shares, for all money (whether presently payable or not) payable in respect of shares held by the shareholder and for all other money presently payable by the shareholder to the company on any account whatever and also for such amounts (if any) as the company may be called upon to pay under any statute or regulation in respect of shares of a deceased or other shareholder (whether the period for the payment, fulfilment or discharge respectively has actually arrived or not).

7.5**Sale on exercise of lien**

7.5.1

If any sum remains unpaid in respect of which a lien on a share held by the shareholder presently exists, the board may at any time thereafter serve notice ("sale notice") on the shareholder requiring payment of that sum.

7.5.2

The sale notice shall name a day (not earlier than the expiration of 14 days from the date of service of the sale notice) on or before which the payment required by the sale notice is to be made, and shall state that, in the event of non-payment on or before the time appointed, the shares in respect of which the sale notice was given will be liable to be sold by the company including a sale to itself.

7.5.3

If the requirements of any sale notice are not complied with, any share in respect of which the sale notice was given may be sold on whatever terms and in whatever manner the board decides. At any time before sale the sale may be cancelled on whatever terms the board decides. If any share is sold the residue, if any, of the proceeds of the sale after payment of all costs and expenses of the sale and all moneys owing in respect of the share sold and interest thereon and costs and expenses of any prior attempted sale in respect of that share shall be paid to the shareholder whose share has been sold or to the shareholder's executors, administrators or assigns.

7.5.4

A shareholder whose share has been sold pursuant to clause 7.5.3 shall cease to be a shareholder in respect of that share, but shall, nevertheless, remain liable to pay to the company all money which, at the time of sale, was payable by the shareholder to the company in respect of that share, but that liability shall cease if and when the company receives payment in full of all the money in respect of that share.

7.5.5

A statutory declaration in writing made by a director declaring that a share has been duly disposed of on a date stated in the declaration shall be conclusive evidence of the facts stated in the declaration as against all persons claiming to be entitled to that share.

7.5.6

The company may receive the consideration, if any, given for a share on any sale of the share and may authorise any person to execute a transfer of the share in favour of the person to whom the share is sold, and that person shall be registered as a shareholder of the share and shall not be bound to see to the application of the purchase money, if any, nor shall that person's title to the share be affected by any irregularity or invalidity in the proceedings in reference to the sale of the share.

8 MEETINGS OF SHAREHOLDERS**8.1 Annual meeting**

8.1.1 The board must, in accordance with Section 120 of the Act (annual meeting of shareholders), call an annual meeting of shareholders to be held:

- (a) once in each calendar year;
- (b) not later than six months after the balance date of the company; and
- (c) not later than fifteen months after the previous annual meeting.

8.1.2 The company must hold the annual meeting on the date on which it is called to be held.

8.2 Special meetings

A special meeting of shareholders entitled to vote on an issue:

- (a) may be called at any time by the board; and
- (b) must be called by the board on the written request of shareholders holding shares carrying together not less than 5 percent of the voting rights entitled to be exercised on the issue.

8.3 Resolution in lieu of meeting

~~8.3.1 Subject to clause 8.3.2 a resolution in writing signed by not less than 75 percent of the shareholders who would be entitled to vote on that resolution at a meeting of shareholders who together hold not less than 75 percent of the votes entitled to be cast on that resolution, is as valid as if it had been passed at a meeting of those shareholders.~~

8.3.2 Within 5 working days of a resolution being passed under this clause the company must send a copy of the resolution to every shareholder who did not sign the resolution or on whose behalf the resolution was not signed.

8.4 Proceedings at meetings of shareholders

8.4.1 The provisions of the First Schedule to the Act shall apply to meetings of shareholders, including the right of shareholders to cast a postal vote.

9 POWERS OF THE BOARD**9.1 Management by board**

- (a) The business and affairs of the company shall be managed by, or under the direction or supervision of, the board.
- (b) The board has all the powers necessary for managing and for directing and supervising the management of the business and affairs of the company.
- (c) The board may delegate its powers in accordance with the Act.

10 APPOINTMENT AND REMOVAL OF DIRECTORS

10.1 Number of directors

- (a) At least three directors shall be ordinarily resident in New Zealand. The number of directors shall not be more than eight nor less than six.
- (b) The directors may act notwithstanding any vacancy in their body, but if and for so long as the number of directors is reduced below five, the continuing directors may act for the purpose of summoning a meeting of shareholders, but for no other purpose.
- (c) Not more than two members or employees of shareholding local authorities may hold office as directors of the company at the same time.

10.2 Election of directors

- (a) Directors may be appointed by ordinary resolution.
- (b) No person (other than a director retiring at the meeting) shall be elected as a director at a meeting of shareholders unless not later than ten days before the date appointed for the meeting there has been left at the registered office of the company a notice in writing, signed by a member qualified to attend and nominating a person for election.
- (c) Notice of every valid nomination received by the company before the closing date for nominations shall be given by the company to all persons entitled to attend the meeting together with, or as part of, the notice of the meeting.
- (d) No resolution to appoint or elect a director shall be put to holders of shares unless:
 - (i) the resolution is for the appointment of one director; or
 - (ii) the resolution is a single resolution for the appointment of two or more directors, and a separate resolution that it be so voted on has first been passed without a vote being cast against it.
- (e) Nothing in subclause (d) prevents the election of two or more directors by ballot or poll.
- (f) The notice of nomination must be accompanied by the consent in writing of the person nominated to his or her nomination.

10.3 Directors on adoption of constitution

The following persons, being the directors in office at the date of adoption of this constitution, will continue in office and shall be deemed to have been duly appointed, namely:

Sir Clifford George Skeggs (Chairman)
 John William Gilks (Deputy Chairman)
 David Ross Black
 George Latham Berry
 Ian James Farquhar
 James Douglas Miller

10.4**Rotation**

- (a) Subject to subclause (b) at least one third of the directors or, if their number is not a multiple of three, then the number nearest to one third, shall retire from office at each annual meeting, but shall be eligible for re-election at that meeting. Those to retire shall be those who have been longest in office since their last election (whether pursuant to this constitution or the previous articles of association of the company). As between persons who became directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot.
- (b) The following directors shall be exempt from the obligation to retire pursuant to subclause 10.4(a):
- (i) one executive director; and
 - (ii) any director who is obliged to retire under clause 10.6.
- (c) The executive director referred to in clause 10.4(b)(i) shall be included in the number of directors upon which the calculation in clause 10.4(a) is based. The directors referred to in clause 10.4(b)(ii) shall be excluded from that number

10.5**Removal of directors**

- (a) A director may be removed from office by ordinary resolution.
- (b) The office of director is vacated if the person holding that office:
- (i) resigns, or
 - (ii) is removed from office in accordance with the Act or subclause (a), or
 - (iii) becomes disqualified from being a director pursuant to the Act, or
 - (iv) dies, or
 - (v) is absent from meetings of the board for more than three months without the board's permission, and the board resolves that the office be vacated, or
 - (vi) retires in accordance with clauses 10.4 or 10.6.

10.6**Retirement of directors**

- (a) Each director who has attained the age of 70 or more at the time of the annual meeting in any year shall retire at such annual meeting.
- (b) No person shall be eligible for appointment or re-election as a director who is 70 years of age or older.

11 MANAGING DIRECTOR

11.1 Appointment of managing director

- (a) The board may, with the prior written consent of the Otago Regional Council (if and for so long as it shall own fifty per centum or more of the equity securities issued by the company) appoint one or more directors to the office of managing director for such period not exceeding five years and on such remuneration and terms as the board determines.
- (b) The board may entrust to and confer upon a managing director any of the powers exercisable by it upon such terms and conditions and with such restrictions as it may determine, either collaterally with or to the exclusion of its own powers, and may from time to time revoke, withdraw, alter or vary all or any of those powers.

11.2 Termination of appointment

- (a) A managing director's appointment shall terminate if he or she ceases to be a director.
- (b) A managing director's appointment may at any time be revoked by the board.
- (c) Every managing director shall not, while he or she continues to hold that office, be liable to retire by rotation, but he or she shall be taken into account in determining the number of directors to retire, and, subject to any agreement entered into as aforesaid, he or she shall be subject to the same provisions as regards resignation, removal, and disqualification as the other director of the company, and if he or she ceases to hold the office of director from any cause, he or she shall automatically cease to be a managing director.

11.3 No claim to office by managing director

A managing director who is removed from that office shall have no right or claim to continue in office and the only remedy against the company, if any, shall be damages.

12 Proceedings of the board

12.1 Proceedings governed by third schedule

The provisions of the Third Schedule to the Act shall apply to proceedings of the Board.

13 Remuneration of directors

13.1 Fixing remuneration

- (a) No remuneration shall be paid to a director in his or her capacity as a director unless that remuneration has been authorised by an ordinary resolution.
- (b) Each such resolution shall express directors' remuneration as either:
- (i) a monetary sum per annum payable to all directors taken together (which shall be distributed as the board determines); or

- (ii) a monetary sum per annum payable to any person who from time to time holds office as a director.
- (c) If remuneration is expressed in accordance with paragraph (i) of subclause (b), then in the event of any increase in the total number of directors holding office, the board may, without the authorisation of an ordinary resolution, increase the total remuneration by such amount as is necessary to enable the company to pay to the additional director or directors remuneration not exceeding the average amount then being paid to each of the other non-executive directors (other than the chairperson).
- (d) No resolution which increases the amount fixed pursuant to a previous resolution shall be passed at a meeting of shareholders unless notice of the amount of increase has been given in the notice of meeting.
- (e) Nothing in this clause 13.1 shall affect the remuneration of executive directors in their capacity as executives.

13.2 Expenses and special remuneration

Notwithstanding clause 13.1:

- (a) The directors shall be entitled to be paid reasonable travelling accommodation and other expenses incurred in relation to the management of the company.
- (b) ~~The board may award special remuneration to any director in undertaking any work additional to that expected of the other directors.~~

14 INDEMNITY AND INSURANCE

14.1 Indemnity of directors and employees

14.1.1 The board may cause the company to indemnify a director and former director and former employee or employee of the company or a related company for costs incurred by him or her in any proceeding:

- (a) that relates to liability for any act or omission in his or her capacity as a director or employee; and
- (b) in which judgment is given in his or her favour or in which he or she is acquitted, or which is discontinued.

14.1.2 The board may cause the company to indemnify a director or an employee or former director or former employee of the company or a related company in respect of:

- (a) liability to any person other than the company or a related company for any act or omission in his or her capacity as a director or employee; or
- (b) costs incurred by the director or employee in defending or settling any claim or proceeding relating to any liability under paragraph 14.1.1(a) above,

provided that the liability is not criminal or (in the case of a director) in respect of a breach of the duty specified in Section 131 of the Act (duty

to act in good faith and in the best interests of the company) or (in the case of an employee) in respect of a breach of any fiduciary duty owed to the company or a related company.

- 14.1.3 The board must ensure that particulars of any indemnity given to, or insurance effected for any director or employee of the company or related company or any such former director or employee are forthwith entered in the interests register.

14.2 Insurance of directors and employees

- 14.2.1 The board may, subject to Section 162 of the Act, cause the company to effect insurance for directors and former directors and for employees and former employees of the company or a related company in respect of:

- (a) liability not being criminal liability, for any act or omission in his or her capacity as a director or employee; or
- (b) costs incurred by that director or employee or former director or employee in defending or settling any claim or proceeding relating to any such liability; or
- (c) costs incurred by a director or employee or former director or employee in defending any criminal proceedings in which he or she is acquitted.

- 14.2.2 The directors who vote in favour of authorising the effecting of insurance under clause 14.2.1 must sign a certificate stating that, in their opinion, the cost of effecting the insurance is fair to the company.

15 DIVIDENDS

15.1 Dividends proportionate to paid up capital

Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends on shares not fully paid up shall be authorised and paid in proportion to the amount paid to the company in satisfaction of the liability of the shareholder to the company in respect of the shares under the constitution or pursuant to the terms of issue of the shares. No amount paid or credited as paid on a share, in advance of calls, is to be treated for the purpose of this clause 15.1 as paid on the share. All dividends are to be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it is to rank for dividend as from a particular date, that share will rank for dividend accordingly.

15.2 Deductions from dividends

The board may deduct from any dividend payable to any shareholder all sums of money, if any, presently payable by that member to the company on account of calls, instalments, premiums or otherwise.

16 NOTICES

16.1 Service

A notice may be served by the company upon any director or shareholder either personally or by posting it by fast post in a pre-paid envelope or package addressed to such director or shareholder at such person's last known address or by delivery to a document exchange or

by facsimile to the facsimile telephone number of such director or shareholder.

16.2 Time of service by facsimile

A notice served by facsimile shall be deemed to have been served on the day following completion of transmission of the notice.

16.3 Time of service by post

A notice sent by post or delivered to a document exchange shall be deemed to have been served:

- (a) in the case of a person whose last known address is in New Zealand, at the expiration of 48 hours after the envelope or package containing the same was duly posted or delivered in New Zealand; and
- (b) in the case of a person whose last known address is outside New Zealand, at the expiration of four days after the envelope or package containing the same was duly posted by fast post in New Zealand.

16.4 Proof of service

In proving service by post or delivery to a document exchange it shall be sufficient to prove that the envelope or package containing the notice was properly addressed and posted or delivered with all attached postal or delivery charges paid. In proving service by facsimile, it shall be sufficient to prove that the document was properly addressed and sent by facsimile.

16.5 Service on joint holders

A notice may be given by the company to the joint holders of a share by giving the notice to the joint holder first named in the register in respect of the share.

17 DEFINITIONS

17.1 In this constitution the following words and expressions have the meanings given to them in this clause:

"Act" means the Companies Act 1993.

"annual meeting" means a meeting of shareholders held pursuant to clause 8.1.1.

"board" means the directors numbering not less than the required quorum acting as the board of directors of the company and where one director is a quorum it means that director so acting alone.

"call" means a resolution of the board pursuant to clause 6.1.1 requiring shareholders to pay all or part of the unpaid amount of the issue price of any shares and where the context requires means the obligation of a shareholder to meet the amount due pursuant to such a resolution.

"company" means Port Otago Limited.

"constitution" means this constitution of the company and all amendments to it from time to time.

"director" means a person appointed and continuing in office for the time being, in accordance with this constitution, as a director of the company.

"distribution" means:

- (a) the direct or indirect transfer of money or property, other than shares, by the company to or for the benefit of a shareholder; and
- (b) the incurring of a debt by the company to or for the benefit of a shareholder,

in relation to shares held by that shareholder, and whether by means of a purchase of property, the redemption or other acquisition of shares, a distribution of indebtedness, or by some other means.

"dividend" means a distribution by the company other than a distribution to which Section 59 (acquisition of company's own shares) or Section 76 (financial assistance in acquisition of company's shares) of the Act applies.

"managing director" means an employee of the company with the responsibility for the management of the company (together with any other employee) who is appointed by the board pursuant to clause 11.

"ordinary resolution" means a resolution of shareholders approved by a simple majority of the votes of those shareholders entitled to vote and voting on the question.

"share" means a share issued by the company.

"shareholder" means a person:

- (a) registered in the share register as the owner of one or more shares;
- (b) until such time as his, her or its name is entered in the share register, a person named as a shareholder in the application for registration of the constitution of the company at the time of the incorporation of the company; and
- (c) until the person's name is entered in the share register, a person who is entitled to have that person's name entered in the register under a registered amalgamation proposal as a shareholder in an amalgamated company.

"special meeting" means any meeting (other than an annual meeting) of shareholders entitled to vote on an issue, called at any time by the board or by any other person who by this constitution is entitled to call meetings of shareholders.

"special resolution" means a resolution of shareholders approved by a majority of 75 percent of the votes of those shareholders entitled to vote and voting on the question.

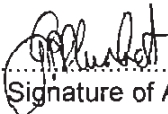
17.2 Words importing the singular number only include the plural number and vice versa.

17.3 A reference to a person includes any firm, company or other body corporate.

- 17.4 Subject to the above, expressions contained in this constitution bear the same meaning as in the Act, at the date on which this constitution becomes binding on the company.
- 17.5 A reference to a clause means a clause of this constitution.
- 17.6 The clause headings and footnotes are included for the purposes of convenience and do not affect the construction of this constitution.

This document comprising pages numbered from 1 to 13 is certified as the constitution of Port Otago Limited by the Applicant, Geoffrey Philip Plunket

DATED this 23 day of May 1997.


.....
Signature of Applicant

The Companies Act 1993
Notice of

**ADOPTION, ALTERATION,
OR REVOCATION
OF CONSTITUTION**
(Section 32(3))

Document Number

41

(for office use only)

Form 6

Please note that the information in this form must be e
typewritten or printed. It must not be handwritten.



10016651970

Company Name

PORT OTAGO LIMITED

Company Number

DN396195

The abovenamed company has -
(Place a tick ✓ in the appropriate box)

adopted a constitution

altered its constitution

revoked its constitution

The Company ~~adopted a constitution~~ * / altered its constitution * / ~~revoked its constitution~~ * on

17 | 09 | 97
Day Month Year

MINISTRY OF COMMERCE
NOT NEGOTIABLE
06 OCT 1997

A copy of the ~~constitution as adopted~~ * / alteration to the constitution * is attached to this notice

01806 - DUNEDIN

* Delete if not applicable

Signature of ~~Director~~ / Authorised Person

G.P. Plummer

Date

30 September 1997

Name of ~~Director~~ / Authorised Person

G.P. PLUMMER, PORT OTAGO LTD

Presented by

Cook Allan Gibson

Account No.

94001782

Postal Address

PO Box 143
DUNEDIN

Telephone

(03) 477 7312

Facsimile

(03) 477 9276

PORT OTAGO LIMITED

Resolved this 17th day of September 1997 that the Constitution of the company be and the same hereby is amended by the inclusion of the following clause.


9.2 An obligation which if entered into by a natural person would by law be required to be by deed may be entered into on behalf of the company in writing signed under the name of the company by:

- (i) Two or more directors of the company, or
- (ii) One director and a person from time to time authorised by the board whose signatures must be witnessed.

.....

Certified a true and correct record of a resolution passed by the Otago Regional Council (the 100% shareholder of Port Otago Limited) on Wednesday 17 September 1997.

P:\PCLG\COMPANY\PORT OTAGO.DOC


(R.W. Scott)
Director Corporate Services

MINISTRY OF COMMERCE
NOT NEGOTIABLE
5 OCT 1997
01806 - DUNEDIN

12.1. Notice of Motion - Information Sheets on Council Activities

Prepared for: Finance Committee

Date: 26 February 2020

EXECUTIVE SUMMARY

In accordance with Standing Order 26.1, the following Notice of Motion has been received from Councillor Hilary Calvert for inclusion on the agenda for the Finance Committee meeting being held Wednesday, 26 February 2020:

RECOMMENDATION

That the Committee:

- 1) **Requests** the Finance Department to produce a series of one-page information sheets on the workings of the Council, beginning with:
 - a. Port Otago
 - b. Bus services in Dunedin
 - c. The Leith Flood Protection Scheme
 - d. The Building Reserve
- 2) **Requests** the information sheets be provided to the Communications Working Party for input and be presented to the Finance Committee at its 27 May 2020 meeting for consideration.
- 3) **Requests** the papers be produced at the rate of 4 per quarterly Finance Committee meeting, with subjects to be decided each quarter.

ATTACHMENTS

1. Notice of Motion – Cr Calvert 2020.02.18

From: "Cr Hilary Calvert (ORC)" <Hilary.Calvert@orc.govt.nz>
Date: 18 February 2020 at 11:39:35 AM NZDT
To: Sarah Gardner <Sarah.Gardner@orc.govt.nz>, Nick Donnelly <Nick.Donnelly@orc.govt.nz>, Councillors <Councillors@orc.govt.nz>
Subject: Otago Regional Council information Proposal.

Otago Regional Council information Proposal for Finance Meeting 26th February 2020

We have agreed that it is a fundamental role of the Otago Regional Council to be transparent in our use of ratepayer resources and in carrying out our responsibilities and functions.

To that end I am proposing a series of papers giving details of how we spend money and what we are aiming to achieve by doing so covering our core services and funds.

The proposal is for the Otago Regional Council to produce these papers about our activities including how we use targeted rates and how we carry out activities such as public transport initiatives.

The first papers could be covering the following:

Port Otago.

Bus services in Dunedin.

The Leith Flood Protection Scheme.

The Building Reserve.

I anticipate these would be a size such as would be printed on an A4 page.

The resolution I propose is:

: That the Finance Department produce a series of one page information sheets on the workings of the Council, beginning with Port Otago, the bus services in Dunedin, the Leith Flood Protection Scheme and the Building Reserve. These papers would be presented to the Communications subcommittee for its input, and returned to the Finance Meeting on the 27th May for consideration.

:It is anticipated that these papers will be produced at the rate of 4 per quarterly Finance Meeting, the subjects to be covered to be decided each quarter.

Sent from my iPad

