

Finance Committee 3 June 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

03 June 2020 01:00 PM

Agenda Topic

Page

1. APOLOGIES

No apologies have been submitted.

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.

No requests have been received.

6. CONFIRMATION OF MINUTES

Minutes of the 26 February 2020 Finance Committee meeting will be considered as a true and accurate record with or without corrections.

6.1 [Minutes - 26 February 2020 Finance Committee](#)

7. ACTIONS

The Committee will review outstanding actions of resolutions of the Finance Committee.

3

3

9

8.	MATTERS FOR DECISION	10
8.1	ANNUAL PLAN DELIBERATIONS AND RECOMMENDATIONS	10
	The purpose of this report is to enable deliberation on the public submissions to the Otago Regional Council Annual Plan 2020-21 (AP) process. This report also enables the committee to direct staff on changes to the draft financial forecasts that will be reflected in the Annual Plan 2020-21 for Council adoption at its 24 June 2020 meeting.	
8.1.1	Attachment 1: Annual Plan 20/21 Service Requests and Staff Recommendations	22
9.	MATTERS FOR NOTING	32
9.1	ACTIVITY REVIEW 2019/20 - 1 July to 31 March (Q3)	32
	To report on operational performance by significant activity for the period ended 31 March 2020.	
9.1.1	Attachment 1: Council Activity Performance Report - 31/03/2020	35
9.2	QUARTERLY REPORT FINANCE - 31 MARCH 2020	67
	This report provides a summary of the Council's financial performance for 1 July 2019 to 31 March 2020 (Quarter 3 of the 2019/20 financial year).	
10.	CLOSURE	



Minutes of a meeting of the
Finance Committee held in the
Council Chamber on Wednesday 26 February 2020,
commencing at 11:00 am

Membership

Cr Hilary Calvert	<i>(Co-Chair)</i>
Cr Andrew Noone	<i>(Co-Chair)</i>
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 at 10:08 am.

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. Cr Laws was present via audio connection.

2. ATTENDANCE

Sarah Gardner (Chief Executive)
Nick Donnelly (General Manager Corporate Services and CFO)
Gavin Palmer (General Manager Operations)
Richard Saunders (General Manager Regulatory)
Gwyneth Elsum (General Manager Policy, Strategy and Science)
Liz Spector (Committee Secretary)

Other staff present included: Mike Roesler (Manager Corporate Planning), Jasmin Lamorie (Corporate Planning Business Partner), Rebecca Borland (Team Leader Comms and Engagement), Eleanor Ross (Manager Comms Channels), Ryan Tippet (Media Communications Lead), Sarah Munro (Manager Finance - Reporting).

3. CONFIRMATION OF AGENDA

The agenda was confirmed as published.

4. CONFLICT OF INTEREST

No conflicts of interest were advised.

5. PUBLIC FORUM

No public forum was held.

6. PRESENTATIONS

Port Otago Ltd Board Chair Paul Rea, Chief Executive Officer Kevin Winders, and Chief Financial Officer Stephen Connolly presented the Port Otago Ltd 6-month results report. Councillor Calvert suggested the ORC formally thank Maersk for their successful implementation of noise mitigation works to address Rio Class ship noise.

Resolution

That the ORC pass on thanks to Port Otago and Maersk for their work to successfully reduce the Rio Class ship noise.

Moved: Cr Hobbs

Seconded: Cr Calvert

CARRIED

7. CONFIRMATION OF MINUTES

Resolution

That the minutes of the (public portion of the) meeting held on 27 November 2019 be received and confirmed as a true and accurate record.

Moved: Cr Hope

Seconded: Cr Wilson

CARRIED

8. ACTIONS

There are no outstanding resolution actions of the Finance Committee.

9. MATTERS FOR COUNCIL DECISION

Cr Wilson noted that the meeting had run longer than anticipated and suggested the Committee adjourn until after the conclusion of the Council Meeting.

Resolution

That the meeting be adjourned at 12:25 pm and resume after conclusion of the 1 p.m. Council Meeting.

Moved: Cr Wilson

Seconded: Cr Noone

CARRIED

9.1. Annual Plan 2020-21

Nick Donnelly (GM Corporate) and Mike Roesler (Manager Corporate Planning) were present to answer questions about the Annual Plan report. Mr Roesler noted the report would enable Council to agree to adjustments to year three of the 2018-2028 LTP. He said the report also details the consultation approach recommended by staff.

Mr Roesler noted that adjustments were consistent with the direction agreed on with the 2018-2028 LTP and do not trigger the Council's Significance and Engagement Policy because no significant or material differences were being proposed. After a detailed discussion of what was proposed to include in the 2020-2021 Annual Plan, the Council had questions about how to ensure the entire community had enough information about the plan. Cr Kelliher suggested ORC should mail hard copies of the consultation document to every residence in the region and Cr Laws agreed. Chief Executive Sarah Gardner said an online consultation document with hard copies mailed to ratepayers upon request has been suggested by staff because there is a conflict between sending out too much paper and ORC's role of being responsible for protection of the environment and sustainability. She said she has noted that trend in other communities as well, but also said she realises this is a choice for Councillors to make. After further deliberation, it was decided to place public notices in all community newspapers available in Otago to help inform the public about the annual plan submission process. Cr Calvert moved:

Resolution

That the Finance Committee:

- 1) *Use all community newspapers available in Otago to inform the public of the annual plan submission process.*

Moved: Cr Calvert

Seconded: Cr Forbes

CARRIED

Cr Malcolm then further moved:

Resolution

- 1) *That the Finance Committee:*

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

Moved: Cr Kevin Malcolm

Seconded: Cr Forbes

CARRIED

Cr Kelliher left the meeting at 11:10 am.

Cr Hope left the meeting at 11:13 am.

Cr Hope returned to the meeting at 11:15 am.

Cr Kelliher returned to the meeting at 11:20 am.

Cr Calvert left the meeting at 11:42 am.

Cr Calvert returned to the meeting at 11:43 am.

10. MATTERS FOR NOTING

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

Cr Noone welcomed the Council back to the meeting after the adjournment at 4:08 p.m. Mike Roesler (Manager Corporate Planning) and Nick Donnelly (GM Corporate Services) were present to answer questions about the Activity Report. After a discussion, Cr Kelliher made a motion.

Resolution

That the Finance Committee:

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

Moved: Cr Kelliher

Seconded: Cr Noone

CARRIED

Cr Laws left the meeting at 04:11 pm.

10.2. Finance Report - 31 December 2019

Nick Donnelly (GM Corporate Services) was present to answer questions about the 31 December 2019 Finance Report. After a discussion, Cr Noone moved that the report be received.

Resolution

That the Finance Committee:

- 1) **Receives** this report.

Moved: Cr Noone
Seconded: Cr Malcolm
CARRIED

10.3. Treasury Report - December 2019

Nick Donnelly (GM Corporate Services) was present to answer questions about the Treasury Report for December 2019. There was a general discussion of the report and Cr Noone moved the report be received.

Resolution

That the Finance Committee:

- 1) **Receives** this report.

Moved: Cr Noone
Seconded: Cr Calvert
CARRIED

10.4. Rates Strike, Collection 31 October, Penalties

GM Corporate Service Nick Donnelly was present to answer questions about the rates collections. After a discussion of the report, Cr Noone moved the report be received.

Resolution

That the Finance Committee:

- 1) **Receives** this report.

Moved: Cr Noone
Seconded: Cr Scott
CARRIED

10.5. Port Otago Constitution

Mr Donnelly (GM Corporate Services) was present to respond to questions about the Port Otago Constitution review opportunity for the Council. He said the report was provided in request to a Finance Committee resolution at the 11 December 2019 meeting for a review of the constitution and director appointments procedure. It was noted the Constitution was dated May 1997 with a September 1997 alteration, and was likely due for a refresh. After an in-depth discussion, Cr Malcolm moved:

Resolution

That the Finance Committee:

- 1) **Receives** this report.
- 2) **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.
- 3) **Notes** specific items they wish the Board of Port Otago to consider in that review include but are not limited to:
 - a) The limitation of age 70 for board members

- b) *Ensure constitution is current and fit for purpose*
- c) *Consider staggering board member terms to limit impact on turnover*
- d) *Consider maximum terms of board members*
- e) *Have a critical look at cl 10.1(c) of the constitution*

Moved: Cr Kevin Malcolm

Seconded: Cr Kelliher

CARRIED

11. NOTICES OF MOTION

11.1. Notice of Motion - Information Sheets on Council Activities

Cr Calvert submitted a notice of motion requesting staff produce a series of one-page information sheets on the workings of the Council, beginning with Port Otago, Bus Services, Leith Flood Protection Scheme and the Building Reserve. The Councillors discussed the request with input from Nick Donnelly (GM Corporate Services) and Chief Executive Sarah Gardner. After deliberating the request, it was decided to have the item lie on the table until the Communications Working Group reviews the request for clarity. Cr Kelliher made a motion.

Resolution

That this request for one-page information sheets on the workings of Council lie on the table until reviewed by the Communications Working Party to further clarify details.

Moved: Cr Kelliher

Seconded: Cr Hope

CARRIED

Cr Robertson left the meeting at 04:58 pm.

12. CLOSURE

As there was no further business, Finance Co-Chair Andrew Noone declared the meeting closed.

Chairperson

Date

Status report on the resolutions of the Finance Committee

MEETING AND DATE	ITEM	ACTION	ASSIGNEE / STATUS	ACTION TAKEN
Finance Committee 26 Feb 2020	CS1929 Port Otago Constitution	The CEO should contact the Board of Directors of Port Otago Ltd and request the company undertake a review of its constitution, noting specific items to be considered: 1)70 yr age limit for board members, 2) ensure constitution is current and fit for purpose; 3) consider staggering board member terms; 4)consider maximum terms for board members; 5) have a critical look at cl 10.1(c).	CORPORATE SERVICES - COMPLETE	The Port has undertaken its review and a draft constitution has been provided to Council for review at the 3 June 2020 Finance Committee meeting.
Finance Committee 26 Feb 2020	GOV1892 Annual Plan 2020/21	Place public notices in all community newspapers available in the Otago area to inform the public of the annual plan submission process.	CORPORATE SERVICES – COMPLETE	Use of notices in community newspapers is a standard form of engagement in the annual plan process and was always intended to be used. This occurred to the extent possible as a result of COVID-19.

8.1. Annual Plan Deliberations and Recommendations

Prepared for:	Finance Committee
Report No.	GOV1919
Activity:	Governance Report
Authors:	Mike Roesler, Manager Corporate Planning
Endorsed by:	Nick Donnelly, General Manager Corporate Services
Date:	28 May 2020

PURPOSE

The purpose of this report is to enable Council deliberation on the public submissions to the Otago Regional Council Annual Plan 2020-21 (AP) process. In doing so this report also enables this committee to direct staff on change to the draft financial forecasts that will then be reflected in the Annual Plan 2020-21 for Council adoption at its 24 June 2020 meeting.

RECOMMENDATION

That the Finance Committee:

- 1) **Notes** the options for funding the Otago Regional Council Annual Plan 2020-21.
- 2) **Directs** Council staff to apply option two for funding the Otago Regional Council Annual Plan 2020-21.
- 3) **Receives** the public submissions to the Otago Regional Council Annual Plan 2020-21 process and Wakatipu Ferry Service Trial Proposal as previously distributed to Councillors and as posted on the Council's website.
- 4) **Deliberates** on the consultation feedback on the Wakatipu Ferry Service Trial Proposal.
- 5) **Directs** Council staff on the inclusion of the Wakatipu Ferry Service Trial Proposal for inclusion in Annual Plan 2020-21 to be presented for Council adoption at its 24 June 2020 meeting.
- 6) **Deliberates** on the requests for service made in the public submissions to the ORC Annual Plan 2020-21 process as listed in Attachment 1.
- 7) **Directs** Council staff on changes to the draft Financial Forecasts 2020-21 for inclusion in Annual Plan 2020-21 to be presented for Council adoption at its 24 June 2020 meeting.
- 8) **Notes** COVID-19 related activity or funding has not been provided for in the Annual Plan 2020-21 and Council intends to progress and consider these proposals and activities separately from the Annual Plan through the 2020-21 year.

EXECUTIVE SUMMARY

- [1] Council agreed proposed adjustments to Year 3 (2020-21) LTP on 11 March 2020, prior to COVID-19 alert level 4 lockdown. The proposed adjustments were subsequently consulted on during the lockdown period included a 5.5% total rates increase made up of 9.1% general rates and 2.9% targeted rates increases.
- [2] A revised funding approach is now tabled as an alternative option to the one originally consulted on. The revised approach assumes the same level of activity and expenditure but offers a funding alternative that reduces the impact of rates increases.
- [3] In this alternative option total rates are increased 1.6% with general rates having a zero increase overall. Note there will be fluctuations within this, the total general rate increase is zero but some ratepayers will still have general rate movements (up and down).
- [4] The Wakatipu water ferry trial has been included in the revised financial forecast 2020-21 and targeted rates of \$110,000 added. This amount is as consulted, but it is noted that it may be insufficient when the trial commences as the actual cost is dependant on the fare revenue received. Any shortfall will be funded in the AP2020-21 year by the Wakatipu transport reserve.
- [5] The revised financial forecast 2020-21 includes an additional \$1,017,000 of general reserve funded activity on top of the original plan to use \$4,000,000 as a general rate offset. Dividends of \$10,100,000 remain included. The risks associated with these funding assumptions are outline further in this paper.
- [6] Based on submissions received no activity expenditure changes have been made. The submissions included service level requests that are either already accommodated within the draft financial forecasts 2020-21 or, can be considered without adjusting the budgeted amount in those activities.
- [7] There were requests for additional levels of service or funding requests for community projects. Some of these requests will be developed and are covered by further work already included in the draft financial forecasts 2020-21 ie the planned RPTP review.
- [8] Other funding requests have not been included. Many did not come with sufficient detail to include in Council's program at this point, however dialogue will continue with these groups and these initiatives may be developed for inclusion in the LTP2021-31 as it is developed over the 2020-21 year.
- [9] A number of proposals have also been put forward as COVID-19 related proposals and will be considered as part of that workstream.

BACKGROUND

- [10] The Council agreed to consult on its draft Financial Forecasts and associated work programme at its 11 March 2020 meeting. Consultation commenced on 24 March and unfortunately coincided with a significant escalation in the COVID-19 situation.
- [11] In parallel to and in conjunction with the Annual Plan process, the Council also consulted on the Wakatipu Public Passenger Ferry Proposal. The intention was for Council to decide on this proposal as part of the AP.
- [12] The COVID-19 situation introduced additional uncertainty and more complexity to the AP process. Being mindful of this the Council communicated its intention to fully reflect on the impacts of this situation in its decision-making on the AP, and indeed its broader role in the Otago community.
- [13] Council at its 27 May 2020 workshops and Council Meeting discussed and considered to take stock of these changes, the AP, and importantly its role. The AP component of those discussions recognised the significant economic impacts resulting from the COVID-19 situation and hardship on many ratepayers.

ISSUE

- [14] A key issue that the Council has relating to this AP process is the tension between the need to significantly 'gear-up' its organisational capacity, and, the immediate and forecasted economic impact related to COVID-19.
- [15] The ORC needs to both catchup and meet new service requirements relating to its core statutory functions. The Council was planning to fund this 'gearing-up' through a combination of additional rates, more dividend from Port Otago, and its own reserves. The immediate and forecasted worsening of employment has obvious implications on household income and expenditure, including Council rates.
- [16] This report presents funding options that have regard for this issue.

DISCUSSION

- [17] This report provides decision making steps that enables the committee to:
- a) Consider the issue above and the funding options for the AP, and recommend to Council
 - b) Deliberate on the Wakatipu Ferry Service Trial Proposal, and recommend to Council
 - c) Deliberate on submissions to the AP consultation and direct staff on any change(s) to include in the Annual Plan 20-21.

BROADER FUNDING OPTIONS

- [18] The following options are proposed for funding the AP 20-21:
- a) Option 1 Status Quo as consulted – results in a 9.1% average general rate increase
 - b) Option 2 Activity levels remain but reduce the rating component

Option 1

[19] The table below shows the proposed expenditure for the AP20-21 as consulted on. These changes reflected an increased work program largely driven by planning and regulatory reviews which considered increased resourcing as mandatory and necessary for Council to fulfil its core statutory requirements.

EXPENDITURE	DAP20/21	AP19/20	MVT \$	MVT %
Regional Leadership	11,335	8,354	2,981	26.3%
Environment	11,949	12,431	(482)	-4.0%
Regulatory	8,772	6,654	2,119	24.2%
Flood/Rivers	11,379	10,154	1,226	10.8%
Safety & Hazards	4,619	4,272	347	7.5%
Transport	27,439	25,838	1,601	5.8%
TOTAL	75,494	67,702	7,792	11.5%

[20] The table below shows the proposed funding as consulted on.

FUNDING	DAP20/21	AP19/20	MVT \$	MVT %
General Rates	12,197	11,180	1,017	9.1%
Targeted Rates	15,620	15,183	437	2.9%
Reserves - SRD (incl Kuriwao)	5,199	5,010	189	3.8%
Grants	10,799	12,133	(1,335)	-11.0%
Fees & Charges	4,907	3,570	1,337	37.4%
Interest & Investment Income	915	1,122	(207)	-18.4%
Other Income	10,333	9,824	509	5.2%
Dividends	10,100	7,900	2,200	27.8%
Reserves	1,426	1,780	(355)	-19.9%
General Reserve Offset	4,000		4,000	
Total Funding	75,494	67,702	7,792	11.5%

[21] This resulted in a 5.5% total rates increase made up of a 9.1% increase in general rates and 2.9% increase in targeted rates. The water ferry consultation also assumed an additional \$110,000 of targeted rates would be required. This would result in a total rate increase of 5.9% as shown below.

RATES	DAP20/21	AP19/20	MVT \$	MVT %
General Rates	12,197	11,180	1,017	9.1%
Targeted Rates	15,620	15,183	437	2.9%
Total Rates	27,816	26,363	1,454	5.5%

Water Ferries	110			
Targeted Rates incl Water Ferries	15,730	15,183	547	3.6%
Total Rates incl Water Ferries	27,926	26,363	1,564	5.9%

- [22] The draft financial forecasts 20-21 assumed the underlying general rate increase would be offset by using alternative sources of funding including additional dividends and use of general reserves.

UNDERLYING GENERAL RATES	DAP20/21	AP19/20	MVT \$	MVT %
General Rates (Gross)	27,212	20,201	7,010	34.7%
Less:				
Dividend as per LTP	(8,100)	(7,900)	(200)	2.5%
Interest & Investment Income	(915)	(1,122)	207	-18.4%
Underlying General Rate Increase	18,197	11,180	7,017	62.8%
Less:				
Additional Dividend	(2,000)		(2,000)	
General Reserve Offset	(4,000)		(4,000)	
Actual General Rate Increase	12,197	11,180	1,017	9.1%

- [23] At the time of agreeing the draft financial forecasts 20-21 it was noted that large amounts were being drawn from general reserves via the general rate offset. It was also noted that in subsequent years of the LTP 2021-31, when the current increase in workload is expected to be complete, these amounts will require repayment through future rates increases.
- [24] It was also noted the reliance on increased dividends and use of reserves involved an increased level of funding risk.
- [25] 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)	\$81.72	\$69.03
Clutha District	200,000	\$55.46	\$52.36
Dunedin City	420,000 (300,000)	\$89.75	\$80.80
Queenstown Lakes District	850,000	\$115.47	\$106.48
Waitaki District	250,000	\$59.53	\$59.15
Rural			
Central Otago District	1,500,000 (1,000,000)	\$176.52	\$134.23
Clutha District	1,000,000	\$151.66	\$145.51
Dunedin City	500,000 (400,000)	\$100.86	\$98.04
Queenstown Lakes District	2,000,000	\$229.19	\$211.21
Waitaki District	1,000,000	\$143.86	\$149.36

- [26] 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.

Option 2 - Recommended

[27] Following consultation, and in light of the impact of COVID-19, the following financial adjustments are proposed as an alternative option to the original consulted on.

[28] Key assumptions in option 2 are:

- The activity expenditure remains unchanged. As noted these increases are considered mandatory. Most submissions support the activity occurring but preferred that alternative (non-rate) funding sources were considered.
- Rates have been decreased where possible. The region wide general rate increase (previously 9.1%) has been decreased to zero and this funding requirement will be added to the general rate offset in the AP20-21 year.
- River management targeted rate increases have also been decreased to zero. These reserves are in generally in funds and the increase can therefore be deferred.
- Other rates, district general rates and targeted rates will continue to be rated as planned. These rates and the associated reserves are generally in deficit and the rates being charged is already lower than the amount of spend so it is considered appropriate that the rates continue as planned. In some cases the rate in these activities has decreased and those decreases are also maintained.

[29] A summary of rates by activity is therefore:

GENERAL RATES	Draft AP Option 1		Option 2	
	DAP20/21	AP19/20	MVT \$	Adjustment
General Rates Regional	9,274	10,322	1,048	(1,017)
General Rate Central	49	115	66	
General Rate Clutha	222	215	(8)	
General Rate Dunedin	1,463	1,421	(42)	
General Rate Waitaki	171	125	(46)	
Total General Rates	11,180	12,197	1,017	(1,017)

TARGETED RATES				
M 1 River Mgt - Dunedin	250	300	50	(50)
M 2 River Mgt - Clutha	330	350	20	(20)
M 3 River Mgt - Central	300	320	20	(20)
M 4 River Mgt - Wakatipu	150	160	10	(10)
M 5 River Mgt - Wanaka	180	200	20	(20)
M 6 River Mgt - Waitaki	400	400	0	
F 1 Alex Fld	0	0	0	
F 2 Leith	1,461	1,461	0	
F 3 L Clutha Fld	700	750	50	
F 4 L Taieri	800	850	50	
F 5 W Taieri	600	650	50	
F 6 E Taieri	475	500	25	
F 7 Toko	124	140	16	
F 8 Shotover River SRA	80	80	0	
M 7 Lwr Waitaki	146	149	3	

A 2 Air Strat Implementation	0	0	0	
R 2 Compliance Monitoring	188	188	0	
L 7 Wilding Pines	209	210	1	
W 3 Freshwater Implementation	1,138	684	(454)	
E 1 Emergency Mgt	2,425	2,485	61	
T 2 PT Dunedin	4,384	4,862	479	
T 2 PT Wakatipu	845	880	35	
Total Targeted Rates	15,183	15,620	437	(120)

- [30] Note the Wakatipu transport rate shown above excludes rating for the water ferry proposal. It is recommended that the trial is progressed in the current year. The financial assumptions will need to be revisited in relation to this proposal but for the purposes of the annual plan it is proposed that the original amount of \$110,000 is added to the above targeted rate.
- [31] The consultation submissions were generally supportive of using the existing targeted rate mechanism to fund the water ferry trial. In the event the cost increases due to lower fare revenue any shortfall will remain in the Wakatipu transport reserve and can be recovered over subsequent years.
- [32] Assuming rates are adjusted as indicated then the resulting total rates increase (including water ferries) is 1.6%. This includes a zero general rates increase.

RATES	DAP20/21	AP19/20	MVT \$	MVT %
General Rates	11,180	11,180		0.0%
Targeted Rates	15,500	15,183	317	2.1%
Total Rates	26,679	26,363	317	1.2%

Water Ferries	110			
Targeted Rates incl Water Ferries	15,610	15,183	427	2.8%
Total Rates incl Water Ferries	26,789	26,363	427	1.6%

- [33] The original general rate offset would increase by a further \$1,017,000 and would now total \$5,017,000 in the 2020-21 year.

UNDERLYING GENERAL RATES	DAP20/21	AP19/20	MVT \$	MVT %
General Rates (Gross)	27,212	20,201	7,010	34.7%
Less:				
Dividend as per LTP	(8,100)	(7,900)	(200)	2.5%
Interest & Investment Income	(915)	(1,122)	207	-18.4%
Underlying General Rate Increase	18,197	11,180	7,017	62.8%
Less:				
Additional Dividend	(2,000)		(2,000)	
General Reserve Offset	(5,017)		(5,017)	
Actual General Rate Increase	11,180	11,180		0.0%

- [34] It should be noted that the increased dividend of \$2,000,000 remains in the annual plan however this will dependant on Port Otago's financial performance during the 2020-21

year and their ability to pay this level or any dividend is not confirmed or guaranteed. In the event some or all of this dividend was not received Council would have to replace this funding with the further use of reserves.

- [35] Council has sufficient reserves to internally debt fund the general rates offset in the AP20-21 year however there remains risk that other revenue streams will not perform as planned ie dividends, fees and charges and bus fares and this would place additional demand on reserves.
- [36] A number of Council's reserves are in deficit and have internally borrowed from the general reserve and other reserves that are in funds. A summary of reserves reconciled to cash is below:

	Forecast	Annual
	Jun-20	Jun-21
Financial Assets	32,989	24,237
Asset Replacement Reserve	4,246	3,943
Emergency Response Reserve	4,433	4,544
Kuriwao Reserve	6,346	6,266
Water Mgt Reserve	499	349
Building Reserve	13,433	13,768
Environmental Enhancement Reserve	(0)	(76)
Dedicated Reserves	28,956	28,794
General Reserve Cash	4,033	(4,557)
Owed to SRD's	3,822	3,040
Owed by SRD's	(22,960)	(27,605)
Underlying General Reserve	23,171	20,008

- [37] Included in the above are Special Rating District (SRD) reserves. The breakdown of these reserves is provided below:

	Forecast	Annual
	Jun-20	Jun-21
M 1 River Mgt - Dunedin	1,278	1,125
M 2 River Mgt - Clutha	(120)	(191)
M 3 River Mgt - Central	358	293
M 4 River Mgt - Wakatipu	623	463
M 5 River Mgt - Wanaka	595	478
M 6 River Mgt - Waitaki	302	323
F 1 Alex Fld	82	84
F 2 Leith	(15,341)	(15,345)
F 3 L Clutha Fld	(392)	(1,123)
F 4 L Taieri	145	(1,362)
F 5 W Taieri	(2,287)	(2,842)
F 6 E Taieri	(65)	(303)

F 7 Toko	74	22
F 8 Shotover River SRA	131	150
M 7 Lwr Waitaki	(10)	(10)
A 2 Clean Heat Clean Air	68	(26)
W 3 Compliance Dairy	97	102
L 7 Wilding Pines - Steering Groups	(146)	(150)
W 3 Freshwater Implementation	69	(52)
T 2 PT Dunedin	(4,001)	(5,227)
T 2 PT Wakatipu	(598)	(973)
Total SRD Reserves	(19,138)	(24,565)

COVID-19

- [38] No provision has been made for COVID-19 related activity in the AP20-21. There are a number of proposals and opportunities being considered however these are not sufficiently progressed to include in the AP20-21 at this time.
- [39] As these proposals are progressed, they will come back to Council for consideration and depending on significance, they may require consultation with the wider community.
- [40] While no funding has been specifically provided for COVID related proposals in the financial forecasts 20-21, Council does have a number of funding alternatives available to fund initiatives including the Emergency Response Reserve, General Reserves and external debt.

WAKATIPU FERRY SERVICE TRIAL PROPOSAL

- [41] There are three matters that Council should consider further regarding this proposal. They are:
- the impact of COVID on the Council's public transport services;
 - assumptions that underpinned the ferry proposal as they have changed due to the COVID situation; and
 - the consultation feedback which provides Councillors with useful context on the perceived benefits and practicalities of trialling the service.
- [42] The proposal consulted on assumed:
- a level of pre-COVID fare-paying patronage;
 - operating a slightly enhanced pre-COVID timetable; and
 - co-investment from partners.
- [43] The changed 'COVID' operating environment ultimately impacts the financial basis of the proposal in the following ways:
- A high proportion of ferry passengers pre-COVID were visitors to Queenstown (assumed to be about 75% of patronage). While domestic visitors may be starting to return to the destination, the country's borders remain closed to overseas visitors and it is very likely that patronage will be suppressed for some time. This will reduce projected fare revenue returns.
 - Reflective of the above, the current commercial operator has reinstated the commercial service at about half the level pre-COVID (and half the level proposed to be operated in the next financial year).
 - The New Zealand Transport Agency has verbally indicated that it would likely co-invest in a trial service whose cost falls within the financial limits of its low cost/low risk

work category. It is uncertain if the trial would fit within those financial limits noting that the net cost of that service would of course be derived from the operating costs of the interim service (July to December) and the procured trial service, less fare revenue (which as outlined earlier, will reflect suppressed patronage). Queenstown Lakes District Council has been silent on the proposal.

- [44] In addition, as outlined to Council at its meeting on 27 May, COVID is projected to have a significant impact on Queenstown bus patronage and therefore fare revenue for 2020/21.
- [45] Consultation feedback provided Councillors with useful context on the perceived benefits and practicalities of a service trial. Of the 185 submissions, the overwhelming majority favoured a trial. The verbal submissions provided a very useful insight into important aspects that the Council was less clear about, e.g. Health and Safety concerns; impacts on private business; service reliability/continuity; questions around local patronage.
- [46] Considering the above, the staff recommendation is to keep the trial service in the ORC's work plan for 2020/21. The key reason for this recommendation is the high level of public support for a ferry service trial. However, it is noted that primarily as a result of COVID-19, the financial cost of the trial to Council will likely be higher than proposed at the time the decision was made to consult on the matter and it may be prudent to further consider its timing in light of that.

ANNUAL PLAN SUBMISSIONS

- [47] The consultation on the AP process invited submissions under five topic areas of: freshwater; climate change; urban environment; biodiversity; and other. Submitters provided a mix of:
 - a) service requests on the ORC work programme
 - b) requests for funding on their interests and work programme(s)
 - c) suggestions and commentary on policy and strategy
 - d) feedback on rating
- [48] Information provided to Councillors in advance of the Hearings held 21, 22, 25 May included a compilation of all submissions (PDF Booklet) and staff summaries of feedback. Summary information included:
 - a) Service requests on the ORC work programme
 - b) Feedback on rating
 - c) Summary of all submitters by topic
- [49] Over 30 submitters elected to present at the Hearings via an on-line process (zoom). The process ran smoothly with some presenters making contact after the Hearings to express support for that approach. Councillors were equally pleased with the overall quality and value of feedback they received.
- [50] Attachment 1 provides a schedule of the service requests on the ORC work programme and associated staff recommendations and comments.
- [51] At the bottom it also includes a separate schedule summarising the feedback on rating. It is recommended that the Committee work thru this schedule in its deliberation.

CONSIDERATIONS

Financial Considerations

- [52] A high-level recap on the draft financial forecasts is provided in this report
- [53] At this stage of the process the addition of new expenditure needs to be carefully considered against its:
- a) alignment with core service
 - b) impact on the Councils ability to fund expenditure (ie on going service) on a sustainable basis. Given the broad funding options presented in this report on expenditure for on-going services cannot be funded on a sustainable basis by debt &/or the erosion of investment income.

Policy Considerations

- [54] The Council is rapidly strengthening its understanding of the Regional COVID economic recovery framework. The ORC's role within that framework is

Significance and Engagement

- [55] The Council needs to have regard to its Significance and Engagement Policy which broadly guides Council to be prudent in its decision-making. The Local Government Act02 has specific provisions on decision-making process with this intent.

Legislative Considerations

- [56] The advice and recommendations provided in this report are part of a broader Council process that Council staff have aligned with Local Government Act 2002 requirements.

Risk Considerations

- [57] The following point outline risk as discussed with Councillors at various points in this AP process:
- a) Pre COVID-19 Finance Committee 26 February 2020 meeting noted:
 - i. Delivery risk - increase in resourcing required in a short period of time involves risk delivery will not occur
 - ii. Funding risk – increased use of reserves and reliance on dividends and investment income which are not guaranteed
 - b) Post COVID-19:
 - i. Both risks have increased
 - ii. Additional proposals increase these risks further

NEXT STEPS

- [58] The programmed next steps are:
- a) Council staff reflect recommendations from this Committee meeting into the draft financial forecasts 20-21 and prepare the Annual Plan Document.
 - b) Council staff prepare a reports for the 24 June Council meeting enabling adoption of the Annual Plan 20-21 and a rating resolution.
 - c) Submitters to the AP process will receive confirmation of the Council's decisions.

ATTACHMENTS

1. Annual Plan 20-21 Service Requests & Staff Recommendations- FINAL 3 June Deliberation [**8.1.1** - 10 pages]

Finance Committee 3 June 2020 - MATTERS FOR DECISION

Sub No	Name/organisation	TOPIC	Request(s)	Recommendation	Staff Comments
10	Gareth Mclachlan	FRESHWATER	Request: More testing of waterways	No change to AP	[JEH - Council is undertaking more monitoring for more attributes to meet NPS FM requirements. Considerable planning will be undertaken to extend the scope (i.e. marine, urban, rural activities etc) and design a monitoring programme that delivers on current & future needs. This will be completed later next year (2021) and will be implemented over the LTP 2021-31.
11	Terry Drayton	URBAN ENVIRONMENT	Request: More centralised bus hubs in Dunedin & Invercargill	No change to AP	The Dunedin bus hub is in the Central City. Invercargill City Council manages Invercargill's bus service.
11	Terry Drayton	BIODIVERSITY	Request: More tree planting	No change to AP	[AH: The Council's current Biodiversity Strategy Action Plan proposes the development of pilot studies for voluntary planting programmes to support indigenous biodiversity and water quality. The target date for this action is 2024.] [JEH: Riparian planting is part of the NPSFM and our LWRP. Staff (science) are keen to explore policy with Council to develop a programme for rural and urban areas. This could also consider carbon credits.]
26	Sue Bradley	BIODIVERSITY	Request: re-instate full time pest control personal	No change to AP	ORC's role in respect of pest control is set out in the Biosecurity Act, the Regional Pest Management Plan and the Biosecurity Operational Plan, approved by Council on 22 April 2020. As per the Operational Plan, in the forthcoming year Council will be working with landowners to establish and implement a landowner-led rabbit control model. The landowner-led rabbit groups will establish a plan of action and will be supported by Council depending on the specific needs of each locality. Council staff will also lead a range of activities focused on pest control with roles including advocacy and education, inspections, monitoring and surveillance, collaboration with others and compliance.
31	Matthew peppercorn	BIODIVERSITY	Request: create more bird sanctuaries like Orokonui	No change to AP	The Council's current Biodiversity Strategy does not propose to establish bird sanctuaries.
32	Brian Miller	FRESHWATER	Request: regular testing for contaminates from Mosgiel storm water systems which drain into the Silver Stream and Owhiro stream.	No change to AP	[JEH - I believe this may be the DCC's responsibility - please check and defer]

Finance Committee 3 June 2020 - MATTERS FOR DECISION

33	Saddle Hill Community Board	FRESHWATER	Request: Investigation of water quality of Kaikorai Stream & Otokia Creek and the effects on waterway & wildlife	3. No change to AP - follow up action to revisit when developing Biodiversity projects.	[JEH - I believe we monitor these streams within the SoE and Contact Recreation programmes, however we have yet to investigate the impact on wildlife. Staff have included this feedback for consideration in future Biodiversity implementation planning for future planning cycles.
33	Saddle Hill CB	BIODIVERSITY	Request: investigate impacts of the Smooth Hill Development on wildlife, particularly on endangered Native Falcon (Karearea) who are nesting in the area.	3. No change to AP - follow up action to revisit when developing Biodiversity projects.	Smooth Hill - This is something that the Applicant (DCC) will need to do as part of their consent application process. Us undertaking this work would be a duplication of this effort.
38	Otago University Students' Association (OUSA)	CLIMATE CHANGE	Service Request: ORC to reduce own emissions & identify tangible/quantifiable CC goals	No change to AP	Included in the 20-21 programme
43	Beth Linklater	CLIMATE CHANGE	Request: Flood protection work in Lower Clutha to be urgently progressed and essential infrastructure maintained.	No change to AP with Flood Protection repairs on-going through 20/21. Essential infrastructure will continue to be maintained	Vital the flood protection assets effected by the Dec 2019 and Feb 2020 are repaired by order of priority for the scheme to be resilient and respond to flooding events.
45	Mark Crawford	BIODIVERSITY	Request: ORC to support wildlife and pest control groups (as it currently does with Freshwater catchment groups)	3. No change to AP - follow up action to revisit when developing Biodiversity projects.	The Council has provision to help establish landowner-led rabbit control groups, alongside broader site-led pest management voluntary groups and as outlined in the Biosecurity Strategy.
48	Vicky Wills	BIODIVERSITY	Request: Introduce a rabbit virus and a rabbit control plan. Rabbits need urgent attention.	No change to AP	The Council has proactive involvement in biological control interventions. In 2018 following extensive consultation and application processes the Ministry for Primary Industries gave approval to import and release the RHDV1 K5 virus as a direct control intervention. The ORC released the virus from mid-March, at approximately 100 sites across Otago. The Council's Regional Pest Management Plan, Operational Plan outlines our future intentions with respect to biocontrol options including supporting the national biocontrol collective for research and introduction of biocontrol agents into New Zealand.

Finance Committee 3 June 2020 - MATTERS FOR DECISION

49	Jacqueline Ruston	URBAN ENVIRONMENT	Request: That ORC monitor and enforce clean air in Port Chalmers and surrounds.	1. No change to AP	<p>Revised NESAQ will require review of all air sheds. Any changes necessary will be made at that time (Anita)</p> <p>National Environmental Standards for Air Quality excludes emissions from ships (Anita to triple check).</p> <p>ORC also notes that 'Ship to shore power' is not a simple or easy fix and needs some serious research before that option can be seriously considered</p>
49	Jacqueline Ruston	FRESHWATER	Service Request: Install nets on culverts so that cigarette butts and litter do not make their way into the waterways.	No change to AP	ORC is the regulator - our Future Regional Water Plan may influence what other Councils or property owners for example, may need to do around these matters.
58	Dunedin area Tracks&Trails Trust (in-formation)	URBAN ENVIRONMENT	Regional Transport plan - Extensive proposal a) endorsing the concept of the Southern Gateway Trail linking Dunedin to Waihola; b) acknowledging a trail leading north from the city is also integral; c) adding both these trails to the Regional Transport Plan.	No change to AP	(GLM - Our legislative land transport function is limited to Passenger Transport and strategic land transport planning. Need to say evidence that the trail is firstly significant to the district's land transport network and then the region's network. Trail may be an important cog in a tourism strategy, but that does not necessarily mean that it would be a significant alternative mode to peak time car travel on the road network.
62	WAI Wānaka - Upper Clutha Lakes Trust	FRESHWATER	Service Request: That ORC grant WAI Wānaka \$50,000 for the 2020/2021 financial year. This grant matches the operational support provided by QLDC in 2019.	No Change to AP	Newly established Regional Catchment Advisory Group will provide recommendations to Council on how the ORC can best support the work of the region's catchment groups.
67	Gerard Hyland, on behalf of Dunedin Tunnels Trail Trust	URBAN ENVIRONMENT	Service Request: that ORC works with the trust to complete cycleway from Octagon to Waihola; Policy - include cycleway in RTP.	No change to AP	Not ORC role. Potentially consider as COVID Work Stream (GLM - agree. Our legislative land transport function is limited to PT and strategic land transport planning).

68	Predator Free Dunedin	BIODIVERSITY	<p>Service Request: -Possum Control Plan (PCP) - ORC resources for operational delivery and Biosecurity Act enforcement.</p>	No change to AP	<p>Council's biosecurity activities are guided by three previously approved documents. The Biosecurity Strategy sets out the ORC's wider biosecurity approach and prioritises a programme of action. The Regional Pest Management Plan contains pest control programmes, objectives and rules to manage pests that cause harm to the wellbeing of Otago's people, economy and environment. The Biosecurity Operational Plan outlines the nature and scope of activities the Council intends to undertake in the implementation of the RPMP.</p> <p>The submitter is requesting a change in the order of priorities in the non-statutory Biosecurity Strategy as well as an increase in funding to better deliver a programme of work already planned, as outlined in the statutory Biosecurity Operational Plan. In addition to the activities funded through the Biosecurity Operational Plan, the Council currently provides Predator Free Dunedin with \$300,000 grant per year, for a period of five years.</p> <p>More detailed work on developing a long-term Possum Control Plan (PCP) for West Harbour-Mt Cargill (an action contained in the Biosecurity Strategy), alongside more certainty regarding the conclusion of OSPRI's possum control work have resulted in a mismatch of both funding and timing. Initial estimates suggest \$200k-\$300k per annum for five year is required to implement a site-led area Possum Control Programme (PCP) in the West Harbour-Mt Cargill area, capitalising on the work already achieved by OSPRI. Staff have no issue with reprioritising the site-led area Possum Control Programme ahead of the Biosecurity Strategy action to contribute to the development of the Predator Free Dunedin 2050 'whole of site' management plan/s if funding was made available.</p> <p>It should be noted that there is a statutory requirement to deliver the actions and initiatives outlined in the separate Biosecurity Operational Plan. The submitter also suggest that the funding available for the Plan is inadequate.</p> <p>Consider as part of the Annual Plan deliberations.</p>
----	-----------------------	--------------	---	-----------------	--

71	Landscape Connections Trust	BIODIVERSITY	<p>Service Request: -Possum Control Plan (PCP) request for ORC resources for operational delivery and Biosecurity Act enforcement.</p>	No change to AP	<p>Council's biosecurity activities are guided by three previously approved documents. The Biosecurity Strategy sets out the ORC's wider biosecurity approach and prioritises a programme of action. The Regional Pest Management Plan contains pest control programmes, objectives and rules to manage pests that cause harm to the wellbeing of Otago's people, economy and environment. The Biosecurity Operational Plan outlines the nature and scope of activities the Council intends to undertake in the implementation of the RPMP.</p> <p>The submitter is requesting a change in the order of priorities in the non-statutory Biosecurity Strategy as well as an increase in funding to better deliver a programme of work already planned, as outlined in the statutory Biosecurity Operational Plan. In addition to the activities funded through the Biosecurity Operational Plan, the Council currently provides Predator Free Dunedin with \$300,000 grant per year, for a period of five years.</p> <p>More detailed work on developing a long-term Possum Control Plan (PCP) for West Harbour-Mt Cargill (an action contained in the Biosecurity Strategy), alongside more certainty regarding the conclusion of OSPRI's possum control work have resulted in a mismatch of both funding and timing. Initial estimates suggest \$200k-\$300k per annum for five year is required to implement a site-led area Possum Control Programme (PCP) in the West Harbour-Mt Cargill area, capitalising on the work already achieved by OSPRI. Staff have no issue with reprioritising the site-led area Possum Control Programme ahead of the Biosecurity Strategy action to contribute to the development of the Predator Free Dunedin 2050 'whole of site' management plan/s if funding was made available.</p> <p>It should be noted that there is a statutory requirement to deliver the actions and initiatives outlined in the separate Biosecurity Operational Plan. The submitter also suggest that the funding available for the Plan is inadequate.</p> <p>Consider as part of the Annual Plan deliberations.</p>
75	John Peters - Campgrounds	OTHER	<p>Service Request: - review rating policy for campgrounds to reduce burdon reflecting their public service to the district</p>	No change to the Funding Policy	The matter has been noted and will be considered in future review of the funding policy

Finance Committee 3 June 2020 - MATTERS FOR DECISION

78	G J Dickson - NZ Council of Men	BIODIVERSITY	Service Request: - establish a viable plan to rid Lake Dunstan and tributaries of lake weed - monitor water quality entering Lake Dunstan from both sources and report on the ORC website - facilitate meetings within the community on the above - Include \$6m funding for the above service	No change to AP	ORC policy position is that the Crown (via LINZ) maintains its responsibility for maintaining the lake bed. ORC does make a contribution to the overall funding and also maintains an advocacy role on behalf of the community. ORC is seeking support from central govt/ministries for the Lake Snow issue.
80	Orokonui	BIODIVERSITY	Service Request: That the ORC play an important part in helping Orokonui fund 20 year 'capital renewal' requirements and development opportunity. This is critical for providing Orokonui into the future and improving the fence is the immediate priority. Government 'post-covid recovery' funding is being sought via a 'shovel ready' proposal.	No change to AP	
84	Wakatipu Transport Management Assoc	CLIMATE CHANGE	Service Request: One-off funding request of \$120,000 employ a business manager to develop a: • Communication and engagement plan suitable to support the W2G goals and activities planned for the 2020 and 2021 year • Sustainable business and funding plan establishing the TMA as an independent, not for profit, self financing organisation	No change to AP	(GLM - Council could have role to play in a TMA, but not as a significant funder to enable a third party to employ someone. We could do that ourselves. I think we should contribute a share of the cost sought, but if we do that, we also need to do the same for Dunedin.)
86	East Otago Catchment Group	FRESHWATER	Service Request: - EOCG supports the ORCs intent to formalize assistance for catchment groups and communities working together on waterways and lists the positive impacts they would deliver	No Change to AP - no action	
87	Otago Peninsula Community Board	BIODIVERSITY	Service Request: - that resources in control, research and advocacy are required from the Otago Regional Council to support landowners and organisations who are undertaking pest animal control on the Otago Peninsula. While excellent inroads in the possum numbers has occurred, the opportunity is now required to extend that model onto the rabbit/mustelid.		Some provision to help establish landowner-led pest control groups as outlined in Regional Pest Plan/Biosecurity Strategy (Andrea)

Finance Committee 3 June 2020 - MATTERS FOR DECISION

89	Dunedin Rural Development	URBAN ENVIRONMENT	<p>Service Request:</p> <ul style="list-style-type: none"> - That ORC supports a project in conjunction with Landcare Research to identify and highlight factors on the specific "Soil Fact Sheets" (Part of S-Soil maps) where High Class soils occur. Furthermore, to review the relevant soil maps with more definitive identification at the appropriate scale of maps of the remaining High Class soils in Otago. 	No Change to the AP 20-21	<p>Proposed National Policy Statement for Highly Productive Land due to be released in 2020. This will provide policy direction to protect highly productive land. HPL will be identified in the revised RPS and will be able to be submitted on. Work currently underway to request from TA's the extent to land they wish to see included as HPL (beyond minimum required).</p> <p>[JEH - soil mapping is proposed in AP 20/21. More indepth studies proposed in future plan cycles]</p>
89	Dunedin Rural Development	FRESHWATER	<p>Service Request:</p> <ul style="list-style-type: none"> - DRD wants a strategic approach to Environmental Farm Plans with a focus on a larger number of formal plans, facilitated, actioned and completed by 2022yr. - the availability and use of GIS information on land resources and inventory is improved 	No Change to the AP 20-21	<p>Farm Environment Plans would be in line with government approach, if mandatory. A strategic ORC approach to implementation would be developed. Unable to budget until we understand our role.</p> <p>FEP's are intended as part of the Governments Essential Freshwater Package, expected June 2020. ORC will implement what comes through that package (Anita).</p>
89	Dunedin Rural Development	CLIMATE CHANGE	<p>Service Request:</p> <ul style="list-style-type: none"> - DRD Strongly recommends that the Council reconsider joining up again with the NZ Poplar and Willow Research Trust. 		
91	Disabled Persons Assembly	OTHER	<p>DPA requests:</p> <ul style="list-style-type: none"> - Rates nil increase for 20/21 - ORC information provided in accessible formats 		[LG: will followup regarding accessible formats]
92	Fed Farmers	OTHER	<p>Service Request:</p> <ul style="list-style-type: none"> - Stock truck effluent disposal: information is not sufficient to provide informed feedback. However, on the basis of the information provided we support use of the general rate, including a region wide general rate contribution. - 'Governance and Community Engagement': Oppose Council increasing spending particularly as the additional costs do not relate in any way to community engagement. - Regulatory: support additional resourcing for consent processing, but seek that Council defers other increases in this activity until it has a better understanding of community and planning requirements. 	No change to AP	<p>STEDs have been a requirement driven by TA's (CODC) and RC's. Focus on the disposal of STED material needs to be engaged with TAs. There are 2 current built STED's and a third planned, without viable options to remove STED product within Central Otago region. Removal of STED product relies on external TA facilities to Central Otago.</p> <p>Increases in Regulatory resources largely reflect staff already in place.</p>

92	Federated Farmers	BIODIVERSITY	<p>Service Request:</p> <ul style="list-style-type: none"> - Agree with proposals to increase biosecurity spending, particularly for pest control. - Request additional expenditure on biodiversity monitoring be deferred until NPS-Biodiversity is operative and Council has a better sense of the responsibilities 	No change to AP	{JEH - ORC has already started on Biodiversity mapping - please refer to Wildlands contract. The wetlands monitoring, freshwater biomonitoring etc is under NPS FM and therefore we can not defer 'biodiversity monitoring' spend outright, as suggested by FedFarmers}
94	Waikouaiti Coast Community Board	BIODIVERSITY	<p>Service Request:</p> <ul style="list-style-type: none"> - ORC approaches government for COVID Recovery funding targeted for wilding pine along many highways 	No change to the AP 20-21	We are actively involved in discussions with MPI regarding National Wilding Conifer Control Programme, this was occurring before COVID 19 and continues with the recent budget announcement.
96	Wakatipu Wilding Conifer Control Group Inc (WCG)	BIODIVERSITY	<p>Service Request:</p> <p>That Otago Regional Council continue to support the community-led Wakatipu Wilding Conifer Control Group Inc (WCG) with annual funding, at a minimum of \$100,000, in the 2020/21 ORC Annual Plan, so as to control wilding conifers as described in the RPMP and in line with funding commitments for this purpose as outlined in the ORC Long Term Plan.</p> <p>Additionally, WCG encourage ORC advocating, through the National Wilding Conifer Control Programme - Operational Advisory Group for a higher percentage of National funding to come to this area.</p>	No change to the AP 20-21	As above for 94

97	QLDC	OTHER	<p>Service Request: The Queenstown Lakes District Council (QLDC) requests that the Otago Regional Council include budget to enable two fulltime equivalent Emergency Management Officers (EMO) to be dedicated to the Queenstown Lakes District. At present, the budget reflects 1.5 FTE EMO.</p>	<p>Change the AP via creating a one year fixed term position dedicated to Queenstown Lakes, which will effectively give them 2.5 FTE.</p>	<p>Currently there are 1.5 FTEs allocated to Queenstown Lakes – one fulltime position and one role shared between QL and Central Otago. Due to delays in recruiting caused by the February flood and COVID-19, Queenstown Lakes has been under-resourced since mid January. The cumulative impact of the November floods, February floods and COVID-19 has been that community resilience work has not been attended to for six months. Due to the ongoing welfare response in Queenstown Lakes it will be several weeks yet before the newly recruited 1.5 FTE Emergency Management Officers in the district are able to give full attention to BAU. The district’s complex hazardscape and increased vulnerability of its communities – even without high visitor numbers – combine to increase the level of risk from any other emergency event. Reliance on the Group office to provide support is unrealistic due to the current reduced staffing levels, nor is it feasible for neighbouring districts to provide support except for short-duration events such as localised storms.</p> <p>It is recommended that one additional fixed term full-time Emergency Management Officer be appointed to Queenstown Lakes for 12 months from 1 July 2020. This will provide additional targeted resources during the period of heightened need; enable CDEM to support community resilience during the COVID-19 recovery; build reduction, response and recovery capability within QLDC; and contribute to the Otago CDEM Group capability during a period of reduced Group staffing pending the outcome of the review of Emergency Management Otago.</p>
98	Richard Bowman	FRESHWATER	<p>Service Request: It is critical that ORC invests in the freshwater science capability and capacity to bring it up to a level where it can effectively monitor all of our waterways for current state and change in water quality over time.</p>	<p>No change to AP</p>	<p>Science capability and capacity has been assessed in 19/20 and action is being taken accordingly including increasing capacity and capability of the science team in 20/21. Gwyneth</p>
98	Richard Bowman	BIODIVERSITY	<p>Service Request: - Biosecurity: that Council looks very closely at the funding of biosecurity in order to rebuild this function and to enable it to properly perform its role. - Biodiversity: provide more support for communities and landowners via the provision of liaison, technical advice and seed funding for projects that protect and enhance the natural values that are important to them</p>	<p>No change to AP</p>	<p>ORC’s role in respect of pest control is set out in the Biosecurity Act, the Regional Pest Management Plan and Biosecurity Operational Plan. Activities are aligned with the level of funding allocated. Biodiversity: The Council will continue to progress actions from the Biodiversity Strategy and will review its 'fit for purpose' as required.</p>

Finance Committee 3 June 2020 - MATTERS FOR DECISION

99	DCC	OTHER	DCC requests: - the ORC make resources available to partner with the DCC in developing solutions to improve the efficiency of Urban Watercourses. - General request that ORC increases its science resource to support matters raised in the DCC submission	No Change to the Annual Plan 20/21 and staff will continue to liaise with DCC on Urban watercourses	The Taieri Scheme Performance Review is commencing by Engineering and will continue into 20/21. Community engagement and key stakeholder input, such as TA input is critical and will occur.
99	DCC	FRESHWATER	DCC requests: - increase in monitoring to extend to marine areas - Tomahawk Lagoon Project is prioritised	No Change to the Annual Plan 20/21, noting that the Tomohawk Lagoon Project will be prioritised for 20/21.	Science is developing an estuarine research programme for 20/21 and beyond.
99	DCC	CLIMATE CHANGE	DCC requests: - ORC assess emissions from ships re air quality - is unclear about the planned work & level of funding for coastal hazard monitoring and mitigation works. References MOU	No Change to the Annual Plan 20/21 noting that staff will follow-up with DCC on the Hazards programme	
100	Wise Response	CLIMATE CHANGE	Service Request: -The ORC work with the DCC to help develop a climate change Action Plan that facilitates mitigation for households, schools and businesses throughout Otago. - The ORC expands its climate change strategy from one currently focused almost exclusively on adaptation to included mitigation, thus implementing the Policies in its partially operative Regional Policy Statement and emerging National Policy provisions.	No change to AP	\$70K budgetted in the SP to commence mitigation programme starting with establishing an Otago footprint (ie carbon accounting). Can collaborate with DCC on this as appropriate. Gwyneth

9.1. Activity Review 2019-20, 1 July 2019 to 31 March 2020 (Q3)

Prepared for:	Finance Committee
Report No.	GOV1917
Activity:	Governance Report
Author:	Mike Roesler, Manager Corporate Planning Jasmin Lamorie, Corporate Planning Business Partner
Endorsed by:	Nick Donnelly, General Manager Corporate Services
Date:	27 May 2020

PURPOSE

- [1] To report on operational performance by significant activity for the period ended 31 March 2020.

RECOMMENDATION

The Finance Committee:

- 1) **Receives** the Council Activity Performance Report for the period 1 July 2019 to 31 March 2020 (Q3).

BACKGROUND

- [2] 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, the second quarter (Q2) at the 14 February 2020 meeting.

OVERALL PERFORMANCE

- [3] For Q1 and Q2, the majority of measured level of service (LoS) were reported as 'on track'. Measures 'not on track' in Q2 were identified at the 14 February meeting.
- [4] Attachment 2 provides the Council Activity Performance Report - for the period 1 July 2019 to 31 March 2020 (Q3). The key changes that are reported since Q2 include:
- Regional Planning & Strategy (green to yellow)
 - Provide region-wide direction on urban development in conjunction with the TLA's and report on preparation of an urban development strategy.
 - Regulatory (green to yellow)
 - Average time taken to respond to oil spills no more than 1.5 hours.
 - Flood Protection
 - While the 'status' has not changed, the 'watchlist' is flagging a potential change to 'non delivery' at a scheme level. The cumulative impact of recent 'year on year' flood events on programmed works and development, along with operational review and resulting staff restructure have impacted service delivery.
 - River management
 - As per 'Flood protection' above.
-

- Emergency Management
 - (yellow to green) Group Emergency Coordination Centre takes 60 minutes to be activated in response to a civil defence event or emergency. Reflects the introduction of 'on-line' communications & associated process.
 - (green to yellow) A Group CDEM controller, or alternate controller, is available for 24 hours, 7 day a week response, 365 days a year.
- Transport (green to yellow)
 - 100% of vehicles comply with Regional Passenger Transport Vehicle quality standard. All current vehicles were to be inspected and compliant by end April 2020, with new vehicle deliveries and inspections by July. Timelines have been impacted by COVID-19 restrictions.

PERFORMANCE AGAINST LEVELS OF SERVICE

- [5] 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.
- [6] Currently 35 targets are on track to be delivered by the end of the financial year. There are 23 not on track, seven of which have a higher risk of not being achieved by year end. Two targets are flagged red and will not be achieved.

FINANCIAL PERFORMANCE

- [7] As at 31 March 2020 Council had an operating deficit (including capital expenditure) of \$5.753M compared to a budgeted deficit of \$4.315M.
- [8] The \$1.438M variance is a result of spending \$1.276M more than budget and receiving \$0.162M less revenue than budget.
- [9] The performance of each significant activity is displayed in the attached report. The significant variances include:
- Fresh water: \$720k below budget
 - Air: \$116k below budget
 - State of Environment: \$246k above budget
 - Governance: \$576k above budget
 - Regional Planning and Strategy: \$1M above budget
 - Regulatory: \$1.57M above budget, due to 1.26M increased expenditure and \$300K due to reduced revenue.
 - Flood Protection: \$748k below budget, due to \$981k reduced expenditure and \$233k reduced revenue.
 - River management: \$833k below budget.
 - Transport: \$487k above budget, due to \$846k increased expenditure and \$359k of additional unbudgeted revenue.

CONSIDERATIONS

Policy Considerations

- [10] No considerations.

Financial Considerations

- [11] No considerations.

Significance and Engagement

[12] No considerations

Legislative Considerations

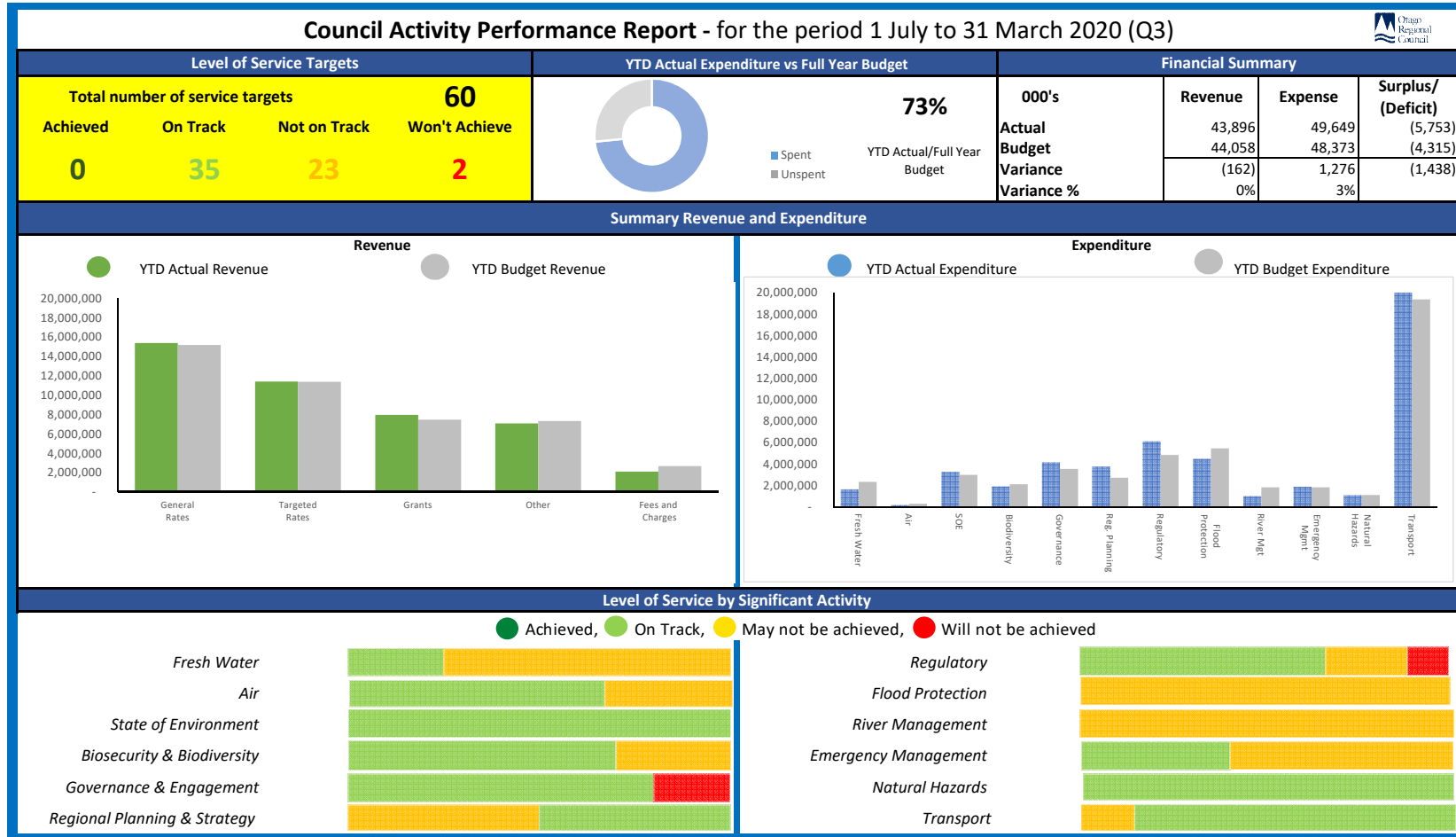
[13] No considerations


Risk Considerations

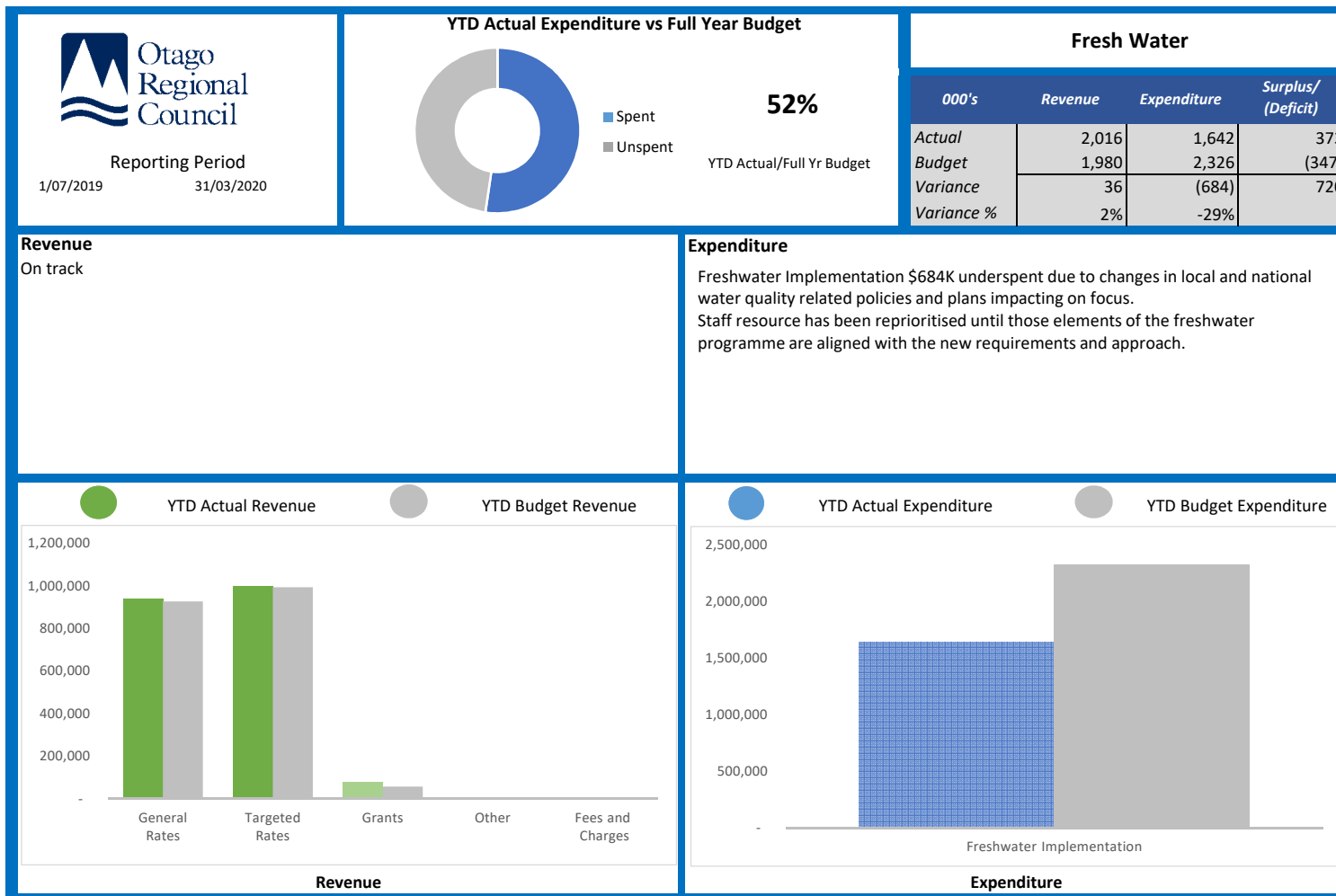
[14] The COVID-19 emergency was activated at the end of Q3. This report signals an early staff perspective on the impact of the emergency on service delivery. This will be reported more clearly in the Annual Report. The Q3 report also signals that COVID-19 Recovery is an emerging issue that is likely to influence service provision in future reporting years.


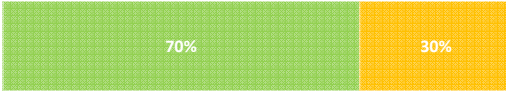
ATTACHMENTS

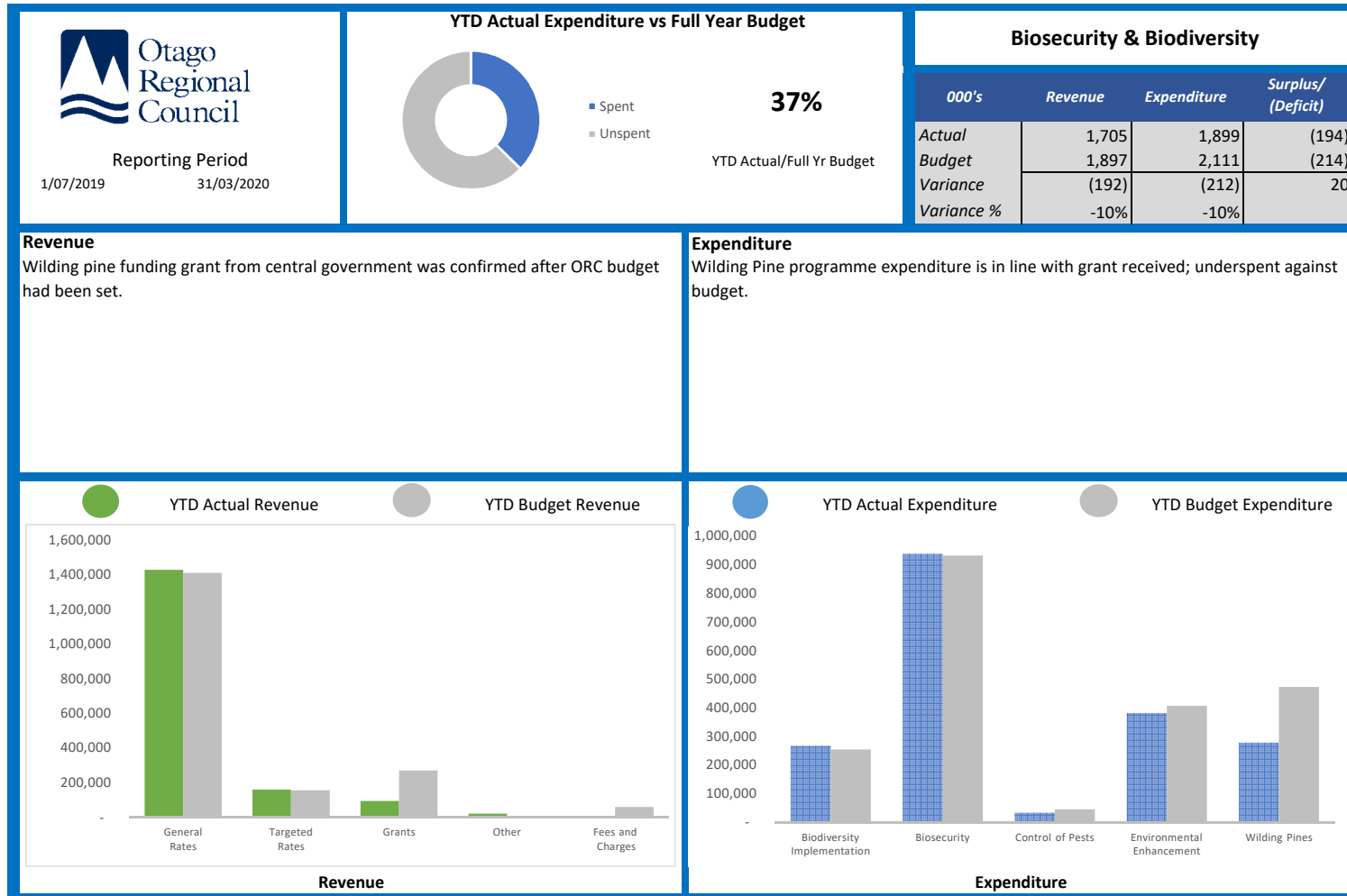
1. Council Activity Review - March 2020 Quarter 3 [9.1.1 - 32 pages]


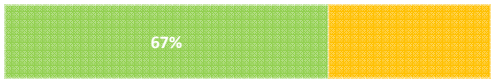


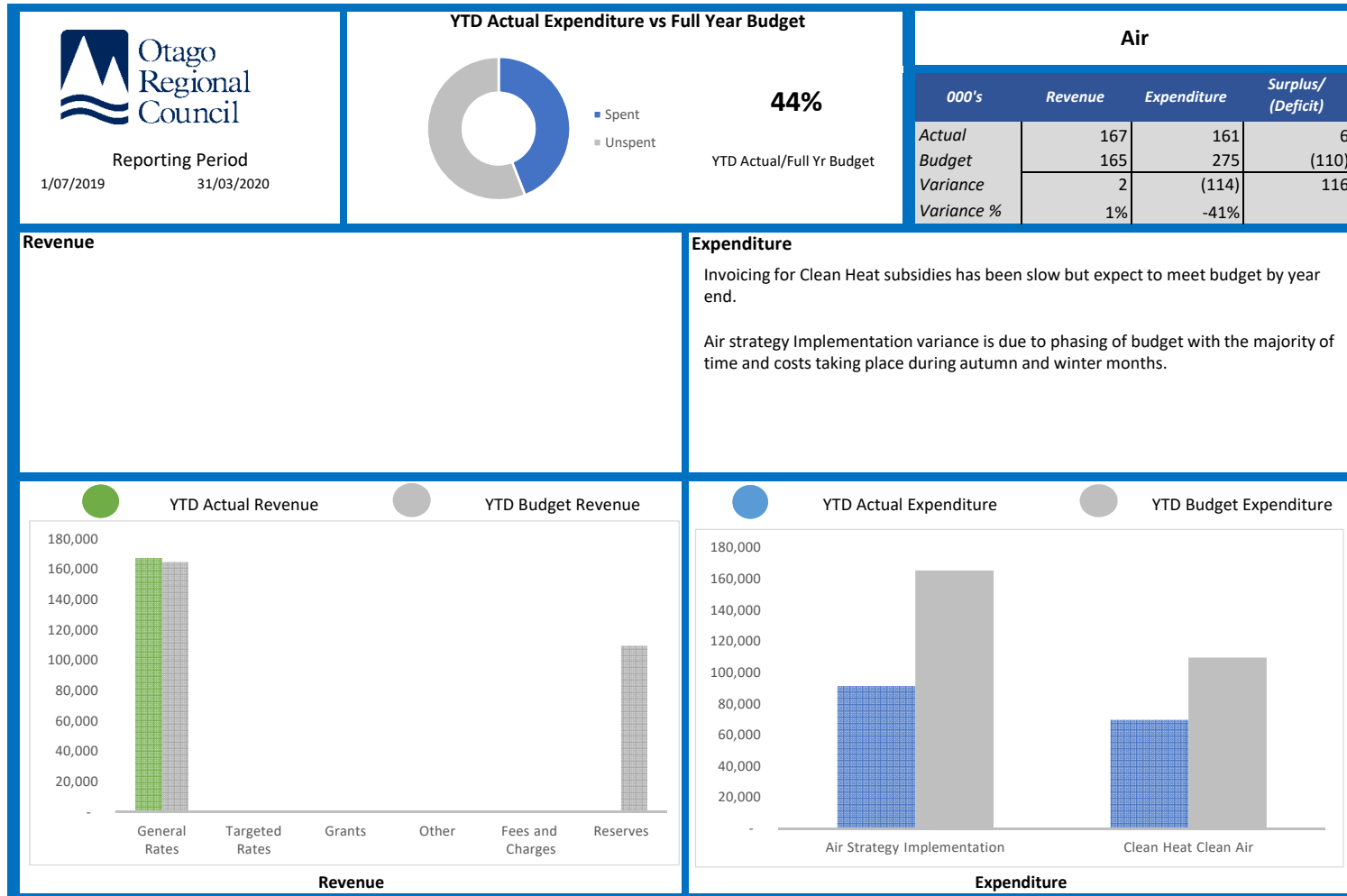
 <p>Reporting Period 1/07/2019 31/03/2020</p>	<h3>Fresh Water</h3>				<h4>Status : Levels of Service Targets</h4> <p> ● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved </p>							
	<h4>Levels of Service Targets</h4> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">1</td> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	1	3	0
Achieved	On Track	Not on Track	Won't Achieve									
0	1	3	0									
Level of Service	<h4>Comment on Service Delivery</h4> <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 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> <p>Results to the end of quarter three included:</p> <ul style="list-style-type: none"> Leadership structure and regular meetings to guide direction and provide oversight on operational decision-making (ie. Good Water Programme Steering Committee; Programme Deliver Team; reporting to Council) Implementation plan and actions to give effect to new RMA plan changes (eg. information and new consent application forms) Collaboration with University of Otago (eg. MOU) Assisting Catchment Support Advisory Groups (eg. Terms of Reference) Improved access to information (eg. 'on-line' freshwater quality assessments) Catchment programmes include Matukituki, Glendhu Bay, Luggate Creek and Urban Wanaka areas in 2019/20. Water quality monitoring is on track - operational programme is designed to increase number of catchments by two every five years - wording of the target will be recast for 20/21 as does not reflect planned programme. Freshwater quality assessments are on track and 2018/19 results are available online: www.orc.govt.nz/media/7489/2019-water-quality-soe-report-card.pdf 				<h4>Target</h4> <p>No change from Q2</p>							
Measures	<p>4</p>				<h4>Watchlist</h4>							
Targets	<p>4</p>											
Not Measured this Year	<p>0</p>				<h4>Emerging Issues</h4> <ul style="list-style-type: none"> Finalisation of NPS Impacts of COVID-19 Recovery 							




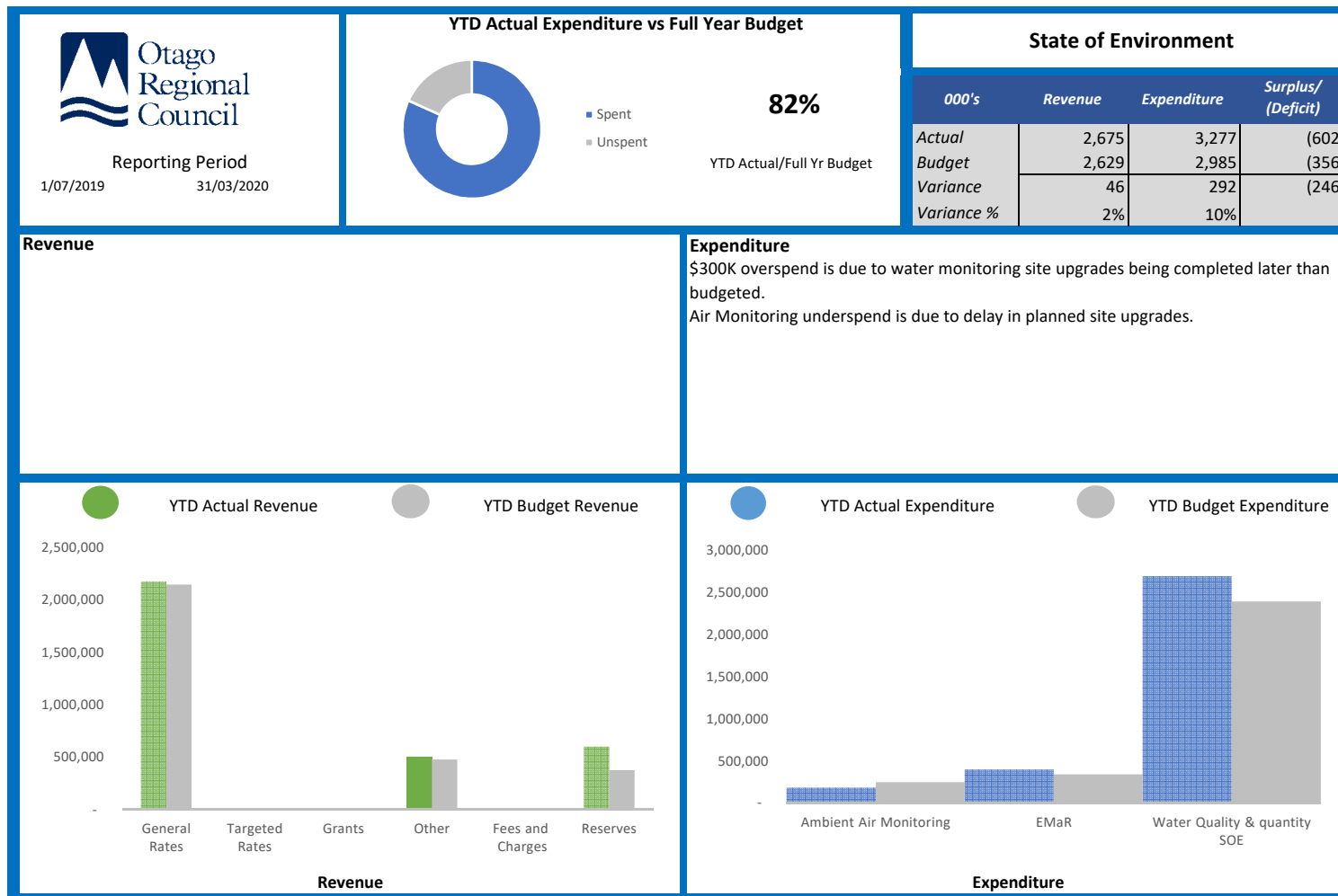
 <p>Reporting Period 1/07/2019 31/03/2020</p>	<h3>Biosecurity & Biodiversity</h3>				<p>Status : Levels of Service Targets</p> <p>● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved</p> 						
	<p>Levels of Service Targets</p> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">7</td> <td style="text-align: center;">3</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	7
Achieved	On Track	Not on Track	Won't Achieve								
0	7	3	0								
<p>Level of Service</p> <p style="text-align: center;">3</p>	<p>Comment on Service Delivery</p> <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> <p>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 and Central Otago Wilding Conifer Groups, and ECO Funding for various smaller groups.</p> <p>Results to the end of quarter three included:</p> <ul style="list-style-type: none"> The March 2020 ECO funding round has closed with 24 applications received. Administration of funding and contracts with key partners is on track. Some ECO funded projects may be impacted by COVID-19. RPMP Operational Plan will be presented to Council in April Pest management compliance – plant and animal inspection work largely on track, however rabbit inspections are on hold due to COVID-19 restrictions. New technology trial has been agreed by ECan and ORC staff to track Wallaby movement at Aviemore Dam Biodiversity Action Plan implementation is delayed pending the appointment of a Biodiversity Officer. Biocontrol - currently on track however progress may be impacted by COVID-19 restrictions. 				<p>Target</p> <p>No change from Q2</p>						
<p>Measures</p> <p style="text-align: center;">7</p>					<p>Watchlist</p>						
<p>Targets</p> <p style="text-align: center;">10</p>					<p>Emerging Issues</p> <ul style="list-style-type: none"> Review of the Biosecurity Act COVID-19 impacting on field operations and ECO fund projects 						
<p>Not Measured this Year</p> <p style="text-align: center;">0</p>											




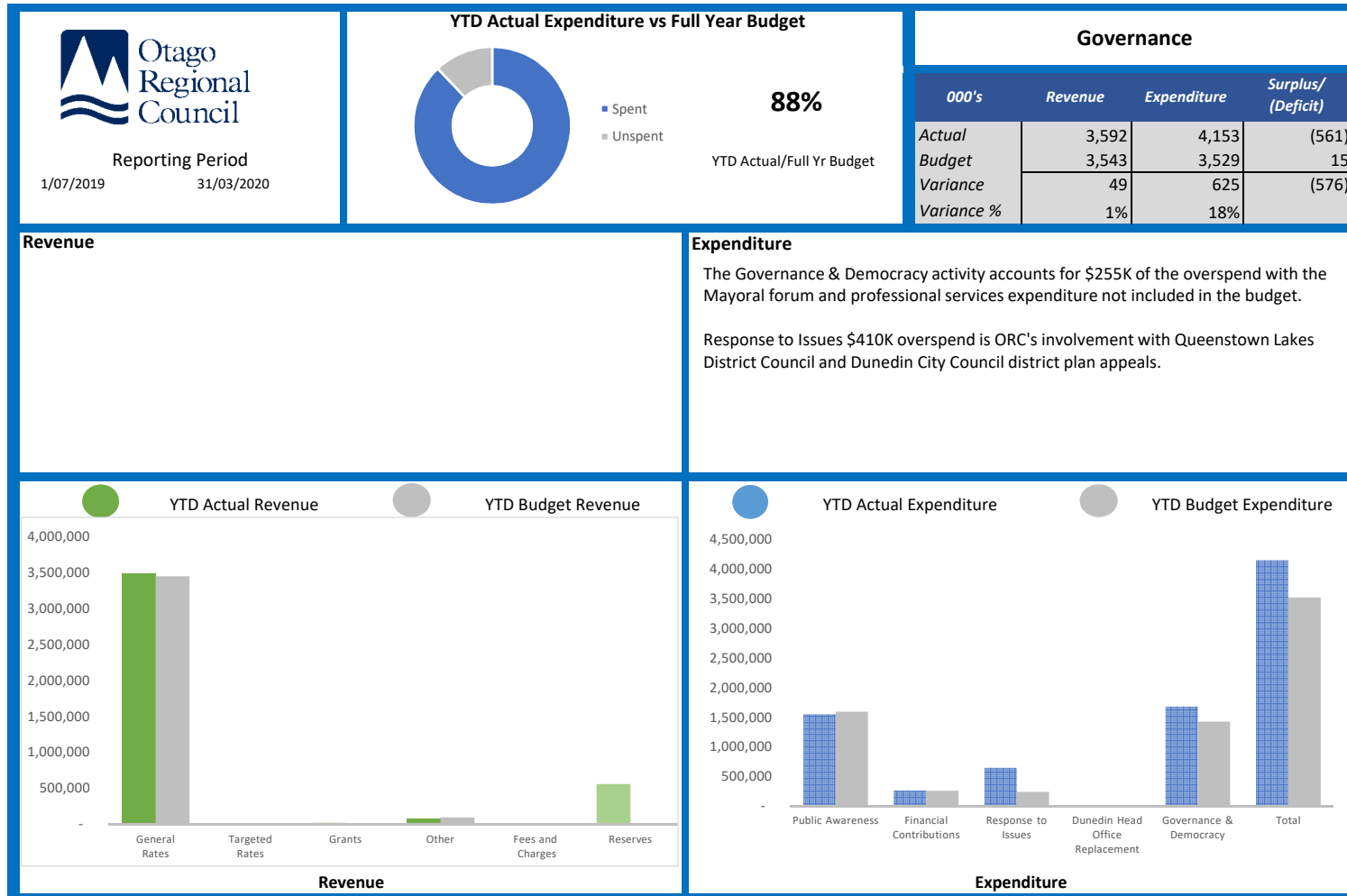
 <p>Reporting Period 1/07/2019 31/03/2020</p>	<p>Air</p>				<p>Status : Levels of Service Targets</p> <p>● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved</p> 							
<p>Level of Service</p>	<p>Levels of Service Targets</p> <table border="1"> <tr> <td>Achieved</td> <td>On Track</td> <td>Not on Track</td> <td>Won't Achieve</td> </tr> <tr> <td>0</td> <td>2</td> <td>1</td> <td>0</td> </tr> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	2	1	0
Achieved	On Track	Not on Track	Won't Achieve									
0	2	1	0									
<p>1</p>	<p>Comment on Service Delivery</p> <p>This significant activity implements the Air Quality Strategy that is underpinned by the Council's 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>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 includes; 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>Results to the end of quarter three included:</p> <ul style="list-style-type: none"> Air Strategy Implementation - review of studies investigating alternative low emission technologies will be undertaken by June and presented to Committee. Clean Heat subsidy - Council has fully allocated \$120k committed in the current FY. Higher uptake especially in Arrowtown. 36 appliances have been installed YTD and a further 30 ratepayers have secured \$2,500 funding for installation of clean heat appliances. 				<p>Target</p> <p>No change from Q2</p>							
<p>Measures</p>	<p>3</p>				<p>Watchlist</p> <p>Future number of 'Clean Heat Clean Air' subsidy applications impacts the funding reserve.</p>							
<p>Targets</p>	<p>3</p>				<p>Emerging Issues</p> <p>Proposed National Environmental Standards</p>							
<p>Not Measured this Year</p>	<p>0</p>											


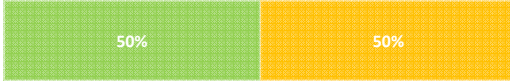


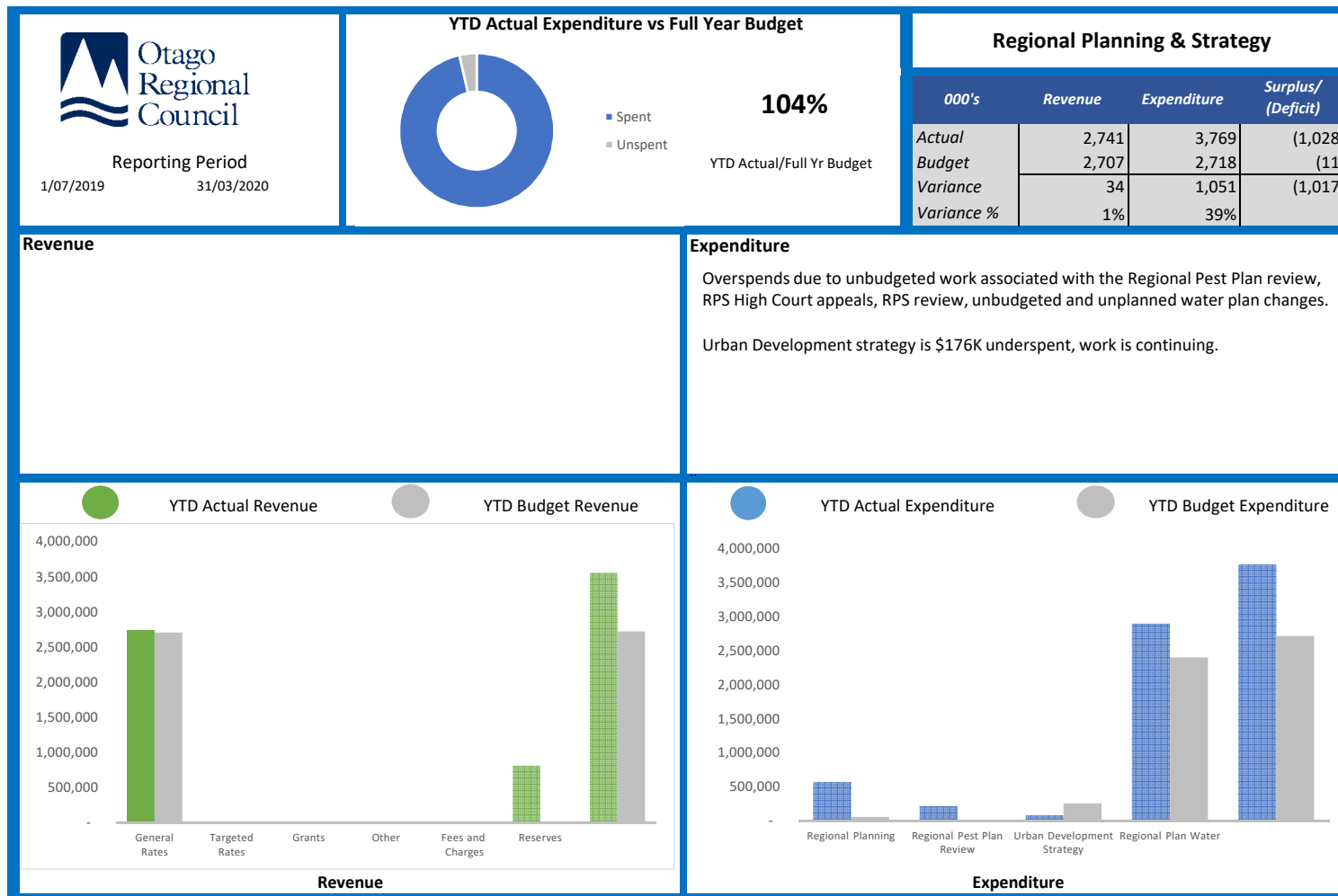
 <p>Reporting Period 1/07/2019 31/03/2020</p>	<h3>State of the Environment</h3>				<h3>Status : Levels of Service Targets</h3> <p> ● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved </p>							
	<h3>Levels of Service Targets</h3> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">2</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	2	0	0
Achieved	On Track	Not on Track	Won't Achieve									
0	2	0	0									
Level of Service	<h3>Comment on Service Delivery</h3> <p>State of the Environment This significant activity implements the Council's programme that monitors water quality and quantity, and air quality. This is required under the RMA and the National Policy Statement for Fresh Water and informs both national and internal policy, planning and reporting needs. Additionally, the Council also acts as 'project lead' for 'Environmental Monitoring and Reporting' (EMaR), which co-ordinates the collection of information across New Zealand's regional councils.</p> <p>Results to the end of quarter three included:</p> <ul style="list-style-type: none"> Freshwater monitoring - Routine sample collection and analysis is continuing as per schedule. Additional monitoring has been required to meet the requirements for the proposed LWRP (under the NPS FM). National Environment Standard monitoring for air quality is on track. Planned upgrade of Arrowtown air monitoring site and installation of new site in Wanaka has been delayed due to COVID-19 restrictions. EMaR work programme progressing largely as planned. LAWA Groundwater quality topic launch postponed until April 2020. 				<p>Target No change from Q2</p> <p>Note: 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.</p>							
Measures												
Targets					<h3>Watchlist</h3>							
Not Measured this Year					<h3>Emerging Issues</h3>							


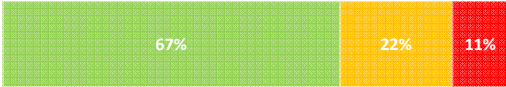


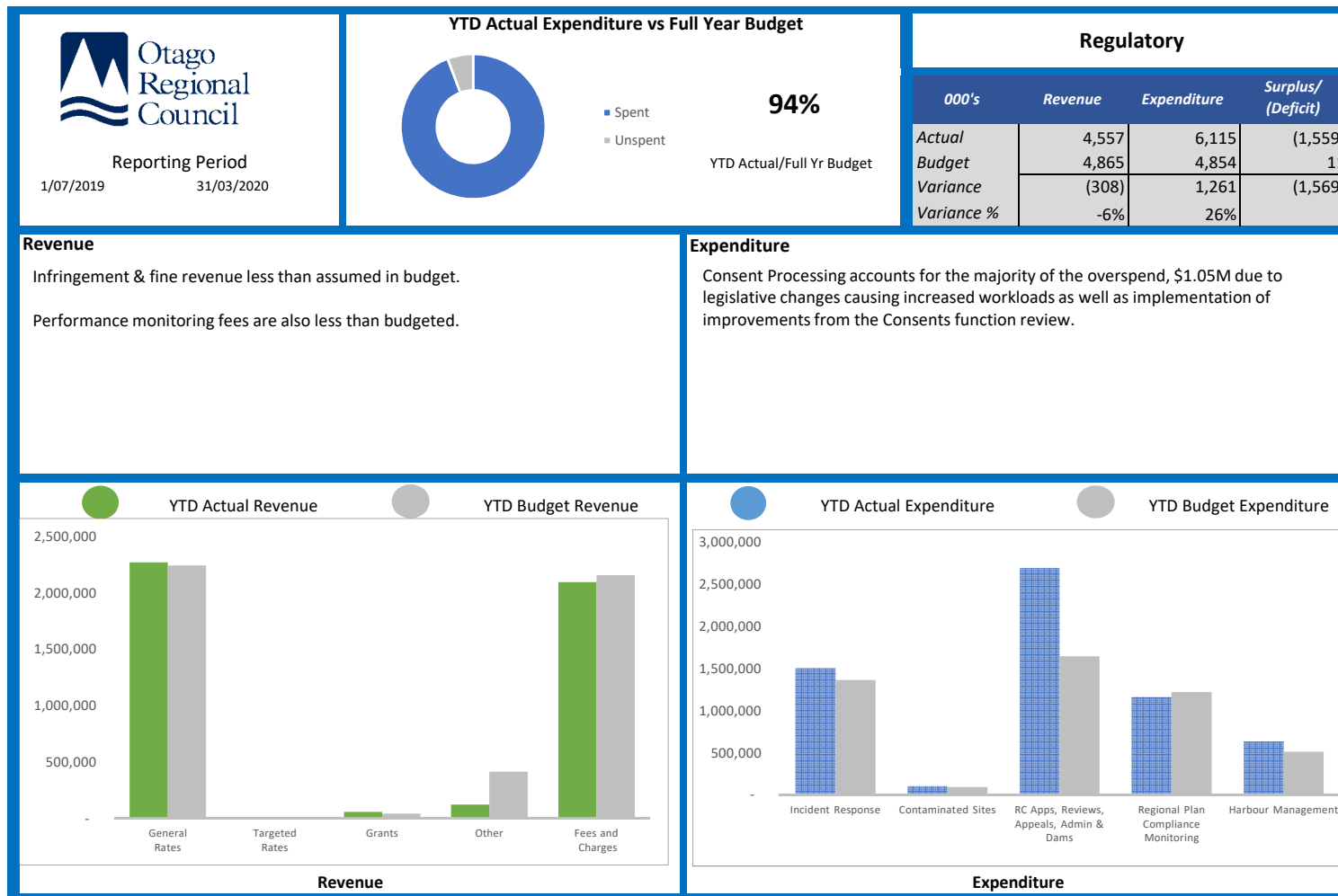
 <p>Reporting Period 1/07/2019 31/03/2020</p>	<h3>Governance & Engagement</h3>				<h4>Status : Levels of Service Targets</h4> <p>● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved</p>							
	<h4>Levels of Service Targets</h4> <table border="1"> <tr> <td>Achieved</td> <td>On Track</td> <td>Not on Track</td> <td>Won't Achieve</td> </tr> <tr> <td>0</td> <td>4</td> <td>0</td> <td>1</td> </tr> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	4	0	1
Achieved	On Track	Not on Track	Won't Achieve									
0	4	0	1									
Level of Service	<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 <p>Results to the end of quarter three included:</p> <p>Governance:</p> <ul style="list-style-type: none"> Ten Council meetings have been held this financial year Successfully implemented Diligent Boards to manage Council meeting agendas/papers <p>Communication and engagement:</p> <ul style="list-style-type: none"> 110 official information requests processed, 108 fulfilled statutory requirement Key 'one-off' communications: including Flood, Fresh Water and Covid-19 Initiatives including: web sites; online campaigns; Driver of the Month; catchment group/ECO Fund video; annual plan communications. <p>Otago Mayoral Forum:</p> <ul style="list-style-type: none"> Second forum held with priorities on waste and three waters. <p>External proposals:</p> <ul style="list-style-type: none"> Response to national proposals on Urban Development, Highly Productive Land, Freshwater and RMA changes. Submissions on the Marine Protected Areas Bill, the revised NES for Air Quality. Appeals across the QLDC and DCC District Plan Reviews and response to resource consent applications. 				<h4>Target</h4> <p>No change from Q2</p> <p>Notes on the one target reporting red: The LGOIMA target is aspirational at 100% within legal timeframes - <i>Current response rate within required timeframes has increased to 98.1%.</i></p>							
Measures	<p>4</p>				<h4>Watchlist</h4> <p>Developing ways for Council to communicate and engage during COVID-19 restrictions</p>							
Targets	<p>5</p>											
Not Measured this Year	<p>0</p>				<h4>Emerging Issues</h4> <ul style="list-style-type: none"> Proposed National Environmental Standards ORC and community understanding of issues and the response to successfully manage freshwater Communication and engagement challenges presented by COVID-19 							




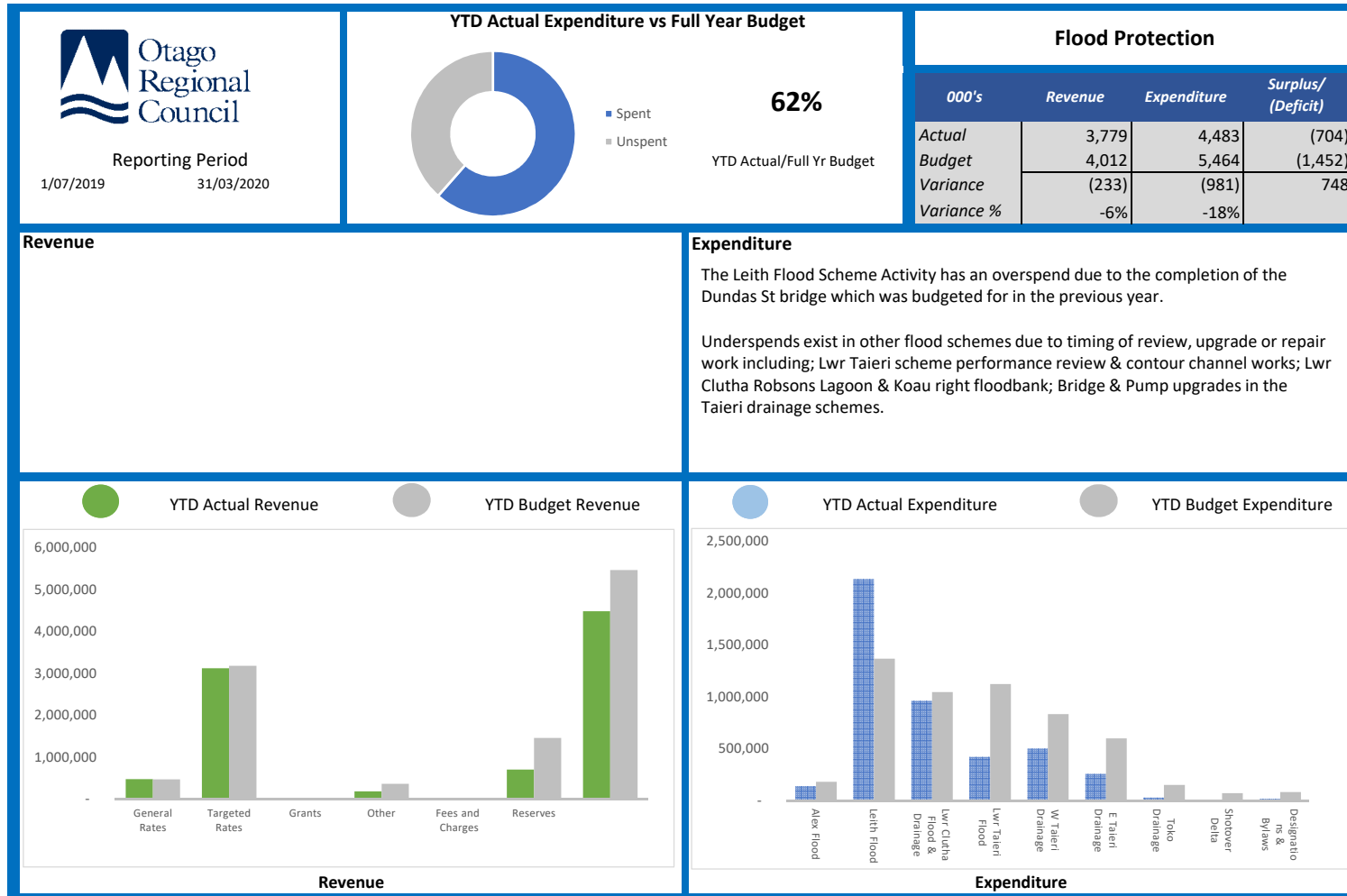
 <p>Reporting Period 1/07/2019 31/03/2020</p>	<h3>Regional Planning & Strategy</h3>				<p>Status : Levels of Service Targets</p> <p>● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved</p> 						
	<p>Levels of Service Targets</p> <table border="1"> <tr> <td>Achieved</td> <td>On Track</td> <td>Not on Track</td> <td>Won't Achieve</td> </tr> <tr> <td>0</td> <td>1</td> <td>1</td> <td>0</td> </tr> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	1
Achieved	On Track	Not on Track	Won't Achieve								
0	1	1	0								
Level of Service	<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 (i.e. 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 (notified Nov 2020 & operative 1 Apr 2022) <p>Results to the end of quarter three included:</p> <ul style="list-style-type: none"> • Ontrack with advancing the fresh water planning framework • Supporting science and monitoring, especially for the priority FMUs, progressing • The Water Permits Plan Change has been notified, and both the Water Permits and Omnibus Plan Change have been called in by the Minister for the Environment. • Preparation of an Urban Development Strategy - scoping has commenced. 				<p>Target</p> <p>Change from Q2 - Green to Yellow: Report development to Council on the preparation of an urban development strategy - <i>Project has commenced however the urban development strategy will not be completed by end of year.</i></p>						
Measures	<p>2</p>				<p>Watchlist</p>						
Targets	<p>2</p>										
Not Measured this Year	<p>0</p>				<p>Emerging Issues</p> <p>Proposed National Environmental Standards</p>						




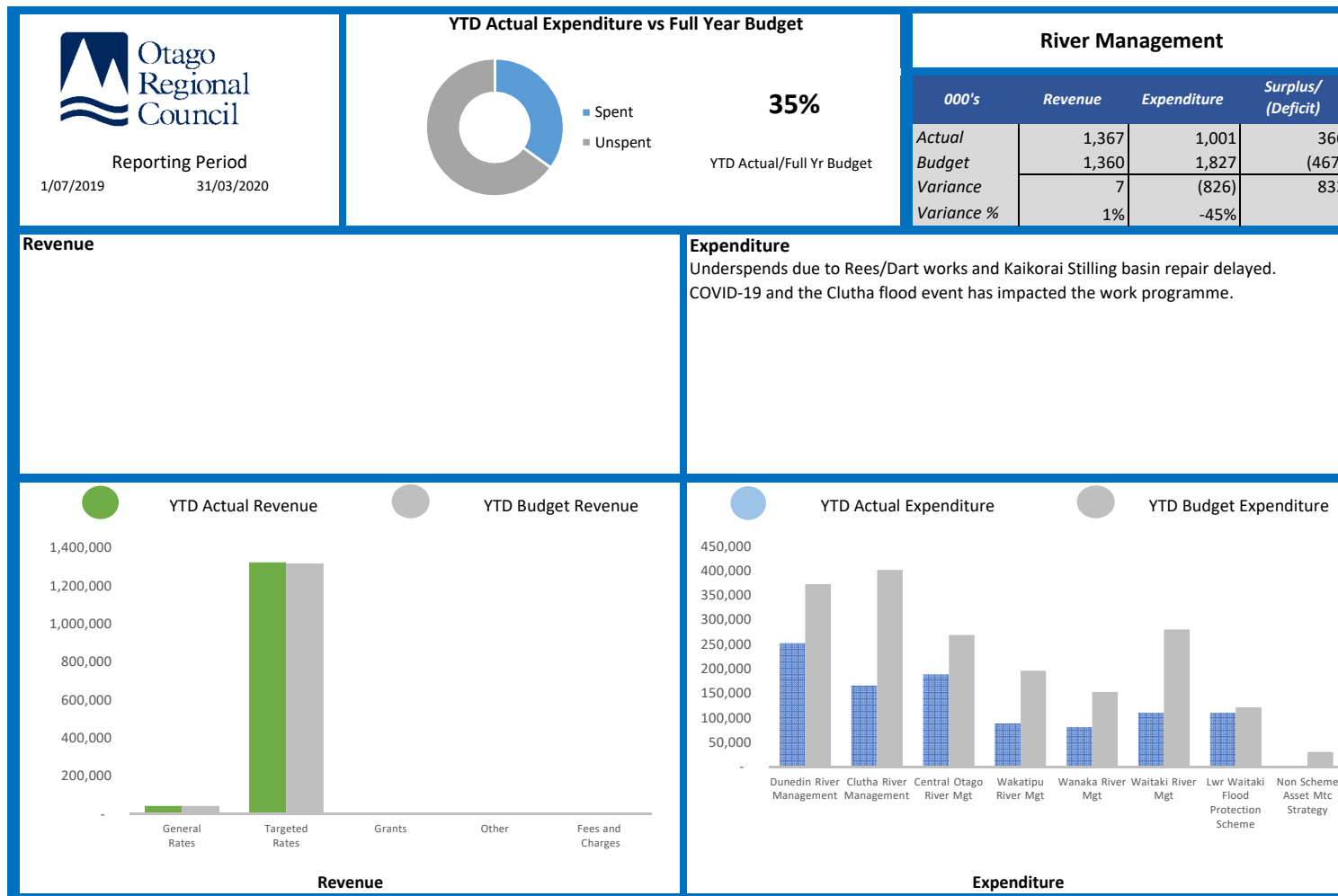
 <p>Reporting Period 1/07/2019 31/03/2020</p>	<h3>Regulatory</h3>				<h3>Status : Levels of Service Targets</h3> <p> ● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved </p> 						
	<h3>Levels of Service Targets</h3> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">6</td> <td style="text-align: center;">2</td> <td style="text-align: center;">1</td> </tr> </tbody> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	6
Achieved	On Track	Not on Track	Won't Achieve								
0	6	2	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 <p>Results to the end of quarter three included:</p> <ul style="list-style-type: none"> 99.6% of consenting decisions were made within RMM mandated timeframes. As at March there were 260 applications in progress. 3,505 Performance Monitoring returns were graded to the end of March. The backlog on consent performance monitoring and auditing is being reduced but will not be cleared by 30 June 2020. Harbours and water management – no serious incidents to report. Bylaw consultation completed mid April - progressing to the next steps. Navigation aids and visitor moorings are being well received; alignment of the infringement framework is underway and due to be in place Mid 2020. Contaminated sites: 31 sites have been registered with the relevant TLA for the period 1 July to 31 March 2020. There has been a decrease in the number of enquiries regarding contaminated land since the Contaminated Sites mapping tool was introduced on ORC website. 				<h3>Target</h3> <p>Change from Q2 - Green to Yellow: Average time taken to respond to oil spills no more than 1.5 hours - <i>Current systems unable to accurately report on this but staff are confident target can be met.</i></p>						
5											
Measures					<h3>Watchlist</h3> <p>Increase pressure is expected on consent processing due to legislative changes, Council Plan notifications.</p>						
8											
Targets					<h3>Emerging Issues</h3>						
9											
Not Measured this Year											
0											





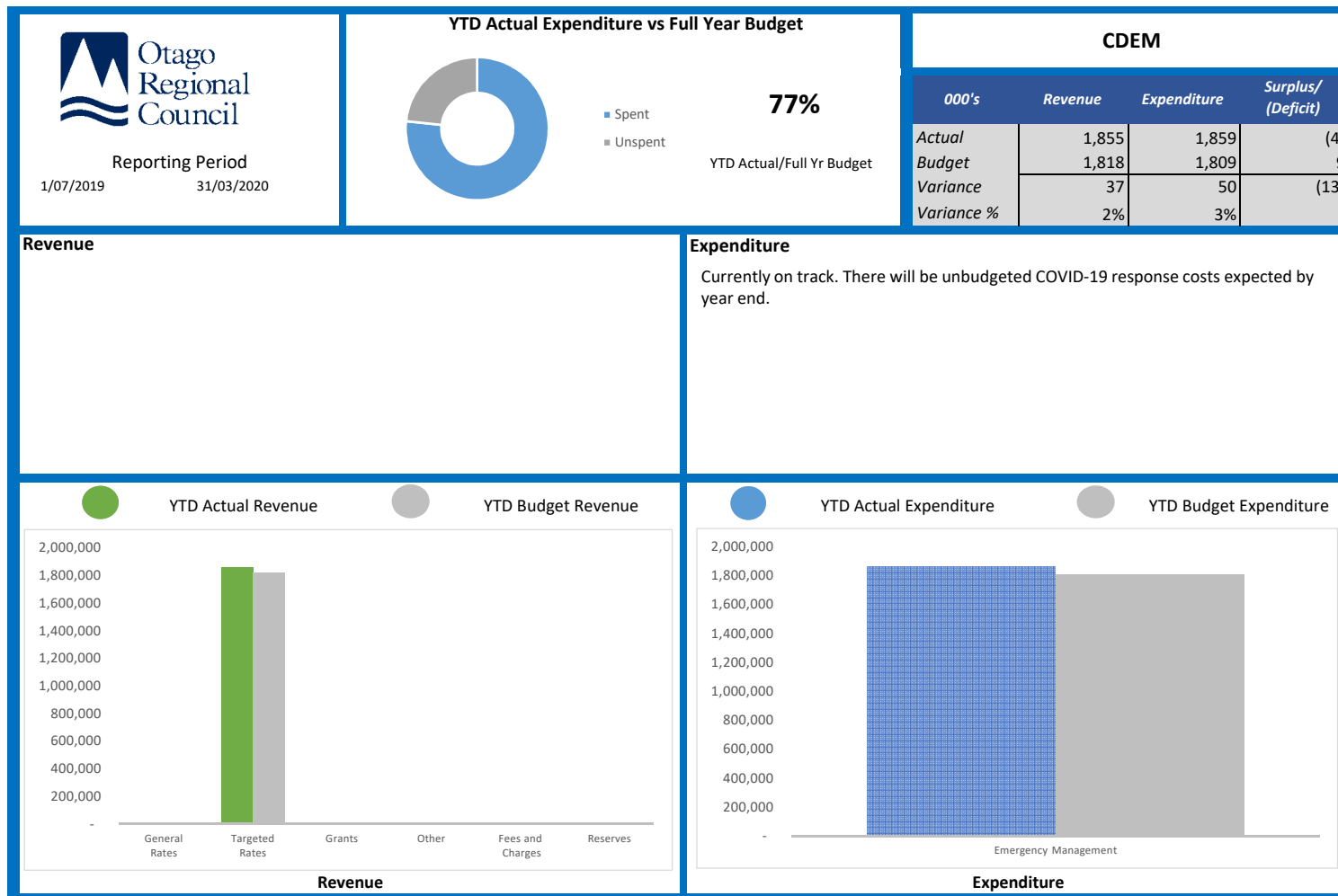
 <p>Reporting Period 1/07/2019 31/03/2020</p>	<h3>Flood Protection</h3>				<h3>Status : Levels of Service Targets</h3> <p> ● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved </p>							
	<h4>Levels of Service Targets</h4> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">7</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	0	7	0
Achieved	On Track	Not on Track	Won't Achieve									
0	0	7	0									
Level of Service	<h4>Comment on Service Delivery</h4> <p>This significant activity gives effect to Council's responsibilities under the Soil Conservation and Rivers Control Act 1941, and other specific requirements such as the management and maintenance of our flood protection and land drainage assets. The schemes protect 20,000 Ha of land. Core functions include:</p> <ul style="list-style-type: none"> 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 three included:</p> <ul style="list-style-type: none"> Dundas Street stage of the Leith Flood Protection Scheme was completed. Mill Creek Pump Station flood bank repairs awarded to Fulton Hogan. Report on Waipori pump station reliability upgrade (West Taieri Drainage Scheme) completed December 2019. Engineering evaluating options and recommendations. Works on Henley flood bank (Lower Taieri) completed Processing of bylaws and consents that interface with flood protection assets Scheduled drain maintenance Bank stabilisation in Silverstream has been undertaken Summer drain spraying completed for Clutha, Tokomairiro and Taieri 'Flood event' erosion assessments to assess extent of damage to schemes in Central Lakes, Central Otago and Clutha are continuing – Committee Paper to Council in May All blockages and obstructions have been attended to from February 2020 floods. Most blockages have been removed. Coastal Mouths have been worked on significantly to respond to coastal conditions Work on Silverstream Gordon Road Spillway (Lower Taieri) is scheduled for May/June 				<h4>Target</h4> <p>No change from Q2:</p> <ul style="list-style-type: none"> For several schemes progress on capital projects has been slow due to resourcing and weather has hindered BAU progress: West, East and Lower Taieri, Tokomairiro. Flooding in February has hindered BAU maintenance significantly and created further erosion and repairs to Lower Clutha flood & drainage scheme. Performance Review of the Lower Taieri River is progressing slowly - resourcing is an issue. 							
Measures	<h4>Watchlist</h4> <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>											
2	<h4>Emerging Issues</h4> <p>Cumulative impacts on costs and delivery of four significant floods in less than four years.</p>											
Targets	<p>7</p>											
Not Measured this Year	<p>0</p>											





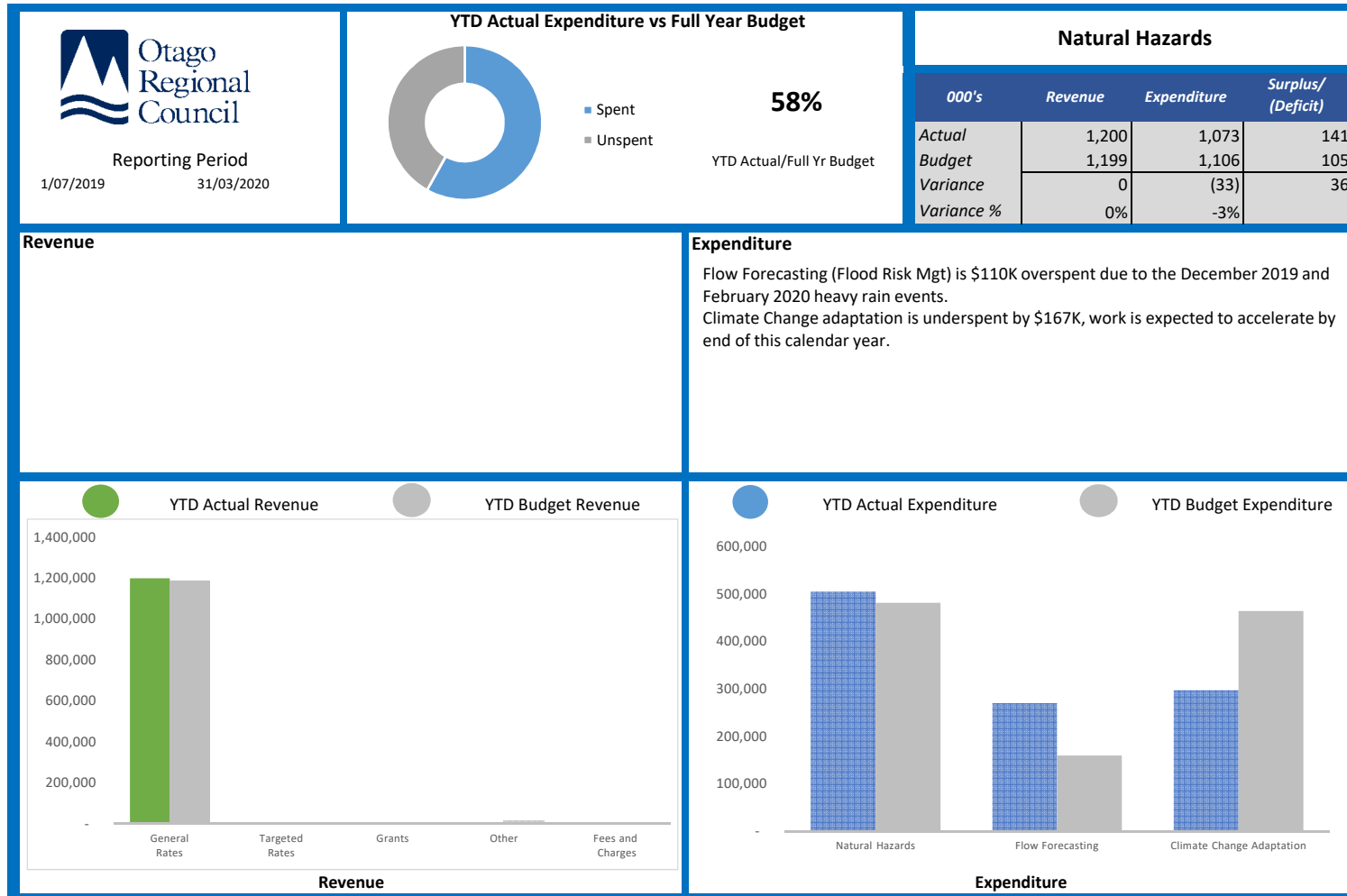
 <p>Reporting Period 1/07/2019 31/03/2020</p>	<h3>River Management</h3>				<h3>Status : Levels of Service Targets</h3> <p>● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved</p>							
	<h4>Levels of Service Targets</h4> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">2</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>				Achieved	On Track	Not on Track	Won't Achieve	0	0	2	0
Achieved	On Track	Not on Track	Won't Achieve									
0	0	2	0									
<p>Level of Service</p> <p style="text-align: center;">1</p>	<h4>Comment on Service Delivery</h4> <p>This significant activity gives effect to Council's responsibilities under the Soil Conservation and Rivers Control Act 1941, and the management and maintenance of Otago rivers. Core functions include:</p> <ul style="list-style-type: none"> 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. <p>Results to the end of quarter three included:</p> <ul style="list-style-type: none"> Annual aerial river surveys completed (Q1) 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. River Management has attended numerous debris/obstructions from rivers to clear and open channels across Otago Headwater issues in Glenorchy responded to - assessment continuing on improvements to river management Monitoring and geotechnical investigations underway for repair of damage at Albertown due to December floods Flood erosion and damage assessments undertaken across Central Otago, Lakes District and Clutha in rivers and lake areas to determine priority areas for erosion damage and repair. 				<h4>Target</h4> <p>No changes from Q2: Weather events have impacted on BAU:</p> <ul style="list-style-type: none"> On-going river management repairs to Waitaki River from Dec 2019 flood Erosion repairs to Clutha River interrupted by Feb flooding Erosion works on Waitati River delayed due to river levels 							
<p>Measures</p> <p style="text-align: center;">1</p>												
<p>Targets</p> <p style="text-align: center;">2</p>												
<p>Not Measured this Year</p> <p style="text-align: center;">0</p>												
				<h4>Watchlist</h4> <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>								
				<h4>Emerging Issues</h4> <p>Cumulative impacts on costs and delivery of four significant floods in less than four years, including damage to Albert Town rockwork in Q2, Lower Clutha floodbanks in Q3.</p>								





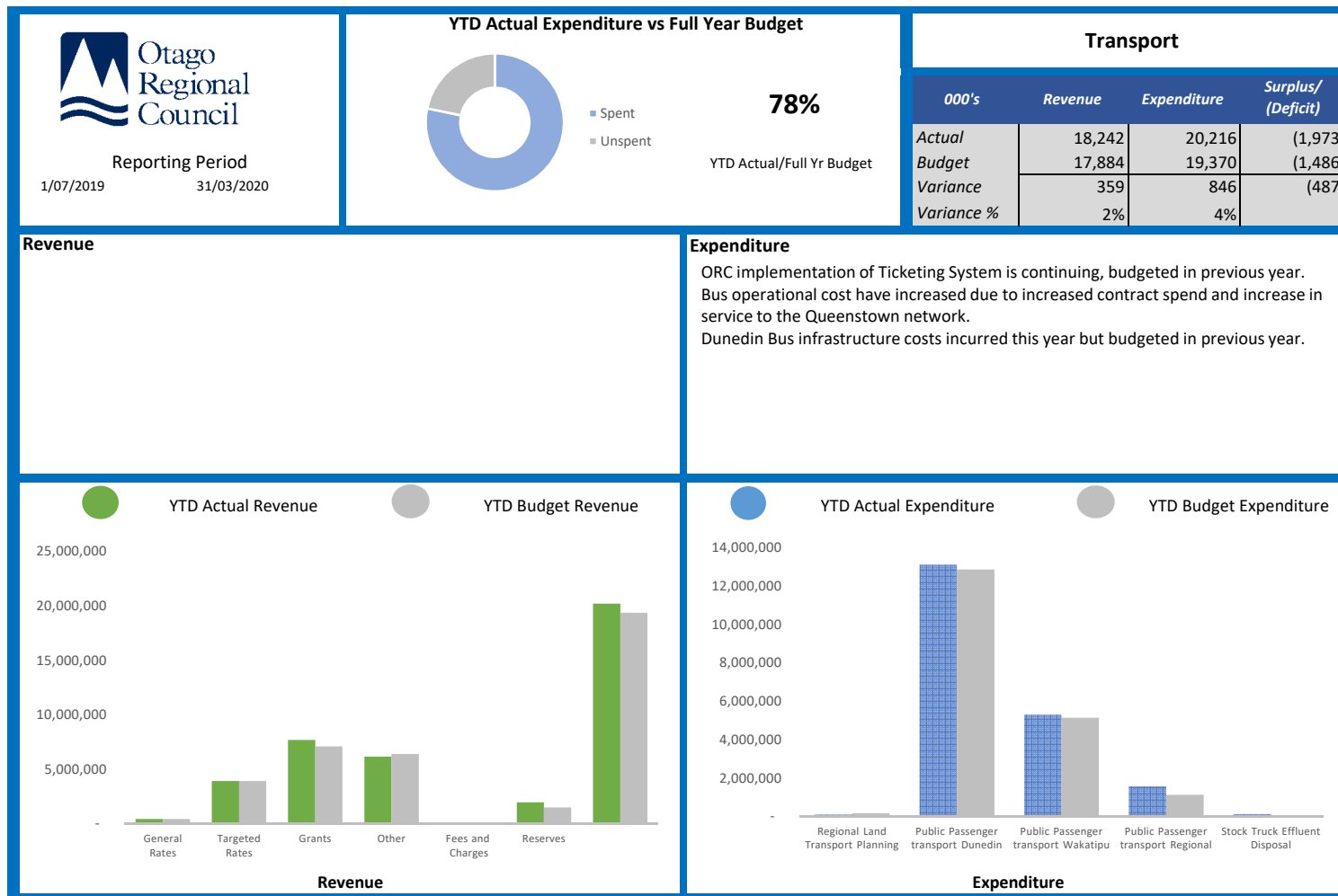
 <p>Reporting Period 1/07/2019 31/03/2020</p>	<h3>Emergency Management</h3>				<h4>Status : Levels of Service Targets</h4> <p>● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved</p> 							
	<h4>Levels of Service Targets</h4> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td>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	3	0			
Achieved	On Track	Not on Track	Won't Achieve									
0	2	3	0									
<p>Level of Service</p> <p>2</p>	<h4>Comment on Service Delivery</h4> <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> <p>Results to the end of quarter three included:</p> <ul style="list-style-type: none"> • Community Response Planning is on track. • Coastal tsunami plan has begun. • Recruitment for a new Director/Group Manager of Emergency Management Otago will commence once the Coordinating Executive Group and Joint Committee have agreed the outcomes of the Group's review. • Activation of the ECC remotely is on track and MOU is in preparation between ORC and St John to co-locate at York Place, enabling a swifter physical activation. • Community Response Plans are in place for all the highest priority communities identified by each of the TLAs; 35 plans complete and another 17 are in draft form. • Progress and status of region-wide issues plans reported to the Co-ordinating Executive Group (CEG) and CDEM Joint Committee. • A formal region wide Dam Failure Plan is yet to be developed but priority dams have plans in place prepared by the operators. • Implementation of the EMO operational system has been progressed with application across three minor events by partnering councils. • 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) • Recruitment of the Training and Capability Advisor 				<h4>Target</h4> <p>Changes from Q2 - Yellow to Green: Time taken for the Group Emergency Coordination Centre to be activated – <i>ECC is now able to activate online within 1hr target timeframe.</i></p> <p>Green to Yellow: Group CDEM controller or alternate is available 24/7- <i>Otago's sole qualified Group Controller left organisation in December. We are working on fulfilling these roles however training has been deferred due to COVID-19.</i></p>							
<p>Measures</p> <p>5</p>												
<p>Targets</p> <p>5</p>					<h4>Watchlist</h4>							
<p>Not Measured this Year</p> <p>0</p>					<h4>Emerging Issues</h4> <p>Response to COVID-19</p>							




 <p>Reporting Period 1/07/2019 31/03/2020</p>	<h3>Natural Hazards</h3>				<p>Status : Levels of Service Targets</p> <p>● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved</p> 						
	<p>Levels of Service Targets</p> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">4</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	4
Achieved	On Track	Not on Track	Won't Achieve								
0	4	0	0								
Level of Service	<p>Comment on Service Delivery</p> <p>This activity involves assessing the scale and significance of natural hazards in Otago. It includes risk assessment projects such as those relating to climate change adaptation, and also flow forecasting to understand and monitor flood events. This work is often done in collaboration with Otago councils and communities with an emphasis on access to quality timely information.</p> <p>Results to the end of quarter three included:</p> <p><u>Climate Change Risk Assessment</u></p> <ul style="list-style-type: none"> • Collaboration with TA's on adaptation continuing. • Workshops with stakeholders completed in December. Internal steering group formed. Consultation with wider stakeholders started in March. • Data acquisition in South Dunedin and in Clutha continues. • Otago climate change risk assessment report being developed for council and due for presentation in June 2020. <p><u>Natural Hazards</u></p> <ul style="list-style-type: none"> • All public information systems (Otago natural hazard database and WaterInfo website) operating to agreed service levels over the reporting period. • Improved Otago natural hazards database platform delivered. • 24 hour flood management and response system operated during the period. • Flood event data (Nov/Dec/Feb) being captured to inform flood protection schemes reviews and flood hazard investigations. • Bank erosion and damage to rock work in Albert Town investigated in January and action plan defined in collaboration with Engineering Team. • Debris flow Gibbston Valley due to Feb rain investigated in February/March. • Work on improved flood forecasting model for lower Clutha completed. Peer-review planned for March/April. 				<p>Target</p> <p>No changes from Q2:</p> <p>Note on Natural Hazards assessment: Wanaka tsunami study may need to be deferred to next financial year (\$100k budget) as GNS and NIWA consultants don't have capacity to complete by June 2020.</p>						
Measures					<p>Watchlist</p>						
Targets											
Not Measured this Year					<p>Emerging Issues</p>						



 <p>Reporting Period 1/07/2019 31/03/2020</p>	<h3>Transport</h3>				<p>Status : Levels of Service Targets</p> <p>● Achieved, ● On Track, ● May not be achieved, ● Will not be achieved</p> 						
	<p>Levels of Service Targets</p> <table border="1"> <thead> <tr> <th>Achieved</th> <th>On Track</th> <th>Not on Track</th> <th>Won't Achieve</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">6</td> <td style="text-align: center;">1</td> <td style="text-align: center;">0</td> </tr> </tbody> </table>					Achieved	On Track	Not on Track	Won't Achieve	0	6
Achieved	On Track	Not on Track	Won't Achieve								
0	6	1	0								
Level of Service	<p>Comment on Service Delivery</p> <p>This activity involves the delivery of public passenger transport in Dunedin and Queenstown, and the co-ordination of regional transport planning to enable a resilient, multi modal transport system for the efficient and effective movement of people and goods. An Otago-Southland Regional Transport Plan is central to this and is developed collaboratively.</p> <p>Results to the end of quarter three included:</p> <ul style="list-style-type: none"> • 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. However, COVID-19 may impact patronage and future growth forecasts. • Reliability of bus services – ‘real time’ tracking has been implemented in Queenstown and in 50% of the Dunedin fleet, remainder will be completed once COVID-19 restrictions are lifted. • Bus vehicle quality – The Dunedin fleet is 100% compliant and the Queenstown inspection process is underway. Inspections will resume once COVID-19 restrictions are lifted. • Public Satisfaction continues to exceed 85% target with 88% in Dunedin and 95% in Queenstown. The next survey will take place once COVID-19 restrictions are lifted. • Queenstown network: A direct Lake Hayes Direct service was launched in January and network design adopted for COVID-19 has a resulted in a number of positive revision. • Community consultation on a Wakatipu Ferry Service is open until mid-May. • RLTP initial strategic review has commenced; Southland and Otago Regional Transport Committees met in March. 				<p>Target</p> <p>Change from Q2 - Green to Yellow: Percentage of vehicles that comply with Regional Passenger Transport Vehicle quality standards - <i>All current vehicles were to be inspected and compliant by end April 2020, with new vehicle deliveries and inspections by July. Timelines have been impacted by COVID-19 restrictions. NZTA have been advised.</i></p>						
Measures	<p>7</p>				<p>Watchlist</p> <p>COVID-19 impacts on passenger numbers; COVID-19 recovery and short to medium term expectations on public transport provision, including fares.</p>						
Targets	<p>7</p>										
Not Measured this Year	<p>0</p>				<p>Emerging Issues</p>						



Levels of Service Measures - for all Significant Activities							Q1	Q2	Q3
Freshwater									
Service statement 1: Water quality across Otago is maintained and improved									
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.						
1.2	Increase the number of catchments included in catchment monitoring	1.2	Five catchments every two years.						
1.3	Implement research and studies to advance the freshwater programme including prioritisation across freshwater management units	1.3	Progress is reported to Council						
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 						
Biodiversity and Biosecurity									
Service statement 2: Collaborate with the regional community to potentially invest and fund environmental									
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						
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						
Service statement 4: Establish controls over animal and plant pests to maintain and enhance biodiversity, protect									
2.3	The Regional Pest Management Plan is implemented	2.3	Complete the Regional Pest Operational Plan						
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						

		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			
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			
		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.			
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.		
	2.6b		Key planning information is disclosed in a timely way			
2.7	Collaborate with community groups and pest companies to carry out control activates to eradicate Wallaby in Otago	2.7	Reported Wallaby sightings are investigated and responded to within 3 working days			
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			
3.2	Administer the clean heat, clean air fund for Air Zone 1 and Milton	3.2	Achieved			
3.3	Implement investigation and research programme to achieve goals under the Air Strategy including trialling options for low emission technologies.	3.3	Report to Council on programme delivered as at 30 June 2020			
State of the Environment Reporting						
Service statement 6: Provide high quality and timely environmental information, indicators and advice to key decision						

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			
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			
Governance & Community Engagement						
Service statement 1: Governance support and process that enables a robust and transparent democratic practice for						
5.1	Percentage of official information requests responded to within statutory timeframes	5.1	100%			
5.2	Percentage of council agendas that are publicly available two working days or more before a meeting	5.2	100%			
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			
Service statement 2: Council has clearly articulated policy, purpose and activity to encourage participation in decision-						
5.4	Council's Long-Term Plan, Annual Plans and Annual Reports are fit for purpose and accessible.	5.4a	All Local Government Act statutory planning requirements and financial reporting standards are met			
		5.4b	Unmodified independent audit report for the Long-Term Plan and Annual Report			
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			
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			
Regulatory						
Service statement 1: Deliver consenting processes efficiently and effectively under the Resource Management Act						

7.1	Percentage of resource consents application processed within Resource Management Act 1991 legislative timeframes	7.1	100%			
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%			
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%			
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%			
7.5	Average time taken to respond to oil spills no more than 1.5 hours.	7.5	Achieved			
7.6	Facilitate/carry out appropriate response training for staff and contractors.	7.6a	Hold at least one pollution incident response training exercise for each of the following: <ul style="list-style-type: none"> • desktop exercise • a field exercise for pollution incident response • an equipment training day. 			
		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. 			
Service statement 5: Enable safe use and navigation for all users of Otago Harbour. Take appropriate action in						
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			
7.8	Percentage of enforcement action taken when there are breaches of the Otago Maritime Safety Bylaw.	7.8	100%			
Flood and Drainage Schemes						
Service statement 1: Manage flood risk to people and property. Maintain, repair and renew drainage assets to						
		8.1a	Performance against defined standards of the flood protection schemes and primary scheme assets reported annually.			

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.	8.1b	Planned renewal works completed on programme and budget, and progress reported quarterly.			
		8.1c	Planned maintenance works completed on programme and budget, and progress reported quarterly.			
		8.1d	Complete review including recommendations on the performance of the Lower Taieri River and primary tributaries.			
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.			
		8.2b	Planned renewal works completed on programme and budget, and progress reported quarterly.			
		8.2c	Planned maintenance works completed on programme and budget, and progress reported quarterly.			
River and Waterway Management						
Service statement 2: Achieve a balance between maintaining channel capacity, channel stability and environmental						
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			
		9.1b	100% of investigations have action determined within 20 days			
Emergency Management						
Service statement 1: Provide a region-wide coordinated response in the event of civil defence emergency to reduce						
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			
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			
Service statement 2: Prepare and implement robust integrated suite of issue focused and community-based plans and						
10.3	An operative Group CDEM Plan is reviewed within statutory timeframes and fully implemented	10.3	Achieved			
10.4	Full suite of community plans across the region is in place and remain under continuous review	10.4	Status and progress on the plans are reported to the Central Emergency Group and Council			

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			
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			
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.			
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			
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			
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%			
12.2	Vehicle quality – percentage of vehicles that comply with Regional Passenger Transport Vehicle quality standard	12.2	100%			
12.3	Public Satisfaction – percentage of bus users that are satisfied with the overall standard of service	12.3	85%			
12.4	Patronage in Dunedin – percentage growth on contracted services above 2017/18 levels	12.4	3%			
12.5	Patronage in Queenstown – percentage growth increase on contracted services	12.5	5%			

Service statement 2: Facilitate and support prioritised investment in Otago's transport network by local and central					
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.		
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		

9.1 Quarterly Report Finance – 31 March 2020

Prepared for: Finance Committee

Report No. CS1934

Activity: Governance Report

Author: Sarah Munro, Finance Manage – Reporting

Endorsed by: Nick Donnelly, General Manager Corporate Services

Date: 22 May 2020

PURPOSE

This report provides a summary of the Council's financial performance for 1 July 2019 to 31 March 2020 (Quarter 3 of the 2019/20 financial year).

RECOMMENDATION

That the Finance Committee:

- 1) **Receives** this report.

EXECUTIVE SUMMARY

- [1] This report includes two financial statements:
 - a. A Statement of Comprehensive Revenue and Expenses for the 9-month period 1 July 2019 to 31 March 2020, and
 - b. A Statement of Financial Position as at 31 March 2020.
- [2] The Treasury section provides information on the management and performance of the Council's short-term deposits and managed fund for the 9 months ended 31 March 2020.

Statement of Comprehensive Revenue and Expenses

- [3] The Statement of Comprehensive Revenue and Expenses shows the year to date deficit of \$5,008,000 to be \$3,861,000 higher than the budgeted deficit of \$1,145,000.
- [4] This variance is the net result of:
 - Expenditure of \$48,220,000 being \$2,050,000 (4%) above budget
 - Revenue of \$44,492,000 being \$361,000 (1%) below budget
 - The market value adjustment of the managed fund recorded in Other gains/ (losses) being \$1,525,000 below budget.
 - Income tax benefit being \$75,000 greater than budget

Statement of Financial Position

- [5] The Statement of Financial Position shows the balance sheet position at 31 March 2020 as well as the prior year comparative as at June 2019 and the Annual Plan budgeted position for June 2020.

Statement of Comprehensive Revenue and Expenses 1 July 2019 to 31 March 2020

	Paragraph reference for notes	Actual YTD 2019/2020 March 2020	Budget YTD 2019/2020 March 2020	Variance	Budget Full Year 2019/2020 June 2020	Actual Prior Year 2018/2019 June 2019
		\$000	\$000	\$000	\$000	\$000
Revenue						
Rate revenue		19,873	19,772	101	26,363	23,283
Subsidies and grant revenue	[6]	7,953	7,475	478	12,133	14,686
Other income	[7]	10,034	10,547	(513)	14,063	13,609
Dividends	[8]	6,180	5,925	255	7,900	8,450
Interest and investment income	[9]	452	1,134	(682)	1,512	638
Total Revenue		44,492	44,853	(361)	61,971	60,666
Expenditure						
Employee benefits expense	[11]	(13,521)	(13,872)	351	(18,496)	(15,641)
Depreciation and amortisation		(2,108)	(1,899)	(209)	(2,531)	(2,510)
Finance costs		(0)	(1)	1	(2)	(1)
Other expenses	[12]	(32,591)	(30,398)	(2,193)	(43,561)	(51,647)
Total Expenditure		(48,220)	(46,170)	(2,050)	(64,590)	(69,799)
Surplus/(deficit)		(3,728)	(1,317)	(2,411)	(2,619)	(9,133)
Other gains/(losses)	[13]	(1,353)	172	(1,525)	344	3,814
Revaluation gain/(loss)- shares of subsidiary		-	-	-	7,000	-
Income tax benefit/(expense)		75	-	75	-	98
Surplus/(deficit) before tax		(5,006)	(1,145)	(3,861)	4,725	(5,221)

Explanation of Actual to Budget Variances

Revenue

Revenue is \$361,000 less than budgeted year to date due to the following:

- [6] Subsidies and grant revenue is \$478,000 greater than budget. The majority of this variance is caused by a \$571,000 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.
- [7] Other income is \$513,000 less than budget. The majority of this decrease has been caused by a reduction in incident response revenue which is lower than presumed in the budget.
- [8] Dividends is \$255,000 greater than budget due to the managed funds dividends being separated from investment income and recorded as dividends in the current year.
- [9] Interest and investment income is \$682,000 less than budget due to dividends from the managed fund of \$255,000 being split into dividend income in the current year.
- [10] The remaining decrease in interest and investment income has been caused by a drop in the cash held in term deposits and the interest rate of term deposits from budget.

Expenditure

Expenditure is \$2,050,000 greater than budgeted for Quarter 3 due to the following:

- [11] Employee benefits expense is \$351,000 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.
- [12] Other expenses are \$2,193,000 above budget. The following expenditure types included in other expense have variances to budget.
 - Legal expense is \$810,000 over budget due to increased legal expenditure in policy and consents.
 - Travel expense is \$137,000 over budget due to increased travel costs of consultants from outside of the Otago region to support planning and hearings.
 - The majority of the remaining over budget expenditure has been caused by increased spending on casual labour and consultants due to temporary labour being required to perform scheduled work which was planned to be performed by vacant positions.
- [13] Other gains/(losses) is \$1,525,000 below budget due to a reduction in the market value of the JB Were long term managed fund because of the impact of COVID-19 on financial markets. Refer to the Treasury section for more detail on the managed fund.

Balance Sheet

As at 31 March 2020

	Paragraph reference for notes	Actual YTD 2019/2020 March 2020	Actual PY 2018/2019 June 2019	Variance	Budget 2019/2020 June 2020
		\$000	\$000	\$000	\$000
Current Assets					
Cash and cash equivalents	[14]	14,966	15,432	(466)	432
Trade receivables	[15]	8,930	9,604	(674)	8,697
Inventories - property intended for sale		-	-	-	214
Other financial assets	[16]	21,537	22,502	(965)	34,811
Other current assets	[17]	558	442	116	231
Total Current Assets		45,991	47,980	(1,989)	44,385
Non-current Assets					
Property, plant and equipment		96,099	94,441	1,658	95,505
Investment property		13,562	13,562	-	11,816
Shares in subsidiary		534,235	534,235	-	502,508
Deferred Tax Asset		71	98	(27)	98
Intangible assets - computer software		4,480	3,884	596	4,252
Total Non-current Assets		648,447	646,220	2,227	614,179
TOTAL ASSETS		694,438	694,200	238	658,564
Current Liabilities					
Trade and other payables	[18]	(17,736)	(12,503)	(5,233)	(9,019)
Borrowings (current)		-	-	-	-
Employee entitlements current		(1,647)	(1,639)	(8)	(1,701)
Total Current Liabilities		(19,383)	(14,142)	(5,241)	(10,720)
NET ASSETS		675,055	680,058	(5,003)	647,844
Equity					
Reserves	[19]	(555,155)	(555,621)	466	(521,766)
Public equity	[20]	(119,900)	(124,437)	4,537	(126,078)
Total Equity & Reserves		(675,055)	(680,058)	5,003	(647,844)

Explanation of Actual to Budget Variances

- [14] Cash and cash equivalents decreased by \$466,000 from the 30 June 2019 position of \$15,432,000. Details of the cash levels at Council for the last 18-month period is detailed in the Treasury section [para 26].
- [15] Trade Receivables decreased by \$674,000 from the 30 June 2019 position due to a drop in billing of the month ended 31 March 2020, caused by disruptions due to the COVID-19 lockdown.
- [16] Other financial assets have decreased by \$965,000 from the 30 June 2019 position balance of \$22,502,000 due to a decrease in the market value of the JB Were long term managed fund at 31 March 2020 due to COVID-19 market volatility. Refer to the Treasury section for more detail on the managed fund.
- [17] Other current assets have increased by \$116,000 from the 30 June 2019 position of \$442,000 due to an increase in prepaid insurance. Insurance is billed in July for a 12 month period. These costs are recorded as prepayments when paid and released on a monthly basis as the service is used by Council. At 30 June 2019 the full insurance premium had been released from prepayments.
- [18] Trade and other payables have increased by \$5,233,000 from the 30 June 2019 position due to the accounting treatment of rates revenue. Rates for the 2019/2020 year are due on 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.
- [19] Reserves has moved by \$466,000 from the 30 June 2019 position.
- [20] Public Equity has decreased by \$4,537,000 from the 30 June 2019 position due to an operating deficit in the funding of Council activities.

Treasury

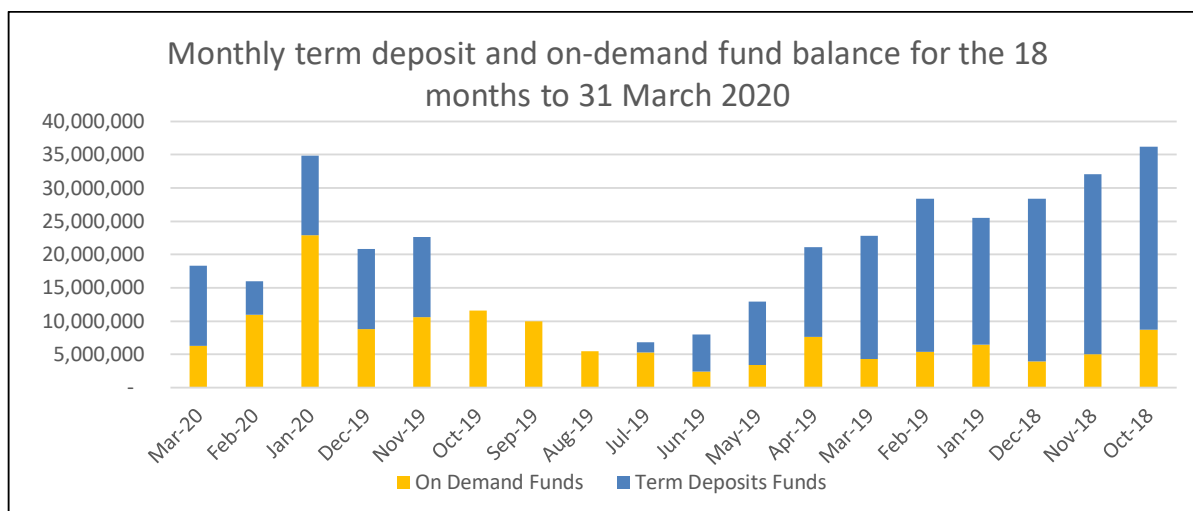
- [21] This section provides information on the management and performance of the Council’s short-term deposits and the long term managed fund held with JB Were for the 9 months ended 31 March 2020.

Short Term Investments

- [22] 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.
- [23] 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.
- [24] 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.
- [25] 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

- [26] A sufficient amount of funds needs to be held on-demand to meet the operational day-to-day requirements of the Council. Remaining funds are invested in term deposits. The amount held on term deposit at 31 March 2020 was \$12,000,000.
- [27] The graph below shows the amount held at the end of each month during the 18 months to 31 March 2020.



Long Term Managed Fund Portfolio

- [28] The Council's long term managed fund comprises a portfolio of financial instruments managed externally by JB Were.

Portfolio Performance – 9 months to 31 March 2020

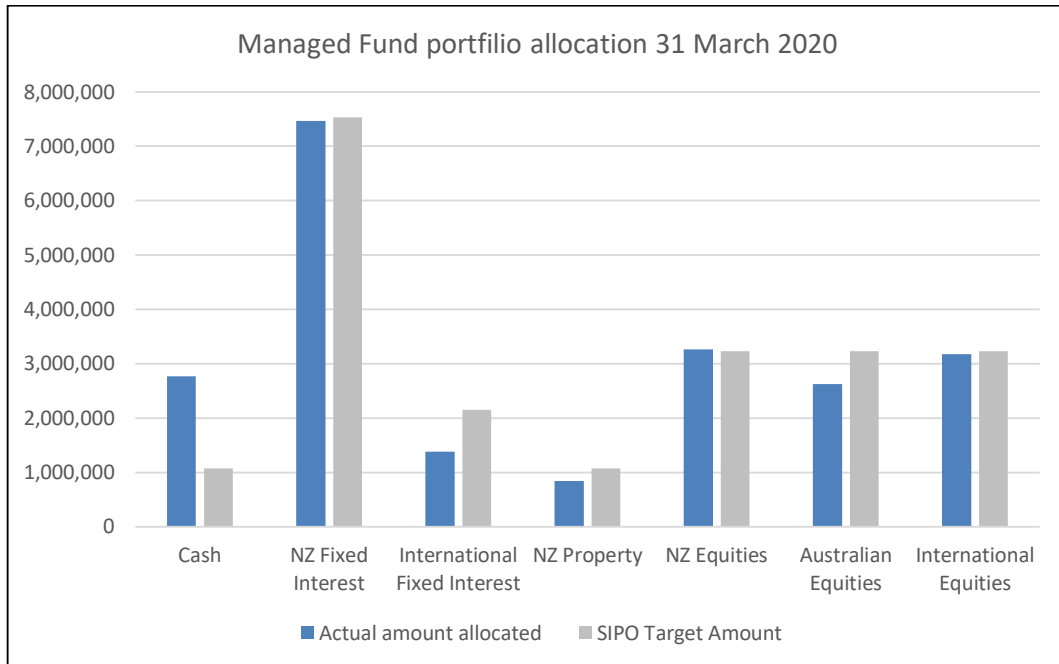
Managed Fund Income	YTD Quarter 1 2020 (3 month period)	YTD Quarter 2 2020 (6 month period)	YTD Quarter 3 2020 (9 month period)
Interest on Management Fund	\$9,463	\$10,479	\$11,678
Dividends	\$102,841	\$209,252	\$254,577
Other Income	\$83,298	\$180,708	\$210,872
Market Value Movement	\$539,639	\$559,013	(\$1,379,463)
Total Movement	\$735,241	\$959,452	(\$902,336)

- [29] The market value decreased \$1,379,000 (budget market value increase \$258,000) for the 9 month period to 31 March 2020. This decrease in market value was caused by COVID-19 which significantly impacted financial markets. The market value of the managed fund on 26 May 2020 had recovered to \$23,093,000 from the 31 March 2020 position of \$21,536,000.
- [30] The following table shows the valuation of the fund by asset class as at 31 March 2020 and the percentage of each asset class held.
- [31] 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 March 2020

Asset Class	Actual amount allocated	%	SIPO amount expected	SIPO target	SIPO acceptable range		SIPO met
Cash	2,769,600	13%	1,076,821	5%	0%	25%	Yes
NZ Fixed Interest	7,469,964	35%	7,537,744	35%	25%	45%	Yes
International Fixed Interest	1,382,031	6%	2,153,641	10%	5%	15%	Yes
Defensive Total	11,621,595	54%	10,768,205	50%	40%	60%	Yes
NZ Property	846,013	4%	1,076,821	5%	2%	8%	Yes
NZ Equities	3,264,424	15%	3,230,462	15%	10%	20%	Yes
Australian Equities	2,626,616	12%	3,230,462	15%	10%	20%	Yes
International Equities	3,177,763	15%	3,230,462	15%	10%	20%	Yes
Growth Total	9,914,816	46%	10,768,206	50%	40%	60%	Yes
Total	21,536,411						

[32] The following graph shows the actual asset allocation within the managed fund compared with the target SIPO allocation at 31 March 2020.



ATTACHMENTS

Nil