

## OTAGO REGIONAL COUNCIL

### Agenda for a meeting of the Finance and Corporate Committee to be held in the Council Chamber, 70 Stafford Street, Dunedin on Wednesday 13 September 2017, commencing at 10:30am

**Membership:**

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

**Apologies:**

**Leave of Absence:**

**In attendance:**

**Please note that there is an embargo on agenda items until 8:30am on  
Monday 11 September 2017**

**CONFIRMATION OF AGENDA**

**CONFLICT OF INTEREST**

**PUBLIC FORUM**

**MINUTES**

The minutes of the meeting held on 2 August 2017, having been circulated, for adoption.

**ACTIONS**

Status report on the resolutions of the Finance & Corporate Committee

<b>Report No.</b>	<b>Meeting</b>	<b>Resolution</b>	<b>Status</b>
2017/0781 Grants, Legal Cases and Personal Grievances	3/5/17	<i>That Council receive a report on the effectiveness and outcomes of each grant, including the bulk water grants at the end of this financial year, 30 June 2017.</i>	CLOSED (Item 3 of agenda )

## PART A- PRESENTATIONS

### Port Otago Ltd – Presentation of Annual Report.

## PART B- RECOMMENDATIONS

### Item 1

2017/1034 **Director’s Report – September 2017.** DCS, 01/09/17

The report informs on: the Council audit of the 2016/17 Annual Report and Financial Statements; rates assessment and account payments for the Finance and Corporate Committee endorsement.

### Item 2

2017/0987 **Annual Return of Inactive Subsidiaries 2017.** DCS, 08/08/17

The report outlines the inactive companies owned by Council and makes recommendations in regarding to Annual Return completion as required under the Companies Act 1993.

## PART C – FOR NOTING

### Item 3

2017/1036 **Review of Grants.** DCS, 01/09/17

The report provides an update on grants made up to the end of the 2017 financial year (30/6/17) and includes additional information on the reason for the grant and achievements to date.

### Item 4

2017/1035 **Review of the Manuherikia Irrigation Funding** DCS, 01/09/17

The report provides a summary of the funding provided by Council to the Manuherikia Catchment Water Strategy Group (MCWSG).

### Item 5

2017/1040 **Public Transport Update – September 2017** DCS, 04/09/17

This report informs on the next round of changes for the Dunedin network to be implemented on 18 September 2017; the Dunedin Central City Bus Interchange/Hub DCC hearings for Notice of Requirement for designations; launch of the NZTA public transport real time mobile application “Choice”, and tender assessment for Units 6 and 7 of the Queenstown public transport services.

### Item 6

2017/1048 **12 Month Review 2017/18.** DCS, 07/09/17

The report summarises the project progress for the 12 months to 30 June 2017. The full financial position of Council for the year ended 30 June 2017 will be presented in the Annual Report to the Council at its meeting on 27 September 2017.

The report ‘12 Month Review to 30 June 2017’ is circulated separately with the agenda.

## Item 7

2017/0997 **Financial Report for July 2017.** DCS, 09/09/17

The report provides information in respect of the overall Council finances for the month of July 2017.

## Item 8

2017/1032 **Clean Heat, Clean Air Initiative.** DCS, 30/08/17

The report provides details on the Clean Heat Clean Air initiative including its establishment, programme results and funding.

**PART D– RECOMMENDATIONS OF MEETINGS**

## Item 9

Recommendations of the public portion of the Audit & Risk Subcommittee meeting held on 22 June 2017, for adoption

**PART E – RESOLUTION TO EXCLUDE THE PUBLIC**

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

Item 10 Adopting of the recommendations of the public excluded portion of the Audit and Risk Subcommittee meeting of 22 June 2017.

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

<b>General subject of each matter to be considered</b>	<b>Reason for passing this resolution in relation to each matter</b>	<b>Ground(s) under section 48(1) for the passing of this resolution</b>
Item 10 - Adopting of the recommendations of the public excluded portion of the Audit and Risk Subcommittee meeting of 22 June 2017	<p>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities. <i>Section 7 (2) (h)</i></p> <p>to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied. <i>Section 7 (2) (c) (i)</i></p> <p>to protect information where the making available of the information - (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information; <i>Section S7(2) (b) (ii)</i></p>	Section 48 (1) (a) Section 7(2)(h) Section 7 (2) (c) (i) Section S7(2) (b) (ii)

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

**Item 10** Adopting of the recommendations of the public excluded portion of the Audit and Risk Subcommittee meeting of 22 June 2017.

to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.

*Section 7 (2) (h)*

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

*Section 7 (2) (c) (i)*

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

*Section S7(2) (b) (ii)*

*I also move that Mr Peter Bodeker and Mr Nick Donnelly be permitted to remain at this meeting after the public has been excluded for Item 9, because of their knowledge of the matters subject to the recommendations. This knowledge, which will be of assistance in relation to the matter to be discussed, is relevant to the matter because of their membership or attendance of the Audit & Risk subcommittee.*

## OTAGO REGIONAL COUNCIL

### Minutes of a meeting of the Finance and Corporate Committee held in the Council Chamber, 70 Stafford Street, Dunedin on Wednesday 2 August 2017, commencing at 12:05pm

**Membership:**

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

**Apologies:**

Cr Noone, Cr Laws  
 The apologies were noted.

**Leave of Absence:**

Cr Neill

**In attendance:**

Peter Bodeker (CEO)  
 Nick Donnelly (DCS)  
 Michele Poole (Acting DSHE)  
 Scott MacLean (DEMO)  
 Fraser McRae (DPPRM)  
 Lauren McDonald (Committee Secretary)  
 Gerard Collings (Item 2)

#### CONFIRMATION OF AGENDA

The agenda was confirmed with agreement that Items 1 and 2 to be taken after the lunch break. The meeting proceeded with items 3- 6.

#### CONFLICT OF INTEREST

No conflicts of interest advised.

#### PUBLIC FORUM

No public forum was held.

#### MINUTES

The minutes of the meeting held on 14 June 2017, having been circulated, were adopted on the motion of Crs Cr Kempton and Cr Hope. Carried

#### ACTIONS

Status report on the resolutions of the Finance & Corporate Committee

Report No.	Meeting	Resolution	Status
2017/0781 Grants, Legal Cases and Personal Grievances	3/5/17	<i>That Council receive a report on the effectiveness and outcomes of each grant, including the bulk water grants at the end of this financial year, 30 June 2017.</i>	OPEN (schedule for report to F&C Committee 13/9/17)

## PART A- RECOMMENDATIONS

### Item 3

2017/0957 **Director's Report – July 2017**. DCS, 19/07/17

The report provided the schedules of payments for May and June 2017 for Finance and Corporate Committee endorsement.

Moved Cr Brown

Seconded Cr Woodhead

- a) *That this report be received.*
- b) *That the payments and investments summarised in the table of the report and detailed in the payment schedule, totalling \$11,800,882.69, be endorsed.*

**Motion carried**

## PART B – FOR NOTING

### Item 4

2017/0945 **2018-2028 Long Term Plan (LTP) process and timetable** DCS, 14/07/17

The report outlined the 2018-2028 Long Term Plan (LTP) development process and the timetable for its completion.

Community Outcomes - Mr Donnelly confirmed that community feedback from the Annual Plan and Regional Policy Strategy (RPS) would be incorporated and consulted on with the community as part of the LTP process.

Moved C Brown

Second Cr Scott

*That the report be noted.*

**Motion carried**

### Item 5

2017/0954 **Insurance Renewals 2017/18**. DCS, 21/07/17

The report outlined the renewal of Council's existing insurance policies for the period 30 June 2017 to 30 June 2018.

Action: Mr Donnelly to review the public indemnity cover in regard to councillors and provide clarification of the cover.

Moved Cr Brown  
Seconded Cr Hope

*That the report be noted.*

**Motion carried**

Item 6  
2017/0936 **Preliminary Financial Report for the year ended 30 June 2017.** DCS,  
27/07/17

The report provided preliminary information in respect of the overall Council finances for the twelve months ended 30 June 2017.

Discussion was held on the year end processes, activity over and underspends. Mr Donnelly advised a full report on activity expenditure and outcomes would be provided in the twelve month report to Council on 16 August 2017.

Regional Economic Development - Mr Bodeker provided an overview of the project and advised the consultant is to provide the final report to the Mayoral Forum and then the report would be brought to Council.

Moved Cr Brown  
Seconded Cr Scott

*That the report be received.*

**Motion carried**

*The meeting was adjourned at 12:25pm.*

**PART A- RECOMMENDATIONS**

*The meeting recommenced at 1:02pm with Mr Paul Rea, Deputy Chairperson, and Mr Kevin Winders CEO of Port Otago Ltd in attendance.*

Item 1  
2017/0951 **Port Otago Ltd – Statement of Corporate Intent.** DCS, 18/7/17

The report summarised the Board of Port Otago Limited's Draft Statement of Corporate Intent (SCI) which it is required to provide to Council as shareholder for its comment and consideration.

The Draft Statement of Corporate Intent for the three years to June 2020 was circulated with the agenda and provided updated figures and activities for the three year period (2017-2020), including community activities.

Mr Winders answered questions from Councillors on: the efficiency level of the port including benchmarking with other ports; strategic planning for port operations; involvement in community activities and communications; and issues raised within the 2GP process (noise control measures).

Action: Mr Rea to provide an electronic copy of the Deloitte Report on New Zealand port companies to Cr Woodhead for circulation to councillors.

Mr Winders provided an update on the status of the planning and engineering work being undertaken by their consultant for Te Rauone Beach and confirmed the model work undertaken for the proposed groynes would be provided to the community in September. He reaffirmed the Port's commitment to the project.

Moved Cr Woodhead  
Seconded Cr Deaker

*That the Draft Statement of Corporate Intent for Port Otago Limited and its subsidiaries for the three years to 30 June 2020, be endorsed.*

**Motion carried**

*Mr Rea and Mr Winders left the meeting at 1:32pm.*

Item 2

2017/0962 **Public Transport Update – July 2017** DCS, 25/07/17

The report provided the staff response to the petition received and public forum comments made at Council's 28 June meeting. It further provided an update on the designation process for the Dunedin Central Bus Hub and the introduction of Public Wi-Fi on both the Dunedin and Wakatipu networks.

Mr Collings outlined the designation process for the Bus Hub.

Public forum communications - Mr Bodeker advised that responses would be provided to the individual who presented at public forum.

Moved Cr Woodhead  
Seconded Cr Scott

*That Council:*

- a) *Receive the report.*
- b) *Authorise the Chief Executive, in consultation with Chairperson and the Chair of the Finance and Corporate Committee, to award the necessary Public Transport service contracts for the Wakatipu Public Transport Network, being Unit 6 and Unit 7.*

**Motion carried**

The meeting was declared closed at 1:43pm.

**Chairperson**



## REPORT

Document Id: A1031596

Report Number: 2017/1034

Prepared For: Finance and Corporate

Prepared By: Director Corporate Services

Date: 1 September 2017

Subject: **Director Report - September 2017**

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### 1. 2016/17 Annual Report

Council's auditors (Deloitte) commenced their audit of the 2016/17 Annual Report and Financial Statements on Monday 28 August. The audit process is scheduled to be completed by 15 September. The Annual Report will then be presented to the Audit and Risk Committee on 21 September. Following their review the Audit and Risk Committee will recommend adoption of the Final Annual Report at the 27 September Council meeting.

### 2. Rates

Rates assessments for the 2017/18 period were posted in the last week of August. The total amount of rates invoiced was \$24,061,119.50 (including GST). These invoices are due on 31 October 2017 although ratepayers do have the option to set up a tri-annual direct debit which spreads the amount payable equally over three instalments on 31 October and the last business day in the months of February and June.

### 3. Account Payments

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

Payment Category	July 2017
Trade payments	5,171,503.06
Payroll	754,368.29
Investments	-
<b>Total</b>	<b>5,925,871.35</b>

### 4. Recommendations

- 4.1 That this report be received.
- 4.2 That the payments and investments summarised in the table above and detailed in the payment schedule, totalling \$5,925,871.35, be endorsed.

Nick Donnelly  
**Director Corporate Services**

**REPORT**

Document Id: A1025921

Report Number: 2017/0987

Prepared For: Finance & Corporate Committee

Prepared By: Manager Projects

Date: 8 August 2017

Subject: **Annual Return of Inactive Subsidiaries 2017**

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**1. Précis**

Due to the significance and profile of the Regional Services Business Unit, the Council, solely for name protection purposes, registered the following companies in April 2006:

- Regional Services Limited;
- Regional Pest Services Limited;
- Regional Monitoring Services Limited.

The companies are inactive, and do not have constitutions. The companies are owned 100% by the Otago Regional Council, with a share issue of 100 shares in each company. We consider it important to retain these companies, as this will ensure that the names cannot be used by any other party. The use of these names would suggest a linkage to the Otago Regional Council.

Section 214 of the Companies Act 1993 requires that an Annual Return be completed for each of the above companies each year by 30 September. The Annual Return includes providing information on shareholding, auditors and Annual General Meetings.

**2. Annual General Meeting**

Under the Companies Act each company is to have either an Annual General Meeting, or under Section 122 of the Companies Act the shareholders may pass a special resolution that it shall not be necessary for a company to hold an annual general meeting, if everything required to be done at that meeting is done by resolution.

At an Annual General Meeting, the company must decide whether or not to appoint an auditor. A company need not appoint an auditor if a unanimous resolution is passed by all the shareholders.

Given that the companies are inactive, it is recommended that Council pass two resolutions for each of the companies, the first to not hold an Annual General Meeting, and the second to not appoint auditors.

**3. Recommendation**

- a) That it shall not be necessary for Regional Services Limited to hold an Annual General Meeting under section 120 of the Companies Act 1993.
- b) That no auditors be appointed for Regional Services Limited under section 196 (2) of the Companies Act 1993.

- c) That it shall not be necessary for Regional Pest Services Limited to hold an Annual General Meeting under section 120 of the Companies Act 1993.
- d) That no auditors be appointed for Regional Pest Services Limited under section 196 (2) of the Companies Act 1993.
- e) That it shall not be necessary for Regional Monitoring Services Limited to hold an Annual General Meeting under section 120 of the Companies Act 1993.
- f) That no auditors be appointed for Regional Monitoring Services Limited under section 196 (2) of the Companies Act 1993.

Nick Donnelly  
**Director Corporate Services**

**REPORT**

Document Id: A1031651

Report Number: 2017/1036  
Prepared For: Finance and Corporate Committee  
Prepared By: Director Corporate Services  
Date: 1 September 2017

Subject: **Review of Grants**

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**1. Précis**

At the Finance and Corporate Committee meeting on 3 May 2017 a report was presented that detailed financial grants made by the Council from July 2012 through to March 2017. Council resolved to receive a report on the effectiveness and outcomes of each grant, including bulk water grants at the end of the financial year ending 30 June 2017. This report provides an update on grants made up to the end of the 2017 financial year and includes additional information on the reason for the grant and achievements to date.

**2. Background**

The list of financial grants previously provided in May has been updated to include grants made to the end of June 2017 and is appended to this report. As noted in the previous report, the grant activity at a project level was approved by Council as part of the Long Term Plan or Annual Plan process and individual grants were then allocated under the CE's delegation. In the case of the Environmental Enhancement Fund the CE has delegation for amounts up to \$50,000 with requests for amounts over that requiring Council approval i.e. the Halo project. Environmental Enhancement Fund grants made through the CE's delegation have been reported to Council via the CE's report following the provision of the grant. Payments made under other activities have been regularly reported to Council as part of the 4, 8 and 12 month service delivery reviews.

**3. Water Management Reserve**

The Water Management Reserve was originally set up by Council in 2012 as the Bulk Rural Water Fund. It was established to provide funding for projects that enable better implementation of the Water Plan, especially plan change 1C and establish better ways of water management/use and support development of water management groups or collective action. Projects should develop community knowledge to seek (individual/collective) consent renewals or new consents for new infrastructure/management regimes. Projects will have community financial contributions that are no less than Council's grant.

In September 2014 Council resolved to rename the fund the Water Management Reserve and confirmed the principles upon which the fund would be utilised going forward. Those principles are:

- That the assistance be for feasibility and preliminary design ideas.
- That funding not be provided for funding the buy back or compensation for the surrender of water rights or mining privileges.
- Co-operation with the provision of data and information held by the Council for community water management purposes aligned with the Council's objectives.
- That funding not be provided for the funding of infrastructure.

- That the funding be at the discretion of the Chief Executive.

To date two projects have received funding through the fund. The Manuherikia Catchment Water Strategy Group has received funding annually since the fund was established. A separate report on this funding was requested and is presented to this Committee.

More recently the Strath Taieri Irrigation Group has sort funding to investigate irrigation feasibility in that area. That application was accepted by the CE as it meets the above criteria. The funding to date has covered the initial project management of the irrigation development and drafting of an IAF application. Feasibility work is ongoing and it is expected further funding applications will follow once IAF funding is obtained. The CE represents ORC on this group.

#### **4. Environmental Enhancement Fund**

The environmental enhancement fund was established as part of the 2015-25 long term plan as a method of promoting good environment outcomes in Otago. The fund provides support to the cost of activities which either retain the existing characteristics of valued natural resources or improves environments degraded because of problems in the past.

Specifically the fund is available to:

- Promote public involvement in good resource management
- Enhance regional relationships and set environmental precedents
- Reduce stress on ecological systems
- Construct and implement environmental solutions
- Address public resource matters in preference to private property
- Support single rather than multi-stage projects
- Support a project alone or as part contribution supporting alternative funding sources
- Support a few larger rather than many small allocations

To qualify, activities must relate to improving the quality of the Otago natural resource base. The activity must:

- Link to resolving causes of unacceptable conditions, avoid continuance, and not merely give temporary appearance of a solution
- Fit with other activities; being integral or complementary
- Not provide administrative support or commit to future stages of projects
- Contain defined outcomes and evaluation of achievement will be required when the project has been completed

Applications are assessed against these criteria and depending on the amount sort either approved by the delegation to the CE (amounts up to \$50,000) or directly by Council (amounts over \$50,000). Total funding of \$250,000 is available per annum.

The list of grants made to the end of the 2016/17 financial year is appended and a summary of the objective of each project and the analysis of the application against the criteria is shown below. Recipients are required to report back annual on progress or outcomes of their project. As the fund took some time to establish and gain visibility in the community the first grants were only approved towards the end of the 2015/16 financial year so the majority of recipients have not yet furnished their initial report to Council.

#### 4.1 Kārearea

Application from Parker Environmental to undertake observations and monitoring of the New Zealand native falcon the Kārearea. New Zealand native falcons live successfully in plantation forests and this review undertaken in conjunction with commercial forestry operators will assess the breeding stock, survival and mortality of New Zealand native falcons that inhabit pine plantations. The amount approved is \$10,000 on an annual basis for three years.

#### 4.2 Otago Peninsula Biodiversity Group

Application was from the Otago Peninsula Biodiversity Group was forwarded through the 2016/17 Annual Plan process. The project proposal focuses on continuing to develop monitoring aspects of the work of the Otago Peninsula Biodiversity Group and extract information on the effect of the culling of possums and non-target species. This data will inform future pest control projects on the Peninsula and elsewhere.

#### 4.3 HALO Project

During the 2016/17 Annual Plan hearings the Landcare Connections Trust presented an application to fund the capital contributions to the HALO project. The HALO project is part of a major initiative being undertaken by the Landcare Connections Trust called 'Beyond Orokonui'. The HALO project involves pest control for invasive pests such as stoats, ferrets and rats. The initiative for the HALO project is to respond to the threats of these invasive pests in an initiative led by the Trust, but essentially to empower communities and landowners to manage a series of trapping activities to control the pests. The vision of the HALO project is to enhance the capability of the natural ecosystem to sustain communities which include restoring indigenous biodiversity and to provide opportunities for employment, learning, training, eco-tourism and biodiversity.

The Trust has prepared a detailed budget of capital items required which is essentially trapping equipment as well as motor vehicles. The group met with senior staff and discussed the proposal which is spread over three years. The first year the capital requirement is approximately \$212,000 of which \$134,000 covers the purchase of pest control equipment. ORC owns pest control equipment surplus to its requirement and will donate them once they have been reviewed HALO project's needs.

Council approved funding year one's capital costs of up to \$134,000 and the actual amount provided was \$132,030.

#### 4.4 Wakatipu Island Reforestation Trust

Funding to purchase tools to allow 15-20 volunteers to maintain tracks, the public hut and undertake weed control on Pig and Pigeon Islands in Lake Wakatipu.

#### 4.5 Forest & Bird – Makarora Project

Funding to purchase predator trapping hardware (possum, rat and stoat traps) to enable the trapping programme.

#### 4.6 Kakaho Creek Wetland

Funding towards the fencing of Kakaho Creek wetland north of Hampden. This site has been surveyed by Wildland Consultants and was determined as being a significant natural area according to the Otago Regional Policy Statement criteria.

#### 4.7 Lindis Pass Conservation Group

Funding to purchase tools so a group of up to 20 people may each work with adequate resources to contain and reduce an infestation of brier, *Rosa rubiginosa*, close to SH8 within the Otago side of Lindis Pass Scenic Reserve.

#### 4.8 Otago Fish & Game Council

Funding to allow the community to plant 2,000 native shrubs. The funding provided for the shrubs, tree guards and stakes to protect them.

#### 4.9 Routeburn Dart Wildlife Trust

Funding was approved for a portion of the initial capital expenditure to purchase traps and lay approximately 130km of new trap lines adjacent to and along the Dart and Rees Rivers.

#### 4.10 Forest & Bird – Bring Back the Seabirds Project

Funding of predator control hardware to enhance and assist in re-establishing a range of seabirds that once bred in Otago at localised sites around the greater Dunedin area.

### 5. Wilding Pines

In the 2016/17 Annual Plan Council consulted on rating \$100,000 and providing this funding to Wilding Conifer Groups in the region to assist in their work controlling the spread of wilding pines. Funding of \$40,000 each was initially allocated to the Central Otago Wilding Conifer Group and the Wakatipu Wilding Conifer Group. The remaining \$20,000 was offered to assist other districts should they choose to set up similar control groups. As no further groups were established the remaining funding was allocated to Central Otago and Wakatipu groups who received an additional \$10,000 each.

Staff attend meetings of the two control groups and receive regular progress updates on their activity. In addition to the \$100,000 provided Council administers funding from MPI for the control of wilding pines in these areas. This was \$1.1m for the 2017 year and in total \$4m is allocated to the Otago region over four years.

### 6. Yellow-eyed Penguin Trust

Council contributes \$70,000 per year to the Trust to assist in the employment of a research scientist to coordinate scientific investigation into the marine environment and, in particular, factors affecting the productivity and sustainability of the yellow-eyed penguin.

This role undertakes scientific investigation and provides information and advice on the management of the yellowed-eyed penguin species. The Trust provides written updates to the Director of Engineering, Hazards and Science every four months and is required to present to ORC councillors and staff on request. Eric Shelton (Trust Chair), Sue Murray (General Manager) and Trudi Webster (Science Advisor) presented to the 14 June 2017 meeting of the Technical Committee.

### 7. Graduate Research Contributions

Council funded \$150,000 per year (\$50,000 per project) prior to the current 2015-25 LTP. This funding was discontinued as it was considered more effective to contribute to community led environmental projects via the establishment of the environmental enhancement fund.

**8. Recommendations**

That this report be received.

Nick Donnelly

**Director Corporate Services**

Attachments: Grants 2013 to 30 June 2017 (A1032586)



Activity	Payee	12/13	13/14	14/15	15/16	16/17	Total
<b>Bulk Rural Water Manuherikia</b>	CENTRAL OTAGO DISTRICT COUNCIL	<b>83,063</b>	<b>175,000</b>	<b>95,000</b>	<b>142,500</b>	<b>49,000</b>	<b>544,563</b>
Bulk Rural Water Strath Taieri	AQUALINC RESEARCH LTD				1,433		1,433
	DAVID HAMILTON & ASSOCIATES				9,540		9,540
	RAINEFFECTS LTD				6,600		6,600
	McKEAGUE CONSULTANCY					9,164	9,164
<b>Bulk Rural Water Strath Taieri</b>		-	-	-	<b>17,573</b>	<b>9,164</b>	<b>26,737</b>
Falcon Study	PARKER CONSERVATION				10,000		10,000
Otago Peninsula Biodiversity	OTAGO PENINSULA BIODIVERSITY GROUP				27,000		27,000
HALO Project	LANDSCAPE CONNECTIONS TRUST					132,030	132,030
Wakatipu Island Reforestation Trust	WAKATIPU ISLANDS REFOREST					3,817	3,817
Forest & Bird - Makaroa Project	FOREST & BIRD PROTECTION					23,395	23,395
Kakaho Creek Wetland	WAITAKI DISTRICT COUNCIL					4,348	4,348
Lindis Pass Conservation Group	LINDIS PASS CONSERVATION					4,713	4,713
Otago Fish & Game Council	OTAGO FISH & GAME					13,500	13,500
Routeburn Dart Wildlife Trust	ROUTEburn DART					35,000	35,000
Forest & Bird - Bring Back the Seabirds Project	FOREST & BIRD PROTECTION					17,391	17,391
<b>Environment Enhancement Fund</b>		-	-	-	<b>37,000</b>	<b>234,194</b>	<b>271,194</b>
	CENTRAL OTAGO WILDING CONIFER GROUP			10,000		34,783	44,783
	WAKATIPU WILDING CONIFER GROUP					40,000	40,000
<b>Wilding Pines</b>		-	-	<b>10,000</b>	-	<b>74,783</b>	<b>84,783</b>
<b>Biodiversity - Penguins</b>	YELLOW-EYED PENGUIN TRUST	-	-	-	<b>29,167</b>	<b>70,000</b>	<b>99,167</b>
Rural Landscape Study	LINCOLN UNIVERSITY	36,876	38,072	13,100	-	-	88,048
Lakes Water Quality	UNIVERSITY OF OTAGO	37,322	28,091	-	-	-	65,414
<b>Graduate Research Contributions</b>		<b>74,198</b>	<b>66,163</b>	<b>13,100</b>	-	-	<b>153,461</b>
<b>TOTAL</b>		<b>157,262</b>	<b>241,163</b>	<b>118,100</b>	<b>226,240</b>	<b>437,141</b>	<b>1,179,905</b>

## REPORT

Document Id: A1031648

Report Number: 2017/1035

Prepared For: Finance and Corporate Committee

Prepared By: Director Corporate Services

Date: 1 September 2017

Subject: **Review of Manuherikia Irrigation Funding**

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### 1. Précis

At the Council meeting on 28 June 2017 it was resolved that the Chief Executive provide a formal overview of ORC funding of the Manuherikia Irrigation project. This report provides a summary of the funding provided by ORC to the Manuherikia Catchment Water Strategy Group (MCWSG).

### 2. Background of the Water Management Reserve

The Water Management Reserve was originally set up by Council in 2012 as the Bulk Rural Water Fund. It was established to provide funding for projects that enable better implementation of the Water Plan, especially plan change 1C and establish better ways of water management/use and support development of water management groups or collective action. Projects should develop community knowledge to seek (individual/collective) consent renewals or new consents for new infrastructure/management regimes. Projects will have community financial contributions that are no less than Council's grant.

In September 2014 Council resolved to rename the fund the Water Management Reserve and confirmed the principles upon which the fund would be utilised going forward. Those principles are:

- That the assistance be for feasibility and preliminary design ideas.
- That funding not be provided for funding the buy back or compensation for the surrender of water rights or mining privileges.
- Co-operation with the provision of data and information held by the Council for community water management purposes aligned with the Council's objectives.
- That funding not be provided for the funding of infrastructure.
- That the funding be at the discretion of the Chief Executive.

### 3. Manuherikia Catchment Water Strategy Group Funding Summary

Initial funding occurred in the 2012/13 financial year. This totalled \$83,063 for pre-feasibility reporting and consultation. ORC funded 25% of this work, MPI's Irrigation Acceleration Fund (IAF) funded 50% and local irrigators funded 25%.

In the 2013/14 financial year \$175,000 was approved for the full feasibility study on the whole of catchment options, preferences and staging. This funding was a partial underpinning of local funding required to obtain further project funding from MPI through the IAF.

In 2014/15 an additional \$45,000 was provided towards the feasibility study and a further \$50,000 specifically towards the governance and consent planning requirements of the study.

In 2015/16 a final \$50,000 was provided to complete the feasibility study. The total cost of the feasibility work to that point was approximately \$1.5m (including GST) which was funded 25% by ORC, 50% IAF and 25% by local irrigators.

Following completion of that work, ORC provided \$92,500 for the next stage of feasibility relating to consultation and expressions of interest from interested landowners. ORC provided 50% of the total cost of this work. A further \$49,000 was provided in 2016/17 to complete the consultation and expression of interest phase.

Further information on the MCWSG including the pre-feasibility reports, feasibility reports, expressions of interest documentation and other general information about MCWSG and water rights is provided on their website [www.mcwater.co.nz](http://www.mcwater.co.nz).

#### **4. Recommendations**

That this report be received.

Nick Donnelly  
**Director Corporate Services**

## REPORT

Document Id: A1032387

Report No: 2017/1040  
Prepared for: Finance and Corporate Committee  
Prepared by: Director Corporate Services  
Date: 4 September 2017

Subject: **Public Transport Update - September 2017**

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### 1. Précis

This report confirms the next round of changes for the Dunedin network will be implemented on 18 September 2017.

With the DCC hearings for the notice of requirement now set down for 24 October, construction will not commence on the Central City Bus Hub/Interchange until January 2018, which will result in the Interchange becoming operational in March/April 2018.

NZTA have launched its public transport mobile application in Queenstown, the app provides the real time app for public transport in the Wakatipu, the app will be extended later in the year to include real-time bus information for the Dunedin network.

Tender assessment and commercial negotiations for Queenstown public transport services (Units 6 and 7) is nearing completion. Staff anticipate being able to confirm the outcome at the committee meeting.

### 2. Dunedin Network Changes 18 September 2017

Service changes scheduled for 18 September are in hand. The changes mark the next major milestone in the implementation of the new Dunedin Public Transport network as defined in the Regional Public Transport Plan.

The 18 September changes include;

- Palmerston – change in operator.
- Calton Hill, Pine Hill – weekday evening Sunday and public holiday services on to daytime routes.
- Shiel Hill, Opoho – new weekday evening Sunday and public holiday services on to daytime routes.
- Saint Clair, Normanby – now contracted service, removal of route variations with increase in weekday, evening, weekend and public holiday services.
- Port Chalmers – removal of route variations with increase in weekday, evening, weekend and public holiday services.
- Peninsula – removal of route variations with increase in weekday, evening, weekend and public holiday services.
- Ridge Runner – new service weekday, evening, weekend and public holidays.
- Corstorphine, Wakari – route change with removal of route variations additional weekday, evening, weekend and public holiday services.
- St Clair Park, Corstorphine, Helensburgh – route change with removal of route variations additional weekday, evening, weekend and public holiday services.

- Balaclava, Logan Park (Stadium) – route change with additional weekday, evening, weekend and public holiday services.
- Brighton, Abbotsford, Green Island – weekday off peak extension to Concord.
- Removal of routes 51c and 48a being single school services.
- Replacement of routes 68, 69, 66, and 67 being the Roslyn, Maori Hill services which have been integrated into other services including the Ridge Runner.

In addition to the service changes all buses on the network will meet NZTA's requirements for urban buses (RUB) and be fitted with bike racks.

This year international car-free day (22 September) is in the same week as the launch of the new services. This presents an opportunity to align promotion of the new services with event and the possibility of making travel on the Dunedin buses free on Friday 22 September is being considered.

Along with the normal media channels, bus ambassadors have been employed and are currently on buses handing out material and assisting customers with their queries about the upcoming changes. The ambassadors will continue to be present the week following the go live date. More detail on the communications surrounding the service changes and international car-free day is covered in the activity report to the Communications Committee.

### **3. Dunedin Central City Bus Interchange/Hub**

Dunedin City Council hearings on the Notice of Requirement for the Designation of the Central City Bus Interchange in Great King Street have been set for 24 October. This will now mean that this Council will not be able to make a final decision on the Notice of Requirement until mid to late November.

The 22 submissions received by the DCC are currently being reviewed by staff and our consultants with responses being prepared for the hearing.

Construction of the Interchange post Council's decision should seek to avoid the peak Christmas Holiday trading period and will therefore not commence until January 2018. This will mean the Bus Hub/Interchange will become operational March/April next year.

### **4. Real Time Wakatipu – Choice App**

The real time Public Transport mobile application "Choice" developed by NZTA, was launched in Queenstown on 24 August.

*Choice* which is available on android and iOS (from 8 September) provides an integrated travel platform for the Wakatipu which includes real-time tracking and display of public transport. In addition to the public transport component the app also integrates live information regarding other transport choices such as ski buses, taxis, shuttles and ride share.

The Choice app will provide the core of the real-time system for Dunedin which will be released later this year.

**5. Wakatipu**

Tenders for Units 6 and 7 of the Wakatipu Public Transport network have closed. Staff are currently in the process of finalising the assessment of Unit 7 and completing the direct negotiations for Unit 6, with the incumbent. Staff expect to be able to advise on the award of tender at the Committee meeting.

The targeted date for implementation is 20 November 2017. Development of the marketing campaign is well underway by the Stakeholder Engagement team.

**6. Recommendation**

That this report is received.

Nick Donnelly  
**Director Corporate Services**

**REPORT**

Document Id: A1033860

Report Number: 2017/1048  
Prepared For: Finance and Corporate  
Prepared By: Manager Projects  
Date: 7 September 2017

Subject: **12 Month Review to 30 June 2017**

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**1. Précis**

Formal reviews of progress on all projects are undertaken at four, eight and 12 months, and reported to Council. These reports form part of each year's Annual Report. The attached report summarises the project progress for the 12 months to 30 June 2017. The full financial position of Council for the year ended 30 June 2017 will be presented in the Annual Report to the Council at its meeting on 27 September 2017.

**2. Background**

Council's 2016/17 Annual Plan includes levels of service to be met for the significant activities undertaken by Council, and specific areas of work for projects within each significant activity. Progress in achieving the levels of service and specific areas of work are reported against in each year's Annual Report.

A report showing financial and non-financial results compared with the Annual Plan levels of service, specific areas of work and budgets for the 12 months to 30 June 2017 is circulated with the agenda.

The report also provides commentary on variations between actual and estimated expenditure and revenue.

**3. Recommendation**

1. That this report and the "12 Month Review to 30 June 2017" report be received.

Nick Donnelly  
**Director Corporate Services**





12 Month Review  
to 30 June 2017



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### Key

	Target has been achieved, either to June, or in total.
	Target is in progress, or partially achieved.
	Target has not been achieved.
	Target start time deferred to a later date.

## EXECUTIVE SUMMARY

### **Introduction**

This document provides a summary of progress made on the achievement of our activities to the end of June 2017, along with details of how those activities tracked against budgets.

### **Activity Achievement - Environment**

#### ***Water***

Significant work was undertaken in our water activity during the year, with 11 targets being achieved. Five targets are in progress and they relate to minimum flow work which spans more than one financial year. The water quality monitoring programme continued throughout the year. Of the 71 river sites monitored, 62 sites maintained the same level of water quality, six sites improved one grade, and three sites degraded one grade.

A survey showed that 91% of people are aware of our rural water quality rules. Staff actively worked with key stakeholders, interest groups, irrigation and forestry companies and others, promoting key messages about water quality, and the need to comply with our rules by 2020.

An accelerated programme of work was undertaken to progress the establishment of minimum, groundwater and environmental flows, involving monitoring, science and policy work. The Lindis decision released in August was appealed, resulting in mediation proceedings.

A water forum was held during the year, to encourage the replacement of deemed permits. Around 35 meetings have also been held with groups of water users looking to replace their permits.

Unbudgeted work undertaken during the year involved undertaking research on Lake Snow, and on increasing our trophic lake monitoring for Lakes Wanaka, Wakatipu and Hawea.

#### ***Environment - Air***

Two targets were achieved, and two are in progress. Air quality monitoring was undertaken as scheduled. With the exception of Dunedin, all sites monitored over the 2016 winter months, did not comply with the NES air quality standards.

Work progressed on the development of a draft Air Strategy, which will be presented to Council in September 2017.

#### ***Environment - Land***

Two targets were achieved, and one is in progress. Work undertaken included monitoring compliance with the Pest Management Plan provisions for pest plants and animals, and responding to pest complaints. Where non-compliance was found, follow up action was undertaken and enforcement initiated where necessary. Of the 212 complaints received and responded to, 180 related to pest plants.

A Biodiversity Strategy Options report was commissioned and received from Wildlands, which will assist the development of the strategy in the 2017/18 year.

Unbudgeted work undertaken during the year involved administering funding from MPI for wilding tree work, undertaking wallaby control and responding to the velvet leaf incursion.

***Environment – River Management***

One target was achieved, and two targets are still in progress. All scheduled rivers were inspected, and works undertaken as required. River Morphology and Riparian Management Plans for the Cardrona, Wainakarua and Shag rivers are in progress.

***Environment – Environmental Incident Response***

All targets were achieved in this area. 1,119 incidents were received and responded to during the year, within the required time frames. Work on contaminated sites was undertaken as programmed, and work continued with the Otago territorial authorities on the database.

**Activity Achievement - Community**

In this activity four targets were achieved and one is in progress. All of council's statutory planning and reporting meet required time frames, and agendas for council and committee meetings were made available to the public within statutory time frames. Council continued its liaison with iwi representatives throughout the year.

The triennial elections were held in October 2016, and a by election was held for the Dunstan constituency in June 2017.

The development of a Regional Economic Development Strategy is in progress, and work with the Otago Mayoral forum continues on this.

**Activity Achievement - Regulatory**

Eleven targets were met, and one is in progress. The Regional Policy Statement has not yet been made operative due to appeals received, and a court assisted mediation taking place.

Our consent processing activity continued throughout the year, with approximately 500 consent applications being received. Compliance monitoring for both performance monitoring returns and audits showed an 88% rate of compliance with consent conditions. Enforcement work was undertaken where necessary.

Significant work was undertaken in our harbour management activity. Recruitment of a harbour master was undertaken during the year, and a new harbourmaster will commence work in the 2017/18 year. In the meantime, harbourmaster services have been contracted out.

**Activity Achievement – Flood Protection and Control Works**

In this activity 17 targets have been achieved, 10 are still in progress, and two were not achieved.

In Alexandra, a check valve on one of the pumps was out for two months while it was being re-manufactured. This pump has now been completely overhauled.

Work progressed on the Leith scheme with a contract being awarded to undertake works between Union Street and Leith Street, including the Leith Street bridge and the ITS building/bend.

In Lower Clutha the Kaitangata duty pump capacity was being affected by an eel problem. Eel nets have now been placed upstream of the pump, which has solved the problem. Consultation on options for altering the drainage infrastructure of the Lake Tuakitoto / Robsons Lagoon to improve wetland ecosystems values has taken place, and detailed planning has been prepared.

Work on investigating technical proposals for a new upper / lower pond link spillway (or relocating floodbanks) in the Lower Taieri scheme is in progress, along with work on designing and consenting the re-profiling of the Taieri right and left bank crest between Outram and Otokia. Consultants are undertaking this work, and draft reports have been received.

In East Taieri work on technical proposals for drainage improvements of the upper pond is in progress. A consultant was appointed to undertake investigations, and a draft report has been received.

## **Activity Achievement – Safety and Hazards**

### ***Safety and Hazards – Emergency Management***

All emergency management targets were met with the exception of developing the Group Risk Reduction Strategy, which is now scheduled to be completed in the 2017/18 year. The restructuring of CDEM Otago was a significant piece of work undertaken during the year, and was successfully completed.

### ***Safety and Hazards – Natural Hazards***

In this activity, one target was achieved, one is in progress, and two targets were not achieved. The natural hazards database was upgraded during the year, and is being kept up to date with new information. A full check of existing data is in progress, and updated information is still to be uploaded for some areas.

Work that could not be achieved this year involved information gathering, assessing describing known active geological faults in Otago, and landslide features in the region. These have been contracted out to GNS, but because of the Kaikoura earthquake, GNS has not been able to meet our timeframes. This work will be delivered during the 2017/18 year.

No large flood events occurred during the year, but our systems were fully operational and information was still disseminated through Water Info and the flow phone.

## **Activity Achievement – Transport**

Of the seven targets in this area, three were fully achieved, three are in progress and one was not achieved.

Our survey of bus service reliability and public satisfaction met our performance targets, and fleet vehicle quality standards were all met.

We did not achieve the targeted patronage growth in Dunedin of 3%, but patronage did grow 0.5%.

Significant work has been undertaken on constructing the Dunedin bus hub, implementing a replacement ticketing system and procuring and implementing a real time tracking system, and these projects will continue into the 2017/18 year.

## Financial Achievement

Actual and budgeted costs and their revenue sources are shown below:

### *Estimated and Actual Cost*

Activities	Actual to 30 June \$000s	Annual Plan Estimated to 30 June 2017 \$000s	Variance ( ) = Over budget
Water	7,409	7,653	244
Air	436	451	15
Land	3,243	1,982	(1,261)
River management	1,543	1,822	279
Enviro. incident	1,270	1,263	(7)
Community	4,725	3,935	(790)
Regulatory	3,784	3,143	(641)
Flood protection	5,383	9,149	3,766
Safety & hazards	2,648	1,963	(685)
Transport	14,436	16,983	2,547
<b>Total costs</b>	<b>44,877</b>	<b>48,344</b>	<b>3,467</b>

Variances in actual versus estimated expenditure to June 2017 are discussed within each section of this report.

### *Estimated and Actual Revenue*

Revenue	Actual to 30 June \$000s	Annual Plan Estimated to 30 June 2017 \$000s	Variance ( ) = Over budget
<b>Total project costs</b>	<b>44,877</b>	<b>48,344</b>	<b>3,467</b>
<b><i>Funded by:</i></b>			
General rates*	17,643	15,714	(1,929)
Targeted rates	9,600	9,600	-
Fees and charges	2,358	3,417	1,059
Grants	7,295	9,575	2,280
Internal charges	220	348	128
Other income	4,715	636	(4,079)
Other dedicated reserves	594	1,010	416
General reserves	738	526	(212)
Scheme reserve	1,714	7,518	5,804
<b>Total revenue</b>	<b>44,877</b>	<b>48,344</b>	<b>3,467</b>

\*before applying dividends and interest income to reduce the general rate requirement.

## ENVIRONMENT

### Water Quality

Level of service – Maintain or improve water quality		Achieved
<b>Measure:</b>	State of the Environment monitoring.	●
<b>Performance target:</b>	Assess that water quality that meets the limits set out in the Regional Plan: Water continues to be met, and that water quality previously not meeting limits is improving, and report results.	
<b>Achievement to June:</b>	Schedule 15 monitoring work was undertaken during the year to assess compliance with the Regional Plan: Water provisions. The results are shown in the graphs below.	

Water quality limits for surface and groundwater have been set in Schedule 15 of the Regional Plan: Water.

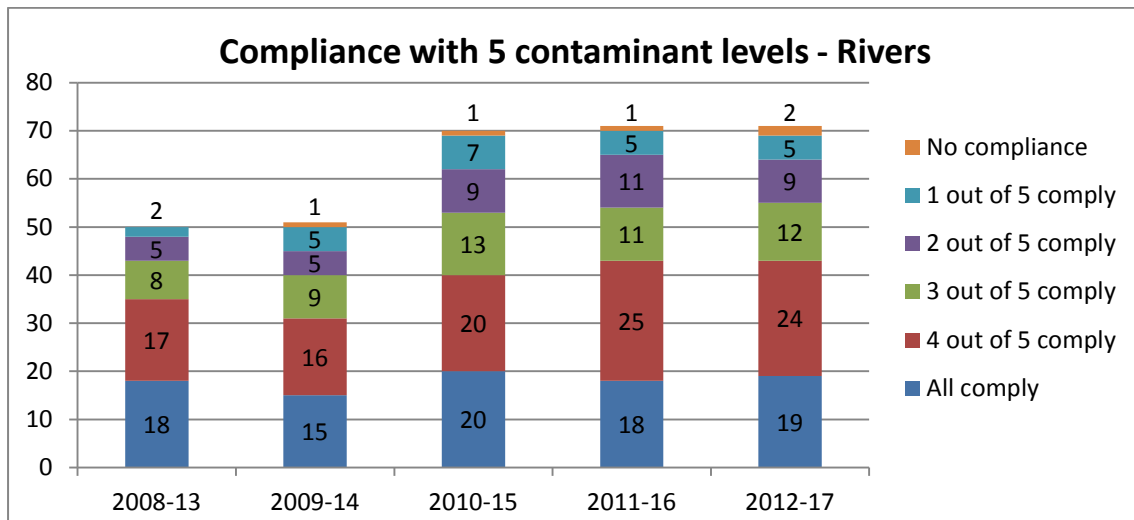
The contaminants measured for rivers are:

- Nitrite-nitrate nitrogen
- Dissolved reactive phosphorous
- Ammoniacal nitrogen
- Ecoli
- Turbidity

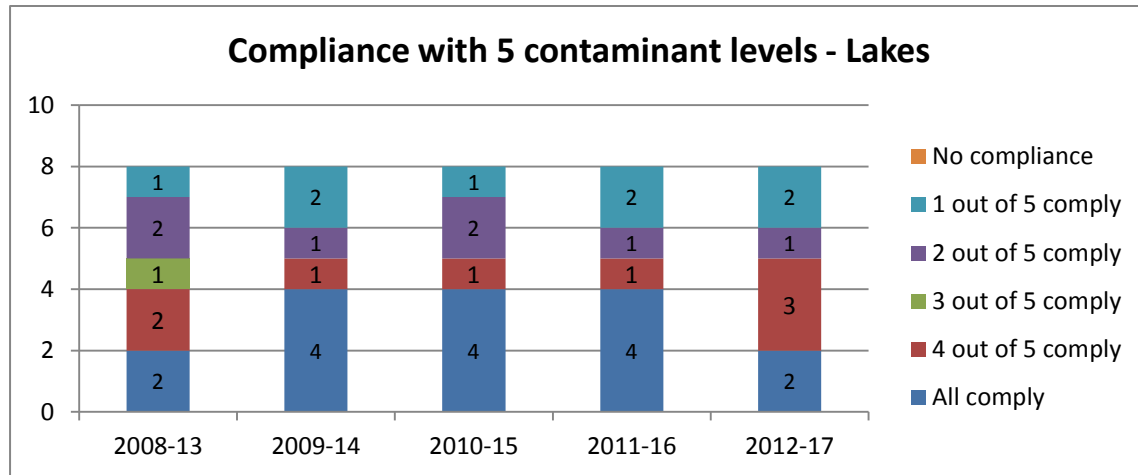
The contaminants measured for lakes are:

- Total nitrogen
- Total phosphorous
- Ammoniacal nitrogen
- Ecoli
- Turbidity

For rivers, water quality is measured as a five year 80<sup>th</sup> percentile (when flow is at median or below median flow), and lakes are measured as a five year 80<sup>th</sup> percentile, at State of Environment monitoring sites. The results from our monitoring for the last five reporting periods are shown below.



Of the 71 sites monitored, 62 sites maintained the same level of water quality grading as in the 2011-16 period, six sites improved one grade, and 3 sites degraded one grade. Because Otago experienced such a wet year this year, the number of samples taken that were available for analysis were limited, the bulk of samples having been taken when the flows were above median levels.



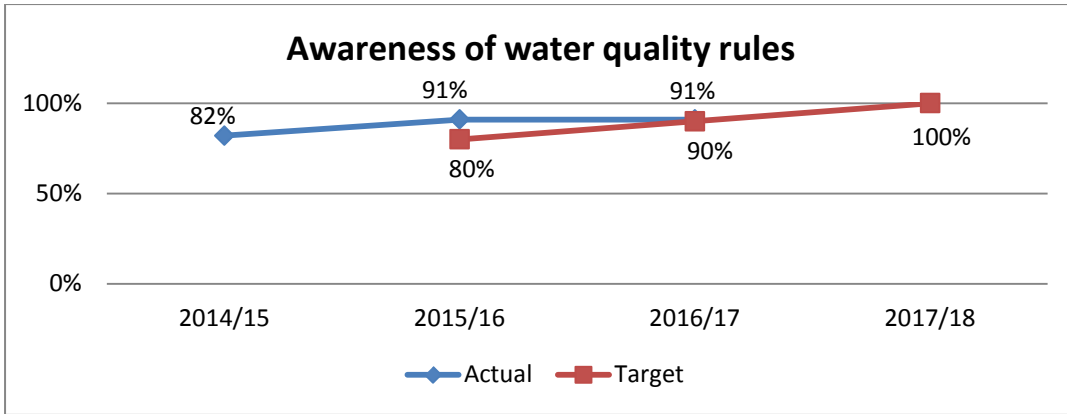
Of the eight lakes monitored, six lakes maintained their water quality grade, and two lakes degraded by one grade as follows:

- Lake Wanaka dropped a grade for Total Phosphorus. Last year the 80<sup>th</sup> percentile was 0.0048 mg/litre compared to 0.0056 mg/litre this year. 65% of samples taken during the year were below the detection limit of 0.004 mg/litre.
- Lake Hawea dropped a grade for Total Phosphorus. Last year the 80<sup>th</sup> percentile was 0.005 mg/litre compared to 0.0056 mg/litre this year. 56% of samples taken during the year were below the detection limit of 0.004 mg/litre.

The cut-off grade for excellence for Total Phosphorus is 0.005 mg/litre. It is noted that the level of uncertainty for Total Phosphorus analysis at low detection levels is extremely large, i.e. 0.002 mg/litre has a greater than 40% level of uncertainty.

Level of service – Maintain or improve water quality		Achieved
<b>Measure:</b>	Awareness survey.	●
<b>Performance target:</b>	Landholder awareness of Regional Plan Water rules at 90%. in 2016/17, increasing to 100% by 2017/18.	
<b>Achievement to June:</b>	The survey is complete and landholder awareness is at 91%.	

Awareness surveys were undertaken during the last three financial years, and results are shown below.

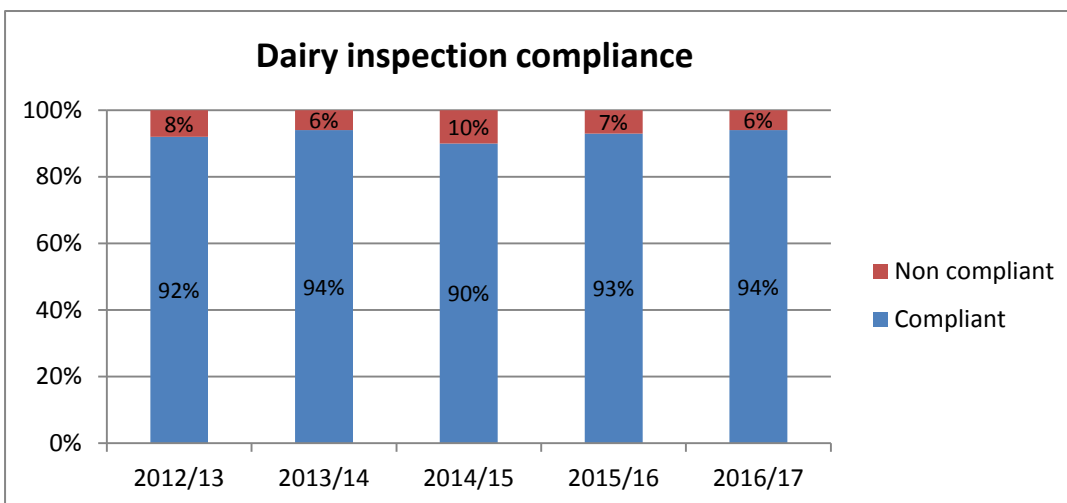


Activities undertaken during the period to promote awareness of the rules included:

- Production of On-Stream, our monthly e-newsletter
- Good Water in Otago, an ORC Facebook page
- Attending workshops and field days.
- Actively working with industry groups, including Dairy NZ, Beef & Lamb, Federated Farmers, Deer NZ, forestry industry and irrigation companies.
- Holding a forestry forum with contractors and industry representatives.

Level of service – Maintain or improve water quality		Achieved
<b>Measure:</b>	Dairy inspection and other farm monitoring.	●
<b>Performance target:</b>	Every dairy farm will be visited and assessed for compliance with prohibited activity rules in the Regional Plan: Water.	
<b>Achievement to June:</b>	All dairy farms (465) were inspected during the year, and assessed for compliance with the prohibited activity rules in the Regional Plan: Water. Compliance results are shown in the graph below.	


Compliance results compared to previous years are as follows:





**Specific areas of work:**



1. Commence plan changes to address urban discharges to water.


An audit of current water plan provisions for urban discharges to water, in relation to their effectiveness and efficiency, is being finalized.	
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**Other initiatives undertaken to promote water quality include:**

- Water quality data collection has been completed for the Waiwera catchment and has been reported on.
- Monitoring for the Manuherikia catchment is in progress.
- Audits of high risk activities were completed for the year, particularly within the forestry activity.
- The first draft of an updated guidebook for water quality rules has been developed.









***Water Quantity***

<b>Level of service – Water is managed to meet the needs of the Otago community</b>		<b>Achieved</b>
<b>Measure:</b>	Sustainable environmental flows and allocation limits set on rivers levels, streams, and groundwater resources.	 
<b>Performance target:</b>	Publish science work for setting minimum flows/ environmental levels for the Clutha and Manuherikia rivers.	
<b>Achievement to June:</b>	Clutha science work (bioenergetics) was undertaken in March 2017 by Cawthron. This was originally planned for summer 2015-16, but work was delayed due to low flows. Hydraulic modeling field work has been completed by NIWA and results received. Cawthron is to deliver a bioenergetics report by late 2017.  A science report for the Manuherikia River has been published and presented to a committee of council.	


<b>Measure:</b>	Sustainable environmental flows and allocation limits set on rivers levels, streams, and groundwater resources.	
<b>Performance target:</b>	Monitor compliance with set minimum flows/environmental levels.	
<b>Achievement to June:</b>	Compliance of set minimum flows for SOE sites within the Kakanui, Waianakarua, Shag, Leith, Luggate, Lake Hayes, Manuherikia, Waitahuna and Lake Tuakitoto catchments was monitored during the year. Two minor breaches occurred at Taieri at Waipiata on 13 and 17 January 2017. All other sites were compliant.	

**Specific areas of work:**

1. Commence and complete plan changes for minimum flows, allocation regimes and aquifer regimes.

<i>Lindis</i>	Council decision for a minimum flow on the Lindis was released on 13 August 2016. One appeal was received with 13 parties to the appeal. Mediation started in December. On request, further science work was undertaken and reported back to the Environment Court in April 2017. Court facilitated expert conferencing of the science witnesses took place in June 2017. Further mediation occurred 4 July.	
<i>Cardrona</i>	Project execution Plan, Terms of Reference, Gant Charts and Risk register have been prepared and provided to the Water Governance Group (WGG). Science work has commenced on this project.	
<i>Waikouaiti River</i>	An ecological assessment has been completed for the Waikouaiti Estuary study.	
<i>Ettrick</i>	Science work is in progress. A bore has been installed, and monitoring is underway. Survey elevations of sites have been completed.	
<i>Manuherikia</i>	First round of consultation with the community was undertaken in August, and a second round was completed during March. A science report for the Manuherikia River has been published and presented to a committee of council.	
<i>Clutha</i>	Instream values and habitat modelling has been completed. Bioenergetics study was undertaken. A report will be delivered in late 2017.	
<i>Arrow</i>	The first round of consultation was completed 26 and 27 June 2017.	
<i>Flow requirements on water takes</i>	The first stage of consultation was completed in February. Further consultation is programmed for 7 to 10 August 2017.	

2. Provide technical and funding support for community led investigations of infrastructure for bulk rural water.

Funding support was provided to the Manuherikia and Strath Taieri irrigation groups.	
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**Other initiatives undertaken to manage water quantity include:**

- Approximately 35 meetings have been held with groups of water users who are looking to replace their expiring mining privileges.
- Water Users Guide has been completed and is available to the public.
- Work is continuing on encouraging the replacement of deemed permits, which expire in 2021, into consents, and supporting group formations.
- Water forum was held on 29 March in Alexandra and 140 people attended.

**Estimated and Actual Costs - Water**

Projects	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
<b>Regional Plan: Water</b>			
- Operating cost	668	734	66
<b>Water quality &amp; quantity (SOE)</b>			
- Operating cost	2,268	1,941	(327)
- Capital cost	152	150	(2)
<b>Total cost</b>	<b>2,420</b>	<b>2,091</b>	<b>(329)</b>
<b>Rural water quality (6A)</b>			
- Operating cost	1,795	2,050	255
- Capital cost	16	105	89
<b>Total cost</b>	<b>1,811</b>	<b>2,155</b>	<b>344</b>
<b>Water mgmt. groups (1C)</b>			
- Operating cost	430	752	322
- Capital cost	-	10	10
<b>Total cost</b>	<b>430</b>	<b>762</b>	<b>332</b>
<b>Coastal strategy</b>			
- Operating cost	193	461	268
<b>Minimum flows</b>			
- Operating cost	1,823	1,205	(618)
- Capital cost	6	-	(6)
<b>Total cost</b>	<b>1,829</b>	<b>1,205</b>	<b>(624)</b>
<b>Bulk rural water</b>			
- Operating cost	58	245	187
<b>Total costs</b>	<b>7,409</b>	<b>7,653</b>	<b>244</b>

**Estimated and Actual Revenue - Water**

Funding sources	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
<b>Operating costs</b>	<b>7,235</b>	<b>7,388</b>	<b>153</b>
<b>Funded by:</b>			
General rates	5,989	5,892	(97)
Targeted rates	768	768	-
Internal charges	217	217	-
Other income	37	-	(37)
General reserves	166	266	100
Water management reserve	58	245	187
<b>Total funding</b>	<b>7,235</b>	<b>7,388</b>	<b>153</b>
<b>Capital costs</b>	<b>174</b>	<b>265</b>	<b>91</b>
<b>Funded by:</b>			
Asset replacement reserve	174	265	91
<b>Total revenue</b>	<b>7,409</b>	<b>7,653</b>	<b>244</b>

**Comments:**

The State of the Environment budget is over spent by approximately \$329,000. Unbudgeted work has been undertaken on Lake Snow and trophic lake monitoring for Lakes Wanaka and Wakatipu (three sites each) and one site in Lake Hawea, all sites being monitored monthly.

The Rural Water Quality project is under spent by approximately \$344,000, and is primarily in the science area. This is due to timing of works for the Ettrick and Shag River groundwater / surface water interaction work. River monitoring sites were installed in June, following identification of where groundwater is seeping into the river. Groundwater bores were drilled in July 2017, with monitoring commencing August 2017. The budget assumed an even spread of work throughout the 2016/17 year. The under spend is being carried forward into the 2017/18 year.

The water management groups project is underspent by approximately \$332,000. Ecological and flow information, historic water use etc., is being collated and made available through a database which is publicly available, reducing the time requirement for providing information. Additional strategic communications resource was added to this project during the year, being done for the deemed permit forum, so there is a timing issue in respect of the budget cashflow.

The coastal strategy is underspent by approximately \$268,000. An internal inventory of information on coastal resources and management has been completed however strategy development has been delayed as staff have been working on the Regional Policy Statement review.

The minimum flows project is over spent by approximately \$624,000, due to an accelerated programme of work being put in place, and due to appeals received on the Lindis, which has required additional science work and policy time.

Two requests were received during the year for funding assistance in the Bulk Rural Water project, for feasibility studies for the Manuherikia and Strath Taieri irrigation groups. Assistance given is funded from the Water Management Reserve.

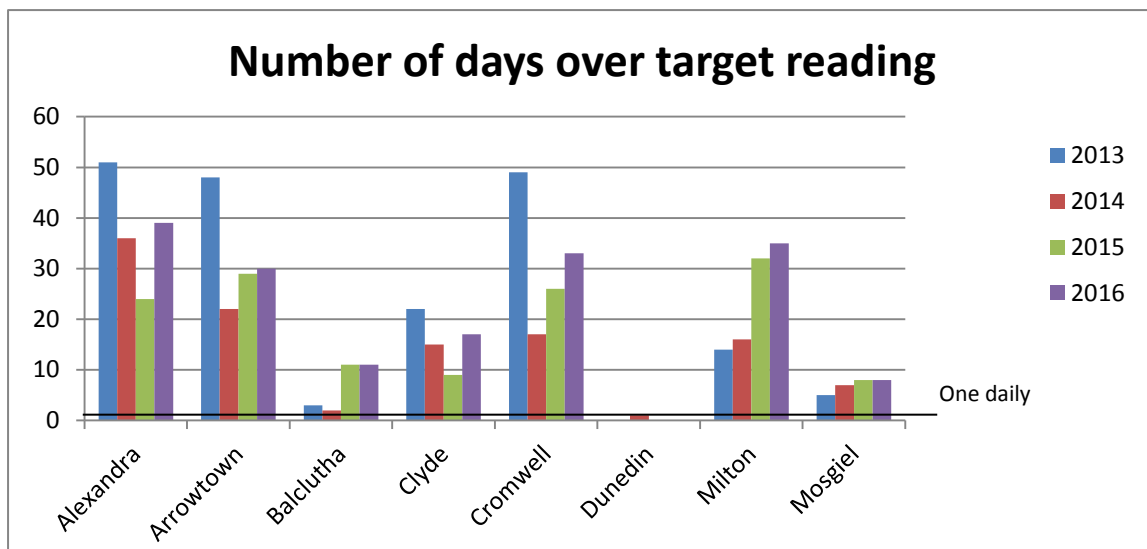
**Air**

<b>Level of service – Improve air quality</b>		<b>Achieved</b>
<b>Measure:</b>	Ambient (PM <sub>10</sub> ) air quality in targeted towns.	●
<b>Performance target:</b>	Monitor air quality to assess compliance with NES requirement of no more than one daily average reading of PM <sub>10</sub> per annum to be higher than 50 micrograms per cubic meter.	
<b>Achievement to June:</b>	Air quality is being monitored at eight sites in Otago. Four sites are monitored all year, and four over the winter months (Apr-Sept) only. Winter monitoring for 2017 is underway.	

Ambient air quality has been monitored for the winter of 2016 (April to September) in the following targeted towns:

- Alexandra
- Arrowtown
- Balclutha
- Clyde
- Cromwell
- Dunedin
- Milton
- Mosgiel
- Palmerston

The requirement of no more than one daily above 50 mg/m<sup>3</sup> was not achieved in any location except for Dunedin, which had no readings above 50 mg/m<sup>3</sup>. The graph below shows the number of days where the daily average reading of PM<sub>10</sub> was higher than 50 mg/m<sup>3</sup>, for the last four years.

**Specific areas of work:**

1. Complete the development of an Air Strategy for Otago.

A draft Air Strategy has been prepared and will be presented to committees in September 2017.



2. Support through funding, the installation of clean heating appliances in targeted towns (Airzone 1 and Milton).

Support is provided as applications are received. 44 clean heating appliances were installed during the period.



3. Identify research needs and opportunities in relation to low emission solid fuel burners and promote that research.

The scope was extended to include air quality issues generally. A draft report has been prepared for review.



### ***Estimated and Actual Costs - Air***

Projects	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
Air monitoring	213	204	(9)
Clean heat clean air	90	120	30
Air strategy	133	127	(6)
<b>Total operating costs</b>	<b>436</b>	<b>451</b>	<b>15</b>

This activity has no budgeted capital expenditure.

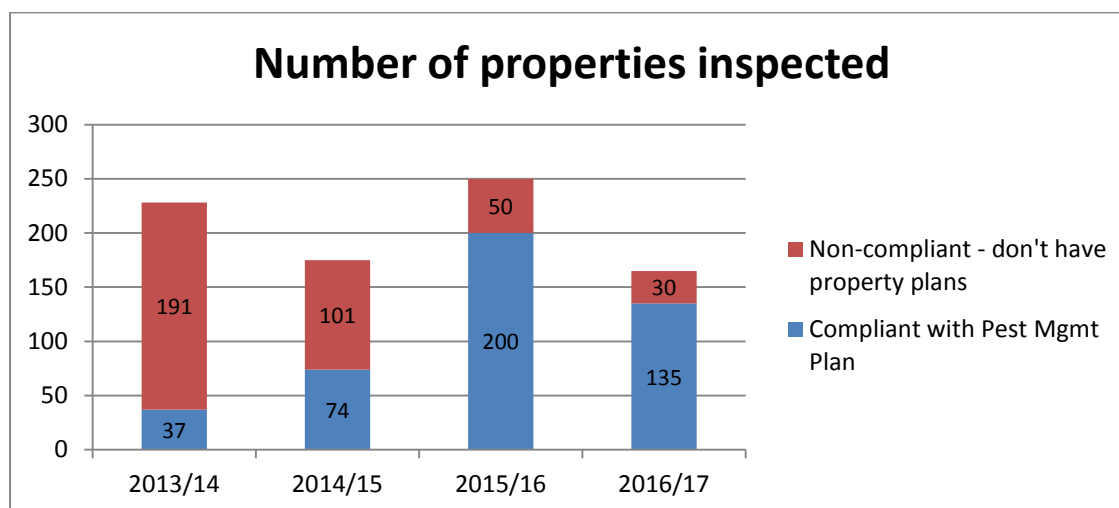
### ***Estimated and Actual Revenue - Air***

Funding sources	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
<b>Operating costs</b>	<b>436</b>	<b>451</b>	<b>15</b>
<b>Funded by:</b>			
General rates	346	331	(15)
General reserves	-	-	-
Scheme reserves	90	120	30
<b>Total revenue</b>	<b>436</b>	<b>451</b>	<b>15</b>

**Land**

Level of service – Require control of pest animals and pest plants		Achieved
<b>Measure:</b>	Level of rabbit populations in rabbit prone areas.	●
<b>Performance target:</b>	Non-compliance found of rabbit numbers over MAL3 will be followed up to ensure a property management plan is in place to reduce rabbit numbers.	
<b>Achievement to June:</b>	Follow up and requests for Rabbit Control Plans was ongoing as non-compliance was found.	

The graph below shows the number of properties inspected and their results:



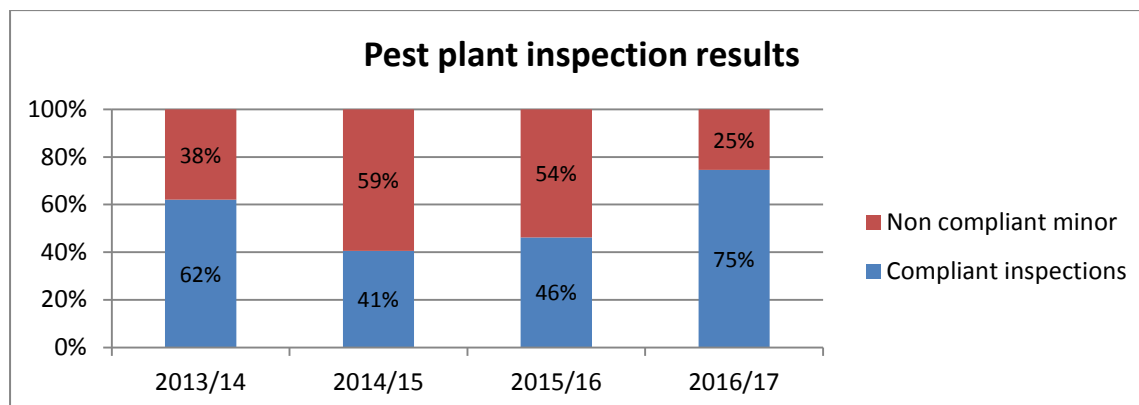
165 inspections covering approximately 26,500 ha were undertaken. Property management plans were requested, or amendments to existing property plans, from the 30 non-compliant inspections. Inspection numbers have decreased due to staff time being used to prepare for a release of the K5 virus.

Level of service – Require control of pest animals and pest plants		Achieved
<b>Measure:</b>	Level of pest plants found at known sites.	●
<b>Performance target:</b>	Non-compliance found for pest plants will be followed up to ensure control works to remove pest plants have been undertaken.	
<b>Achievement to June:</b>	Inspections were completed with follow-up inspections and enforcement action initiated where necessary.	

During the period plant inspections included the following:

	2016/17	2015/16	2014/15	2013/14
Bomarea	472	447	153	338
Old Man's Beard	3,390	1,140	499	125
Contorta	12	61	14	0
<b>Total number of properties inspected</b>	<b>3,874</b>	<b>1,648</b>	<b>666</b>	<b>463</b>

Results of these inspections are shown below.



80 notices of direction were issued in respect of old man's beard.

Other pest plant work undertaken included the following:

- 19,500 ha were inspected for Nassella Tussock, with 1,051 plants removed.
- 62 new sites of Cape Ivy were found and are now being controlled.
- 365 boneseed plants were removed from Anderson Bay in Dunedin.
- One new African Love Grass site was found and 38 plants were destroyed.
- 18 properties were inspected for gorse and broom, and 12 were found to be non-compliant.

Re-inspections on non-compliant properties were undertaken as required.

#### Specific areas of work:

1. Develop a Biodiversity Strategy for Otago.

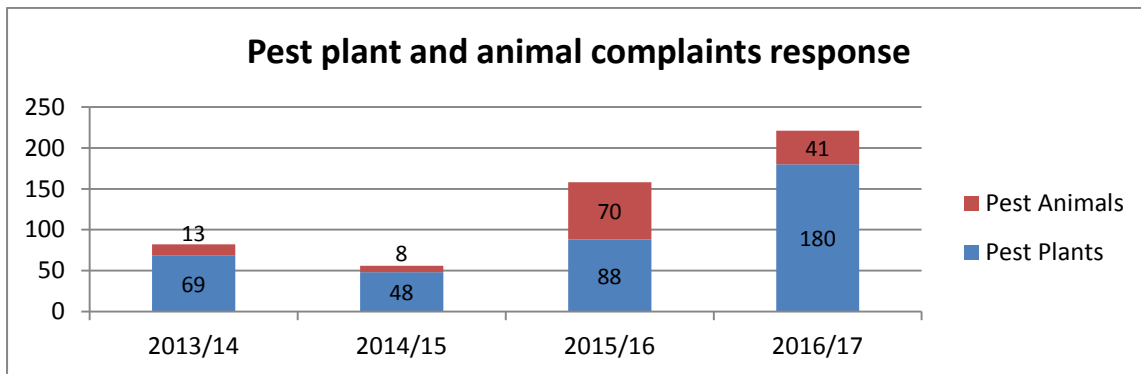
A Biodiversity Strategy Options report has been received from Wildlands Consultants, but is yet to be considered by the Biodiversity Reference Group.





**Other initiatives undertaken include:**

- Staff responded to pest complaints as follows:



Complaints received related to the following:

	<b>2016/17</b>	<b>2015/16</b>	<b>2014/15</b>	<b>2013/14</b>
Pest plants	180	88	48	69
Rabbits	21	41	7	13
Wallabies	19	25	1	-
Rooks	1	2	-	-
Possums	-	2	-	-
<b>Total</b>	<b>221</b>	<b>158</b>	<b>56</b>	<b>82</b>

Pest plant complaints related predominantly to old man's beard. All complaints have been followed up where a breach of the Pest Management Plan has been identified.

**Estimated and Actual Costs - Land**

Projects	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
<b>Biodiversity</b>	1,692	705	(987)
<b>Pest mgmt. strategy implement.</b>	1,233	825	(408)
<b>Pest control</b>	86	61	(25)
<b>Contracting</b>	232	391	159
<b>Total operating costs</b>	<b>3,243</b>	<b>1,982</b>	<b>(1,261)</b>

This activity has no budgeted capital expenditure.

**Estimated and Actual Revenue - Land**

Funding sources	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
<b>Operating costs</b>	<b>3,243</b>	<b>1,982</b>	<b>(1,261)</b>
<b>Funded by:</b>			
General rates	1,034	1,161	127
Targeted rates	100	100	-
Fees & charges	287	520	233
Other income	1,319	-	(1,319)
General reserves	265	(49)	(314)
Other reserves	238	250	12
<b>Total revenue</b>	<b>3,243</b>	<b>1,982</b>	<b>(1,261)</b>

**Comments:**


The Biodiversity project is over spent by approximately \$987,000. This project includes administering the funding from MPI for wilding trees, and so unbudgeted expenditure of approximately \$1.1 million is included in this. This expenditure is completely offset by the unbudgeted other income received.

The development of the biodiversity strategy has been delayed due to unbudgeted work being undertaken on the Regional Policy Statement, resulting in an under spend of approximately \$113,000. A Biodiversity Strategy Options report was contracted out to Wildlands, and a draft report has been received.

The overspend in the Pest Management Strategy Implementation results primarily from around \$307,000 of unbudgeted work being undertaken on Wallabies, and this work is being funded from reserves. Unbudgeted Velvet leaf work of \$177,000 has also been offset by unbudgeted other income.


Less rabbit contracts were undertaken than budgeted for in the contracting project, and this accounts for the reduction in fees and charges. Note is made that a positive recovery was made on the contracts carried out.

### ***Rivers & Waterway Management***


<b>Level of service – Ensure waters can flow without obstruction</b>		<b>Achieved</b>
<b>Measure:</b>	Time taken to investigate and action reported blockages.	
<b>Performance target:</b>	Investigate all reported blockages obstructing scheduled rivers within 10 working days and action appropriately.	
<b>Achievement to June:</b>	All reported blockages were investigated within 10 days.	

#### **Specific areas of work:**

1. Develop River Morphology and Riparian Management Plans, for the Cardrona, Wainakarua and Shag rivers.

<p>Work is in progress on all three plans. Public values have been collected and field work completed. River corridor/fairway contract work has been received. Community meetings to present draft strategy and start the feedback process were held in April and planning meetings were held with major stakeholders. Work with KTKO started in July to present Maori values.</p> <p>Cardrona public consultation will be held alongside Policy consultation on minimum flows scheduled in the 2017/18 year.</p> <p>Shag and Waianakarua plans will be presented to the October Technical Committee.</p>	
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2. Implement the maintenance strategies for non-flood scheme assets.

Maintenance of non-flood scheme assets is being undertaken.	
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#### **Other initiatives undertaken include:**

- Reports on the trends and changes in river morphology for the following rivers have been completed:
  - the Clutha River between Clyde and the mouth
  - Cardrona River
  - Rees River at the Rees Bridge and at Glenorchy
- An independent economic assessment of the private versus public benefits of the Lower Waitaki River Scheme was completed, and as a result, the revenue policy for this scheme has been amended to recognise some public benefit.

### ***Estimated and Actual Costs – River Management***

<b>Projects</b>	<b>Actual to 30 June 17 \$000s</b>	<b>Estimated to 30 June 17 \$000s</b>	<b>Variance ( ) = Over budget</b>
<b>Central Otago</b>	237	307	70
<b>Clutha</b>	278	297	19
<b>Dunedin</b>	282	302	20
<b>Lower Waitaki</b>	155	146	(9)
<b>Waitaki</b>	314	387	73
<b>Wakatipu</b>	153	177	24
<b>Wanaka</b>	124	206	82
<b>Total for all projects</b>	<b>1,543</b>	<b>1,822</b>	<b>279</b>

This activity has no budgeted capital expenditure.

### ***Estimated and Actual Revenue – River Management***

<b>Funding sources</b>	<b>Actual to 30 June 17 \$000s</b>	<b>Estimated to 30 June 17 \$000s</b>	<b>Variance ( ) = Over budget</b>
<b>Operating costs</b>	<b>1,543</b>	<b>1,822</b>	<b>279</b>
<b><i>Funded by:</i></b>			
Targeted rates	1,577	1,577	-
Scheme reserves	(34)	245	279
<b>Total revenue</b>	<b>1,543</b>	<b>1,822</b>	<b>279</b>

**Comment:**

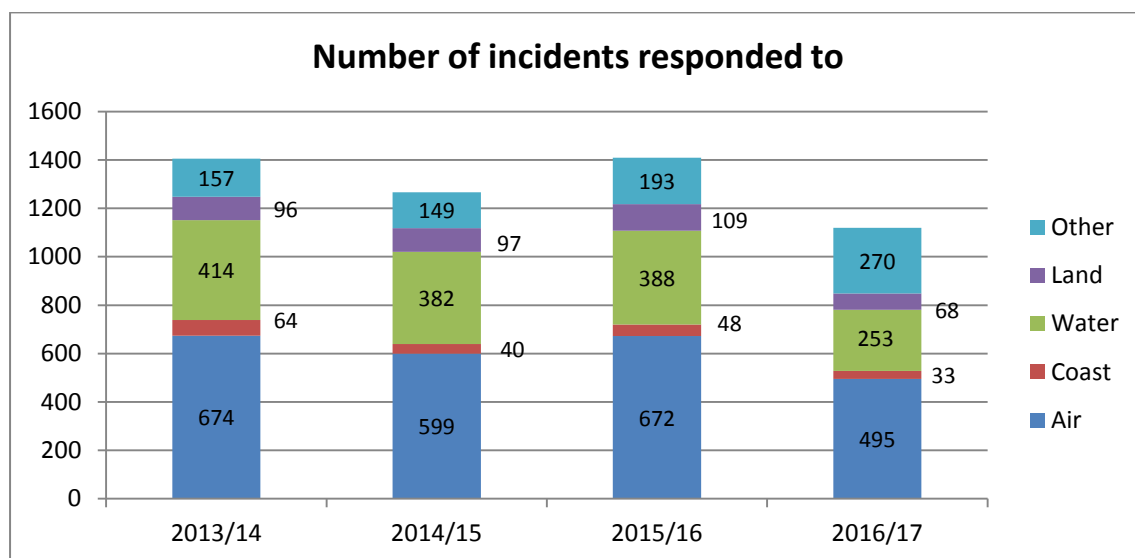
Cross section survey work budgeted to be undertaken in the Waitaki, Wanaka and Central Otago areas were not undertaken as planned.

The development of River Morphology and Riparian Management Plans for Cardrona, Waianakarua and Shag Rivers is underway, and the completion now scheduled for the 2017/18 year.

**Environmental Incident Response**

<b>Level of service – Council will be ready and able to respond to all environmental incidents</b>		<b>Achieved</b>
<b>Measure:</b>	Time taken to respond.	●
<b>Performance target:</b>	Acknowledge and assess the necessary actions of reported incidents within 0.5 hours of receipt.	
<b>Achievement to June:</b>	Council received 1,119 incidents during the year, and all were responded to within 0.5 hours.	

The incidents received during the period related to the following:



**Specific areas of work:**

1. Establish and manage a central contaminated sites database for regional use.

A central contaminated sites database has been established. This database is accessible by all TLA's and provides summary information on over 1,000 sites in Otago. Work continues to align the database with information held by the territorial authorities.	●
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***Estimated and Actual Costs – Environmental Incidents***

Projects	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
Incident response	721	660	(61)
Contaminated sites	97	112	15
Enforcement	452	491	39
<b>Total operating costs</b>	<b>1,270</b>	<b>1,263</b>	<b>(7)</b>

This activity has no budgeted capital expenditure.


***Estimated and Actual Revenue – Environmental Incidents***


Funding sources	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
<b>Operating costs</b>	<b>1,270</b>	<b>1,263</b>	<b>(7)</b>
<b>Funded by:</b>			
General rates	940	800	(140)
Infringements/fines	330	413	83
Fees & charges	-	50	50
<b>Total revenue</b>	<b>1,270</b>	<b>1,263</b>	<b>(7)</b>

General rates were over budget due to the over spending in incident response, and a lower level of recoveries through our enforcement activity than was budgeted.

## COMMUNITY


### *Democracy, public information and awareness*

<b>Level of service – Effective, open and transparent democratic council processes</b>		<b>Achieved</b>
<b>Measure:</b>	Completion of statutory public accountability processes.	
<b>Performance target:</b>	Complete all planning and reporting within statutory timeframes and requirements.	
<b>Achievement to June:</b>	Annual report was completed and adopted by Council on 28 September 2016, within the statutory timeframe. Work on the 2017/18 draft annual plan was adopted on 29 June, within the statutory timeframe.	


<b>Level of service – Provide information to enable the public to be informed of council and committee meetings.</b>		<b>Achieved</b>
<b>Measure:</b>	Time for making meeting agendas available to the public.	
<b>Performance target:</b>	All meeting agendas to be available at least two working days prior to each meeting.	
<b>Achievement to June:</b>	38 committee and 11 Council meetings were held during the year. All meeting agendas were made available two days prior to each meeting.	

#### **Specific areas of work:**


1. Hold at least two meetings each year with Iwi representatives.

Meetings held during the period included with the Te Kakano Aotearoa Trust, three Te Roopu Taiao meetings, a Mana to Mana meeting and attendance at the Waitangi Day celebrations.	
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2. Respond to issues, activities and queries on matters that require a regional perspective or impact on regional resource management functions.

Responses made included to the Department of Conservation re Proposed Marine Protected Areas, CODC consent re natural hazards risks, and QLDC consents re flooding risk and discharge of storm water, and special housing areas.	
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3. Develop a regional economic development strategy for the Otago region.

<p>Development of this strategy is in progress. Work is continuing on information gathering and undertaking a programme of interviews with key regional stakeholders. Key emerging themes were presented to the Otago Mayoral Forum in May 2017. Recommendations on regional opportunities, plan structure and potential governance for developing and implementing a strategy are to be presented to the Otago Mayoral Forum in August 2017.</p>	
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**Other initiatives undertaken for our community include:**

- Information has been made available to the public through issuing media releases, social media postings and keeping the ORC website updated.
- Responded to request for presentations to the Millars Flat Scout Group camp, Queens High School, and an Otago/Southland geography teachers meeting.
- Queenstown/Wanaka drop in sessions and business walk arounds were held.
- Financial contributions were made to the Otago Rescue Helicopter.



**Estimated and Actual Costs - Community**

Projects	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
<b>Democracy</b>	1,755	1,548	(207)
<b>Public information &amp; awareness</b>	2,070	1,865	(205)
<b>Financial contributions</b>	350	350	-
<b>LAWA</b>	425	15	(410)
<b>Enviroschools</b>	108	57	(51)
<b>Regional economic development</b>	17	100	83
<b>Total for all projects</b>	<b>4,725</b>	<b>3,935</b>	<b>(790)</b>

This activity has no budgeted capital expenditure.

**Estimated and Actual Revenue - Community**

Funding sources	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
<b>Operating costs</b>	<b>4,725</b>	<b>3,935</b>	<b>(790)</b>
<b>Funded by:</b>			
General rates	4,186	3,674	(512)
Fees & charges	102	130	28
Other income	546	31	(515)
General reserves	17	100	83
Other reserves	(126)	-	126
<b>Total revenue</b>	<b>4,725</b>	<b>3,935</b>	<b>(790)</b>

**Comments:**

The democracy budget is overspent due to election expenses being greater than budgeted. The elections were over budget by approximately \$139,000 due to there being no DHB election in October, (normally the DHB would contribute to a share of the costs), and unbudgeted costs incurred for the by-election held in June 2017.

The public information and awareness project is over spent by approximately \$205,000 due in part to a change in the way staff are charging time, resulting in more time being charged to this project for annual and long term planning, and reporting than was budgeted for.

The LAWA project over spend is offset by other income received from participating regional councils.

Enviroschools is over budget as the new co-ordinator position is being funded differently from the assumptions made when the budgets were set.

The Regional Economic Development Strategy project is in progress. This work, which is being funded from reserves, will continue into the 2017/18 year.

**REGULATORY**

***Policy Development***

**Specific areas of work:**

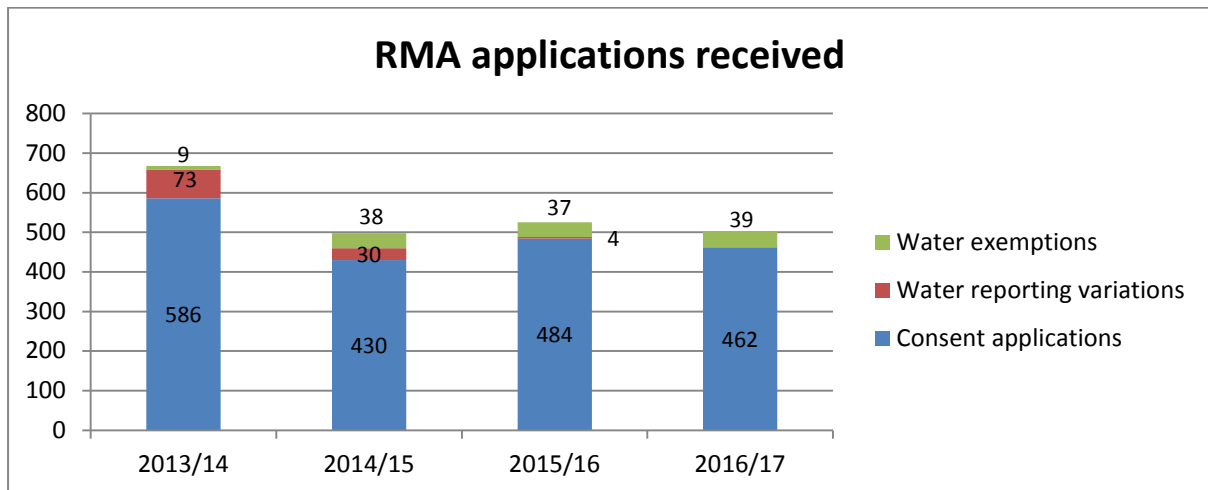
1. Address any appeals made on the Regional Policy Statement and make operative.

A third week of Court assisted mediation was undertaken 19-23 June. At the end of that week, most matters were either resolved in principle or close to resolution.	●
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***Consents & Compliance***

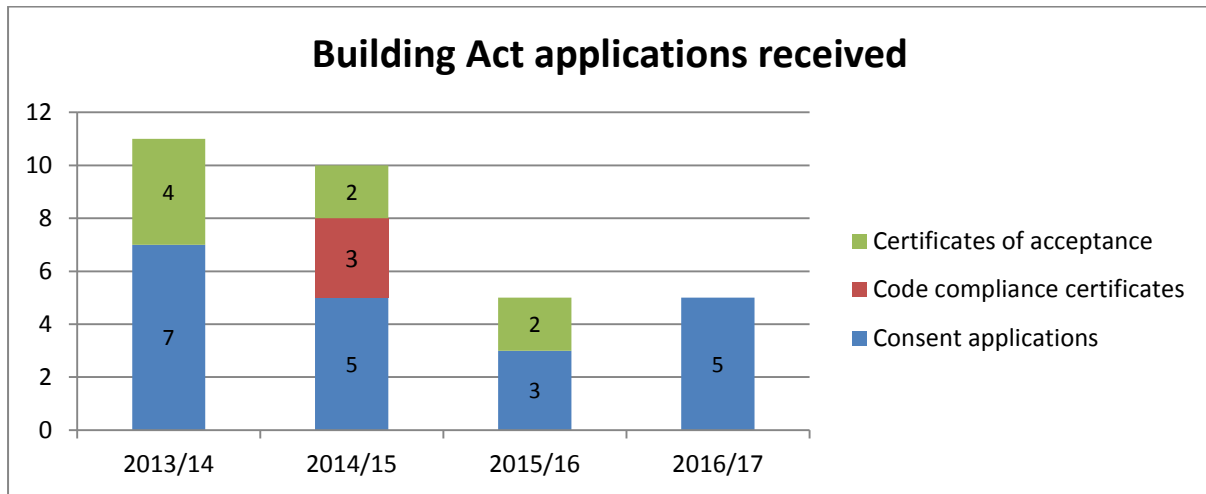
<b>Level of service – Process resource consent applications in a timely manner.</b>		<b>Achieved</b>
<b>Measure:</b>	RMA and Building Act statutory time frames.	●
<b>Performance target:</b>	100% of consents are processed within the statutory timeframes.	
<b>Achievement to June:</b>	All consents processed within statutory timeframes	

The graph below shows the trend in numbers of RMA applications received.



In addition to the consent applications received, council received 263 consent transfer applications, and nine S417 certificate requests.

The graph below shows the number of Building Act applications received.

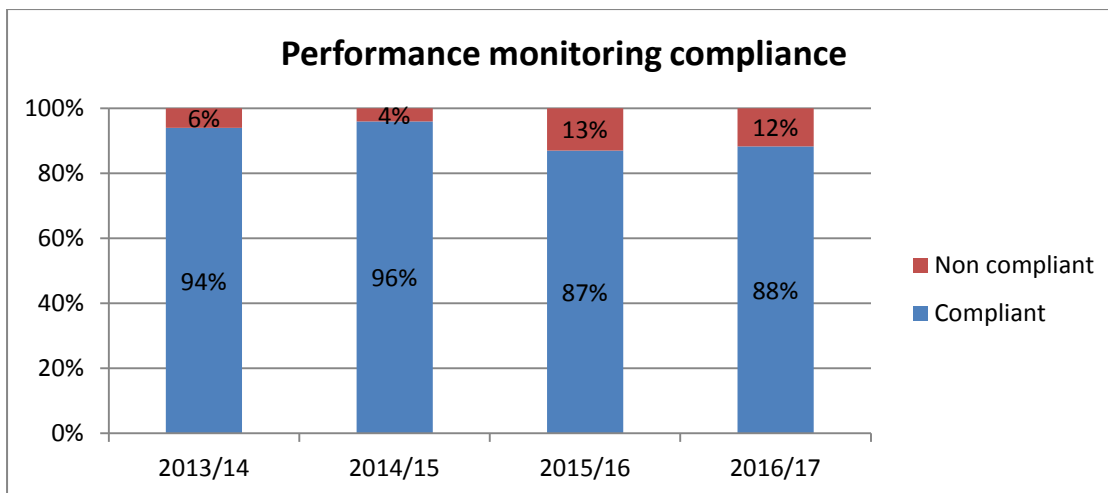


<b>Measure:</b>	Biannual customer satisfaction survey.	●
<b>Performance target:</b>	80% customer satisfaction with process.	
<b>Achievement to June:</b>	Target achieved with customer satisfaction at 81.4%.	

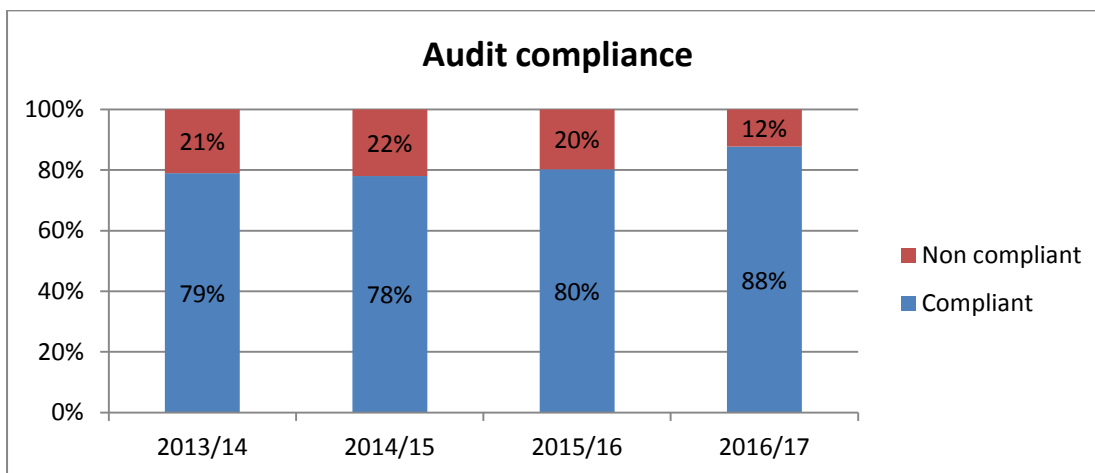
<b>Level of service – Ensure consent conditions for the use of Otago’s air, water and coastal resources are complied with</b>		<b>Achieved</b>
<b>Measure :</b>	Performance monitoring returns show compliance with consent conditions.	●
<b>Performance target:</b>	100% of performance monitoring data received will be assessed for compliance with consent conditions.	
<b>Achievement to June:</b>	All performance monitoring data received to date has been assessed for compliance with consent conditions.	

5,336 performance monitoring returns were assessed for compliance (2015/16: 4,086 returns; 2014/15: - 3,616 returns; 2013/14: - 4,146 returns).

The graph below shows the level of compliance with consent conditions in respect of performance monitoring returns.



744 audits have been undertaken (2015/16: - 1,099 audits; 2014/15: - 420 audits; 2013/14: - 344 audits). The graph below shows the level of compliance with consent conditions in respect of audits undertaken.



<b>Measure:</b>	Enforcement of non-compliance.	●
<b>Performance target:</b>	All non-compliance found (grade 4 and 5) will be followed up and enforced in accordance with Council procedures.	
<b>Achievement to June:</b>	70 performance monitoring returns were graded significant non-compliance. After follow up, no enforcement action was necessary.  33 audits and inspections were graded as significant non-compliance, of which 14 were dairy inspections and 19 were consent audits. Enforcement action was initiated on the dairy inspections. Formal warnings were issued on five of the RMA audits.	

**Specific areas of work**

1. Review consents for a catchment, subcatchment or aquifer within two months of a minimum flow or water quality standard being operational to assess water allocation.

Target has been met for the Waiwera with consent reviews being completed. The Lindis will be the next operational minimum flow, but these permits will not be reviewed until 2021.



2. Investigate and undertake enforcement action on breaches of resource consent conditions and Regional Plan rules.

Investigations and enforcement action was undertaken on breaches of resource consent conditions and Regional Plan rules. Results are shown in the table below.




	2016/17	2015/16	2014/15	2013/14
Infringement notices	40	14	19	21
Prosecutions authorised	14	3	6	9
Abatement notices	3	-	2	8

3. Investigate dams in Otago likely to be non-compliant with the Building Code and undertake enforcement action where necessary.

Four Notices to Fix were issued during the year. One required a person to remove or repair a dam.


***Harbour Management***

<b>Level of service – Safe recreational use and navigation for all users of the Otago harbour.</b>		<b>Achieved</b>
<b>Measure:</b>	Number of harbour incidents.	
<b>Performance target:</b>	No major (collision) harbour incidents.	
<b>Achievement to June:</b>	A moderate incident occurred when a small fishing vessel ran aground at the entrance to Oamaru Harbour. Harbour masters investigated along with Maritime NZ. An oil spill response was initiated resulting in no noticeable environmental impacts.	


<b>Level of service – Council will be ready to respond to oil spills and ensure restoration.</b>	<b>Achieved</b>
<b>Measure:</b> Respond to oil spills in a timely manner.	
<b>Performance target:</b> Respond within 1.5 hours of notification.	
<b>Achievement to June:</b> A total of three marine oil spills were reported during the year. One oil spill resulted in a maritime response in Oamaru.	

**Specific areas of work:**

1. Complete Port Harbour safety review.

Navigational safety policy drafting has commenced.	
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2. Hold one desk top and one field exercise for marine oil incident response.

<p>A land based familiarisation field equipment exercise on Fryatt Street wharf was held on 2 December 2016. This involved all qualified staff and deployment of oil spill gear, booms, container systems, pump operations, and rope knot methods etc., on the wharf.</p> <p>On 31 May 2017 a full field exercise including deployment of equipment was held at the X/Y Wharf in the inner harbor. MNZ National On Scene commander was present and re-validated all staff.</p>	
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**Other initiatives undertaken for our community include:**

- Extra signage and reflective marking have been put in eastern channel in the Otago Harbour.

### ***Estimated and Actual Costs – Regulatory***

<b>Projects</b>	<b>Actual to 30 June 17 \$000s</b>	<b>Estimated to 30 June 17 \$000s</b>	<b>Variance ( ) = Over budget</b>
<b>Regional Policy Stmt</b>	550	176	(374)
<b>Consents</b>	1,563	1,531	(32)
<b>Compliance Monitoring</b>	969	1,163	194
<b>Harbour safety</b>	702	273	(429)
<b>Total for all projects</b>	<b>3,784</b>	<b>3,143</b>	<b>(641)</b>

This activity has no budgeted capital expenditure.

### ***Estimated and Actual Revenue – Regulatory***

<b>Funding sources</b>	<b>Actual to 30 June 17 \$000s</b>	<b>Estimated to 30 June 17 \$000s</b>	<b>Variance ( ) = Over budget</b>
<b>Operating costs</b>	<b>3,784</b>	<b>3,143</b>	<b>(641)</b>
<b><i>Funded by:</i></b>			
General rates	2,130	918	(1,212)
Grants	113	55	(58)
Internal charges	3	131	128
Fees and charges	1,538	2,039	501
<b>Total revenue</b>	<b>3,784</b>	<b>3,143</b>	<b>(641)</b>

#### **Comments:**

Work on the Regional Policy Statement has exceeded the budget by \$374,000, with decisions on the policy statement being released in September 2016. Three weeks of mediation on 26 appeals was completed by the end of June. Work will continue in 2017/18 to complete the process.


Within the consents work, some costs were incurred in upgrading Accela (consenting database) for the management of Building Act code compliance certificates.


Compliance monitoring is under budget due to timing of audits. The lower level of work at this stage is reflected in the lower level of fees and charges received.


The Harbour safety project is over spent due to the contracting out of interim harbour master services, the costs of which have been greater than that provided for in the budget. A dedicated harbour master has been recruited and will commence work in 2017/18.

## FLOOD PROTECTION & CONTROL WORKS

### *Alexandra flood protection*

<b>Level of service – Reduce the flood risk to people and property by maintaining, repairing and renewing flood protection works to agreed standards.</b>		<b>Achieved</b>
<b>Measure:</b>	Respond to flood events or damage.	
<b>Performance target:</b>	Flood damage identified, prioritised and repaired.	
<b>Achievement to June:</b>	No flood events occurred during the period.	


<b>Measure:</b>	Maintain and renew flood mitigation works to ensure design standards are met.	
<b>Performance target:</b>	Contain all floods up to 142.75m (above mean sea level) at Alexandra Bridge with 0.5m freeboard, corresponding with a flood flow of approximately 4,350 m <sup>3</sup> /s and being equivalent to the greatest recorded flood (in 1878) but with the Lake Hawea control gates closed.	
<b>Achievement to June:</b>	No flood events occurred during the period. The highest flow level reached was 133.48m on 23 January 2017.	

<b>Measure:</b>	Maintain and renew flood mitigation works to ensure design standards are met.	
<b>Performance target:</b>	Pump capacity will be available 360 out of 365 days per annum (excluding times of planned maintenance*).	
<b>Achievement to June:</b>	Left bank pump #1 check valve was out being re-manufactured for 2 months from 12 May to 14 July 2017.	

\*Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.


#### Specific areas of work:


1. Overhaul the Left Bank pump.

The Left Bank pump overhaul has been completed.	
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***Leith flood protection***


<b>Level of service – Reduce the flood risk to people and property by maintaining flood protection works to agreed standards.</b>		<b>Achieved</b>
<b>Measure:</b>	By 2019/20, increase capacity to 171 m <sup>3</sup> /s (measured at St David Street footbridge). Represents 1 in 100 year flood with freeboard.	
<b>Performance target:</b>	Undertake works between Union Street and Leith Street (including Leith Street bridge and the ITS building/bend).	
<b>Achievement to June:</b>	Contract for works has been awarded to Downer Ltd. Calibre has been engaged to project manage this work. Delays in works were due to unexpected ground conditions and a number of weather events.	


<b>Measure:</b>	By 2019/20, increase capacity to 171 m <sup>3</sup> /s (measured at St David Street footbridge). Represents 1 in 100 year flood with freeboard.	
<b>Performance target:</b>	Complete investigations and design works at Dundas Street bridge.	
<b>Achievement to June:</b>	Hydraulic modelling and preliminary design for the Dundas Street Bridge is underway. A civil and structural design contract for the project has been awarded to Opus Consultants Ltd. Consultation with affected parties including adjacent property owners and DCC is continuing. New consents are being sought.	


***Lower Clutha flood and drainage***

<b>Level of service – Reduce the flood risk to people and property by maintaining, repairing and renewing flood protection works to agreed standards.</b>		<b>Achieved</b>
<b>Measure:</b>	Respond to flood events or damage.	
<b>Performance target:</b>	Flood damage identified, prioritised and repaired.	
<b>Achievement to June:</b>	Flooding occurred in November 2016. Repair of a wash out on the true right of the Matau Branch of the Clutha River was made. The infill repair work is being monitored.	

<b>Measure:</b>	Maintain and renew flood mitigation works to ensure design standards are met.	
<b>Performance target:</b>	No flooding of Barnego in all flows up to 2,850 m <sup>3</sup> /s, Kaitangata, Inch Clutha and Paretai up to 4,000 m <sup>3</sup> /s, and Balclutha up to 5,400 m <sup>3</sup> /s (all flows measured at Balclutha) based on past observed floods.	
<b>Achievement to June:</b>	The highest flow recorded was 1,339 cumecs on 24 Jan 2017.	

<b>Level of service –Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.</b>		<b>Achieved</b>
<b>Measure:</b>	Respond to events or damage.	
<b>Performance target:</b>	Damage identified, prioritised and repaired.	
<b>Achievement to June:</b>	Inch Clutha Centre Road slips reported - none significant enough to warrant action before the planned cleanout.	


<b>Measure:</b>	Maintain and renew drainage works to ensure design standards are met.	
<b>Performance target:</b>	Provide drainage modulus of 7.5mm per day pumped drainage capacity for Matau District, 9mm per day for Inch Clutha, and 10mm per day for Paretai District.	
<b>Achievement to June:</b>	The drainage moduli were provided over the period. Daily rainfall, (all measured at Balclutha): <ul style="list-style-type: none"> <li>• exceeded 7.5mm on 33 days for Matau District</li> <li>• exceeded 9 mm on 19 days for Inch Clutha District</li> <li>• exceeded 10mm on 15 days for Paretai District.</li> </ul>	

<b>Measure:</b>	Maintain and renew drainage works to ensure design standards are met.	
<b>Performance target:</b>	Pump capacity will be available at each station 363 out of 365 days per annum, excluding times of planned maintenance.*	
<b>Achievement to June:</b>	During the year, there were 20 days where pumps were not available as they have tripped for various reasons. Actions area being undertaken to address the issue.	


\*Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.

**Specific areas of work:**


1. Complete altering the drainage infrastructure of Lake Tuakitoto/Robsons Lagoon to improve wetland ecosystem values.


Detailed plan has been prepared, and Consultants have been engaged. A meeting was held with landholders about options. The feasibility of an automatic weir option is being considered at the request of landowners.	
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2. Obtain landholder agreement and consenting (if required) of the improvements to the Koau right floodbank at Factory Road (Paratai).

A technical options report has been received from consultant. Geosolve has been engaged to support the landholder consultation process and complete the consent application for proposed works.	
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***Lower Taieri flood protection***


<b>Level of service – Reduce the flood risk to people and property by maintaining, repairing and renewing flood protection works to agreed standards.</b>	<b>Achieved</b>
<b>Measure:</b> Respond to flood events or damage.	
<b>Performance target:</b> Flood damage identified, prioritised and repaired.	
<b>Achievement to June:</b> Flooding occurred 13 January 2017. No flood damage was identified.	

<b>Measure:</b> Maintain and renew flood mitigation works to ensure design standards are met.	
<b>Performance target:</b> No flooding of the East Taieri upper ponding area from Taieri River flows up to 800 m <sup>3</sup> /s or Silver Stream flows up to 160 m <sup>3</sup> /s.*  No flooding of the East Taieri lower ponding area from Taieri River flows up to 2,500 m <sup>3</sup> /s or Silver Stream flows up to 260 m <sup>3</sup> /s.  No flooding of West Taieri from Taieri River flows up to 2,500 m <sup>3</sup> /s.  No flooding of Mosgiel from Silver Stream flows up to 260 m <sup>3</sup> /s.	
<b>Achievement to June:</b> No flooding occurred in any area arising from the Taieri River and Silver Stream flows. Peak flows at Outram reached 286 cumecs on 18 Nov 2016 and the Silverstream reached 34 cumecs on 14 April 2017.	

\*Taieri River flows measured at Outram, Silver Stream flows measured at Gordon Road), being equivalent to the 1980 flood, nominally a 100 year event.

#### Specific areas of work:


1. Continue investigations and consult on technical proposals and funding of new upper/lower pond link spillways or the alternative option of relocating the floodbank(s) through the chute of the Taieri River.

Report completed by ORC engineering (hydraulic modeling and GeoSolve, and will now be peer reviewed.	
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2. Design and consenting (if required) of the re-profiling of the Taieri right and left bank crest between Outram and Otokia, of the improvement to the Lower Pond threshold of operation to ensure the spillway will operate as designed, and of the relocation of the Taieri right floodbank super design spillway (Outram).


A draft report has been completed, and will now be peer reviewed.	
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3. Construct a weighting blanket beside the Taieri River right floodbank at Otokia to reduce the likelihood of foundation piping and floodbank failure at that location.

GeoSolve have been commissioned to complete design and oversee implementation onsite of relief wells.	
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### ***West Taieri drainage***

<b>Level of service –Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.</b>	<b>Achieved</b>
<b>Measure:</b> Respond to events or damage.	
<b>Performance target:</b> Damage identified, prioritised and repaired.	
<b>Achievement to June:</b> Flooding occurred 13 January 2017. No flood damage was identified.	


<b>Measure:</b>	Maintain and renew drainage works to ensure design standards are met.	
<b>Performance target:</b>	Provide drainage modulus of 10mm per day pumped drainage capacity.	
<b>Achievement to June:</b>	The drainage moduli were provided over the period. Daily rainfall exceeded 10mm on 22 days, measured at Riccarton Road.	


<b>Measure:</b>	Maintain and renew drainage works to ensure design standards are met.	
<b>Performance target:</b>	Pump capacity for Waipori will be available 360 out of 365 days per annum, excluding times of planned maintenance*.	
<b>Achievement to June:</b>	The Waipori pumps have been available for less than 320 days due to low line voltage causing the pumps to trip out. Investigations are underway to determine if a separate line of supply could be provided by Powernet.	


\*Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.

<b>Measure:</b>	Maintain and renew drainage works to ensure design standards are met.	
<b>Performance target:</b>	Pump capacity will be available at Ascog and Henley 355 out of 365 days per annum, excluding times of planned maintenance*.	
<b>Achievement to June:</b>	The Ascog pumps have been available for less than 355 days this year due to high line voltage blowing up soft starters and a pump terminal block failure. Delta has addressed high line voltage issues.  Target met for Henley.	

**East Taieri drainage**

<b>Level of service –Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.</b>		<b>Achieved</b>
<b>Measure:</b>	Respond to events or damage.	
<b>Performance target:</b>	Damage identified, prioritised and repaired.	
<b>Achievement to June:</b>	Flooding occurred 13 January 2017. No flood damage was identified.	


<b>Measure:</b>	Maintain and renew drainage works to ensure design standards are met.	
<b>Performance target:</b>	Provide drainage modulus of 8mm per day pumped drainage capacity for East Taieri upper ponding area and 18mm per day for East Taieri lower ponding area.	
<b>Achievement to June:</b>	Drainage moduli has been provided for throughout the period. Daily rainfall exceeded 8mm on 30 days, measured at Riccarton Road. Daily rainfall exceeded 18 mm on 7 day, measured at Riccarton Road.	

<b>Measure:</b>	Maintain and renew drainage works to ensure design standards are met.	
<b>Performance target:</b>	Pump capacity will be available 355 days out of 365 days per annum, excluding times of planned maintenance.*	
<b>Achievement to June:</b>	Target achieved. No issues for the period.	


\*Planned maintenance on pumps will require the pump to be out of service during the maintenance period, timing of which will be managed through risk assessment.


**Specific areas of work:**

1. Consult on technical proposals and funding of drainage improvements for the upper pond after inundation/flood, including options to improve the effectiveness of the Silver Stream pump station.


A draft report has been completed, and will now be peer reviewed.	
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***Tokomairiro drainage***

<b>Level of service –Improve the productive capability of land by maintaining, repairing and renewing land drainage works to agreed standards.</b>		<b>Achieved</b>
<b>Measure:</b>	Respond to events or damage.	
<b>Performance target:</b>	Damage identified, prioritised and repaired.	
<b>Achievement to June:</b>	No damage identified in the period.	

<b>Measure:</b>	Existing land drainage works perform to agreed standards, and drainage works are monitored and maintained to agreed standards.	
<b>Performance target:</b>	The drains and channel flow paths within the scheme are maintained to ensure hydraulic capacity.	
<b>Achievement to June:</b>	Drains are monitored and programmed for mechanical cleaning to ensure flow and channel capacity	

***Shotover River Delta***

<b>Level of service –Ensure waters can flow without undue obstruction.</b>		<b>Achieved</b>
<b>Measure:</b>	Difference between actual and target profiles for surface.	
<b>Performance target:</b>	Surface of Shotover river delta is consistent with the target profile.	
<b>Achievement to June:</b>	Last survey completed in September/October 2016. Consents are currently being processed to allow extraction on Shotover River Delta to maintain the target profiles.	

**Estimated and Actual Costs – Flood protection & control works**

Projects	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
<b>Alexandra flood protection</b>			
- Operating cost	173	198	25
- Capital cost	87	25	(62)
<b>Total cost</b>	<b>260</b>	<b>223</b>	<b>(37)</b>
<b>Leith flood protection</b>			
- Operating cost	323	409	86
- Capital cost	2,296	4,611	2,315
<b>Total cost</b>	<b>2,619</b>	<b>5,020</b>	<b>2,401</b>
<b>Lower Clutha flood &amp; drainage</b>			
- Operating cost	1,078	1,254	176
- Capital cost	5	464	459
<b>Total cost</b>	<b>1,083</b>	<b>1,718</b>	<b>635</b>
<b>Lower Taieri flood</b>			
- Operating cost	449	508	59
- Capital cost	-	126	126
<b>Total cost</b>	<b>449</b>	<b>634</b>	<b>185</b>
<b>East Taieri drainage</b>			
- Operating cost	329	497	168
- Capital cost	2	122	120
<b>Total cost</b>	<b>331</b>	<b>619</b>	<b>288</b>
<b>West Taieri drainage</b>			
- Operating cost	503	615	112
- Capital cost	2	166	164
<b>Total cost</b>	<b>505</b>	<b>781</b>	<b>276</b>
<b>Tokomairiro drainage</b>			
- Operating cost	73	72	(1)
- Capital cost	-	20	20
<b>Total cost</b>	<b>73</b>	<b>92</b>	<b>19</b>
<b>Shotover river delta</b>			
- Operating cost	44	29	(15)
<b>Land drainage response</b>			
- Operating cost	19	33	14
<b>Total for all projects</b>	<b>5,383</b>	<b>9,149</b>	<b>3,766</b>



***Estimated and Actual Revenue – Flood protection & control works***

<b>Funding sources</b>	<b>Actual to 30 June 17 \$000s</b>	<b>Estimated to 30 June 17 \$000s</b>	<b>Variance ( ) = Over budget</b>
<b>Operating costs</b>	<b>2,991</b>	<b>3,615</b>	<b>624</b>
<b><i>Funded by:</i></b>			
General rates	654	506	(148)
Targeted rates	2,040	2,103	63
Fees & charges	25	212	187
Other	272	345	73
Scheme reserve	-	449	449
<b>Total operating funding</b>	<b>2,991</b>	<b>3,615</b>	<b>624</b>
<b>Capital costs</b>	<b>2,392</b>	<b>5,534</b>	<b>3,142</b>
<b><i>Funded by:</i></b>			
Scheme reserve	511	3,716	3,205
Targeted rates	1,631	1,568	(63)
Kuriwao reserve	250	250	-
<b>Total capital funding</b>	<b>2,392</b>	<b>5,534</b>	<b>3,142</b>
<b>Total revenue</b>	<b>5,383</b>	<b>9,149</b>	<b>3,766</b>

**Comments:**

The Leith project is under spent due to some delays in starting construction on the Union to Leith Street reach, including Leith Street bridge and the ITS building/bend. A contract has been awarded for this work and construction is underway.


The Lower Clutha and Lower Taieri budgets are under spent due to timing of works. An assessment of the condition and structural integrity of scheme flood banks across both schemes is being done under one contract, however there has been a delay in starting this work.


East Taieri drainage scheme work is under spent due to the timing of works, where some activities are currently behind schedule e.g., consulting on technical proposals and funding of drainage improvements for the upper pond after inundation/flood, including options to improve the effectiveness of the Silver Stream pump station.

The Lower Clutha, and the East and West Taieri drainage schemes have an under spend in budget due to a change in approach to water quality and delayed start to developing public access to real time pump information, and contracted work on health and safety at pump stations.

## SAFETY & HAZARDS


### *Emergency management*

<b>Level of service – Be ready and able to respond to civil defence emergencies, assist with recovery after such events, and to co-ordinate and promote reduction through group strategies and plans.</b>		<b>Achieved</b>
<b>Measure:</b>	Timeliness in response to a civil defence event/emergency.	
<b>Performance target:</b>	The Group Emergency Co-ordinating Centre can be fully operational within one hour of activation.	
<b>Achievement to June:</b>	GECC is capable of being activated within the required time frame.	


<b>Measure:</b>	Timeliness in response to a civil defence event/emergency.	
<b>Performance target:</b>	A Group CDEM Controller is available 24/7, 365 days a year.	
<b>Achievement to June:</b>	Three trained regional controllers are in place and available for response. An additional Controller has been identified and will be included in future training.	

#### **Specific areas of work:**


1. Lead the review and development of the 2017-22 Otago CDEM Group Plan.

The Group Long Term Plan is being reviewed and a new plan is being developed during the 2017 calendar year. A series of workshops have been held with each District Council in May and further workshops are planned. The Ministry has been advised of the process and time frames.	
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2. Develop a group Alpine Fault Earthquake Response Plan and implement it.


Work on the Alpine Fault plan is ongoing as part of Project AF8 (funded by the Ministry of Civil Defence). Engagement with dam owners is increasing and plans for dam failure will be developed over the coming 2 - 3 years. Additional plans required following the outcomes of the Alpine Fault Project are also underway such as an Integrated Otago/Southland Air Operations Plan.	
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3. Complete the development of the Group Risk Reduction Strategy and implement it.

Development of the Group Risk Reduction Strategy is now scheduled to be completed in the 2017/18 year.	
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**Natural hazards**

<b>Level of service – Work proactively with communities to improve understanding of the risks posed by natural hazards so that informed decisions and responses can be made.</b>		<b>Achieved</b>
<b>Measure:</b>	Information to be available.	
<b>Performance target:</b>	Provide natural hazards information to the public via an effective web based Otago Natural Hazards database.	
<b>Achievement to June:</b>	The database has been upgraded and is being kept up to date with new information. A full check of existing data is in progress, and includes identifying the origin of all the layers in the database. Updated information is required to be uploaded for some areas.	


<b>Level of service – Provision of accurate and timely flood warnings.</b>		<b>Achieved</b>
<b>Measure:</b>	Warnings of flood events when alarm status is reached.	
<b>Performance target:</b>	Provide rainfall and river flow information to the public when flood levels reach alarm status.	
<b>Achievement to June:</b>	No large flood events occurred during the period, but information was still disseminated through water info and the flow phone. Heavy rain forecast in April was responded to accordingly.	

**Specific areas of work:**

1. Collate existing information and investigate to assist describing the location and characteristics of known active geological faults in Otago.

Contract is in place with GNS consultants to undertake this work, however, work has not yet commenced due to GNS commitments in respect of the Kaikoura earthquake. GNS expect to have completed February 2018.	
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2. Assess the hazard significance of mapped landslide features for the Otago region.

Not progressed due to GNS commitments with the Kaikoura earthquake. Project being partially done in house	
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3. Undertake a joint ORC/QLDC flood awareness campaign in Queenstown and Wanaka.

Visits to businesses in flood zone and drop in sessions in Wanaka and Queenstown were completed. Information on flood hazard and civil defence was provided to the public.



### ***Estimated and Actual Costs – Safety & hazards***

Projects	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
Emergency management	1,389	702	(687)
Natural hazards	1,259	1,261	2
<b>Total for all projects</b>	<b>2,648</b>	<b>1,963</b>	<b>(685)</b>

### ***Estimated and Actual Revenue – Safety & hazards***


Funding sources	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
Operating costs	2,648	1,963	(685)
<b><i>Funded by:</i></b>			
General rates	1,958	1,963	5
General reserves	277	-	(277)
Other reserves		-	
Other income	413	-	(413)
<b>Total revenue</b>	<b>2,648</b>	<b>1,963</b>	<b>(685)</b>


#### **Comments:**


Emergency Management Otago has been established ahead of the planned time and there was a significant cost in the Human Resources activity to transfer staff from the territorial authorities to ORC management. Other income relates to funding received from the Otago territorial authorities reimbursing ORC some payroll costs associated with their staff.

## TRANSPORT

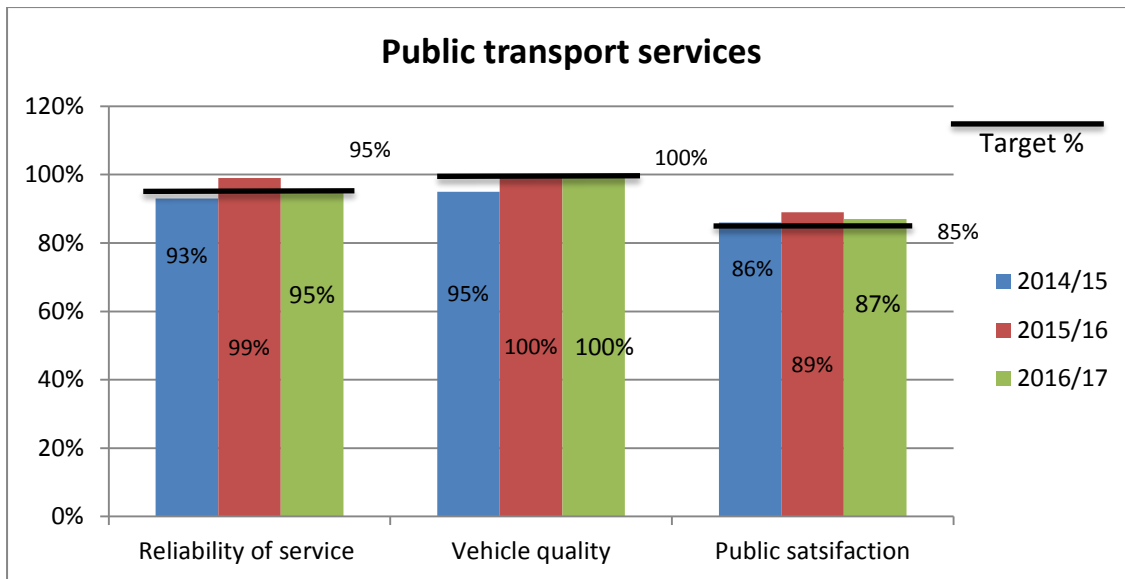
### *Regional transport planning & public passenger transport*

<b>Level of service –Provide passenger transport services that meet community need.</b>		<b>Achieved</b>
<b>Measure:</b>	Reliability of service.	
<b>Performance target:</b>	In Dunedin, 95% of services monitored depart from the terminus on time.	
<b>Achievement to June:</b>	Target met. Survey undertaken late June / early July showed 95.26% of buses departed from the terminus on time.	

<b>Measure:</b>	Vehicle quality.	
<b>Performance target:</b>	In Dunedin 100% of vehicles (PTOM contracts) comply with Regional Passenger Transport Plan Vehicle Quality standards.	
<b>Achievement to June:</b>	Target is being achieved, with 100% of buses complying with the quality standards.	

<b>Measure:</b>	Public satisfaction.	
<b>Performance target:</b>	In Dunedin, survey shows at least 85% of bus users are satisfied with overall standard of service.	
<b>Achievement to June:</b>	Target met. Survey undertaken late June / early July 2017 showed 86.81% of bus users were satisfied with overall standard of services.	

The graph below shows the results for the 2016/17 year to date.



<b>Measure:</b>	Patronage growth.	
<b>Performance target:</b>	In Dunedin, 3% growth.	
<b>Achievement to June:</b>	Patronage in Dunedin increased by 0.5% for the year.	

Note is made that patronage for the Wakatipu Basin decreased by 7.8% this financial year.

#### Specific areas of work:

1. Construct a central bus hub in Dunedin, to be completed in 2017/18.

Public consultation and design work has been undertaken. Preparation of a Notice of Requirement is underway with expect lodgement in July 2017.	
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2. Complete the implementation of a replacement ticketing system.

A contract is in place and development of the replacement ticketing system has commenced.	
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3. Procure and implement real time tracking in Dunedin and Wakatipu.

Tender process complete and contracts have been awarded.	
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### ***Estimated and Actual Costs - Transport***

Projects	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
<b>Regional transport planning</b>			
- Operating cost	357	168	(189)
<b>Public passenger transport</b>			
- Operating cost	14,013	16,320	2,547
<b>Stock truck effluent disposal</b>			
- Operating cost	39	69	30
- Capital cost	27	426	399
<b>Total cost</b>	<b>66</b>	<b>495</b>	<b>429</b>
<b>Total for all projects</b>	<b>14,436</b>	<b>16,983</b>	<b>2,547</b>

### ***Estimated and Actual Revenue- Transport***

Funding sources	Actual to 30 June 17 \$000s	Estimated to 30 June 17 \$000s	Variance ( ) = Over budget
<b>Operating costs</b>	<b>14,409</b>	<b>16,557</b>	<b>2,148</b>
<b>Funded by:</b>			
General rates	561	469	(92)
Targeted rates	3,484	3,484	-
Grants	7,168	9,303	2,135
Scheme reserves	1,068	2,988	1,920
Other income	2,128	313	(1,815)
<b>Total operating funding</b>	<b>14,409</b>	<b>16,557</b>	<b>2,148</b>
<b>Capital costs</b>	<b>27</b>	<b>426</b>	<b>399</b>
<b>Funded by:</b>			
General reserves	13	209	196
Grants	14	217	203
<b>Total capital funding</b>	<b>27</b>	<b>426</b>	<b>399</b>
<b>Total revenue</b>	<b>14,436</b>	<b>16,983</b>	<b>2,547</b>

**Comments:**

The budget for the Regional transport planning project was under estimated, to complete the programme of work for the year.

The under spend in public transport relates primarily to timing issues with the bus hub and the national electronic ticketing system, both of which will now continue on into the 2017/18 year. Other income includes fare revenue which was not budgeted for.

The Stock Truck Effluent Site budget assumes the construction of a new site at a cost of \$426,000. For this financial year design and site selection will be completed, with construction running into the 2017/18 financial year.

## REPORT

Document Id: A1026700

Report Number: 2017/0997

Prepared For: Finance and Corporate

Prepared By: Finance Manager

Date: 8 September 2017

Subject: **Financial Report for the Month of July 2017**

The following information is provided in respect of the overall Council finances for the month of July 2017.

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

**Otago Regional Council  
Statement of Comprehensive Revenue and Expense  
For the month of July 2017**

	Note Ref.	\$000s			
		Annual Budget	Year to date to 31 July 2017		
			Budget	Actual	Variance Note *
<b>Revenue:</b>					
Rate revenue		20,910	1,742	1,742	-
Government subsidies	Note 1	11,926	859	521	(338)
Other revenue	Note 2	11,449	730	319	(411)
Dividend income from Port Otago Ltd	Note 3	9,000	750	750	-
Interest and investment income	Note 4	1,512	126	136	10
Rental income		1,002	83	89	6
Gain in value of investment property	Note 5	333	-	-	-
<b>Total revenue</b>		<b>56,132</b>	<b>4,290</b>	<b>3,557</b>	<b>(733)</b>
<b>Less expenses:</b>					
Operating expenses	Note 6	40,313	2,927	1,916	1,011
Employee benefits expense	Note 7	15,311	1,276	1,143	133
Depreciation/amortization charge		2,014	168	177	(9)
Finance costs		2	-	-	-
<b>Total expenses</b>		<b>57,640</b>	<b>4,371</b>	<b>3,236</b>	<b>1,135</b>
<b>Surplus/(deficit)</b>		<b>(1,508)</b>	<b>(81)</b>	<b>321</b>	<b>402</b>
Income tax benefit		115	10	8	(2)
<b>Surplus/(deficit) after tax</b>		<b>(1,393)</b>	<b>(71)</b>	<b>329</b>	<b>400</b>
Revaluation gain – shares in subsidiary	Note 8	10,000	-	-	-
<b>Net comprehensive revenue / (expense)</b>		<b>8,607</b>	<b>(71)</b>	<b>329</b>	<b>400</b>

**Note \***

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



**Note 1 – Government Subsidies**

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

Subsidy income from the Public Passenger Transport project is down \$276,000 on the budget of \$770,000.

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

The main subsidy variance in this category is the Electronic Ticketing System Replacement project with a variance of \$123,000 against the budget amount of \$167,000.

The Dunedin Bus Contracts activity also has a lower level of subsidy than budgeted, with a variance of \$93,000 against a budget of \$361,000, reflecting a change in the costs associated with the bus services compared to the costs provided for in the budget, and the associated amount of subsidy.

**Note 2 – Other Revenue**

The amount of other revenue earned of \$319,000 is less than the budgeted amount of \$730,000 by \$411,000.

The major reason for revenue being less than budget is that gross contract bus fare revenue of \$135,000 is \$198,000 less than the budgeted level of \$333,000, and is in accord with the level of expenditure in the bus contracts activity being less than budgeted.

Revenue associated with other projects is also down, with some of the variances following the lower level of related expenditure, but others being primarily dependent on external sources, such as infringement fee income which was budgeted at \$43,000, whereas no income has been received.

**Note 3 – Dividend Income from Port Otago Limited**

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

**Note 4 – Interest and Investment Income**

This revenue line comprises interest earned on term deposits and bank accounts of \$104,000 and an increase in fair value of the managed fund portfolio of \$32,000.

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

**Note 5 – Gain in Value of Investment Property**

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

**Note 6 – Operating Expenses**

The under-expenditure in operating expenses is primarily project related, and is reflected within the activity expenditure in section 2 of this report.

**Note 7 – Employee Benefits Expense**

The under-expenditure in employee benefits expense includes positions budgeted for but unfilled in the July period and changes in staffing levels and associated costs incurred in July compared to the costs provided for in the budget.

**Note 8 – Revaluation Gain – Shares in Subsidiary**

The annual budget makes provision for an increase in the valuation of the Council's 100% shareholding in Port Otago Limited. The shares are valued annually, with the next revaluation date being 30 June 2018. Accordingly, the year to date budget and actual amounts reflect nil values.

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

		31 July 2017 \$000's	30 June 2017 \$000's
<b>Current Assets</b>			
Cash and cash equivalents	Note 1	4,202	4,433
Other financial assets	Note 1	50,584	54,057
Trade and other receivables		4,710	3,568
Other current assets		284	261
Property held for sale and inventory		1,093	1,093
Dividends Receivable	Note 2	750	-
		<b>61,623</b>	<b>63,412</b>
<b>Non-Current Assets</b>			
Property plant and equipment		86,320	86,313
Intangible assets (computer software)		2,025	2,066
Investment Property	Note 3	10,825	10,825
Deferred tax asset		106	98
Shares in subsidiary Port Otago Ltd	Note 4	439,037	439,037
		<b>538,313</b>	<b>538,339</b>
<b>Total Assets</b>		<b>599,936</b>	<b>601,751</b>
<b>Current Liabilities</b>			
Trade and other payables		5,346	7,159
Employee entitlements		1,287	1,665
Revenue in advance		341	-
		<b>6,974</b>	<b>8,824</b>
<b>Non-current Liabilities</b>		-	-
<b>Total Liabilities</b>		<b>6,974</b>	<b>8,824</b>
<b>Net Assets</b>		<b>592,962</b>	<b>592,927</b>
<b>Total Equity and Reserves</b>			
Public equity		<b>133,212</b>	<b>133,549</b>
<b>Reserves</b>			
Available-for-sale revaluation reserve	Note 4	419,037	419,037
Asset revaluation reserve	Note 3	8,764	8,764
Building reserve		13,657	13,614
Asset replacement reserve		5,871	5,820
Emergency response reserve		4,046	4,033
Water management reserve		1,431	1,427
Kuriwao endowment reserve		6,370	6,361
Environmental Enhancement Reserve	Note 5	574	322
		<b>459,750</b>	<b>459,378</b>
<b>Total Equity and Reserves</b>		<b>592,962</b>	<b>592,927</b>

Note is made that the 30 June 2017 amounts in the above Statement of Financial Position are subject to audit confirmation.

**Note 1 – Cash and Cash Equivalents and Other Financial Assets**

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

**Note 2 – Dividends Receivable**

The dividend receivable amount reflects the accrual of expected dividends from Port Otago Limited for the period of this report.

**Note 3 – Investment Property and Asset Revaluation Reserve**

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

**Note 4 – Shares in Port Otago Ltd and Available-for-Sale Revaluation Reserve**

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

**Note 5 – Environmental Enhancement Reserve**

The reserve has been increased in the current year by the appropriation of general reserve funds of \$250,000 as provided for in the 2017/18 estimates.

**2. Activity Expenditure**

The table below summarises activity expenditure, including capital expenditure, for the month of July 2017, and the notes that follow the table identify the projects that have significantly contributed to the major overall activity variances.

## Activity Expenditure Summary

		Annual Budget 30 June 2018 \$000's	Budget July 2017 \$000's	Actual July 2017 \$000's	Variance * Actual vs Budget \$000's
<b>Environment</b>	Note 1				
Air		423	52	37	15
Environmental Incident Response		1,412	136	115	21
Land		4,113	339	124	215
Rivers and Waterway Management		1,889	96	88	8
Water		9,848	810	518	292
		<b>17,685</b>	<b>1,433</b>	<b>882</b>	<b>551</b>
<b>Community</b>	Note 2				
Democracy		1,570	127	104	23
Public Information and Awareness		2,012	160	174	(14)
Financial Contributions		350	29	29	-
Environmental M/R - LAWA		427	35	69	(34)
Dunedin Head Office Replacement		665	55	1	54
		<b>5,024</b>	<b>406</b>	<b>377</b>	<b>29</b>
<b>Regulatory</b>	Note 3				
Policy Development		191	15	48	(33)
Consents		1,798	150	112	38
Compliance		1,289	100	79	21
Harbour Management		406	27	43	(16)
		<b>3,684</b>	<b>292</b>	<b>282</b>	<b>10</b>
<b>Flood Protection &amp; Control Works</b>	Note 4				
Leith Scheme		2,993	180	98	82
Taieri Schemes		2,014	130	352	(222)
Clutha Schemes		1,977	146	164	(18)
Other projects		398	39	10	29
		<b>7,382</b>	<b>495</b>	<b>624</b>	<b>(129)</b>
<b>Safety and Hazards</b>	Note 5				
Emergency Management		2,412	198	232	(34)
Natural Hazards		1,329	112	132	(20)
		<b>3,741</b>	<b>310</b>	<b>364</b>	<b>(54)</b>
<b>Transport</b>	Note 6				
Regional Land Transport Planning		318	26	40	(14)
Public Passenger Transport		24,357	1,688	1,023	665
Stock Truck Effluent Disposal Sites		508	32	4	28
		<b>25,183</b>	<b>1,746</b>	<b>1,067</b>	<b>679</b>
		<b>62,699</b>	<b>4,682</b>	<b>3,596</b>	<b>1,086</b>

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

**Note 1 – Environment**

The Environment activity is under-expended by \$551,000 in total, against a budget of \$1,433,000. The project groups contributing significantly to this overall variance are Land and the Water related project groups.

*Land*

The under-expenditure in Land is mainly due to lower levels of activity than budgeted in the Environmental Enhancement Fund and Wilding Pines which are \$33,000 and \$103,000 underspent respectively. Both of these variances are timing related. Expenditure in the environmental enhancement fund are dependent on the timing of applications received and this year's work programme for wilding pines is yet to be confirmed with MPI and the control groups.

*Water*

Water related projects with expenditure of \$518,000 are \$292,000 under the budget of \$810,000, with the rural water quality implementation accounting for \$103,000 of that variance.

The Coastal Strategy is under-expended with expenditure of \$2,000 against a budget of \$51,000 as timing of this work programme is still being determined.

**Note 2 - Community**

The Community activity in total shows under-expenditure of \$29,000 against a budget of \$406,000. Democracy expenditure was under-expended by \$24,000 however this is expected to be corrected in August when the Remuneration Authority issued its 2017/18 determination.

**Note 3 – Regulatory**

The Regulatory activity in total shows under-expenditure of \$10,000 against a budget of \$292,000. Work on the Regional Policy Statement is over budget \$32,000 but this is offset by under spend of \$38,000 in resource consent activity.

**Note 4 – Flood Protection and Control Works**

The Flood Protection and Control activity overall is over-expended by \$129,000 against the budget of \$495,000.

*Leith Scheme*

The Leith Scheme is under-expended by \$82,000 against the budget of \$180,000, primarily reflecting lower than budgeted expenditure in respect of the ITS Bend section of the works, due to the variance in budgeted and actual phasing of work.

*Taieri Schemes*

The Taieri schemes are over-expended by \$222,000 against the budget \$130,000 due to the significant flood event that occurred in July.

The nature of flood events of this magnitude is that there is no budgetary provision for the costs of responding to such events and the costs incurred reflect an increased level of service over and above that rated for in the current year. The costs are allocated to the appropriate

scheme reserve and will be recovered over time. There will be additional costs incurred in relation to this event in August.

#### *Clutha Schemes*

The Clutha schemes show over-expenditure of \$18,000 against the budget of \$146,000 due to the July flood event.

#### **Note 5 – Safety and Hazards**

This activity shows over-expenditure of \$54,000 against a budget of \$310,000.

Although there are other variances within each project, the July flood event resulted in unbudgeted expenditure being incurred in both Emergency Management and Flood Risk Management which were over-expended \$34,000 and \$73,000 respectively.

#### **Note 6 – Transport**

##### *Public Passenger Transport*

The Public Passenger Transport project is under-expended by \$665,000 against the budget of \$1,688,000.

While there are various individual sub-project variances within this project, some of the variance is in respect of developmental work of a capital nature, and result from work progressing at a different rate than anticipated in the budget.

The most significant area of capital under-expenditure is in respect of the National Electronic Ticketing System replacement with a variance of \$185,000 against the budget of \$251,000.

The most significant area of operating under-expenditure is in respect of the bus contracts activity where expenditure is \$382,000 less than the budgeted amount of \$1,042,000.

##### *Stock Truck Effluent Disposal Sites*

The Stock Truck Effluent Disposal Sites project is under-expended by \$28,000 against the budget of \$32,000. The project continues to track through the initial planning phases, with the construction phase yet to occur.

### **3. Recommendation**

That this report be received.

Nick Donnelly

**Director Corporate Services**

## REPORT

Document Id: A1031384

Report Number: 2017/1032

Prepared For: Finance and Corporate Committee

Prepared By: Manager Projects

Date: 30 August 2017

Subject: **Clean Heat, Clean Air Initiative**

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### 1. Précis

The purpose of this report is to provide some details on the Clean Heat Clean Air initiative, to the Finance and Corporate Committee, for information purposes. Details will include the reason for its establishment, the work done to date, and information about its funding.

### 2. Background

In 2007/2008, a Warm Homes Clean Heat project, partially funded by Energy Efficiency and Conservation Authority (EECA), was approved for Otago. The project included retrofitting insulation in low income and health needs homes in Council's Airzone 1. At that time, Council agreed to actively promote and co-sponsor the project by funding half of the capital cost (capped at \$2,000 per home) for required retrofitting with approved clean heat appliances, where the rules of the proposed Air Plan or occupant health issues indicated that retrofit was a requirement. ORC funding was provided for a minimum of 100 homes or more over a two year period from 1 October 2007. During this time, the project was funded a third by general rates and two thirds by reserves.

During the development of the 2009/10 Long Term Plan, a decision was made to continue to work in partnership with EECA and other sponsors including Aurora, PowerNet, Contact Energy, Central Lakes Trust and Public Health Organisations. A new funding policy was introduced which established the targeted rates collected from Airzone 1 (Alexandra, Clyde, Cromwell, Arrowtown) and Milton, i.e., those areas where clean heating appliances and insulation work was being undertaken. At that time the rate was set at \$255,000 (incl. GST).

During the 2013 year, EECA funding was no longer available, so the programme continued to be run without the incentive of subsidy on insulation. As a result, the numbers of conversions to clean heating appliances dropped significantly.

In 2016/17 ORC ceased rating the clean heat targeted rates, as the level of reserves that had built up from unspent targeted rates was considered to be sufficient to cover future years spending, given the reduction in numbers of those wanting to switch to clean heating appliances.

At its meeting on 28 June 2017 Council agreed to support the Cosy Home Trust run a pilot programme in Milton, targeting at least 50 homes that have non-compliant heating appliances, and /or are under insulated or have no insulation. The goals of the project are:

- To replace 50 non-compliant burners in Milton
- To insulate 50 homes in Milton
- To improve air quality in Milton
- To improve the health and warmth of homes in Milton



- To develop a Clean Heat/Clean Air programme that can be scaled and replicated across other Airzone 1 towns

As shown in the table in section 3 of this report, the number of conversions to clean heating is significantly higher when insulation is included in the subsidy programme.

Funding for this Cosy Homes initiative will be provided for from the Clean Heat, Clean Air reserve, which was established from targeted rates collected from Airzone 1 and Milton. The reserve balance is currently around \$400,000. Funding will be provided as conversions take place.

For this pilot project, the subsidy to be provided for heating appliances is \$2,000 for community service card holders (CSC), or \$1,500 for those without a card, and \$1,000 for insulation.

Note is made that the subsidy offered by ORC for heating appliances is also \$2,000 for community services card holders (CSC), or \$1500 for those without a card.

### 3. Programme results

The table below shows the contributions made by ORC, and the number of heating appliances and insulation retrofits that have been undertaken in Airzone 1 and Milton to date.

Year	ORC Contribution	Heating appliances	Insulation
2007/08	\$110,000	86	291
2008/09	\$100,000	222	770
2009/10	\$242,000	135	200
2010/11	\$392,000	340	409
2011/12	\$634,000	424	464
2012/13	\$257,000	292	568
2013/14	\$138,000	84	-
2014/15	\$160,000	76	-
2015/16	\$129,000	69	-
2016/17	\$90,000	44	-
<b>Total</b>	<b>\$2,252,000</b>	<b>1,772</b>	<b>2,702</b>

### 4. Recommendation

That this report be received.

Nick Donnelly  
Director Corporate Services

## OTAGO REGIONAL COUNCIL

**Minutes of a meeting of the Audit and Risk Subcommittee held in the Dunstan Room,  
Otago Regional Council, 70 Stafford Street, Dunedin on  
Thursday 22 June 2017, commencing at 1:00pm**

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

**Apologies:**            Cr Trevor Kempton  
                                  Apology was noted.

**In attendance:**       Cr Laws attending via teleconference.  
                                  Peter Bodeker (CE)  
                                  Nick Donnelly (DCS)  
                                  Brett Tomkins, Deloitte (Item 1)  
                                  Scott Hawkins Deloitte (Item 1)  
                                  Selwyn Smith, BNZ (Item 2)  
                                  Harry McLernon, BNZ (Item 2)  
                                  Lauren McDonald (Committee Secretary)

### CONFIRMATION OF AGENDA

The agenda was confirmed.

### CONFLICT OF INTEREST

No conflicts of interest were advised.

### PUBLIC FORUM

No public forum held.

### PART A – RESOLUTION TO EXCLUDE THE PUBLIC

Moved Cr Woodhead  
Seconded Cr Robertson

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

- Item 1    **Minutes of the public excluded portion of the Audit & Risk Subcommittee meeting held on 8 March 2017**
- Item 2    2017/0892 **Deloitte ORC Audit Plan**. DCS, 15/06/17  
The report outlines the audit scope, key areas of focus, internal controls, communications, audit timetable and the Deloitte audit team.
- Item 3    2017/0676 **BNZ Managed Fund Report to 31 March 2017**. DCS, 13/06/17  
The covering report summarises the details of the full BNZ Managed Fund Report.  
The full report *BNZ Managed Fund Report to 31 March 2017* is circulated with the agenda.

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

General subject of each matter to be considered	Reason for passing this resolution in relation to each matter	Ground(s) under section 48(1) for the passing of this resolution
Item 1 – Minutes of the public excluded portion of the Audit & Risk Subcommittee meeting held on 8 March 2017	<p>Section 7 (2) (h) to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p> <p>Section 7 (2) (c) (i) to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.</p> <p>Section 7(2) (b) (ii) to protect information where the making available of the information - (ii) would be likely unreasonably to prejudice the commercial position of the person who supplied or who is the subject of the information;</p>	<p>Section 48(1) (a)</p> <p>Section 7 (2) (h)</p> <p>Section 7 (2) (c) (i)</p> <p>Section 7(2) (b) (ii)</p>
Item 2 – Deloitte ORC Audit Plan	<p>Section 7 (2) (c) (i) to protect information which is subject to an obligation of confidence or which any person has been or could be compelled to provide under the authority of any enactment, where the making available of the information— (i) would be likely to prejudice the supply of similar information, or information from the same source, and it is in the public interest that such information should continue to be supplied.</p>	<p>Section 48(1) (a)</p> <p>Section 7 (2) (c) (i)</p>
Item 3 – BNZ Managed Fund Report to 31 March 2017	<p>Section 7 (2) (h) to enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities.</p>	<p>Section 48 (1) (a)</p> <p>Section S7(2) (h)</p>

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

*I also move that staff be permitted to remain in this meeting, after the public has been excluded, because of their knowledge of the Deloitte ORC Audit Plan and the BNZ Managed Fund.*

### **Motion carried**

*Following discussion of items 1, 2 and 3 the meeting returned to public session on the motion of Crs Woodhead and Robertson at 2:39pm.*

## **MINUTES**

The minutes of the meeting held on 8 March 2017, having been circulated were adopted on the motion of Mr Benham and Cr Brown. **Carried.**

## **ACTIONS**

Item	Meeting	Action	Status
Item 1 – Health & Safety Report. Report 2017/0680	08/03/17	Mr Bodeker to report back on relevant Health & Safety legislation to the subcommittee	OPEN Recurring item

**PART B – RECOMMENDATIONS**

## Item 4

2017/0894 **Health and Safety Report.** Health and Safety Adviser, 14/06/17

The report summarised health and safety activities and incident statistics for the period since March 2017.

Mr Bodeker spoke to the report and advised that a review of the requirement for traffic management plans (for drain inspections etc.) had been completed. He confirmed health and safety remained a high focus with staff.

Moved Mr Benham  
Seconded Cr Woodhead

*That the report be received.*

**Motion carried**

## Item 5

2017/0879 **Long Term Plan Process and Timetable.** Manager Projects, 13/06/17

The report informed the Audit and Risk Subcommittee on the Long Term Plan (LTP) development and the timetable for its completion.

Mr Donnelly spoke to report details and the core activities for the LTP and the timetable.

Discussion was held on the level of resourcing required for the LTP process.

Mr Bodeker advised that a resource review was underway to understand the biggest time impacts on managers (technical, planning and staff management). Mr Bodeker advised it would be valuable for management and Council to discuss funding policy linked with reserves. He confirmed the Strategic Plan was scheduled to be reviewed in July.

**Action:** Mr Donnelly and Mr Bodeker to report back on the Annual Plan community outcomes to assist with LTP consultation for the next Audit & Risk subcommittee.

Moved Mr Benham  
Seconded Cr Robertson

*That this report be noted.*

**Motion carried**

## Item 6

2017/0876 **Annual Report June 2017 – Timetable and matters under consideration.** Finance Manager, 16/06/17

Mr Donnelly summarised the items in the report, including the proposed timetable of the preparation and audit of the Annual Report for the year ended 30 June 2017, and outlined specific matters under consideration.

Moved Cr Woodhead  
Seconded Cr Robertson

*That this report be received.*

**Motion carried**

## Item 7

2017/0893 **2017-18 Insurance Renewals.** Manager Support Services, 16/06/17

The report outlined current work with the Council's broker to finalise renewal of Council's insurance cover and highlighted the residual liability that remains through Council's prior membership in Risk Pool.

Mr Donnelly advised that it was not proposed to change levels of cover. He confirmed there will be a material damage premium increase (due to the Kaikoura earthquake event) and that there was continued public liability around previous cover held through Risk Pool.

Cr Woodhead confirmed that Port Otago Ltd have been requested to provide details of the insurance cover for the port to the ORC Chief Executive.

Moved Cr Woodhead  
Seconded Cr Brown

*That this report be noted.*

**Motion carried**

## Item 8

2017/0886 **Cyber Security Update.** Manager Information Technology, 15/06/17

The report outlined the risks and impacts on Otago Regional Council systems and what steps were being taken to mitigate the ongoing risks of cyber-attacks.

Mr Donnelly advised the risks were mitigated and confirmed that the Council's servers were outsourced and the system was stored off site at two different locations.

Moved Mr Benham  
Seconded Cr Robertson

*That this report be noted.*

**Motion carried**

## Item 9

2017/0884 **Draft Risk Report.** DCS, 15/06/17

The report provided: a heat map and risk level overview; summary of the highest ranking of inherent and residual risks; and a summary of all risks by category.

Mr Donnelly spoke to the report which provided his view (as a first draft) on the assessment of the risks, rating and the controls. He advised other risks would be identified when discussed further and also that individual staff would also be assigned risks. He confirmed risk reporting would become a regular agenda item to the committee.

Mr Donnelly was asked to consider “public harm” as a risk to Council.

**Action:** Mr Donnelly to report to the next Audit & Risk Subcommittee meeting on the workshops and in depth review of risks completed.

Moved Mr Benham  
Seconded Cr Brown

*That this report and the attached Draft Risk Report February 2017 are received.*

**Motion carried**

The meeting was declared closed at 3:31pm.

David Benham  
**Chairperson**

**Action List – 22 June 2017**

Action	By whom	Status
2017/0879 <b>Long Term Plan Process and Timetable</b> Report back on the Annual Plan community outcomes to assist with LTP consultation for the next Audit & Risk subcommittee.	DCS/CE	A&R subcommittee meeting 22/9/17
2017/0893 <b>2017-18 Insurance Renewals</b> Port Otago Ltd to provide details of the insurance cover for the port to the ORC Chief Executive.	POL Ltd.	
2017/0884 <b>Draft Risk Report</b> Report back on the risk reporting workshops and in depth review of risks completed  Risk reporting updates including ranking and mitigation actions	DCS    DCS	A&R subcommittee 21/9/17 meeting.   To each A&R subcommittee meeting.