

# FINANCE AND CORPORATE COMMITTEE AGENDA

## WEDNESDAY 31 JANUARY 2018

10:30 am

Venue: Cargill Room, Scenic Circle Hotel  
Southern Cross, Princes Street, Dunedin

### Membership

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

### Disclaimer

Please note that there is an embargo on agenda items until 8:30 am on Monday 29 January 2018. Reports and recommendations contained in this agenda are not to be considered as Council policy until adopted.

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### **1. APOLOGIES**

### **2. LEAVE OF ABSENCE**

### **3. ATTENDANCE**

### **4. CONFIRMATION OF AGENDA**

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

### **5. CONFLICT OF INTEREST**

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

### **6. PUBLIC FORUM**

### **7. PRESENTATIONS**

### **8. CONFIRMATION OF MINUTES**

#### **Recommendation**

*That the minutes of the (public portion of the) meeting held on 29 November 2017 be received and confirmed as a true and accurate record.*

#### **Attachments**

1. Minutes of the Finance and Corporate Committee - 29 November 2017 **[8.1.1]**

### **9. ACTIONS**

(Status report on the resolutions of the Finance and Corporate Committee)

#### **Attachments**

Nil

## 10. MATTERS FOR COUNCIL DECISION

### 10.1. Director's Report

**Prepared for:** Finance and Corporate Committee  
**Activity:** Governance Report  
**Prepared by:** Nick Donnelly, Director Corporate Services  
**Date:** 18 January 2018

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#### 1. Précis

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

#### 2. Rates Collection

For the 2017/18 rating period Council struck \$24,061,200 (16/17, \$18,385,920) of rates which were due on 31 October 2017. At their due date 84% (16/17 84%) of the rates struck had been collected. Of the \$3.9m outstanding, a further \$635,400 was scheduled to be paid by triannual direct debit.

#### *Penalties*

All balances that were outstanding at 1 November 2017 were penalised with a 10% penalty. There were 17,105 penalty notices sent in the current year compared to 19,160 in 2016.

| Date          | Total Penalty Amount | Percentage of Total Rates |
|---------------|----------------------|---------------------------|
| November 2017 | \$296,727            | 1.23%                     |
| November 2016 | \$211,218            | 1.15%                     |
| November 2015 | \$191,263            | 1.15%                     |
| November 2014 | \$216,276            | 1.39%                     |
| November 2013 | \$292,448            | 1.62%                     |

Penalties charged have remained largely in line with the previous year as a percentage of rates charged. The increase in dollar terms of \$85,509 is mainly due to the increase in overall rates struck.

Council has continued with our debt collection procedure timeframe established in the previous year including:

- Sending a reminder letter when the debt is 3 months old which reminds the ratepayer of overdue rates and offers them the ability to establish a payment plan if required.
- Debt collection procedures if the reminder letter is unsuccessful.
- Mortgage demand on arrears rates balances (at least 12 months old). Mortgage demands in the current year have been made on 265 ratepayers (370 in 2016).

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

### *Direct Debits*

In late 2015 we completed the paperless direct debit website which allowed ratepayers to set up a direct debit without needing to complete and sign a manual form. This has been continually advertised in our rates brochures and in our penalty notices.

We have continued to see an increase in direct debits with 16,521 direct debits now in place. This is 14.3% of ORC ratepayers compared to 14,742 (13.0%) in the prior year.

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

### **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.

| <b>Payment Category</b> | <b>November 2017</b> | <b>December 2017</b> | <b>TOTAL</b>         |
|-------------------------|----------------------|----------------------|----------------------|
| <b>Trade payments</b>   | 5,858,611.21         | 5,062,550.47         | 10,921,161.68        |
| <b>Payroll</b>          | 852,050.25           | 1,294,470.08         | 2,146,520.33         |
| <b>Total</b>            | <b>6,710,661.46</b>  | <b>6,357,020.55</b>  | <b>13,067,682.01</b> |

### **4. Recommendation**

- a) *That this report is received.*
- b) *That the payments summarised in the table above and detailed in the payments schedule, totalling \$13,067,682.01, be endorsed.*

**Endorsed by:** Nick Donnelly  
**Director Corporate Services**

### **Attachments**

Nil

## 11. MATTERS FOR NOTING

### 11.1. Financial Report - November 2017

**Prepared for:** Finance and Corporate Committee  
**Activity:** Financial report to 30 November 2017  
**Prepared by:** Stuart Lanham, Finance Manager  
**Date:** 18 January 2018

#### 1. Précis

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

#### 2. Statement of Comprehensive Revenue and Expenses

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

| Otago Regional Council<br>Statement of Comprehensive Revenue and Expenses<br>For the five months ended 30 November 2017 |      |               |                               |               |                |
|---|------|---------------|-------------------------------|---------------|----------------|
| Description   | Note | \$000's       |                               |               |                |
|   |      | Annual Budget | Year to date 30 November 2017 |               |                |
|   |      | Budget        | Budget                        | Actual        | Variance       |
| <b>Revenue:</b>   |      |               |                               |               |                |
| Rate revenue  |      | 20,910        | 8,712                         | 8,703         | (9)            |
| Government subsidies  | 2.1  | 11,926        | 4,770                         | 3,479         | (1,291)        |
| Other revenue   | 2.2  | 11,449        | 4,246                         | 3,606         | (640)          |
| Dividend from Port Otago Ltd  | 2.3  | 9,000         | 3,750                         | 3,750         | -              |
| Interest & investment income  | 2.4  | 1,512         | 630                           | 1,206         | 576            |
| Rental income   |      | 1,002         | 417                           | 443           | 26             |
| Investment property revaluation gain  | 2.5  | 333           | -                             | -             | -              |
|   |      | <b>56,132</b> | <b>22,525</b>                 | <b>21,187</b> | <b>(1,338)</b> |
| <b>Less expenses:</b>   |      |               |                               |               |                |
| Operating expenses  |      | 39,748        | 15,599                        | 14,667        | 932            |
| Employee benefits expense   |      | 15,311        | 6,379                         | 6,429         | (50)           |
| Depreciation & amortisation   |      | 2,014         | 839                           | 837           | 2              |
| Finance expenses  |      | 2             | 1                             | 2             | (1)            |
|   |      | <b>57,075</b> | <b>22,818</b>                 | <b>21,935</b> | <b>883</b>     |
| <b>Surplus/(deficit)</b>  |      | <b>(943)</b>  | <b>(293)</b>                  | <b>(748)</b>  | <b>(455)</b>   |
| Income tax benefit  |      | 115           | 48                            | 41            | (7)            |
| <b>Surplus/(deficit) after tax</b>  |      | <b>(828)</b>  | <b>(245)</b>                  | <b>(707)</b>  | <b>(462)</b>   |
| <b>Other comprehensive revenue and expense:</b>   |      |               |                               |               |                |
| Revaluation gain on POL shares  | 2.6  | 10,000        | -                             | -             | -              |
| <b>Net Comprehensive Revenue and Expense</b>  |      | <b>9,172</b>  | <b>(245)</b>                  | <b>(707)</b>  | <b>(462)</b>   |

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

**Note 2.1 – Government subsidies**

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

Subsidy income from the Public Passenger Transport project is down \$775,000 on the budget of \$4,075,000.

The main variance in this activity group is the electronic ticketing system replacement project with a variance of \$564,000 against the budget amount of \$835,000. This variance is due to the timing of the project differing from that anticipated in the budget, resulting in a lower level of claimable subsidy at this time.

The Dunedin bus contracts activity also has a lower level of subsidy than budgeted, with a variance of \$212,000 against a budget of \$1,806,000. This is largely the result of the new services in relation to Units 1, 2 and part 3 commencing in September, but being budgeted from the start of the financial year.

Similarly, the Wakatipu bus contracts activity also has a lower level of subsidy than budgeted, with a variance of \$107,000 against a budget of \$226,000. This is largely the result of the new services commencing later in the year than provided for in the budget.

The wilding pines project has budgeted subsidy income from the Ministry of Primary Industries of \$500,000 to 30 November, however the subsidy income reflected in the above statement is only \$40,000, being the amount of subsidy related to expenditure that has been charged to 30 November.

**Note 2.2 – Other revenue**

The amount of other revenue earned of \$3,606,000 is \$640,000 less than the budgeted amount of \$4,246,000.

The major reason for revenue being less than budgeted is that gross contract bus fare revenue of \$1,196,000 is \$930,000 less than the budgeted level of \$2,126,000. The lower revenue is due to the new Dunedin units commencing later than estimated in the budget, as noted in 2.1 above.

Revenue associated with other projects is also down, with some of the variances following the lower level of related expenditure, such as the consents and compliance activity.

Conversely, more revenue has been received than provided for in the budget in respect of some revenue items, including rate penalties.

**Note 2.3 – Dividend income from Port Otago Limited**

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

**Note 2.4 – Interest and investment income**

This revenue line comprises interest earned on term deposits and bank accounts of \$475,000, and an increase in fair value of the managed fund portfolio of \$731,000.

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

**Note 2.5 – Investment property revaluation gain**

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

**Note 2.6 – Revaluation gain on Port Otago Ltd shares**

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

**3. Statement of Financial Position**

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

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

| Description                                   | Note | \$000's                   |                               |                           |
|---|------|---------------------------|-------------------------------|---------------------------|
|   |      | Budget<br>30 June<br>2018 | Actual<br>30 November<br>2017 | Actual<br>30 June<br>2017 |
| <b>Current assets</b>                         |      |                           |                               |                           |
| Other financial assets                        | 3.1  | 41,198                    | 53,858                        | 54,057                    |
| Cash and cash equivalents                     | 3.1  | 3,765                     | 4,836                         | 4,433                     |
| Trade and other receivables                   | 3.2  | 3,286                     | 9,663                         | 3,568                     |
| Dividends receivable                          | 3.3  | -                         | 3,250                         | -                         |
| Property held for sale                        |      | 1,284                     | 914                           | 1,093                     |
| Other current assets                          |      | 207                       | 537                           | 261                       |
|   |      | <b>49,740</b>             | <b>73,058</b>                 | <b>63,412</b>             |
| <b>Non-current assets</b>                     |      |                           |                               |                           |
| Shares in Port Otago Ltd                      | 3.4  | 438,239                   | 439,037                       | 439,037                   |
| Property plant and equipment                  |      | 93,922                    | 87,629                        | 86,313                    |
| Investment property                           | 3.5  | 11,431                    | 10,825                        | 10,825                    |
| Intangible assets                             |      | 3,357                     | 2,312                         | 2,066                     |
| Deferred tax asset                            |      | 98                        | 139                           | 98                        |
|   |      | <b>547,047</b>            | <b>539,942</b>                | <b>538,339</b>            |
| <b>Total assets</b>                           |      | <b>596,787</b>            | <b>613,000</b>                | <b>601,751</b>            |
| <b>Liabilities - all current</b>              |      |                           |                               |                           |
| Revenue in advance                            | 3.6  | -                         | 13,579                        | -                         |
| Trade and other payables                      |      | 4,134                     | 5,803                         | 7,159                     |
| Employee entitlements                         |      | 1,483                     | 1,413                         | 1,665                     |
|   |      | <b>5,617</b>              | <b>20,795</b>                 | <b>8,824</b>              |
| <b>Net assets</b>                             |      | <b>591,170</b>            | <b>592,205</b>                | <b>592,927</b>            |
| <b>Public equity and revaluation reserves</b> |      |                           |                               |                           |
| Public equity                                 |      | 133,746                   | 131,924                       | 133,549                   |
| Available-for-sale revaluation reserve        | 3.4  | 418,239                   | 419,037                       | 419,037                   |
| Asset revaluation reserve                     | 3.5  | 9,370                     | 8,764                         | 8,764                     |
|   |      | <b>561,355</b>            | <b>559,725</b>                | <b>561,350</b>            |
| <b>Other reserves</b>                         |      |                           |                               |                           |
| Building reserve                              |      | 13,770                    | 13,797                        | 13,614                    |
| Kuriwao endowment reserve                     |      | 6,339                     | 6,404                         | 6,361                     |
| Asset replacement reserve                     |      | 4,560                     | 6,265                         | 5,820                     |
| Emergency response reserve                    |      | 4,168                     | 4,097                         | 4,033                     |
| Water management reserve                      |      | 736                       | 1,356                         | 1,427                     |
| Environmental enhancement reserve             |      | 242                       | 561                           | 322                       |
|   |      | <b>29,815</b>             | <b>32,480</b>                 | <b>31,577</b>             |
| <b>Total equity and reserves</b>              |      | <b>591,170</b>            | <b>592,205</b>                | <b>592,927</b>            |



**Note 3.1 – Other financial assets and cash and cash equivalents**

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

**Note 3.2 – Trade and other receivables**

The receivables amount at 30 November of \$9.663 million includes rate receivables of \$2.721 million. The timing of expenditure and related claims has resulted in several large receivable balances owing at 30 November. These include \$4.287m of government subsidies from the NZ Transport Agency and the Ministry of Primary Industries in respect of claimable expenditure, and several invoices amounting to \$1.418m to public authorities for cost recovery in respect of cost-sharing arrangements, primarily the regional transport ticketing consortium.

**Note 3.3 – Dividends receivable**

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

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

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

**Note 3.5 – Investment property and asset revaluation reserve**

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

**Note 3.6 – Revenue in advance**

Included in the \$13.579 million of revenue in advance is rate revenue of 12.205 million. Rate revenue is allocated evenly over the 12-month period to 30 June 2018. The revenue in advance amount reflects the portion of rate revenue invoiced in August 2017 that will be released to the statement of revenue and expenses over the remaining months of the financial year.

Also included is \$1.374 million of funds received from the Ministry of Primary Industries for the 2017/18 Wilding Pine Tree programme, that is yet to be expended.

**4. Statement of Activity Expenditure**

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

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

**Otago Regional Council  
Statement of Activity Expenditure  
For the five months ended 30 November 2017**

| Activities                                  | Note | \$000's       |                                      |               |                |
|---|------|---------------|--------------------------------------|---------------|----------------|
|   |      | Annual Budget | Year to date 30 November 2017 Budget | Actual        | Variance       |
| <b>Environment</b>                          |      |               |                                      |               |                |
| Air   |      | 423           | 190                                  | 180           | 10             |
| Environmental Incident Response             |      | 1,412         | 665                                  | 696           | (31)           |
| Land Rivers and Waterway Management         | 4.1  | 4,113         | 1,753                                | 1,080         | 673            |
| Water                                       | 4.2  | 1,889         | 757                                  | 526           | 231            |
|   |      | 9,848         | 4,365                                | 3,298         | 1,067          |
|   |      | <b>17,685</b> | <b>7,730</b>                         | <b>5,780</b>  | <b>1,950</b>   |
| <b>Community</b>                            |      |               |                                      |               |                |
| Democracy                                   |      | 1,570         | 661                                  | 653           | 8              |
| Public Information and Awareness            |      | 2,012         | 861                                  | 953           | (92)           |
| Financial Contributions                     |      | 350           | 146                                  | 146           | -              |
| Land Air Water Aotearoa                     |      | 427           | 179                                  | 222           | (43)           |
| Dunedin Head Office Replacement             |      | 665           | 278                                  | 31            | 247            |
| Regional Economic Development               |      | 0             | 0                                    | 9             | (9)            |
|   |      | <b>5,024</b>  | <b>2,125</b>                         | <b>2,014</b>  | <b>111</b>     |
| <b>Regulatory</b>                           |      |               |                                      |               |                |
| Policy Development                          |      | 191           | 81                                   | 297           | (216)          |
| Consents                                    |      | 1,798         | 810                                  | 583           | 227            |
| Compliance                                  |      | 1,289         | 545                                  | 466           | 79             |
| Harbour Management                          |      | 406           | 167                                  | 392           | (225)          |
|   |      | <b>3,684</b>  | <b>1,603</b>                         | <b>1,738</b>  | <b>(135)</b>   |
| <b>Flood Protection &amp; Control Works</b> |      |               |                                      |               |                |
| Leith Scheme                                | 4.3  | 2,993         | 912                                  | 1,823         | (911)          |
| Taieri Schemes                              | 4.4  | 2,014         | 728                                  | 1,618         | (890)          |
| Clutha Schemes                              |      | 1,977         | 793                                  | 565           | 228            |
| Other projects                              |      | 398           | 197                                  | 90            | 107            |
|   |      | <b>7,382</b>  | <b>2,630</b>                         | <b>4,096</b>  | <b>(1,466)</b> |
| <b>Safety and Hazards</b>                   |      |               |                                      |               |                |
| Emergency Management                        |      | 2,412         | 1,062                                | 1,143         | (81)           |
| Natural Hazards                             |      | 1,329         | 594                                  | 682           | (88)           |
|   |      | <b>3,741</b>  | <b>1,656</b>                         | <b>1,825</b>  | <b>(169)</b>   |
| <b>Transport</b>                            |      |               |                                      |               |                |
| Regional Land Transport Planning            |      | 318           | 141                                  | 137           | 4              |
| Public Passenger Transport                  | 4.5  | 24,357        | 9,360                                | 8,337         | 1,023          |
| Stock Truck Effluent Disposal Sites         |      | 508           | 135                                  | 22            | 113            |
|   |      | <b>25,183</b> | <b>9,636</b>                         | <b>8,496</b>  | <b>1,140</b>   |
| <b>Total</b>                                |      | <b>62,699</b> | <b>25,380</b>                        | <b>23,949</b> | <b>1,431</b>   |

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

#### **Note 4.1 – Land**

The under expenditure in Land is mainly due to lower levels of activity than budgeted in the wilding pines project which is underspent by \$372,000.

The full year's funding of \$200,000 has been paid to the Central Otago and Wakatipu districts for control work in those areas, however work in the four main Ministry of Primary Industries control group areas has yet to commence.

Two further projects with significant under expenditure are the Pest Management Strategy Compliance Monitoring project with a variance of \$146,000, primarily due to fewer staff resources available in the period than budgeted for; and the Pest Control Contract work project with a variance of \$143,000. This project is effectively "on hold" pending direction on its future operation.

#### **Note 4.2 – Water**

Water related projects with expenditure of \$3,298,000 are \$1,067,000 under expended against the budget of \$4,365,000.

The Rural Water Quality Implementation activity is under expended by \$633,000. This is due to dairy farm inspections being deferred following the July flood event and the Mycoplasma Bovis outbreak, and a delay in the environmental risk assessment work. A review of the way the risk assessment work is being delivered is being undertaken before work can proceed.

The Regional Plan: Water project is under expended by \$253,000 due to a delay in the commencement of some plan changes while the urban water quality strategy is finalised. Other elements of work are not scheduled to commence until later in the year.

The Coastal Strategy project is under expended by \$229,000 against a budget of \$264,000, as timing of this work programme is still being determined, and contracts for work are in the preparation stage.

The Minimum Flows project is over expended by \$141,000 against the budget of \$931,000. This is due to an acceleration of work on the project over the timing reflected in the budget, and additional unbudgeted costs to ensure sufficient hydrological information is available.

#### **Note 4.3 – Leith Scheme**

The Leith Scheme is over expended by \$911,000 against the budget of \$912,000, primarily reflecting timing in respect of the ITS Bend section of the works. This phase of work was budgeted in the previous financial year, and was delayed due to contaminated land and weather-related issues. Conversely, the Leith-Dundas Street Bridge budget is under expended to the extent of \$570,000 against a budget of \$728,000, with that section of work still at the design stage.

#### **Note 4.4 – Taieri Schemes**

The Taieri Schemes are over expended by \$890,000 against the budget of \$728,000, primarily due to expenditure incurred in responding to the significant flood event that occurred in late July, and subsequent remediation work.

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

**Note 4.5 – Public Passenger Transport**

The Public Passenger Transport project is under expended by \$1,023,000 against the budget of \$9,360,000. 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 under expenditure in operating costs, is in respect of the Dunedin bus contracts activity where expenditure is \$890,000 less than the budgeted amount of \$5,208,000. As noted in 2.1 and 2.2, this relates to timing of the commencement of the new service units which was later than planned in the budget.

Similarly, the Wakatipu bus contracts activity is under expended by \$667,000 against the budget of \$900,000. As noted in 2.1, this relates to the new services commencing later in the year than provided for in the budget.

The most significant area of developmental under expenditure is in respect of the National Electronic Ticketing System replacement, with a variance of \$277,000 against the budget of \$1,284,000. This is timing related and the project remains on track for completion by 30 June 2018.

Expenditure in respect of the Dunedin Bus Hub is \$270,000 more than the budgeted amount of \$40,000, primarily reflecting a timing difference, where expenditure budgeted but un-expended in the previous year, has been incurred in the current year.

**5. Recommendation**

*That this report is received.*

**Endorsed by:** Nick Donnelly  
**Director Corporate Services**

**Attachments**

Nil

## 11.2. Passenger Transport Update

**Prepared for:** Finance and Corporate Committee  
**Activity:** Transport – Public Passenger Transport  
**Prepared by:** Gerard Collings, Manager Support Services  
**Date:** 18 January 2018

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### 1. Précis

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

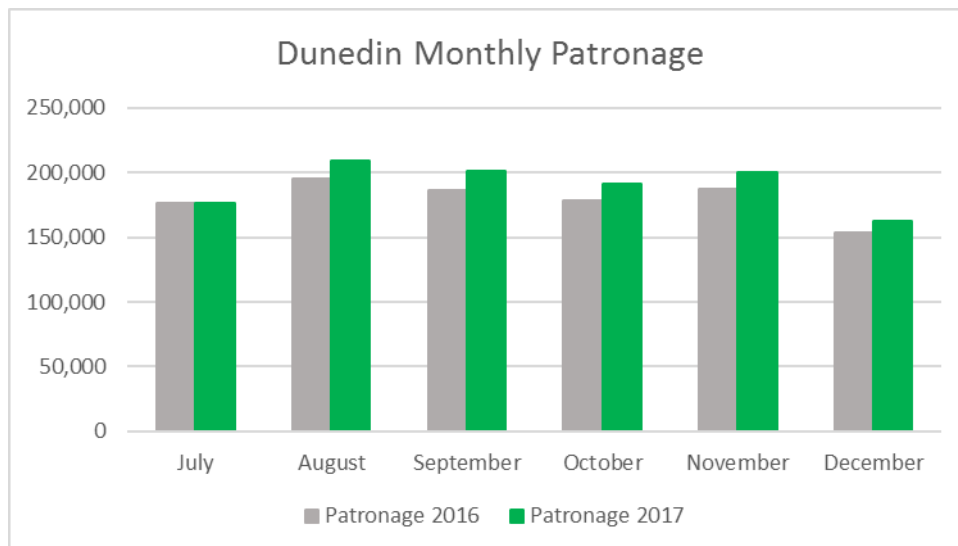
- Dunedin Public Transport patronage and revenue figures July to December 2017;
- Wakatipu Public Transport patronage and revenue figures July to December 2017;
- Driver availability in Queenstown and Dunedin; and
- Arrangements being made to provide additional capacity in Queenstown for the commencement of Term 1.

### 2. Dunedin Public Transport Network - Patronage

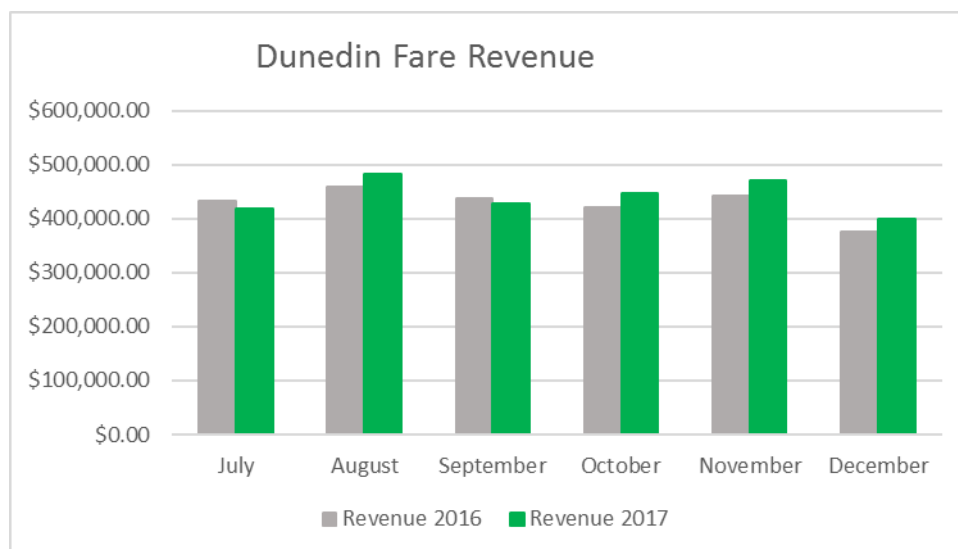
#### 2.1. Patronage

December patronage continues to reflect an increase on the corresponding period last year. The growth is reflected in a 6% increase in patronage and a 3% increase in revenue for the period 1 July to 31 December 2017, over the same period last year.

The fluctuations between months reflected in Graph 1 and 2 below reflect the expected monthly fluctuations:



**Graph 1: Dunedin Network Patronage July - December**



**Graph 2: Dunedin Fare Revenue July - December**

## 2.2. Dunedin September Network Changes

When the Dunedin network changes were introduced in September there were a higher than usual number of service disruptions and missed services. This was predominantly due to one of the operators finding it difficult to arrange the necessary driver resources to accommodate the increased level of service. I have been advised by the operator in question that this is now resolved. It is also noted that Council have been more proactive in announcing service disruptions through standard and social media outlets since the changes in September. It is intended that service disruption communications will continue.

## 2.3. Easter Weekend Trading Services

Staff are working with the Dunedin City Council (DCC) and other key stake holders with the view to extending hours of operation for the Public Transport Network Services during the Easter Weekend, to support the Ed Sheeran concerts on Thursday 29 March, Saturday 31 March, and Sunday 1 April. In addition to extending the service hours, staff are also investigating a direct service from the central city to the stadium for one hour preceding and post the concert.

## 2.4. Wi-Fi and Realtime

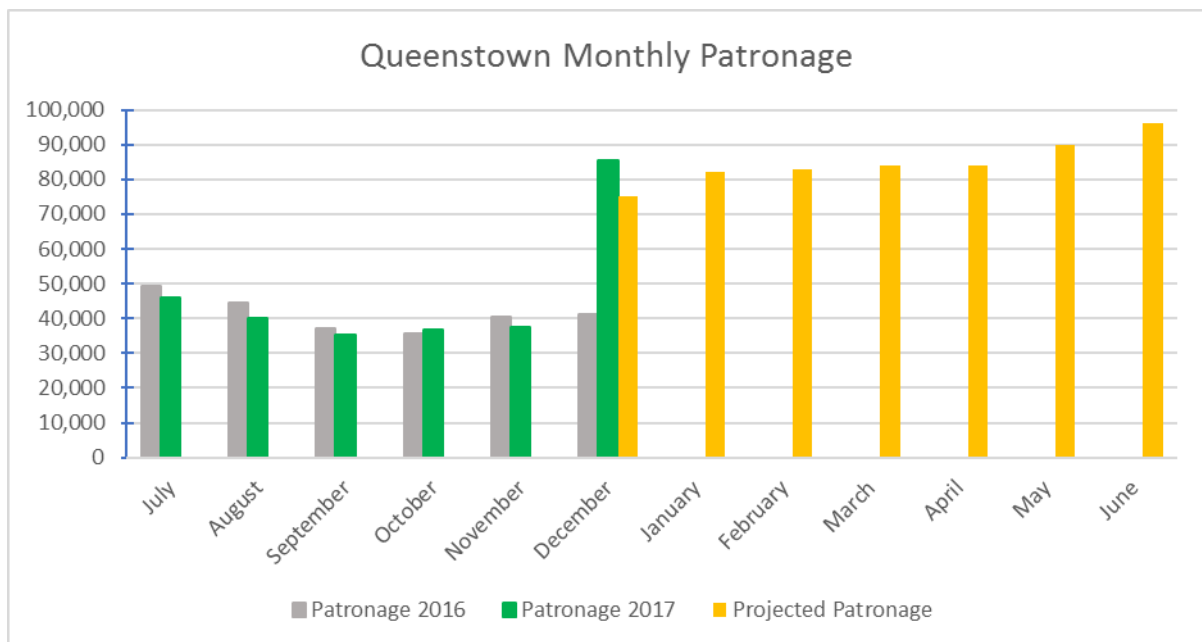
A delay in the introduction of Wi-Fi has occurred due to the unavailability of equipment with the supplier. This has now been resolved and Wi-Fi units are currently being installed, with approximately 25% of the Dunedin fleet having been fitted. The balance of the fleet will be installed over the coming weeks.

The delay in the Wi-Fi hardware, which is required for the Real-time system, has resulted in delays developing a Real-time system for Dunedin. With the installation now occurring, the NZ Transport Agency (NZTA) development team are now mobilising for the development of the solution which is intended to be an extension of the Choice App.

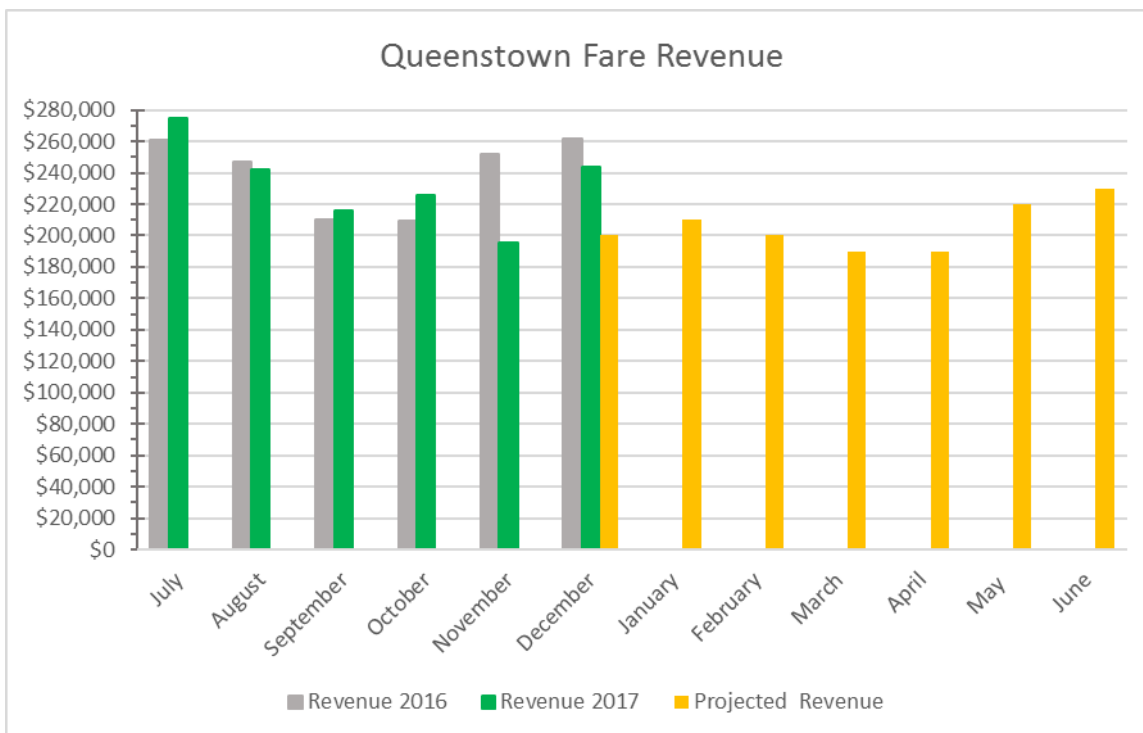
**3. Wakatipu Public Transport Network**  
**3.1. Patronage**

The new Wakatipu Public Transport Network was launched on 20 November 2017. Patronage since the network launch, like the community’s attitude to the service, has been positive. While the graphs below show a decline in patronage and revenue for November, this is attributed to the free trip offering for the first week of operation after the launch. December shows a 107% lift in patronage when compared to the same month last year.

Revenue is down by 7% and this is solely attributable to the flat fare. Both patronage and revenue have exceeded our projections. However, it is recommended a cautious approach be taken in relation to overstating any success at this time, especially regarding revenue, as this is very much dependent on the balance between cash and use of the GoCard.



**Graph 3: Wakatipu Network Patronage July – December**



**Graph 4: Wakatipu Network Fare Revenue July – December**

### 3.2. Service Reliability

As was experienced in Dunedin, the operator has had significant issues with being able to recruit a sufficient number of drivers locally to meet its operational requirements. This has meant that the operator has needed to bring in drivers from other depots throughout New Zealand to meet the service requirements. An ongoing and active recruitment programme is being undertaken by Ritchies. It is likely to take some time to have the full complement of drivers locally, in the meantime Ritchies will take the necessary steps to ensure adequate driver resource is available.

### 3.3. Monitoring and review

Staff are currently reviewing feedback on the service changes and are scheduling another round of stakeholder meetings in Queenstown for late February and early March 2018.

The first review of the network changes will occur after the stakeholder meetings and will benefit from three months of patronage and revenue data.

### 3.4. Wakatipu School Term

With the change in High School location from the beginning of Term 1 2018, school children will be using a mix of Ministry of Education School Services and the Public Transport Network, along with other modes of travel. Initially, it was intended to increase the core frequency on the main corridor between Queenstown and Remarkables Park during peak season. However, in discussion with the operator it has been agreed that providing increased capacity by way of upgrade to the fleet for the three services prior to school starting is more appropriate at this stage. This will be closely monitored, and further additional capacity considered based on demand.



**4. Recommendation**

*That this report be received.*

**Endorsed by:** Nick Donnelly  
**Director Corporate Services**

**Attachments**

Nil

## 12. NOTICES OF MOTION

## 13. RECOMMENDATIONS OF MEETINGS

## 14. RESOLUTION TO EXCLUDE THE PUBLIC

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

*Port Otago Limited – Appointment of Directors*

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> |
|--|---|---|
| <i>Port Otago Limited - Appointment of Directors</i>   | To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a)<br>To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities –<br><br>Section 7(2)(h) To enable any local authority holding the information to carry out, without prejudice or disadvantage, commercial activities | Section 48(1)(a);<br>Section 7(2)(a)<br>7(2)(h)                         |

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:

### ***Port Otago Limited Director Appointments***

To protect the privacy of natural persons, including that of deceased natural persons – Section 7(2)(a)

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

## 15. CLOSURE