

Finance Committee Agenda - 28 August 2025

Meeting conducted in the Council Chamber at Lvl 2, Philip Laing House
144 Rattray St, Dunedin Live streamed at on the [ORC YouTube Channel](#)



Otago
Regional
Council

Members:

Cr Kevin Malcolm (Co-Chair)
Cr Tim Mephram (Co-Chair)
Cr Alexa Forbes
Cr Gary Kelliher
Cr Michael Laws
Cr Lloyd McCall
Cr Andrew Noone
Cr Gretchen Robertson
Cr Alan Somerville
Cr Elliot Weir
Cr Kate Wilson

Senior Officer: Richard Saunders Chief Executive
Meeting Support: Cara Jordan, Governance Support Officer

28 August 2025 09:00 AM

Agenda Topic

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1. WELCOME

2. APOLOGIES

There were no apologies received at the time of the agenda publication.

3. PUBLIC FORUM

No requests to speak had been received prior to publishing the agenda.

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. DECLARATIONS 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. [Councillor Register of Interests](#) is published to the ORC website.

6. PRESENTATIONS

There are currently no Presentations planned for this meeting.

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	To provide a financial overview of the funding cashflows for Council's Whare Rūnaka project.	
10.	CLOSURE	



Otago
Regional
Council

**Finance Committee
MINUTES**

**Minutes of an ordinary meeting of the Finance Committee held in the Council
Chamber, Level 2 Philip Laing House, 144 Rattray Street, Dunedin
on Thursday 22 May 2025, at 9:00am.**

<https://www.youtube.com/live/XLQ0rlmlcew?si=3y6u7B8cWmGQpFAc>

PRESENT

Cr Tim Mepham

(Chair)

Cr Gary Kelliher

(Online)

Cr Michael Laws

(Online)

Cr Kevin Malcolm

Cr Lloyd McCall

Cr Andrew Noone

Cr Gretchen Robertson

(Online)

Cr Alan Somerville

Cr Elliot Weir

Cr Kate Wilson

1. WELCOME

Chair Mepham welcomed Councillors, members of the public and staff to the meeting at 9 am. Staff present included Richard Saunders (Chief Executive), Anita Dawe (GM Regional Planning and Transport), Nick Donnelly (GM Finance), Tom Dyer (GM Manager Science and Resilience), Joanna Gilroy (GM Environmental Delivery), Simon Wilson (Acting GM Environmental Delivery), Tami Sargeant (GM People and Corporate), Amanda Vercoe (GM Strategy and Customer, Deputy CE), Kylie Darragh (Governance Support Officer), and Andrew Douglas (Chair, Audit and Risk Subcommittee).

2. APOLOGIES

Resolution: Cr Somerville Moved, Cr Wilson Seconded:

That the apologies for Cr Forbes be accepted.

MOTION CARRIED

3. PUBLIC FORUM

No requests to address the Committee under Public Forum were received.

4. CONFIRMATION OF AGENDA

The agenda was confirmed as published.

5. DECLARATIONS OF INTERESTS

No changes to Councillor Declarations of Interests were noted.

6. PRESENTATIONS

Nick Donnelly introduced the presentation from JBWere. Philip Borkin (Senior Investment Strategist) and Tom Phillips (Private Wealth Adviser) workshopped the potential inclusion of Private Equity asset class in the SIPO. There are a variety of types of Private Equity capital, with a variety of different risks and returns. The Audit and Risk Subcommittee will next address this item which would then need to be approved by Council. The ESG policy would be affected by the carving out of the Private Equity Fund. There was an opportunity for questions from the Subcommittee and Chair Mepham thanked JBWere for attending.

7. CONFIRMATION OF MINUTES

Resolution: Cr Malcolm Moved, Cr Somerville Seconded

That the minutes of the (public portion of the) meeting held on 20 February 2025, be received and confirmed as a true and accurate record.

MOTION CARRIED

8. ACTIONS

Richard Saunders (Chief Executive) confirmed that the surplus/deficit balances will be included in the end of year, or Quarter 4, reporting.

Cr Noone left the meeting at 10:32 am.

Cr Noone returned to the meeting at 10:34 am.

9. MATTERS FOR CONSIDERATION

9.1. Quarterly Finance Report - 31 March 2025

[YouTube 108:40] This report presented Council's Financial Reports for March 2025 being Quarter 3 of the 2024-25 financial year. Nick Donnelly (GM Finance) and Sean Geary (Management Accountant), online, were available to respond to questions on the report.

Resolution FIN25-103: Cr Malcolm Moved, Cr Wilson Seconded

That the Finance Committee:

1. **Notes** this report and the attached Financial Reports for March 2025 (Quarter 3 of the 2024-25 financial year)

MOTION CARRIED

9.2. Non-Financial Activity Performance as at Quarter 3 2024-25

[YouTube 2:05:50] This report presented the Council's Activity Performance for the nine-month period ended 31 March 2025. Vanessa Vidallon (Corporate Planning Business Partner), Joanne Greatbanks (Manager Organisational and Performance), Amanda Vercoe (GM Strategy and Customer) were available to respond to questions on the report.

Resolution FIN25-104: Cr Wilson Moved, Cr Malcolm Seconded

That the Finance Committee:

1. **Notes** this report.
2. **Notes** that the attached Activity Performance Report for the period 1 July 2024 to 31 March 2025 being quarter three of the 2024-25 financial year.

MOTION CARRIED

12. CLOSURE

There was no further business and Chair Mephram declared the meeting closed at 11:08am.

Chair

Date

Finance Committee Agenda - 28 August 2025 - ACTION REGISTER

Meeting Date	Document	Item	Status	Action Required	Assignee/s	Action Taken	Due Date
20-02-2025	Finance Committee - 20 February 2025	GOV2519 Activity Performance as at Quarter 2 2024-25	In Progress	FIN25-102 the surplus or deficit balances for reserves to be captured in the quarterly reporting.	Executive Assistant - Finance, General Manager Finance	09/06/2025 General Manager Finance Repayment of Transport deficits added to Whole of Council SCRE for Feb-2025 report onward. Reserve movements noted in Q3 Finance Committee cover paper. Reserve balances and movements to be added to June Finance report and quarterly activity reporting.	31-05-2025

9.1. Quarterly Finance Report - 30 June 2025

Prepared for: Finance Committee
Report No. CS2527
Activity: Governance Report
Nick Donnelly, General Manager Finance
Authors: Sean Geary, Manager Financial Planning and Analysis
Sarah Munro, Group Financial Controller
Endorsed by: Nick Donnelly, General Manager Finance
Date: 28 August 2025

PURPOSE

- [1] To present Council's Financial Reports for the 12-month period to 30 June 2025. This represents unaudited finance result for the 2024-25 financial year.

EXECUTIVE SUMMARY

- [2] Actual total comprehensive revenue and expense for the 12 months ending 30 June 2025 is \$65,756,000. This is \$38,019,000 ahead of budget of \$27,738,000. This variance includes a \$55,400,000 revaluation gain on the share value of Port Otago Limited. This revaluation was budgeted at \$28,156,000.
- [3] Excluding the Port revaluation the actual operating surplus for the 12 months ending 30 June 2025 is \$10,356,000. This is \$10,775,000 ahead of the budgeted deficit of \$418,000. This variance includes a one-off \$4,550,000 gain on sale of Birch / Kitchener Street which was completed in February 2025 but was budgeted in the Annual Plan 2023-24 year.
- [4] Excluding the gain on sale of Birch / Kitchener Street (\$4,550,000) and addition Managed Fund gains (\$450,000) the remaining Operating Surplus variance is \$5,775,000. The key drivers of this are additional Contour Channel grant funding (\$2,020,000) which was approved after the LTP was adopted, underspend in Land and Water Planning and other regional planning (\$1,730,000) and underspends in river management (\$1,250,000 across all districts). Collectively these three items contribute \$5,000,000 of the additional surplus.
- [5] Actual operating revenue is \$6,134,000 ahead of budget due to higher grants and subsidies (\$4,339,000 ahead of budget) and other revenue (\$3,357,000 ahead of budget) offset by lower investment revenue (\$1,775,000 below budget including dividend income).

- [6] Actual operating expenditure is \$501,000 over budget with additional expenditure in employee benefits (\$584,000 over budget), depreciation (\$551,000 over budget) and other expenses (\$804,000 over budget). This is offset by lower finance costs (\$1,437,000 under budget). Finance costs include Port Otago on lending and offsets most of the investment income variance noted above.
- [7] Other expenses include unbudgeted expenditure that has been offset by additional grants and other revenue. Excluding this spend underlying other expenses are below budget. The variances in revenue and expenditure that are not directly offset and contribute to the increased surplus are analysed in Table 1. Further analysis of non-rates revenue including activities that have received additional unbudgeted revenue is shown in Table 2.
- [8] Actual other gains and losses are \$4,653,000 ahead of budget largely due to the gain on the sale of Birch / Kitchener Street (\$4,550,000). The gain in value of the managed fund is \$1,782,000 which is \$459,000 ahead of budget. This amount has fluctuated throughout the year with initial gains in the first half of the year eroding in Quarter 3 before increasing again of the last quarter.
- [9] The previous Quarter 3 forecast operating surplus for the full 2024-25 year was \$5,831,000 which was \$6,249,000 ahead of the budgeted deficit of -\$418,000. This included the additional \$4,550,000 gain on sale of Birch / Kitchener noted above. The actual surplus is \$4,525,000 ahead of this forecast due to additional grants (\$2,391,000), and other revenue (\$646,000), lower other expenses (\$1,675,000) and additional other gains (\$360,000). This was offset by higher employee benefit expenses of \$517,000.
- [10] The Statement of Financial Position shows as at 30 June 2025 Council has Total Equity of \$925,440,000 which is an increase of \$64,646,000 over the year. Current Assets include cash of \$18,387,000 and the managed fund balance of \$29,892,000. Property held for sale has decreased by \$3,550,000 due to the sale of Birch / Kitchener Street. Borrowing is \$175,000,000 which includes Council core debt of \$25,000,000 and on lending to Port Otago of \$149,934,000. Further details on Council's debt, cash and investments is provided in the Treasury Report.
- [11] A Reserves Report is attached which provides a summary of Council's reserves and the movements in each reserve over the 2024-25 year.

RECOMMENDATION

That the Finance Committee:

- 1) **Notes** this report and the attached Financial Reports for June 2025 (Quarter 4 of the 2024-25 financial year).

BACKGROUND

- [12] Financial progress over the 2024-25 financial year is reported to the Finance Committee on a quarterly basis. This quarter represents the unaudited financial results for the full 2024-25 financial year and the financial position as at 30 June 2025.

[13] This report includes the following attached reports:

- SCRE and Activity Reports
 - Statement of Comprehensive Revenue and Expense reports showing operating surplus/deficit for the year to date and the previous forecast for the full financial year (provided in the Q3 reports).
 - Results are compared to the budget included in Year 1 of Council's Long-Term Plan 2024-34.
 - Includes results for Council as whole, a summary by Activity and results for each Group of Activities (including additional analysis by Significant Activity).
 - Capital expenditure.
- Statement of Financial Position
 - Balance sheet as at quarter end compared to previous year end (30 June 2024) and budget for the financial year-end (30 June 2025).
- Reserves Report
 - Summary of Council's reserves including movements in and out of each reserve.
- Treasury Report
 - Further detail and analysis of cash, investments and borrowings.

DISCUSSION

Operating Surplus Variance

[14] The Actual year to date operating surplus for the 12 months ending 30 June 2025 is \$10,356,000. This is \$10,775,000 ahead of the budgeted deficit of \$418,000. Analysis of this variance is provided in the table below.

Table 1: Surplus / deficit variance by activity

Activity	Surplus / (Deficit) Variance \$'000	Comment
Governance & Community	-170	Increased opex includes unbudgeted Rescue Helicopter donation \$350k
Regulatory	+800	Increased revenue – includes increased consent and monitoring volumes, additional major client income and unbudgeted RSHL secondment revenue
Regulatory	-200	Increased opex – includes additional incident and enforcement costs \$156k and depreciation
Regional Policy & Planning	+730	Less staff time \$200k and opex \$520k
Biodiversity Science	-240	Additional staff time \$120k and opex \$120k
Biosecurity Implementation	+410	Less biosecurity operations spend
L&W Policy & Planning	+1,000	Less external opex – LWRP \$700k carried forward to Annual Plan 2025-26
L&W Science & Monitoring	+700	Less external opex \$1.0m offset by higher staff time \$300k
L&W Implementation	+250	Less external opex
Emergency Management	+100	Unbudgeted course reimbursement \$60k
Alexandra Flood	+100	Less internal allocation
Leith Flood	+100	Less staff time
Lower Clutha Flood & Drainage	-900	Increased external opex – unbudgeted flood repairs
Lower Taieri Flood	+1,220	Increased revenue – unbudgeted contour channel grant funding (spend is capex)
West Taieri Drainage	+800	Increased revenue – unbudgeted contour channel

		grant funding (spend is capex)
East Taieri Drainage	-200	Increased external opex
Scheme Oversight	-130	Higher staff costs not fully allocated
River Management	+1,250	Less staff time \$250k and external opex \$1.0m (across all schemes)
Natural Hazards	+395	Less external opex
PT Dunedin	-395	Unbudgeted costs for Mosgiel Express and variations largely offset by unbudgeted NZTA CERF funding – year end is in line with forecast of -\$425k reported at Q3
PT Whakatipu	+520	Infrastructure underspend – year end is in line with forecast of +\$550k reported at Q3 - \$550k carried forward to Annual Plan 2025-26
PT Other – Regional Trials	+160	Regional trials did not proceed (no NZTA funding approved)
PT Other – Total Mobility	-240	Increased NZTA CERF funding has driven increased patronage and therefore cost with the local share not rated in budget
Transport Planning	-150	Higher external opex
Property	-150	Higher insurance \$60k and rent \$127k
Information Technology	-250	Includes higher licences \$350k and depreciation \$145k
HR & Health & Safety	+375	Less opex includes lower training costs \$193k
Finance & Rates	+240	Higher revenue including additional rates penalties \$109k and RSHL recharge for RITS \$65k
Treasury	-340	Higher net Interest cost (net income less expense)
Sub-Total	\$5,775	
Property	+4,550	One-off gain on sale (Birch/Kitchener budgeted in Annual Plan 2023-24)
Treasury	+450	Higher gain on investments (managed fund)
TOTAL	\$10,775	

Non-Rates Revenue

- [15] Actual non-rates revenue is \$5,921,000 ahead of budget due to higher grants and subsidies (\$4,339,000 ahead of budget) and other revenue (\$3,357,000 ahead of budget) offset by lower investment revenue (\$1,775,000 below budget including dividend income). Analysis of this variance is provided in the table below.

Table 2: Revenue variances by activity

Activity	Surplus / (Deficit) Variance \$'000	Comment
Subsidies and Grants		
Biosecurity	+\$890	Wilding pine grants – offset by additional opex
Lower Taieri Flood	+\$1,122	Increased revenue – unbudgeted contour channel grant funding (spend is capex)
West Taieri Drainage	+\$917	Increased revenue – unbudgeted contour channel grant funding (spend is capex)
PT Dunedin	+\$1,765	Unbudgeted NZTA CERF funding – partially offsets higher opex due to unbudgeted services and variations
PT Whakatipu	-\$1,521	Budgeted improvements and infrastructure did not proceed so budgeted NZTA funding not claimed – offset lower opex as improvement and infrastructure costs not incurred
PT Other – Total Mobility	+\$901	Increased NZTA CERF funding – offset by increased opex cost
Fees and Charges		

Incident Response	+\$61	Additional recoveries
Consents	+\$444	Higher consent volumes (+200 vs 2024), unbudgeted RSHL secondment revenue +51k
Compliance Monitoring	+\$293	Increased returns processed, unbudgeted RSHL secondment revenue +\$108k
L&W Implementation	\$1,293	Unbudgeted Te Hākapupu grants – offset by unbudgeted opex cost
Lower Clutha Flood & Drainage	+\$372	Unbudgeted MBIE flood repair grants – partially offsets unbudgeted expenditure
PT Whakatipu	+\$536	Higher fare revenue
Investment Revenue		
Treasury	-\$1,780	Port on-lending interest \$1,515 lower than budget due to lower debt and interest rates – offset by lower finance costs
TOTAL	\$5,292	

Surplus Funding Impact

- [16] The funding impact of the Operating Surplus/(Deficit) variance is shown in Table 3 below. The gain on sale of Birch / Kitchener Street is shown separately as it was budgeted in the previous financial year, but it is allocated to the General Reserve. The remaining variance is split evenly between General Reserves \$3,006,000 and Targeted Reserves \$3,219,000.
- [17] Some of the additional surplus was identified in the Q3 forecast and carried forward to the Annual Plan 2025-26 so those activities are rated again. That includes \$700,000 for the Land & Water Regional Plan (General Reserve) and \$550,000 for PT Whakatipu (Targeted Reserve).

Table 3: Surplus / (Deficit) funding allocation by activity

COUNCIL - YEAR TO DATE Q4 - June 2025 For the period ending: June 2025	Surplus / (Deficit)			Funding - Reserve Impact		
	Actual \$'000	Budget \$'000	Variance \$'000	General Reserve	Targeted Reserves	Other Reserves
Consents & Compliance	529	(60)	588	469	119	
Governance & Community	(181)	13	(194)	(194)		
Regional Plans & Policies	731		731	731		
REGIONAL LEADERSHIP	1,078	(47)	1,125	1,006	119	-
Air	154	()	154	154		
Biodiversity	150	()	150	(239)	388	
Water	1,885	(85)	1,970	1,715	255	
ENVIRONMENT	2,188	(85)	2,273	1,631	643	-
Emergency Management	86		86		86	
Flood Protection	7	(2,239)	2,246		2,246	
Natural Hazards	212	(185)	397	397		
SAFETY AND RESILIENCE	305	(2,424)	2,729	397	2,333	-
Public Transport - Dunedin	893	1,288	(395)		(395)	
Public Transport - Other	(144)		(144)	(144)		
Public Transport - Wakatipu	850	331	518		518	
Regional Land Transport Planning	(76)		(76)	(76)		
Stock Truck Effluent Disposal	(42)	()	(42)	(42)		
TRANSPORT	1,481	1,619	(138)	(262)	124	-
Internal	4,120	(605)	4,725	175		4,550
Overheads	1,183	1,123	60	60		
CORPORATE	5,303	519	4,784	234	-	4,550
TOTAL COUNCIL	10,356	(418)	10,775	3,006	3,219	4,550

Capital Expenditure

- [18] Actual capital expenditure is \$12,956,000 which is \$6,038,000 under budget of \$18,993,000. The underspend includes:
- Lower Clutha Flood & Drainage \$582,000 over budget – capitalised works related to flood repairs).
 - Lower Taieri Flood under \$928,000 – timing of contour channel works.
 - River Management Dunedin under \$1,395,000 – timing of North East Valley bridge.
 - Information Systems under \$1,277,000 – lower general renewals \$700,000 (deferred pending Whare Rūnaka) and IRIS NG \$400,000.
Actual Information Systems capital expenditure includes \$956,000 of IRIS NG as this was budgeted in capex (\$1,350,000). Pending audit confirmation, this is expected to be transferred to operating expenditure in the final financial statements as it is unlikely to meet the accounting standard requirements to be classified as capital expenditure.
 - Operational Property under \$3,865,000 – timing of Whare Rūnaka furniture and fittings and Wanaka depot upgrade.
 - Whare Rūnaka over \$1,490,000 – timing due to this year's budget only including half of Council's \$11.2M contribution with the other half budgeted in the previous 2023-24 financial year. Actual expenditure includes an initial capital contribution payment of \$6,870,000.

Statement of Financial Position

- [19] Key items to note in the Statement of Financial Position are:
- Total equity as at 30 June 2025 is \$925,440,000 which is an increase of \$64,646,000 over the year.
 - Cash on hand is \$29,892,000.
 - The managed fund balance is \$28,981,000.
 - Property held for sale has decreased by \$3,550,000 due to the sale of Birch / Kitchener Street.
 - Borrowing is \$175,000,000 which includes Council core debt of \$25,000,000 and on lending to Port Otago of \$149,934,000 million.

Reserves Report

- [20] The Reserves Report provides a summary of Council's reserves and the movements in each reserve over the 2024-25 year.
- [21] Key items to note in the Reserves Report are:
- Port Revaluation Reserve has increased by \$55,400,000 for this year's revaluation.
 - Building Reserve has decreased due to Whare Rūnaka capital expenditure.
 - New reserves have been created for the historic transport balances to show these separately from any operational surpluses / deficits from 1 July 2024.

Treasury Report

- [22] Key items to note in the Treasury Report are:
- The Managed Fund has increased \$2,607,000 over the year (\$534,000 ahead of budget).
 - This includes an increase in the current quarter of \$910,000.
 - Council's weighted average cost of debt is 4.71%.

CONSIDERATIONS

Strategic Framework and Policy Considerations

[23] Not applicable.

Financial Considerations

[24] Not applicable.

Significance and Engagement Considerations

[25] Not applicable.

Legislative and Risk Considerations

[26] Not applicable.

Climate Change Considerations

[27] Not applicable.

Communications Considerations

[28] Not applicable.

NEXT STEPS

[29] Audit commences on 18 August 2025, and the draft Annual Report is due to the Audit and Risk Subcommittee on 17 September 2025. The final Annual Report will go to Council for adoption on 25 September 2025.

ATTACHMENTS

1. Statement of Comprehensive Review Expenditure and Activity Reports Jun-2025 [**9.1.1** - 8 pages]
2. Statement of Financial Position Jun-2025 [**9.1.2** - 1 page]
3. Reserves Report Jun-2025 [**9.1.3** - 1 page]
4. Treasury Report Jun-2025 [**9.1.4** - 1 page]

Activity Performance Report

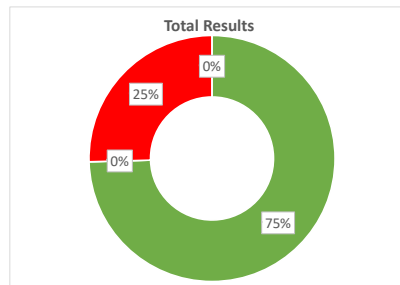
2024-25 QUARTER FOUR – @ JUNE 2025



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Service Delivery Performance

The 2024-25 Annual Plan contains 35 level of service statements, 56 measures and 59 targets related to activities being delivered in the 2024-25 year.



On Track / Achieved **44**

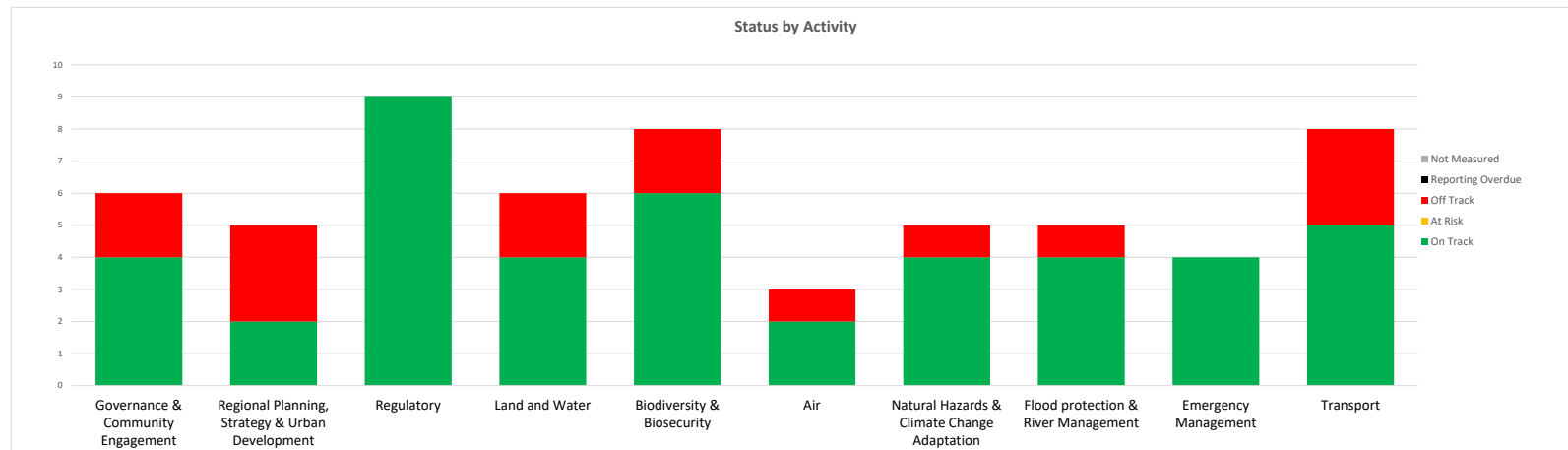
Partially Achieved **0**

Not Achieved **15**

Reporting Overdue **0**

Not Measured **0**

A full list of measures, targets and the results for each quarter is included at the end of this report.



REGIONAL LEADERSHIP									
Governance & Community Engagement					Q1	Q2	Q3	Q4	COMMENT
Percentage of official information requests responded to within 20 working days of being logged - Target: 100%									As 100% compliance is required, and we have achieved 98.23% compliance we are off target.
Deliver our Long-Term Plan, annual reviews of the LTP, and reporting of performance against plan as per the statutory requirements - Target: Annual Plan adopted by council prior to 30 June 2025; Council financial and activity performance against the Year 3 LTP 2021-31 reported to Council by October 2024.									Annual Report 2023-24 was completed as per statutory regulations and timeframes. The 2025-26 Annual Plan process is complete, the AP was adopted on 25 June 2025; the target has been met.
Percentage of council agendas are publicly available two working days or more before a meeting - Target: 100%									100% on target

Biannual survey is conducted to understand and improve community awareness, perceptions and expectations of ORC - Target: Report against the action plan to Council by March 2025.					The report on the action plan was delivered on 26 June, representing a delay of three months from the original target date.
Customers express high levels of satisfaction with customer service provision - Target: Develop Customer Policy to determine satisfaction levels					The Customer Policy has been developed and the customer satisfaction benchmark is set at 85%.
Increase opportunities for engagement with diverse groups across Otago to lift awareness and understanding of the work of the regional council and seek feedback on performance Target: Create and implement engagement plan and establish engagement data					A stakeholder engagement programme has been developed and implementation is underway via a programme of strategic engagement events approved by Council. Engagement data has been established from these events.
Regional Planning, Strategy & Urban Development	Q1	Q2	Q3	Q4	COMMENT
Support integrated and well managed urban growth across Otago - Target: Joint Queenstown future development strategy completed by 30 June 2025					As the Housing and Business development capacity assessments (HBCA) for the joint ORC QLDC FDS (Spatial Plan Gen 2.0) is delayed, it is uncertain when the FDS will be notified to the public, heard by a Panel and completed.
Support integrated and well managed urban growth across Otago - Target: Consultation on maps of highly productive land completed by 31 December 2024					Central government has confirmed that there will be changes to the NPS HPL including the deadline for completing any mapping. Progress within this measure is not currently within our scope of control.
Develop a regional biodiversity strategy and implement ORC actions. Target: Draft regional biodiversity strategy is made available for public consultation by 30 June 2025					The draft Biodiversity Strategy was endorsed by Council for public consultation on 25 June 2025.
Develop a Regional Air Quality Strategy and implement ORC actions. Target: Draft Regional Air Quality Strategy is made available for public consultation along with the revised Air Plan by 30 June 2025.					The draft Air Quality Strategy was considered during an Environmental Strategy and Policy committee workshop on 26 June 2025. A paper will be brought to Council seeking endorsement of the draft Air Quality Strategy prior to public consultation in August. This is two months behind the due date set by the Level of Service measure.
Develop a Regional Climate Change Strategy and implement ORC actions -Target: ORC actions from the Regional Climate Change Strategy are implemented, and the effectiveness of the strategy is monitored and reported to Council annually.					A report was brought to Council in June 2025 detailing the implementation and effectiveness of the climate strategy, as required by the Level of Service measure.
Regulatory	Q1	Q2	Q3	Q4	COMMENT
Maintain 24-hour/7 day a week response for environmental incidents - Target: Pollution hotline staff available/on call 24/7					Pollution hotline call has been available/on call 24/7. Target met.
Maintain 20 appropriately trained responders for maritime oil pollution incidents -Target: 20 responders attend 3 exercises per year					Maintained 20 appropriately trained responders and 3 exercises were attended. Target achieved.
Percentage of resource consent applications processed in accordance with Resource Management Act 1991 legislative timeframes - Target: ≥98%					100% of consents have been processed within timeframes since the start of the new financial year.
Percentage of performance monitoring returns completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets - Target: ≥90%					Already passed end of year target of 8,794 with 7,698 returns processed. We are at 147%.
Percentage of significant non-compliance identified where action is taken in accordance with Compliance Policy - Target: 100%					100%. Target met.
Percentage of programmed inspections/audits completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets - Target: ≥90%					We have achieved 125% of the planned compliance audits / inspections.
Maintain compliance with Port and Harbour Marine Safety Code - Target: External review is completed and deemed to be code consistent.					Port and Harbour Marine safety report was undertaken in November, reported to Council on June and deemed to be code consistent.
The safety campaign for recreational 'boaters' is delivered - Target: 80% achieved					100%. Target met.
Percentage of public enquiries for consent information completed within 10 working days - Target: Maintain or increase					100% (1966) public enquiries were answered within 10 working days.

	On Track	At Risk	Off Track	Not Measured	Reporting Overdue
ENVIRONMENT					
Land and Water	Q1	Q2	Q3	Q4	COMMENT
Complete the Land and Water Regional Plan (LWRP) - Target: Freshwater hearing panel nominations and required documents submitted to Chief Freshwater Commissioner by 30 June 2025.					The pLWRP and the section 32 report were ready for notification decision by end of October 2024, but this decision has been deferred due to legislative change.
ORC led and community/landowner supported workshops and events are delivered which promote best practice land management for soil conservation, water quality and/or the efficient use of water. Target: At least 12 ORC led workshops or events are delivered annually					30 ORC-led or co-led events delivered so target exceeded for the year.
Site specific projects are developed for selected degraded waterbodies - Target: New projects and associated milestones are developed and reported to Council					The funding has been reallocated to other projects of work. No new site-specific projects developed for selected degraded waterbodies.
Site specific projects are developed for selected degraded waterbodies - Target: Project actions have been progressed as scheduled (>80%)					82.4% of actions were progressed as scheduled, for each of the following projects. Target met.
Catchment Action Plans (CAPs) give effect to the ICM programme and are developed in partnership with iwi and in collaboration with the community. Target: One Catchment Action Plan (CAP) to be presented to Council for approval by 30 June 2025					Catlins CAP (first CAP) was presented by the Group and endorsed by Council 20 November 2024. Target met.
Report the results of environmental monitoring for freshwater, land use, estuarine, and regional coastal environments. Target: Annual report for each of the 4 environments to Council prior to 30 June 2025.					Monitoring results from all four environments were reported to the 4 June Science and Resilience committee meeting prior to end-June 2025 achieving the measure.
Biodiversity & Biosecurity	Q1	Q2	Q3	Q4	COMMENT
Actions within the Biosecurity Operational Plan (BOP) are identified and progressed - Target: 100% of targets for priority pests are delivered.					96% (24/25) of measurable targets achieved. Target substantively met.
Actions within the Biosecurity Operational Plan (BOP) are identified and progressed - Target: 90% of actions achieved within timeframes specified.					Overall, 79% of actions within the BOP are achieved within specified timeframes. 67% (22/33) of measurable non-priority pests targets achieved. One action have been deferred to the next FY. Seven remaining targets were partially achieved (mainly administration targets). 96% of priority pests achieved.
Externally funded biosecurity projects/programmes are implemented as per their agreements - Target: 90% of deliverables in the agreements with Central Government are progressing as scheduled					100% of deliverables in the agreements with Central Government were progressed as scheduled. Target met.
Biodiversity Forum-based joint projects to enhance indigenous biodiversity are developed - Target: New projects and associated milestones are developed and reported to Council and forum partners					Project ideas and associated milestones have been developed and discussed with forum partners via the Otago Biodiversity Forums held throughout the year. A year end review will be presented to the 4 September Environmental Delivery Committee after the financial year enabling the collection and analysis of relevant data required for reporting.
Joint projects are implemented against milestones - Target: Project actions have been progressed as scheduled (>80%)					Project actions during the year have been progressed as scheduled. Target met.

Alignment between initiatives and deliverables receiving Council funding, and Council's strategic biodiversity strategic objectives - Target: 80% alignment						Initiatives and deliverables receiving Council funding fully align (100%) with Council's strategic biodiversity strategic objectives. Target met.
Externally funded freshwater projects/programmes are delivered as per their agreements - Target: 90% of deliverables in the agreements with Central Government are progressing as scheduled						100% of deliverables in the agreements with Central Government were progressed as scheduled. Target met.
Report the results of environmental monitoring for regional indigenous biodiversity ecosystems - Target: Annual report completed prior to 30 June 2025						The results of environmental monitoring for regional indigenous biodiversity ecosystems was present to the Science and Resilience committee meeting on 4 June 2025.
Air		Q1	Q2	Q3	Q4	COMMENT
Implement a regional air monitoring programme - Target: Annual report on monitoring programme completed and reported to Council						Target achieved. Air quality report was presented for noting at the 4 June Science and Resilience Committee. A media release accompanied the annual report.
Report the results of environmental monitoring for air. - Target: Annual report for air monitoring for previous financial year reported to Council by 30 Sept 2024. Note: ≥95% = achieved						2024 Calendar year air quality report was taken to the June 2025 to Science and Resilience Committee. Instruments were operational and recording data for 96% of the year as described in the report, exceeding the 95% target.
Complete review of the Regional Plan Air - Target: Council approves Regional Plan Air for notification by 30 June 2025						An additional round of public engagement will occur in either August or October/ November. This will cause a delay in notifying the plan until at least early 2026.

On Track

At Risk

Off Track

Not Measured

Reporting Overdue

CLIMATE CHANGE AND RESILIENCE						
Natural Hazards & Climate Change Adaptation	Q1	Q2	Q3	Q4		COMMENT
Natural Hazards information is available via the web-based Otago Natural Hazards Database - Target: Database is accessible and up-to-date 100% of the time						Database has been highly accessible (364 days out of 365, 99.7% of the time).
Percentage of flood warnings that are issued in accordance with the flood warning manual - Target: 100%						24 hour flood management and response system operated during the reporting period. 100% target met.
Implement the findings of the regional natural hazards risk assessment and inform adaptation planning and implementation - Target: Implementation and additional assessments of natural hazards and risks based on the findings of the Otago Natural Hazards Risk Assessment. Phased delivery Yr 1 to 10						The year 1 deliverable for the risk assessment is the presentation of the Otago Natural Hazards Exposure Assessment. This assessment was presented to and endorsed by ORC Science and Resilience Committee in June 2025.
Implement prioritised natural hazard risks adaptation works - Target: The first Head of Lake Whakatipu natural hazards adaptation strategy completed by 31 December 2024; Actions developed, implemented and reviewed, as per Head of Lake Whakatipu natural hazard adaptation strategy.						A revised schedule for delivering the first iteration of the strategy is now set for early 2025, which meant that the original target of December 31, 2024 was not met. The Head of the Lake Whakatipu Natural Hazards Adaptation Strategy has now been endorsed by the Council, and we are in the process of initiating the implementation phase.
Implement prioritised natural hazard risks adaptation works - Target: Support the South Dunedin Future Programme - South Dunedin Future natural hazards adaptation plan progresses as per annual work plan						The timeline of the South Dunedin Future Programme has been revised, the expected final delivery date for the programme was not affected (2026). The programme is on track in accordance with the new timeline.
Flood protection & River Management	Q1	Q2	Q3	Q4		COMMENT

Percentage of scheme renewals programme: Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents. - Target: > 85% of renewal programmes completed					To date, we have 86% of our renewals projects that have achieved their planned end of FY target status. Six of the seven project tracked have achieved target
Percentage of scheme maintenance programme: Major flood protection drainage and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents. - Target: > 85% of planned maintenance programme completed					Scheduled maintenance program for 2024/2025 financial year is 100% complete with 114 tasks across Lower Clutha, Toko, Lower Taieri, East & West drainage schemes complete.
Percentage of planned maintenance programme: Channel works are maintained, repaired, and renewed to the key standards defined in relevant planning documents - Target: >85% of planned maintenance programme completed					As of 30 June 2025, 524 maintenance tasks have been completed. This includes 390 planned inspections, 48 programmed works and 86 reactive works. This brings a total of 524/604 (86.75%) works completed for the 24-25 FY. Meeting the target of 85%.
Respond within defined timelines for reported issues and to flood events in a timely manner - Target: Flood repair programme: Damage identified, prioritised and a repair programme is made available to affected communities within 3 months of the event/100%.					There was one flood event (October 2024) that resulted in damage occurring during the 2024/25 financial year. The flood recovery programme was updated and shared on 23 December, within the required three month timeframe of this level of service. This performance measure has been achieved for the 2024/25 financial year.
Respond within defined timelines for reported issues and to flood events in a timely manner - Target: Reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days.					The 3/338 enquiries were responded to 3 days beyond the 20 working day target timeframe. This is at 99.1%
Emergency Management	Q1	Q2	Q3	Q4	COMMENT
Emergency Management Otago staff are available to respond 24/7 to a Civil Defence emergency - Target: Maintain a duty roster for 24/7 365 coverage for initial responses to Civil Defence emergencies					New duty roster coverage in place and operational, three staff members are available at all times after hours. Target met.
Provide a regional coordination facility (ECC) capable of coordinating a region-wide emergency - Target: An appropriate facility as defined in the CDEM Partnership Agreement is available for immediate activation.					The Annex building has been established as a full-time hot facility. In alignment with the CDEM Partnership Agreement, the site is equipped with the necessary infrastructure, workspace, and adequately trained personnel to support sustained 24-hour operations when required. The facility is maintained in a state of readiness, allowing for immediate activation without the need for setup or lead-in time.
Support is provided to Emergency Management Otago to fulfil Otago CDEM Group requirements as defined in the CDEM Act and CDEM - Target: Fulfil all requirements as the administering authority and the Otago CDEM Partnership Agreement					All admin matters are being delivered as per partnership agreement. Target met.
Provide a regional coordination facility (ECC) capable of coordinating a region-wide emergency - Target: Adequate staff (as defined in the Group Training and Capability Strategy) are trained and capable to coordinate a region wide response					
<div><div>On Track</div><div>At Risk</div><div>Off Track</div><div>Not Measured</div><div>Reporting Overdue</div></div>					
TRANSPORT					
Transport	Q1	Q2	Q3	Q4	COMMENT
Percentage of scheduled services on-time (punctuality – to five minutes) - Target: 95%					Average punctuality for Dunedin is 85.7% Average punctuality for Queenstown is 90%. Both failed to meet the target.

Overall passenger satisfaction with Dunedin Public Transport system at annual survey - Target: Maintain or increase 3 yr rolling average >=90%		Off Track	Satisfaction survey results show the Overall Satisfaction measure at 90%. This is an increase of 2% compared to 2024. The Overall Satisfaction level for Dunedin PT for 2024 was 88%, and for 2023 was 86%. While overall satisfaction with Dunedin PT increased in 2025 from 2024, the 3-year rolling average at 88% is below target.
Annual public transport boardings in Queenstown - Target: Increase		On Track	Queenstown bus patronage is up by 4% for the financial year compared to last financial year. 1,966,086
Annual public transport boardings in Dunedin - Target: increase		On Track	Dunedin bus partonage is up by 3% compared to last financial year. 3,492,560.
Percentage of scheduled services delivered (reliability) - Target: 95%		On Track	Dunedin 99.7% Queenstown 99.4%
Overall passenger satisfaction with Whakatipu Public Transport system at annual survey - Target: Maintain or increase 3yr rolling average >=90%		On Track	Satisfaction survey results show the Overall Satisfaction measure at 92% for 2024/2025. This is an increase of 1% from 2023/2024. The rolling average for the past 3 years is 92% which is above target.
Percentage of users who are satisfied with the provision of timetable and services information - Target: Maintain or increase 3 yr rolling average >=90%		Off Track	The Dunedin network timetable and services information satisfaction for rolling 3 year average is 87%. The Whakatipu network timetable and services information for rolling 3 year average is also 87%. Both failed to meet the target.
Percentage of users who are satisfied with the overall service of the Total Mobility scheme- Target: Maintain or increase 3 yr rolling average >=90%		On Track	The current 3-year rolling average is 96.6% which is above target.

On Track

At Risk

Off Track

Not Measured

Reporting Overdue

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2025	June Current Year	June-2024 Prior Year	Year to Date Variance	June-2025 Current Year
\$'000	Actual	Actual		Budget
Assets				
CURRENT ASSETS				
Cash and cash equivalents	18,387	13,605	4,782	2,455
Trade and other receivables	15,854	17,139	(1,285)	18,180
Property held for sale	0	3,350	(3,350)	0
Related party receivable	57,102	38,480	18,622	0
Other financial assets	29,892	27,284	2,607	29,181
Other Current Assets	1,281	1,561	(280)	1,433
Borrower Notes	125	0	125	0
Total Current Assets	122,640	101,419	21,222	51,249
NON-CURRENT ASSETS				
Shares in subsidiary	788,120	732,720	55,400	780,239
Property, plant and equipment	104,523	96,161	8,362	109,835
Intangible assets	157	408	(251)	2,025
Related party receivable	92,832	75,198	17,634	150,088
Investment Property	17,000	16,850	150	17,134
Borrower Notes	500	500	0	500
Total Non-Current Assets	1,003,132	921,838	81,295	1,059,821
Total Assets	1,125,773	1,023,256	102,516	1,111,070
Liabilities				
CURRENT LIABILITIES				
Trade and other payables	21,130	20,281	849	22,594
Employee entitlements	4,047	3,293	753	2,716
Borrowings	67,169	48,359	18,810	69,878
Other	154			
Total Current Liabilities	92,501	71,934	20,412	95,188
NON-CURRENT LIABILITIES				
Non current borrowings	107,832	90,528	17,304	110,438
Total Non-Current Liabilities	107,832	90,528	17,304	110,438
Total Liabilities	200,332	162,462	37,716	205,626
NET ASSETS	925,440	860,794	64,800	905,444
Equity				
PUBLIC EQUITY				
Public Equity	114,125	102,467	11,658	120,576
Total Public Equity	114,125	102,467	11,658	120,576
RESERVES				
Reserves	811,316	758,328	52,988	784,868
Total Reserves	811,316	758,328	52,988	784,868
TOTAL EQUITY	925,440	860,794	64,646	905,444

SUMMARY OF RESERVES

AS AT 30 JUNE 2025	Opening Balance	Transfers	Transfers	Closing Balance
\$'000	1-Jul-2024	In	Out	30-Jun-2025
GENERAL RESERVES				
General Rates Reserve	59,585	104,220	(94,579)	69,226
Asset Replacement Reserve	3,329	5,709	(926)	8,112
Building Reserve	14,305	300	(7,090)	7,515
Emergency Response Reserve	4,801	124	-	4,925
Kuirwao Endowment Reserve	7,294	204	(881)	6,617
Asset Revaluation Reserve	15,879	150	-	16,029
Port Share Revaluation Reserve	712,720	55,400	-	768,120
Total General Reserves	817,913	166,107	(103,476)	880,544
TARGETED RESERVES				
River Management				
River Management Central	268	383	(532)	119
River Management Clutha	(630)	443	(580)	(767)
River Management Dunedin	650	240	(650)	240
River Management Queenstown Lakes	896	121	(556)	461
River Management Wanaka	(105)	105	-	-
Lakes Hayes Restoration	(735)	735	-	-
Shotover Delta	270	-	(270)	-
Stoney Creek	166	-	(166)	-
River Management Waitaki	1,129	589	(581)	1,137
Flood & Drainage				
Alexandra Flood	7	353	(228)	132
Leith Flood	(12,998)	4,728	(2,100)	(10,370)
Lower Clutha Flood & Drainage	(838)	2,141	(5,764)	(4,461)
Lower Taieri Flood	4,975	2,463	(7,487)	(49)
West Taieri Drainage	(2,417)	3,121	(2,651)	(1,947)
East Taieri Drainage	(270)	1,255	(1,445)	(460)
Tokomairiro Drainage	51	175	(294)	(68)
Lower Waitaki Flood	(67)	67	-	-
Transport				
Dunedin Transport	-	27,428	(27,788)	(360)
Dunedin Transport - Historic Balance	(11,978)	1,810	(277)	(10,445)
Queenstown Transport	-	11,468	(10,936)	532
Queenstown Transport - Historic Balance	(2,234)	463	(50)	(1,821)
Oamaru Transport	-	51	-	51
Other				
Catchment Management	-	8,025	(7,065)	960
Rural Water Quality	607	-	(607)	-
Biosecurity	(1,474)	5,070	(4,551)	(955)
Wilding Pines	(650)	2,110	(2,277)	(817)
Emergency Management	(93)	3,813	(3,727)	(7)
Navigational Safety	-	860	(948)	(88)
Dairy Monitoring	(37)	210	(185)	(12)
Infrastructure Assets Reserve	68,389	10,214	(4,711)	73,892
Total Targeted Reserves	42,882	88,441	(86,426)	44,897
TOTAL RESERVES	860,794	254,548	(189,902)	925,440

TREASURY REPORT

AS AT 30 June 2025 \$'000	June 2025 Actual	June 2024 Budget	Variance	Summary by Quarter			
Cash and Term Deposits							
BALANCES	Jun-2025	Jun-2024	YTD Movement	24/25 Q1 Sep-24	24/25 Q2 Dec-24	24/25 Q3 Mar-25	24/25 Q4 Jun-25
Cash	18,387	13,605	4,782	11,492	21,356	5,046	18,387
Term Deposits		0	0	0	10,000	20,500	0
Cash and Term Deposits	18,387	13,605	4,782	11,492	31,356	25,546	18,387
Managed Fund							
ASSET ALLOCATION	Jun-2025	Jun-2024	YTD Movement	24/25 Q1 Sep-24	24/25 Q2 Dec-24	24/25 Q3 Mar-25	24/25 Q4 Jun-25
Cash	1,785	2,290	(505)	2,891	1,776	1,614	1,785
NZ Fixed Interest	10,075	10,234	(160)	10,266	10,693	10,061	10,075
International Fixed Interest	2,934	2,911	22	2,972	2,907	2,893	2,934
Total - Defensive	14,794	15,436	(642)	16,129	15,377	14,567	14,794
NZ Property	896	752	144	808	781	848	896
NZ Equities	5,127	3,756	1,371	3,946	4,468	4,971	5,127
Australian Equities	4,654	3,734	920	3,988	4,228	4,304	4,654
International Equities	4,421	3,606	815	3,602	4,516	4,291	4,421
Total - Growth	15,098	11,848	3,250	12,344	13,993	14,414	15,098
Total Managed Fund Balance	29,892	27,284	2,607	28,473	29,369	28,981	29,892
PORTFOLIO PERFORMANCE							
	YTD Actual	YTD Budget	Variance	24/25 Q1 Sep-24	24/25 Q2 Dec-24	24/25 Q3 Mar-25	24/25 Q4 Jun-25
Interest	454	400	54	64	169	65	156
Dividends	497	350	147	188	90	118	101
Other (Fees)	(126)		(126)	(31)	(32)	(31)	(32)
Market Value Gain / (Loss)	1,782	1,324	458	968	669	(540)	685
Desposit / (Withdrawal)			0	0	0	0	0
Total Portfolio Performance	2,607	2,074	534	1,188	897	(387)	910
Borrowings							
LGFA DEBT	Jun-2025	Jun-2024	YTD Movement				
Council	25,000	25,000	0				
Port Otago	149,934	113,678	36,256				
Total LGFA Debt	174,934	138,678	36,256				
COUNCIL DEBT	Amount	Maturity	Rate				
Commercial Paper	5,000	Dec-2025	3.46%				
Floating Rate Note	5,000	Apr-2029	4.52%				
Fixed Rate Bond	5,000	Apr-2026	5.70%				
Floating Rate Note	5,000	Apr-2027	4.19%				
Fixed Rate Bond	5,000	Apr-2028	5.70%				
Total Council Debt	25,000		4.71%				

9.2. Non-Financial Activity Performance as at Quarter 4 2024-25

Prepared for: Finance Committee
Report No. GOV2600
Activity: Governance Report
Author: Vanessa Vidallon, Corporate Planning Business Partner
Endorsed by: Amanda Vercoe, General Manager Strategy and Customer
Date: 28 August 2025

PURPOSE

- [1] To present the Council's Activity Performance Reports for the 12-month period ended 30 June 2025.

EXECUTIVE SUMMARY

- [2] The Activity Performance Report shows non-financial performance against the measures and targets defined for year one in the Long-Term Plan 2024-2034 (LTP).
- [3] The LTP provides detailed targets for years one to three, and in less detail for years four to ten. These measures and targets are periodically reviewed as part of the Annual Plan process, to reflect improvement in how ORC measures performance, and changes in the understanding and expectations of performance.
- [4] This report is concerned with year one, being the 2024-25 financial year and there are 59 LTP service measures with targets for expected performance.
- [5] Of the 59 LTP service measures, 44 achieved their targeted performance and 15 fell short of their targeted performance (including several narrow-margin misses).
- [6] The 'Discussion' section talks to the different categories of service performance achievement. The attachment to this report provides the detailed results for quarter four.
- [7] We will continue to review and improve our performance approach.

RECOMMENDATION

That the Committee:

- 1) **Notes** this report.
- 2) **Notes** that the attached Activity Performance Report for the period 1 July 2024 to 30 June 2025 being quarter four of the 2024-25 financial year.
- 3) **Notes** that the full audited performance results are included in the Statement of Service Provision (SSP) section of the Annual Report 2024-25, which will be presented to the Audit and Risk Sub-committee and Council in September 2025.

BACKGROUND

- [8] This report includes non-financial performance information relating to the service delivery activities in the Long-Term Plan for year one, 2024-25. Progress over the 2024-25 financial year has been reported to the Finance Committee on a quarterly basis, to underpin these final full year results.

DISCUSSION

- [9] The attachment shows activity performance recorded against the service measures and targets included in the Long-Term Plan for year one. As of 30 June 2025, there are 59 LTP service targets, 44 achieved their targeted performance and 15 fell short of their targeted performance.

Achieved (green)

- [10] 44 LTP service targets were successfully achieved, representing 75% of all planned service performance. Notable achievements include:
- 147% of performance monitoring returns completed, exceeding the target of >90%.
 - 125% of programmes inspections/audit completed, exceeding the target of >90%.
 - 30 ORC-led workshops or events were delivered, well above the target of 12.
 - 100% of externally funded biosecurity and freshwater projects/programmes implemented/delivered as per agreements with central government.
 - South Dunedin Future Programme remains on track despite timeline revisions due to data limitations, final delivery date unaffected.
 - 100% completion of the flood protection drainage scheme maintenance programme, exceeding the target of 85%.
 - 100% of Emergency Management service measures met their targets.
 - 96% 3-year rolling average satisfaction with the Total Mobility scheme, exceeding the 90% target.
 - 99% of scheduled bus services delivered (reliability), exceeding the target of 95%.

Not achieved (red)

- [11] 15 LTP service targets fell short of their targeted performance (25%), including 3 unable to be progressed due to Council awaiting direction from central government and 4 narrowly missing their LTP stated target. These service measures include:
- Governance and Community Engagement Activity, and the following targets:
 - Timeliness of response to official information requests. LTP stated target is 100%.
As of 30 June 2025, 98.2% of requests has been responded to within the legal timeframes, narrowly missing the LTP stated target.
 - Report against the 2023 community survey action plan to Council by March 2025.
The report on the action plan was presented to Council on 26 June 2025, representing a delay of three months from the LTP stated target.

- Regional Planning Activity, and the following targets:
 - Joint Queenstown future development strategy completed by 30 June 2025.
The delay in completing the Housing and Business Development Capacity Assessment (HBCA) for the joint ORC-QLDC Future Development Strategy (i.e. Spatial Plan Gen 2.0) impacts this target. It is uncertain when the Future Development Strategy will be notified to the public, heard by a Panel and completed.
 - Consultation on maps of highly productive land completed by 31 December 2024.
Central government has indicated changes to the National Policy statement for Highly Productive Land, causing a delay in adding highly productive land maps to the RPS.
 - Draft Regional Air Quality Strategy is made available for public consultation along with the revised Air Plan by 30 June 2025.
The draft Air Quality Strategy was considered at the Environmental Strategy and Policy Committee workshop on 26 June 2025. A report is scheduled for submission to Council in August to seek endorsement ahead of public consultation. This process is currently two months behind the LTP stated target.
- Land and Water activity, and the following targets:
 - Freshwater hearing panel nominations and required documents submitted to Chief Freshwater Commissioner by 30 June 2025.
The proposed Otago Land and Water Regional Plan [pLWRP] and the section 32 report were ready for notification decision by end of October 2024, but this decision has been deferred due to legislative change.
 - New projects and associated milestones for selected degraded waterbodies are developed and reported to Council.
This work is currently on hold following a Council decision in November 2024 to reallocate this funding to other projects of work.
- Biodiversity and Biosecurity, and the following targets:
 - Delivery of 'priority pests' actions within the Biosecurity Operational Plan - LTP stated target is 100%.
96% (24/25) of measurable targets achieved, narrowly missing the LTP stated target.
 - Actions within the Biosecurity Operational Plan are achieved within specified timeframes – LTP stated target is 90%.
Overall, 79% of actions within the BOP are achieved within specified timeframes. This service performance breaks down as 67% of measurable non-priority pests targets achieved and 96% of priority pests achieved.
- Air activity, and the target of Council approving the Regional Plan Air for notification by 30 June 2025.

An additional round of public engagement will occur in either August or October/November. This will cause a delay in notifying the plan until at least early 2026.

- Natural Hazards and Climate Change activity, and the targets of completing the first 'Head of Lake Whakatipu Natural Hazards Adaptation' strategy and actions developed, implemented and reviewed as per the adaptation strategy.
The 31 December 2024 delivery target has been revised to allow sufficient time for community feedback and final decision-making. The Natural Hazards Adaptation strategy was endorsed by Council in May 2025 and is in the process of initiating the implementation phase.
- Flood protection and River management activity, and the target of communicating issues to affected landholders within 20 working days.
3 out of 338 enquiries were responded to 3 days beyond the 20-working day target timeframe. This is at 99.1% compliance, fractionally missing the LTP stated target.
- Transport activity, and the following targets:
 - 95% of scheduled services are on time (punctuality – to five minutes).
Average punctuality for Dunedin is 85.7% and for Queenstown is 90%.
Services are heavily affected in both Dunedin and Queenstown by extensive road works, road closures and heavy congestion.
 - Overall passenger satisfaction with Dunedin Public Transport system at annual survey.
The 3-year rolling average at 88% is below the 90% target, narrowly missing the LTP stated target.
 - Maintaining or increase a 3-year rolling average of 90% for users who are satisfied with the provision of timetable and services information.
The Dunedin network timetable and services information satisfaction for rolling 3-year average is 87%.
The Whakatipu network timetable and services information for rolling 3-year average is also 87%.
Both failed to meet the target.

Partially achieved (yellow)

- [12] There were no LTP service targets considered to be partially achieved. Partial performance has been used where a pre-defined level of measurable progress can be demonstrated or in relation to reports which have been completed and work delivered, but where the reporting timeframe did not meet the LTP stated target date.

Continuous Improvement

- [13] We will continue to review and improve our performance approach – increasing the clarity of expected performance to drive stronger accountability, moving away from stacked targets (there are currently two performance targets with combined reporting), and including the future introduction of tolerance bands to enable a more robust and consistent reporting framework.

OPTIONS

- [14] There are no options as this is a noting report.

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [15] This report is completed within the planning and reporting framework defined in Council's Long-Term Plan.

Financial Considerations

- [16] This report compliments the Financial Performance Report also provided to this 28 August 2025 Finance Committee meeting.

Significance and Engagement Considerations

- [17] No considerations.

Legislative and Risk Considerations

- [18] Quarterly, and monthly activity performance reporting is not a legal requirement, but rather satisfies the level of oversight requested by Otago's elected regional councillors. It is provided in addition to the legally required Annual Report.
- [19] The Annual Report 2024-25 is being prepared and is subject to an external audit process. The audited performance results will be included in the Statement of Service Provision (SSP) section of the Annual Report 2024-25, which will be presented to the Audit and Risk sub-committee and Council in September 2025.

Climate Change Considerations

- [20] No considerations.

Communications Considerations

- [21] No considerations.

NEXT STEPS

- [22] The final, audited 30 June 2025 results will be presented in the 2024-25 Annual Report to the Council on 25 September 2025.

ATTACHMENTS

1. Activity Performance Report as at Quarter 4 2024-25 [9.4.1 - 7 pages]

Activity Performance Report

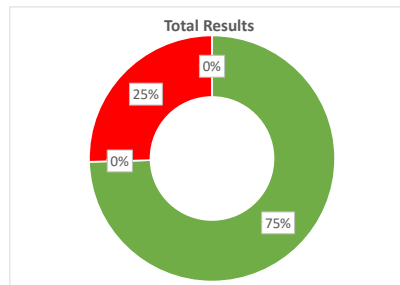
2024-25 QUARTER FOUR – @ JUNE 2025



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Service Delivery Performance

The 2024-25 Annual Plan contains 35 level of service statements, 56 measures and 59 targets related to activities being delivered in the 2024-25 year.



On Track / Achieved **44**

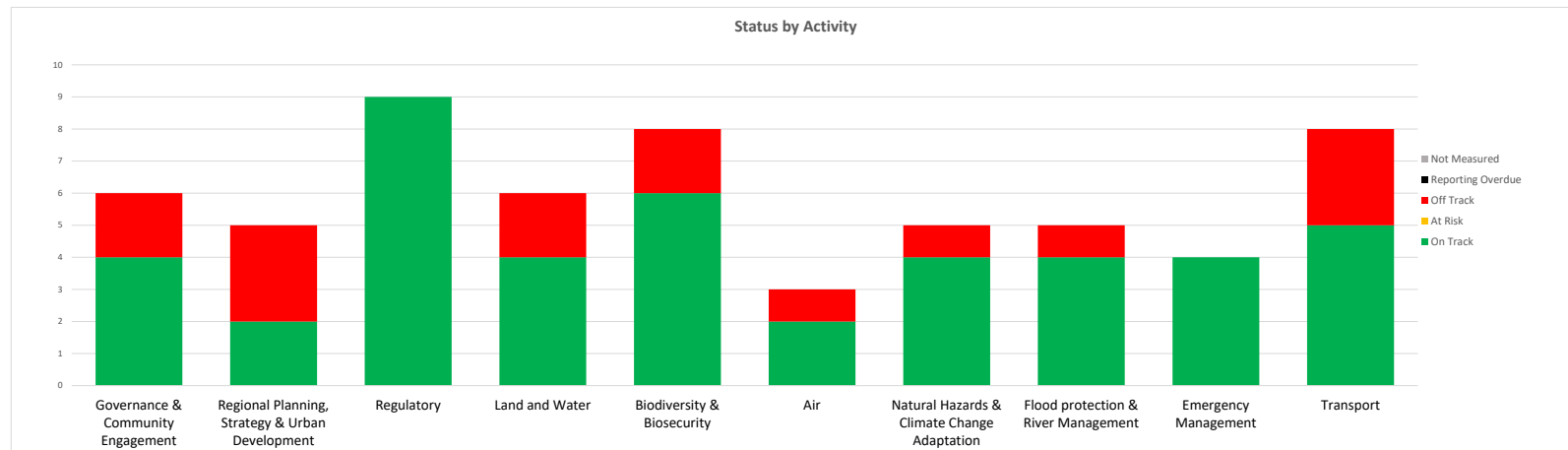
Partially Achieved **0**

Not Achieved **15**

Reporting Overdue **0**

Not Measured **0**

A full list of measures, targets and the results for each quarter is included at the end of this report.



REGIONAL LEADERSHIP									
Governance & Community Engagement					Q1	Q2	Q3	Q4	COMMENT
Percentage of official information requests responded to within 20 working days of being logged - Target: 100%									As 100% compliance is required, and we have achieved 98.23% compliance we are off target.
Deliver our Long-Term Plan, annual reviews of the LTP, and reporting of performance against plan as per the statutory requirements - Target: Annual Plan adopted by council prior to 30 June 2025; Council financial and activity performance against the Year 3 LTP 2021-31 reported to Council by October 2024.									Annual Report 2023-24 was completed as per statutory regulations and timeframes. The 2025-26 Annual Plan process is complete, the AP was adopted on 25 June 2025; the target has been met.
Percentage of council agendas are publicly available two working days or more before a meeting - Target: 100%									100% on target

Biannual survey is conducted to understand and improve community awareness, perceptions and expectations of ORC - Target: Report against the action plan to Council by March 2025.					The report on the action plan was delivered on 26 June, representing a delay of three months from the original target date.
Customers express high levels of satisfaction with customer service provision - Target: Develop Customer Policy to determine satisfaction levels					The Customer Policy has been developed and the customer satisfaction benchmark is set at 85%.
Increase opportunities for engagement with diverse groups across Otago to lift awareness and understanding of the work of the regional council and seek feedback on performance Target: Create and implement engagement plan and establish engagement data					A stakeholder engagement programme has been developed and implementation is underway via a programme of strategic engagement events approved by Council. Engagement data has been established from these events.
Regional Planning, Strategy & Urban Development	Q1	Q2	Q3	Q4	COMMENT
Support integrated and well managed urban growth across Otago - Target: Joint Queenstown future development strategy completed by 30 June 2025					As the Housing and Business development capacity assessments (HBCA) for the joint ORC QLDC FDS (Spatial Plan Gen 2.0) is delayed, it is uncertain when the FDS will be notified to the public, heard by a Panel and completed.
Support integrated and well managed urban growth across Otago - Target: Consultation on maps of highly productive land completed by 31 December 2024					Central government has confirmed that there will be changes to the NPS HPL including the deadline for completing any mapping. Progress within this measure is not currently within our scope of control.
Develop a regional biodiversity strategy and implement ORC actions. Target: Draft regional biodiversity strategy is made available for public consultation by 30 June 2025					The draft Biodiversity Strategy was endorsed by Council for public consultation on 25 June 2025.
Develop a Regional Air Quality Strategy and implement ORC actions. Target: Draft Regional Air Quality Strategy is made available for public consultation along with the revised Air Plan by 30 June 2025.					The draft Air Quality Strategy was considered during an Environmental Strategy and Policy committee workshop on 26 June 2025. A paper will be brought to Council seeking endorsement of the draft Air Quality Strategy prior to public consultation in August. This is two months behind the due date set by the Level of Service measure.
Develop a Regional Climate Change Strategy and implement ORC actions -Target: ORC actions from the Regional Climate Change Strategy are implemented, and the effectiveness of the strategy is monitored and reported to Council annually.					A report was brought to Council in June 2025 detailing the implementation and effectiveness of the climate strategy, as required by the Level of Service measure.
Regulatory	Q1	Q2	Q3	Q4	COMMENT
Maintain 24-hour/7 day a week response for environmental incidents - Target: Pollution hotline staff available/on call 24/7					Pollution hotline call has been available/on call 24/7. Target met.
Maintain 20 appropriately trained responders for maritime oil pollution incidents -Target: 20 responders attend 3 exercises per year					Maintained 20 appropriately trained responders and 3 exercises were attended. Target achieved.
Percentage of resource consent applications processed in accordance with Resource Management Act 1991 legislative timeframes - Target: ≥98%					100% of consents have been processed within timeframes since the start of the new financial year.
Percentage of performance monitoring returns completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets - Target: ≥90%					Already passed end of year target of 8,794 with 7,698 returns processed. We are at 147%.
Percentage of significant non-compliance identified where action is taken in accordance with Compliance Policy - Target: 100%					100%. Target met.
Percentage of programmed inspections/audits completed each year, as per the Compliance Audit and Performance Monitoring Schedule targets - Target: ≥90%					We have achieved 125% of the planned compliance audits / inspections.
Maintain compliance with Port and Harbour Marine Safety Code - Target: External review is completed and deemed to be code consistent.					Port and Harbour Marine safety report was undertaken in November, reported to Council on June and deemed to be code consistent.
The safety campaign for recreational 'boaters' is delivered - Target: 80% achieved					100%. Target met.
Percentage of public enquiries for consent information completed within 10 working days - Target: Maintain or increase					100% (1966) public enquiries were answered within 10 working days.

	On Track	At Risk	Off Track	Not Measured	Reporting Overdue
ENVIRONMENT					
Land and Water	Q1	Q2	Q3	Q4	COMMENT
Complete the Land and Water Regional Plan (LWRP) - Target: Freshwater hearing panel nominations and required documents submitted to Chief Freshwater Commissioner by 30 June 2025.					The pLWRP and the section 32 report were ready for notification decision by end of October 2024, but this decision has been deferred due to legislative change.
ORC led and community/landowner supported workshops and events are delivered which promote best practice land management for soil conservation, water quality and/or the efficient use of water. Target: At least 12 ORC led workshops or events are delivered annually					30 ORC-led or co-led events delivered so target exceeded for the year.
Site specific projects are developed for selected degraded waterbodies - Target: New projects and associated milestones are developed and reported to Council					The funding has been reallocated to other projects of work. No new site-specific projects developed for selected degraded waterbodies.
Site specific projects are developed for selected degraded waterbodies - Target: Project actions have been progressed as scheduled (>80%)					82.4% of actions were progressed as scheduled, for each of the following projects. Target met.
Catchment Action Plans (CAPs) give effect to the ICM programme and are developed in partnership with iwi and in collaboration with the community. Target: One Catchment Action Plan (CAP) to be presented to Council for approval by 30 June 2025					Catlins CAP (first CAP) was presented by the Group and endorsed by Council 20 November 2024. Target met.
Report the results of environmental monitoring for freshwater, land use, estuarine, and regional coastal environments. Target: Annual report for each of the 4 environments to Council prior to 30 June 2025.					Monitoring results from all four environments were reported to the 4 June Science and Resilience committee meeting prior to end-June 2025 achieving the measure.
Biodiversity & Biosecurity	Q1	Q2	Q3	Q4	COMMENT
Actions within the Biosecurity Operational Plan (BOP) are identified and progressed - Target: 100% of targets for priority pests are delivered.					96% (24/25) of measurable targets achieved. Target substantively met.
Actions within the Biosecurity Operational Plan (BOP) are identified and progressed - Target: 90% of actions achieved within timeframes specified.					Overall, 79% of actions within the BOP are achieved within specified timeframes. 67% (22/33) of measurable non-priority pests targets achieved. One action have been deferred to the next FY. Seven remaining targets were partially achieved (mainly administration targets). 96% of priority pests achieved.
Externally funded biosecurity projects/programmes are implemented as per their agreements - Target: 90% of deliverables in the agreements with Central Government are progressing as scheduled					100% of deliverables in the agreements with Central Government were progressed as scheduled. Target met.
Biodiversity Forum-based joint projects to enhance indigenous biodiversity are developed - Target: New projects and associated milestones are developed and reported to Council and forum partners					Project ideas and associated milestones have been developed and discussed with forum partners via the Otago Biodiversity Forums held throughout the year. A year end review will be presented to the 4 September Environmental Delivery Committee after the financial year enabling the collection and analysis of relevant data required for reporting.
Joint projects are implemented against milestones - Target: Project actions have been progressed as scheduled (>80%)					Project actions during the year have been progressed as scheduled. Target met.

Alignment between initiatives and deliverables receiving Council funding, and Council's strategic biodiversity strategic objectives - Target: 80% alignment						Initiatives and deliverables receiving Council funding fully align (100%) with Council's strategic biodiversity strategic objectives. Target met.
Externally funded freshwater projects/programmes are delivered as per their agreements - Target: 90% of deliverables in the agreements with Central Government are progressing as scheduled						100% of deliverables in the agreements with Central Government were progressed as scheduled. Target met.
Report the results of environmental monitoring for regional indigenous biodiversity ecosystems - Target: Annual report completed prior to 30 June 2025						The results of environmental monitoring for regional indigenous biodiversity ecosystems was present to the Science and Resilience committee meeting on 4 June 2025.
Air		Q1	Q2	Q3	Q4	COMMENT
Implement a regional air monitoring programme - Target: Annual report on monitoring programme completed and reported to Council						Target achieved. Air quality report was presented for noting at the 4 June Science and Resilience Committee. A media release accompanied the annual report.
Report the results of environmental monitoring for air. - Target: Annual report for air monitoring for previous financial year reported to Council by 30 Sept 2024. Note: ≥95% = achieved						2024 Calendar year air quality report was taken to the June 2025 to Science and Resilience Committee. Instruments were operational and recording data for 96% of the year as described in the report, exceeding the 95% target.
Complete review of the Regional Plan Air - Target: Council approves Regional Plan Air for notification by 30 June 2025						An additional round of public engagement will occur in either August or October/ November. This will cause a delay in notifying the plan until at least early 2026.

On Track

At Risk

Off Track

Not Measured

Reporting Overdue

CLIMATE CHANGE AND RESILIENCE						
Natural Hazards & Climate Change Adaptation	Q1	Q2	Q3	Q4		COMMENT
Natural Hazards information is available via the web-based Otago Natural Hazards Database - Target: Database is accessible and up-to-date 100% of the time						Database has been highly accessible (364 days out of 365, 99.7% of the time).
Percentage of flood warnings that are issued in accordance with the flood warning manual - Target: 100%						24 hour flood management and response system operated during the reporting period. 100% target met.
Implement the findings of the regional natural hazards risk assessment and inform adaptation planning and implementation - Target: Implementation and additional assessments of natural hazards and risks based on the findings of the Otago Natural Hazards Risk Assessment. Phased delivery Yr 1 to 10						The year 1 deliverable for the risk assessment is the presentation of the Otago Natural Hazards Exposure Assessment. This assessment was presented to and endorsed by ORC Science and Resilience Committee in June 2025.
Implement prioritised natural hazard risks adaptation works - Target: The first Head of Lake Whakatipu natural hazards adaptation strategy completed by 31 December 2024; Actions developed, implemented and reviewed, as per Head of Lake Whakatipu natural hazard adaptation strategy.						A revised schedule for delivering the first iteration of the strategy is now set for early 2025, which meant that the original target of December 31, 2024 was not met. The Head of the Lake Whakatipu Natural Hazards Adaptation Strategy has now been endorsed by the Council, and we are in the process of initiating the implementation phase.
Implement prioritised natural hazard risks adaptation works - Target: Support the South Dunedin Future Programme - South Dunedin Future natural hazards adaptation plan progresses as per annual work plan						The timeline of the South Dunedin Future Programme has been revised, the expected final delivery date for the programme was not affected (2026). The programme is on track in accordance with the new timeline.
Flood protection & River Management	Q1	Q2	Q3	Q4		COMMENT

Percentage of scheme renewals programme: Major flood protection and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents. - Target: > 85% of renewal programmes completed					To date, we have 86% of our renewals projects that have achieved their planned end of FY target status. Six of the seven project tracked have achieved target
Percentage of scheme maintenance programme: Major flood protection drainage and control works are maintained, repaired, and renewed to the key standards defined in relevant planning documents. - Target: > 85% of planned maintenance programme completed					Scheduled maintenance program for 2024/2025 financial year is 100% complete with 114 tasks across Lower Clutha, Toko, Lower Taieri, East & West drainage schemes complete.
Percentage of planned maintenance programme: Channel works are maintained, repaired, and renewed to the key standards defined in relevant planning documents - Target: >85% of planned maintenance programme completed					As of 30 June 2025, 524 maintenance tasks have been completed. This includes 390 planned inspections, 48 programmed works and 86 reactive works. This brings a total of 524/604 (86.75%) works completed for the 24-25 FY. Meeting the target of 85%.
Respond within defined timelines for reported issues and to flood events in a timely manner - Target: Flood repair programme: Damage identified, prioritised and a repair programme is made available to affected communities within 3 months of the event/100%.					There was one flood event (October 2024) that resulted in damage occurring during the 2024/25 financial year. The flood recovery programme was updated and shared on 23 December, within the required three month timeframe of this level of service. This performance measure has been achieved for the 2024/25 financial year.
Respond within defined timelines for reported issues and to flood events in a timely manner - Target: Reported issues that have been investigated and appropriate action determined and communicated to affected landholders within 20 working days.					The 3/338 enquiries were responded to 3 days beyond the 20 working day target timeframe. This is at 99.1%
Emergency Management	Q1	Q2	Q3	Q4	COMMENT
Emergency Management Otago staff are available to respond 24/7 to a Civil Defence emergency - Target: Maintain a duty roster for 24/7 365 coverage for initial responses to Civil Defence emergencies					New duty roster coverage in place and operational, three staff members are available at all times after hours. Target met.
Provide a regional coordination facility (ECC) capable of coordinating a region-wide emergency - Target: An appropriate facility as defined in the CDEM Partnership Agreement is available for immediate activation.					The Annex building has been established as a full-time hot facility. In alignment with the CDEM Partnership Agreement, the site is equipped with the necessary infrastructure, workspace, and adequately trained personnel to support sustained 24-hour operations when required. The facility is maintained in a state of readiness, allowing for immediate activation without the need for setup or lead-in time.
Support is provided to Emergency Management Otago to fulfil Otago CDEM Group requirements as defined in the CDEM Act and CDEM - Target: Fulfil all requirements as the administering authority and the Otago CDEM Partnership Agreement					All admin matters are being delivered as per partnership agreement. Target met.
Provide a regional coordination facility (ECC) capable of coordinating a region-wide emergency - Target: Adequate staff (as defined in the Group Training and Capability Strategy) are trained and capable to coordinate a region wide response					
<div><div>On Track</div><div>At Risk</div><div>Off Track</div><div>Not Measured</div><div>Reporting Overdue</div></div>					
TRANSPORT					
Transport	Q1	Q2	Q3	Q4	COMMENT
Percentage of scheduled services on-time (punctuality – to five minutes) - Target: 95%					Average punctuality for Dunedin is 85.7% Average punctuality for Queenstown is 90%. Both failed to meet the target.

Overall passenger satisfaction with Dunedin Public Transport system at annual survey - Target: Maintain or increase 3 yr rolling average >=90%		Off Track	Satisfaction survey results show the Overall Satisfaction measure at 90%. This is an increase of 2% compared to 2024. The Overall Satisfaction level for Dunedin PT for 2024 was 88%, and for 2023 was 86%. While overall satisfaction with Dunedin PT increased in 2025 from 2024, the 3-year rolling average at 88% is below target.
Annual public transport boardings in Queenstown - Target: Increase		On Track	Queenstown bus patronage is up by 4% for the financial year compared to last financial year. 1,966,086
Annual public transport boardings in Dunedin - Target: increase		On Track	Dunedin bus partonage is up by 3% compared to last financial year. 3,492,560.
Percentage of scheduled services delivered (reliability) - Target: 95%		On Track	Dunedin 99.7% Queenstown 99.4%
Overall passenger satisfaction with Whakatipu Public Transport system at annual survey - Target: Maintain or increase 3yr rolling average >=90%		On Track	Satisfaction survey results show the Overall Satisfaction measure at 92% for 2024/2025. This is an increase of 1% from 2023/2024. The rolling average for the past 3 years is 92% which is above target.
Percentage of users who are satisfied with the provision of timetable and services information - Target: Maintain or increase 3 yr rolling average >=90%		Off Track	The Dunedin network timetable and services information satisfaction for rolling 3 year average is 87%. The Whakatipu network timetable and services information for rolling 3 year average is also 87%. Both failed to meet the target.
Percentage of users who are satisfied with the overall service of the Total Mobility scheme- Target: Maintain or increase 3 yr rolling average >=90%		On Track	The current 3-year rolling average is 96.6% which is above target.

On Track

At Risk

Off Track

Not Measured

Reporting Overdue

9.3. Whare Rūnaka Financial Overview

Prepared for: Finance Committee
Report No. CS2529
Activity: Governance Report
Author: Nick Donnelly, General Manager Finance
Endorsed by: Richard Saunders, Chief Executive
Date: 28 August 2025

PURPOSE

- [1] To provide a financial overview of the funding cashflows for Council's Whare Rūnaka project.

EXECUTIVE SUMMARY

- [2] At the Finance Committee on 22 May 2025 discussion occurred on the actual and budgeted capital expenditure amounts for Whare Rūnaka. This paper provides an overview of amounts budgeted in Long-Term and Annual Plans, intended funding sources and cashflows.
- [3] In June 2021 Council initially entered into a Head of Agreement (HOA) with Port Otago for them to purchase and redevelop Whare Rūnaka for Council to lease as its head office premises.
- [4] A construction contribution of \$5.0M was included in year 2 (2022-23) of the LTP 2021-31 and rent of \$2.0M was included in year 3 (2023-24).
- [5] Final design and estimated cost was presented to Council on 22 February 2023 Council and the following approved:
- a. Annual rent \$2.592M (funded by general rates).
 - b. Construction contribution \$11.192M for leasehold improvements funded by:
 - i. Sale of Birch/Kitchener \$7.9M.
 - ii. Building Reserve \$3.293M.
 - c. Remaining building reserve and proceeds from sale of Stafford Street to be transferred to General Reserves.
- [6] These amounts were included in the Annual Plan 2023-24 and LTP 2024-34 as:
- The construction contribution of \$11.2M was split over AP2023-24 and LTP Year 1 (2024-25) at \$5.6m per year.
 - Rent of \$2.6M was included in the LTP2024-34 starting in Year 2. This was revised to \$1.3M (half a year) for AP2025-26.
 - The sale of Birch / Kitchener was budgeted in AP2024-25 and Stafford Street (\$5.220M) in LTP Year 2 (2025-26).
- [7] The timing of actual transactions have varied from budget as follows:

- The first construction contribution was paid in 2025-26 and was \$6.870M. This has resulted in an underspend of \$5.6M being recorded in 2023-24, an overspend of \$1.270M in 2024-25 and the remainder of \$4.322M will be paid in 2025-26 and show as unbudgeted in this financial year. Over the three years the total amounts budgeted and paid will be \$11.192M.
 - The \$7.9M sale of Birch / Kitchener was budgeted in AP2023-24 but did not occur until 2024-25 so offsetting underspend/overspend variances were recorded in each year. Note only the gain on sale portion of this transaction shows in the Statement of Comprehensive Revenue and Expenses.
- [8] Long-Term Plans (2021-31 and 2024-34) assumed once all transactions were complete, including the two property sales, remaining Building Reserve funds would be transferred to General Reserves and an amount transferred to the Managed Fund to increase investment income which in turn offsets general rates.
- [9] As at June 2025 the Building Reserve has a balance of \$7.5M. This is after the payment of the first construction contract payment. Once the remaining \$4.3M is paid there will be \$3.2M left to transfer to the General Reserve.
- [10] The paper in February 2023 noted *“some of the remainder could be used to fund furniture and fittings costs, estimated at \$1.5M, however this can be funded from the Asset Replacement Reserve which is the usual source of funding for this type of expenditure”*. This amount was revised to \$3.0M and was included in year 1 (2024-25) of the Long-Term Plan 2024-34 and is funded from the Asset Replacement Reserve.
- [11] The General Reserve has received the \$4.5M gain on sale of Birch / Kitchener in 2024-25 and will also receive any gain on sale of Stafford Street which is currently included the AP2025-26 as \$3.2M but this will depend on the actual sale price achieved.

RECOMMENDATION

That the Finance Committee:

- 1) **Notes** this report.

BACKGROUND

- [12] Port Otago purchased the former Warehouse Building in MacLaggan Street, with the intention of repurposing it as the new Head Office for the ORC. ORC and Port Otago entered into a Heads of Agreement (HOA) in June 2021 for Council to lease the premises once the refurbishment is completed.
- [13] Implementation of this project is being undertaken by Port Otago who are coordinating and managing the design and construction resources required to refurbish the building to meet ORC requirements.
- [14] The HOA provides for a 40-year lease (20-year initial term plus two 10-year rights of renewal). Rent is to be based on 6% of the cost of the final design ORC approves for the initial term of 5 years. Fixed rent increases of 2.5% per annum apply annually with market rent reviews every 5 years. Market review rental is to be no less than the rent at the previous market rent review date.

- [15] Initial design was presented to Council in July 2022. At that time ORC's Long-Term Plan 2021-31 provided for rent of \$2.098M* in year 3 (2023-24) and a capital contribution to construction costs of \$5.120M* in year 2 (2022-23). This amount was funded from Council's building reserve. (Note * these amounts are inflation adjusted).
- [16] The LTP 2021-31 also assumed sale proceeds of \$10.0M for Birch / Kitchener and Stafford Streets. This was assumed in year 3 (2023-24) and a gain on sale of \$3.0M was budgeted to be transferred to general reserves. An increase in the Managed Fund of \$10.0M was also budgeted in the LTP2021-31.
- [17] Final design and estimated costs were presented to Council on 22 February 2023 for approval.
- [18] Cost of the full project was estimated at \$56.4M. That included a \$2.0M value for the Stables and Sawtooth buildings which are not part of Council's project and will be retained by Port.
- [19] Based on the breakdown of construction costs, the split between the cost of the core building and tenant specific costs estimated the total leasehold improvements at \$11.192M. ORC's share covers the parts of the total construction contract that relate to the internal fitout that are not part of the core base build and includes incrementation costs related to ORC specific design elements.
- [20] Council approved \$11.192M as the construction contribution meaning the net cost for the purpose of setting rent was \$43.208M and rent would be \$2.592M.
- [21] Council also approved the sale of the previous proposed head office site on Birch Street and Kitchener Street back to Port Otago for \$7.9M. Proceeds from this sale were to be used to fund an initial payment on the construction contribution.
- [22] The sale of Birch / Kitchener and payment of the construction contribution were completed in January 2025. The construction contribution was recorded against the building reserve which had an opening balance of \$14.3M at 1 July 2024 and dropped to \$7.4M following the payment of \$6.9M (\$7.9M including GST).
- [23] The gain on sale on Birch / Kitchener of \$4.5M has been transferred to the General Reserve.
- [24] The July 2022 capital valuation of \$5.220M for Stafford Street is now used as the assumed sale price for this property for the LTP2024-34 and AP 2025-26. Any gain on sale of this property will go to the General Reserve. That gain is currently budgeted as \$3.2M in the AP2025-26.

- [25] The table below summaries the transactions as they have been budgeted and have actually occurred:

\$'000	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	Total
LTP2021/31	Year 1	Year2	Year 3				
Capex		5,000					\$5m
Rent			2,000	2,000	2,000	2,000	\$2m pa
Birch/Kitchener			-6,000				-\$10m
Stafford Street			-4,000				
AP2023/24			AP23/24				
Capex			5,600	5,600			\$11.2m
Rent					2,600	2,600	\$2.6m pa
Birch/Kitchener			-7,900				-\$13.1m
Stafford Street				-5,200			
LTP2024/34				Year 1	Year 2	Year 3	
Capex			5,600	5,600			\$11.2m
Rent					2,600	2,600	\$2.6m pa
Birch/Kitchener			-7,900				-\$13.1m
Stafford Street				-5,200			
AP2025/26					AP25/26		
Capex			5,600	5,600			\$11.2m
Rent					1,300	2,600	\$2.6m pa
Birch/Kitchener				-7,900			-\$13.1m
Stafford Street					-5,200		
Actual/Forecast				Actual	Forecast	Forecast	
Capex				6,900	4,300		\$11.2m
Rent					1,300	2,600	\$2.6m pa
Birch/Kitchener				-7,900			-\$13.1m
Stafford Street					-5,200		

Notes:

1. The above numbers are uninflated.
2. Blue shaded are amounts included in the LTP years or AP year.
3. Unshaded/italics are amounts assumed to have already occurred prior to start of the LTP or AP year and ongoing amounts assumed to occur after the AP year.
4. Green shaded are the actual and latest forecast amounts.

CONSIDERATIONS

Strategic Framework and Policy Considerations

- [26] Not applicable.

Financial Considerations

- [27] Not applicable.

Significance and Engagement Considerations

- [28] Not applicable.

Legislative and Risk Considerations

- [29] Not applicable.

Climate Change Considerations

[30] Not applicable.

Communications Considerations

[31] Not applicable

NEXT STEPS

[32] Not applicable.

ATTACHMENTS

Nil