

*frequency*

# Council Workshop

Update on ORC Environmental Funding Project

18 February 2025



## *frequency*

## Workshop Agenda

Time	Item	Discussion Lead
2.00pm – 2.05pm	Welcome and Workshop Opening	Co-Chairs
2.05pm – 2.15pm	Questions and Discussion on Research and Stakeholder feedback (contained in the pre-readings)	Emma Hodgkin
2.15pm – 2.45pm	Discussion and agreement on definition of 'large-scale'	Emma Hodgkin & Marinah Rondel
2.45pm – 3.00pm	BREAK	
3.00pm – 4.45pm	Funding Model discussion, Q&A and assessment against RVAC Matrix	Emma Hodgkin & Marinah Rondel
4.50pm – 5.00pm	Confirmation of agreed models for further review and other agreed actions	Libby Caldwell
5.00pm	Closing	Co-Chairs

## *frequency*

### Intended Outcomes of the Council Workshop

By the end of the workshop, Councillors will:

- **Understand what evidence and best practice tells us** about how to invest to support and achieve environmental gain.
- Have a greater understanding of how this **fund and funding mechanism could impact** local TA's, community stakeholders and other funders.
- **Discuss a definition of 'large-scale'** and the high level criteria that will form this definition from the Otago context.
- **Discuss on the ideal long-term aspiration** of the Council for the future model of funding – determine the 'end game'.
- Understand the **implications and timing of the implementation** of the large-scale fund in relation to the ORC Biodiversity Strategy refresh.
- Be more **familiar with the range of funding mechanisms available**, their strengths and risks, the potential long term impacts and considerations, and insight into how the model is currently working in practice.
- Identify and **agree a short list of funding model options**, based on an assessment against risk, value, cost and effort, that require further investigation for the final report to be presented to Council in May 2025.

## *frequency*

### Previous Workshop Outcomes

What we heard from you last time:

- The scope of this project was to focus on the definition, and use of this new funding only (not all funding).
- A more precise definition was needed to define what “large-scale environmental funding” means from the ORC context.
- Many environmental areas are considered a priority for this funding, apart from Transport.
- Investment should be directed towards need, not necessarily allocated out across catchments evenly.
- Supporting salary costs with ORC funding was seen as important to continue.
- That ORCs investment into large-scale should be viewed as a ‘hand up’, and that co-funding arrangements would need to be in place to avoid long-term reliance on ORC funding.

## *frequency*

### Previous Workshop Outcomes

Councillors wanted to see further information and analysis on the following areas/topics:

- Research and evidence to inform a local definition of ‘large-scale environmental initiatives’.
- Evidence on the funding mechanisms most effective to contribute to outcomes (e.g. direct vs contestable funding).
- Evidence on the level of, or duration of funding needed to meet biodiversity or environmental outcomes.
- Details and analysis of the types of funding mechanisms available to Council to administer these funds in the short and long-term, with examples of the structures and learnings of other Council’s.
- Detail of the opportunities open to Council to grow investment through co-funding, CCO and Trust type mechanisms.

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## Understanding what the evidence and our stakeholders are telling us

A summary of the key themes from our review of  
the research and stakeholder engagement to  
date



## *frequency*

# High Level Summary of Trends in the Academic Research & Stakeholder Engagement

- Data and evidence is still evolving that would help guide prioritisation decisions around investment.
- A clear definition and parameters of large-scale is needed, and this needs to be within the context of ORC and the region – recognising that a definition will likely require multiple parameters given the breadth and depth of environmental issues and that achieving landscape scale change is complex, multi-issue and inter-generational.
- Political cycles and distance of decision-making from the ground impacts the effectiveness of all projects and initiatives, regardless of the funding model.
- The process of evolution of funding arrangements and partnerships is lengthy and non-linear
- Achieving consistency geographically will be challenging due to differing priorities, issues, provider capability and accessibility to additional funding sources.

## *frequency*

# High Level Summary of Trends in the Academic Research & Stakeholder Engagement

- Investment effectiveness and environmental outcomes is significantly linked to the strength of regional collaborations and partnerships, and the ability of the wider 'system' to work together – this requires strong and unwavering leadership and relationship management.
- Investing in traditional ways (i.e. contestable) with the expectation of achieving different outcomes is unlikely to be successful and perpetuates the cycle of competition for funds, short term investment and reactive planning and delivery.
- There is likely duplication and gaps in the funding and delivery system.
- Achievement of outcomes is more likely to be achieved by sophisticated and experienced providers where existing work can be scaled up and/or maintained rather than focused on developing something 'new'.
- The ability to leverage co-funding opportunities or philanthropic investment, is intracity linked to the strength of the regional collaborations and takes significant time to develop.



## *frequency*

# High Level Summary of Trends in the Academic Research & Stakeholder Engagement

- Access and leveraging traditional funding sources (such as philanthropic) is getting more challenging to attract and govt isn't always seen as the ideal business partner.
- Investment decisions need to follow strategy and implementation plans, that are backed up by environmental evidence and data – there are currently significant timing and data gaps (but this is not a localized issue).
- Regardless of the funding model in place, wrap around investment is needed, where funds are used not only to support project delivery, but fund provider capability, environmental education and evaluation.
- Regardless of the model in place, a high degree of internal capacity and capability is required to ensure success.

## *frequency*

# Alignment and Timing in relation to the ORC Biodiversity Strategy

- Intent of the Strategy is to align collective biodiversity outcomes for Otago with the ways we're going to achieve them, in alignment with the NPSIB (2023)



*frequency*

## Defining Large-Scale

Definitions from the evidence and proposed definition for ORC



## *frequency*

### Our Proposed Approach

- A high-level definition is proposed (for governance purposes) with
- More detailed criteria explaining the application of the definition at a management/operational level
- The recommended criteria will be included in the final report

*frequency*

**What are the 3 most important things you want this fund to achieve?**



*frequency*

What definitions did you come up with?



*frequency*

## Definition of Large-Scale



*frequency*

## Funding Model Discussion

Discussion of six possible options and agreement on preferred for further investigation

## *frequency*

### Quick recap from the feedback and evidence

- Contestable funding mechanisms drive competition and are time and resource intensive
- Short term funding and focus on 'new' creates significant challenges to delivery and sustainability
- Balancing transparency and accountability with good environmental outcomes is difficult
- ORC and the sector need to be 'ready' for the model ORC wish to
- Leveraging additional investment is harder than it sounds
- The impact of investment is likely to be greater, where the model allows for continued ORC leadership and involvement
- Feedback tells us that the most effective models function a step removed from elected officials

## *frequency*

### Funding Models for Discussion

1.

Contestable Funding Model  
(i.e. upscaling the ECO Fund)

2.

Direct Funding Model or  
EOI

3.

Funding by Catchment or  
Biodiversity priority/plans

4.

Administration of a Fund by  
a third party  
(i.e. an existing Trust or CCO)

5.

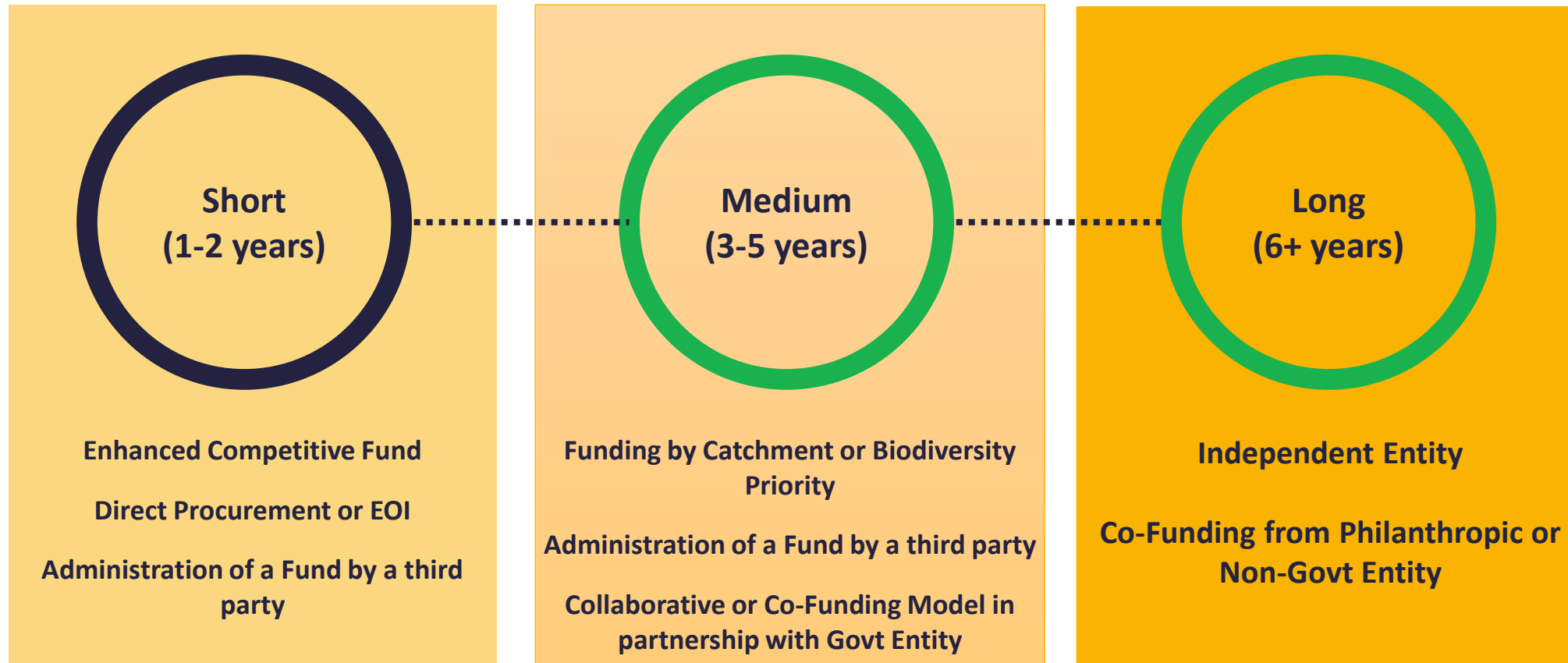
Collaborative, Co-funded  
or Joint Venture model  
(i.e. pooled funding or joint funding  
with philanthropic entity or other  
local authorities)

6.

Establish stand alone Trust  
or CCO entity to leverage  
and administer funds

*frequency*

## Likely Timescale per Option



# *frequency*

1.

## Contestable Funding Model



How this could work/look in practice:

- New contestable fund
- Upscale existing ECO Fund
- All or only part of the new funding allocated to this

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Can be administered internally as systems already in place</li> <li>• Implemented effectively in the short term</li> <li>• In the short term, can fill funding void created by JfN ending</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Examine and realign all fund types to ensure all ‘needs’ are met across available funding</li> <li>• Consistent investment can result in being able to determine return on investment</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Doesn’t necessarily ensure investment into the right place for the right project</li> <li>• Reduces ability for a collaborative approach between Council and communities</li> <li>• Internal capacity within current resourcing to effectively manage and administer</li> <li>• Limited opportunity for co-funding or relationship with other funders</li> <li>• Investment decisions made before Biodiversity Strategy completion</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Perpetuates the cycle of highly competitive funding</li> <li>• May discourage collaboration between providers</li> <li>• May inadvertently fuel the culture of funding ‘new’ projects rather</li> <li>• Doesn’t clearly foster or support long-term org. sustainability</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Risk investing in the providers best placed, or with the resources to write the best funding applications</li> <li>• Investment may not be targeted to the highest priorities or the best environmental outcomes</li> <li>• Will need to decide number of rounds and length of investment (i.e. \$2M annually, or \$6M allocated for three years)</li> <li>• Contestable funds are expensive to administer</li> <li>• If this is a short-term measure, the length of investment needs to be long enough for benefit to the provider and community</li> </ul>
<b>Operational Implications</b>  <small>Creating a thriving Aotearoa for future generations</small>	<ul style="list-style-type: none"> <li>• Contestable funds are incredibly resource intensive to effectively manage and monitor</li> <li>• Timing of the fund to either align with, or different timing to the current ECO Fund processes</li> <li>• How evaluation or review of performance may be undertaken</li> <li>• Doesn’t easily allow for opportunities for sector wide, or Council wide collaboration</li> </ul>

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## Discussion Notes

# 2.

## Direct Funding Model or EOI



How this could work/look in practice:

- Set and agree criteria against definition
- Provide support & engagement with interested providers/delivery partners
- Determine procurement timelines in partnership to ensure best outcomes for all parties



<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Can direct funding to high priority issues and ecosystems</li> <li>• Can determine suitable (or preclude) providers early due to the procurement process</li> <li>• Can be less resource and time intensive than a competitive process</li> <li>• Can allow for more provider collaboration during the process</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Can drive innovation and collaboration</li> <li>• Can enable opportunities for Council and providers to work together on long term sustainable funding options</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Still requires significant capacity and capability internally during implementation</li> <li>• Can lose some transparency in the process if only certain providers approached</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• May limit the pool of suitable providers if base assessment too heavily on past performance alone</li> <li>• Criteria may be too narrow and excludes some groups or communities unknowingly</li> <li>• Could damage relationship with existing providers or communities who feel excluded</li> <li>• Provider capability may be stronger in one catchment or geographical area, leading to the perception that only one part of ORC area is receiving funding</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Risk investing in the providers best placed, or with the resources to write the best funding applications</li> <li>• This can be mitigated by a pre-procurement screening process, but this may result into investment into only one or two catchment areas</li> <li>• Investment may not be targeted to the highest priorities or the best environmental outcomes</li> <li>• Will need to decide number of rounds and length of investment (i.e. \$2M annually, or \$6M allocated for three years)</li> <li>• Contestable funds are expensive to administer</li> <li>• If this is a short-term measure, the length of investment needs to be long enough for benefit to the provider and community</li> </ul>
<b>Operational Implications</b> <small>Creating a thriving Aotearoa for future generations</small>	<ul style="list-style-type: none"> <li>• While the procurement process may be less intensive, the ongoing management and monitoring of contracts/programmes is resource intensive</li> <li>• The SWOT of this model will be largely reliant on the procurement parameters and criteria put in place</li> </ul>

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## Discussion Notes

# 3.

Funding by catchment  
or biodiversity  
priority/plans



How this could work/look in practice:

- Set and agree criteria against definition
- Align the planning process and implementation plans to investment
- Determine order and timing of delivery and sustainability of funding investment

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Allows for systematic funding approach that is grounded in evidence and priority</li> <li>• Pilot already completed and best practice approach evolving/developing</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Allows for stronger alignment from strategy and data to implementation and action</li> <li>• Develop closer on the ground relationships and collaborations with community groups to lead action</li> <li>• More science in action initiatives</li> <li>• May allow for greater partnership and collaboration between existing community groups/providers</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Investment may not go to area of highest biodiversity need but driven by level of community engagement</li> <li>• Likely to be only short-term investment as will dilute value and effectiveness as more plans are completed</li> <li>• Capable providers may miss out on opportunities if community action and engagement doesn't follow</li> <li>• Impact diluted over time as more Plans are completed</li> <li>• Significant internal resource required to drive the process</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• May not be a suitable provider in the catchment area to hold and administer the funds on behalf of Council</li> <li>• Community enthusiasm and engagement may wean over time</li> <li>• Sustainability of the work post-investment if the group has no mandate or activity past the implementation of the CAP</li> <li>• May struggle to leverage additional investment if a new group needs to be established (no history of delivery)</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Sustainability of the funding – can't fund all 10 catchments at once</li> <li>• May need a lot of support to transition groups to deliver past the life of the funding (implementation plan may be very aspirational and/or inter-generational)</li> <li>• Depending on who is funded, capability and capacity may be limited, or no formal entity to fund may exist</li> <li>• Prioritisation and timing of the funding will need take place, but this may not align with community readiness</li> </ul>
<b>Operational Implications</b> <small>Creating a thriving Aotearoa for future generations</small>	<ul style="list-style-type: none"> <li>• The internal resource and capacity required will increase as more Plans are developed</li> <li>• Additional resource will be needed to support Plan implementation in addition to Plan development</li> <li>• Resources may become spread thin on the ground over time</li> </ul>

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## Discussion Notes

# 4.

## Administration of a Fund by a third party

### Timescale

Short  
(1-2 years)

### Timescale

Medium  
(3-5 years)

How this could work/look in practice:

- Contracting an existing Charitable Trust to manage and administer funds on behalf of council
- Contracting Port Otago to manage and administer funds on behalf of council (as ORC only existing CCO)
- Determine procurement criteria, application and accountability mechanisms directly with the third party
- ORC would need to pay an admin cost
- Role could be to administer and/or attract additional investment
- ORC staff would still need to support allocation process

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Reduces internal administration and capacity for ORC staff</li> <li>• Keeps the fund at arms length from Council and can be seen as a community fund rather than Council</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Removes Council from direct funding decisions, allowing for greater opportunities to attract co-investment or philanthropic investment , and lever charitable entity benefits</li> <li>• Enhance relationship and collaboration with external providers</li> <li>• Allows for pooling for funds from multiple local authorities to achieve greater efficacy and impact of investment</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Portion of the funds needed to cover admin of the Fund</li> <li>• Investment decisions are made by those removed from the day-to-day delivery on the ground</li> <li>• Currently unknown if there are any existing organisations with the capacity and capability to deliver this on behalf of ORC &amp; not currently within PO core business or strategy</li> <li>• Still requires significant ORC management to ensure delivering against contract and KPIs</li> <li>• The ability to lever additional funds or investment could take significant time</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Transparency of use of rate-payer funds is potentially reduced</li> <li>• Entity is too far removed from day-to-day work, particularly if environmental funding is not their core business and investment moves further away from strategy</li> <li>• Reputational risk if contracted entity does not effectively deliver</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Overall investment likely be diluted by circa 10% p/a to account for administration costs which may be able to be met by other internal ORC sources</li> <li>• Ability (and/or appetite) of a third-party entity to raise additional funds on behalf of Council may be limited</li> <li>• May not achieve value-for-money if entity is not capable of delivering in the medium to long term</li> </ul>
<b>Operational Implications</b>  <small>Creating a thriving Aotearoa for future generations</small>	<ul style="list-style-type: none"> <li>• Will take time to get in place, especially if no willing party comes forward or existing relationship established</li> <li>• No existing organisation may have regional mandate or reach that makes ORC</li> <li>• Significant level of internal capacity and capability required to ensure that fund is effectively being administered as well as ensuring alignment is maintained with strategy</li> <li>• Effective investment decisions may be at risk if administering this fund is outline of their core business</li> </ul>

*frequency*

## Discussion Notes



# 5.

## Collaborative, Co-funded or Joint Venture model

### Timescale

Short  
(1-2 years)

### Timescale

Medium  
(3-5 years)

How this could work/look in practice:

- Pooled funding across local authorities to increase the overall value and ensure more collaborative investment
- Joint venture with philanthropic entity to allow greater, more efficient investment
- Will require a leader agency to oversee and administer
- Could be scaled up over time from an MoU, Shared Service Agreement or long-term arrangement
- Relies on the desire to partner with Council

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Can be built and eased into over time – from one partner to many, from pooling of funds to leverage additional funds and additional partners</li> <li>• Greater efficiency for providers in application process and potential streamlined accountability</li> <li>• Greater coordination of investment decisions</li> <li>• ‘singing from the same song sheet’</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• To solidify a formal partnership with mana whenua and path to co-investment</li> <li>• Potential to solidify a path to formal partnership with a philanthropic entity and a path to co-investment</li> <li>• ORC to demonstrate true regional leadership</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Challenge to align the environmental and investment priorities of co-funders with Council processes (or alignment across Council’s)</li> <li>• May require additional time and resource for ORC to act as a ‘host’ or ‘lead’</li> <li>• Can be required to report to many masters who may have differing expectations</li> <li>• Achieving alignment on funding priorities, mandated geographical boundaries can be difficult</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• ORC value proposition will need to be strong to attract potential partners</li> <li>• The partnership and collaborations need to be working in practice already before becoming formalized – forced partnerships are rarely effective</li> <li>• Inequity in contribution can disrupt the partnership and balance of power</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Level of investment others are able and willing to contribute</li> <li>• If funding available is to support collective action (such as Kotahitanga mō te Taiao) or if funding is available to support grant making/programme funding</li> <li>• Whether the administration costs outweigh the benefits by having a co-funding arrangement</li> <li>• The sustainability of the arrangement and investment</li> </ul>
<b>Operational Implications</b>  <small>Creating a thriving Aotearoa for future generations</small>	<ul style="list-style-type: none"> <li>• A solid trusting partnership needs to be established long before money will likely flow</li> <li>• Timing for operational decisions may not align across entities (unless partnering with Council)</li> <li>• Future proofing the arrangement if priorities change for the partner or co-funder</li> <li>• It may be difficult to find the right partner who matches priorities, aspirations and geographical reach</li> <li>• The internal capacity and capability required if ORC were to lead this (which logically they would)</li> </ul>

*frequency*

## Discussion Notes

# 6.

Establish stand alone Trust or CCO entity to administer and leverage additional funds



How this could work/look in practice:

- Suitable model to be determined and the 'why' clear
- Administratively heavily to set up and cost to administer
- May be able to leverage additional investment but likely take time
- ORC staff would need to retain involvement in decisions to ensure alignment with policy, strategy and evidence base

<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Can have a separate brand and identify from Council that is meaningful and engaging for communities and potential funders</li> <li>• Leverage charitable benefits and additional investment</li> </ul>
<b>Opportunities</b>	<ul style="list-style-type: none"> <li>• Increase the overall pot of investment in environmental initiatives</li> <li>• Create innovative funding and partnership arrangements</li> <li>• Achieve regional spread and landscape scale environmental outcomes if scale of leveraged investment allows</li> </ul>
<b>Weaknesses</b>	<ul style="list-style-type: none"> <li>• Time and resource intensive to establish and administer</li> <li>• Requires separate governance, management and reporting structures which all need to be funded</li> <li>• Additional workload and expectations on existing Councillors and/or ORC to ensure effective representation</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• Until such time as additional investment is leveraged, the model can be seen as costly, with little direct benefit to rate payers</li> <li>• ORC expertise and knowledge becomes removed from decision making processes</li> <li>• Investment loses alignment with strategy</li> </ul>
<b>Financial Implications</b>	<ul style="list-style-type: none"> <li>• Annual cost to manage and administer – own financial accounts, likely payment of Trustees/Board members</li> <li>• The charitable incentives from this model, may not out way the additional costs</li> <li>• Sustainability of the Trust in the long term, should funding decisions change with changes politically</li> <li>• May not provide value for money without committed co-investment or funding</li> <li>• May be financially better suited to a delivery partner rather than funding administration</li> </ul>
<b>Operational Implications</b>	<ul style="list-style-type: none"> <li>• Time, cost and resource to stand up and set up</li> <li>• Will require constitution, board/trustees and staff to manage if no internal ORC resource is allocated</li> <li>• Will need dedicated resource to attract and confirm co-funding or co-investment arrangements</li> <li>• Will need to meet LGA requirements of a CCO or Trust including separate financial accounts and auditing, as well as branding, marketing etc</li> </ul>

*frequency*

## Discussion Notes

## *frequency*

### Other 'sort of' Models

In our discussions, we found other models being implemented by Council's which didn't quite fit the parameters we were given. These included:

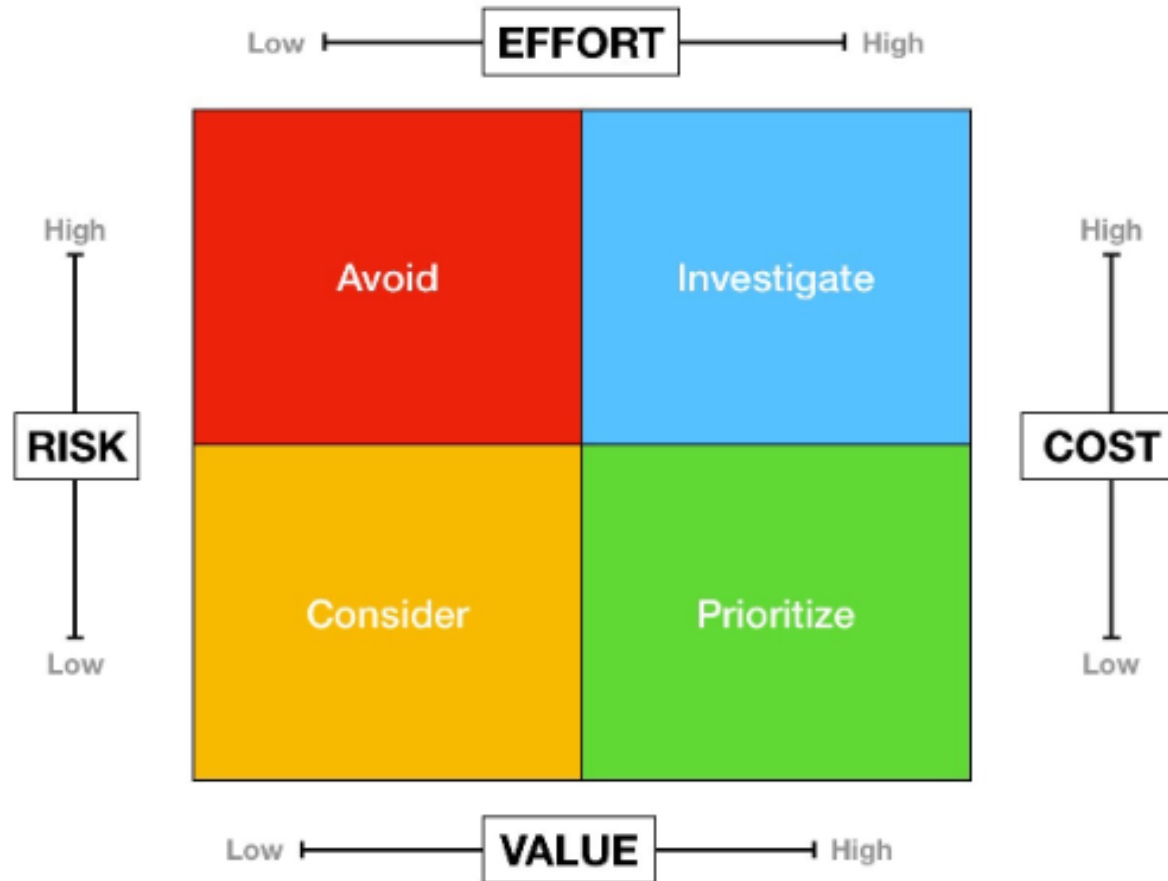
- Auckland Regional Council – relationship with the NZ Nature Fund
- Taranaki Regional Council
- Hawkes Bay Regional Council
- Kotahitanga mō te Taiao (KMTT) – alliance between TA's, iwi and NZ Nature Conservancy

What we struggled to find (but may still find)

- Partnership between Council's and an iwi entity where they co-invest and both have funds to distribute
- Partnership between Council's and a philanthropic entity where they both have funds to distribute
- A stand-alone Trust owned by a Council (or groups of Councils) who have a mandate and role to allocate funding – most Trust and CCO models are set up as delivery partners – such as Zealandia in Wellington. Hawkes Bay is a partial fit
- Where collaborative or co-funding investment is of 'large-scale' – e.g. some models see investment circa \$50K

*frequency*

## RVCE Matrix for Decision Making





*frequency*

## Models in Order of Priority

*frequency*

## Agreed Actions

- Confirmed definition is...
- Preferred funding models requiring further analysis are...
- Other agreed actions or data sought in the final report and/or final recommendations are...

*frequency*

## Next Steps

- Continue stakeholder engagement – including individual rūnaka engagement
- Further investigation into the preferred funding models
- Development of a full draft report (due to ORC staff 31 March)
- Presentation of a final report and recommendations for Council approval (21 May)

*frequency*

Thank you  
Nga mihi nui



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