



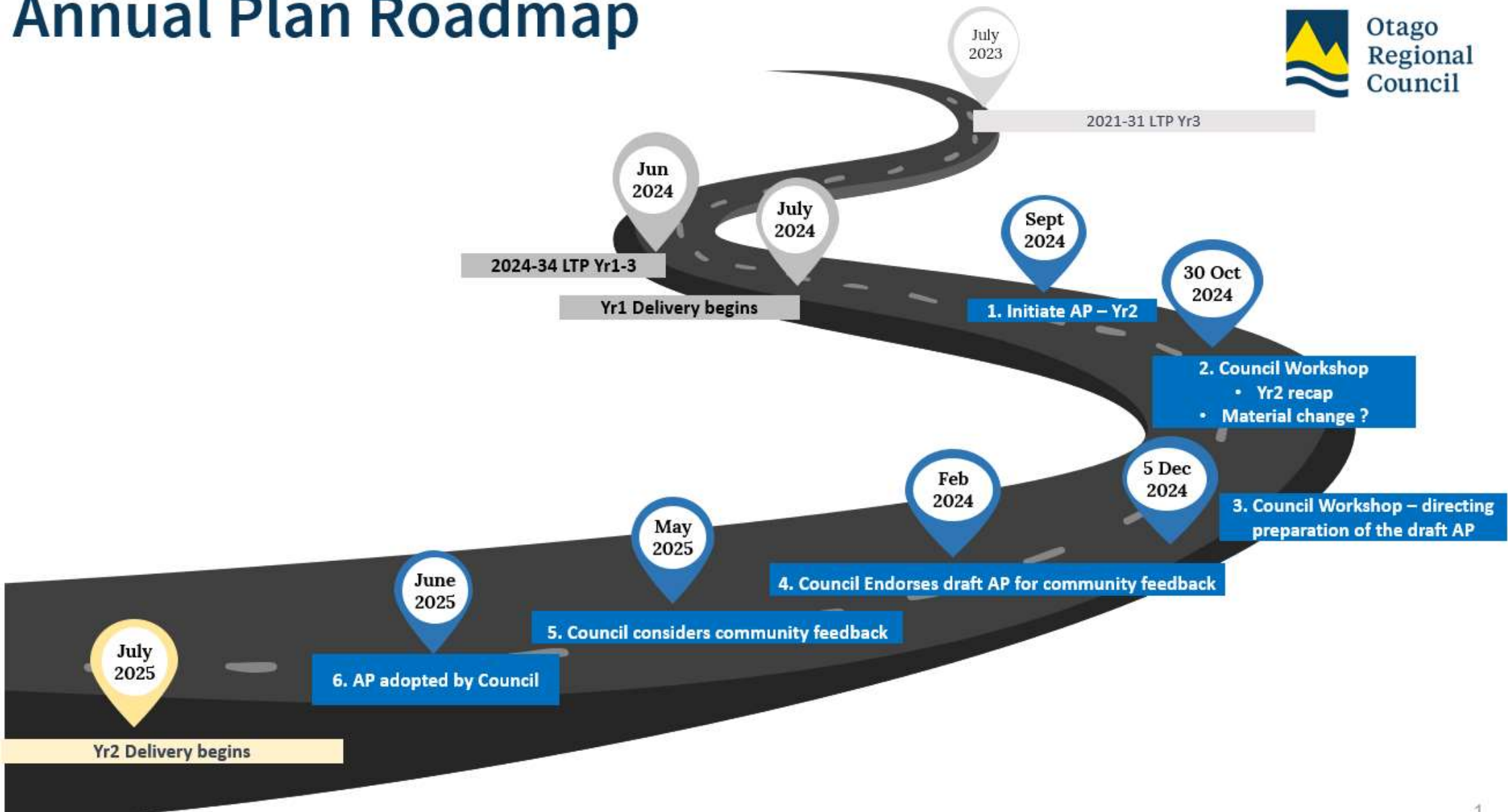
AP25/26 Council Workshop

5 December 2024

Purpose

- Process 'Road Map'
- Draft AP 25/26 Financial Estimates
- Communication and consultation
- Next steps

Annual Plan Roadmap



Draft AP Financial Estimates

- **Adjustments to Year 2 of LTP2024-34**
 - Consolidated overview
 - By activity

Expenditure

OPERATING EXPENDITURE	AP 23/24	LTP1 24/25	LTP2 25/26
Governance & Community	8,649	13,343	15,165
Regional Planning	3,071	2,925	3,066
Regulatory	14,214	12,568	13,846
Regional Leadership	25,934	28,836	32,077
Land & Water	19,713	20,140	21,875
Biodiversity & Biosecurity	10,436	8,955	12,013
Air	894	1,377	1,792
Environment	31,042	30,472	35,680
Climate Change & Hazards	3,555	3,524	3,454
Emergency Mgt	3,497	3,730	4,018
Flood & Rivers	10,438	11,191	13,579
Safety & Resilience	17,489	18,445	21,052
Regional Transport Planning	308	707	714
STEDS	177	168	172
PT Dunedin	23,182	26,228	29,238
PT Queenstown	10,532	12,573	12,201
PT Other	1,919	2,274	3,670
Transport	36,118	41,950	45,995
Internal	10,738	11,357	9,154
TOTAL EXPENDITURE	121,323	131,060	143,958
<i>Movement \$</i>		9,737	12,898
<i>Movement %</i>		8.0%	9.8%

AP 25/26
15,587
3,167
14,257
33,011
20,414
12,068
1,778
34,260
3,454
4,021
12,293
19,768
699
172
26,416
12,023
2,200
41,510
9,767
138,317
7,257
5.5%

Mvt 25/26
422
101
411
934
(1,461)
56
(14)
(1,419)
()
2
(1,286)
(1,284)
(15)
(2,822)
(178)
(1,470)
(4,485)
613
(5,641)

Opex reduced \$5.641M

- Transport -\$4.485M
Dunedin -\$2.82M
Other -\$1.47M
- Flood & Drainage -\$179k
River Management -\$1.107Mk
- LWRP +\$403k (from Y1)
Science & EM -\$165k
Implementation -\$1.699M

TOTAL CAPEX	10,066	18,993	12,402

13,426

1,024

Capex +\$1.024M

- Lower Taieri Contour Channel +\$1.746M
Other F&D -\$616k (deferred to later)

Funding

OPERATING FUNDING - \$	AP 23/24	LTP1 24/25	LTP2 25/26
General Rates	28,263	29,046	32,143
Targeted Rates	27,515	35,846	41,680
Total Rates	55,778	64,893	73,823
Grants	20,497	21,991	23,814
Fees & Charges	5,951	4,364	4,729
Bus Fares	6,100	6,969	7,541
Other Income	7,468	3,167	6,739
Dividends	15,000	18,000	20,000
Interest & Other Gains	11,345	11,088	8,738
Reserves	(815)	588	(1,425)
Total Non Rates	65,545	66,167	70,134
TOTAL REVENUE	121,323	131,060	143,958

AP 25/26
31,647
38,408
70,056
23,356
4,892
7,359
6,708
20,000
8,699
(2,753)
68,261
138,317

AP 25/26
(495)
(3,272)
(3,767)
(458)
164
(181)
(31)
(39)
(1,328)
(1,874)
(5,641)

Rates reduced \$3.767M

- AP increase now 8.0% (was 13.8%)
- General -\$495K now 9.0%
- Targeted -\$3.272M now 7.1%

OPERATING FUNDING - %	AP 23/24	LTP1 24/25	LTP2 25/26
General Rates		2.8%	10.7%
Targeted Rates		30.3%	16.3%
Total Rates		16.3%	13.8%
Grants		7.3%	8.3%
Fees & Charges		-26.7%	8.4%
Bus Fares		14.2%	8.2%
Other Income		-57.6%	112.8%
Dividends		20.0%	11.1%
Interest & Other Gains		-2.3%	-21.2%
Reserves		-172.1%	-342.5%
Total Non Rates		0.9%	6.0%
TOTAL REVENUE		8.0%	9.8%

AP 25/26
9.0%
7.1%
8.0%
6.2%
12.1%
5.6%
111.8%
11.1%
-21.6%
-568.5%
3.2%
5.5%

AP 25/26
-1.7%
-9.1%
-5.8%
-2.1%
3.7%
-2.6%
-1.0%
0.0%
-0.4%
-226.0%
-2.8%
-4.3%

Balancing the budget

Statement of Comprehensive Revenue and Expense		23/24 AP	24/25 LTP	25/26 LTP	25/26 AP
		\$000	\$000	\$000	\$000
Non-exchange transactions	Rates revenue	55,778	64,893	73,823	70,056
	Grant revenue	20,497	21,991	23,814	23,356
	Other revenue	15,202	10,856	15,105	14,861
Exchange transactions	Dividends	15,000	18,000	20,000	20,000
	Interest & Investments	10,250	9,765	7,635	7,596
	Other revenue	4,317	3,644	3,903	4,098
Total Revenue		121,043	129,149	144,280	139,967
Total Expenditure	Employee Benefits	35,823	39,454	41,355	42,062
	Depreciation	4,211	3,302	3,380	3,365
	Finance Costs	9,500	9,424	7,363	7,363
	Operating Expenses	71,789	78,879	91,860	85,527
Operating Surplus/(Deficit)		(280)	(1,911)	322	1,650
	Other Gains/Losses	1,265	1,493	1,274	1,274
Surplus/(Deficit)		984	(418)	1,596	2,924

Regional Leadership



- Governance & Engagement
- Regional Planning
- Regulatory

Governance & Engagement



- LTP service delivery – election expense increase

Financials

- G1 Public Awareness: Opex -\$100k
- G8 Governance & Democracy: Opex +\$440k
Includes insurance (in Legal) and new org structure

Regional Planning

- LTP service delivery – consolidate

Financials

- U1 Urban Strategy: Opex +\$125k – QLDC FDS hearings moved from Y1 to Y2
No funding impact – Y1 savings to reserve and reserve fund Y2
- P1 Regional Policy: No change
LTP Y2 opex spend increases to \$925k (from \$800k in Y1)
- G4 Response to Issues: No change
Y2 spend in line with Y1

Regulatory

- LTP service delivery – consolidate / data and systems increasing

Financials

- R1 Consents: No change
- R4 Harbour Management: No change
- I1 Incidents: No change
- R2 Data & Systems: Opex -\$260k – freshwater farm plans
Opex +\$650k – new org structure, 4.6 FTE transferred from EI

Environment

- Land & Water
- Biosecurity & Biodiversity
- Air

Land & Water – Planning

- LTP service delivery – stable

Financials

- W1 LWRP: Opex +\$425k – increase Y2 spend to Y1 amounts
 - LTP Y2 is \$250k, increase to \$500k +\$250k
 - LTP Y2 is \$800k, increase to \$975k +\$175k
 - Total increase +\$425k
- Funding no change – assume savings in Y1 goes to reserve and reserve fund Y2 increase

Land & Water – Implementation



- LTP service delivery – stable

Financials

- W3 Freshwater Implementation: Opex -\$700k
Includes new priority remediation projects -\$500k

Environmental Management

- LTP service delivery – modest growth

Financials

- W4 Enviro Management: Opex -\$950k
Includes 4.6 FTE transferred to Reg Data & Systems

Biosecurity – Pest Management

- LTP service delivery – modest growth

Financials

- L2 Biosecurity: No change

Biodiversity – Implementation

- LTP service delivery – stable with increase for large scale environmental funding

Financials

- L1 Biodiversity: No change
 - Includes +\$2.0M for large scale environmental fund
 - Rate to be confirmed
 - Recommended to fund via Catchment Management Rate which funds rest of this activity

Air – Planning, Strategy

- LTP service delivery – increase (Air Plan notified)

Financials

- A4 RP Air: No change
- A2 Air Strategy: No change (note no spend in LTP)

Science

- LTP service delivery – modest growth

Financials

- A1 Air: No change
- L8 Biodiversity: Opex no change
Capex -\$100k (reserve funded)
- W2 Land & Water: Opex -\$100k maintain Y2 supplies & services at Y1 level

Environmental Monitoring

- LTP service delivery – modest growth

Financials

- A1 Air: No change
- L8 Biodiversity: No change
- W2 Land & Water: No change

Safety & Resilience

- Emergency Management
- Natural Hazards & Climate Change
- Flood & Drainage
- River Management

Emergency Management

- LTP service delivery – consolidate

Financials

- E1 Emergency Management: No change

Natural Hazards & Climate Change

- LTP service delivery – hazards increase, climate change stable

Financials

- N1 Natural Hazards: No change
- N2 Flood / Low Flows: No change
- N3 Climate Change Adaption: No change

Flood & Drainage

- LTP service delivery – consolidate / stable

Financials

- F2 Leith: Capex -\$100k to Y3
- F3 Lower Clutha: Opex -\$50k, Capex -\$200k to Y3
- F4 Lower Taieri: Opex -\$75k to Y3
Capex +\$1.7M incl's contour channel +\$1.8M (+\$1.68M grants)
LTP \$200k Y1, \$1M pa Y2-8, \$800k Y9
AP25-26 \$200k Y1, \$2.8M Y2, \$3.85M Y3, \$1.15M Y4
Grant funding (of 60%) added to each year, Y2 targeted rate drops to 2.7% (was 5.3%)
- F5 West Taieri: No change
- F6 East Taieri: No change
- F9 Scheme Oversight: Opex -\$100k

River Management

- LTP service delivery – consolidate / stable

Financials

- M1-6: Opex decrease all 20% = -\$687k
 - M1 Dunedin -\$94k; M2 Clutha -\$144k; M3 Central -\$80k; M4/5 Queenstown Lakes -\$173k; M6 Waitaki -\$84kM1 Capex -\$300k Kaikorai stilling basin
- M8 Non-Scheme Mgt: Opex -\$500k remove decommissioning of risk assets (general rate funded)
- M9 River Oversight: Opex -\$50k

Transport

- PT Dunedin
- PT Queenstown
- PT Other
- Regional Transport Planning
- STEDS

PT – Dunedin

- LTP service delivery increase as per NLTP 2024-27

Financials

- T4 PT Dunedin: NLTP 2024-27 funding bids not approved
 - Increased frequencies and increased service hours
Opex -\$1.8M , fares -\$319k, grants -\$755k, rates -\$726k*
 - Infrastructure improvements – decreased spend to level of Y2 rates in LTP*
Capex -\$632k, grants -\$632k
Capex of \$608k remains in AP (100% rates funded)

** Changes approved at 20-Nov Council meeting*

PT – Queenstown

- LTP service delivery increase as per NLTP 2024-27

Financials

- T5 PT Queenstown: NLTP 2024-27 funding approved – no change to AP25-26
 - Low Cost Low Risk – contingency road works \$300k pa
 - Continuous program – QPT Business Case Stage 1 \$2.133M Y2 (\$2.238M Y3)
Jack's Point, Kelvin Heights, Malaghan's Road

PT – Other

- LTP service delivery increase as per NLTP 2024-27

Financials

- T6 PT Other: NLTP 2024-27 funding bids not approved
 - Oamaru – trial removed, investigation of Oamaru to Dunedin included (\$61k)*
 - Alexandra/Clyde/Cromwell to Queenstown – trial removed, investigate options (\$50k)*
 - Balclutha/Airport to Dunedin – trial removed, investigate options (\$50k)*
 - Wanaka – business case removed
 - Total rates decrease -\$455k, general -\$353k, targeted -\$102k

** Y1 rates will be used for Y2 investigations plus \$25.5k general rates in Y2 for Central and Balclutha to take total to \$50k*

Changes approved at 20-Nov Council meeting

Regional Transport Planning

- LTP service delivery stable

Financials

- T1 RLT Planning: No change

STEDS

- LTP service delivery stable

Financials

- T3 STEDS: No change

Internal

- **People and Corporate**
 - Property, vehicles, IT, HR
- **Finance**
 - Finance, Rates, Treasury
- **RITS**

People and Corporate

- LTP service delivery increasing

Financials

- Property: Opex -\$900k rent (-\$1.3M Whare Rūnaka, +\$400k for full year of PLH)
Insurance +\$55K (total insurance +\$219k, legal +\$144k, vehicles +\$20k, +\$55k)
- Vehicles: Opex -\$40k
- IT: Opex +\$146k software and licences / subscriptions
+\$500k asset management system (defer from Y1 ro Y2 – reserve funded)
- HR: Opex -\$87k

Finance

- LTP service delivery increasing

Financials

- Finance: Opex -\$100k
- Rates: No change – penalty assumption increased from 1.92% to 2.0% but penalty \$ amount offset by decrease in Y2 rates
- Treasury: No change (still to review debt, funding assumptions)

RITS

- LTP service delivery stable (excludes NTS)

Financials

- Transfer operations team to RSHL
- No rates impact – all costs are recharged to RITS consortium and ORC's share remains unchanged

Communication and Consultation

- Legal & Policy drivers
- Assessment – Public Transport
- Assessment – Incremental changes
- Approach

Legal & Policy drivers

- ▶ **Annual Plan decisions subject to LGA process** [s76-78, 81, 83]
 - Options, advantages & disadv, Maori perspective & inclusion, community views.
- ▶ **Process proportional with significance of matters affected by the decision** [s79]
 - **Core LG Principles [s14]**; extent of options; degree of cost benefit; extent of underpinning information; Council's capacity; extent to which full range of views considered.
- ▶ **Matters deemed significant by Council require:**
 - Proposal for consultation [underpinned by business case work and pre-consideration].
 - Special consultative procedure [s83].
 - External audit of the proposal and consultation.
- ▶ **Council Policy gives guidance on significance** [prepared under s76AA].
- ▶ **Policy includes criteria and thresholds:**
 - Impact on regional or sub-regional community(s) [incl. costs direct or indirect, Mana whenua].
 - Impact Council's ability to deliver statutory functions.
 - Financial impacts e.g. unbudgeted expenditure exceeding 10% of total Council annual budget.
- ▶ **Following slides provide an assessment of proposed LTP changes**
 - Note no new material proposals included in this AP.
 - Assessment indicates the proposed changes are not significant.

Assessment – Public Transport

Proposed changes to the LTP	Impact on community(s) and Mana Whenua including financial and other outcomes.	Potential effect on Council’s ability to undertake statutory functions.	Impacts on Council Strategy, particularly Financial Strategy (FS) and Infrastructure Strategy.
Removal of Dunedin Public Transport Business Case Improvements as consulted and Council approved June 2024.	<p>Impact on bus users however noting no change to current service levels.</p> <p>Reduction in targeted transport rate for Dunedin households.</p>	No effect	Positive impact on the FS with reduction in rate funding requirements over the 10 years.
Removal of increased ferry frequencies from Queenstown Public Transport Business Case Improvements as consulted and Council approved June 2024.	Impact on ferry users however noting no change to current service levels.	No effect	No material impact
<p>Rate funding and refocusing ‘other LTP initiatives’ that did not receive central government co-funding.</p> <p>Including:</p> <ul style="list-style-type: none"> • investigation of Oamaru to Dunedin [note: trial removed]. • Investigate options for Alexandra/Clyde/Cromwell to Queenstown. • Wanaka business case removed. • Investigate options for Balclutha/Airport to Dunedin [note: trial removed]. 	<p>No impact over the short-term to ‘would be’ public transport users.</p> <p>Small [non-material] increase in general rate for all properties across the region.</p>	No effect	No material impact

Assessment - Incremental changes

Proposed changes to the LTP	Impact on community(s) and Mana Whenua including financial and other outcomes.	Potential effect on Council's ability to undertake statutory functions.	Impacts on Council Strategy, particularly Financial Strategy (FS) and Infrastructure Strategy (IS).
<p>Cumulative effect [reduction] on planned rate funding Yr2 and beyond. Including:</p> <ul style="list-style-type: none"> Land and Water Implementation – opex reduction reflecting a pause or rethink* about how new remediation projects might be funded. <p>*The application of the new scaled environment fund requires consideration and could potentially be applied to new projects?</p> <ul style="list-style-type: none"> Environmental Management – easing the level of growth. River Management – opex decrease reflecting a reassessment of the delivery assumptions i.e. External Audits 	<p>No material impacts on delivery to the community noting delivery:</p> <ul style="list-style-type: none"> As a minimum, is stable [ie no less than Year 1]. More broadly [across all this activity] is still increasing albeit at a more modest rate. <p>Cumulative effect of the expenditure reductions reduces individual property rates across the region.</p>	<p>No effect, except for River management where the planned increase has been reduced.</p> <p>Risk of non-delivery reduced via better programme – capacity alignment.</p>	<p>Non-material impact on the FS with reduction in rate funding requirements particularly for year 2.</p> <p>Non-material changes to the IS – easing the planned increase in the river management programme. Reflects consideration of planning assumptions to delivery capacity.</p>

Communications and consultation approach



- **No significant change – more flexible approach**
- **Communicate aspects of LTP service delivery**
 - ✓ Maintaining priorities of the LTP
 - ✓ Examples of positive impacts for Otago
 - ✓ What has changed and why
- **Invite public feedback on specific matters:**
 - ✓ Decision not to proceed with non-funded NZTA passenger transport improvements.
 - ✓ Decision to maintain momentum on passenger transport improvements via rate funded investigations.
 - ✓ Decision to ‘ease up’ on the continued and planned yr1 to yr2 service growth via a range of reductions that both maintain the integrity of the LTP and reduce rate requirements.
- **Provide access to a ‘publication’ that provides the above communication.**
 - ✓ Digital and hardcopy trifold brochure, or special addition of Te Matapuna.
 - ✓ Could also include targeted information e.g. Changes in Fees and Charges.
- **Create awareness of the ‘publication’ and opportunity for feedback.**
- **Feedback reported to Council**
- **Opportunity to verbally present feedback.**
- **Access to the final decisions.**
- **Communications plan to 19 February Council for endorsement.**

End

